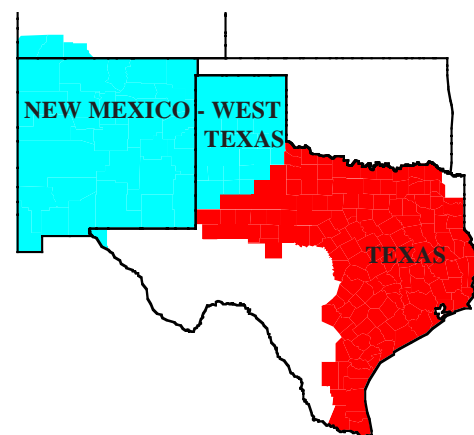


THE MARKET ADMINISTRATOR'S *REPORT*



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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PRELIMINARY REPORT ON SUGGESTED FEDERAL MILK ORDER CONSOLIDATION

The 1996 Farm Bill requires the consolidation of the current 32 orders into between 10 to 14 orders. As indicated on the map, ten marketing areas are suggested in the preliminary *consolidation* report. As a means of determining where interrelationships among the current marketing areas are strongest, data relating to the receipt and distribution of fluid milk products by distributing plants were gathered for all known distributing plants located in the 47 contiguous States, not including the State of California, for the month of October 1995. At this time, California is not included as a suggested order area. The 1996 Farm Bill allows for the inclusion of a California Federal milk order if California producers petition for and approve an order. If a California were included in the suggested Federal order structure at a later time, it would encompass the entire State and would include no area outside the State of California. Although interest in a Federal order has been expressed by some California producer groups, no definite action has been taken.

A copy of the *consolidation* preliminary report can be obtained from the Dairy Division, AMS/USDA, Room 2968, South Building, P.O. Box 96456, Washington, DC 20090-6456, (202) 720-4392. This report can also be obtained from any Market Administrator office or via the Internet at <http://www.usda.gov/ams/dairy.htm> under the "Federal Milk Order Reform" heading.

This report was drafted by the Agricultural Marketing Service's Dairy Division. It contains suggestions, ideas and initial findings to provide a focal point for developing proposed rules to implement the order consolidation required by the 1996 Farm Bill. Industry and public input on the report and the submission of ideas or suggestions on any aspect of the regulatory program are requested. We request that all ideas or suggestions be mailed to the Dairy Division at the above address or E-mailed to

Milk_Order_Reform@usda.gov by February 10, 1997, although they will be accepted throughout the entire process.

As addressed in a Memorandum to Interested Parties on October 24, 1996, interested parties are specifically invited to provide input on the probable regulatory impact of Federal order changes or modifications on small businesses. A dairy farm is defined as a "small business" if it has a gross revenue of less than \$500,000 per year, and a handler is a "small business" if it has fewer than 500 employees. To obtain additional information regarding small business input, please write to the above address or access information at the Internet address.

In addition to this report, university studies concerning the *Basic Formula Price* and *Price Structure* are being conducted in conjunction with Federal order reform. Reports of these studies are available.

Copies of Interim Report, AFPC Working Paper 96-5, "An Economic Evaluation of Basic Formula Price (BFP) Alternatives," completed by the BFP University Study Committee, may be obtained for a nominal charge from:

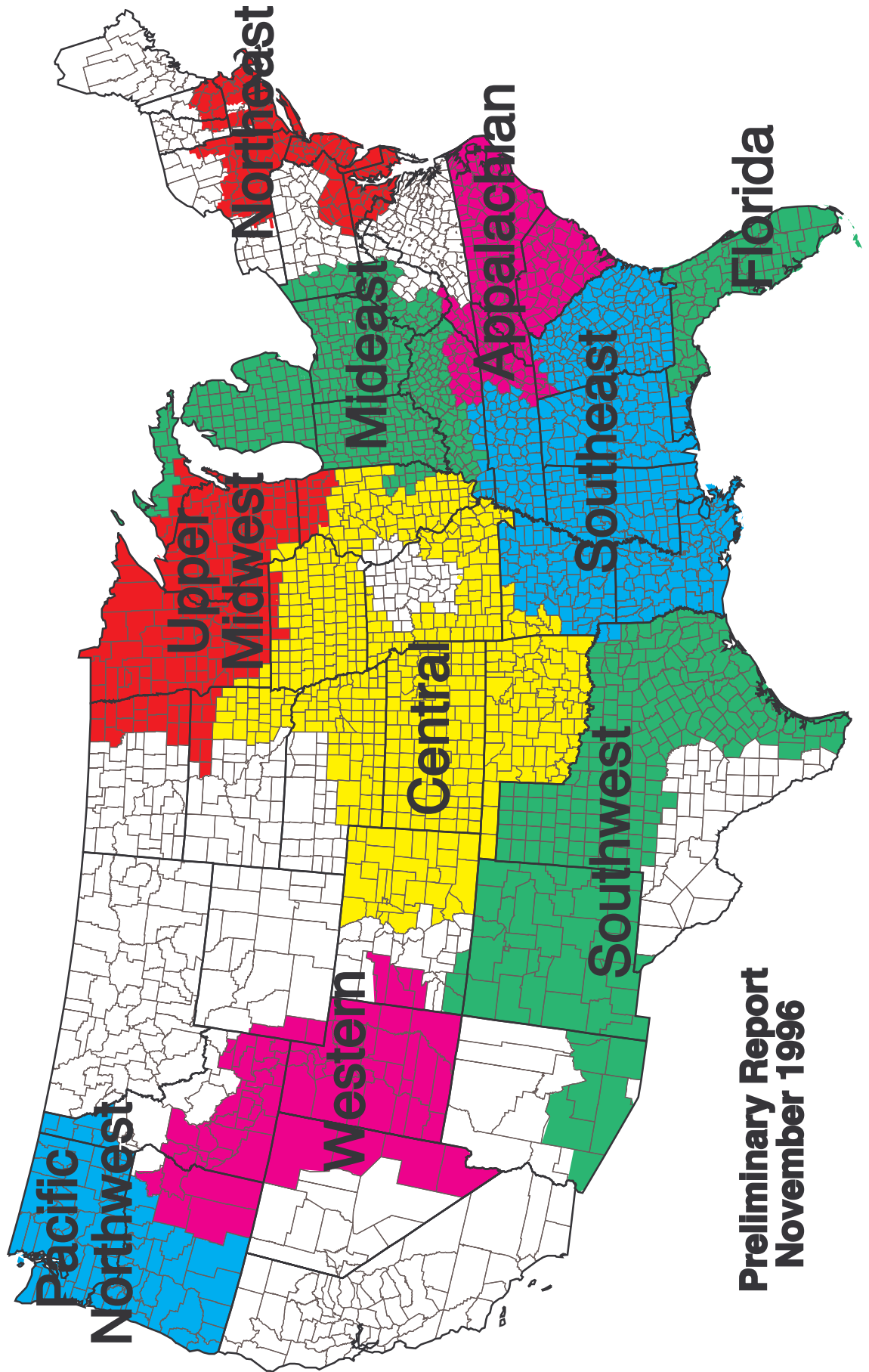
Agricultural and Food Policy Center
Department of Agricultural Economics
Texas A & M University
College Station, Texas 77843-2124
Phone: (409) 845-5913

Web Site: <http://AFPC1.TAMU.EDU>

Copies of Staff Paper 96-06, "U.S. Dairy Sector Simulator: A Spatially Disaggregated Model of the U.S. Dairy Industry," completed by Cornell University, ARME, may be obtained for a nominal charge from:

Ms. Wendy Barrett
Cornell University, ARME
348 Warren Hall
Ithaca, NY 14853-7801
Phone: (607) 255-1581
Fax: Wendy Barrett (607) 255-9984
E-mail: gjb2@cornell.edu
Web Site: <http://CPDMP.ARME.CORNELL.EDU>

SUGGESTED ORDER CONSOLIDATION



**Preliminary Report
November 1996**

TOP TEN TEXAS COUNTIES a/ – NOVEMBER 1996

County	Number of Producers	Pounds	% Change From 1995	County	Number of Producers	Pounds	% Change From 1995
1. Erath	179	114,742,979	+2.13	7. Hamilton	37	15,553,241	+2.30
2. Hopkins	344	57,245,725	-6.65	8. Wood	78	14,256,011	-11.06
3. Comanche	61	35,036,154	+9.13	9. Cherokee	41	12,568,071	-8.11
4. El Paso	9	18,658,462	+1.42	10. Van Zandt	34	10,611,978	+9.54
5. Archer	65	17,974,118	+5.76	Ten County Total	906	314,527,192	+0.01 b/
6. Johnson	58	17,880,453	-3.77	Other Counties Total	728	159,723,663	-4.03
				Texas Total	1,634	474,250,855	-1.39

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

Month	Class I a/					Class Uniform a/		B F Diff.	Grade A		
	126	138	Class II	Class III	III-A	126	138		Butter	Cheese	Spray Powder
	----- Dollars Per Hundred Wt. -----							¢/Point	-----Cents Per Pound-----		
November	15.24	14.43	12.38	12.87	12.40	14.07	13.46	10.5	103.00	142.25	113.40
December	15.77	14.96	12.91	12.91	11.24	14.18	13.20	6.1	71.83	141.91	117.61
Averages 1995 b/	14.78	13.97	11.84	11.83	10.74	13.18	12.41	7.0	75.13	130.44	108.58
January 1996	16.03	15.22	13.17	12.73	11.16	14.32	13.33	6.6	74.40	137.88	114.85
February	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								
January 1997	14.77	13.96	11.91								

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

TOP NEW MEXICO COUNTIES a/ – NOVEMBER 1996

County	Number of Producers	Pounds	% Change From 1995	County	Number of Producers	Pounds	% Change From 1995
1. Chaves	42	110,396,058	+5.29	7. Valencia	12	10,786,802	+8.12
2. Dona Ana	24	61,771,624	+12.25	8. Bernalillo	8	8,795,114	+7.77
3. Roosevelt	31	39,206,894	+3.81	9. Socorro	8	6,845,133	+10.02
4. Curry	9	25,015,493	+1.38				
5. Lea	12	17,215,722	+10.05	Nine County Total	151	295,106,191	+6.35
6. Eddy	5	15,073,351	-4.6	Other Counties Total	6	8,327,404	+13.95
				New Mexico Total	157	303,433,595	+6.55

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 MARKETING BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 1994 THROUGH NOVEMBER 1996, WITH PERCENTAGE COMPARISONS ****

MONTH	1994 POUNDS	Number of Producers	1995 POUNDS	Number of Producers	1996 POUNDS	Number of Producers	PERCENT CHANGE 1995/94	1996/95
January	531,658,454	1,960	544,665,125	1,918	549,914,311	1,786	+2.45	+ .96
February	502,048,659	1,961	517,418,721	1,906	536,326,949	1,773	+3.06	+ .07
March	590,563,277	1,957	577,449,222	1,897	590,936,348	1,745	-2.22	+2.34
April	588,890,115	1,963	558,387,965	1,881	575,799,475	1,738	-5.18*	+3.12
May	578,186,307	1,956	550,303,073	1,879	567,120,914	1,714	-4.81*	+3.06
June	498,233,850	1,969	502,909,961	1,859	490,380,980	1,683	+ .96	-2.49
July	486,029,589	1,955	477,220,938	1,861	454,376,230	1,670	-1.81	-4.80
August	475,739,415	1,953	446,351,445	1,853	448,420,253	1,652	-6.18	+ .46
September	458,143,784	1,948	436,091,164	1,839	427,264,575	1,638	-4.81	-2.02
October	486,705,004	1,944	479,027,137	1,832	465,611,724	1,635	-1.58	-2.80
November	483,247,718	1,936	478,710,017	1,821	474,250,855	1,634	-.94*	-1.39
December	<u>521,399,526</u>	1,924	<u>521,728,728</u>	1,795			<u>+ .06</u>	
Years Total	6,200,845,698		6,090,263,496				-1.78	

*Revised figures

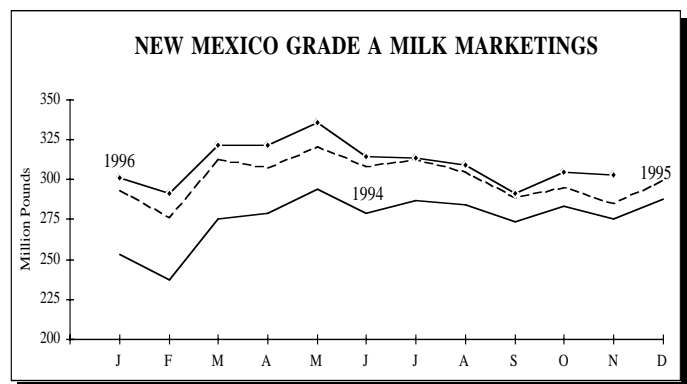
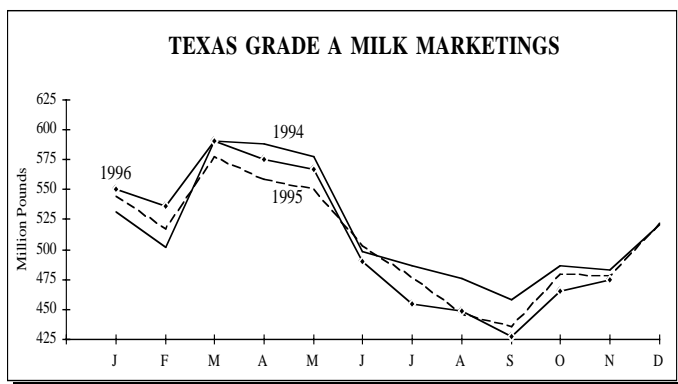
**February figures are based upon average daily production.

**POUNDS OF GRADE A MILK MARKETING BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 1994 THROUGH NOVEMBER 1996, WITH PERCENTAGE COMPARISONS ****

MONTH	1994 POUNDS	Number of Producers	1995 POUNDS	Number of Producers	1996 POUNDS	Number of Producers	PERCENT CHANGE 1995/94	1996/95
January	253,218,001	147	293,542,014	156	301,646,087	153	+15.92*	+2.76
February	237,211,785	148	276,638,548	155	291,741,013	154	+16.62*	+1.82
March	275,165,335	145	313,161,171	152	321,854,914	154	+13.81	+2.78
April	278,682,898	149	307,337,393	152	321,032,089	153	+10.28*	+4.46
May	293,746,832	149	320,781,400	154	335,537,514	153	+9.20*	+4.60
June	278,940,461	150	309,224,349	153	314,856,503	153	+10.86	+1.82
July	286,825,906	149	312,630,262	153	313,553,863	154	+9.00	+ .30
August	283,870,810	150	304,582,850	153	309,399,050	155	+7.30	+1.58
September	273,359,295	151	288,872,854	156	293,390,938	157	+5.68	+1.56*
October	283,588,806	152	294,564,685	154	307,608,027	156	+3.87	+4.43*
November	275,359,100	152	284,775,780	155	303,433,595	157	+3.42	+6.55
December	<u>287,886,379</u>	154	<u>299,367,034</u>	153			<u>+3.99</u>	
Years Total	3,307,855,608		3,605,478,340				+9.00	

*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*	
	<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>
November	3.73	3.68	3.28	3.20	4.78	4.81	8.78	8.72	330	210
December	3.74	3.71	3.25	3.19	4.79	4.81	8.76	8.71	317	237
Average 1995	3.57	3.56	3.21	3.15	4.77	4.81	8.70	8.67	390	248
January 1996	3.73	3.74	3.21	3.17	4.81	4.83	8.74	8.71	312	238
February	3.67	3.65	3.18	3.14	4.80	4.81	8.71	8.66	312	238
March	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

* In thousands.

NEW MEXICO - WEST TEXAS MILK MARKET AT A GLANCE

	<u>REPORTED NOV. 1996</u>	<u>REPORTED OCT. 1996</u>	<u>REPORTED NOV. 1995</u>
TOTAL UTILIZATION			
CLASS I	57,596,559	60,669,848	59,416,651
CLASS II	7,066,519	7,608,516	9,433,399
CLASS III/III-A	155,813,032	144,271,748	81,768,760
CLOSING INVENTORY (CLASS I, II AND III)	9,620,626	8,636,527	6,638,535
TOTAL UTILIZATION	230,096,736	221,186,639	157,257,345
DAILY CLASS I UTILIZATION	1,919,885	1,957,092	1,980,555
NOV. -DAILY CLASS I COMPARED TO:		-1.90%	-3.06%
CLASS I YEAR TO DATE (IN THOUSANDS)	692,339	634,742	649,518
% CHANGE FROM PREVIOUS YEAR	+6.59%	+7.56	+3.43%
TOTAL RECEIPTS			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	57,005,086	59,231,813	58,223,085
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	5,669,475	6,104,338	7,301,440
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	153,921,827	142,213,451	78,170,261
TOTAL PRODUCER RECEIPTS	216,596,388	207,549,602	143,694,786
OTHER SOURCE A/	4,746,383	3,714,489	4,980,831
OPENING INVENTORY	8,636,527	9,894,569	8,581,728
OVERAGE	117,438	27,979	
TOTAL RECEIPTS	230,096,736	221,186,639	157,257,345
DAILY PRODUCER RECEIPTS	7,219,880	6,695,148	4,789,826
NOV. -DAILY PRODUCER RECEIPTS COMPARED TO:		+7.84%	+50.73%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	2,043,644	1,827,048	1,677,368
% CHANGE FROM PREVIOUS YEAR	+21.84%	+19.13%	+7.25%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.609%	3.598%	3.712%
% PRODUCER MILK CLASSIFIED AS CLASS I	26.32%	28.54%	40.52%
NUMBER OF PRODUCERS	190	169	306
AVERAGE DAILY DELIVERY PER PRODUCER	37,999	39,616	15,653
NUMBER OF POOL HANDLERS	16	17	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

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TEXAS MILK MARKET AT A GLANCE

	REPORTED <u>NOV. 1996</u>	REPORTED <u>OCT. 1996</u>	REPORTED <u>NOV. 1995</u>
TOTAL UTILIZATION			
CLASS I	279,503,322	291,136,284	261,651,194
CLASS II	86,544,726	97,438,115	88,357,043
CLASS III/III-A	121,184,476	106,561,667	201,669,174
CLOSING INVENTORY (CLASS I, II AND III)	27,710,807	26,398,544	28,981,124
TOTAL UTILIZATION	514,943,331	521,534,610	580,658,535
DAILY CLASS I UTILIZATION	9,316,777	9,391,493	8,721,706
NOV. -DAILY CLASS I COMPARED TO:		- .80%	+6.82%
CLASS I YEAR TO DATE (IN THOUSANDS)	3,014,553	2,735,050	2,874,953
% CHANGE FROM PREVIOUS YEAR	+4.86%	+4.66%	-4.32%
TOTAL RECEIPTS			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	277,059,365	290,121,250	259,589,537
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	75,854,623	87,459,573	79,445,986
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	111,369,038	85,844,857	187,775,116
TOTAL PRODUCER RECEIPTS	464,283,026	463,425,680	526,810,639
OTHER SOURCE A/	24,044,289	26,000,258	22,613,555
OPENING INVENTORY	26,457,305	32,024,486	31,233,417
OVERAGE	158,711	84,186	924
TOTAL RECEIPTS	514,943,331	521,534,610	580,658,535
DAILY PRODUCER RECEIPTS	15,476,101	14,949,215	17,560,355
NOV. -DAILY PRODUCER RECEIPTS COMPARED TO:		+3.52%	-11.87%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	6,037,281	5,572,998	6,006,565
% CHANGE FROM PREVIOUS YEAR	+ .51%	+1.70%	-1.21%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.658%	3.638%	3.712%
% PRODUCER MILK CLASSIFIED AS CLASS I	59.67%	62.60%	49.28%
NUMBER OF PRODUCERS	1,652	1,647	1,965
AVERAGE DAILY DELIVERY PER PRODUCER	9,368	9,077	8,937
NUMBER OF POOL HANDLERS	31	31	30

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