

The Market Administrator's BULLETIN

SOUTHWEST MARKETING AREA

Cary Hunter, Market Administrator

October 2020

Federal Order No. 126

Market Overview

Producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a September statistical uniform price of \$15.83 for milk testing 3.5% butterfat, 2.99% true protein, 5.69% other solids and 350,000 SCC. This is a decrease in comparison to the statistical uniform price of \$16.01 in August.

The Producer Price Differential (PPD) for milk delivered to handlers located in Dallas/Tarrant counties (TX) of the Southwest Milk Market Order was (\$0.60) for September. The September Class I price decreased \$1.34 from \$22.78 in August to the September level of \$21.44. The Class II price decreased \$0.11 from \$13.27 in August to \$13.16 in September. The Class III price decreased \$3.34 from \$19.77 in August to \$16.43 in September. The Class IV price increased \$0.22 from \$12.53 in August to \$12.75 in September.

In September, 427 producers delivered a total of 857,977,441 pounds of milk. On a daily basis, this represents a decrease of 1.47 percent from the producer receipts level in August and it represents an increase of 9.51 percent when compared to the producer receipts level of September 2019.

Producer milk classified as Class I during September amounted to 39.00 percent of total producer receipts. This figure is up from 37.04 percent in August and is down from 44.30 percent in September 2019. The average butterfat test of producer milk pooled during September was 4.057 percent, average protein test was 3.280 percent, average other solids test was 5.780 percent, and the average somatic cell count was 218,000.

The September butterfat price decreased \$0.0343 from \$1.6275 in August to the September level of \$1.5932. The protein price decreased \$1.0459 from \$4.4394 in August to \$3.3935 in September. The other solids price decreased \$0.0146 from \$0.1387 in August to \$0.1241 in September. The somatic cell adjustment rate in September is \$0.00089 per cwt.

September 2020 Pool Summary

- ◆ The Statistical Uniform Price for the Southwest Order in September 2020 is \$15.83 with a PPD of (\$0.60)
- ◆ 858 million pounds were pooled in September. This is down 1.47 percent from August 2020
- ◆ 427 producers pooled their milk, this is down from 428 in August
- ◆ Class I milk accounted for 39.00 percent of all receipts, up from 38.66 in August

Classification of Producer Milk

| | <i>Price</i> | <i>Pounds</i> | <i>Percent</i> |
|-----------|--------------|---------------|----------------|
| Class I | 21.44 | 334,644,703 | 39.00 |
| Class II | 13.16 | 123,565,099 | 14.40 |
| Class III | 16.43 | 4,735,071 | 0.56 |
| Class IV | 12.75 | 395,032,568 | 46.04 |

Producer Prices

| | | |
|------------------------------|-----------|-------|
| Statistical Uniform Price | \$15.83 | / cwt |
| Producer Price Differential | (\$0.60) | / cwt |
| Butterfat Price | \$1.5932 | / lb |
| Protein Price | \$3.3935 | / lb |
| Other Solids Price | \$0.1241 | / lb |
| Nonfat Solids Price | \$0.8253 | / lb |
| Somatic Cell Adjustment Rate | \$0.00089 | / cwt |

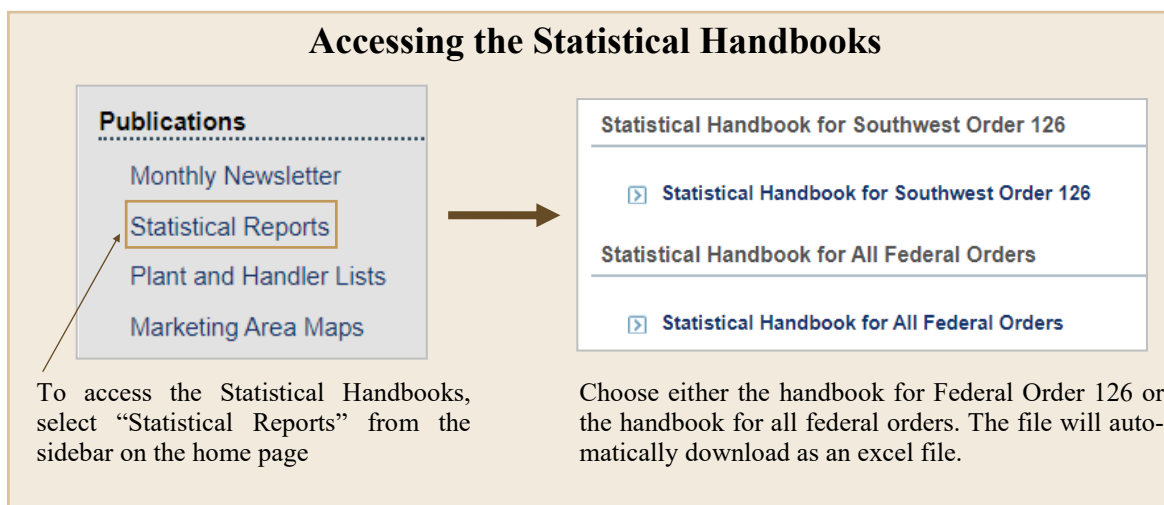
Dairy Margin Coverage Enrollment

USDA is now enrolling dairy farmers for the 2021 Dairy Margin Coverage program year. The enrollment period runs through December 11, 2021. To determine the appropriate level of coverage for a specific dairy operation, producers can utilize the recently updated online dairy decision tool. More information can be found at <https://www.fsa.usda.gov/programs-and-services/dairy-margin-coverage-program/index>.

Market Information and Economics in Federal Order 126

It takes all the departments in the Federal Order system to facilitate the efficient marketing of milk and dairy products. While the marketing service department serves as the liaison between industry and the laboratory (see the September Bulletin), the Market Information and Economics team plays an important role in receiving, organizing, and verifying the data submitted to Federal Order 126. Data that is compiled by [Dairy Program](#) including the Mailbox Prices report and Estimated Sales report, begins with the data collected by the Federal Order offices. Federal Order 126 also publishes information on its [website](#) for the Southwest marketing area including statistical data on Federal Order 126, state and county production data, and price announcements.

One of the best resources for Federal Order 126 pool statistics is the [Statistical Handbook for Southwest Order 126](#). Details on how to access the Statistical Handbooks are described below in the callout box. This Excel spreadsheet includes comprehensive pooled milk data from 2000 to the present for Federal Order 126. Data in the Excel spreadsheet includes the number of producers in the marketing area and the proportion of member and nonmember producers, class utilization for pooled milk, component tests for pooled producer receipts, pooled producer milk, monthly assessments charged by the Market Administrator, and Federal Order 126 specific prices including the producer price differential (PPD), statistical uniform price, and Class I price for the Southwest order. The [Statistical Handbook for All Federal Orders](#) contains information on prices that are applicable for all Federal Orders or nationally; this includes the Class II, III and IV prices and their respective component prices. The product price averages (both the advanced and the monthly) are also included along with the Class I price mover factor.



Another valuable resource is the [production database](#), which provides county level data on milk production and component weights for Texas and New Mexico. Both pooled milk and general production data query options exist. Details on how to access the production database are described on the next page in the callout box. When counties have less than three producers they will be marked as “Restricted” to maintain confidentiality.

Under the [State Production](#) link, monthly data for state and county production for Texas and New Mexico is available from 1978 to the present. It is possible to query all counties within Texas or New Mexico or to choose one county to view. Under the [Federal Order Search](#) link, pooled producer milk for the Southwest Order from 2000 to the present is available on a monthly basis.

Accessing the State Production Statistics Database

ONLINE PRODUCTION DATABASE

Welcome to the online milk marketing and Federal order production information database.

State Search
The milk marketing database contains information pertaining to producers and milk produced in the states of New Mexico and Texas. Users can access the data and obtain milk production data by county, region, or state on all unrestricted producer information.

Federal Order Search
The Federal order online milk production database contains information pertaining to milk production and producers pooled on Federal orders 126. Users can access the database and obtain pooled milk data by month or by year on all unrestricted producer information.

Production Statistics Search Criteria

Select a Date *
Month Year --New Mexico data starts in 1993

Select a State *
☒ Texas ☐ New Mexico

Select Counties Individually or by Region *

ANDERSON
ANDREWS
ANGELINA
ARANSAS
ARCHER
ARMSTRONG

To access the State or Federal Order Production Database, select “Production Database” on the home page; this will bring you to a screen where you can select state-specific data or federal order data.

Production Statistics Search Criteria

Select a Date *
Month Year

Select an Order Number *
☒ Order 126

For both the Statistical Handbooks and the production database, once the data has been processed and verified, it will be published to the Southwest Marketing Area website. The rest of this article will detail how to access the information on the website, as well as other resources available on the website.

Navigating the Federal Order 126 Website

The Federal Order 126 website is a great place to find information about the Southwest Milk Marketing Order. The website can be reached at <http://www.dallasma.com/> and offers a variety of resources about the dairy industry including price announcements, pool statistics, industry data, and information on federal milk marketing orders. The sidebar on the left-hand side of the website is a great starting point to access this information.

Price Announcements Available on the Website:

- ◆ Advanced and Class Prices (**published bi-weekly**)
- ◆ Statistical Uniform Price and PPD Announcements (**published monthly**)
- ◆ Upcoming Price Release Dates

Price Announcements and Publications

The Price Announcements and Publications tabs house much of the statistical data on the website. The price announcements (left) are updated every month and include all class, advanced, and uniform prices dating back to January 2000. Federal Order 126 also publishes several statistical reports, including the statistical handbook. Looking for the locations of plants in the Southwest Order? Check the Plant and Handler List for a monthly list of processing plants and their pool status in Federal Order 126.

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Additional Information

The Southwest Marketing Area tab contains more information on federal order regulatory language, recent changes to the FMMO system, and useful forms and dates. Below are useful links to other relevant websites for the dairy industry.

For More Information

Southwest Marketing Area
Federal Milk Marketing Order 126
Cary Hunter - Market Administrator

USDA United States Department of Agriculture
 Agriculture Marketing Service
 Dairy Programs



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Select the "Links" tab on the top of the page for links to other FMMO websites and information about the federal order system.

Additional Federal Order Data and Information:

Agricultural Marketing Service (AMS) Dairy Website: <https://www.ams.usda.gov/rules-regulations/moa/dairy>

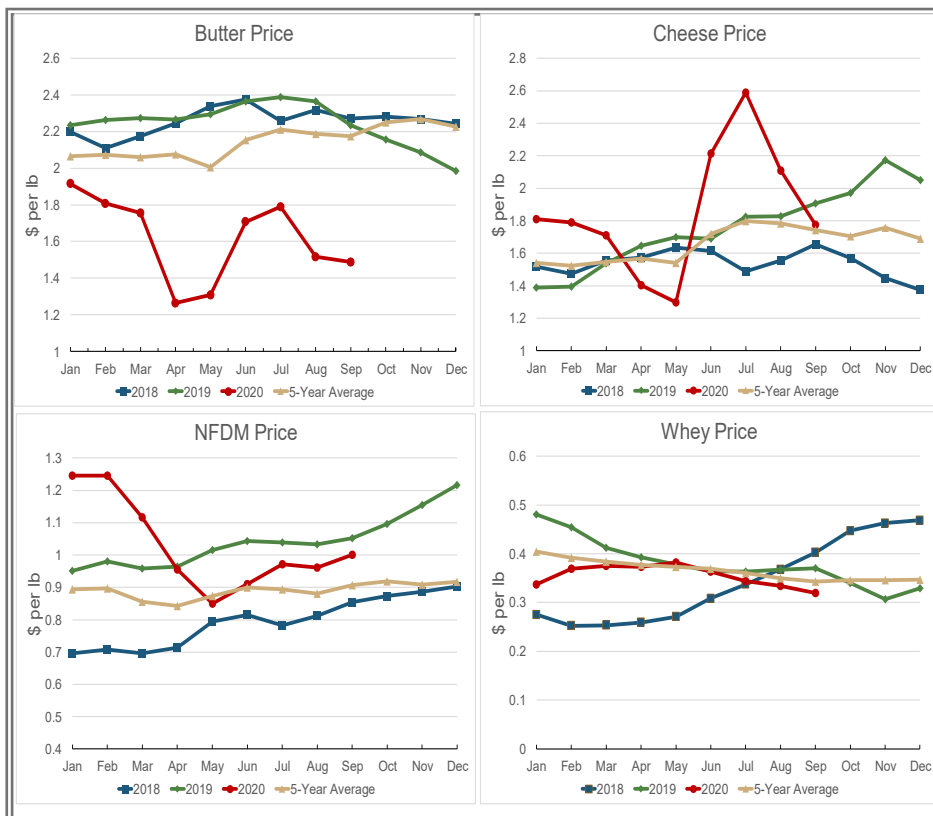
Federal Order Websites: <https://www.ams.usda.gov/rules-regulations/moa/dairy/mmadmin>

Dairy Market News: <https://www.ams.usda.gov/market-news/dairy-market-news-weekly-printed-reports>

National Agriculture Statistics Service (NASS): <https://www.nass.usda.gov/>

Economic Research Service: <https://www.ers.usda.gov/>

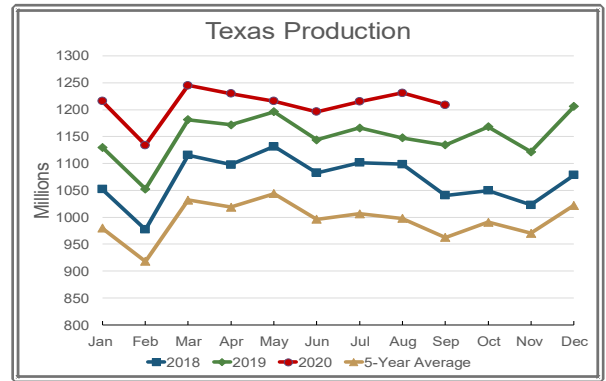
Product Price Impacts from COVID-19



The product prices (pictured left) for cheese continue to change as markets respond to the coronavirus disruptions. In September, cheese prices fell 15.9 percent from the August level of \$2.1099 to \$1.7741 in September. Butter, powder, and whey prices experienced slight changes, with butter and whey decreasing 1.9 and 4.1 percent respectively and powder increasing 4.1 percent to \$1.0014.

Texas Dairy Production

In September, Texas dairy production totaled 1,209 million pounds. This is a 6.53 percent increase relative to September 2019 and a 25.6 percent increase from the September five year average (2015-2019). The September average butterfat for Texas production is 4.17 percent, the average protein is 3.32 percent, and the average other solids at 5.80 percent. The average somatic cell count is at 214,000.



| Month | 2020 Number of Producers | 2020 Pounds (In Thousands) | 2019 Pounds (In Thousands) | % Change from 2019/2020 | 2020 Butterfat | 2020 Protein | 2020 Other Solids | 2020 SCC (In Thousands) |
|-------|--------------------------|----------------------------|----------------------------|-------------------------|----------------|--------------|-------------------|-------------------------|
| Jan | 360 | 1/ 1,253,665 | 1/ 1,129,900 | 10.95 | 4.31 | 1/ 3.40 | 5.78 | 206 |
| Feb | 359 | 1/ 1,169,904 | 1/ 1,052,582 | 11.14 | 4.31 | 1/ 3.39 | 5.78 | 212 |
| Mar | 358 | 1/ 1,283,200 | 1/ 1,181,275 | 5.36 | 4.25 | 1/ 3.33 | 5.79 | 214 |
| Apr | 359 | 1/ 1,230,411 | 1/ 1,171,835 | 4.99 | 4.19 | 3.31 | 5.78 | 204 |
| May | 359 | 1/ 1,221,048 | 1/ 1,196,234 | 2.07 | 1/ 4.09 | 3.27 | 5.78 | 199 |
| Jun | 353 | 1/ 1,195,801 | 1/ 1,144,025 | 4.53 | 1/ 4.06 | 3.24 | 5.81 | 201 |
| Jul | 354 | 1/ 1,215,313 | 1/ 1,165,987 | 4.23 | 4.04 | 3.21 | 5.79 | 218 |
| Aug | 352 | 1/ 1,230,660 | 1/ 1,147,539 | 7.24 | 4.04 | 3.25 | 5.78 | 221 |
| Sep | 354 | 1,208,695 | 1,134,586 | 1/ 6.53 | 4.17 | 3.32 | 5.80 | 214 |
| Oct | | | 1,168,308 | | | | | |
| Nov | | | 1,121,845 | | | | | |
| Dec | | | 1,205,920 | | | | | |
| Total | | 11,008,697 | 13,820,035 | | | | | |

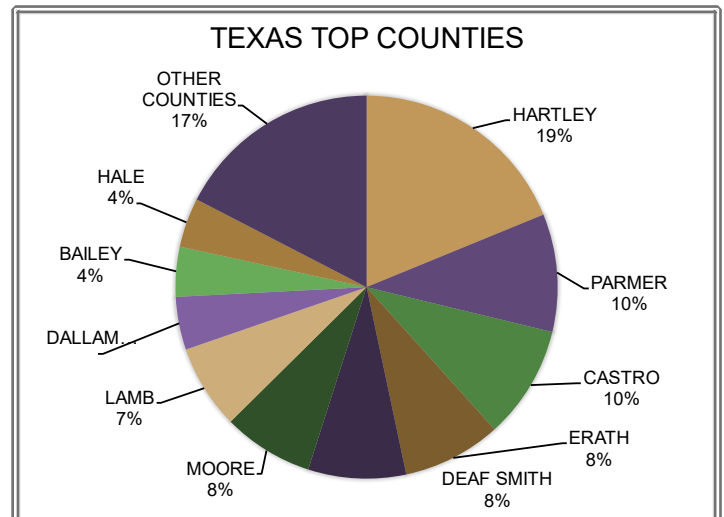
1/ Revised

Top Texas Counties

Hartley County has the largest share of Texas production at 19 percent, followed by Parmer and Castro Counties at 10 percent. Overall, 354 producers delivered milk in Texas for the month of September.

| County | Number of Producers | September 2020 Pounds | % Change County |
|----------------|---------------------|-----------------------|-----------------|
| HARTLEY | 18 | 227,489,473 | 33.87 |
| PARMER | 17 | 120,186,430 | (1.56) |
| CASTRO | 14 | 115,512,902 | (5.39) |
| ERATH | 50 | 100,859,001 | 8.42 |
| DEAF SMITH | 14 | 100,025,053 | 0.38 |
| MOORE | 9 | 92,618,760 | 3.22 |
| LAMB | 13 | 86,023,651 | 8.86 |
| DALLAM | 5 | 54,013,238 | 3.85 |
| BAILEY | 10 | 50,846,430 | (2.12) |
| HALE | 6 | 50,484,380 | 0.45 |
| SUM | 156 | 998,059,318 | 7.35 |
| OTHER COUNTIES | 198 | 210,635,574 | 2.83 |
| TEXAS TOTAL | 354 | 1,208,694,892 | 6.53 |

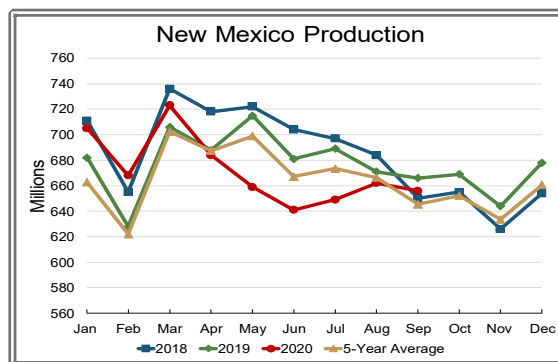
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Click [HERE](#) for more information on Texas Milk Production

New Mexico Dairy Production

In September, New Mexico dairy production totaled 656 million pounds. This is a 1.45 percent decrease relative to September 2019 and a 1.6 percent increase from the September five year average (2015-2019). The September average butterfat is 3.74 percent, the average protein is 3.15 percent, and the average other solids at 5.79 percent. The average somatic cell count is at 194,000.



| Month | 2020 Number of Producers | 2020 Pounds (In Thousands) | 2019 Pounds (In Thousands) | % Change from 2019/2020 | 2020 Butterfat | 2020 Protein | 2020 Other Solids | 2020 SCC (In Thousands) |
|-------|--------------------------|----------------------------|----------------------------|-------------------------|----------------|--------------|-------------------|-------------------------|
| Jan | 134 | 705,328 | 682,256 | 3.38 | 3.94 | 3.21 | 5.78 | 204 |
| Feb | 132 | 667,885 | 628,175 | 6.32 | 3.91 | 3.19 | 5.79 | 206 |
| Mar | 129 | 723,120 | 705,613 | 2.48 | 3.84 | 3.15 | 5.8 | 203 |
| Apr | 130 | 684,417 | 688,397 | (0.58) | 3.75 | 3.13 | 5.78 | 182 |
| May | 127 | 659,032 | 715,287 | (7.86) | 3.65 | 3.07 | 5.78 | 172 |
| Jun | 128 | 641,179 | 681,022 | (5.85) | 3.66 | 3.06 | 5.80 | 174 |
| Jul | 128 | 648,864 | 688,639 | (5.78) | 3.65 | 3.02 | 5.78 | 199 |
| Aug | 128 | 662,140 | 671,911 | (1.45) | 3.64 | 3.06 | 5.77 | 209 |
| Sep | 127 | 656,039 | 665,701 | (1.45) | 3.74 | 3.15 | 5.79 | 194 |
| Oct | | | 668,762 | | | | | |
| Nov | | | 644,760 | | | | | |
| Dec | | | 678,193 | | | | | |
| Total | | 6,048,003 | 8,118,715 | | | | | |

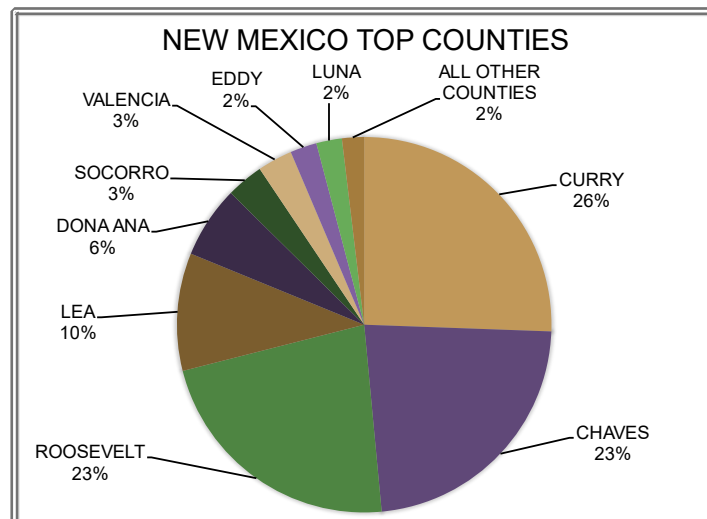
1/ Revised

Top New Mexico Counties

Curry County has the largest share of New Mexico production at 26 percent, followed by Chaves and Roosevelt Counties at 23 percent. Overall, 127 producers delivered milk in New Mexico for the month of September.

| County | Number of Producers | September 2020 Pounds | % Change 2020/2019 |
|----------------|---------------------|-----------------------|--------------------|
| CURRY | 25 | 167,755,422 | (1.83) |
| CHAVES | 26 | 150,485,975 | (4.92) |
| ROOSEVELT | 35 | 147,808,377 | 3.51 |
| LEA | 10 | 66,510,663 | 2.60 |
| DONA ANA | 10 | 40,693,580 | 0.83 |
| SOCORRO | 7 | 20,981,770 | (9.58) |
| VALENCIA | 4 | 19,740,291 | 0.78 |
| EDDY | 3 | 15,068,000 | (2.03) |
| LUNA | 3 | 14,498,750 | (6.58) |
| SUM | 123 | 643,542,828 | (1.12) |
| OTHER COUNTIES | 4 | 12,496,421 | (15.97) |
| NM TOTAL | 127 | 656,039,249 | (1.45) |

1/ Revised



Click [HERE](#) for more information on New Mexico Milk Production

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

SEPTEMBER 2020

| | | Pounds | Price | Value |
|----------------------------------------------------|-------|-------------|----------------|------------------------|
| Add: Class I Differential | | | | \$299,420.30 |
| Class I Butterfat | 60(a) | 7,648,742 | \$ 1.7075 | \$13,060,226.98 |
| Class I Skim Per Cwt | | 326,995,961 | \$16.0200 | \$52,384,752.97 |
| Class II Butterfat | 60(b) | 13,478,919 | \$ 1.6002 | \$21,568,966.19 |
| Class II Nonfat Solids | | 10,302,943 | \$ 0.8700 | \$8,963,560.41 |
| Class III Butterfat | 60(c) | 1,935,175 | \$ 1.5932 | \$3,083,120.81 |
| Class III Protein | | 94,067 | \$ 3.3935 | \$319,216.36 |
| Class III Other Solids | | 168,706 | \$ 0.1241 | \$20,936.41 |
| Class IV Butterfat | 60(d) | 11,752,858 | \$ 1.5932 | \$18,724,653.37 |
| Class IV Nonfat Solids | | 36,502,315 | \$ 0.8253 | \$30,125,360.57 |
| Class II, III, & IV Somatic Cell Adjustment | 60(e) | | | \$697,408.13 |
| Total Producer Milk- Product Pounds and Value | | 857,977,441 | | \$149,247,622.50 |
| Add: Value as for 60(f) thru 60(j) | | | | \$95,671.00 |
| Less: Total Protein Pounds | 61(b) | 28,143,605 | \$ 3.3935 | \$95,505,323.58 |
| Total Other Solids Pounds | | 49,595,593 | \$ 0.1241 | \$6,154,813.09 |
| Total Butterfat Pounds | | 34,815,694 | \$ 1.5932 | \$55,468,363.69 |
| Total Value of Somatic Cell Adjustment | | | | \$1,011,620.57 |
| Total Milk and Value | | 857,977,441 | | \$8,796,827.43- |
| Add: Location Differential Adjustments | 61(c) | | | \$3,641,589.22 |
| Producer - Settlement Fund Reserve | 61(d) | | | \$412,778.88 |
| Total Product Milk/URSP and Value | | 857,977,441 | \$0.55274- | \$4,742,459.33- |
| Less: Producer - Settlement Fund Reserve | 61(f) | | \$ 0.04725 | \$405,405.32 |
| Producer Price Differential (Dallas County) | | | \$.60- | \$5,147,864.65- |

PPD per cwt

Remaining value from which PPD per cwt is calculated

| Producer Milk Utilization Percentages | | | | | | |
|---------------------------------------|-------------|---------|------------|---------|-------------|---------|
| | Product | | Butterfat | | Skim Milk | |
| | Pounds | Percent | Pounds | Percent | Pounds | Percent |
| Class I | 334,644,703 | 39.00 | 7,648,742 | 21.97 | 326,995,961 | 39.72 |
| Class II | 123,565,099 | 14.40 | 13,478,919 | 38.72 | 110,086,180 | 13.37 |
| Class III | 4,735,071 | .56 | 1,935,175 | 5.55 | 2,799,896 | .35 |
| Class IV | 395,032,568 | 46.04 | 11,752,858 | 33.76 | 383,279,710 | 46.56 |
| Total | 857,977,441 | 100.00 | 34,815,694 | 100.00 | 823,161,747 | 100.00 |

| Producer Milk Components | | | | |
|--------------------------|------------|------------|--------------|---------------|
| | Butterfat | Protein | Other Solids | Nonfat Solids |
| Total Pounds | 34,815,694 | 28,143,605 | 49,595,593 | 77,739,198 |
| Average Test | 4.057% | 3.280% | 5.780% | 9.060% |

Federal Order Prices

| Federal Order | Statistical Uniform | Statistical Uniform | PPD | PPD | Class I Utilization | Class I Utilization |
|-------------------------|---------------------|---------------------|--------|--------|---------------------|---------------------|
| | Sep-20 | Aug-20 | Sep-20 | Aug-20 | Aug-20 | Aug-20 |
| Appalachian - F.O. 5 | 19.68 | 20.25 | N/A | N/A | 72.25 | 70.86 |
| Arizona - F.O. 131 | 16.00 | 15.84 | N/A | N/A | 37.82 | 32.57 |
| Central - F.O. 32 | 15.71 | 16.15 | (0.72) | (3.62) | 43.97 | 42.91 |
| Florida - F.O. 6 | 21.85 | 22.69 | N/A | N/A | 81.44 | 81.54 |
| Mideast - F.O. 33 | 16.16 | 16.84 | (0.27) | (2.93) | 38.30 | 40.70 |
| Northeast - F.O. 1 | 16.80 | 18.02 | 0.37 | (1.75) | 30.20 | 28.60 |
| Pacific NW - F.O. 124 | 15.19 | 16.16 | (1.24) | (3.61) | 22.54 | 20.74 |
| California - F.O. 51 | 14.47 | 14.53 | (1.96) | (5.24) | 22.80 | 21.80 |
| Southeast - F.O. 7 | 19.62 | 20.18 | N/A | N/A | 67.28 | 68.01 |
| Southwest - F.O. 126 | 15.83 | 16.01 | (0.60) | (3.76) | 39.00 | 37.04 |
| Upper Midwest - F.O. 30 | 15.97 | 17.71 | (0.46) | (2.06) | 20.00 | 18.60 |

Useful links:

Agricultural Marketing Service (AMS) Dairy Website: <https://www.ams.usda.gov/rules-regulations/moa/dairy>

Federal Order Websites: <https://www.ams.usda.gov/rules-regulations/moa/dairy/mmadmin>

Dairy Market News: <https://www.ams.usda.gov/market-news/dairy-market-news-weekly-printed-reports>

National Agriculture Statistics Service (NASS): <https://www.nass.usda.gov/>

Economic Research Service: <https://www.ers.usda.gov/>



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