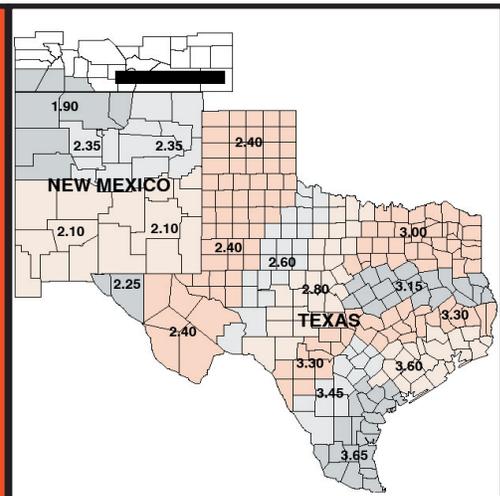


# THE MARKET ADMINISTRATOR'S

# REPORT



## SOUTHWEST MARKETING AREA

**RICHARD FLEMING**, MARKET ADMINISTRATOR  
 P.O. BOX 110939, CARROLLTON, TEXAS 75011-0939  
 (972) 245-6060 FAX (972) 245-3211  
 e-mail: [sw.order@dallasma.com](mailto:sw.order@dallasma.com)  
 WWW: <http://www.dallasma.com>

VOLUME XXXI, NO. 7

JULY 2005

### MARKET SUMMARY FOR JUNE

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 \$0.95 for June. Butterfat price increased \$0.0457 per pound from \$1.5475 in May to the level of \$1.5932 in June. Protein price decreased \$0.0224 per pound from \$2.5965 in May to \$2.5741 in June. June's Other Solids price increased \$0.0096 per pound from \$0.1043 in May to \$0.1139 in June. The Somatic Cell Count adjustment rate factor for June was .00074 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a June statistical uniform price of \$14.87 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 \$0.23 in comparison to the statistical blend price of \$15.10 in June.

The June Class I price decreased \$1.18 from \$17.80 in May to the June level of \$16.62. The Class II price for June of \$13.06 per hundredweight increased \$0.28 from \$12.78 in May. June's Class III price increased \$0.15 from \$13.77 in May to \$13.92 in June. The Class IV price increased \$0.13 from \$12.20 in May to \$12.33 in June.

In June 836 producers delivered a total of 840,580,177 pounds of milk. On a daily basis this represents an increase of 2.68 percent from the producer receipts level in May and it represents an increase of 8.05 percent when compared to the producer receipts level of June 2004.

Producer milk classified as Class I during June amounted to 37.35 percent of total producer receipts. This figure is down from 39.73 percent in May and it is down from 40.37 percent in June 2004. The average butterfat test of producer milk pooled during June was 3.503 percent, average protein test was 2.940 percent, average other solids test was 5.741 percent and the average somatic cell count was 285,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Jun 05	May 05	Jun 05	May 05	Jun 05	May 05
Appalachian	15.49	15.85	-----	-----	59.10	57.52
Arizona-Las Vegas	14.19	14.21	-----	-----	30.48	28.52
Central	14.18	14.21	0.26	0.44	37.54	25.79
Florida	16.80	17.28	-----	-----	76.75	73.29
Mideast	14.36	14.40	0.44	0.63	29.70	30.20
Northeast	15.23	15.35	1.31	1.58	41.40	42.10
Pacific Northwest	13.81	13.98	(0.11)	0.21	27.08	28.66
Southeast	15.47	15.73	-----	-----	55.55	52.55
<b>Southwest</b>	<b>14.87</b>	<b>15.10</b>	<b>0.95</b>	<b>1.33</b>	<b>37.35</b>	<b>39.73</b>
Upper Midwest	14.12	14.05	0.20	0.28	18.40	16.10

## DAIRY SITUATION AND OUTLOOK

Milk cow numbers edged higher after an early-winter low. In April, cow numbers in the 23 major States were more than 0.5 percent larger than a year earlier, implying that the U.S. total was up slightly. The strong returns of 2004 and thus far in 2005 created substantial pressure for stronger producers to expand their operations, even if replacement heifers are scarce and expensive and forage supplies uncertain. Similarly, the weaker producers were in a sounder position to continue if they wish. Exits apparently have been relatively few. Short heifer supplies remain a major concern for producers in a position to grow. April prices were a record even though domestic heifer numbers at the start of 2005 had largely recovered from their 2004 decrease. High prices are mostly the result of strong demand for heifers, although the lack of imports from Canada is a continuing factor. Replacement prices probably will remain during the rest of 2005, and heifer availability likely will continue to slow expansion in cow numbers.

Hay supplies remain problematic. Very tight water supplies in the Northwest imply that alfalfa production there will be down, and alfalfa supplies may be somewhat tight in other parts of the West. The late spring may have depleted supplies of mediocre hay, leaving only poor alfalfa in ample supply. Prices received for alfalfa hay jumped in April and May. April milk per cow stayed weak but partially recovered from the very sluggish autumn and winter performance.

Despite large incentives to boost concentrate feeding and the return to near-normal availability of bovine somatotropin (BST), milk per cow in the 23 States during April rose from the 5-year average at a 1.4 percent annual rate, still far below trend. Forage quality probably contributed, as did extending the milking life of cows that normally would have been culled.

Milk production is projected to post sizable increases from a year earlier during the rest of 2005, even if the rate slackens slightly this summer when compared with the strongest 2004 quarter. Milk cow numbers are expected to drift generally higher during the rest of the year, averaging essentially unchanged for the year. Meanwhile, milk per cow is projected to expand more than 2 percent from 2004, dependent in part on avoiding major forage quality problems.

Farmers are projected to receive about \$1 per cwt less for milk than they did during the second half of 2004. Such a decrease would leave the annual average down a similar dollar per cwt from the record of a year earlier. Even so, farm milk prices could be the third highest ever and will be far higher than the low prices of 2002 and 2003. A somewhat larger decline is projected for 2006. Prices for Class III (milk for cheese) during the second half are expected to be higher than Class IV (milk for butter and dry milks). However, the gaps likely will be narrower than those that characterized 2004. Strong prices for nonfat dry milk are projected to provide considerable strength and stability to Class IV prices.

Source: "Livestock, Dairy, and Poultry Outlook", LDP-M-132, June 16, 2005, Economic Research Service, USDA

**MILK PRODUCTION DATA RELATIVE TO PERCENTAGE OF FARM SIZE IN TEXAS  
JUNE 2005**

FARM SIZE POUNDS	PRODUCER NUMBERS	MILK LBS.	% OF TOTAL MILK
0- 49,999	35	1,021,557	0.19
50,000- 99,999	98	7,523,821	1.38
100,000-149,999	108	13,490,387	2.46
150,000-199,999	82	14,269,552	2.60
200,000-249,999	57	12,771,470	2.33
250,000-299,999	40	11,039,267	2.01
300,000-349,999	42	13,629,736	2.48
350,000-399,999	22	8,111,799	1.48
400,000-449,999	27	11,477,406	2.09
450,000-499,999	19	8,961,647	1.63
500,000-599,999	29	15,884,190	2.89
600,000-699,999	22	14,427,871	2.63
700,000-799,999	26	19,422,543	3.54
800,000-899,999	18	15,114,087	2.75
900,000-999,999	19	18,231,209	3.32
<u>OVER -1,000,000</u>	<u>128</u>	<u>363,421,487</u>	<u>66.22</u>
<b>TOTAL</b>	<b>772</b>	<b>548,798,029</b>	<b>100.00</b>

**MILK PRODUCTION DATA RELATIVE TO PERCENTAGE OF FARM SIZE IN NEW MEXICO  
JUNE 2005**

FARM SIZE POUNDS	PRODUCER NUMBERS	MILK LBS.	% OF TOTAL MILK
0- 49,999	1	11,911	0.00
50,000- 99,999	2	156,103	0.02
100,000-149,999	1	138,417	0.02
150,000-199,999	2	372,532	0.06
200,000-249,999	2	456,803	0.08
250,000-299,999	2	540,893	0.09
300,000-349,999	--	-----	0.00
350,000-399,999	--	-----	0.00
400,000-449,999	2	864,024	0.15
450,000-499,999	--	-----	0.00
500,000-599,999	2	1,035,096	0.17
600,000-699,999	--	-----	0.00
700,000-799,999	3	2,232,641	0.38
800,000-899,999	6	5,071,008	0.86
900,000-999,999	4	3,656,209	0.62
<u>OVER -1,000,000</u>	<u>145</u>	<u>577,550,655</u>	<u>97.55</u>
<b>TOTAL</b>	<b>172</b>	<b>592,086,292</b>	<b>100.00</b>

**TOP TEN TEXAS COUNTIES a/ – JUNE 2005**

County	Number of Producers	Pounds	% Change From 2004b/	County	Number of Producers	Pounds	% Change From 2004b/
1. Erath	105	101,402,889	+ 0.26	7. Bailey	7	22,268,708	+ 70.07
2. Hopkins	145	46,202,252	+ 8.41	8. Parmer	6	20,682,231	+ 13.43
3. Comanche	35	41,105,147	+ 12.98	9. Hartley	4	20,284,519	+ 102.28
4. Lamb	8	33,456,305	+ 10.23	10. Archer	52	19,417,784	+ 4.12
5. Castro	8	30,487,356	+ 50.61	Ten County Total	375	363,136,198	+ 12.87 b/
6. Hale	5	27,829,007	+ 38.26	Other Counties Total	397	185,661,831	+ 3.96
				<b>Texas Total</b>	<b>772</b>	<b>548,798,029</b>	<b>+ 9.69</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.

**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-----						
April 2004	16.64	15.21	19.66	14.57	- 3.48	250.13	10.42	344.65	.00103	219.94	205.20	81.71	26.02
May	22.65	15.03	20.58	14.50	- 1.91	242.82	14.44	376.39	.00106	213.85	212.66	83.83	29.92
June	24.13	14.31	17.68	13.72	1.72	217.68	13.39	310.86	.00092	192.90	184.11	84.97	28.90
July	20.95	14.00	14.85	13.31	2.23	205.43	10.48	236.25	.00078	182.69	156.95	85.13	26.07
August	17.62	13.13	14.04	12.46	1.45	179.41	6.76	246.63	.00076	161.01	151.67	85.84	22.46
September	16.94	13.66	14.72	13.00	1.03	193.54	5.89	254.31	.00079	172.78	158.67	86.39	21.62
October	17.78	13.57	14.16	12.81	1.52	190.20	6.77	238.14	.00076	170.00	152.56	85.65	22.47
November	17.29	14.09	14.89	13.34	0.99	204.89	8.00	242.97	.00079	182.24	158.86	85.70	23.67
December	17.43	13.98	16.14	13.42	- 0.47	203.66	8.58	284.86	.00086	181.22	171.46	87.13	24.23
Averages 2004 b/	17.98	13.86	15.39	13.20	0.61	205.07	7.51	260.35	.00082	182.39	164.31	84.05	23.19
January 2005	19.65	13.04	14.14	12.52	1.90	173.30	8.99	253.00	.00076	155.92	151.65	89.06	24.63
February	16.79	13.36	14.70	12.74	0.54	177.54	9.15	266.13	.00079	159.45	157.11	89.90	24.78
March	18.43	13.25	14.08	12.66	1.71	172.79	9.51	250.19	.00075	155.49	150.61	90.83	25.13
April	17.13	13.24	14.61	12.61	0.67	169.64	10.20	270.55	.00078	152.87	155.90	91.56	25.80
May	17.80	12.78	13.77	12.20	1.33	154.75	10.43	259.65	.00074	140.46	147.65	92.89	26.03
June	16.62	13.06	13.92	12.33	0.95	159.32	11.39	257.41	.00074	144.27	148.45	92.59	26.96

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

**TOP NEW MEXICO COUNTIES a/ – JUNE 2005**

County	Number of Producers	Pounds	% Change From 2004b/	County	Number of Producers	Pounds	% Change From 2004b/
1. Chaves	40	160,445,104	+ 5.03	7. Valencia	9	16,056,166	+ 2.47
2. Roosevelt	39	110,815,747	+ 4.42	8. Socorro	8	12,778,322	+ 14.13
3. Curry	22	107,991,006	+ 1.51	9. Sierra	3	8,225,873	+ 0.69
4. Dona Ana	24	93,280,747	+ 6.31	10. Bernalillo	4	5,402,901	+ 0.25
5. Lea	14	41,341,961	+ 17.47	Ten County Total	168	580,908,947	+ 4.26 b/
6. Eddy	5	24,571,120	- 13.91	Other Counties Total	4	11,177,345	+ 13.39
				<b>New Mexico Total</b>	<b>172</b>	<b>592,086,292</b>	<b>+ 4.42</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 2003 THROUGH JUNE 2005, WITH PRODUCTION PERCENTAGE COMPARISONS**

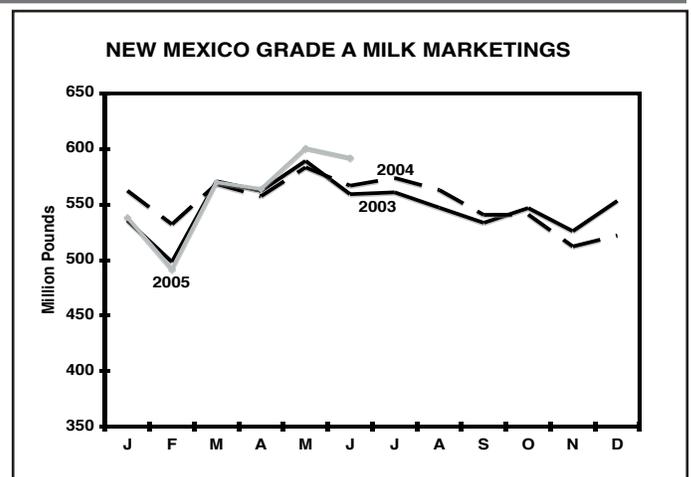
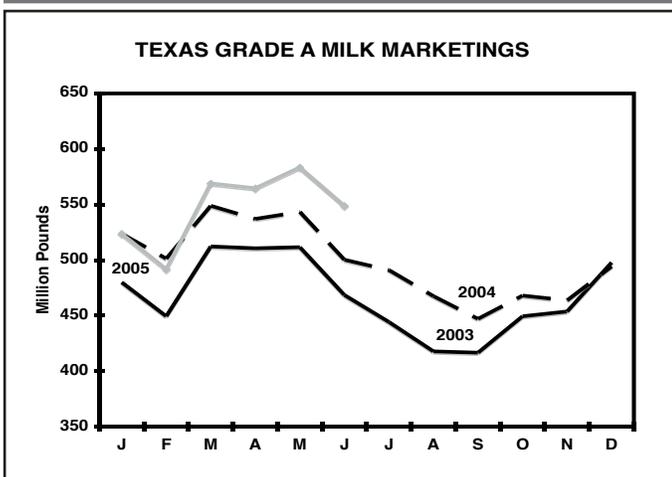
MONTH	2003 POUNDS	Number of Producers	2004 POUNDS	Number of Producers	2005 POUNDS	Number of Producers	PERCENT 2004/03	CHANGE 2005/04
January	480,011,354	845	523,723,796	816	523,680,970	778	+ 9.11	- 0.01
February	449,362,000	840	501,204,456	819	491,841,542	767	+ 7.69*	+ 1.64*
March	512,243,241	841	548,941,459	814	569,021,475	771	+7.16	+ 3.66
April	510,466,950	838	537,141,283	803	564,647,522	776	+ 5.23	+ 5.12
May	511,474,552	840	543,408,997	801	583,519,880	774	+ 6.24	+ 7.38
June	468,387,455	838	500,319,580	803	548,798,029	772	+ 6.82	+ 9.69
July	444,115,237	834	491,018,134	799			+ 10.56	
August	417,817,794	833	467,427,900	796			+ 11.87	
September	416,649,423	836	447,166,094	796			+ 7.32	
October	449,267,689	835	467,915,409	797			+ 4.15	
November	453,593,349	826	463,696,745	793			+ 2.23	
December	497,718,548	815	494,282,753	793			- 0.69	
Years Total	5,611,107,592		5,986,246,606				+ 6.69	

\* Based on average daily delivery.

**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:  
JANUARY 2003 THROUGH JUNE 2005, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2003 POUNDS	Number of Producers	2004 POUNDS	Number of Producers	2005 POUNDS	Number of Producers	PERCENT 2004/03	CHANGE 2005/04
January	535,741,056	177	562,516,031	178	538,413,955	168	+ 5.00	- 4.28
February	498,218,526	176	532,156,355	176	491,753,468	170	+ 3.13*	- 4.29*
March	570,901,632	177	568,504,219	178	569,909,167	169	- 0.42	+ 0.25
April	562,338,380	177	557,482,116	176	563,980,078	168	- 0.86	+ 1.17
May	589,176,775	177	583,379,003	177	600,707,138	170	- 0.98	+ 2.97
June	559,442,259	177	567,036,025	177	592,086,292	172	+ 1.36	+ 4.42
July	560,883,275	178	573,899,551	181			+ 2.32	
August	547,114,145	178	563,099,040	177			+ 2.92	
September	533,648,709	180	540,636,857	179			+ 1.31	
October	546,904,202	178	541,026,928	177			- 1.07	
November	526,000,891	176	512,342,849	176			- 2.60	
December	553,271,605	179	522,218,762	174			- 5.61	
Years Total	6,583,641,455		6,624,297,736				+ 0.62	

\* Based on average daily delivery.



The United States Department of Agriculture (USDA) prohibits discrimination in all its programs on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (braille, large print, audiotape, etc.) should contact the USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Jamie L. Whitten Building, 14th and Independence Avenue, SW, Washington, D.C., 20250-9410, or call 202-720-5964 (voice or TDD). USDA is an Equal Opportunity provider and employer.

## TEXAS AND NEW MEXICO MARKET COMPONENT TEST

Month	Butterfat		Protein		Other Solids		S-N-F		SCC <sup>a/</sup>	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
June 2004	3.57	3.40	3.00	2.92	5.70	5.72	8.70	8.64	326	247
July	3.59	3.43	3.01	2.91	5.69	5.73	8.71	8.63	377	286
August	3.62	3.46	3.05	2.95	5.69	5.71	8.74	8.66	389	300
September	3.67	3.53	3.11	3.03	5.68	5.70	8.79	8.73	356	274
October	3.76	3.63	3.15	3.09	5.69	5.72	8.84	8.81	346	285
November	3.84	3.72	3.18	3.14	5.70	5.73	8.88	8.87	372	298
December	3.85	3.74	3.19	3.15	5.70	5.70	8.89	8.84	359	323
Averages 2004	3.70	3.56	3.09	3.02	5.70	5.72	8.79	8.74	339	280
January 2005	3.77	3.68	3.13	3.09	5.69	5.69	8.82	8.77	346	324
February	3.75	3.65	3.10	3.06	5.71	5.70	8.81	8.77	329	306
March	3.70	3.59	3.08	3.02	5.72	5.72	8.80	8.75	322	283
April	3.64	3.53	3.04	2.98	5.70	5.72	8.75	8.70	298	251
May	3.61	3.48	3.02	2.94	5.71	5.74	8.73	8.68	300	244
June	3.57	3.41	2.97	2.90	5.72	5.75	8.69	8.65	332	248

a/ In thousands.

**JUNE 2005**  
**COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

	Pounds	Price	Value
Add: Class I Differential			\$256,983.36
Class I Butterfat	60(a) 7,566,120	\$1.5566	\$11,777,422.41
Class I Skim Per Cwt	306,361,017	\$11.5800	\$35,476,605.81
Class II Butterfat	60(b) 8,563,152	\$1.6002	\$13,702,755.84
Class II Nonfat Solids	10,065,493	\$0.8589	\$8,645,251.98
Class III Butterfat	60(c) 8,103,844	\$1.5932	\$12,911,044.26
Class III Protein	5,285,145	\$2.5741	\$13,604,491.76
Class III Other Solids	10,349,482	\$0.1139	\$1,178,806.01
Class IV Butterfat	60(d) 5,214,464	\$1.5932	\$8,307,684.04
Class IV Nonfat Solids	19,728,776	\$0.7780	\$15,348,987.72
Class II, III & IV Somatic Cell Adj.	60(e)		\$317,465.39
Total Producer Milk-Product Lbs & Value	840,580,177		\$121,527,498.58
Add: Value as for 60(f) Thru 60(j)			\$118,855.82
Less: Total Protein Pounds	61(b) 24,720,351	<b>\$2.5741</b>	\$63,632,655.49
Total Other Solids Pounds	48,264,499	<b>\$0.1139</b>	\$5,497,326.45
Total Butterfat Pounds	29,447,580	<b>\$1.5932</b>	\$46,915,884.46
Total Value of Somatic Cell Adjustment			\$406,518.27
<b>Total Milk and Value</b>	840,580,177		\$5,193,969.73
Add: Location Differential Adjustments	61(c)		\$2,795,785.68
Producer-Settlement Fund	61(d)		\$341,800.13
<b>Total Producer Milk/URSP and Value</b>	840,580,177	\$0.99116	\$8,331,555.54
Less: Producer-Settlement Fund	61(f)	\$0.04116	\$346,043.86
<b>Producer Price Differential (Dallas County)</b>		<b>\$0.95</b>	\$7,985,511.68

**THE MARKET ADMINISTRATOR'S  
REPORT**

**SOUTHWEST MARKETING AREA**  
*RICHARD FLEMING*, MARKET ADMINISTRATOR  
 P.O. BOX 110939, CARROLLTON, TEXAS 75011-0939  
 (972) 245-6060 FAX(972) 245-3211

PRSRT STD  
 U.S. POSTAGE  
 PAID  
 Carrollton, TX  
 Permit No. 343

RETURN SERVICE REQUESTED

**JUNE 2005  
 PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	313,927,137	37.35	7,566,120	25.69	306,361,017	37.77
Class II	120,273,840	14.31	8,563,152	29.08	111,710,688	13.77
Class III	182,120,177	21.66	8,103,844	27.52	174,016,333	21.46
Class IV	224,259,023	26.68	5,214,464	17.71	219,044,559	27.00
Total	840,580,177	100.00	29,447,580	100.00	811,132,597	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	9,356,308	37.85	18,199,646	37.72	27,555,954	37.76
Class II	3,422,164	13.84	6,643,330	13.76	10,065,493	13.79
Class III	5,285,145	21.38	10,349,482	21.44	15,634,627	21.42
Class IV	6,656,734	26.93	13,072,041	27.08	19,728,776	27.03
Total	24,720,351	100.00	48,264,499	100.00	72,984,850	100.00