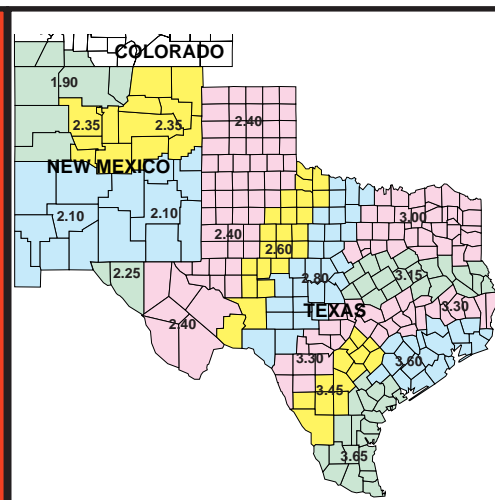


THE MARKET ADMINISTRATOR'S *REPORT*



SOUTHWEST MARKETING AREA

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MARKET SUMMARY FOR OCTOBER

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 \$1.45 for October. Butterfat price decreased \$0.7923 per pound from \$2.4449 in September to the level of \$1.6526 for October. Protein price increased \$0.5017 cents per pound from \$2.1647 in September to \$2.6664 in October. October's Other Solids price decreased \$0.038 per pound from the previous month to \$0.1482. The Somatic Cell Count adjustment rate factor for October was .00078 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received an October statistical uniform price of \$16.05 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 \$1.55 in comparison to the statistical blend price of \$17.60 in September.

The October Class I price increased 37 cents from \$18.56 in September to the October level of \$18.93. The Class II price for October of \$13.53 per hundredweight decreased \$2.71 from \$16.24 in September. October's Class III price decreased \$1.30 from \$15.90 in September to \$14.60 in October. The Class IV price decreased \$2.82 from \$15.59 in September to \$12.77 in October.

In October 840 producers delivered a total of 730,263,539 pounds of milk. On a daily basis this represents an increase of 4.84 percent from the producer receipts level in September and it represents an increase of 0.27 percent when compared to the producer receipts level of October 2000.

Producer milk classified as Class I during October amounted to 49.37 percent of total producer receipts. This figure is down from 49.42 percent in September but it is up from 47.53 percent in October 2000. The average butterfat test of producer milk pooled during October was 3.673 percent, average protein test was 3.125 percent, average other solids test was 5.660 percent and the average somatic cell count was 316,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Oct 01	Sep 01	Oct 01	Sep 01	Oct 01	Sep 01
Appalachian	16.73	18.17	-----	-----	73.38	68.96
Arizona-Las Vegas	15.01	16.70	-----	-----	34.89	35.04
Central	14.92	16.56	0.32	0.66	29.99	28.23
Florida	18.30	19.45	-----	-----	91.96	89.39
Mideast	15.03	16.87	0.43	0.97	41.60	41.00
Northeast	16.04	17.76	1.44	1.86	47.80	44.60
Pacific Northwest	14.38	16.34	(0.22)	0.44	33.40	27.40
Southeast	16.70	18.09	-----	-----	66.19	64.55
Southwest	16.05	17.60	1.45	1.70	49.37	49.42
Upper Midwest	14.75	16.28	0.15	0.38	19.90	18.70
Western	14.35	16.32	(0.25)	0.42	31.20	18.30

LONGTIME SANDIA DAIRYMAN HENRY P. KNOLLE DIES AT 95

Henry P. Knolle born January 3, 1906 in Hondo, Texas, the first son of Almond Henry Knolle and Jennie Pearson Knolle. In 1908, the family moved to Sandia, Texas. Graduating from Alice High School in 1925, he attended Texas A & M University as a member of the class of '29. Henry along with his father and brother, C.E., founded Knolle Jersey farms in 1928 with cattle purchased from the King Ranch, Lasater's and the

Taft Ranch. It grew to be the "World's Largest Jersey Herd" with over 10,000 head of registered Jerseys. In 1943, Knolle Jersey Milk Products began in Corpus Christi, Texas and remained in operation with Henry as president until 1972 when it was merged with Hygeia Dairy Company. From 1972 to 1994 he served as a Director of Hygeia Dairy Company. Henry who had moved to Corpus Christi, Texas in 1955 to over-



see the milk plant operations, returned to Sandia in 1973 where he continued in the production of Jersey milk. During his residence in Corpus Christi, Henry served as President of the Southside Rotary Club, Hilltop Tuberculosis Hospital Board and vice-president of the Corpus Christi Chamber of Commerce. He was on the Board of the American Jersey Cattle Association, vice-president of National All Jersey Inc. and the Texas Jersey Cattle Club where he also served as President. He received the "Distinguished Service Award" and "Master Breeder Award" from the American Jersey Cattle Association in 1967 and 1991 respectively. In 1976, Texas A & M University selected the Knolle Family as Centennial Leaders For Outstanding Contributions to Texas Agriculture During a Century of Change. He was especially proud of his accomplishment in producing an outstanding herd of "polled" Jersey cattle and was honored for this achievement at the San Antonio Livestock Show and Exposition in 1997. He was a member of St. Pius X Mission in Sandia, Texas, the Corpus Christi Town Club.

HYGEIA DAIRY COMPANY CLOSES

After nearly 50 years in operation Hygeia Dairy Company in Corpus Christi, Texas, has closed its milk processing plant. Hygeia milk products will still be available in local supermarkets, although it will be produced and shipped from San Antonio, Texas.

Hygeia's parent company, Suiza Foods Corp., closed the plant November 15. The company was formed in Harlingen, Texas, in 1927 when a group of community leaders hired the late Harvey Lee Richards Sr. to open a dairy to provide pasteurized milk door to door by wagon twice a day. Hygeia built a Harlingen plant in the late 1940s. Hygeia entered the Corpus Christi market in 1954.

USDA RECOMMENDS REVISED CLASS III AND IV PRICE FORMULAS

The U.S. Department of Agriculture issued a recommended decision to amend the current Class III and Class IV pricing formulas under Federal milk orders. The recommendation follows a tentative final decision and interim amendment responding to a Congressional mandate to reconsider the pricing formulas adopted in the final rule for the consolidation and reform of Federal milk orders.

Portions of the interim amendments were enjoined by the U.S. District Court for the District of Columbia on Jan. 31, 2001. The earlier actions and this decision were based on testimony and data presented at a public hearing held May 8-12, 2000, to consider proposals submitted by the industry to change the formulas.

The earlier tentative final decision was issued because Congressional deadlines of Dec. 1, 2000, for publication of a final decision and Jan. 1, 2001, for its implementation did not allow enough time to issue a recommended decision and receive and consider comments before issuance of a final decision. The District Court injunction of portions of the earlier amendments requires changes to be made to the tentative final decision consistent with the Court's action.

This decision would leave in place the revised manufacturing allowances for butter, cheese, and nonfat dry milk, but reverse the previous determination that there should be separate butterfat prices for milk used in Class III (cheese) and Class IV (butter and dry milk products). Additional technical modifications are made to the protein price formula. The make allowance for dry whey, one of the factors in calculating Class III value, would be increased from the \$0.140 left in place under the injunction to \$0.159 per pound.

The proposed changes are expected to have little impact on returns to dairy farmers. The recommended decision will be published in the Oct. 25 Federal Register, and interested persons have until Nov. 26 to file comments in response to the recommended decision and the amendments that have been in place under the injunction.

TOP TEN TEXAS COUNTIES a/ – OCTOBER 2001

County	Number of Producers	Pounds	% Change From 2000b/	County	Number of Producers	Pounds	% Change From 2000b/
1. Erath	131	105,555,757	- 8.91	7. Hamilton	17	10,727,665	- 16.87
2. Hopkins	172	37,624,535	- 9.01	8. Wood	44	10,524,564	- 14.22
3. Comanche	40	36,100,719	- 14.26	9. Tom Green	9	8,759,507	- 13.17
4. El Paso	7	20,765,224	+ 2.90	10. Johnson	22	8,546,742	- 30.33
5. Archer	53	17,459,160	- 17.88	Ten County Total	499	272,999,008	- 9.58 b/
6. Lamb	4	16,935,135	+ 24.35	Other Counties Total	408	116,681,156	- 14.23
a/ Includes all known Grade "A" milk produced on farms located in Texas.				Texas Total	907	389,680,164	- 11.02
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

Class Prices & P.P.D.						Component Prices				NASS Product Prices			
	I a/	II	III	IV	P.P.D.a/	BF	Other Solids	True Protein	SCC c/ Adj Rate	Grade AA Butter	Cheddar Cheese	NFDM Powder	Dry Whey
Month	----- Dollars Per Hundred Wt. -----					-----Cents Per Pound-----							
August 2000	14.95	12.56	10.13	11.87	3.03	126.59	5.77	179.52	.00058	115.20	116.60	101.08	19.29
September	14.84	12.58	10.76	11.94	2.52	127.07	5.02	201.37	.00062	115.60	123.15	101.66	18.56
October	14.89	12.54	10.02	11.81	2.87	124.44	4.71	180.28	.00058	113.44	116.02	101.27	18.26
November	14.82	13.68	8.57	13.00	4.02	157.45	5.65	91.49	.00051	140.51	102.45	101.59	19.17
December	15.13	13.97	9.37	13.27	3.54	165.34	8.29	103.78	.00054	146.98	108.98	101.58	21.72
Averages 2000b/	14.55	12.53	9.74	11.83	2.86	125.22	5.09	169.38	.00057	114.08	113.13	101.15	18.63
January 2001	16.99	12.82	9.99	12.13	3.63	128.96	11.20	161.81	.00056	117.25	111.80	101.65	24.84
February	14.94	13.43	10.27	12.70	2.97	146.26	11.99	149.51	.00057	131.43	114.67	101.37	25.61
March	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

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

TOP NEW MEXICO COUNTIES a/ – OCTOBER 2001

County	Number of Producers	Pounds	% Change From 2000b/	County	Number of Producers	Pounds	% Change From 2000b/
1. Chaves	39	142,260,132	- 1.53	7. Socorro	8	14,396,336	+ 40.53
2. Roosevelt	41	80,684,019	+24.94	8. Valencia	9	9,746,943	+ 0.69
3. Curry	18	75,466,712	+ 20.12	9. Bernalillo	5	6,016,627	+ 4.08
4. Dona Ana	24	73,722,360	+ 4.36				
5. Lea	16	37,050,589	+ 2.18	Nine County Total	167	464,905,189	+ 8.40 b/
6. Eddy	7	25,631,471	+ 5.02	Other Counties Total	6	10,013,117	+ 5.12
a/ All known Grade "A" milk produced on farms located in New Mexico.				New Mexico Total	173	474,918,306	+ 8.33
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 1999 THROUGH OCTOBER 2001, WITH PRODUCTION PERCENTAGE COMPARISONS**

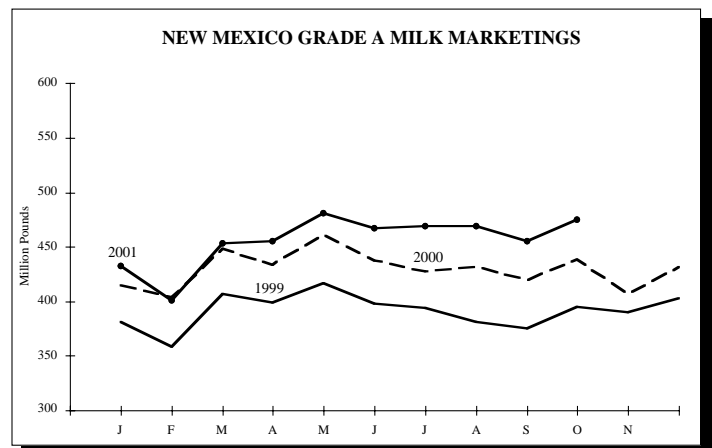
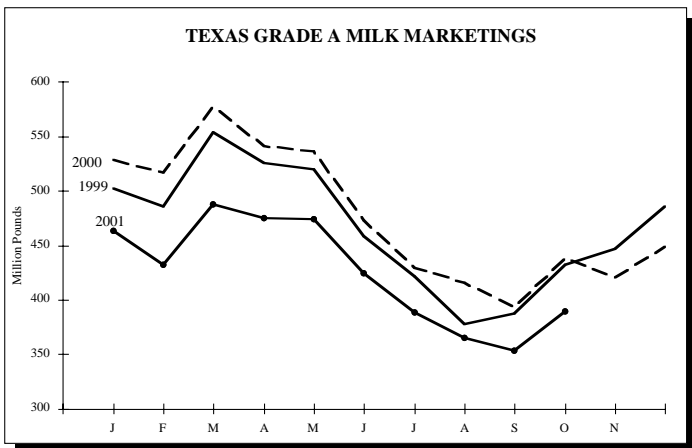
MONTH	1999 POUNDS	Number of Producers	2000 POUNDS	Number of Producers	2001 POUNDS	Number of Producers	PERCENT CHANGE 2000/99	2001/00
January	501,754,729	1,251	528,032,131	1,156	463,431,654	1,026	+5.24	-12.23
February	486,044,271	1,245	517,023,791	1,141	432,156,106	1,006	+6.37	-13.43*
March	553,983,640	1,241	577,134,609	1,134	487,875,678	991	+4.18	-15.47
April	525,773,380	1,233	540,903,763	1,121	474,386,881	978	+2.88	-12.30
May	519,613,189	1,219	536,505,477	1,112	474,113,159	961	+3.25	-11.63
June	458,247,406	1,216	472,478,168	1,103	424,655,275	953	+3.11	-10.12
July	421,397,795	1,206	428,683,700	1,089	387,938,852	932	+1.73	-9.50
August	377,392,147	1,197	415,788,563	1,082	365,355,835	918	+10.17	-12.13
September	386,931,407	1,189	393,642,034	1,066	352,986,582	915	+1.73	-10.33
October	432,175,585	1,181	437,963,207	1,058	389,680,164	907	+1.34	-11.02
November	447,062,545	1,166	420,274,058	1,041			-5.99	
December	<u>485,682,323</u>	1,160	<u>448,671,268</u>	1,033			<u>-7.62</u>	
Years Total	5,596,058,417		5,717,100,769				+2.16	

*Based on average daily delivery.

**POUNDS OF GRADE A MILK MARKETING BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 1999 THROUGH OCTOBER 2001, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	1999 POUNDS	Number of Producers	2000 POUNDS	Number of Producers	2001 POUNDS	Number of Producers	PERCENT CHANGE 2000/99	2001/00
January	381,115,401	156	414,930,653	158	432,749,978	166	+8.87	+4.29
February	358,049,940	157	404,085,655	158	400,543,634	166	+12.86	+2.66*
March	406,789,374	156	447,971,781	158	453,232,150	165	+10.12	+1.17
April	399,229,362	157	433,303,618	159	454,980,340	167	+8.54	+5.00
May	416,852,251	157	461,526,991	159	480,995,372	169	+10.72	+4.22
June	397,483,877	159	437,718,050	159	466,640,323	170	+10.12	+6.61
July	393,796,366	158	427,456,503	159	469,362,545	171	+8.55	+9.80
August	380,628,318	158	431,815,797	160	469,391,326	174	+13.45	+8.70
September	374,886,452	160	419,669,872	161	455,259,423	173	+11.95	+8.48
October	394,366,657	162	438,410,599	163	474,918,306	173	+11.17	+8.33
November	389,857,074	159	407,114,759	167			+4.43	
December	<u>403,101,846</u>	158	<u>431,351,678</u>	166			<u>+7.01</u>	
Years Total	4,696,156,918		5,155,355,956				+9.78	

*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
October 2000	3.72	3.59	3.16	3.10	5.67	5.67	8.82	8.77	369	258
November	3.81	3.73	3.19	3.15	5.69	5.68	8.87	8.83	406	313
December	3.84	3.73	3.21	3.14	5.68	5.65	8.88	8.79	378	312
Averages 2000	3.65	3.56	3.09	3.04	5.67	5.67	8.75	8.71	374	273
January 2001	3.81	3.72	3.13	3.10	5.69	5.67	8.81	8.76	422	366
February	3.72	3.69	3.08	3.06	5.69	5.68	8.76	8.74	421	388
March	3.64	3.61	3.07	3.04	5.71	5.70	8.78	8.74	414	348
April	3.54	3.54	3.04	3.01	5.68	5.68	8.72	8.69	383	302
May	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

a/ In thousands.

OCTOBER 2001
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$413,946.02
Class I Butterfat	60(a)	8,300,609	\$2.5460	\$21,133,350.51
Class I Skim Per Cwt		352,249,112	\$10.3800	\$36,563,457.83
Class II Butterfat	60(b)	6,176,349	\$1.6596	\$10,250,268.81
Class II Nonfat Solids		5,889,802	\$0.8889	\$5,235,445.00
Class III Butterfat	60(c)	8,145,835	\$1.6526	\$13,461,806.93
Class III Protein		7,402,254	\$2.6664	\$19,737,370.07
Class III Other Solids		13,472,991	\$0.1482	\$1,996,697.27
Class IV Butterfat	60(d)	4,201,184	\$1.6526	\$6,942,876.69
Class IV Nonfat Solids		5,151,345	\$0.8041	\$4,142,196.53
Class II, III & IV Somatic Cell Adj.	60(e)			\$155,763.94
Total Producer Milk-Product Lbs & Value		730,263,539		\$120,033,179.60
Add: Value as for 60(f) Thru 60(j)				(\$12,465.25)
Less: Total Protein Pounds	61(b)	22,823,666	\$2.6664	\$60,857,023.03
Total Other Solids Pounds		41,329,736	\$0.1482	\$6,125,066.89
Total Butterfat Pounds		26,823,977	\$1.6526	\$44,329,304.40
Total Value of Somatic Cell Adjustment				\$194,496.82
Total Milk and Value		730,263,539		\$8,514,823.21
Add: Location Differential Adjustments	61(c)			\$2,119,119.91
Producer-Settlement Fund	61(d)			\$273,694.19
Total Producer Milk/URSP and Value		730,266,695	\$1.49365	\$10,907,637.31
Less: Producer-Settlement Fund	61(f)		\$0.04365	\$318,770.23
Producer Price Differential (Dallas County)			\$1.45	\$10,588,867.08

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OCTOBER 2001 PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	360,549,721	49.37	8,300,609	30.94	352,249,112	50.08
Class II	70,829,932	9.70	6,176,349	23.03	64,653,583	9.19
Class III	238,150,512	32.61	8,145,835	30.37	230,004,677	32.69
Class IV	60,733,374	8.32	4,201,184	15.66	56,532,190	8.04
Total	730,263,539	100.00	26,823,977	100.00	703,439,562	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	11,509,472	50.43	20,727,538	50.15	32,237,013	50.25
Class II	2,088,291	9.15	3,801,511	9.20	5,889,802	9.18
Class III	7,402,254	32.43	13,472,990	32.60	20,875,243	32.54
Class IV	1,823,649	7.99	3,327,697	8.05	5,151,344	8.03
Total	22,823,666	100.00	41,329,736	100.00	64,153,402	100.00