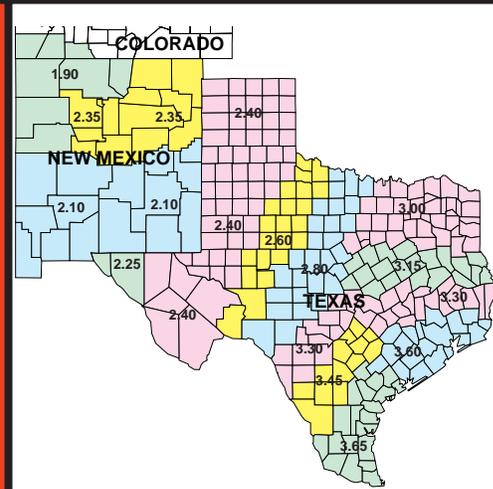


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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MARKET SUMMARY FOR AUGUST

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 \$3.03 for August. Butterfat price decreased \$0.0032 per pound from \$1.2691 in July to the level of \$1.2659 for August. Protein price decreased \$0.1774 cents per pound to \$1.7952 in August from \$1.9726 in July. August's Other Solids price increased \$0.0020 per pound from the previous month to \$0.0577. The Somatic Cell Count adjustment rate factor for August was .00058 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received an August statistical uniform price of \$13.16 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 20 cents in comparison to the statistical blend price of \$13.36 in July.

The August Class I price decreased 51 cents from \$15.46 in July to the August level of \$14.95. The Class II price for August of \$12.56 per hundred-weight decreased 2 cents from \$12.58 in July. August's Class III price decreased 53 cents from \$10.66 in July to \$10.13 in August. The Class IV price remained the same as in July at \$11.87.

In August 870 producers delivered a total of 722,617,541 pounds of milk. On a daily basis this represents a decrease of 0.67 percent from the producer receipts level in July but it represents an increase of 53.91 percent when compared to the producer receipts level of August 1999.

Producer milk classified as Class I during August amounted to 48.42 percent of total producer receipts. This figure is up from 42.02 percent in July but it is down from 72.25 percent in August 1999. The average butterfat test of producer milk pooled during August was 3.482 percent, average protein test was 2.992 percent, average other solids test was 5.609 percent and the average somatic cell count was 337,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Aug 00	Jul 00	Aug 00	Jul 00	Aug 00	Jul 00
Appalachian	14.40	14.46	-----	-----	75.36	69.29
Arizona-Las Vegas	12.20	12.32	-----	-----	35.39	29.04
Central	11.61	11.95	1.48	1.29	29.37	26.50
Florida	15.68	15.78	-----	-----	91.91	88.51
Mideast	12.49	12.68	2.36	2.02	48.90	42.40
Northeast	13.39	13.52	3.26	2.86	45.20	40.50
Pacific Northwest	11.94	12.19	1.81	1.53	28.49	26.40
Southeast	14.15	14.23	-----	-----	73.32	65.58
Southwest	13.16	13.36	3.03	2.70	48.42	42.02
Upper Midwest	10.97	11.36	0.84	0.70	18.60	16.40
Western	11.53	11.73	1.40	1.07	27.70	20.12

USDA CHANGES PURCHASE PRICES FOR MILK AND MILK PRODUCTS

The USDA has announced that the Commodity Credit Corporation (CCC) purchase prices for butter, cheese, and nonfat dry milk (NDM) bought under the Dairy Price Support Program have been adjusted. The Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act, 2000, extended the price support program through calendar year 2000 at the 1999 support price of \$9.90 per hundredweight of milk with an annual average milkfat content of 3.67 percent.

The Secretary of Agriculture is permitted to change the purchase prices for butter, cheese and NDM twice during 2000. Using that authority, the announced purchase prices of these products were adjusted as follows in order to reflect the new pricing formulas under the reformed Federal Milk Marketing Orders: CCC will increase the price it pays for block Cheddar and barrel cheese by 2.2 cents per pound to \$1.1220 and \$1.0920 per pound, respectively. The purchase price for butter will increase by 1.8 cents per pound to \$0.6680 per pound, and the purchase price for NDM will remain at \$1.0100 per pound.

DAIRY PRICES BOUNCING

Wholesale dairy product prices have been unable to sustain seasonal increases thus far this summer. Brisk demand, particularly for cheese, pushed prices up several times, but heavy supplies soon brought them back down. This price pattern implies that pipeline stocks are large and need to be trimmed before prices can move very much.

Early summer milk production remained heavy, as expansion by stronger producers kept milk cow numbers edging higher and growth in milk per cow stayed strong. Meanwhile, reported warehouse stocks were quite heavy for all of the major dairy products. Supplies are expected to remain large during the rest of 2000.

Sales of cheese and most milkfat products have been brisk, reflecting still strong consumer incomes and demand. However, growth in demand generally has not quite kept pace with the rises in supplies, forestalling any significant recovery in wholesale prices. Demand for separated skim solids is still in the doldrums. Ingredient use of these products has continued to slip in 2000, causing government purchases to stay sizable thus far this summer.

Exchange prices for block Cheddar cheese threatened to break \$1.30 per pound several times during the spring and summer before falling back. Seasonal tightening should be enough to push prices above this point in the autumn, once pipeline holdings are brought under control. But, prices are not projected to go much above that level, and the peak may be rather short lived. Despite recent seasonal erosion, butter prices may see a second modest peak in autumn.

Source: "Livestock, Dairy, and Poultry Situation and Outlook", LDP-M-74, August 29, 2000, Economic Research Service, USDA.

MILK PRODUCTION DATA RELATIVE TO PERCENTAGE OF FARM SIZE IN TEXAS AUGUST 2000

FARM SIZE POUNDS	PRODUCER NUMBERS	MILK LBS.	% OF TOTAL MILK
0- 49,999	114	3,749,862	.91
50,000- 99,999	181	13,528,600	3.30
100,000-149,999	181	22,819,820	5.55
150,000-199,999	127	21,950,615	5.34
200,000-249,999	67	14,996,347	3.65
250,000-299,999	75	20,630,994	5.02
300,000-349,999	44	14,240,708	3.47
350,000-399,999	25	9,401,983	2.29
400,000-449,999	24	10,281,067	2.50
450,000-499,999	32	15,307,370	3.73
500,000-599,999	41	22,566,682	5.49
600,000-699,999	30	19,053,830	4.64
700,000-799,999	17	12,650,416	3.08
800,000-899,999	15	12,742,649	3.10
900,000-999,999	10	9,445,021	2.30
<u>OVER -1,000,000</u>	<u>98</u>	<u>187,476,019</u>	<u>45.63</u>
TOTAL	1,081	410,841,983	100.00

MILK PRODUCTION DATA RELATIVE TO PERCENTAGE OF FARM SIZE IN NEW MEXICO AUGUST 2000

FARM SIZE POUNDS	PRODUCER NUMBERS	MILK LBS.	% OF TOTAL MILK
0- 49,999	2	54,023	.01
50,000- 99,999	1	99,693	.01
100,000-149,999	5	652,051	.15
150,000-199,999	4	685,385	.16
200,000-249,999	2	433,787	.10
250,000-299,999	4	1,071,271	.25
300,000-349,999	1	321,960	.07
350,000-399,999	1	371,550	.09
400,000-449,999	2	839,752	.19
450,000-499,999	--	-----	---
500,000-599,999	3	1,596,255	.37
600,000-699,999	2	1,294,711	.30
700,000-799,999	1	751,619	.17
800,000-899,999	5	4,155,238	.95
900,000-999,999	6	5,819,405	1.33
<u>OVER -1,000,000</u>	<u>122</u>	<u>418,615,677</u>	<u>95.85</u>
TOTAL	161	436,762,377	100.00

TOP TEN TEXAS COUNTIES a/ – AUGUST 2000

County	Number of Producers	Pounds	% Change From 1999b/	County	Number of Producers	Pounds	% Change From 1999b/
1. Erath	143	111,526,903	+10.07	7. Hamilton	18	12,500,681	-6.65
2. Comanche	48	40,117,843	+17.33	8. Johnson	33	12,028,809	+9.84
3. Hopkins	204	38,603,742	+7.83	9. Wood	57	11,628,591	+1.86
4. Archer	58	19,113,534	+21.36	10. Tom Green	9	9,616,820	+48.26
5. El Paso	8	18,571,637	-5.73	Ten County Total	581	286,506,202	+10.70 b/
6. Lamb	3	12,797,642	+37.45	Other Counties Total	500	124,335,781	+4.85
				Texas Total	1,081	410,841,983	+8.86

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.

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

Month	Class Prices & P.P.D.					Component Prices				NASS Product Prices			
	I	II	III	IV	P.P.D.	BF	Other Solids	True Protein	SCC ^{c/} Adj Rate	Grade AA Butter	Cheddar Cheese	NFDM Powder	Dry Whey
	Dollars Per Hundred Wt. -----					Cents Per Pound-----							
July 1999	14.42	11.56	13.59	12.37		154.30	3.66	244.31	.00073	137.93	145.83	100.54	17.24
August	14.58	11.72	15.79	12.62		152.96	4.55	334.21	.00086	136.83	171.54	100.89	18.10
September	16.75	13.89	16.26	12.37		147.71	5.39	338.53	.00085	132.52	170.84	101.74	18.92
October	18.95	16.09	11.49	11.78		123.57	5.93	261.38	.00070	112.73	139.34	101.83	19.44
November	19.42	16.56	9.79	11.57		115.82	5.65	206.96	.00060	106.37	120.58	101.68	19.17
December	14.65	11.79	9.63	10.69		98.04	5.39	206.15	.00057	91.79	113.71	101.11	18.92
Averages 1999b/	16.82	13.96	12.43	12.14		136.02	5.15	247.16	.00070	122.94	139.84	101.78	18.69
January 2000	13.90	11.43	10.05	10.73	1.96	93.66	5.03	216.77	.00058	88.20	115.17	101.15	18.57
February	13.71	11.51	9.54	10.80	2.28	95.88	4.32	198.49	.00055	90.02	110.67	101.06	17.88
March	13.84	11.71	9.54	11.00	2.36	101.91	4.24	191.66	.00055	94.97	110.93	100.94	17.80
April	13.93	12.10	9.41	11.38	2.64	113.52	4.08	173.99	.00055	104.49	110.11	100.78	17.65
May	14.48	12.63	9.37	11.91	3.06	128.54	4.03	155.14	.00055	116.80	110.22	100.71	17.60
June	14.70	13.08	9.46	12.38	3.29	141.28	4.38	142.78	.00056	127.25	111.37	100.97	17.94
July	15.46	12.58	10.66	11.87	2.70	126.91	5.57	197.26	.00061	115.47	121.89	101.02	19.09
August	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

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

TOP NEW MEXICO COUNTIES a/ – AUGUST 2000

County	Number of Producers	Pounds	% Change From 1999b/	County	Number of Producers	Pounds	% Change From 1999b/
1. Chaves	41	146,083,056	+12.52	7. Socorro	7	10,564,319	+17.65
2. Dona Ana	25	68,635,520	+11.31	8. Valencia	10	9,563,744	+1.34
3. Roosevelt	34	63,673,217	+33.54	9. Bernalillo	5	5,853,909	-3.63
4. Curry	14	62,638,130	+13.73				
5. Lea	14	35,685,757	+14.58	Nine County Total	156	426,878,065	+14.91 b/
6. Eddy	6	24,180,413	+11.86	Other Counties Total	5	9,884,312	+8.26
				New Mexico Total	161	436,762,377	+14.75

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.

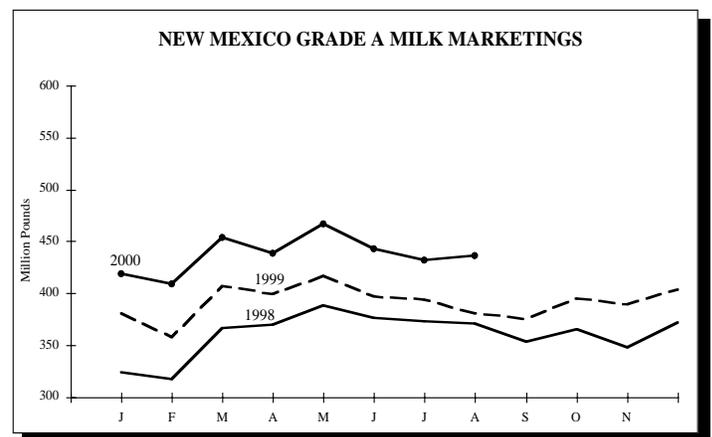
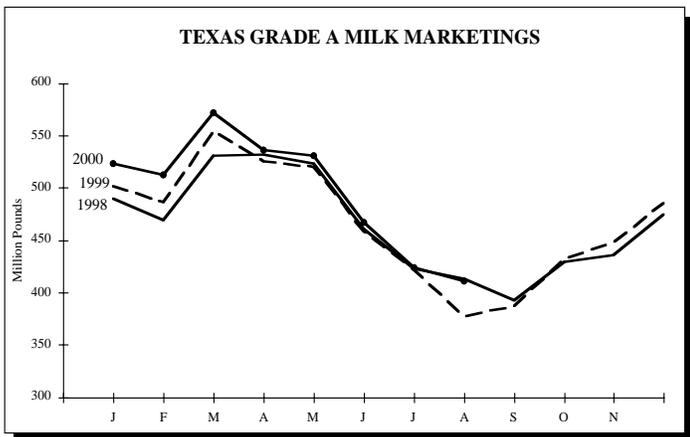
**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 1998 THROUGH AUGUST 2000, WITH PERCENTAGE COMPARISONS**

MONTH	1998 POUNDS	Number of Producers	1999 POUNDS	Number of Producers	2000 POUNDS	Number of Producers	PERCENT CHANGE 1999/98	PERCENT CHANGE 2000/99
January	491,168,340	1,359	501,754,729	1,251	523,604,151	1,155	+2.16	+4.35
February	469,305,849	1,347	486,044,271	1,245	512,511,151	1,140	+3.57	+5.44
March	532,588,272	1,339	553,983,640	1,241	571,648,589	1,133	+4.02	+3.19
April	532,823,237	1,336	525,773,380	1,233	535,711,103	1,120	-1.32	+1.89
May	524,523,430	1,319	519,613,189	1,219	530,923,617	1,111	-0.94	+2.18
June	464,057,905	1,321	458,247,406	1,216	467,345,348	1,102	-1.25	+1.99
July	422,973,696	1,305	421,397,795	1,206	423,731,180	1,088	-0.39	+0.55
August	413,296,879	1,298	377,392,147	1,197	410,841,983	1,081	-8.69	+8.86
September	392,427,802	1,300	386,931,407	1,189			-1.40	
October	429,372,951	1,289	432,175,585	1,181			+0.65	
November	435,572,798	1,271	447,062,545	1,166			+2.64	
December	<u>474,573,747</u>	1,260	<u>485,682,323</u>	1,160			<u>+2.34</u>	
Years Total	5,582,684,906		5,596,058,417				+0.24	

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 1998 THROUGH AUGUST 2000, WITH PERCENTAGE COMPARISONS**

MONTH	1998 POUNDS	Number of Producers	1999 POUNDS	Number of Producers	2000 POUNDS	Number of Producers	PERCENT CHANGE 1999/98	PERCENT CHANGE 2000/99
January	324,314,276	158	381,115,401	156	419,358,633	159	+17.51	+10.03
February	317,500,751	156	358,049,940	157	408,598,295	159	+12.77	+14.12
March	366,656,779	157	406,789,374	156	453,457,801	159	+10.95	+11.47*
April	369,782,775	156	399,229,362	157	438,496,278	160	+7.96	+9.84
May	388,308,155	155	416,852,251	157	467,108,851	160	+7.35	+12.06
June	378,569,203	159	397,483,877	159	442,850,870	160	+5.00	+11.41
July	372,803,402	157	393,796,366	158	432,409,023	160	+5.63	+9.81
August	370,668,016	156	380,628,318	158	436,762,377	161	+2.69	+14.75
September	353,457,040	155	374,886,452	160			+6.06	
October	365,469,264	159	394,366,657	162			+7.91	
November	348,126,652	158	389,857,074	159			+11.99	
December	<u>371,894,332</u>	157	<u>403,101,846</u>	158			<u>+8.39</u>	
Years Total	4,327,550,645		4,696,156,918				+8.52	

*Revised



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TEXAS AND NEW MEXICO MARKET COMPONENT TEST

Month	Butterfat		Protein ^{b/}		Other Solids ^{b/}		S-N-F		SCC ^{a/}	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
August 1999	3.54	3.43	3.02	2.95	5.61	5.65	8.63	8.60	429	310
September	3.60	3.50	3.10	3.01	5.61	5.66	8.71	8.67	420	305
October	3.70	3.61	3.15	3.09	5.63	5.65	8.78	8.74	357	273
November	3.71	3.67	3.13	3.10	5.65	5.65	8.78	8.75	333	244
December	3.75	3.72	3.13	3.13	5.66	5.68	8.79	8.81	324	248
Averages 1999	3.60	3.55	3.07	3.02	5.66	5.67	8.73	8.69	369	267
January 2000	3.71	3.68	3.08	3.08	5.69	5.68	8.77	8.77	313	257
February	3.68	3.62	3.06	3.06	5.70	5.69	8.76	8.75	318	252
March	3.62	3.59	3.05	3.04	5.71	5.70	8.76	8.74	318	253
April	3.59	3.55	3.06	3.03	5.71	5.70	8.76	8.73	343	257
May	3.56	3.49	3.03	2.99	5.69	5.70	8.72	8.70	369	253
June	3.55	3.44	3.03	2.96	5.67	5.67	8.70	8.63	415	272
July	3.54	3.42	3.01	2.91	5.62	5.63	8.63	8.54	419	287
August	3.55	3.44	3.05	2.95	5.60	5.62	8.65	8.57	420	287

a/ In thousands. b/ Estimated for 1999: True Protein = Crude Protein - .19 and Other Solids = SNF - True Protein

AUGUST 2000 COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$419,213.73
Class I Butterfat	60(a)	8,109,900	\$1.3213	\$10,715,610.90
Class I Skim Per Cwt		341,785,416	\$10.7000	\$36,571,039.50
Class II Butterfat	60(b)	7,284,975	\$1.2729	\$9,273,044.72
Class II Nonfat Solids		7,224,699	\$0.9333	\$6,742,811.59
Class III Butterfat	60(c)	8,202,756	\$1.2659	\$10,383,868.85
Class III Protein		7,226,205	\$1.7952	\$12,972,483.22
Class III Other Solids		13,645,192	\$0.0577	\$787,327.58
Class IV Butterfat	60(d)	1,560,407	\$1.2659	\$1,975,319.23
Class IV Nonfat Solids		3,501,499	\$0.8567	\$2,999,734.20
Class II, III & IV Somatic Cell Adj.	60(e)			\$72,864.70
Total Producer Milk-Product Lbs & Value		722,617,541		\$92,913,318.22
Add: Value as for 60(f) Thru 60(j)				\$21,954.06
Less: Total Protein Pounds	61(b)	21,618,610	\$1.7952	\$38,809,728.70
Total Other Solids Pounds		40,528,557	\$0.0577	\$2,338,497.74
Total Butterfat Pounds		25,158,038	\$1.2659	\$31,847,560.31
Total Value of Somatic Cell Adjustment				\$54,318.63
Total Milk and Value		722,617,541		\$19,885,166.90
Add: Location Differential Adjustments	61(c)			\$1,955,860.31
Producer-Settlement Fund	61(d)			\$368,642.37
Total Producer Milk/URSP and Value		723,119,269	\$3.07137	\$22,209,669.58
Less: Producer-Settlement Fund	61(f)		\$0.04137	\$299,155.73
Producer Price Differential (Dallas County)			\$3.03	\$21,910,513.85

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AUGUST 2000
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	349,895,316	48.42	8,109,900	32.24	341,785,416	49.01
Class II	88,345,534	12.23	7,284,975	28.96	81,060,559	11.62
Class III	243,455,584	33.69	8,202,756	32.60	235,252,828	33.73
Class IV	40,921,107	5.66	1,560,407	6.20	39,360,700	5.64
Total	722,617,541	100.00	25,158,038	100.00	697,459,503	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	10,679,689	49.40	19,869,879	49.03	30,549,577	49.16
Class II	2,506,507	11.59	4,718,196	11.64	7,224,699	11.62
Class III	7,226,205	33.43	13,645,192	33.67	20,871,392	33.59
Class IV	1,206,209	5.58	2,295,290	5.66	3,501,499	5.63
Total	21,618,610	100.00	40,528,557	100.00	62,147,167	100.00