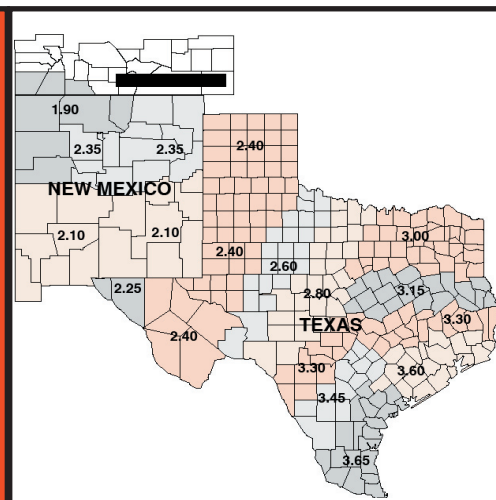


# THE MARKET ADMINISTRATOR'S REPORT



## SOUTHWEST MARKETING AREA

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## MARKET SUMMARY FOR JULY

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 \$2.02 for July. Butterfat price decreased \$0.0906 per pound from \$1.6599 in June to the level of \$1.5693 in July. Protein price decreased \$0.1198 per pound from \$3.3455 in June to \$3.2257 in July. July's Other Solids price increased \$0.0068 per pound from \$0.3859 in June to \$0.3927 in July. The Somatic Cell Count adjustment rate factor for July was 0.00086 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a July statistical uniform price of \$19.40 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 \$0.31 in comparison to the statistical uniform price of \$19.71 in June.

The July Class I price decreased \$0.02 from \$21.93 in June to the July level of \$21.91. The Class II price for July of \$19.22 per hundredweight increased \$0.08 from \$19.14 in June. July's Class III price decreased \$0.64 from \$18.02 in June to \$17.38 in July. The July Class IV price increased \$0.02 from \$18.88 in June to \$18.90 in July.

In July 543 producers delivered a total of 1,001,938,598 pounds of milk. On a daily basis this represents a decrease of 0.21 percent from the producer receipts level in June but it represents an increase of 75.93 percent when compared to the producer receipts level of July 2012.

Producer milk classified as Class I during July amounted to 33.29 percent of total producer receipts. This figure is up from 31.84 percent in June but it is down from 57.32 percent in July 2012. The average butterfat test of producer milk pooled during July was 3.503 percent, average protein test was 3.031 percent, average other solids test was 5.775 percent and the average somatic cell count was 209,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Jul 13	Jun 13	Jul 13	Jun 13	Jul 13	Jun 13
Appalachian - FO 5	21.26	21.00	-----	-----	68.87	58.46
Arizona - FO 131	19.17	19.27	-----	-----	29.60	25.89
Central - FO 32	18.62	18.80	1.24	0.78	30.05	26.05
Florida - FO 6	23.44	23.27	-----	-----	86.01	82.42
Mideast - FO 33	19.12	19.22	1.74	1.20	38.10	33.40
Northeast - FO 1	20.18	20.20	2.80	2.18	35.50	33.70
Pacific Northwest - FO 124	18.65	18.84	1.27	0.82	22.94	22.13
Southeast - FO 7	21.57	21.31	-----	-----	68.05	56.24
<b>Southwest - FO 126</b>	<b>19.40</b>	<b>19.71</b>	<b>2.02</b>	<b>1.69</b>	<b>33.29</b>	<b>31.84</b>
Upper Midwest - FO 30	17.78	18.32	0.40	0.30	10.10	9.50

## FEED PRICE RELIEF ON THE HORIZON FOR PRODUCERS BUT HIGH STOCKS DAMPEN MILK AND PRODUCT PRICES

Corn prices for the 2012/13 year are unchanged in July at \$6.75-\$7.15 per bushel. For the 2013/14 year, corn prices were also unchanged from last month at \$4.40- \$5.20 per bushel. The production forecast for the 2013 corn crop was lowered based on lower expected harvested acreage. However, slightly higher imports and reduced feed and residual use maintained prices. The soybean meal price forecast remains at \$290-\$330 per ton where it was in June. According to the most recent Agricultural Prices report, preliminary June alfalfa prices were \$220 per ton, fractionally lower than May but 10 percent above the June 2012 price.

The 2013 milk production forecast was raised slightly in July. Second-quarter estimated production was higher than forecast last month, and milk production is expected to remain slightly higher for the remainder of the year. Production is forecast at 202.0 billion pounds for 2013 and at 204.5 billion pounds in 2014, unchanged from June's forecast. Producers will see lower feed prices into 2014, but milk prices are forecast slightly lower as well. The net effect should be a modest expansion in milk production by late next year.

Current year fat basis imports were unchanged in July at 4.1 billion pounds and are expected to hold at 4.1 billion pounds in 2014. This year's skim-solids basis imports were lowered to 5.5 billion pounds as the pace of milk protein concentrate imports lags last year. Imports are forecast at 5.4 billion pounds for 2014, unchanged from June's forecast. Current-year fat basis exports were raised this month to 10.1 billion pounds. Monthly cheese exports led 2012 exports through April and were just slightly behind May 2012. Butterfat exports rebounded in May after a steep fall off in April, contributing to a more optimistic 2013 export total. Fat basis exports are forecast at 10.3 billion pounds for 2014, unchanged from last month. Growth in global demand for dairy products and less foreign competition are the bases for the forecast. Current-year skim-solids exports were raised in July to 36.6 billion pounds but were unchanged in 2014 from the June forecast at 36.4 billion pounds. Nonfat dry milk (NDM) exports shot up in April and May leading to the higher 2013 export forecast. Whey product exports year-to-date have been leading the corre-

sponding 2012 monthly totals and advanced sharply in May, further bolstering the forecast.

Fat-basis ending stocks were raised from June forecasts and remain high by historic standards. The most recent Cold Storage report placed cheese stocks above last year's stocks. Butter stocks especially seem to be accumulating. Fat-basis ending stocks were raised to 13.7 billion pounds. A continued increase in both domestic and foreign demand for dairy products is expected to draw down 2014 ending stocks to 12.8 billion pounds. Skim-solids stocks are forecast at 13.0 billion pounds for the current year, slipping to 12.8 billion pounds by the end of 2014. In May, NDM stocks were above both a month earlier and a year earlier.

Cheese prices were lowered fractionally in July to \$1.735-\$1.765 per pound for the current year. Cheese prices are expected to decline to \$1.630-\$1.730 per pound in 2014. Butter prices are forecast at \$1.515-\$1.575 per pound in 2013 and at \$1.450- \$1.580 per pound in 2014; both downward revisions from June forecasts.

Higher stocks of these products--especially this year and carrying into next year-- will likely pressure prices. Despite higher stocks, price prospects for NDM reflect continued strong export demand for dry milk products and reduced supplies from the European Union. The NDM price is projected at \$1.615-\$1.645 per pound, an increase from last month for the current year, and at \$1.585-\$1.655 per pound next year, unchanged from June. Whey prices are unchanged from the June forecast at 58.5-60.5 cents per pound this year and 56.5-59.5 cents per pound for 2014.

Class III milk prices were lowered slightly in July to \$ 17.65-\$17.95 per cwt reflecting the lower forecast cheese price. Next year, the Class III price is projected to slip to \$16.60-\$17.60 per cwt on weaker expected cheese prices. The Class IV price forecast was unchanged this month, but the price range was narrowed to \$18.20-\$18.60 per cwt. Next year's Class IV price also lowered from the June forecast to \$17.65-\$18.75 per cwt based on lower forecast butter prices. The prospect of higher forecast milk production in 2014 compared with 2013 will also pressure prices downward. The 2013 all milk price was lowered this month to \$19.50-\$19.80 per cwt and to \$18.70-\$19.70 per cwt for 2014.

**Source:** Livestock, Dairy, and Poultry Outlook/LDP-M-229/July 17, 2013, Economic Research Service, USDA

## TOP TEN TEXAS COUNTIES a/ – JULY 2013

County	Number of Producers	Pounds	% Change From 2012	County	Number of Producers	Pounds	% Change From 2012
1. Castro	13	95,934,393	+ 8.08	7. Hartley	11	56,474,443	+ 7.43
2. Parmer	15	83,938,185	- 9.00	8. Bailey	9	42,221,957	+ 0.42
3. Erath	61	81,522,072	+ 3.89	9. Hale	6	40,927,792	+ 1.56
4. Deaf Smith	12	66,279,000	+ 3.42	10. Comanche	17	36,512,353	+ 8.76
5. Lamb	10	59,912,355	+ 10.35	Ten County Total	162	621,417,394	+ 4.59
6. Moore	8	57,694,844	+ 20.72	Other Counties Total	290	196,431,381	+ 8.08
				Texas Total	452	817,848,775	+ 5.41

a/ Includes all known Grade "A" milk produced on farms located in Texas.

## 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 2012	3.70	3.45	3.14	3.03	5.77	5.79	8.91	8.82	218	166
June	3.69	3.46	3.12	2.99	5.77	5.79	8.89	8.79	227	171
July	3.68	3.47	3.10	2.97	5.74	5.77	8.85	8.74	237	192
August	3.72	3.51	3.11	2.98	5.71	5.74	8.82	8.72	239	199
September	3.80	3.60	3.20	3.08	5.73	5.75	8.92	8.83	225	185
October	3.89	3.70	3.29	3.18	5.75	5.76	9.03	8.95	214	173
November	3.93	3.73	3.30	3.21	5.75	5.76	9.05	8.97	197	157
December	3.95	3.73	3.29	3.20	5.77	5.78	9.06	8.98	202	162
Averages 2012	3.79	3.57	3.20	3.09	5.76	5.77	8.95	8.86	223	185
January 2013	3.97	3.74	3.29	3.18	5.77	5.80	9.06	8.98	224	174
February	3.90	3.67	3.25	3.14	5.79	5.81	9.03	8.94	209	164
March	3.87	3.62	3.23	3.10	5.77	5.79	9.01	8.90	204	160
April	3.80	3.54	3.21	3.08	5.77	5.78	8.99	8.86	196	150
May	3.75	3.47	3.18	3.05	5.78	5.78	8.95	8.83	182	138
June	3.67	3.39	3.11	2.99	5.78	5.78	8.89	8.77	197	152
July	3.66	3.38	3.11	2.99	5.78	5.78	8.89	8.76	227	190

a/ In thousands.

## TOP NEW MEXICO COUNTIES a/ – JULY 2013

County	Number of Producers	Pounds	% Change From 2012	County	Number of Producers	Pounds	% Change From 2012
1. Chaves	33	169,849,981	+ 5.47	7. Luna	3	18,446,750	+ 7.93
2. Curry	27	148,022,913	- 2.77	8. Valencia	5	17,095,082	+ 2.36
3. Roosevelt	32	135,252,598	+ 0.40	9. Eddy	3	16,814,370	+ 4.55
4. Dona Ana	19	83,968,547	+ 3.48	10. Bernalillo	4	4,442,145	+ 18.37
5. Lea	13	56,957,971	+ 6.87	Ten County Total	147	674,031,770	+ 2.10
6. Socorro	8	23,181,413	+ 3.41	Other Counties Total	2	11,640,450	+ 2.25
				New Mexico Total	149	685,672,220	+ 2.10

a/ All known Grade "A" milk produced on farms located in New Mexico.

**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN TEXAS BY MONTHS:  
JANUARY 2011 THROUGH JULY 2013, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2011 POUNDS	Number of Producers	2012 POUNDS	Number of Producers	2013 POUNDS	Number of Producers	PERCENT 2012/11	CHANGE 2013/12
January	794,574,299	555	826,060,689	525	815,186,323	468	+ 3.96	- 1.32
February	728,226,604	554	796,799,428	514	751,853,093	465	+ 5.62	- 2.27*
March	831,714,685	552	873,809,464	515	837,918,903	461	+ 5.06	- 4.11
April	812,060,148	549	839,675,231	504	813,654,074	456	+ 3.40	- 3.10
May	837,599,963	544	843,983,197	495	837,276,897	457	+ 0.76	- 0.79
June	799,434,977	543	782,384,320	491	798,423,916	456	- 2.13	+ 2.05
July	794,768,069	541	775,879,468	483	817,848,775	452	- 2.38	+ 5.41
August	779,356,886	540	762,801,472	481			- 2.12	
September	771,537,770	538	734,843,900	481			- 4.76	
October	811,052,943	536	768,680,316	473			- 5.26	
November	785,855,360	533	757,867,560	471			- 3.56	
December	805,829,180	531	800,171,636	470			- 0.70	
Years Total	9,552,010,884		9,562,956,681				+ 0.11	

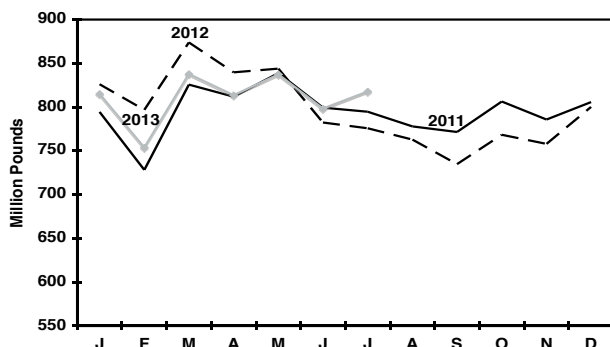
\* Based on average daily deliveries.

**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:  
JANUARY 2011 THROUGH JULY 2013, WITH PRODUCTION PERCENTAGE COMPARISONS**

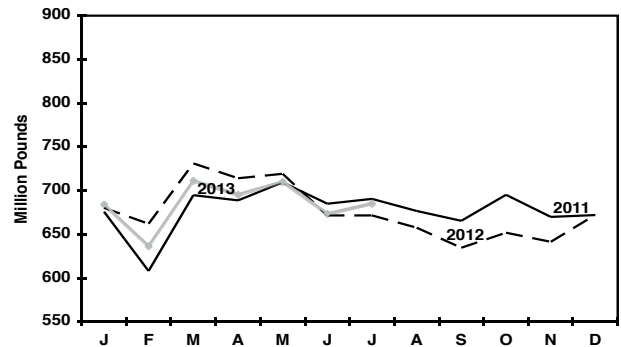
MONTH	2011 POUNDS	Number of Producers	2012 POUNDS	Number of Producers	2013 POUNDS	Number of Producers	PERCENT 2012/11	CHANGE 2013/12
January	675,834,553	157	680,195,569	157	684,936,342	148	+ 0.65	+ 0.70
February	608,071,702	159	661,854,191	156	637,099,822	148	+ 5.09	- 0.30*
March	694,817,453	159	730,980,867	156	711,862,101	149	+ 5.20	- 2.62
April	688,673,031	158	713,977,651	158	695,977,148	150	+ 3.67	- 2.52
May	709,391,501	157	719,067,055	153	710,709,847	150	+ 1.36	- 1.16
June	684,767,801	157	666,236,294	152	674,240,675	149	- 2.71	+ 1.20
July	690,350,883	157	671,552,652	149	685,672,220	149	- 2.72	+ 2.10
August	676,720,593	158	657,573,314	149			- 2.83	
September	666,022,373	159	634,558,129	148			- 4.72	
October	695,365,627	157	652,048,912	149			- 6.23	
November	669,926,275	157	641,151,756	148			- 4.30	
December	671,984,702	158	672,437,705	148			+ 0.04	
Years Total	8,131,926,494		8,101,634,095				- 0.37	

\* Based on average daily deliveries.

**TEXAS GRADE A MILK MARKETINGS**



**NEW MEXICO GRADE A MILK MARKETINGS**



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**Class Prices at 3.5%, for Federal Orders 126      Formula Prices and Price Quotations**

	Class Prices & P.P.D.					Component Prices				AMS Product Prices c/			
	I a/	II	III	IV	P.P.D. a/	BF	Other Solids	True Protein	SCC b/ Adj Rate	Grade AA Butter	Cheddar Cheese	NFDM Powder	Dry Whey
Month	----- Dollars Per Hundred Wt. -----					-----Cents Per Pound-----							
May 2012	18.85	15.19	15.23	13.55	1.27	144.62	35.00	273.44	.00076	136.57	152.15	115.51	53.89
June	18.24	14.32	15.63	13.24	1.04	148.66	31.13	289.52	.00079	139.91	158.46	110.23	50.13
July	18.51	14.51	16.68	14.45	0.51	165.56	31.23	304.30	.00084	153.86	168.57	117.44	50.23
August	19.55	15.64	17.73	15.76	0.81	183.39	34.62	312.11	.00088	168.59	176.82	125.43	53.52
September	20.59	17.04	19.00	17.41	0.38	200.47	39.71	325.21	.00093	182.69	186.47	137.68	58.46
October	21.88	18.44	21.02	18.54	(0.67)	211.36	43.40	372.78	.00102	191.68	204.79	146.36	62.05
November	23.70	18.81	20.83	18.66	0.54	202.18	46.24	371.72	.00101	184.10	201.46	151.43	64.80
December	24.39	18.30	18.66	17.83	1.56	172.76	47.58	331.13	.00090	159.81	179.25	153.84	66.10
Averages 2012 d/	20.46	16.64	17.44	16.01	0.95	172.30	40.63	304.26	.00085	159.43	170.76	132.79	59.35
January 2013	21.97	18.19	18.14	17.63	1.23	161.68	46.47	328.62	.00087	150.66	174.85	156.01	65.03
February	21.21	18.49	17.25	17.75	1.61	166.19	45.34	296.09	.00083	154.38	166.23	155.59	63.93
March	20.80	18.82	16.93	17.75	1.71	174.76	41.79	282.04	.00082	161.46	164.67	152.08	60.48
April	20.66	18.73	17.59	18.10	1.45	182.27	38.63	301.30	.00087	167.66	173.10	153.12	57.41
May	20.76	18.43	18.52	18.89	1.02	178.84	38.87	335.97	.00091	164.83	182.74	163.74	57.65
June	21.93	19.14	18.02	18.88	1.69	165.99	38.59	334.55	.00089	154.22	178.10	168.78	57.38
July	21.91	19.22	17.38	18.90	2.02	156.93	39.27	322.57	.00086	146.74	171.42	172.72	58.04

a/ Subject to location adjustments. b/ SCC adjustment rate is per 1,000 difference. c/ Prior to April 2012 NASS product prices were used. d/ Simple averages

**JULY 2013  
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$356,888.59
Class I Butterfat	60(a)	7,585,320	\$1.7103	\$12,973,172.79
Class I Skim Per Cwt		326,000,206	\$16.5000	\$53,790,034.03
Class II Butterfat	60(b)	6,678,390	\$1.5763	\$10,527,146.17
Class II Nonfat Solids		8,317,338	\$1.5778	\$13,123,095.91
Class III Butterfat	60(c)	19,437,879	\$1.5693	\$30,503,863.52
Class III Protein		16,828,268	\$3.2257	\$54,282,944.09
Class III Other Solids		32,161,321	\$0.3927	\$12,629,750.77
Class IV Butterfat	60(d)	1,400,525	\$1.5693	\$2,197,843.90
Class IV Nonfat Solids		1,148,764	\$1.5438	\$1,773,461.87
Class II, III & IV Somatic Cell Adj.	60(e)			\$850,380.87
Total Producer Milk-Product Lbs & Value		1,001,938,598		\$193,008,582.51
Add: Value as for 60(f) Thru 60(j)				\$22,161.40
Less: Total Protein Pounds	61(b)	30,374,755	<b>\$3.2257</b>	\$97,979,847.22
Total Other Solids Pounds		57,864,880	<b>\$0.3927</b>	\$22,723,538.38
Total Butterfat Pounds		35,102,114	<b>\$1.5693</b>	\$55,085,747.52
Total Value of Somatic Cell Adjustment				\$1,210,496.55
<b>Total Milk and Value</b>		1,001,938,598		\$16,031,114.24
Add: Location Differential Adjustments	61(c)			\$4,253,671.26
Producer-Settlement Fund	61(d)			\$447,749.31
<b>Total Producer Milk/URSP and Value</b>		1,001,938,598	\$2.06924	\$20,732,534.81
Less: Producer-Settlement Fund	61(f)		\$0.04924	\$493,375.13
<b>Producer Price Differential (Dallas County)</b>			<b>\$2.02</b>	<b>\$20,239,159.68</b>



**THE MARKET ADMINISTRATOR'S*****REPORT*****SOUTHWEST MARKETING AREA****CARY HUNTER, MARKET ADMINISTRATOR****P.O. BOX 110939, CARROLLTON, TEXAS 75011-0939**

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**JULY 2013****PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	333,585,526	33.29	7,585,320	21.61	326,000,206	33.72
Class II	98,042,473	9.79	6,678,390	19.03	91,364,083	9.45
Class III	556,282,423	55.52	19,437,879	55.37	536,844,544	55.52
Class IV	14,028,176	1.40	1,400,525	3.99	12,627,651	1.31
Total	1,001,938,598	100.00	35,102,114	100.00	966,836,484	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	35,102,114	30,374,755	57,864,880	88,239,635
Percentage	3.503	3.031	5.775	8.806

Average Somatic Cell Count	209,000
Total Number of Pooled Producers	543