

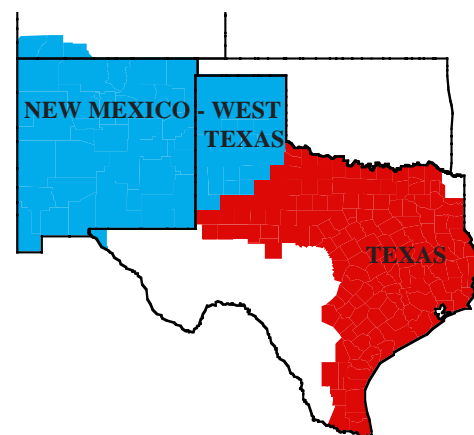
# THE MARKET ADMINISTRATOR'S *REPORT*



## 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>



VOLUME XXV, NO. 6

JUNE 1999

## DAIRY SITUATION AND OUTLOOK

The dairy industry has undergone a major price adjustment, as large gains in milk production finally overcame very strong demand for dairy products. With expansion momentum already established in milk production, inexpensive feed is likely to lead to large output gains throughout 1999. Although dairy demand is expected to continue to reflect the strength of the general economy, commercial use is not likely to absorb supplies except at prices far below the 1998 records.

January-March milk output rose more than 3 percent from a year earlier, as the lagged effects of relatively favorable 1996-98 returns trimmed declines in milk cow numbers and boosted milk per cow. Milk cow numbers were down .4 percent from a year earlier and only slightly below the third quarter of 1998. Financially strong producers have begun to accelerate expansion plans after a period of devoting improved returns to buttressing their financial position. These expansions have put substantial pressure on prices of replacement heifers, with very high prices reported across the country.

Record milk-feed price ratios and very favorable weather triggered a surge in January-March milk per cow, despite still tight supplies of dairy quality forage. Winter's almost 4 percent jump from a year earlier brought milk per cow close to the long-run trend for the first time in about 4 years.

The Basic Formula Price (BFP) for milk is expected to slip below \$11 per cwt in late spring-early summer, down more than a third from the December record. However, limited seasonal rises in the BFP during the second half may be the strongest effect of the surge in milk production. The second-half average BFP is projected to be the lowest since the early 1990's. For the year, the BFP is expected to average below \$12 per cwt, down sharply from 1998's \$14.20. The decline in the average price of all milk will not be as sharp because of the high prices of milk for fluid use in early 1999. Even so, average milk prices are projected to fall almost \$2 per cwt this year.

## MARKET SUMMARIES FOR MAY

The May Class III price decreased 55 cents from the previous month to \$11.26. The Class II price for May of \$11.92 per hundredweight increased \$1.35 from \$10.57 in April. May's Class III-A price increased 56 cents from April's level to \$11.62.

**Texas:** Producers who delivered milk to handlers located in Zones 1 and 2 of the Texas Milk Market Order received \$12.97 per hundredweight for deliveries of milk containing 3.5% butterfat. The May price was up 64 cents from April.

Producers delivered a total of 748,325,144 pounds of milk during May. On a daily basis this represents an increase of 36.77 percent from the producer receipts level in April and it represents an increase of 24.70 percent when compared to the producer receipts level of May 1998.

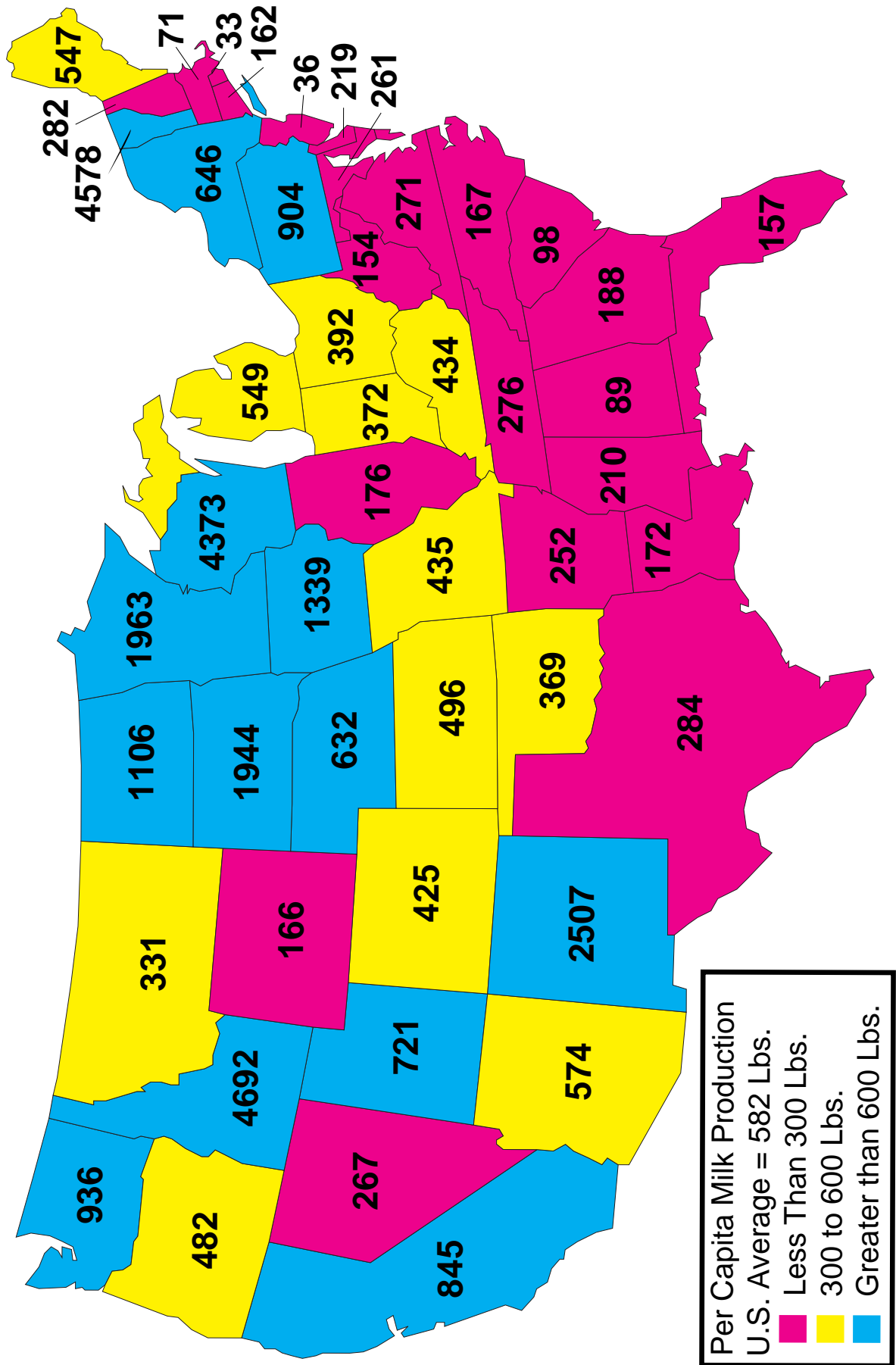
Producer milk classified as Class I during May amounted to 36.39 percent of total producer receipts. This figure is down from April's 53.06 percent and it is down from 42.96 percent in May 1998. The average butterfat test of producer milk pooled during May 1999 was 3.507 percent.

**New Mexico - West Texas:** Producers who delivered milk to handlers located in Zone 1 of the New Mexico - West Texas Milk Market Order received \$12.43 per hundredweight for deliveries of milk containing 3.5% butterfat. The May price was up 40 cents from its April level.

Producers delivered a total of 130,072,277 pounds of milk during May. On a daily basis this represents a decrease of 4.11 percent from the producer receipts level in April and it represents a decrease of 34.88 percent when compared to the producer receipts level of May 1998.

Producer milk classified as Class I during May amounted to 37.92 percent of total producer receipts. This figure is down from 39.63 percent in April but it is up from 25.38 percent in May 1998. The average butterfat test of producer milk pooled during May 1999 was 3.515 percent.

# 1998 Per Capita Milk Production



## TOP TEN TEXAS COUNTIES a/ – MAY 1999

County	Number of Producers	Pounds	% Change From 1998b/	County	Number of Producers	Pounds	% Change From 1998b/
1. Erath	144	132,063,594	-1.15	7. Wood	67	18,022,094	-3.20
2. Hopkins	234	53,407,519	-10.92	8. Johnson	42	17,016,392	-8.81
3. Comanche	48	43,229,259	+11.08	9. Van Zandt	24	10,741,703	-6.08
4. El Paso	9	24,926,632	+2.38	10. Cherokee	24	10,721,336	-16.82
5. Archer	59	22,033,927	+1.47	Ten County Total	679	351,393,788	-1.52 b/
6. Hamilton	28	19,231,332	+6.75	Other Counties Total	540	168,219,401	+3.1
				Texas Total	1,219	519,613,189	-0.94

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

	Class I a/		Class II	Class III	Class III-A	Uniform a/		B F Diff.	Grade A Butter	Block Cheese	Spray Powder
	126	138				126	138				
Month	----- Dollars Per Hundred Wt. -----							¢/Point	-----Cents Per Pound-----		
March	16.41	15.60	13.55	12.81	12.67	14.62	13.67	13.5	125.05	137.93	104.67
April	16.48	15.67	13.62	12.01	12.88	14.46	13.24	14.2	128.56	130.72	104.26
May	15.97	15.16	13.11	10.88	13.96	13.93	12.80	17.5	149.45	120.34	103.48
June	15.17	14.36	12.31	13.10	15.38	14.11	13.69	21.7	184.68	140.38	102.89
July	14.04	13.23	11.18	14.77	15.59	13.22	13.04	22.3	191.85	156.56	102.97
August	16.26	15.45	13.40	14.99	16.52	15.50	15.05	24.5	208.30	163.20	104.63
September	17.93	17.12	15.07	15.10	19.81	16.81	16.09	32.5	266.66	165.56	110.07
October	18.15	17.34	15.29	16.04	18.13	17.29	16.63	27.3	231.89	175.34	111.80
November	18.26	17.45	15.40	16.84	14.87	17.44	16.89	17.8	165.47	183.17	112.50
December	19.20	18.39	16.34	17.34	13.48	17.85	17.08	13.2	132.31	187.07	114.90
Averages 1998b/	16.70	15.89	13.84	14.20	14.85	15.43	14.65	19.2	168.71	153.63	106.94
January 1999	20.00	19.19	17.14	16.27	13.12	18.03	16.68	13.7	133.22	175.95	108.93
February	20.50	19.69	17.64	10.27	12.78	16.27	19.03	13.9	122.53	130.10	104.37
March	19.43	18.62	16.57	11.62	12.36	15.76	14.49	13.2	120.27	130.92	102.39
April	13.43	12.62	10.57	11.81	11.06	12.33	12.03	9.5	93.98	131.31	102.28
May	14.78	13.97	11.92	11.26	11.62	12.97	12.43	11.1	103.89	126.61	102.28
June	14.97	14.16	12.11								
July	14.42	13.61	11.56								

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

## TOP NEW MEXICO COUNTIES a/ – MAY 1999

County	Number of Producers	Pounds	% Change From 1998b/	County	Number of Producers	Pounds	% Change From 1998b/
1. Chaves	40	145,584,191	+6.65	7. Bernalillo	8	10,921,996	+10.04
2. Dona Ana	22	70,198,945	-0.09	8. Valencia	10	10,054,616	+4.8
3. Curry	13	53,088,932	+18.39	9. Socorro	8	9,999,850	+27.15
4. Roosevelt	33	52,766,011	+14.29				
5. Lea	13	33,716,937	+10.85	Nine County Total	153	410,924,224	+8.13
6. Eddy	6	24,592,746	+2.39	Other Counties Total	4	5,928,027	-28.48

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.

New Mexico Total 157 416,852,251 +7.35

**POUNDS OF GRADE A MILK MARKETING BY  
PRODUCERS LOCATED IN TEXAS BY MONTHS:  
JANUARY 1997 THROUGH MAY 1999, WITH PERCENTAGE COMPARISONS**

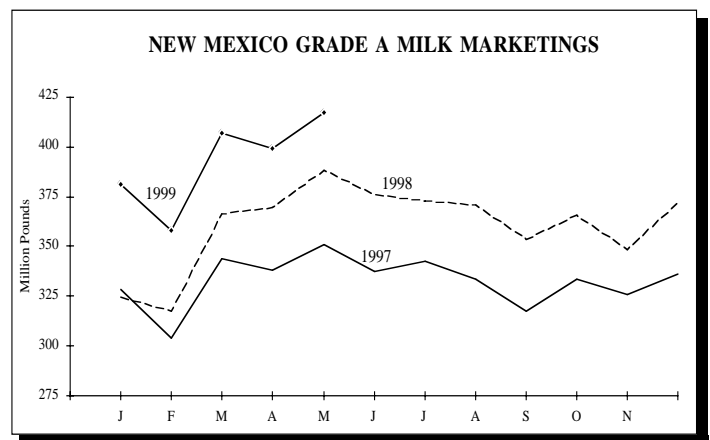
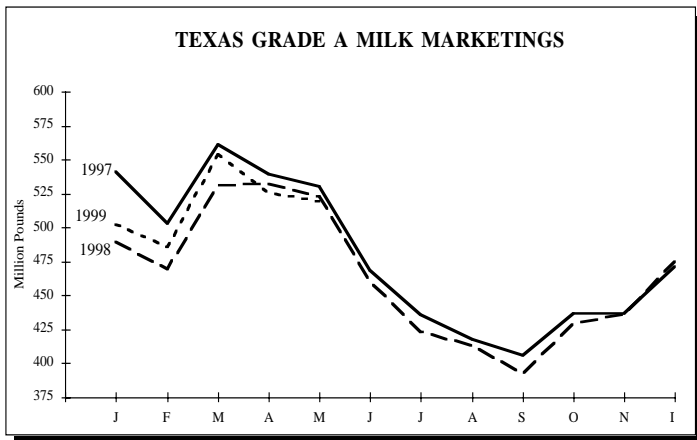
MONTH	1997 POUNDS	Number of Producers	1998 POUNDS	Number of Producers	1999 POUNDS	Number of Producers	PERCENT CHANGE 1998/97	1999/98
January	540,918,023	1,610	491,168,340	1,359	501,754,729	1,251	-9.20	+2.16
February	503,177,566	1,591	469,305,849	1,347	486,044,271	1,245	-6.73	+3.57
March	560,823,025	1,566	532,588,272	1,339	553,983,640	1,241	-5.03	+4.02
April	539,258,903	1,553	532,823,237	1,336	525,773,380	1,233	-1.19	-1.32
May	530,457,547	1,550	524,523,430	1,319	519,613,189	1,219	-1.12	-.94
June	468,546,651	1,523	464,057,905	1,321			-.96	
July	435,777,197	1,489	422,973,696	1,305			-2.94	
August	417,271,524	1,463	413,296,879	1,298			-.95	
September	405,563,476	1,435	392,427,802	1,300			-3.24	
October	436,528,559	1,408	429,372,951	1,289			-1.64	
November	436,607,225	1,391	435,572,798	1,271			-.27	
December	470,803,040	1,368	474,573,747	1,260			+8.0	
Years Total	5,745,732,736		5,582,684,906				-2.84	

\*Revised figures

**POUNDS OF GRADE A MILK MARKETING BY  
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:  
JANUARY 1997 THROUGH MAY 1999, WITH PERCENTAGE COMPARISONS**

MONTH	1997 POUNDS	Number of Producers	1998 POUNDS	Number of Producers	1999 POUNDS	Number of Producers	PERCENT CHANGE 1998/97	1999/98
January	328,059,604	156	324,314,276	158	381,115,401	156	-1.14	+17.51
February	303,972,265	156	317,500,751	156	358,049,940	157	+4.45	+12.77
March	343,866,862	157	366,656,779	157	406,789,374	156	+6.63	+10.95
April	337,943,697	157	369,782,775	156	399,229,362	157	+9.42	+7.96
May	350,910,125	158	388,308,155	155	416,852,251	157	+10.66	+7.35
June	337,592,757	158	378,569,203	159			+12.14	
July	342,391,766	159	372,803,402	157			+8.88	
August	333,406,557	156	370,668,016	156			+11.18	
September	317,181,279	159	353,457,040	155			+11.44	
October	333,587,208	158	365,469,264	159			+9.56	
November	326,212,021	158	348,126,652	158			+6.75	
December	336,117,343	157	371,894,332	157			+10.64	
Years Total	3,991,241,484		4,327,550,645				+8.43	

\*Revised figures



The United States Department of Agriculture (USDA) prohibits discrimination in all its programs on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (braille, large print, audiotape, etc.) should contact the USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Jamie L. Whitten Building, 14th and Independence Avenue, SW, Washington, D.C., 20250-9410, or call 202-720-5964 (voice or TDD). USDA is an Equal Opportunity provider and employer.

## 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
May	3.46	3.41	3.17	3.13	4.79	4.83	8.68	8.67	339	256
June	3.43	3.37	3.15	3.11	4.77	4.83	8.63	8.63	385	254
July	3.41	3.33	3.14	3.08	4.75	4.81	8.59	8.57	417	273
August	3.44	3.37	3.17	3.11	4.73	4.79	8.60	8.60	424	272
September	3.51	3.40	3.22	3.17	4.72	4.77	8.64	8.65	431	262
October	3.58	3.50	3.30	3.28	4.74	4.78	8.74	8.76	403	255
November	3.71	3.65	3.33	3.32	4.78	4.78	8.81	8.79	387	271
December	3.71	3.67	3.34	3.32	4.78	4.77	8.81	8.80	378	263
Average 1998	3.57	3.52	3.23	3.20	4.77	4.80	8.71	8.70	388	285
January 1999	3.67	3.64	3.30	3.26	4.78	4.78	8.78	8.75	375	261
February	3.59	3.60	3.25	3.24	4.78	4.77	8.74	8.72	351	267
March	3.59	3.57	3.26	3.22	4.81	4.78	8.76	8.71	346	255
April	3.50	3.52	3.23	3.20	4.81	4.79	8.74	8.69	342	242
May	3.52	3.48	3.19	3.16	4.80	4.79	8.70	8.66	348	240

\* In thousands.

## NEW MEXICO - WEST TEXAS MILK MARKET AT A GLANCE

	REPORTED MAY 1999	REPORTED APR. 1999	REPORTED MAY 1998
<b>TOTAL UTILIZATION</b>			
CLASS I	52,455,665	55,202,806	52,641,389
CLASS II	7,897,766	7,356,272	9,187,218
CLASS III/III-A	72,532,280	75,189,128	176,989,668
CLOSING INVENTORY (CLASS I, II AND III)	6,115,551	4,087,923	15,642,145
TOTAL UTILIZATION	139,001,262	141,836,129	254,460,420
DAILY CLASS I UTILIZATION	1,692,118	1,840,094	1,698,109
MAY -DAILY CLASS I COMPARED TO:		- 8.04%	- .35%
CLASS I YEAR TO DATE (IN THOUSANDS)	271,434	218,978	274,942
% CHANGE FROM PREVIOUS YEAR	- 1.28%	- 1.50%	- .84%
<b>TOTAL RECEIPTS</b>			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	49,321,672	52,022,021	50,685,321
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	6,766,003	5,917,311	7,945,661
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	73,984,602	73,331,298	141,097,512
TOTAL PRODUCER RECEIPTS	130,072,277	131,270,630	199,728,494
OTHER SOURCE A/	4,838,918	4,877,837	43,150,579
OPENING INVENTORY	4,087,923	5,685,346	11,567,300
OVERAGE	2,144	2,316	14,047
TOTAL RECEIPTS	139,001,262	141,836,129	254,460,420
<b>DAILY PRODUCER RECEIPTS</b>	4,195,880	4,375,688	6,442,855
MAY -DAILY PRODUCER RECEIPTS COMPARED TO:		- 4.11%	- 34.88%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	641,759	511,687	1,030,096
% CHANGE FROM PREVIOUS YEAR	- 37.70%	- 38.38%	+ 8.13%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.515%	3.548%	3.433%
% PRODUCER MILK CLASSIFIED AS CLASS I	37.92%	39.63%	25.38%
NUMBER OF PRODUCERS	89	99	207
AVERAGE DAILY DELIVERY PER PRODUCER	47,145	44,199	31,125
NUMBER OF POOL HANDLERS	9	9	15

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

# 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**

BULK RATE  
U.S. POSTAGE  
PAID  
Carrollton, TX  
Permit No. 343

**RETURN SERVICE REQUESTED**

## TEXAS MILK MARKET AT A GLANCE

	REPORTED <u>MAY 1999</u>	REPORTED <u>APR. 1999</u>	REPORTED <u>MAY 1998</u>
<b>TOTAL UTILIZATION</b>			
CLASS I	275,060,730	280,016,399	261,757,200
CLASS II	127,610,354	126,698,436	123,994,324
CLASS III/III-A	362,042,586	145,652,455	235,260,086
CLOSING INVENTORY (CLASS I, II AND III)	31,036,483	27,850,008	31,447,353
TOTAL UTILIZATION	795,750,153	580,217,298	652,458,963
<b>DAILY CLASS I UTILIZATION</b>	8,872,927	9,333,880	8,443,781
MAY -DAILY CLASS I COMPARED TO:		- 4.94%	+ 5.08%
CLASS I YEAR TO DATE (IN THOUSANDS)	1,376,904	1,101,843	1,333,757
% CHANGE FROM PREVIOUS YEAR	+ 3.23%	+ 2.78%	- 5.36%
<b>TOTAL RECEIPTS</b>			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	272,319,231	280,932,643	257,834,274
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	117,983,729	114,552,241	115,547,831
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	358,022,184	134,023,154	226,731,409
TOTAL PRODUCER RECEIPTS	748,325,144	529,508,038	600,113,514
OTHER SOURCE A/	19,530,050	18,276,203	21,469,912
OPENING INVENTORY	27,894,959	32,417,760	30,875,537
OVERAGE		15,297	
TOTAL RECEIPTS	795,750,153	580,217,298	652,458,963
<b>DAILY PRODUCER RECEIPTS</b>	24,139,521	17,650,268	19,358,500
MAY -DAILY PRODUCER RECEIPTS COMPARED TO:		+ 36.77%	+ 24.70%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	3,059,096	2,310,771	2,809,339
% CHANGE FROM PREVIOUS YEAR	+ 8.89%	+ 4.60%	- 7.44%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.507%	3.542%	3.447%
% PRODUCER MILK CLASSIFIED AS CLASS I	36.39%	53.06%	42.96%
NUMBER OF PRODUCERS	1,314	1,391	1,282
AVERAGE DAILY DELIVERY PER PRODUCER	18,371	12,689	15,100
NUMBER OF POOL HANDLERS	34	32	32

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