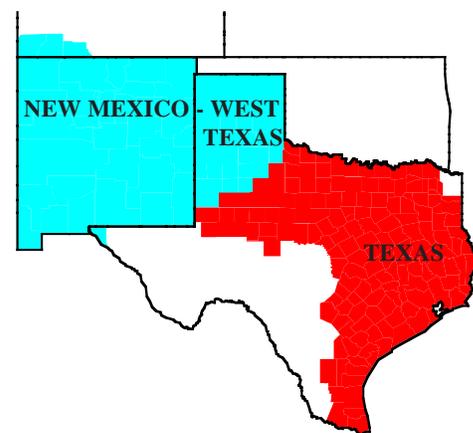


THE MARKET ADMINISTRATOR'S

REPORT



TEXAS MARKETING AREA

NEW MEXICO - WEST TEXAS MARKETING AREA

RICHARD FLEMING, MARKET ADMINISTRATOR
P.O. BOX 110939, CARROLLTON, TEXAS 75011-0939
(972) 245-6060 FAX(972) 245-3211
e-mail: MAGeneric_Dallas@USDA.GOV
WWW: <http://members.aol.com/fmmo1126>

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MARKET SUMMARIES FOR MARCH

The March Class III price increased 3 cents from the previous month to \$12.49. The Class II price for March of \$12.24 per hundredweight increased 60 cents from \$11.64 in February. March's Class III-A price increased 42 cents from February's level to \$12.78.

Texas: Producers who delivered milk to handlers located in Zones 1 and 2 of the Texas Milk Market Order received \$13.66 per hundredweight for deliveries of milk containing 3.5% butterfat. The March price was up 24 cents from February.

Producers delivered a total of 637,554,879 pounds of milk during March. On a daily basis this represents an increase of 12.08 percent from the producer receipts level in February but it represents a decrease of 2.41 percent when compared to the producer receipts level of March 1996.

Producer milk classified as Class I during March amounted to 42.94 percent of total producer receipts. This figure is down from February's 51.88 percent but it is up from 40.70 percent in March 1996. The average butterfat test of producer milk pooled during March 1997 was 3.566 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 \$13.07 per hundredweight for deliveries of milk containing 3.5% butterfat. The March price was up 28 cents from its February level.

Producers delivered a total of 201,521,861 pounds of milk during March. On a daily basis this represents a decrease of 15.38 percent from the producer receipts level in February but it represents an increase of 8.60 percent when compared to the producer receipts level of March 1996.

Producer milk classified as Class I during March amounted to 26.76 percent of total producer receipts. This figure is up from 23.96 percent in February but it is down from 30.59 percent in March 1996. The average butterfat test of producer milk pooled during March 1997 was 3.548 percent.

USDA MARKET NEWS REPORTS NOW AVAILABLE ON INTERNET

The U.S. Department of Agriculture's market news reports are now available via the Internet's World Wide Web. The reports can be accessed at: <http://www.ams.usda.gov/mnrcs>.

Users of Dairy Market News information can continue to receive it via printed reports, recorded messages, fax polling, and the Bulletin Board System (BBS). In the future, users will also be able to access complete *Dairy Market News* reports that were previously available only in print.

For any questions about Dairy Market News reports or how to access them on the World Wide Web, contact the market news office at (608) 224-5080.

GRAND JURY RETURNS INDICTMENT CHARGES

Paul E. Coggins, United States Attorney for the Northern District of Texas, announced March 20 that a Fort Worth federal grand jury returned an indictment charging two individuals with conspiracy, mail fraud and adulteration of food products. The indictment charged Tommy Wayne Davis of Yantis, Texas and Truman Leon Pope, Sr. of Sulphur Springs, Texas, with participating in a scheme to sell milk products which contained water that had been pur-

posely added. Dairy farms are paid per pound of milk sold. Davis was doing business in Yantis, Texas, and was engaged in the commercial production of milk from his dairy cattle to be sold for distribution to the public. Pope was a dairy route truck driver.

The indictment charged Davis and Pope each with one count of conspiracy, four counts of mail fraud, and one count of adulteration of food products. The indictment alleges that these individuals added water to the Davis's milk production in the driver's tanker truck from on or about December 1, 1992 until about August 31, 1994, adding at least 928,340 pounds of water to milk transported for sale to the public via processing plants. The indictment alleges that Davis received in excess of \$125,000 for this time period for the water added. The indictment further alleges that Davis and Pope also added salt to the milk to normalize the tests by the processing plants or by Associated Milk Producers, Inc. for the correct freezing point. This type of test was done or sometimes done to detect the addition of water, and the salt added would normalize the test results by raising the freezing point to a normal range as water would lower the freezing point to an unacceptable range.

The indictment alleges that the defendants caused the Associated Milk Producers, Inc. Southern Regional Headquarters in Arlington, Texas to issue and mail via U.S. mail, checks to Davis for his milk production which was represented to be wholesome unadulterated milk. The indictment alleges further that the daily logs of production were fraudulent and therefore the checks issued to Davis were in excess of the amount due and owed to him. The indictment further alleges that Davis paid Pope in cash for his participation in the scheme.

If convicted of all charges, Davis and Pope each face a maximum possible punishment of 20 years imprisonment and fines of up to \$1 million. The Office of Inspector General, U.S. Department of Agriculture and the Food and Drug Administration, Office of Criminal Investigations conducted the investigation and Assistant United States Attorney John R. Teakell is the prosecuting attorney.

CHEESE CASH MARKET CREATED ON CHICAGO MERCANTILE EXCHANGE

The National Cheese Institute (NCI) Executive Committee and the National Cheese Exchange (NCE) Board announced March 21, 1997 that they had accepted a proposal from Chicago Mercantile Exchange

(CME) to create a cash market for cheese. The CME currently has a butter cash market. Trading is expected to open on May 2, 1997. It is expected that the last trading day on the NCE will be April 25, 1997.

The selection committee also considered a proposal from the Coffee, Sugar and Cocoa Exchange in New York. The committee settled on the CME because of its proximity to the major Midwest and West cheese production areas.

The trading rules of the new CME cash market for cheese will be similar to the NCE rules but with appropriate changes to encourage expanded trading. The new market will trade in the same contract specifications as the NCE, and, initially, only one day per week but after a short transition period extended trading hours an additional days will be considered. Trades will be handled by brokers providing anonymity of participants which is the standard method of trading other commodities.

FEDERAL ORDER MAILBOX MILK PRICES ANNUAL AVERAGES 1995-1996

Federal Milk Order	Annual Averages 1/		Diff.
	1995	1996	
New England	12.05	14.22	2.17
New York-New Jersey	12.16	14.18	2.02
Middle Atlantic	12.25	14.37	2.12
Northeast Average	12.16	14.24	2.08
Carolina	12.85	15.92	3.07
Tennessee Valley	12.50	15.25	2.75
Southeast	12.65	15.05	2.40
Florida	14.13	17.26	3.13
Southeast Average	13.12	15.78	2.66
Southern Michigan	12.09	14.20	2.11
E. Ohio - Western Pa.	12.27	14.39	2.12
Ohio Valley	12.18	14.52	2.34
Indiana	12.10	14.37	2.27
Chicago Regional	12.37	14.36	1.99
S. Illinois-E. Missouri	11.70	13.99	2.29
Louis.-Lex.-Evans.	12.25	14.71	2.46
Upper Midwest	12.18	14.19	2.01
Nebraska-W. Iowa	11.85	13.94	2.09
Iowa	12.22	14.20	1.98
Midwest Average	12.20	14.29	2.09
Texas	11.98	14.03	2.05
Southwest Plains	11.50	13.63	2.13
Eastern Colorado	12.07	13.96	1.89
S.W. Idaho- E. Oregon	11.52	13.32	1.80
Great Basin	11.40	13.30	1.90
New Mexico-W. Texas	10.63	12.98	2.35
Pacific Northwest	11.37	13.54	2.17
West Average	11.56	13.61	2.05
All Market Average	12.13	14.28	2.15

1/ All averages are weighted using monthly producer deliveries marketed under the respective order or group of orders.

TOP TEN TEXAS COUNTIES a/ – MARCH 1997

County	Number of Producers	Pounds	% Change From 1996*	County	Number of Producers	Pounds	% Change From 1996*
1. Erath	174	132,095,360	-3.65	7. Wood	77	18,831,399	-2.35
2. Hopkins	328	70,363,368	-9.09	8. Hamilton	34	16,875,352	-7.65
3. Comanche	60	39,224,671	-.09	9. Cherokee	42	15,951,679	-7.92
4. Archer	64	21,949,571	+5.62	10. Van Zandt	32	12,013,392	-5.36
5. El Paso	9	21,937,750	+5.55	Ten County Total	874	369,100,520	-4.44 b/
6. Johnson	54	19,857,978	-14.95	Other Counties Total	692	191,722,505	-6.34
				Texas Total	1,566	560,823,025	-5.10

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.

* February figures are based upon average daily production.

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

Month	Class I a/					Class			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-----				
February 1996	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	11.61	12.18	16.37	13.43	6.5	71.47	132.45	126.59			
December	17.29	16.48	14.43	11.34	11.75	14.89	12.80	6.8	73.02	123.73	120.55			
Averages 1996 b/	16.79	15.98	13.93	13.39	13.00	15.20	14.03	10.0	99.82	146.63	122.16			
January 1997	14.77	13.96	11.91	11.94	11.50	13.50	12.55	7.8	81.74	127.05	113.94			
February	14.50	13.69	11.64	12.46	12.36	13.42	12.79	10.0	98.46	131.24	114.91			
March	15.10	14.29	12.24	12.49	12.78	13.66	13.07	11.0	105.81	132.34	115.78			
April	15.62	14.81	12.76											
May	15.65	14.84	12.79											

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

TOP NEW MEXICO COUNTIES a/ – MARCH 1997

County	Number of Producers	Pounds	% Change From 1996*	County	Number of Producers	Pounds	% Change From 1996*
1. Chaves	42	125,818,292	+5.97	7. Valencia	12	11,807,470	+6.82
2. Dona Ana	24	70,083,483	+10.20	8. Bernalillo	8	9,710,031	+12.12
3. Roosevelt	31	44,450,816	+11.68	9. Socorro	8	7,068,955	+5.32
4. Curry	8	28,036,949	-3.16				
5. Lea	13	20,670,131	+17.33	Nine County Total	151	334,955,939	+7.11
6. Eddy	5	17,309,812	-1.69	Other Counties Total	6	8,910,923	-2.36
				New Mexico Total	157	343,866,862	+6.84

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.

* February figures are based upon average daily production.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 1995 THROUGH MARCH 1997, WITH PERCENTAGE COMPARISONS ****

MONTH	1995 POUNDS	Number of Producers	1996 POUNDS	Number of Producers	1997 POUNDS	Number of Producers	PERCENT CHANGE 1996/95*	1997/96
January	544,665,125	1,918	549,914,311	1,786	540,921,813	1,610	+0.96	-1.64
February	519,646,630	1,911	536,326,949	1,773	503,177,566	1,591	-0.35	-2.83
March	579,936,046	1,902	590,936,348	1,745	560,823,025	1,566	+1.90	-5.10
April	560,828,983	1,886	575,799,475	1,738			+2.67	
May	552,635,192	1,884	567,120,914	1,714			+2.62	
June	505,013,242	1,864	490,380,980	1,683			-2.90	
July	479,245,070	1,866	454,376,230	1,670			-5.19	
August	448,110,385	1,858	448,420,253	1,652			+0.07	
September	437,779,650	1,844	427,623,846	1,639			-2.32	
October	481,136,358	1,837	466,085,603	1,637			-3.13	
November	480,929,263	1,826	474,250,855	1,636			-1.39	
December	<u>524,145,612</u>	1,800	<u>516,304,359</u>	1,620			<u>-1.50</u>	
Years Total	6,114,071,556		6,098,233,434				-0.26	

*Revised figures

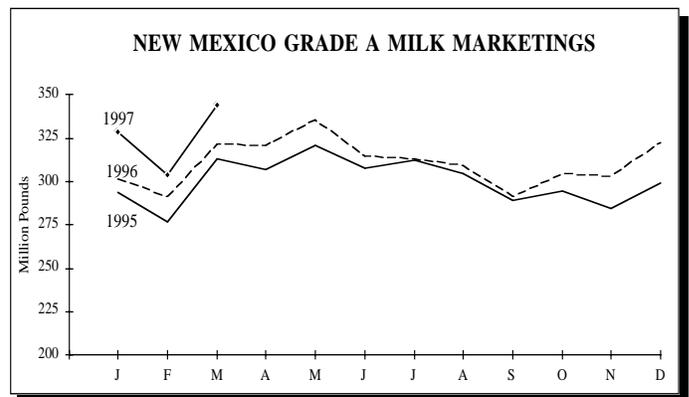
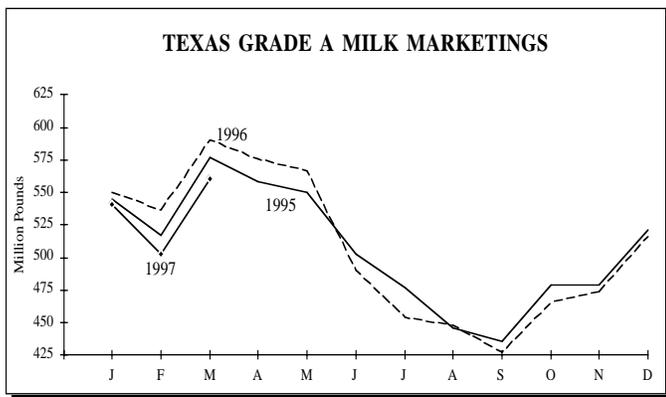
**February figures are based upon average daily production.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 1995 THROUGH MARCH 1997, WITH PERCENTAGE COMPARISONS ****

MONTH	1995 POUNDS	Number of Producers	1996 POUNDS	Number of Producers	1997 POUNDS	Number of Producers	PERCENT CHANGE 1996/95*	1997/96
January	293,542,014	156	301,646,087	153	328,059,604	156	+2.76	+8.76
February	276,638,548	155	291,741,013	154	303,972,265	156	+1.82	+7.91
March	313,161,171	152	321,854,914	154	343,866,862	157	+2.78	+6.84
April	307,337,393	152	321,032,089	153			+4.46	
May	320,781,400	154	335,537,514	153			+4.60	
June	309,224,349	153	314,856,503	153			+1.82	
July	312,630,262	153	313,553,863	154			+0.30	
August	304,582,850	153	309,399,050	155			+1.58	
September	288,872,854	156	293,390,938	157			+1.56*	
October	294,564,685	154	307,608,027	156			+4.43*	
November	284,775,780	155	303,433,595	157			+6.55	
December	<u>299,367,034</u>	153	<u>322,470,035</u>	157			<u>+7.72</u>	
Years Total	3,605,478,340		3,736,523,628				+3.63	

*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
March 1996	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
November	3.67	3.60	3.29	3.28	4.75	4.78	8.75	8.78	378	224
December	3.66	3.58	3.27	3.25	4.77	4.80	8.75	8.77	378	223
Average 1996	3.58	3.55	3.19	3.14	4.77	4.80	8.67	8.65	358	234
January 1997	3.67	3.62	3.25	3.23	4.79	4.80	8.75	8.74	373	257
February	3.64	3.59	3.24	3.21	4.79	4.81	8.73	8.73	397	280
March	3.57	3.54	3.20	3.16	4.79	4.81	8.70	8.68	400	271

* In thousands.

NEW MEXICO - WEST TEXAS MILK MARKET AT A GLANCE

	REPORTED MAR. 1997	REPORTED FEB. 1997	REPORTED MAR. 1996
TOTAL UTILIZATION			
CLASS I	55,660,088	52,850,978	58,595,730
CLASS II	6,600,208	6,808,565	8,535,612
CLASS III/III-A	167,122,186	183,958,599	133,667,328
CLOSING INVENTORY (CLASS I, II AND III)	11,065,207	7,776,521	14,242,141
TOTAL UTILIZATION	240,447,689	251,394,663	215,040,811
DAILY CLASS I UTILIZATION	1,795,487	1,887,535	1,890,185
MAR. -DAILY CLASS I COMPARED TO:		-4.88%	-5.01%
CLASS I YEAR TO DATE (IN THOUSANDS)	168,342	112,682	177,792
% CHANGE FROM PREVIOUS YEAR	-5.32%	-5.47%	+1.10%
TOTAL RECEIPTS			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	53,925,742	51,541,106	56,759,311
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	5,729,528	6,593,697	7,262,989
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	141,866,591	156,966,333	121,544,550
TOTAL PRODUCER RECEIPTS	201,521,861	215,101,136	185,566,850
OTHER SOURCE A/	32,213,494	25,973,658	20,151,789
OPENING INVENTORY	6,712,334	10,319,531	9,115,274
OVERAGE		338	206,898
TOTAL RECEIPTS	240,447,689	251,394,663	215,040,811
DAILY PRODUCER RECEIPTS	6,500,705	7,682,183	5,986,027
MAR. -DAILY PRODUCER RECEIPTS COMPARED TO:		-15.38%	+8.60%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	639,221	437,699	515,900
% CHANGE FROM PREVIOUS YEAR	+23.90%	+32.50%	+8.68%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.548%	3.604%	3.628%
% PRODUCER MILK CLASSIFIED AS CLASS I	26.76%	23.96%	30.59%
NUMBER OF PRODUCERS	174	175	312
AVERAGE DAILY DELIVERY PER PRODUCER	37,360	43,898	19,186
NUMBER OF POOL HANDLERS	16	17	15

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

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NEW MEXICO - WEST TEXAS MARKETING AREA
 RICHARD FLEMING, MARKET ADMINISTRATOR
 P.O. BOX 110939, CARROLLTON, TEXAS 75011-0939
 (972) 245-6060 FAX(972) 245-3211

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TEXAS MILK MARKET AT A GLANCE

	REPORTED MAR. 1997	REPORTED FEB. 1997	REPORTED MAR. 1996
TOTAL UTILIZATION			
CLASS I	275,679,322	268,269,440	267,015,115
CLASS II	110,413,342	93,363,507	100,686,883
CLASS III/III-A	257,320,190	170,808,629	299,066,846
CLOSING INVENTORY (CLASS I, II AND III)	38,361,374	26,305,197	33,116,547
TOTAL UTILIZATION	681,774,228	558,746,773	699,885,391
DAILY CLASS I UTILIZATION	8,892,881	9,581,051	8,613,391
MAR. -DAILY CLASS I COMPARED TO:		-7.18%	+3.24%
CLASS I YEAR TO DATE (IN THOUSANDS)	844,316	568,636	808,582
% CHANGE FROM PREVIOUS YEAR	+4.42%	+5.00%	-6.1%
TOTAL RECEIPTS			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	273,749,107	266,573,484	265,892,822
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	100,884,486	83,703,186	92,309,131
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	262,921,286	163,522,128	295,079,425
TOTAL PRODUCER RECEIPTS	637,554,879	513,798,798	653,281,378
OTHER SOURCE A/	18,025,865	17,627,140	16,039,995
OPENING INVENTORY	26,192,823	27,206,145	30,517,579
OVERAGE	661	114,690	46,439
TOTAL RECEIPTS	681,774,228	558,746,773	699,885,391
DAILY PRODUCER RECEIPTS	20,566,286	18,349,957	21,073,593
MAR. -DAILY PRODUCER RECEIPTS COMPARED TO:		+12.08%	-2.41%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	1,703,585	1,066,030	1,838,557
% CHANGE FROM PREVIOUS YEAR	-7.34%	-10.06%	+8.61%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.566%	3.639%	3.613%
% PRODUCER MILK CLASSIFIED AS CLASS I	42.94%	51.88%	40.70%
NUMBER OF PRODUCERS	1,805	1,688	1,823
AVERAGE DAILY DELIVERY PER PRODUCER	11,394	10,871	11,560
NUMBER OF POOL HANDLERS	32	30	32

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