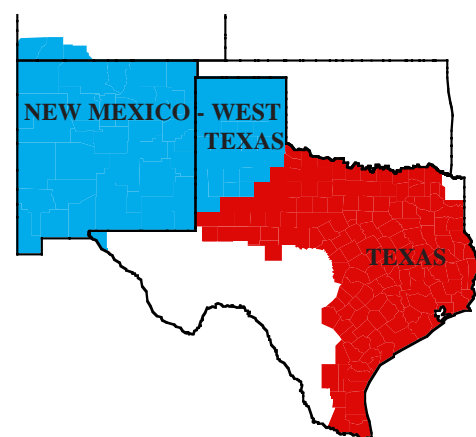


THE MARKET ADMINISTRATOR'S *REPORT*



TEXAS MARKETING AREA NEW MEXICO - WEST TEXAS MARKETING AREA

RICHARD FLEMING, MARKET ADMINISTRATOR
P.O. BOX 110939, CARROLLTON, TEXAS 75011-0939
(214) 245-6060 FAX(214) 245-3211



VOLUME XXI, NO. 10

OCTOBER 1995

MARKET SUMMARIES FOR SEPTEMBER

The September Class III price increased 53 cents from the previous month to \$12.08. The Class II price for September of \$11.53 per hundredweight decreased 19 cents from \$11.72 in August. September's Class III-A price increased 8 cents from August's level to \$10.90.

Texas: Producers who delivered milk to handlers located in Zones 1 and 2 of the Texas Milk Market Order received \$13.26 per hundredweight for deliveries of milk containing 3.5% butterfat. The September price was up 4 cents from August.

Producers delivered a total of 500,261,413 pounds of milk during September. On a daily basis this represents a decrease of 1.27 percent from the producer receipts level in August and it represents a decrease of 8.26 percent when compared to the producer receipts level of September 1994.

Producer milk classified as Class I during September amounted to 52.46 percent of total producer receipts. This figure is up from August's 51.45 percent but it is down slightly from 52.58 percent in September 1994. The average butterfat test of producer milk pooled during September 1995 was 3.504 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 \$12.72 per hundredweight for deliveries of milk containing 3.5% butterfat. The September price was unchanged from its August level.

Producers delivered a total of 120,306,111 pounds of milk during September. On a daily basis this represents an increase of .21 percent from the producer receipts level in August and it represents an increase of 14.25 percent when compared to the

producer receipts level of September 1994.

Producer milk classified as Class I during September amounted to 49.14 percent of total producer receipts. This figure is down from 50.92 percent in August and it is down from 55.24 percent in September 1994. The average butterfat test of producer milk pooled during September 1995 was 3.612 percent.

CERTAIN ORDER PROVISIONS SUSPENDED

On September 22, 1995, Shirley R. Watkins, Acting Assistant Secretary, Marketing and Regulatory Programs, signed an order that suspends certain pooling provisions of the New Mexico- West Texas Federal Order No. 138. This action continues, for the months of October 1995 through September 1997, a suspension of portions of the pool plant and producer milk definitions of the New Mexico-West Texas order. Specifically, the action continues the suspension of the 35 percent delivery standard for pooling cooperative association plants, the limitation on the types of pool plants at which milk receipts are used to determine the amount of milk that a cooperative may divert to nonpool plants, and the limits on the amount of milk that a pool plant operator may divert to nonpool plants. The continuation of the suspension was requested by Associated Milk Producers, Inc., a cooperative association that represents a substantial proportion of the producers who supply milk to the market.

DAIRY SITUATION AND OUTLOOK

Milk production this autumn is projected to resume large increases from a year earlier, after only modest increases in the spring and summer. Cooler weather should aid recovery from the weather problems that

have plagued milk per cow in 1995. The effects of heat stress, that slowed summer growth in milk per cow, are not expected to carry over into autumn, but delayed effects still are possible after such an extreme period. The depressing impact of cool and wet weather during late winter-early spring on western milk per cow continued into midsummer. For all of 1995, milk production is projected to rise about 2 percent.

Milk output in 1996 is projected to increase 2 to 3 percent. Milk cow numbers are expected to average just slightly below 1995, while milk per cow grows about 3 percent.

Stress from weather conditions and feed problems this spring and summer may have caused some producers to limit their use of bovine somatotropin (bST). If weather problems abate in autumn as expected, the number of injected cows could rise substantially. However, the share of cows injected by the end of 1996 is not projected to be much higher than at the end of this year.

The large increase in August cheese prices continued into September, but the prices may not be sustainable. The jumps were triggered by continued growth in sales, while milk production was limited by heat stress. If milk rebounds as expected this autumn, the seasonal price peak might come quite early. Cheese prices are expected to decline gradually during late autumn and winter.

Wholesale butter prices, already higher than any

time since early 1992, may not have peaked. Holiday demand is expected to be strong and pipeline stocks probably were depleted during summer. The export market will undergird the domestic market this autumn, but is not expected to have a near term impact on prices. Butter prices will decline after holiday needs are met in December. However, export demand is projected to hold butter prices well above a year earlier during the first half of 1996.

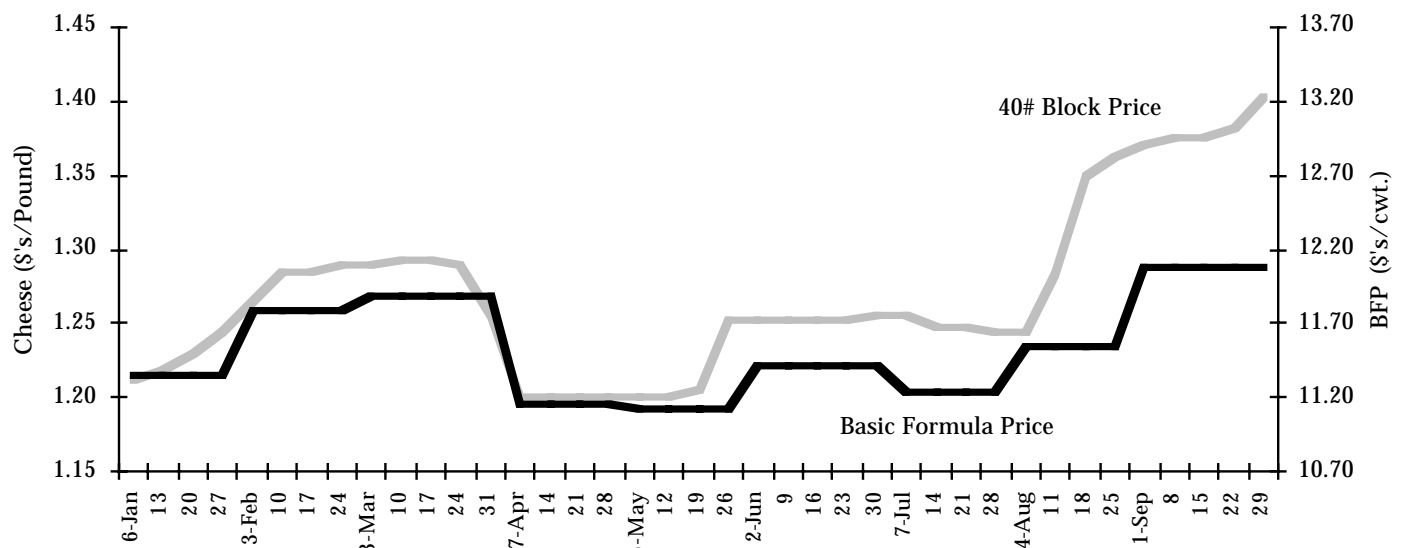
Nonfat dry milk prices are not expected to rise much seasonally. Large stocks, strong output, and the smaller Dairy Export Incentive Program (DEIP) will tend to mute seasonal price strength. Winter prices probably will stay near the support purchase price, at least in the West.

Manufacturing milk values will rise in the near term, reflecting recent advances in cheese prices and seasonally smaller production. Manufacturing values may erode in late 1995, but large declines are not expected until after yearend.

Average milk prices during the rest of 1995 are projected to be slightly above a year earlier, but the average price of milk is expected to drop about 3 percent below 1994. A slight further decline is projected for 1996. In both years, growth in skim solids sales is not expected to match expansion in milk production, outweighing the increases in milkfat values.

Source: "Dairy Outlook", LDP-D-8, September 21, 1995, Economic Research Service, USDA.

National Cheese Exchange Block Prices and Basic Formula Prices for 1995



TOP TEN TEXAS COUNTIES a/ – SEPTEMBER 1995

County	Number of Producers	Pounds	% Change From 1994	County	Number of Producers	Pounds	% Change From 1994
1. Erath	196	103,878,782	-3.69	7. Archer	65	14,276,885	-8.73
2. Hopkins	393	56,373,660	-8.02	8. Hamilton	41	13,644,060	+21.21
3. Comanche	55	29,796,816	+2.79	9. Cherokee	46	12,733,524	-5.01
4. El Paso	9	17,659,925	-2.64	10. Franklin	62	8,889,850	-3.08
5. Johnson	67	16,578,741	-9.89	Ten County Total	1,030	288,766,581	-3.55 b/
6. Wood	96	14,934,338	-2.27	Other Counties Total	809	147,324,583	-7.20
a/ Includes all known Grade "A" milk produced on farms located in Texas.				Texas Total	1,839	436,091,164	-4.81
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	Block	Spray
	126	138				126	138		Butter	Cheese	Powder
Month	----- Dollars Per Hundred Wt. -----							¢/Point	-----Cents Per Pound-----		
August 1994	14.41	13.60	11.84	11.73	10.38	13.15	12.18	6.5	71.00	127.85	106.53
September	14.57	13.76	12.95	12.04	10.35	13.47	12.71	6.4	71.00	131.39	106.59
October	14.89	14.08	12.15	12.29	10.36	13.47	12.71	6.3	71.00	132.69	107.04
November	15.20	14.39	12.53	11.86	10.40	13.60	12.74	6.4	71.00	126.56	107.10
December	15.45	14.64	12.24	11.38	10.17	13.40	12.36	5.8	65.52	120.91	106.86
Averages 1994 b/	15.33	14.52	12.45	12.00	10.27	13.51	12.54	5.8	66.77	128.70	107.93
January 1995	15.02	14.21	11.02	11.35	10.06	13.03	12.09	5.5	63.00	122.20	106.71
February	14.54	13.73	11.35	11.79	10.12	12.92	12.05	5.6	65.04	127.80	107.11
March	14.51	13.70	12.20	11.89	10.22	12.93	12.07	5.7	66.00	129.00	107.77
April	14.95	14.14	12.09	11.16	10.27	12.70	11.90	5.9	66.00	121.10	107.56
May	15.05	14.24	12.19	11.12	10.21	12.97	11.93	5.9	66.00	121.13	106.84
June	14.32	13.51	11.46	11.42	10.37	12.71	11.80	6.4	70.00	125.26	106.75
July	14.28	13.47	11.42	11.23	10.61	12.59	12.00	7.1	74.65	125.03	106.69
August	14.58	13.77	11.72	11.55	10.82	13.22	12.72	7.7	79.00	130.37	106.69
September	14.39	13.58	11.53	12.08	10.90	13.26	12.72	7.8	81.33	137.74	107.18
October	14.71	13.90	11.85								
November	15.24	14.43	12.38								

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

TOP NEW MEXICO COUNTIES a/ – SEPTEMBER 1995

County	Number of Producers	Pounds	% Change From 1994	County	Number of Producers	Pounds	% Change From 1994
1. Chaves	40	105,887,949	+5.08	7. Valencia	13	10,191,197	-3.60
2. Dona Ana	24	55,358,508	+1.13	8. Bernalillo	9	9,533,053	-6.56
3. Roosevelt	29	38,753,577	+10.34	9. Socorro	9	6,091,551	+16.34
4. Curry	9	25,337,647	+24.04				
5. Eddy	5	16,286,565	+1.15	Nine County Total	149	282,478,933	+5.63
6. Lea	11	15,038,886	+5.51	Other Counties Total	7	6,393,921	+7.60
a/ All known Grade "A" milk produced on farms located in New Mexico.				New Mexico Total	156	288,872,854	+5.68
b/ Compared to top counties for the month in the previous year.							

**POUNDS OF GRADE A MILK MARKETING BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 1993 THROUGH SEPTEMBER 1995, WITH PERCENTAGE COMPARISONS**

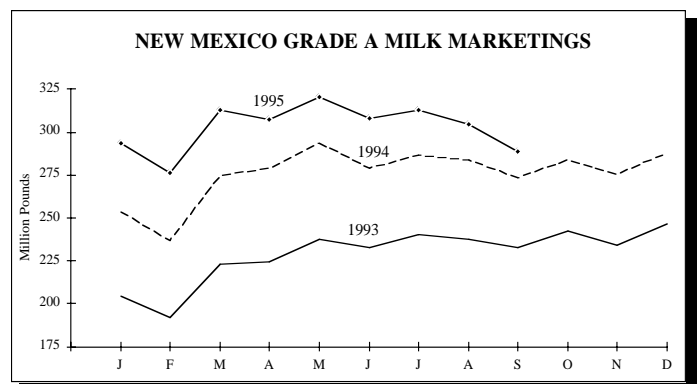
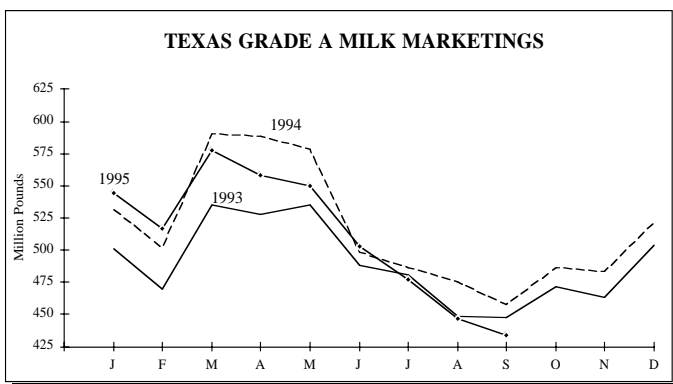
MONTH	1993 POUNDS	Number of Producers	1994 POUNDS	Number of Producers	1995 POUNDS	Number of Producers	PERCENT CHANGE 1994/93	1995/94
January	501,212,264	2,039	531,658,454	1,960	544,665,125	1,918	+6.07	+2.45
February	469,421,940	2,036	502,048,659	1,961	517,418,721	1,906	+6.95	+3.06
March	534,985,958	2,023	590,563,277	1,957	577,449,222	1,897	+10.39	-2.22
April	528,234,691	2,011	588,890,115	1,963	558,387,965	1,881	+11.48	-5.18*
May	535,272,595	2,001	578,120,136	1,956	550,303,073	1,879	+8.00	-4.81*
June	488,469,601	1,995	498,149,578	1,969	502,909,961	1,859	+1.98	+96
July	481,029,804	1,985	486,029,589	1,955	477,220,938	1,861	+1.04	-1.81
August	448,948,355	1,974	475,739,415	1,953	446,351,445	1,853	+5.97	-6.18
September	447,343,829	1,976	458,143,784	1,948	436,091,164	1,839	+2.41	-4.81
October	471,379,110	1,973	486,705,004	1,944			+3.25	
November	463,334,474	1,960	483,247,718	1,936			+4.30	
December	<u>503,356,197</u>	1,965	<u>521,399,526</u>	1,924			<u>+3.58</u>	
Years Total	5,872,988,818		6,200,845,698				+5.58	

*Revised figures

**POUNDS OF GRADE A MILK MARKETING BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 1993 THROUGH SEPTEMBER 1995, WITH PERCENTAGE COMPARISONS**

MONTH	1993 POUNDS	Number of Producers	1994 POUNDS	Number of Producers	1995 POUNDS	Number of Producers	PERCENT CHANGE 1994/93	1995/94
January	204,707,796	139	253,218,001	147	293,542,014	156	+23.69	+15.92*
February	192,335,243	140	237,211,785	148	276,638,548	155	+23.33	+16.62*
March	222,849,739	140	275,165,335	145	313,161,171	152	+23.48	+13.81
April	224,429,460	141	278,682,898	149	307,337,393	152	+24.17	+10.28*
May	237,473,164	143	293,746,832	149	320,781,400	154	+23.70	+9.20*
June	232,947,016	142	278,940,461	150	309,224,349	153	+17.44	+10.86
July	240,574,076	145	286,825,906	149	312,630,262	153	+19.23	+9.00
August	237,512,245	146	283,870,810	150	304,582,850	153	+19.52	+7.30
September	232,833,573	146	273,359,295	151	288,872,854	156	+17.41	+5.68
October	242,443,358	148	283,588,806	152			+16.97	
November	234,445,273	149	275,359,100	152			+17.45	
December	<u>246,724,079</u>	148	<u>287,886,379</u>	154			<u>+16.68</u>	
Years Total	2,749,275,022		3,307,855,608				+20.32	

*Revised figures



TEXAS AND NEW MEXICO MARKET COMPONENT TEST

<u>Month</u>	<u>Butterfat</u>		<u>Protein</u>		<u>Lactose</u>		<u>S-N-F</u>		<u>SCC*</u>	
	<u>TX</u>	<u>NM</u>	<u>TX</u>	<u>NM</u>	<u>TX</u>	<u>NM</u>	<u>TX</u>	<u>NM</u>	<u>TX</u>	<u>NM</u>
August	3.44	3.39	3.15	3.06	4.76	4.79	8.61	8.56	444	264
September	3.52	3.46	3.23	3.15	4.74	4.80	8.69	8.68	448	278
October	3.63	3.61	3.27	3.21	4.80	4.82	8.78	8.76	405	252
November	3.70	3.69	3.30	3.25	4.78	4.82	8.80	8.80	397	250
December	3.68	3.69	3.27	3.23	4.81	4.82	8.80	8.77	389	255
Average 1994	3.54	3.56	3.20	3.14	4.78	4.80	8.69	8.66	393	247
January 1995	3.69	3.70	3.25	3.21	4.79	4.81	8.75	8.75	385	272
February	3.60	3.64	3.21	3.17	4.83	4.86	8.76	8.74	364	253
March	3.60	3.61	3.22	3.17	4.83	4.84	8.77	8.74	377	254
April	3.50	3.56	3.21	3.14	4.78	4.81	8.73	8.69	368	235
May	3.47	3.47	3.17	3.11	4.77	4.81	8.67	8.65	377	225
June	3.46	3.40	3.16	3.10	4.74	4.79	8.63	8.62	410	232
July	3.44	3.40	3.12	3.06	4.75	4.81	8.59	8.58	432	255
August	3.45	3.43	3.14	3.07	4.72	4.71	8.57	8.43	477	295

* In thousands.

NEW MEXICO - WEST TEXAS MILK MARKET AT A GLANCE

	<u>REPORTED SEP. 1995</u>	<u>REPORTED AUG. 1995</u>	<u>REPORTED SEP. 1994</u>
TOTAL UTILIZATION			
CLASS I	60,681,953	63,760,203	558,564,436
CLASS II	10,788,610	15,542,757	11,353,978
CLASS III/III-A	58,275,150	69,810,030	49,573,504
CLOSING INVENTORY (CLASS I, II AND III)	8,491,080	7,784,410	7,487,579
TOTAL UTILIZATION	138,236,793	156,897,400	126,979,497
DAILY CLASS I UTILIZATION	2,022,732	2,056,781	1,952,148
SEP. -DAILY CLASS I COMPARED TO:		-1.66%	+3.62%
CLASS I YEAR TO DATE (IN THOUSANDS)	529,413	468,731	510,966
% CHANGE FROM PREVIOUS YEAR	+3.61%	+3.61%	-4.20%
TOTAL RECEIPTS			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	59,120,145	63,168,946	58,173,063
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	10,006,443	13,484,235	9,348,472
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	51,179,523	47,408,575	37,779,411
TOTAL PRODUCER RECEIPTS	120,306,111	124,061,756	105,300,946
OTHER SOURCE A/	10,146,208	23,068,778	13,903,144
OPENING INVENTORY	7,784,410	9,732,641	7,774,153
OVERAGE	64	34,225	1,254
TOTAL RECEIPTS	138,236,793	156,897,400	126,979,497
DAILY PRODUCER RECEIPTS	4,010,204	4,001,992	3,510,032
SEP. -DAILY PRODUCER RECEIPTS COMPARED TO:		+21%	+14.25%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	1,391,180	1,270,874	1,332,170
% CHANGE FROM PREVIOUS YEAR	+4.43%	+3.59%	-13.31%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.612%	3.516%	3.542%
% PRODUCER MILK CLASSIFIED AS CLASS I	49.14%	50.92%	55.24%
NUMBER OF PRODUCERS	145	133	121
AVERAGE DAILY DELIVERY PER PRODUCER	27,657	30,090	29,009
NUMBER OF POOL HANDLERS	15	15	17

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

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TEXAS MARKETING AREA

NEW MEXICO - WEST TEXAS MARKETING AREA

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P.O. BOX 110939, CARROLLTON, TEXAS 75011-0939

(214) 245-6060 FAX(214) 245-3211

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TEXAS MILK MARKET AT A GLANCE

	REPORTED <u>SEP. 1995</u>	REPORTED <u>AUG. 1995</u>	REPORTED <u>SEP. 1994</u>
TOTAL UTILIZATION			
CLASS I	264,180,172	265,136,551	287,123,624
CLASS II	98,129,894	112,121,377	85,091,206
CLASS III/III-A	152,701,393	162,443,908	194,435,133
CLOSING INVENTORY (CLASS I, II AND III)	26,399,485	28,980,352	29,955,658
TOTAL UTILIZATION	541,410,944	568,682,188	596,605,621
DAILY CLASS I UTILIZATION	8,806,006	8,552,792	9,570,787
SEP. -DAILY CLASS I COMPARED TO:		+2.96%	-7.99%
CLASS I YEAR TO DATE (IN THOUSANDS)	2,344,702	2,080,522	2,445,202
% CHANGE FROM PREVIOUS YEAR	-4.11%	-3.59%	+4.54%
TOTAL RECEIPTS			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	262,461,762	269,363,338	286,748,371
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	91,644,464	97,984,938	76,951,875
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	146,155,187	156,233,389	181,611,133
TOTAL PRODUCER RECEIPTS	500,261,413	523,581,665	545,311,379
OTHER SOURCE A/	16,392,432	19,618,122	20,948,235
OPENING INVENTORY	24,707,295	25,481,747	30,345,725
OVERAGE	49,804	654	282
TOTAL RECEIPTS	541,410,944	568,682,188	596,605,621
DAILY PRODUCER RECEIPTS	16,675,380	16,889,731	18,177,046
SEP. -DAILY PRODUCER RECEIPTS COMPARED TO:		-1.27%	-8.26%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	4,942,016	4,441,754	4,978,817
% CHANGE FROM PREVIOUS YEAR	-7.74%	+1.19%	+10.51%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.504%	3.436%	3.485%
% PRODUCER MILK CLASSIFIED AS CLASS I	52.46%	51.45%	52.58%
NUMBER OF PRODUCERS	1,949	2,042	2,520
AVERAGE DAILY DELIVERY PER PRODUCER	8,556	8,271	7,213
NUMBER OF POOL HANDLERS	30	30	36

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