

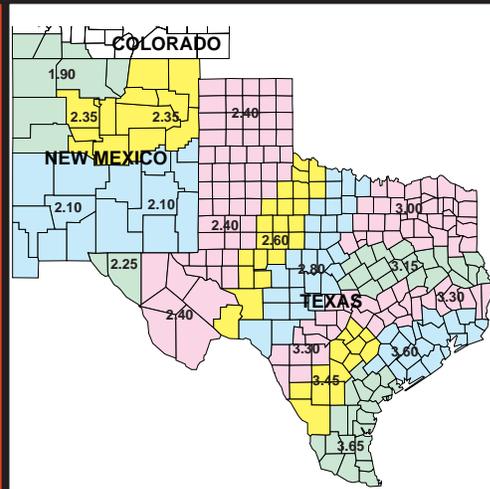
THE MARKET ADMINISTRATOR'S

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 \$1.88 for August. Butterfat price increased \$0.1093 per pound from \$2.1883 in July to the level of \$2.2976 for August. Protein price decreased \$0.0987 cents per pound from \$2.3175 in July to \$2.2188 in August. August's Other Solids price increased \$0.0025 per pound from the previous month to \$0.1535. The Somatic Cell Count adjustment rate factor for August was .00083 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a August statistical uniform price of \$17.43 per hundredweight for milk testing 3.5% butterfat, 2.99% true protein, 5.69% other solids and 350,000 SCC. This is an increase of 31 cents in comparison to the statistical blend price of \$17.12 in July.

The August Class I price increased 6 cents from \$18.34 in July to the August level of \$18.40. The Class II price for August of \$15.98 per hundred-weight increased 2 cents from \$15.96 in July. August's Class III price increased 9 cents from \$15.46 in July to \$15.55 in August. The Class IV price increased 25 cents from \$14.81 in July to \$15.06 in August.

In August 722 producers delivered a total of 694,805,233 pounds of milk. On a daily basis this represents a decrease of 3.84 percent from the producer receipts level in July and it represents a decrease of 3.85 percent when compared to the producer receipts level of August 2000.

Producer milk classified as Class I during August amounted to 51.41 percent of total producer receipts. This figure is up from 43.42 percent in July and it is up from 48.42 percent in August 2000. The average butterfat test of producer milk pooled during August was 3.505 percent, average protein test was 2.983 percent, average other solids test was 5.621 percent and the average somatic cell count was 372,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Aug 01	Jul 01	Aug 01	Jul 01	Aug 01	Jul 01
Appalachian	18.01	17.61	-----	-----	74.80	66.06
Arizona-Las Vegas	16.39	16.08	-----	-----	37.11	31.48
Central	16.29	16.14	0.74	0.68	27.35	24.10
Florida	19.19	18.88	-----	-----	90.96	87.41
Mideast	16.54	16.24	0.99	0.78	37.10	30.90
Northeast	17.53	17.21	1.98	1.75	43.70	39.30
Pacific Northwest	15.99	15.80	0.44	0.34	27.71	26.17
Southeast	17.87	17.54	-----	-----	68.63	63.82
Southwest	17.43	17.12	1.88	1.66	51.41	43.42
Upper Midwest	16.06	15.91	0.51	0.45	21.80	20.20
Western	16.04	15.90	0.49	0.44	19.92	18.72

**MAILBOX MILK PRICES FOR
SELECTED MILK ORDERS AND CALIFORNIA,
2000 ANNUAL AVERAGES, WITH COMPARISONS**

PRODUCTION DOWN, PRODUCT DEMAND STRONG

Milk cow numbers have been about flat during recent months, at a level about 1 percent below the rising cow numbers of a year earlier. This year's much higher returns apparently have already slowed dairy farm exits. Milk per cow continues to suffer in the face of very favorable milk-feed price ratios. Forage quality remains a major factor. Widespread summer heat has had a significant effect, coming on the heels of damage from last winter's weather. Milk production is expected to move above a year earlier this autumn but large increases are not projected until 2002. Average cow numbers and milk production are expected to decline about 1 percent in 2001. Milk output could surge almost 3 percent in 2002 if milk per cow resumes trend growth as expected.

Demand for many dairy products has yet to be affected by the unsettled economy and remains brisk. April-June sales of milkfat were just barely below last year's record, even though very high prices were trying to ration the available supply. Similarly, sales of skim solids rose more than 2 percent from a year earlier, even though prices of whole milk products were sharply higher, and the reduction in the prices of skim milk products was only starting to take effect. Dairy demand probably will stay fairly brisk during the rest of the year, although economic sluggishness might remove some of the edge.

Farm milk prices will be strong during the rest of the year, and the 2001 annual average will jump about \$3 per cwt to near record levels. The expected surge in milk production next year probably will wipe out more than half of this year's price increase. Even so, farm milk prices are projected to stay well above those of 2000.

Source: "Livestock, Dairy, and Poultry Situation and Outlook", LDP-M-86, August 29, 2001, Economic Research Service, USDA.

Federal Milk Order ^{1/}	Mailbox Milk Price ^{2/3/}		2000 Compared to 1999
	2000	1999	
	Dollars per cwt.		
Northeast ^{4/}	12.49	14.12	-1.63
Mideast	12.27	14.46	-2.19
Appalachian	13.66	15.59	-1.93
Southeast	12.90	14.87	-1.97
Florida	15.72	17.34	-1.62
Upper Midwest	11.55	13.56	-2.01
Central	11.51	13.62	-2.11
Southwest	11.92	13.87	-1.95
Western	10.57	12.27	-1.70
Pacific Northwest	11.76	13.32	-1.56
All Market Avg. ^{3/}	12.15	14.03	-1.88
California ^{5/}	11.51	13.44	-1.93

1/ Federal milk orders for which information could be released. Data for 1999 are the weighted average of the prices for the orders that were consolidated to form the 2000 orders. 2/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the market and is reported at the market average butterfat test. 3/ All figures are weighted annual averages using the applicable monthly prices and producer milk receipts for the respective order or group of orders for which the price is reported. 4/ Includes the value of the Northeast Dairy Compact over-order payments received by qualified producers. 5/ Calculated by the California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

**Texas Agricultural Cash Receipts by Commodity,
2000**

**New Mexico Agricultural Cash Receipts by
Commodity, 2000**

Rank	Commodity	Receipts 1/ \$1,000	Percent of total
1	Cattle and Calves	6,815,081	51.1
2	Greenhouse and Nursery	1,179,245	8.8
3	Cotton (lint and seed)	1,027,071	7.7
4	Broilers	880,498	6.6
5	Milk (wholesale and retail)	766,078	5.7
6	Corn	475,328	3.6
7	Sorghum Grain	263,859	2.0
8	Eggs	256,903	1.9
9	Wheat	171,563	1.3
10	Hay	167,949	1.3
11	Peanuts	155,677	1.2
12	Hogs	113,497	0.9
13	Onions	96,342	0.7
14	Rice	82,974	0.6
15	Cabbage	52,480	0.4
	All others	839,011	6.3
	TOTAL	13,343,556	100.0

Rank	Commodity	Receipts 1/ \$1,000	Percent of total
1	Cattle and Calves	919,339	44.1
2	Milk (wholesale and retail)	643,808	30.9
3	Hay	161,708	7.8
4	Greenhouse and Nursery	50,935	2.4
5	Chile	48,910	2.3
6	Pecans	47,950	2.3
7	Onions	32,764	1.6
8	Cotton (lint and seed)	30,755	1.5
9	Corn	23,656	1.1
10	Misc. Vegetables	20,000	1.0
11	Peanuts	16,103	0.8
12	Potatoes	16,089	0.8
13	Other Livestock	14,000	0.7
14	Wheat	13,031	0.6
15	Eggs	11,505	0.5
	All others	35,858	1.7
	TOTAL	2,086,411	100.0

1/ Excludes government payments.

1/ Excludes cash receipts for livestock grazing.

TOP TEN TEXAS COUNTIES a/ – AUGUST 2001

County	Number of Producers	Pounds	% Change From 2000b/	County	Number of Producers	Pounds	% Change From 2000b/
1. Erath	131	98,445,489	- 11.73	7. Hamilton	17	10,664,449	- 14.69
2. Hopkins	176	36,283,107	- 6.01	8. Wood	46	9,706,119	- 16.53
3. Comanche	41	35,138,213	- 12.41	9. Tom Green	9	8,273,471	- 13.97
4. El Paso	7	18,900,030	+ 1.77	10. Johnson	22	8,246,713	- 31.44
5. Lamb	4	16,373,377	+ 27.94	Ten County Total	506	257,750,048	- 10.04 b/
6. Archer	53	15,719,080	- 17.76	Other Counties Total	412	107,605,787	- 16.77
				Texas Total	918	365,355,835	- 12.13

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.					BF	Component Prices			NASS Product Prices			
	I a/	II	III	IV	P.P.D.a/		Other Solids	True Protein	SCC c/ Adj Rate	Grade AA Butter	Cheddar Cheese	NFDM Powder	Dry Whey
	----- Dollars Per Hundred Wt. -----					-----Cents Per Pound-----							
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
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

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

TOP NEW MEXICO COUNTIES a/ – AUGUST 2001

County	Number of Producers	Pounds	% Change From 2000b/	County	Number of Producers	Pounds	% Change From 2000b/
1. Chaves	41	139,231,734	- 1.35	7. Socorro	8	13,713,915	+ 29.81
2. Roosevelt	40	79,024,488	+24.11	8. Valencia	9	10,086,716	+ 5.47
3. Curry	18	75,673,569	+ 20.81	9. Bernalillo	5	6,212,252	+ 6.12
4. Dona Ana	25	72,609,678	+ 5.79				
5. Lea	16	38,117,081	+ 6.81	Nine County Total	169	458,822,260	+ 8.74 b/
6. Eddy	7	24,152,827	- 0.11	Other Counties Total	5	10,569,066	+ 6.93
				New Mexico Total	174	469,391,326	+ 8.70

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 1999 THROUGH AUGUST 2001, WITH PRODUCTION PERCENTAGE COMPARISONS**

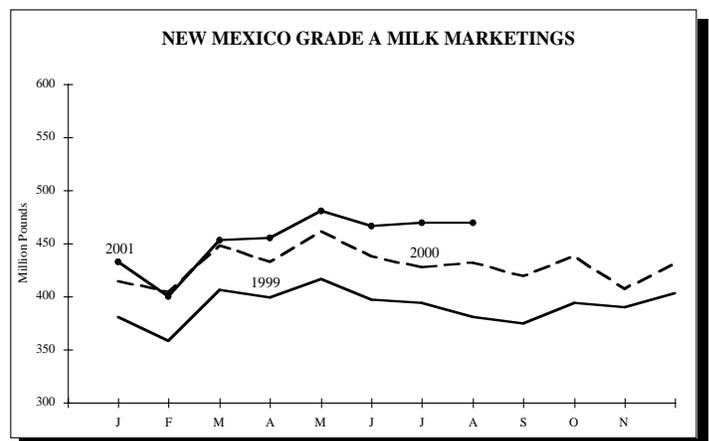
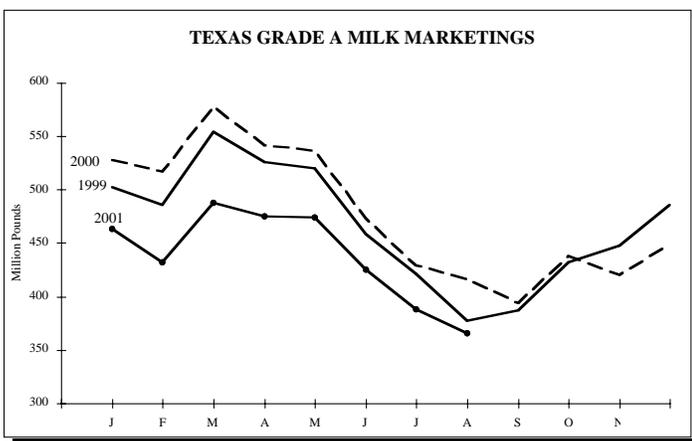
MONTH	1999 POUNDS	Number of Producers	2000 POUNDS	Number of Producers	2001 POUNDS	Number of Producers	PERCENT CHANGE 2000/99	PERCENT CHANGE 2001/00
January	501,754,729	1,251	528,032,131	1,156	463,431,654	1,026	+5.24	-12.23
February	486,044,271	1,245	517,023,791	1,141	432,156,106	1,006	+6.37	-13.43*
March	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			+1.73	
October	432,175,585	1,181	437,963,207	1,058			+1.34	
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 MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 1999 THROUGH AUGUST 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	PERCENT CHANGE 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			+11.95	
October	394,366,657	162	438,410,599	163			+11.17	
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
August 2000	3.55	3.44	3.05	2.95	5.60	5.62	8.65	8.57	420	287
September	3.59	3.48	3.10	3.01	5.61	5.63	8.71	8.64	419	278
October	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

a/ In thousands.

AUGUST 2001
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$416,681.96
Class I Butterfat	60(a)	8,331,663	\$2.2512	\$18,756,239.77
Class I Skim Per Cwt		348,898,582	\$10.9000	\$38,029,945.44
Class II Butterfat	60(b)	6,434,795	\$2.3046	\$14,829,628.56
Class II Nonfat Solids		6,795,999	\$0.9111	\$6,191,834.70
Class III Butterfat	60(c)	7,852,904	\$2.2976	\$18,042,832.25
Class III Protein		7,023,931	\$2.2188	\$15,584,698.09
Class III Other Solids		13,314,529	\$0.1535	\$2,043,780.22
Class IV Butterfat	60(d)	1,735,046	\$2.2976	\$3,986,441.70
Class IV Nonfat Solids		1,449,997	\$0.8073	\$1,170,582.58
Class II, III & IV Somatic Cell Adj.	60(e)			\$(7,910.09)
Total Producer Milk-Product Lbs & Value		694,805,233		\$119,044,755.18
Add: Value as for 60(f) Thru 60(j)				\$131,225.38
Less: Total Protein Pounds	61(b)	20,724,510	\$2.2188	\$45,983,542.75
Total Other Solids Pounds		39,058,275	\$0.1535	\$5,995,445.24
Total Butterfat Pounds		24,354,408	\$2.2976	\$55,956,687.82
Total Value of Somatic Cell Adjustment				\$(125,095.37)
Total Milk and Value		694,805,233		\$11,365,400.12
Add: Location Differential Adjustments	61(c)			\$1,726,027.48
Producer-Settlement Fund	61(d)			\$308,271.54
Total Producer Milk/URSP and Value		694,830,738	\$1.92848	\$13,399,699.14
Less: Producer-Settlement Fund	61(f)		\$0.04848	\$336,881.27
Producer Price Differential (Dallas County)			\$1.88	\$13,062,817.87

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AUGUST 2001
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	357,230,245	51.41	8,331,663	34.21	348,898,582	52.04
Class II	82,731,464	11.91	6,434,795	26.42	76,296,669	11.38
Class III	236,820,086	34.09	7,852,904	32.25	228,967,182	34.15
Class IV	18,023,438	2.59	1,735,046	7.12	16,288,392	2.43
Total	694,805,233	100.00	24,354,408	100.00	670,450,825	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	10,851,256	52.37	20,347,072	52.09	31,198,332	52.18
Class II	2,349,053	11.33	4,446,950	11.39	6,795,999	11.37
Class III	7,023,931	33.89	13,314,529	34.09	20,338,457	34.02
Class IV	500,270	2.41	949,724	2.43	1,449,997	2.43
Total	20,724,510	100.00	39,058,275	100.00	59,782,785	100.00