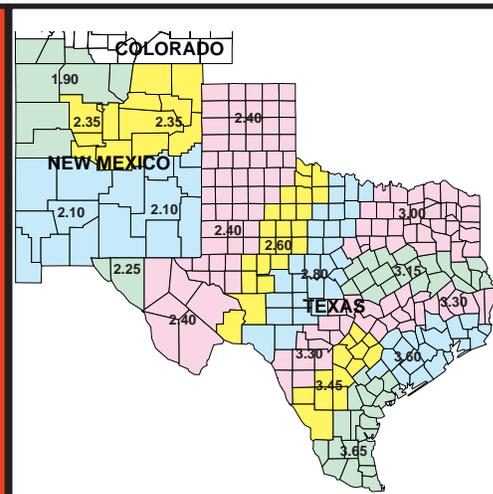


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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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 \$1.60 for May. Butterfat price decreased \$0.1457 per pound from \$1.2890 in April to the level of \$1.1433 in May. Protein price increased \$0.1988 per pound from \$2.0109 in April to \$2.2097 in May. May's Other Solids price decreased \$0.0195 per pound from the previous month to \$0.0371. The Somatic Cell Count adjustment rate factor for May was .00062 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 \$12.42 per hundredweight for milk testing 3.5% butterfat, 2.99% true protein, 5.69% other solids and 350,000 SCC. This is a decrease of \$0.29 in comparison to the statistical blend price of \$12.71 in April.

The May Class I price decreased 21 cents from \$14.47 in April to the May level of \$14.26. The Class II price for May of \$11.29 per hundredweight decreased \$0.59 from \$11.88 in April. May's Class III price decreased \$0.03 from \$10.85 in April to \$10.82 in May. The Class IV price decreased \$0.52 from \$11.09 in April to \$10.57 in May.

In May 857 producers delivered a total of 895,908,246 pounds of milk. On a daily basis this represents a decrease of 1.28 percent from the producer receipts level in April but it represents an increase of 11.17 percent when compared to the producer receipts level of May 2001.

Producer milk classified as Class I during May amounted to 38.02 percent of total producer receipts. This figure is down slightly from 38.48 percent in April and it is down from 41.56 percent in May 2001. The average butterfat test of producer milk pooled during May was 3.536 percent, average protein test was 2.985 percent, average other solids test was 5.680 percent and the average somatic cell count was 291,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	May 02	Apr 02	May 02	Apr 02	May 02	Apr 02
Appalachian	13.09	13.43	-----	-----	61.88	60.14
Arizona-Las Vegas	11.51	11.79	-----	-----	29.94	28.09
Central	11.47	11.68	0.65	0.83	24.73	26.22
Florida	14.55	14.93	-----	-----	87.43	87.74
Mideast	11.63	11.92	0.81	1.07	32.10	34.50
Northeast	12.63	12.94	1.81	2.09	39.80	38.90
Pacific Northwest	11.35	11.64	0.53	0.79	26.91	26.56
Southeast	12.89	13.23	-----	-----	53.37	54.79
Southwest	12.42	12.71	1.60	1.86	38.02	38.48
Upper Midwest	11.30	11.35	0.48	0.50	21.90	19.30
Western	11.31	11.54	0.49	0.69	18.16	17.43

FARM BILL SIGNED

The 2002 Farm Bill was signed May 13, 2002, and although it is over 400 pages a summary of some of the dairy provisions included in the bill include:

- The Dairy Price Support Program is included at \$9.90 cwt. and fully funded for the six-year life of the bill.

- Direct payments are authorized for dairy farmers at the rate of 45% of the difference between the Class I price in Boston and \$16.94 per cwt on annual milk marketings up to 2.4 million lbs through September 30, 2005. Payments are to be made monthly and not later than 60 days after the last day of the month for which payment is made. Payments will be made on production retroactive to December 1, 2001. During a sign-up to be announced, producers will enter into a contract with USDA to receive the payments.

- The 15-cent/cwt dairy promotion and research check-off will be applied to imported dairy products.

- The "sunset date" for the Fluid Milk Processor Education Program (MilkPEP) is removed and the minimum threshold for a fluid milk processor to be subject to this checkoff is increased to 3 million pounds per month.

- The Dairy Export Incentives Program (DEIP) is reauthorized for the life of the bill.

- The Dairy Indemnity Program is reauthorized for the life of the bill.

- The Dairy Product Mandatory Price Reporting language is amended to direct USDA more clearly on what data to collect.

- Studies: (Reports on 1,2 and 3 due within one year of enactment of the bill. A time limit is not specified for the last study.)

1. Of the impact of national dairy policy on the stability of farm milk prices, farm profitability and viability and rural economies, nutrition programs for children, seniors and low-income participants, and wholesale and retail milk costs and utilization.

2. Of the effects of terminating all federal price support and supply management programs and replacing them with cooperative efforts by states to regulate milk prices and supply.

3. Of the effect of including a Standard of Identity for minimum protein content in fluid milk that is commensurate with the average nonfat solids content of milk produced in the U.S.

4. On the handling of nonambulatory livestock at stockyards, market agencies and by dealers. If the Secretary determines regulations are necessary, authority to develop, implement and enforce those regulations is given.

- The Managers Report includes a recommendation that the Secretary of Health and Human Service develop and implement procedures to enforce federal Standards of Identity for fluid milk purchased for federally supported feeding and nutrition programs.

- The Market Access Program (MAP) is reauthorized and funding gradually increased from \$110 million to \$200 million annually over the six year life of the bill.

- The National Johne's Disease Program is authorized for the development of testing, management and education protocols.

- Environmental Quality Incentives Program (EQIP)
 1. Total funding is increased \$11 billion; 60% is made available to livestock producers.

2. Contracts can run up to one year after all practices covered in the contract have been implemented but not longer than a total of 10 years.

3. While size limits for eligibility are removed for concentrated animal feeding operations (CAFO), a comprehensive nutrient management plan (CNMP) is required, where applicable, to qualify for EQIP assistance.

4. Individuals are limited to \$450,000 of total assistance under EQIP during the life of the Farm Bill regardless of the number of contracts entered into.

MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS, AND CALIFORNIA, 2001 ANNUAL AVERAGES

Reporting Area ^{1/}	Mailbox Milk Price ^{2/ 3/}
	Dollars per cwt.
Northeast Federal Milk Order	14.95
Appalachian States	15.67
Southeast States	15.91
Florida	17.61
Ohio	14.83
Michigan	14.62
Wisconsin	14.65
Minnesota	14.53
Illinois	14.50
Northern Missouri	14.26
Southern Missouri	14.71
Corn Belt States	14.37
Western Texas	14.73
New Mexico	13.89
Idaho	13.56
Utah	13.71
Northwest States	14.29
All Market Avg.	14.77
California ^{4/}	13.89

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the market and is reported at the market average butterfat test. 3/ All figures are weighted annual averages using the applicable monthly prices and producer milk receipts for the respective order or group of orders for which the price is reported. 4/ Calculated by the California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

TOP TEN TEXAS COUNTIES a/ – MAY 2002

County	Number of Producers	Pounds	% Change From 2001b/	County	Number of Producers	Pounds	% Change From 2001b/
1. Erath	126	124,385,501	- 0.86	7. Hamilton	17	13,213,514	- 2.16
2. Hopkins	166	48,735,657	- 2.43	8. Wood	44	13,119,707	- 4.70
3. Comanche	38	40,846,746	- 9.43	9. Tom Green	9	11,511,407	+ 19.06
4. El Paso	7	21,489,977	- 5.74	10. Johnson	20	11,180,468	- 4.40
5. Archer	55	21,466,056	- 0.09	Ten County Total	486	325,399,931	- 1.13 b/
6. Lamb	4	19,450,898	+ 32.44	<u>Other Counties Total</u>	<u>389</u>	<u>157,594,399</u>	<u>+ 8.61</u>
				Texas Total	875	482,994,330	+ 1.85

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.					BF	Component Prices			NASS Product Prices			
	I a/	II	III	IV	P.P.D.a/		Other Solids	True Protein	SCC c/ Adj Rate	Grade AA Butter	Cheddar Cheese	NFDM Powder	Dry Whey
	----- Dollars Per Hundred Wt. -----					-----Cents Per Pound-----							
March 2001	15.65	14.17	11.42	13.46	2.76	168.20	10.39	164.98	.00064	149.42	127.37	101.27	24.06
April	16.44	15.10	12.06	14.41	2.85	194.83	10.81	154.43	.00067	171.26	134.23	101.45	24.46
May	17.21	15.72	13.83	15.04	2.22	211.91	12.29	191.08	.00076	185.27	151.29	101.80	25.90
June	17.99	16.05	15.02	15.33	1.83	220.89	14.09	216.70	.00081	192.63	162.11	101.48	27.64
July	18.34	15.96	15.46	14.81	1.66	218.83	15.10	231.75	.00083	190.94	165.73	96.34	28.62
August	18.40	15.98	15.55	15.06	1.88	229.76	15.35	221.88	.00083	199.90	166.93	94.73	28.86
September	18.56	16.24	15.90	15.59	1.70	244.49	15.20	216.47	.00085	211.98	170.85	94.97	28.71
October	18.93	13.53	14.60	12.77	1.45	165.26	14.82	266.64	.00078	147.01	155.91	94.41	28.35
November	18.76	12.78	11.31	11.97	3.77	145.00	14.70	180.45	.00062	130.40	123.22	93.49	28.23
December	14.98	12.61	11.80	11.79	1.65	143.22	15.17	197.82	.00064	128.94	127.62	91.99	28.68
Averages 2001b/	17.27	14.53	13.10	13.76	2.36	184.80	13.43	196.13	.00071	163.04	142.64	97.91	27.00
January 2002	14.96	12.69	11.87	11.93	1.79	148.46	13.92	196.60	.00065	133.24	129.22	91.61	27.47
February	14.95	12.28	11.63	11.54	1.65	138.17	9.65	208.84	.00064	124.80	128.95	91.21	23.34
March	14.62	12.19	10.65	11.42	2.12	136.38	6.88	183.42	.00060	123.33	120.87	90.60	20.66
April	14.47	11.88	10.85	11.09	1.86	128.90	5.66	201.09	.00062	117.20	123.23	89.75	19.48
May	14.26	11.29	10.82	10.57	1.60	114.33	3.71	220.97	.00062	105.25	123.59	89.72	17.59

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

TOP NEW MEXICO COUNTIES a/ – MAY 2002

County	Number of Producers	Pounds	% Change From 2001b/	County	Number of Producers	Pounds	% Change From 2001b/
1. Chaves	39	160,446,589	+ 5.99	7. Socorro	8	16,435,039	+ 38.95
2. Roosevelt	42	95,708,579	+ 27.63	8. Valencia	9	10,836,538	+ 7.90
3. Curry	20	93,240,243	+ 28.37	9. Bernalillo	5	6,341,079	+ 3.97
4. Dona Ana	25	86,009,601	+ 8.30				
5. Lea	16	44,841,338	+ 17.97	Nine County Total	171	543,756,211	+ 15.67 b/
6. Eddy	7	29,897,205	+ 16.44	<u>Other Counties Total</u>	<u>5</u>	<u>13,990,676</u>	<u>+ 28.14</u>
				New Mexico Total	176	557,746,887	+ 15.96

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.

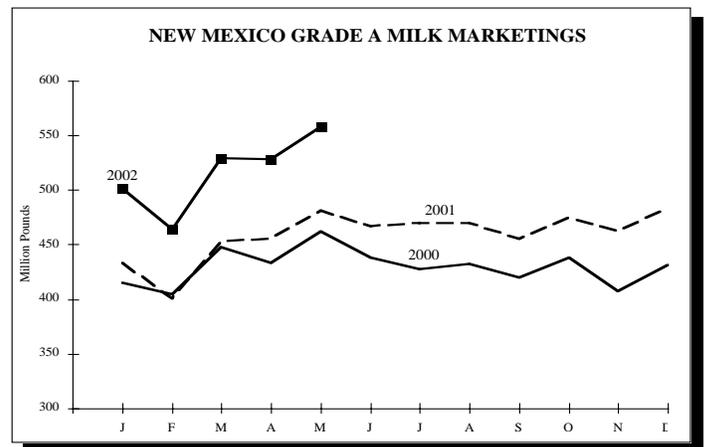
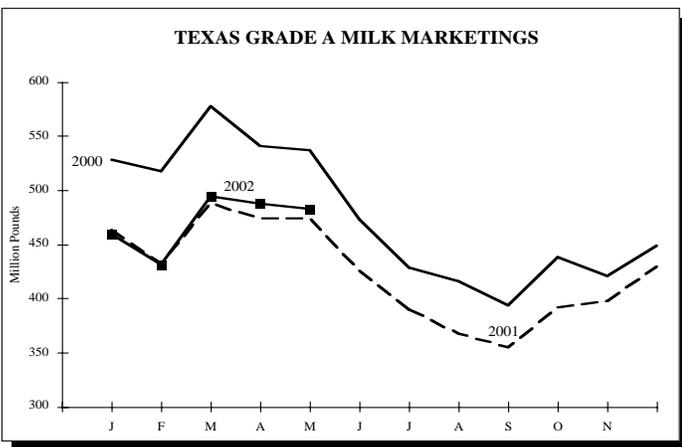
**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 2000 THROUGH MAY 2002, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2000 POUNDS	Number of Producers	2001 POUNDS	Number of Producers	2002 POUNDS	Number of Producers	PERCENT CHANGE 2001/00	2002/01
January	528,032,131	1,156	463,431,654	1,026	459,850,238	897	-12.23	-0.77
February	517,023,791	1,141	432,156,106	1,006	431,807,361	894	-13.43	-0.08
March	577,134,609	1,134	487,875,678	991	494,608,931	893	-15.47	+1.38
April	540,903,763	1,121	474,386,881	978	487,475,741	889	-12.30	+2.76
May	536,505,477	1,112	474,236,039	962	482,994,330	875	-11.61	+1.85
June	472,478,168	1,103	425,591,909	954			-9.92	
July	428,683,700	1,089	389,996,462	933			-9.02	
August	415,788,563	1,082	367,810,615	919			-11.54	
September	393,642,034	1,066	354,482,882	916			-9.95	
October	437,963,207	1,058	391,332,224	908			-10.65	
November	420,274,058	1,041	397,352,762	907			-5.45	
December	<u>448,671,268</u>	1,033	<u>429,232,267</u>	903			<u>-4.33</u>	
Years Total	5,717,100,769		5,087,885,479				-10.76	

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2000 THROUGH MAY 2002, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2000 POUNDS	Number of Producers	2001 POUNDS	Number of Producers	2002 POUNDS	Number of Producers	PERCENT CHANGE 2001/00	2002/01
January	414,930,653	158	432,749,978	166	501,275,998	174	+4.29	+15.84
February	404,085,655	158	400,543,634	166	463,667,936	173	+2.66	+15.76
March	447,971,781	158	453,232,150	165	528,830,087	175	+1.17	+16.68
April	433,303,618	159	454,980,340	167	528,467,048	175	+5.00	+16.15
May	461,526,991	159	480,995,372	169	557,746,887	176	+4.22	+15.96
June	437,718,050	159	466,640,323	170			+6.61	
July	427,456,503	159	469,362,545	171			+9.80	
August	431,815,797	160	469,391,326	174			+8.70	
September	419,669,872	161	455,259,423	173			+8.48	
October	438,410,599	163	474,918,306	173			+8.33	
November	407,114,759	167	462,212,000	173			+13.53	
December	<u>431,351,678</u>	166	<u>484,020,641</u>	173			<u>+12.21</u>	
Years Total	5,155,355,956		5,504,306,038				+6.74	

*Based on average daily delivery.



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TEXAS AND NEW MEXICO MARKET COMPONENT TEST

Month	Butterfat		Protein		Other Solids		S-N-F		SCC ^{a/}	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
May 2001	3.51	3.48	3.02	2.98	5.67	5.69	8.68	8.66	397	296
June	3.54	3.47	3.01	2.94	5.68	5.70	8.68	8.63	400	295
July	3.57	3.47	3.00	2.91	5.64	5.65	8.63	8.56	430	315
August	3.59	3.45	3.05	2.95	5.61	5.63	8.65	8.58	454	335
September	3.68	3.52	3.11	3.01	5.63	5.66	8.73	8.68	447	328
October	3.76	3.61	3.18	3.09	5.65	5.67	8.83	8.76	385	284
November	3.76	3.67	3.15	3.12	5.67	5.67	8.82	8.78	364	285
December	3.79	3.73	3.14	3.14	5.68	5.68	8.82	8.81	377	306
Averages 2001	3.66	3.58	3.08	3.03	5.67	5.67	8.74	8.70	408	321
January 2002	3.78	3.71	3.12	3.09	5.69	5.69	8.81	8.78	364	322
February	3.77	3.71	3.09	3.06	5.70	5.69	8.79	8.75	371	327
March	3.72	3.66	3.08	3.03	5.71	5.70	8.79	8.73	335	294
April	3.63	3.56	3.03	2.98	5.70	5.71	8.73	8.68	342	275
May	3.58	3.49	3.01	2.96	5.68	5.69	8.68	8.65	342	256

a/ In thousands.

MAY 2002
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$372,398.16
Class I Butterfat	60(a)	7,977,355	\$1.3639	\$10,880,314.49
Class I Skim Per Cwt		332,621,331	\$9.8300	\$32,696,676.85
Class II Butterfat	60(b)	7,007,562	\$1.1503	\$8,060,798.60
Class II Nonfat Solids		7,962,916	\$0.8367	\$6,662,571.84
Class III Butterfat	60(c)	10,509,217	\$1.1433	\$12,015,187.80
Class III Protein		8,921,014	\$2.2097	\$19,712,764.63
Class III Other Solids		17,086,324	\$0.0371	\$633,902.64
Class IV Butterfat	60(d)	6,183,003	\$1.1433	\$7,069,027.33
Class IV Nonfat Solids		13,711,624	\$0.7572	\$10,382,441.71
Class II, III & IV Somatic Cell Adj.	60(e)			\$248,635.64
Total Producer Milk-Product Lbs & Value		895,908,246		\$108,734,719.96
Add: Value as for 60(f) Thru 60(j)				\$62,577.30
Less: Total Protein Pounds	61(b)	26,745,436	\$2.2097	\$59,099,389.96
Total Other Solids Pounds		50,886,201	\$0.0371	\$1,887,878.08
Total Butterfat Pounds		31,677,137	\$1.1433	\$36,216,470.75
Total Value of Somatic Cell Adjustment				\$329,341.59
Total Milk and Value		895,908,246		\$11,264,216.61
Add: Location Differential Adjustments	61(c)			\$3,114,388.65
Producer-Settlement Fund	61(d)			\$364,333.13
Total Producer Milk/URSP and Value		895,908,246	\$1.64558	\$14,742,938.39
Less: Producer-Settlement Fund	61(f)		\$0.04558	\$408,406.45
Producer Price Differential (Dallas County)			\$1.60	\$14,334,531.94

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MAY 2002
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	340,598,686	38.02	7,977,355	25.18	332,621,331	38.49
Class II	95,299,633	10.64	7,007,562	22.12	88,292,071	10.22
Class III	301,041,608	33.60	10,509,217	33.18	290,532,391	33.61
Class IV	158,968,319	17.74	6,183,003	19.52	152,785,316	17.68
Total	895,908,246	100.00	31,677,137	100.00	864,231,109	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	10,346,228	38.68	19,603,528	38.52	29,949,762	38.58
Class II	2,762,585	10.33	5,200,335	10.22	7,962,916	10.26
Class III	8,921,014	33.36	17,086,324	33.58	26,007,335	33.50
Class IV	4,715,609	17.63	8,996,014	17.68	13,711,624	17.66
Total	26,745,436	100.00	50,886,201	100.00	77,631,637	100.00