

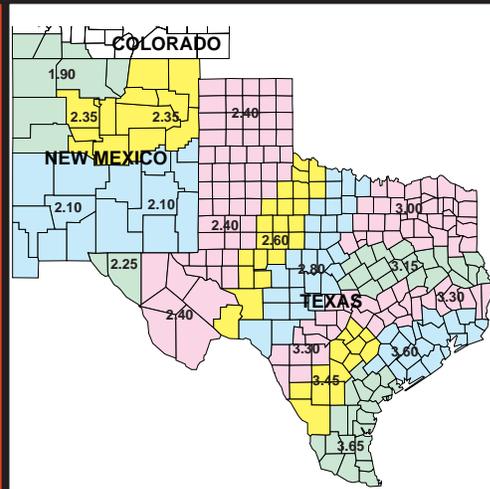
# THE MARKET ADMINISTRATOR'S

# REPORT



## SOUTHWEST MARKETING AREA

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



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## MARKET SUMMARY FOR MAY

The Producer Price Differential (P.P.D.) for milk delivered to handlers located in Dallas/Tarrant counties (TX) of the Southwest Milk Market Order was \$3.06 for May. Butterfat price increased \$0.1502 per pound from \$1.1352 in April to the level of \$1.2854 for May. Protein price decreased \$0.1885 cents per pound to \$1.5514 in May from \$1.7399 in April. May's Other Solids price decreased \$0.0005 per pound from the previous month to \$0.0403. The Somatic Cell Count adjustment rate factor remained the same in May as it was in April at .00055 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a May statistical uniform price of \$12.43 per hundredweight for milk testing 3.5% butterfat, 2.99% true protein, 5.69% other solids and 350,000 SCC. This is an increase of 38 cents in comparison to the statistical blend price of \$12.05 in April.

The May Class I price increased 55 cents from \$13.93 in April to the May level of \$14.48. The Class II price for May of \$12.63 per hundredweight increased 53 cents from \$12.10 in April. May's Class III price decreased 4 cents from \$9.41 in April to \$9.37 in May. The Class IV price increased 53 cents from the previous month to \$11.91 in May.

Producers delivered a total of 737,857,036 pounds of milk during May. On a daily basis this represents a decrease of 3.79 percent from the producer receipts level in April and it represents a decrease of 16.00 percent when compared to the producer receipts level of May 1999.

Producer milk classified as Class I during May amounted to 44.41 percent of total producer receipts. This figure is up slightly from 42.20 percent in April and it is up from 36.62 percent in May 1999. The average butterfat test of producer milk pooled during May was 3.537 percent, average protein test was 3.016 percent, average other solids test was 5.697 percent and the average somatic cell count was 316,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	May 00	Apr 00	May 00	Apr 00	May 00	Apr 00
Appalachian	13.68	13.23	-----	-----	62.27	60.22
Arizona-Las Vegas	11.79	11.44	-----	-----	28.00	26.71
Central	10.96	10.84	1.59	1.43	27.49	28.44
Florida	15.13	14.55	-----	-----	84.34	81.75
Mideast	12.21	11.77	2.84	2.36	49.10	47.30
Northeast	12.90	12.46	3.53	3.05	38.10	39.00
Pacific Northwest	11.70	11.31	2.33	1.90	36.36	27.76
Southeast	13.40	12.88	-----	-----	61.33	57.09
<b>Southwest</b>	<b>12.43</b>	<b>12.05</b>	<b>3.06</b>	<b>2.64</b>	<b>44.41</b>	<b>42.20</b>
Upper Midwest	10.27	10.15	0.90	0.74	16.80	15.70
Western	10.84	10.76	1.47	1.35	22.89	19.38

## DAIRY CONSUMPTION SOARS IN 1999

Dairy product consumption soared last year, despite the high and volatile prices of 1998-99. Per capita consumption was 598 pounds, milk equivalent, milkfat basis, the largest since the mid-sixties and up 16 pounds from a year earlier. Consumption also was strong on a skim solids basis, but neither the level nor the increase was as robust as on a milkfat basis.

Per person cheese use jumped 1.5 pounds last year to almost 30 pounds, the largest absolute increase ever and the largest percentage rise since 1982. Strong demand for away from home eating played a role, as did general consumer indulgence. Use of American varieties, up a very strong 0.9 pounds, provided the largest share of the consumption increase.

Per person consumption of butter in 1999 rose 0.3 pounds to 4.8 pounds. Last year's per capita use does not appear very impressive, only slightly larger than the long-term average. However, consumption in recent years has been essentially without any butter purchased under the price support program and donated to feeding programs, an important share of consumption in most earlier years. Excluding donations, 1999 per capita butter use was the largest since 1968.

Not all dairy products had growing consumption in 1999. Early indications of fluid product sales show that per capita use of fluid milk and cream struggled to hold the 1998 level, while use of most perishable manufactured products slipped. Meanwhile, per person use of nonfat dry milk fell below 3 pounds for the first time since 1993. Use of powder in other dairy products probably fell last year, and many nonfat or lowfat food products ceased production.

The last time per capita dairy consumption (excluding donations) had been as large as in 1999 was in 1965. However, the 1965 mix of individual products bore relatively little resemblance to last year's use. The most striking difference is the dramatic tripling in per capita cheese use. Cheese's convenience, versatility, variety, and ability to add flavor to dishes have been important attributes. The variety of cheeses readily available is much broader than it was for many consumers in the sixties. Most consumers in the sixties had a significantly narrower ethnic basis for their staple dishes and ate out a lot less. Lastly, pizza had not yet become a dinner staple and was still a novelty in parts of the country. By 1999, cheese accounted for more than 40 percent of total dairy consumption on a milkfat basis and about half on skim solids basis.

In 1965, almost all the baby boom generation was still at home, buttressing demand for fluid milk and ice cream. Per person use of fluid milk and cream fell almost a fourth between 1965 and 1999 in terms of product weight. The decline in terms of milk equivalent was almost twice as large because of the decline in average fat content of fluid milk. However, decreased use was not solely because of demographics. Other beverages have definitely eroded milk's position as a beverage, even at mealtime. Ice cream has done a much better job of resisting demographic changes, falling only slightly during the last 34 years.

Per capita sales of butter were slightly higher in 1965. The price-driven trend substitution of margarine for butter would not end until the early seventies. Per person sales then varied but stayed near 4 pounds until the recent increases. Use of other products followed divergent individual paths, but the total was about the same in 1999 and in 1965.

*Source: "Livestock, Dairy, and Poultry Situation and Outlook", LDP-M-70, April 27, 2000, Economic Research Service, USDA.*

YEAR	FLUID MILK AND CREAM	BUTTER	CHEESE	EVAPORATED & CONDENSED	ICE CREAM	NONFAT DRY MILK
POUNDS						
1965	299	6.4	9.5	10.6	18.5	5.6
1970	277	5.3	11.5	12.1	17.6	5.3
1975	261	4.7	14.5	8.9	18.5	3.3
1980	246	4.5	17.5	7.1	17.5	3.0
1985	241	4.9	22.6	7.4	18.1	2.3
1990	234	4.4	24.6	8.0	15.8	2.9
1995	223	4.5	27.2	6.8	15.7	3.5
1996	224	4.3	27.8	6.4	15.9	3.8
1997	221	4.2	28.0	6.6	16.4	3.4
1998	219	4.5	28.3	6.1	16.6	3.3
1999	219	4.8	29.8	6.6	16.8	3.0

**TOP TEN TEXAS COUNTIES a/ – MAY 2000**

County	Number of Producers	Pounds	% Change From 1999b/	County	Number of Producers	Pounds	% Change From 1999b/
1. Erath	145	141,825,403	+7.39	7. Wood	58	15,829,404	-12.17
2. Hopkins	211	54,410,912	+1.88	8. Hamilton	20	15,478,725	-19.51
3. Comanche	48	48,979,558	+13.30	9. Lamb	3	11,740,098	+17.09
4. Archer	58	24,764,431	+12.39	10. Van Zandt	20	11,036,571	+2.75
5. El Paso	8	23,195,738	-6.94	Ten County Total	606	364,079,074	+3.61 b/
6. Johnson	35	16,818,234	-1.16	Other Counties Total	508	166,844,543	-.82
				<b>Texas Total</b>	<b>1,114</b>	<b>530,923,617</b>	<b>+2.18</b>

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.

**Class Prices at 3.5%, for Federal Orders 126 Formula Prices and Price Quotations**

Month	Class Prices & P.P.D.					Component Prices			NASS Product Prices				
	I	II	III	IV	P.P.D.	BF	Other Solids	True Protein	SCC <sup>c/</sup> Adj Rate	Grade AA Butter	Cheddar Cheese	NFDM Powder	Dry Whey
	----- Dollars Per Hundred Wt. -----					-----Cents Per Pound-----							
March 1999	19.43	16.57	11.62	12.36		144.87	5.65	204.28	.00065	130.19	130.64	101.69	19.17
April	13.43	10.57	11.81	11.06		110.00	4.91	251.04	.00066	101.60	131.26	100.71	18.45
May	14.78	11.92	11.26	11.62		117.57	3.81	219.84	.00062	107.81	124.99	100.69	17.39
June	14.97	12.11	11.42	13.29		164.26	3.52	169.92	.00064	146.09	127.86	100.46	17.11
July	14.42	11.56	13.59	12.37		154.30	3.66	244.31	.00073	137.93	145.83	100.54	17.24
August	14.58	11.72	15.79	12.62		152.96	4.55	334.21	.00086	136.83	171.54	100.89	18.10
September	16.75	13.89	16.26	12.37		147.71	5.39	338.53	.00085	132.52	170.84	101.74	18.92
October	18.95	16.09	11.49	11.78		123.57	5.93	261.38	.00070	112.73	139.34	101.83	19.44
November	19.42	16.56	9.79	11.57		115.82	5.65	206.96	.00060	106.37	120.58	101.68	19.17
December	14.65	11.79	9.63	10.69		98.04	5.39	206.15	.00057	91.79	113.71	101.11	18.92
Averages 1999b/	16.82	13.96	12.43	12.14		136.02	5.15	247.16	.00070	122.94	139.84	101.78	18.69
January 2000	13.90	11.43	10.05	10.73	1.96	93.66	5.03	216.77	.00058	88.20	115.17	101.15	18.57
February	13.71	11.51	9.54	10.80	2.28	95.88	4.32	198.49	.00055	90.02	110.67	101.06	17.88
March	13.84	11.71	9.54	11.00	2.36	101.91	4.24	191.66	.00055	94.97	110.93	100.94	17.80
April	13.93	12.10	9.41	11.38	2.64	113.52	4.08	173.99	.00055	104.49	110.11	100.78	17.65
May	14.48	12.63	9.37	11.91	3.06	128.54	4.03	155.14	.00055	116.80	110.22	100.71	17.60

a/ Subject to zone and location adjustments. b/ Simple averages c/ SCC adjustment rate is per 1,000 difference.

**TOP NEW MEXICO COUNTIES a/ – MAY 2000**

County	Number of Producers	Pounds	% Change From 1999b/	County	Number of Producers	Pounds	% Change From 1999b/
1. Chaves	41	157,293,503	+8.04	7. Bernalillo	8	11,415,687	+4.52
2. Dona Ana	25	78,598,664	+11.97	8. Socorro	7	10,794,387	+7.95
3. Roosevelt	32	64,005,248	+21.30	9. Valencia	9	9,090,744	-9.59
4. Curry	14	63,745,335	+20.07				
5. Lea	14	39,179,399	+16.20	Nine County Total	156	460,972,223	+12.18
6. Eddy	6	26,849,256	+9.18	Other Counties Total	4	6,136,628	+3.52
				<b>New Mexico Total</b>	<b>160</b>	<b>467,108,851</b>	<b>+12.06</b>

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.

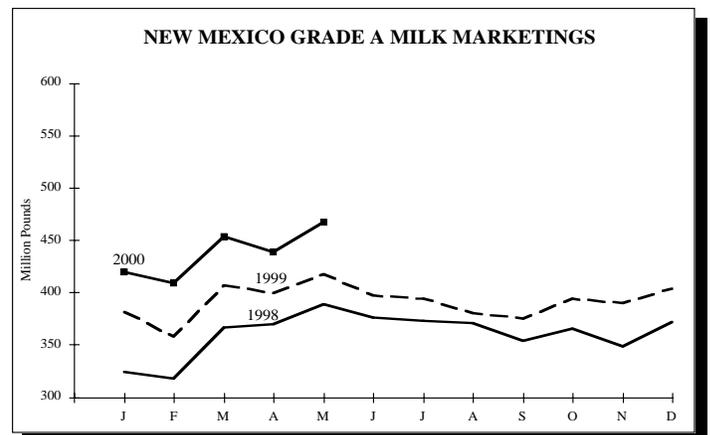
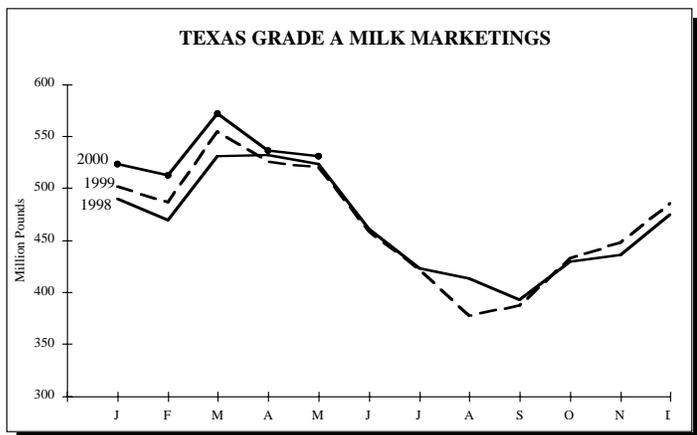
**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN TEXAS BY MONTHS:  
JANUARY 1998 THROUGH MAY 2000, WITH PERCENTAGE COMPARISONS**

MONTH	1998 POUNDS	Number of Producers	1999 POUNDS	Number of Producers	2000 POUNDS	Number of Producers	PERCENT CHANGE 1999/98	PERCENT CHANGE 2000/99
January	491,168,340	1,359	501,754,729	1,251	523,604,151	1,155	+2.16	+4.35
February	469,305,849	1,347	486,044,271	1,245	512,511,151	1,140	+3.57	+5.44
March	532,588,272	1,339	553,983,640	1,241	571,648,589	1,134	+4.02	+3.19
April	532,823,237	1,336	525,773,380	1,233	535,711,103	1,122	-1.32	+1.89
May	524,523,430	1,319	519,613,189	1,219	530,923,617	1,114	-.94	+2.18
June	464,057,905	1,321	458,247,406	1,216			-1.25	
July	422,973,696	1,305	421,340,140	1,206			-.39	
August	413,296,879	1,298	377,392,147	1,197			-8.69	
September	392,427,802	1,300	386,931,407	1,189			-1.40	
October	429,372,951	1,289	432,175,585	1,181			+6.65	
November	435,572,798	1,271	447,062,545	1,166			+2.64	
December	<u>474,573,747</u>	1,260	<u>485,682,323</u>	1,160			<u>+2.34</u>	
Years Total	5,582,684,906		5,596,058,417				+2.24	

**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:  
JANUARY 1998 THROUGH MAY 2000, WITH PERCENTAGE COMPARISONS**

MONTH	1998 POUNDS	Number of Producers	1999 POUNDS	Number of Producers	2000 POUNDS	Number of Producers	PERCENT CHANGE 1999/98	PERCENT CHANGE 2000/99
January	324,314,276	158	381,115,401	156	419,358,633	159	+17.51	+10.03
February	317,500,751	156	358,049,940	157	408,598,295	159	+12.77	+14.12
March	366,656,779	157	406,789,374	156	453,457,801	159	+10.95	+11.47*
April	369,782,775	156	399,229,362	157	438,496,278	160	+7.96	+9.84
May	388,308,155	155	416,852,251	157	467,108,851	160	+7.35	+12.06
June	378,569,203	159	397,483,877	159			+5.00	
July	372,803,402	157	393,796,366	158			+5.63	
August	370,668,016	156	380,628,318	158			+2.69	
September	353,457,040	155	374,886,452	160			+6.06	
October	365,469,264	159	394,366,657	162			+7.91	
November	348,126,652	158	389,857,074	159			+11.99	
December	<u>371,894,332</u>	157	<u>403,101,846</u>	158			<u>+8.39</u>	
Years Total	4,327,550,645		4,696,156,918				+8.52	

\*Revised



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## TEXAS AND NEW MEXICO MARKET COMPONENT TEST

Month	Butterfat		Protein <sup>b/</sup>		Other Solids <sup>b/</sup>		S-N-F		SCC <sup>a/</sup>	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
May	3.52	3.48	3.00	2.97	5.70	5.69	8.70	8.66	348	240
June	3.53	3.45	3.00	2.95	5.66	5.68	8.66	8.63	395	265
July	3.52	3.40	3.01	2.92	5.63	5.65	8.64	8.57	408	290
August	3.54	3.43	3.02	2.95	5.61	5.65	8.63	8.60	429	310
September	3.60	3.50	3.10	3.01	5.61	5.66	8.71	8.67	420	305
October	3.70	3.61	3.15	3.09	5.63	5.65	8.78	8.74	357	273
November	3.71	3.67	3.13	3.10	5.65	5.65	8.78	8.75	333	244
December	3.75	3.72	3.13	3.13	5.66	5.68	8.79	8.81	324	248
Averages	3.60	3.55	3.07	3.02	5.66	5.67	8.73	8.69	369	267
January 2000	3.71	3.68	3.08	3.08	5.69	5.68	8.77	8.77	313	257
February	3.68	3.62	3.06	3.06	5.70	5.69	8.76	8.75	318	252
March	3.62	3.59	3.05	3.04	5.71	5.70	8.76	8.74	318	253
April	3.59	3.55	3.06	3.03	5.71	5.70	8.76	8.73	343	257
May	3.56	3.49	3.03	2.99	5.69	5.70	8.72	8.70	369	253

a/ In thousands. b/ Estimated for 1999: True Protein = Crude Protein - .19 and Other Solids = SNF - True Protein

**MAY 2000**  
**COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$421,862.84
Class I Butterfat	60(a)	7,723,303	\$1.1859	\$9,159,065.04
Class I Skim Per Cwt		319,964,571	\$10.7000	\$34,236,209.09
Class II Butterfat	60(b)	4,850,252	\$1.2924	\$6,268,465.72
Class II Nonfat Solids		5,116,485	\$0.9333	\$4,775,215.47
Class III Butterfat	60(c)	10,900,918	\$1.2854	\$14,012,040.00
Class III Protein		9,410,844	\$1.5514	\$14,599,983.38
Class III Other Solids		17,845,047	\$0.0403	\$719,155.42
Class IV Butterfat	60(d)	2,621,611	\$1.2854	\$3,369,818.79
Class IV Nonfat Solids		2,947,500	\$0.8530	\$2,514,217.51
Class II, III & IV Somatic Cell Adj.	60(e)			\$137,821.09
Total Producer Milk-Product Lbs & Value		737,857,036		\$90,213,854.35
Add: Value as for 60(f) Thru 60(j)				\$53,750.06
Less: Total Protein Pounds	61(b)	22,257,132	<b>\$1.5514</b>	\$34,529,714.60
Total Other Solids Pounds		42,037,342	<b>\$0.0403</b>	\$1,694,104.86
Total Butterfat Pounds		26,096,084	<b>\$1.2854</b>	\$33,543,906.42
Total Value of Somatic Cell Adjustment				\$137,434.97
<b>Total Milk and Value</b>		737,857,036		\$20,362,443.56
Add: Location Differential Adjustments	61(c)			\$2,143,057.07
Producer-Settlement Fund	61(d)			\$412,557.98
<b>Total Producer Milk/URSP and Value</b>		738,259,624	\$3.10433	\$22,918,058.61
Less: Producer-Settlement Fund	61(f)		\$0.04433	\$327,314.12
<b>Producer Price Differential (Dallas County)</b>			<b>\$3.06</b>	\$22,590,744.49

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

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**MAY 2000**  
**PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	327,687,874	44.41	7,723,303	29.59	319,964,571	44.96
Class II	61,435,122	8.33	4,850,252	18.59	56,584,870	7.95
Class III	313,553,046	42.49	10,900,918	41.77	302,652,128	42.52
Class IV	35,180,994	4.77	2,621,611	10.05	32,559,383	4.57
<b>Total</b>	<b>737,857,036</b>	<b>100.00</b>	<b>26,096,084</b>	<b>100.00</b>	<b>711,760,952</b>	<b>100.00</b>

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	10,053,544	45.17	18,921,054	45.01	28,974,595	45.07
Class II	1,774,443	7.97	3,342,042	7.95	5,116,485	7.96
Class III	9,410,844	42.28	17,845,047	42.45	27,255,894	42.39
Class IV	1,018,301	4.58	1,929,199	4.59	2,947,500	4.58
<b>Total</b>	<b>22,257,132</b>	<b>100.00</b>	<b>42,037,342</b>	<b>100.00</b>	<b>64,294,474</b>	<b>100.00</b>