

## THE MARKET ADMINISTRATOR'S

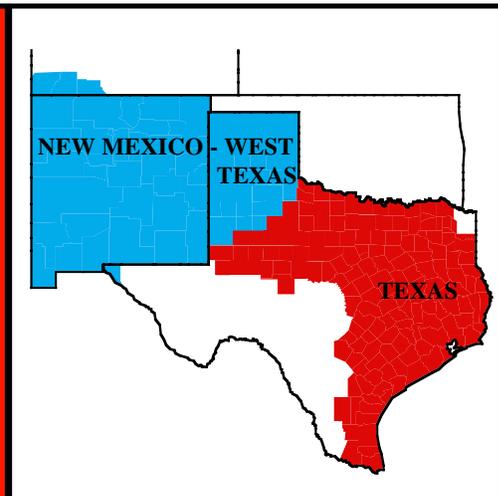
# REPORT



### TEXAS MARKETING AREA

### NEW MEXICO - WEST TEXAS MARKETING AREA

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VOLUME XXIII, NO. 11

NOVEMBER 1997

### MARKET SUMMARIES FOR OCTOBER

The October Class III price increased 4 cents from the previous month to \$12.83. The Class II price for October of \$12.37 per hundredweight increased \$1.21 from \$11.16 in September. September's Class III-A price increased \$1.63 from September's level to \$13.50.

**Texas:** Producers who delivered milk to handlers located in Zones 1 and 2 of the Texas Milk Market Order received \$14.21 per hundredweight for deliveries of milk containing 3.5% butterfat. The October price was up \$1.03 from September.

Producers delivered a total of 517,567,717 pounds of milk during October. On a daily basis this represents an increase of 26.03 percent from the producer receipts level in September and it represents an increase of 11.68 percent when compared to the producer receipts level of October 1996.

Producer milk classified as Class I during October amounted to 55.89 percent of total producer receipts. This figure is down from September's 69.31 percent and it is down from 62.60 percent in October 1996. The average butterfat test of producer milk pooled during October 1997 was 3.593 percent.

**New Mexico - West Texas:** Producers who delivered milk to handlers located in Zone 1 of the New Mexico - West Texas Milk Market Order received \$13.56 per hundredweight for deliveries of milk containing 3.5% butterfat. The October price was up 61 cents from its September level.

Producers delivered a total of 132,304,407 pounds of milk during October. On a daily basis this represents an increase of 11.47 percent from the producer receipts level in September but it represents a decrease of 36.26 percent when compared to the producer receipts level of October 1996.

Producer milk classified as Class I during October amounted to 43.63 percent of total producer receipts. This figure is down from 49.46 percent in September but it is up from 28.54 percent in October 1996. The average butterfat test of producer milk pooled during October 1997 was 3.562 percent.

### CLASS I DIFFERENTIALS RULED "ILLEGAL"

The Fourth U.S. District Court of Minnesota Judge David S. Doty on November 3 ruled that the Class I milk price differentials in 28 surplus and balanced milk marketing orders unlawful, which includes the Texas and New Mexico - West Texas milk marketing orders. The ruling also applies to any deficit milk orders that does not rely directly or indirectly on alternative milk supplies from the Upper Midwest orders. Judge Doty further ruled that USDA "is enjoined from enforcing these differentials".

USDA has announced that it has asked the Department of Justice to seek a stay of the November 3, 1997, ruling. The stay would allow time for USDA to make an evaluation of the Court's decision.

This ruling marks the fourth such proceeding in this suit. Judge Doty's decision came in a lawsuit filed originally in 1990 by the Minnesota Milk Producers Association challenging to invalidate much of the nation's system of pricing milk. In its first ruling in 1994, the Minneapolis Court held the Secretary of Agriculture's decision to be "arbitrary and capricious" and gave the Secretary a 120 days to explain his basis for retaining Class I differentials. In May of 1996, the Court again ruled against the USDA, contending that the Secretary still had not provided evidence of how he arrived at Class I differentials. The

Court remanded this matter for a second time to the Secretary so he could, rather than simply restating his decision to retain the differentials, make such findings and conclusions as reflect reasoned consideration of the factors concerning the details of how the current differentials had been arrived at. The Court also remanded the case because the Secretary had not complied with the Court's initial order that the Secretary consider the relevant factors with respect to the use of M-W price, specifically how the M-W reflects market-specific economic decisions.

The Secretary's second amplified decision was

issued September 10, 1996, and on March 3, 1997, Minnesota Milk Producers Association brought this, their fourth motion for summary judgement. Given this background, Judge Doty decided not to remand the decision back to the Secretary for a third amplified decision. Instead, he enjoined the Secretary from enforcing the Class I differentials. As of November 13 USDA had not responded to the federal judge's ruling.

It may take some time before the specific impacts of this ruling is fully known.

### MARKET UTILIZATION IN CERTAIN PRODUCTS\* TEXAS MILK MARKET

<u>PRODUCT</u>	<u>REPORTED OCT 1997</u>	<u>REPORTED SEP 1997</u>	<u>REPORTED OCT 1996</u>	<u>% CHANGE 1997-1996</u>
WHOLE MILK	125,949,675	119,465,843	125,512,848	+ .35
2% LOWFAT MILK**	72,559,616	69,732,615	66,769,514	+8.67
1% SKIM MILK**	32,904,089	27,036,611	32,288,119	+1.91
SKIM MILK**	25,238,979	29,558,940	29,483,238	-14.40
BUTTERMILK	4,672,247	4,433,190	4,419,034	+5.73
FLAVORED MILK	22,015,577	22,118,844	21,406,283	+2.85
HALF & HALF	2,236,713	1,978,441	2,177,638	+2.71
WHIPPING CREAM	1,653,128	1,611,661	1,525,999	+8.33
COTTAGE CHEESE	7,568,892	8,272,695	8,156,337	-7.20
ICE CREAM	14,477,230	15,511,514	13,346,921	+8.47
NON-BUTTERFAT MIX	267,194	311,476	398,886	-33.01

\*ONLY POOLED PLANTS PRODUCTS ARE REPRESENTED IN THIS TABLE

\*\*PRODUCT CLASSIFICATION IS BASED ON ACTUAL BUTTERFAT OF PRODUCTS ANALYZED.

PRODUCTS GROUPED AS FOLLOWS: SKIM - 0 TO .5%, 1% SKIM - .51% TO 1.5%, 2% LOWFAT - 1.51% AND UP.

### MARKET UTILIZATION IN CERTAIN PRODUCTS\* NEW MEXICO - WEST TEXAS MILK MARKET

<u>PRODUCT</u>	<u>REPORTED OCT 1997</u>	<u>REPORTED SEP 1997</u>	<u>REPORTED OCT 1996</u>	<u>% CHANGE 1997-1996</u>
WHOLE MILK	30,922,262	29,704,408	32,045,835	-3.51
2% LOWFAT MILK**	13,683,111	13,287,653	13,681,469	+ .01
1% SKIM MILK**	4,558,423	4,065,907	4,769,197	-4.42
SKIM MILK**	4,387,466	4,514,051	4,007,487	+9.48
BUTTERMILK	1,038,595	927,927	1,079,654	-3.80
FLAVORED MILK	4,537,423	4,449,705	4,689,590	-3.24
HALF & HALF	509,105	445,594	450,160	+13.09
WHIPPING CREAM	196,162	174,413	162,947	+20.38
COTTAGE CHEESE	4,087,152	4,360,477	4,687,090	-12.80
ICE CREAM	1,030,507	1,162,430	506,347	+103.52

\*ONLY POOLED PLANTS PRODUCTS ARE REPRESENTED IN THIS TABLE

\*\*PRODUCT CLASSIFICATION IS BASED ON ACTUAL BUTTERFAT OF PRODUCTS ANALYZED.

PRODUCTS GROUPED AS FOLLOWS: SKIM - 0 TO .5%, 1% SKIM - .51% TO 1.5%, 2% LOWFAT - 1.51% AND UP.

## TOP TEN TEXAS COUNTIES a/ – OCTOBER 1997

County	Number of Producers	Pounds	% Change From 1996*	County	Number of Producers	Pounds	% Change From 1996*
1. Erath	157	111,439,516	-3.35	7. Hamilton	29	15,099,926	-1.01
2. Hopkins	293	49,485,424	-10.50	8. Wood	73	13,660,789	-.84
3. Comanche	50	33,627,297	-2.45	9. Cherokee	35	11,065,751	-10.60
4. El Paso	9	20,143,809	+5.86	10. Van Zandt	28	7,237,920	-10.86
5. Archer	63	18,267,909	+5.63	Ten County Total	785	295,451,643	-4.48 b/
6. Johnson	48	15,423,302	-15.06	Other Counties Total	623	141,076,916	-10.01
				<b>Texas Total</b>	<b>1,408</b>	<b>436,528,559</b>	<b>-6.34</b>

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 II	Class III	Class III-A	Uniform a/		B F Diff.	Grade A	Block	Spray
	126	138				Butter	Cheese		Powder		
	Dollars Per Hundred Wt. -----							¢/Point	Cents Per Pound-----		
September 1996	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	11.34	11.75	14.89	12.80	6.8	73.02	123.73	120.55
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								
December	15.99	15.18	13.13								

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

## TOP NEW MEXICO COUNTIES a/ – OCTOBER 1997

County	Number of Producers	Pounds	% Change From 1996*	County	Number of Producers	Pounds	% Change From 1996*
1. Chaves	42	119,021,947	+6.66	7. Valencia	12	11,056,921	-1.55
2. Dona Ana	24	60,884,056	-1.01	8. Bernalillo	8	9,239,466	+2.78
3. Roosevelt	28	40,508,842	+7.54	9. Socorro	7	6,623,251	-4.20
4. Curry	11	37,596,462	+32.34				
5. Lea	14	21,241,868	+20.37	Nine County Total	152	325,662,294	+8.86
6. Eddy	6	19,489,481	+28.18	Other Counties Total	6	7,924,914	-6.20
				<b>New Mexico Total</b>	<b>158</b>	<b>333,587,208</b>	<b>+8.45</b>

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 MARKETED BY  
PRODUCERS LOCATED IN TEXAS BY MONTHS:  
JANUARY 1995 THROUGH OCTOBER 1997, WITH PERCENTAGE COMPARISONS \*\***

MONTH	1995 POUNDS	Number of Producers	1996 POUNDS	Number of Producers	1997 POUNDS	Number of Producers	PERCENT CHANGE 1996/95*	1997/96
January	544,665,125	1,918	549,914,311	1,786	540,921,813	1,610	+0.96	-1.64
February	519,646,630	1,911	536,326,949	1,773	503,177,566	1,591	-0.35	-2.83
March	579,936,046	1,902	590,936,348	1,745	560,823,025	1,566	+1.90	-5.10
April	560,828,983	1,886	575,799,475	1,738	539,258,903	1,553	+2.67	-6.35
May	552,635,192	1,884	567,120,914	1,714	530,457,547	1,550	+2.62	-6.46
June	505,013,242	1,864	490,380,980	1,683	468,546,651	1,523	-2.90	-4.45
July	479,245,070	1,866	454,376,230	1,670	435,777,197	1,489	-5.19	-4.09
August	448,110,385	1,858	448,420,253	1,652	417,271,524	1,463	+0.07	-6.95
September	437,779,650	1,844	427,623,846	1,639	405,563,476	1,435	-2.32	-5.08
October	481,136,358	1,837	466,085,603	1,637	436,528,559	1,408	-3.13	-6.34
November	480,929,263	1,826	474,250,855	1,636			-1.39	
December	<u>524,145,612</u>	1,800	<u>516,304,359</u>	1,620			<u>-1.50</u>	
Years Total	6,114,071,556		6,098,233,434				-0.26	

\*Revised figures

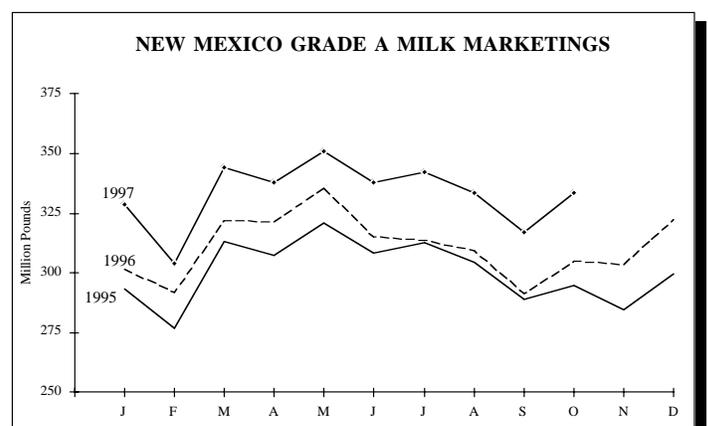
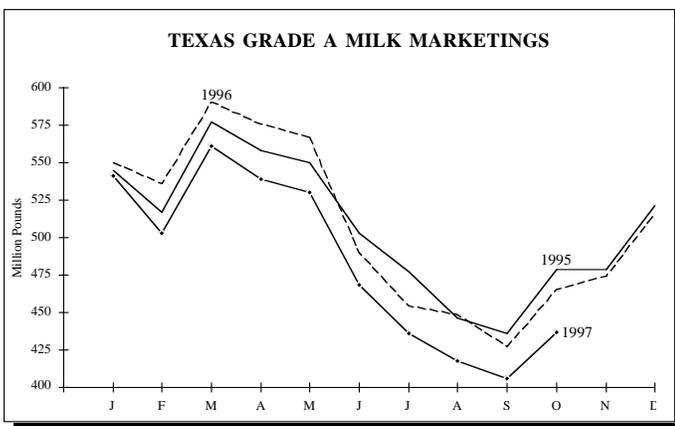
\*\*February figures are based upon average daily production.

**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:  
JANUARY 1995 THROUGH OCTOBER 1997, WITH PERCENTAGE COMPARISONS \*\***

MONTH	1995 POUNDS	Number of Producers	1996 POUNDS	Number of Producers	1997 POUNDS	Number of Producers	PERCENT CHANGE 1996/95*	1997/96
January	293,542,014	156	301,646,087	153	328,059,604	156	+2.76	+8.76
February	276,638,548	155	291,741,013	154	303,972,265	156	+1.82	+7.91
March	313,161,171	152	321,854,914	154	343,866,862	157	+2.78	+6.84
April	307,337,393	152	321,032,089	153	337,943,697	157	+4.46	+5.27
May	320,781,400	154	335,537,514	153	350,910,125	158	+4.60	+4.58
June	309,224,349	153	314,856,503	153	337,592,757	158	+1.82	+7.22
July	312,630,262	153	313,553,863	154	342,391,766	159	+0.30	+9.20*
August	304,582,850	153	309,399,050	155	333,406,557	156	+1.58	+7.76
September	288,872,854	156	293,390,938	157	317,181,279	159	+1.56	+8.11*
October	294,564,685	154	307,608,027	156	333,587,208	158	+4.43	+8.45
November	284,775,780	155	303,433,595	157			+6.55	
December	<u>299,367,034</u>	153	<u>322,470,035</u>	157			<u>+7.72</u>	
Years Total	3,605,478,340		3,736,523,628				+3.63	

\*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*	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
October 1996	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
December	3.66	3.58	3.27	3.25	4.77	4.80	8.75	8.77	378	223
Average 1996	3.58	3.55	3.19	3.14	4.77	4.80	8.67	8.65	358	234
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

\* In thousands.

## NEW MEXICO - WEST TEXAS MILK MARKET AT A GLANCE

	REPORTED OCT. 1997	REPORTED SEP. 1997	REPORTED OCT. 1996
<b>TOTAL UTILIZATION</b>			
CLASS I	59,302,821	57,410,017	60,669,848
CLASS II	7,387,798	9,079,710	7,608,516
CLASS III/III-A	70,460,307	54,598,687	144,271,748
CLOSING INVENTORY (CLASS I, II AND III)	6,152,564	7,885,009	8,636,527
TOTAL UTILIZATION	143,303,490	128,973,423	221,186,639
<b>DAILY CLASS I UTILIZATION</b>	1,912,994	1,913,667	1,957,092
OCT. -DAILY CLASS I COMPARED TO:			
CLASS I YEAR TO DATE (IN THOUSANDS)	554,956	495,653	583,225
% CHANGE FROM PREVIOUS YEAR	- 4.85%	- 5.15%	- 1.17%
<b>TOTAL RECEIPTS</b>			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	57,718,647	56,811,385	59,231,813
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	4,922,767	7,662,501	6,104,338
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	69,662,993	50,392,672	142,213,451
TOTAL PRODUCER RECEIPTS	132,304,407	114,866,558	207,549,602
OTHER SOURCE A/	3,081,821	3,233,312	3,714,489
OPENING INVENTORY	7,885,009	10,704,978	9,894,569
OVERAGE	32,253	168,575	27,979
TOTAL RECEIPTS	143,303,490	128,973,423	221,186,639
<b>DAILY PRODUCER RECEIPTS</b>	4,267,884	3,828,885	6,695,148
OCT. -DAILY PRODUCER RECEIPTS COMPARED TO:			
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	1,759,054	1,626,749	1,682,348
% CHANGE FROM PREVIOUS YEAR	+ 4.56%	+ 10.30%	+ 9.69%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.562%	3.410%	3.598%
% PRODUCER MILK CLASSIFIED AS CLASS I	43.63%	49.46%	28.54%
NUMBER OF PRODUCERS	130	128	169
AVERAGE DAILY DELIVERY PER PRODUCER	32,830	29,913	39,616
NUMBER OF POOL HANDLERS	17	17	17

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**  
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## TEXAS MILK MARKET AT A GLANCE

	REPORTED <u>OCT. 1997</u>	REPORTED <u>SEP. 1997</u>	REPORTED <u>OCT. 1996</u>
<b>TOTAL UTILIZATION</b>			
CLASS I	289,145,892	274,733,070	291,136,284
CLASS II	107,475,320	117,746,266	97,438,115
CLASS III/III-A	142,581,671	26,033,120	106,561,667
CLOSING INVENTORY (CLASS I, II AND III)	28,380,134	32,387,164	26,398,544
TOTAL UTILIZATION	567,583,017	450,899,620	521,534,610
DAILY CLASS I UTILIZATION	9,327,287	9,157,769	9,391,493
OCT.-DAILY CLASS I COMPARED TO:		+ 1.85%	- .68%
CLASS I YEAR TO DATE (IN THOUSANDS)	2,763,484	2,474,338	2,735,050
% CHANGE FROM PREVIOUS YEAR	+ 1.04%	+ 1.24%	+ 4.66%
<b>TOTAL RECEIPTS</b>			
PRODUCER RECEIPTS CLASSIFIED AS CLASS I	289,276,386	275,446,795	290,121,250
PRODUCER RECEIPTS CLASSIFIED AS CLASS II	93,390,610	105,187,338	87,459,573
PRODUCER RECEIPTS CLASSIFIED AS CLASS III/III-A	134,900,721	16,799,876	85,844,857
TOTAL PRODUCER RECEIPTS	517,567,717	397,434,009	463,425,680
OTHER SOURCE A/	17,557,055	16,996,594	26,000,258
OPENING INVENTORY	32,387,164	36,468,749	32,024,486
OVERAGE	71,081	268	84,186
TOTAL RECEIPTS	567,583,017	450,899,620	521,534,610
<b>DAILY PRODUCER RECEIPTS</b>	16,695,733	13,247,800	14,949,215
OCT.-DAILY PRODUCER RECEIPTS COMPARED TO:		+ 26.03%	+ 11.68%
PRODUCER RECEIPTS YEAR TO DATE (IN THOUSANDS)	5,379,129	4,861,561	5,572,998
% CHANGE FROM PREVIOUS YEAR	- 3.48%	- 4.85%	+ 1.70%
AVERAGE BUTTERFAT TEST OF PRODUCER RECEIPTS	3.593%	3.489%	3.638%
% PRODUCER MILK CLASSIFIED AS CLASS I	55.89%	69.31%	62.60%
NUMBER OF PRODUCERS	1,440	1,440	1,647
AVERAGE DAILY DELIVERY PER PRODUCER	11,594	9,200	9,077
NUMBER OF POOL HANDLERS	32	30	31

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