

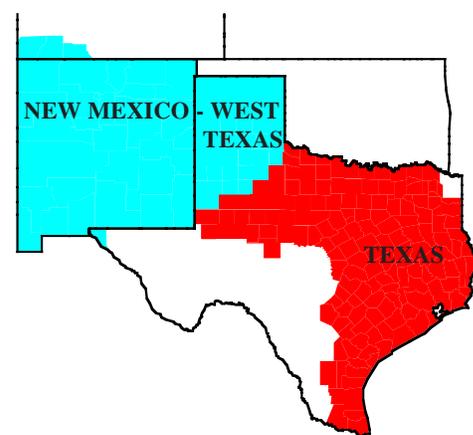
THE MARKET ADMINISTRATOR'S

REPORT



TEXAS MARKETING AREA NEW MEXICO - WEST TEXAS MARKETING AREA

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VOLUME XXII, NO. 11

NOVEMBER 1996

MARKET SUMMARIES FOR OCTOBER

The October Class III price decreased \$1.24 from the previous month to \$14.13. The Class II price for October of \$15.24 per hundredweight increased 45 cents from \$14.79 in September. October's Class III-A price decreased 91 cents from September's level to \$14.94.

Texas: Producers who delivered milk to handlers located in Zones 1 and 2 of the Texas Milk Market Order received \$16.79 per hundredweight for deliveries of milk containing 3.5% butterfat. The October price was up 14 cents from September.

Producers delivered a total of 463,425,680 pounds of milk during October. On a daily basis this represents an increase of 4.89 percent from the producer receipts level in September but it represents a decrease of 13.82 percent when compared to the producer receipts level of October 1995.

Producer milk classified as Class I during October amounted to 62.60 percent of total producer receipts. This figure is down from September's 63.69 percent but it is up from 49.78 percent in October 1995. The average butterfat test of producer milk pooled during October 1996 was 3.638 percent.

New Mexico - West Texas: Producers who delivered milk to handlers located in Zone 1 of the New Mexico - West Texas Milk Market Order received \$15.14 per hundredweight for deliveries of milk containing 3.5% butterfat. The October price was down 70 cents from its September level.

Producers delivered a total of 207,549,602 pounds of milk during October. On a daily basis this represents a decrease of .45 percent from the producer receipts level in September but it represents an increase of 45.66 percent when compared to the producer receipts level of October 1995.

Producer milk classified as Class I during October amounted to 28.54 percent of total producer receipts. This figure is up from 27.94 percent in September but it is down from 41.93 percent in October 1995. The average

butterfat test of producer milk pooled during October 1996 was 3.598 percent.

IMPACT OF FEDERAL ORDER REFORM ON SMALL BUSINESSES SOUGHT

On May 2, 1996, procedures were announced to implement the 1996 Federal Agricultural Improvement and Reform Act (1996 Farm Bill) mandates to the Federal milk order program and requested ideas on fulfilling these mandates from the public. The 1996 Farm Bill requires that within 3 years the current Federal milk marketing areas be consolidated into 10 to 14 orders. The Department (USDA) is also directed to designate the State of California as a Federal milk order if California dairy producers petition for and approve such an order. Finally, the 1996 Farm Bill specifies that USDA use informal rulemaking to implement these reforms. We are proceeding as planned through the developmental phase of the reform process. To date, we have received ideas from over 125 individuals and companies, including several small businesses, offering input into the reform process. Your continued cooperation and support is important as we proceed.

We anticipate that the consolidation may have an economic impact on handlers and producers affected by the program. Of particular interest is the impact of these changes on small businesses. According to the Small Business Administration's definition, a dairy farm is a "small business" if it has a gross revenue of less than \$500,000 per year, and a handler is a "small business" if it has fewer than 500 employees. For the purpose of determining if a dairy farm is a "small business", the \$500,000 per year criterion was used to establish an estimated production guideline of 326,000 pounds per month for "small" dairy farmers. To clarify a handler's size, if a handler's plant is part of a larger company operating multiple plants that collectively exceed the 500 employee limit, the plant is considered a large business even if the local plant has fewer than 500 employees.

The Regulatory Flexibility Act of 1980 (RFA), as amended, specifically requires USDA to review regulations to ensure that, while accomplishing their intended purpose, they do not unduly inhibit the ability of small businesses to compete. As a result of the RFA, we are seeking your input on how small businesses may be affected by proposed changes to Federal orders, in addition to ideas on consolidation and price structure changes. Examples of such input may include the impact of proposed regulations on a small business' ability to buy or sell milk and milk products or how proposed changes required in reporting and record keeping affect the efficiency of a small business. Input on this issue will allow USDA to use industry and public expertise to analyze the impact of regulatory changes on small businesses.

All ideas regarding the Federal order reform and the impacts on small businesses may be sent to the following address: Richard M. McKee, Director, Dairy Division, USDA/AMS, Room 2968, South Building, P.O. Box 96456, Washington, D.C. 20090-6456. Input may also be E-mailed to the following address: Milk_Order.Reform@usda.gov. This office may also be contacted for further information or ideas on Federal order reform. Information is being accepted throughout the entire reform process.

VISIT THE FEDERAL ORDER WEB SITE

Need a copy of last months *Reporter*? Want to know what the BFP was last month? Check out the Milk Market Administrator's Web Site at: **<http://members.aol.com/fmmo1126>**. Several months of information are available on pricing, milk production and pooling statistics. Also available are copies of the Federal order language and public news releases. Information on the site is mainly in Adobe Acrobat(PDF) format. The Acrobat Reader program is required to display the information. The program is free and available via links from this web site.

TOP TEN TEXAS COUNTIES a/ – OCTOBER 1996

County	Number of Producers	Pounds	% Change From 1995	County	Number of Producers	Pounds	% Change From 1995
1. Erath	180	115,300,184	+2.04	7. Hamilton	36	15,253,726	-1.14
2. Hopkins	342	55,291,414	-10.43	8. Wood	79	13,776,482	-14.61
3. Comanche	60	34,470,201	+5.96	9. Cherokee	41	12,377,634	-10.04
4. El Paso	9	19,029,522	-1.00	10. Franklin	50	8,368,210	-11.97
5. Johnson	58	18,158,907	-.72	Ten County Total	920	309,320,304	-1.99 b/
6. Archer	65	17,294,024	+7.93	Other Counties Total	715	156,291,420	-4.36
				Texas Total	1,635	465,611,724	-2.80

a/ Includes all known Grade "A" milk produced on farms located in Texas.

b/ Compared to top ten counties for the month in the previous year.

Minimum Prices at 3.5%, for Federal Orders 126 and 138 (Zone 1) Formula Prices (3.5%) and Price Quotations

Month	Class I a/					Uniform a/		B F Diff.	Grade A	Block	Spray	
	126	138	Class II	Class III	III-A	126	138		Butter	Cheese	Powder	
	----- Dollars Per Hundred Wt. -----								¢/Point	-----Cents Per Pound-----		
October 1995	14.71	13.90	11.85	12.61	11.66	13.62	13.03	9.6	95.74	141.48	108.64	
November	15.24	14.43	12.38	12.87	12.40	14.07	13.46	10.5	103.00	142.25	113.40	
December	15.77	14.96	12.91	12.91	11.24	14.18	13.20	6.1	71.83	141.91	117.61	
Averages 1995 b/	14.78	13.97	11.84	11.83	10.74	13.18	12.41	7.0	75.13	130.44	108.58	
January 1996	16.03	15.22	13.17	12.73	11.16	14.32	13.33	6.6	74.40	137.88	114.85	
February	16.07	15.26	13.21	12.59	10.39	14.15	13.21	5.4	65.21	137.75	110.84	
March	15.89	15.08	13.03	12.70	10.32	13.75	12.80	5.4	65.00	138.74	110.08	
April	15.75	14.94	12.89	13.09	10.52	14.06	12.99	5.9	69.57	143.25	110.32	
May	15.86	15.05	13.00	13.77	11.90	14.43	13.82	8.4	89.16	149.25	116.00	
June	16.25	15.44	13.39	13.92	15.12	15.03	14.56	14.1	130.63	149.33	129.75	
July	16.93	16.12	14.07	14.49	16.01	15.78	15.07	15.9	144.87	156.23	132.57	
August	17.08	16.27	14.22	14.94	15.82	16.12	15.37	15.8	145.00	163.58	130.91	
September	17.65	16.84	14.79	15.37	15.85	16.65	15.84	15.6	145.00	169.42	131.90	
October	18.10	17.29	15.24	14.13	14.94	16.79	15.14	13.1	124.45	157.93	131.55	
November	18.53	17.72	15.67									
December	17.29	16.48	14.43									

a/ Subject to zone and location adjustments. b/ Simple averages

TOP NEW MEXICO COUNTIES a/ – OCTOBER 1996

County	Number of Producers	Pounds	% Change From 1995	County	Number of Producers	Pounds	% Change From 1995
1. Chaves	41	108,955,980	+1.01	7. Valencia	12	11,231,388	+7.55
2. Dona Ana	24	61,502,952	+7.54	8. Bernalillo	8	8,989,938	+4.41
3. Roosevelt	29	37,668,881	-3.82	9. Socorro	8	6,913,671	+9.36
4. Curry	10	28,408,375	+10.52				
5. Lea	12	17,646,743	+12.25	Nine County Total	149	296,522,828	+3.12
6. Eddy	5	15,204,900	-6.06	Other Counties Total	6	8,448,869	+20.52
				New Mexico Total	155	304,971,697	+3.53

a/ All known Grade "A" milk produced on farms located in New Mexico.

b/ Compared to top counties for the month in the previous year.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 1994 THROUGH OCTOBER 1996, WITH PERCENTAGE COMPARISONS ****

MONTH	1994	Number of Producers	1995	Number of Producers	1996	Number of Producers	PERCENT CHANGE	
	POUNDS		POUNDS		POUNDS		1995/94	1996/95
January	531,658,454	1,960	544,665,125	1,918	549,914,311	1,786	+2.45	+ .96
February	502,048,659	1,961	517,418,721	1,906	536,326,949	1,773	+3.06	+ .07
March	590,563,277	1,957	577,449,222	1,897	590,936,348	1,745	-2.22	+2.34
April	588,890,115	1,963	558,387,965	1,881	575,799,475	1,738	-5.18*	+3.12
May	578,186,307	1,956	550,303,073	1,879	567,120,914	1,714	-4.81*	+3.06
June	498,233,850	1,969	502,909,961	1,859	490,380,980	1,683	+ .96	-2.49
July	486,029,589	1,955	477,220,938	1,861	454,326,458	1,670	-1.81	-4.80
August	475,739,415	1,953	446,351,445	1,853	448,420,253	1,652	-6.18	+ .46
September	458,143,784	1,948	436,091,164	1,839	427,264,575	1,638	-4.81	-2.02
October	486,705,004	1,944	479,027,137	1,832	465,611,724	1,635	-1.58	-2.80
November	483,247,718	1,936	478,710,017	1,821			-.94*	
December	<u>521,399,526</u>	1,924	<u>521,728,728</u>	1,795			<u>+ .06</u>	
Years Total	6,200,845,698		6,090,263,496				-1.78	

*Revised figures

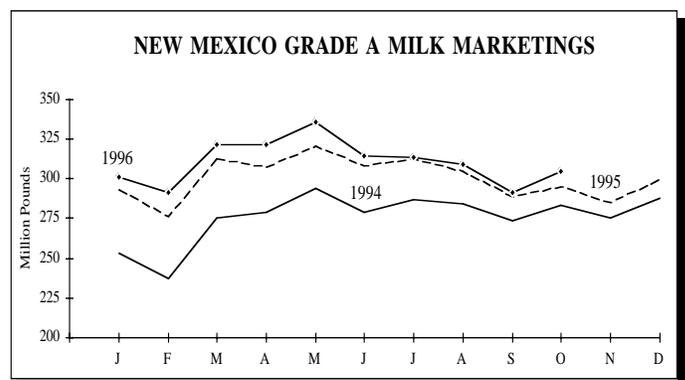
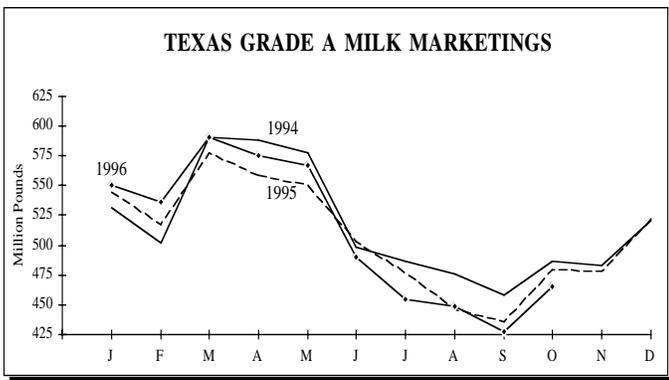
**February figures are based upon average daily production.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 1994 THROUGH OCTOBER 1996, WITH PERCENTAGE COMPARISONS ****

MONTH	1994	Number of Producers	1995	Number of Producers	1996	Number of Producers	PERCENT CHANGE	
	POUNDS		POUNDS		POUNDS		1995/94	1996/95
January	253,218,001	147	293,542,014	156	301,646,087	153	+15.92*	+2.76
February	237,211,785	148	276,638,548	155	291,741,013	154	+16.62*	+1.82
March	275,165,335	145	313,161,171	152	321,854,914	154	+13.81	+2.78
April	278,682,898	149	307,337,393	152	321,032,089	153	+10.28*	+4.46
May	293,746,832	149	320,781,400	154	335,537,514	153	+9.20*	+4.60
June	278,940,461	150	309,224,349	153	314,856,503	153	+10.86	+1.82
July	286,825,906	149	312,630,262	153	313,553,863	154	+9.00	+ .30
August	283,870,810	150	304,582,850	153	309,399,050	155	+7.30	+1.58
September	273,359,295	151	288,872,854	156	291,346,898	157	+5.68	+ .86
October	283,588,806	152	294,564,685	154	304,971,697	155	+3.87	+3.53
November	275,359,100	152	284,775,780	155			+3.42	
December	<u>287,886,379</u>	154	<u>299,367,034</u>	153			<u>+3.99</u>	
Years Total	3,307,855,608		3,605,478,340				+9.00	

*Revised figures

**February figures are based upon average daily production.



TEXAS AND NEW MEXICO MARKET COMPONENT TEST

Month	Butterfat		Protein		Lactose		S-N-F		SCC*	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
October 1995	3.64	3.62	3.26	3.20	4.77	4.82	8.75	8.74	381	239
November	3.73	3.68	3.28	3.20	4.78	4.81	8.78	8.72	330	210
December	3.74	3.71	3.25	3.19	4.79	4.81	8.76	8.71	317	237
Average 1995	3.57	3.56	3.21	3.15	4.77	4.81	8.70	8.67	390	248
January 1996	3.73	3.74	3.21	3.17	4.81	4.83	8.74	8.71	312	238
February	3.67	3.65	3.18	3.14	4.80	4.81	8.71	8.66	312	238
March	3.61	3.62	3.18	3.14	4.80	4.81	8.70	8.66	296	216
April	3.57	3.57	3.17	3.11	4.82	4.83	8.68	8.65	287	205
May	3.47	3.46	3.11	3.06	4.81	4.82	8.63	8.58	288	203
June	3.41	3.40	3.07	3.03	4.79	4.81	8.57	8.55	343	224
July	3.43	3.40	3.12	3.04	4.75	4.78	8.58	8.52	429	259
August	3.50	3.44	3.20	3.10	4.71	4.75	8.59	8.55	446	272
September	3.60	3.54	3.24	3.17	4.70	4.76	8.64	8.65	455	271
October	3.65	3.58	3.29	3.23	4.72	4.77	8.72	8.70	377	238

* In thousands.

NEW MEXICO - WEST TEXAS MILK MARKET AT A GLANCE

	REPORTED OCT. 1996	REPORTED SEP. 1996	REPORTED OCT. 1995
TOTAL UTILIZATION			
CLASS I	60,669,848	57,403,654	60,688,168
CLASS II	7,608,516	8,680,606	10,792,675
CLASS III/III-A	144,271,748	136,716,573	78,011,587
CLOSING INVENTORY (CLASS I, II AND III)	8,636,527	9,946,049	8,581,728
TOTAL UTILIZATION	221,186,639	212,746,882	158,074,158
DAILY CLASS I UTILIZATION	1,957,092	1,913,455	1,957,683
OCT. -DAILY CLASS I COMPARED TO:		+2.28%	-.03%
CLASS I YEAR TO DATE (IN THOUSANDS)	634,742	574,072	590,102
% CHANGE FROM PREVIOUS YEAR	+7.56%	+8.44	+3.62%
TOTAL RECEIPTS			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	59,231,813	56,366,404	59,745,144
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	6,104,338	7,819,450	8,984,175
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	142,213,451	137,569,458	73,764,033
TOTAL PRODUCER RECEIPTS	207,549,602	201,755,312	142,493,352
OTHER SOURCE A/	3,714,489	2,873,188	7,005,675
OPENING INVENTORY	9,894,569	8,077,103	8,491,080
OVERAGE	27,979	41,279	84,051
TOTAL RECEIPTS	221,186,639	212,746,882	158,074,158
DAILY PRODUCER RECEIPTS	6,695,148	6,725,177	4,596,560
OCT. -DAILY PRODUCER RECEIPTS COMPARED TO:		-.45%	+45.66%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	1,827,048	1,619,499	1,533,673
% CHANGE FROM PREVIOUS YEAR	+19.13%	+16.41%	+5.96%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.598%	3.555%	3.678%
% PRODUCER MILK CLASSIFIED AS CLASS I	28.54%	27.94%	41.93%
NUMBER OF PRODUCERS	169	229	302
AVERAGE DAILY DELIVERY PER PRODUCER	39,616	29,368	15,220
NUMBER OF POOL HANDLERS	17	17	15

A/ INCLUDES MILK, SKIM MILK, CREAM AND SKIM EQUIVALENT OF CONCENTRATED SKIM MILK PRODUCTS

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TEXAS MILK MARKET AT A GLANCE

	REPORTED <u>OCT. 1996</u>	REPORTED <u>SEP. 1996</u>	REPORTED <u>OCT. 1995</u>
TOTAL UTILIZATION			
CLASS I	291,136,284	278,917,058	268,599,681
CLASS II	97,438,115	100,460,381	95,715,554
CLASS III/III-A	106,561,667	68,703,354	185,912,547
CLOSING INVENTORY (CLASS I, II AND III)	26,398,544	32,024,486	31,233,417
TOTAL UTILIZATION	521,534,610	480,105,279	581,461,199
DAILY CLASS I UTILIZATION	9,391,493	9,297,235	8,664,506
OCT. -DAILY CLASS I COMPARED TO:		+1.01%	+8.39%
CLASS I YEAR TO DATE (IN THOUSANDS)	2,735,050	2,443,913	2,613,302
% CHANGE FROM PREVIOUS YEAR	+4.66%	+4.23%	-4.23%
TOTAL RECEIPTS			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	290,121,250	272,333,697	267,698,380
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	87,459,573	92,843,753	87,195,709
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	85,844,857	62,383,607	182,844,750
TOTAL PRODUCER RECEIPTS	463,425,680	427,561,057	537,738,839
OTHER SOURCE A/	26,000,258	23,676,025	17,244,433
OPENING INVENTORY	32,024,486	28,722,426	26,399,485
OVERAGE	84,186	145,771	78,442
TOTAL RECEIPTS	521,534,610	480,105,279	581,461,199
DAILY PRODUCER RECEIPTS	14,949,215	14,252,035	17,346,414
OCT. -DAILY PRODUCER RECEIPTS COMPARED TO:		+4.89%	-13.82%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	5,572,998	5,109,572	5,479,754
% CHANGE FROM PREVIOUS YEAR	+1.70%	+3.39%	-1.15%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.638%	3.584%	3.627%
% PRODUCER MILK CLASSIFIED AS CLASS I	62.60%	63.69%	49.78%
NUMBER OF PRODUCERS	1,647	1,657	1,986
AVERAGE DAILY DELIVERY PER PRODUCER	9,077	8,601	8,734
NUMBER OF POOL HANDLERS	31	31	30

A/ INCLUDES MILK, SKIM MILK, CREAM AND SKIM EQUIVALENT OF CONCENTRATED SKIM MILK PRODUCTS.