

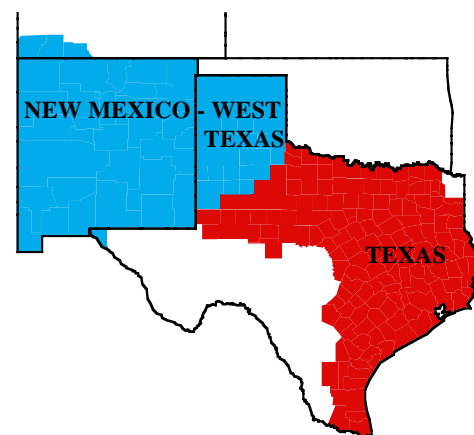
THE MARKET ADMINISTRATOR'S *REPORT*



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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GLICKMAN PROPOSAL WILL STREAMLINE DAIRY PROGRAM AND STABILIZE PRICE

Agriculture Secretary Dan Glickman has announced proposed changes to the 60-year old Federal Milk Marketing Order program that will streamline and introduce more market orientation into the program. Glickman also announced a national hearing will be held to consider temporarily flooring the basic formula price for milk.

"I was asked by Congress to simplify and consolidate the dairy program, and I believe this proposal accomplishes that goal by sharply reducing the number of milk marketing orders," said Glickman. "However this is a big change and we can't expect farmers to make it overnight. That is why we are proposing to phase in the changes over several years."

The 1996 farm bill mandated that milk marketing orders be consolidated by April 1999. The Administration's proposal will reduce the current 31 orders into 11. The new regions would be Northeast, Appalachian, Florida, Southeast, Mideast, Upper Midwest, Central, Southwest, Arizona-Las Vegas, Western and Pacific Northwest.

Other proposed changes include: replacement of the basic formula price (currently based in part on the Minnesota-Wisconsin price for grade B milk), with a price that reflects the value of milk components such as protein and butterfat in manufactured dairy products; two options for replacing the way that minimum fluid milk prices are determined, including one option that closely reflects the current program and a preferred market-oriented option for fluid milk prices that could be accompanied by transition assistance for dairy farmers; and other proposed sug-

gestions for streamlining language and provisions in the current order system.

"To address volatility in milk prices in the interim," Glickman said, "we must also consider putting a temporary floor on the basic formula price of milk to assist producers during this transition period."

In addition, the Department will hold a national hearing beginning on February 17, at USDA headquarters in Washington, D.C. The hearing will consider testimony about temporarily flooring the basic formula price for purposes of calculating Class I (fluid) and Class II (soft dairy products) milk prices until the reform process is completed and new orders are implemented.

"Anyone who has followed the dairy debate knows this is a highly emotional issue with not a great deal of national consensus," said Glickman. "I now urge the public to get involved and help us fix the program." He also emphasized that this is only the latest in a series of measures the Administration has taken to respond to dairy industry concerns, including: increasing dairy product exports through the Dairy Export Incentive Program and expanding the use of dairy products by nearly one-third in food and nutrition assistance programs.

The public will have until March 31 to provide comments to USDA on the contents of the proposed rule, which can be accessed on the Internet: <http://www.ams.usda.gov/dairy/reform>; when the proposed rule is published by the Federal Register on January 30, copies may be purchased from the Government Printing Office by calling (202) 512-1800. USDA news releases and media advisories are available on the Internet. Access the USDA Home Page on the World Wide Web at <http://www.usda.gov>

TOP TEN TEXAS COUNTIES a/ – JANUARY 1998

County	Number of Producers	Pounds	% Change From 1997	County	Number of Producers	Pounds	% Change From 1997
1. Erath	152	120,072,320	-5.94	7. Wood	74	16,569,162	-1.90
2. Hopkins	274	57,168,405	-16.18	8. Hamilton	29	16,017,084	-5.77
3. Comanche	48	36,191,814	-7.28	9. Cherokee	33	13,153,749	-13.97
4. El Paso	9	21,606,703	+5.18	10. Van Zandt	25	10,843,615	-8.39
5. Archer	62	20,480,012	-2.00	Ten County Total	752	328,823,194	-7.84 b/
6. Johnson	46	16,720,330	-14.03	Other Counties Total	607	162,000,799	-12.01
				Texas Total	1,359	490,823,993	-9.26

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	Block	Spray
	126	138				126	138		Butter	Cheese	Powder
Month	----- Dollars Per Hundred Wt. -----							¢/Point	-----Cents Per Pound-----		
Averages 1996 b/	16.79	15.98	13.93	13.39	13.00	15.20	14.03	10.0	99.82	146.63	122.16
January 1997	14.77	13.96	11.91	11.94	11.50	13.50	12.55	7.8	81.74	127.05	113.94
February	14.50	13.69	11.64	12.46	12.36	13.42	12.79	10.0	98.46	131.24	114.91
March	15.10	14.29	12.24	12.49	12.78	13.66	13.07	11.0	105.81	132.34	115.78
April	15.62	14.81	12.76	11.44	12.10	13.61	12.70	9.4	91.90	123.78	114.40
May	15.65	14.84	12.79	10.70	11.56	13.32	12.48	9.0	87.40	116.64	109.83
June	14.60	13.79	11.74	10.74	12.22	12.89	11.90	11.4	105.00	115.83	107.88
July	13.86	13.05	11.00	10.86	12.06	12.73	11.72	11.0	101.84	117.67	107.65
August	13.90	13.09	11.04	12.07	11.88	13.03	12.42	10.6	101.32	130.24	107.18
September	14.02	13.21	11.16	12.79	11.87	13.18	12.95	10.6	103.37	137.82	107.11
October	15.23	14.42	12.37	12.83	13.50	14.21	13.56	15.3	137.35	138.35	106.91
November	15.95	15.14	13.09	12.96	14.01	14.70	13.73	16.7	148.42	138.52	107.13
December	15.99	15.18	13.13	13.29	12.46	14.80	13.81	12.2	116.97	141.63	107.40
Averages 1997	14.93	14.12	12.07	12.05	12.36	13.59	12.81	11.3	106.63	129.26	110.01
January 1998	16.12	15.31	13.26	13.25	12.04	14.97	13.68	11.4	110.61	141.65	105.93
February	16.45	15.64	13.59								
March	16.41	15.60	13.55								

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

TOP NEW MEXICO COUNTIES a/ – JANUARY 1998

County	Number of Producers	Pounds	% Change From 1997	County	Number of Producers	Pounds	% Change From 1997
1. Chaves	42	111,914,444	-7.88	7. Valencia	13	10,705,880	-5.43
2. Dona Ana	24	61,458,781	-6.73	8. Bernalillo	8	9,348,435	+1.65
3. Roosevelt	28	39,490,493	-6.05	9. Socorro	7	6,715,852	-5.12
4. Curry	11	35,869,369	+36.92				
5. Lea	13	21,663,317	+11.77	Nine County Total	152	316,248,153	-1.02
6. Eddy	6	19,082,582	+12.85	Other Counties Total	6	8,066,123	-5.78
				New Mexico Total	158	324,314,276	-1.14

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 1996 THROUGH JANUARY 1998, WITH PERCENTAGE COMPARISONS**

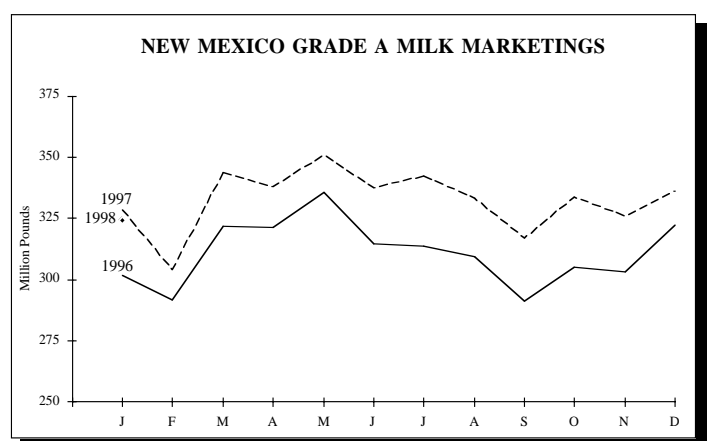
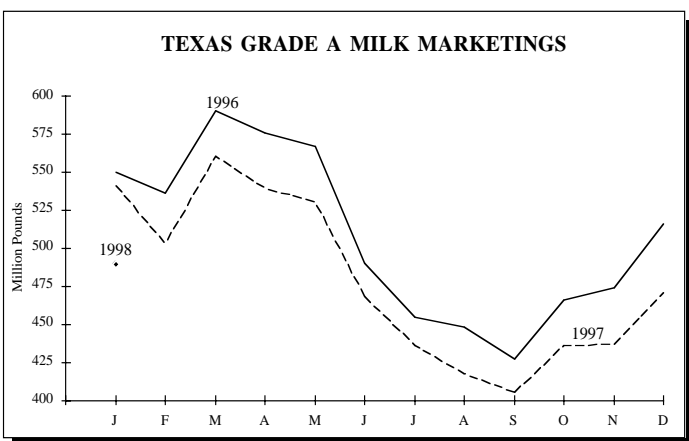
MONTH	1996 POUNDS	Number of Producers	1997 POUNDS	Number of Producers	1998 POUNDS	Number of Producers	PERCENT CHANGE 1997/96	1998/97
January	549,914,311	1,786	540,918,023	1,610	490,823,993	1,359	-1.64	-9.26
February	536,326,949	1,773	503,177,566	1,591			-2.83	
March	590,936,348	1,745	560,823,025	1,566			-5.10	
April	575,799,475	1,738	539,258,903	1,553			-6.35	
May	567,120,914	1,714	530,457,547	1,550			-6.46	
June	490,380,980	1,683	468,546,651	1,523			-4.45	
July	454,376,230	1,670	435,777,197	1,489			-4.09	
August	448,420,253	1,652	417,271,524	1,463			-6.95	
September	427,623,846	1,639	405,563,476	1,435			-5.08	
October	466,085,603	1,637	436,528,559	1,408			-6.34	
November	474,250,855	1,636	436,607,225	1,391			-7.94	
December	<u>516,304,359</u>	1,620	<u>470,803,040</u>	1,368			<u>-8.81</u>	
Years Total	6,098,233,434		5,745,732,736				-5.78	

*Revised figures

**POUNDS OF GRADE A MILK MARKETING BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 1996 THROUGH JANUARY 1998, WITH PERCENTAGE COMPARISONS**

MONTH	1996 POUNDS	Number of Producers	1997 POUNDS	Number of Producers	1998 POUNDS	Number of Producers	PERCENT CHANGE 1997/96	1998/97
January	301,646,087	153	328,059,604	156	324,314,276	158	+8.76	-1.14
February	291,741,013	154	303,972,265	156			+7.91	
March	321,854,914	154	343,866,862	157			+6.84	
April	321,032,089	153	337,943,697	157			+5.27	
May	335,537,514	153	350,910,125	158			+4.58	
June	314,856,503	153	337,592,757	158			+7.22	
July	313,553,863	154	342,391,766	159			+9.20	
August	309,399,050	155	333,406,557	156			+7.76	
September	293,390,938	157	317,181,279	159			+8.11	
October	307,608,027	156	333,587,208	158			+8.45	
November	303,433,595	157	326,212,021	158			+7.51	
December	<u>322,470,035</u>	157	<u>336,117,343</u>	157			<u>+4.23</u>	
Years Total	3,736,523,628		3,991,241,484				+6.82	

*Revised figures



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
January 1997	3.67	3.62	3.25	3.23	4.79	4.80	8.75	8.74	373	257
February	3.64	3.59	3.24	3.21	4.79	4.81	8.73	8.73	397	280
March	3.57	3.54	3.20	3.16	4.79	4.81	8.70	8.68	400	271
April	3.52	3.50	3.21	3.15	4.79	4.82	8.71	8.69	378	251
May	3.48	3.38	3.19	3.11	4.79	4.82	8.69	8.63	387	250
June	3.46	3.33	3.16	3.08	4.77	4.81	8.64	8.60	436	264
July	3.44	3.33	3.14	3.06	4.74	4.80	8.59	8.57	460	277
August	3.42	3.37	3.17	3.07	4.70	4.78	8.58	8.56	484	301
September	3.50	3.41	3.21	3.13	4.74	4.80	8.65	8.64	443	291
October	3.62	3.53	3.28	3.23	4.75	4.81	8.75	8.75	410	256
November	3.78	3.67	3.32	3.27	4.74	4.78	8.76	8.76	366	238
December	3.80	3.74	3.30	3.28	4.80	4.81	8.80	8.81	378	290
Average 1997	3.58	3.50	3.22	3.17	4.77	4.80	8.70	8.68	409	269
January 1998	3.74	3.75	3.25	3.24	4.80	4.80	8.76	8.76	409	408

* In thousands.

NEW MEXICO - WEST TEXAS MILK MARKET AT A GLANCE

	REPORTED JAN. 1998	REPORTED DEC. 1997	REPORTED JAN. 1997
TOTAL UTILIZATION			
CLASS I	57,083,893	49,070,142	59,830,620
CLASS II	6,003,187	7,791,415	8,426,535
CLASS III/III-A	150,266,624	133,360,965	191,419,281
CLOSING INVENTORY (CLASS I, II AND III)	10,516,497	13,919,676	10,639,139
TOTAL UTILIZATION	223,870,201	204,142,198	270,315,575
DAILY CLASS I UTILIZATION	1,841,416	1,582,908	1,930,020
JAN. -DAILY CLASS I COMPARED TO:		+ 16.33%	- 4.59%
CLASS I YEAR TO DATE (IN THOUSANDS)	57,084	657,212	59,831
% CHANGE FROM PREVIOUS YEAR	- 4.59%	- 5.43%	- 3.10%
TOTAL RECEIPTS			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	55,837,240	54,214,574	59,211,567
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	5,081,499	4,893,987	7,029,012
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	149,715,645	126,379,178	156,357,640
TOTAL PRODUCER RECEIPTS	210,634,384	185,487,739	222,598,219
OTHER SOURCE A/	5,361,112	7,437,527	37,360,763
OPENING INVENTORY	7,874,563	10,695,113	10,356,593
OVERAGE	142	521,819	
TOTAL RECEIPTS	223,870,201	204,142,198	270,315,575
DAILY PRODUCER RECEIPTS	6,794,658	5,983,475	7,180,588
JAN. -DAILY PRODUCER RECEIPTS COMPARED TO:		+ 13.56%	- 5.38%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	210,634	2,109,307	222,598
% CHANGE FROM PREVIOUS YEAR	- 5.38%	- .56%	+ 30.17%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.739%	3.770%	3.631%
% PRODUCER MILK CLASSIFIED AS CLASS I	26.51%	29.23%	26.60%
NUMBER OF PRODUCERS	145	180	206
AVERAGE DAILY DELIVERY PER PRODUCER	46,860	33,242	34,857
NUMBER OF POOL HANDLERS	17	19	17

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

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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 JAN. 1998	REPORTED DEC. 1997	REPORTED JAN. 1997
TOTAL UTILIZATION			
CLASS I	284,701,898	268,710,900	300,366,774
CLASS II	99,410,071	89,085,062	103,562,688
CLASS III/III-A	135,600,615	174,663,780	181,250,074
CLOSING INVENTORY (CLASS I, II AND III)	28,695,719	30,864,478	27,216,145
TOTAL UTILIZATION	548,408,303	563,324,220	612,395,681
DAILY CLASS I UTILIZATION	9,183,932	8,668,094	9,689,251
JAN.-DAILY CLASS I COMPARED TO:		+ 5.95%	- 5.22%
CLASS I YEAR TO DATE (IN THOUSANDS)	284,702	3,295,189	300,367
% CHANGE FROM PREVIOUS YEAR	- 5.22%	+ .43%	+ 7.27%
TOTAL RECEIPTS			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	281,900,444	269,629,279	298,838,668
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	82,997,385	78,675,365	91,180,606
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	126,059,258	156,408,736	162,211,786
TOTAL PRODUCER RECEIPTS	490,957,087	504,713,380	552,231,060
OTHER SOURCE A/	26,301,965	22,625,176	23,746,445
OPENING INVENTORY	31,148,205	35,985,664	36,418,176
OVERAGE	1,046		
TOTAL RECEIPTS	548,408,303	563,324,220	612,395,681
DAILY PRODUCER RECEIPTS	15,837,325	16,281,077	17,813,905
JAN.-DAILY PRODUCER RECEIPTS COMPARED TO:		- 2.73%	- 11.10%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	490,957	6,369,178	552,231
% CHANGE FROM PREVIOUS YEAR	- 11.10%	- 2.93%	- 8.16%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.742%	3.792%	3.660%
% PRODUCER MILK CLASSIFIED AS CLASS I	57.42%	53.42%	54.11%
NUMBER OF PRODUCERS	1,408	1,493	1,670
AVERAGE DAILY DELIVERY PER PRODUCER	11,248	10,905	10,667
NUMBER OF POOL HANDLERS	34	34	30

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