

The Market Administrator's BULLETIN

SOUTHWEST MARKETING AREA

Cary Hunter, Market Administrator

November 2021

Federal Order No. 126

Market Overview

Producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received an October statistical uniform price of \$17.74 for milk testing 3.5% butterfat, 2.99% true protein, 5.69% other solids and 350,000 SCC. This is an increase in comparison to the statistical uniform price of \$17.55 in September.

The Producer Price Differential (PPD) for milk delivered to handlers located in Dallas/Tarrant counties (TX) of the Southwest Milk Market Order was (\$0.09) for October. The October Class I price increased \$0.49 from \$19.59 in September to the October level of \$20.08. The Class II price increased \$0.19 from \$16.89 in September to \$17.08 in October. The Class III price increased \$1.30 from \$16.53 in September to \$17.83 in October. The Class IV price increased \$0.68 from \$16.36 in September to \$17.04 in October.

In October, 395 producers delivered a total of 902,896,918 pounds of milk. On a daily basis, this represents a decrease of 17.25 percent from the producer receipts level in September and a decrease of 3.71 percent when compared to the producer receipts level of October 2020.

Producer milk classified as Class I during October amounted to 37.43 percent of total producer receipts. This figure is up from 31.59 percent in September and down from 38.35 percent in October 2020. The average butterfat test of producer milk pooled during October was 4.194 percent, average protein test was 3.397 percent, average other solids test was 5.773 percent, and the average somatic cell count was 216,000.

The October butterfat price increased \$0.0026 from \$1.9388 in September to the October level of \$1.9414. The protein price increased \$0.4120 from \$2.6010 in September to \$3.0130 in October. The other solids price increased \$0.3560 from \$0.3445 in September to \$0.3560 in October. The somatic cell adjustment rate in October was 0.00088 per cwt.

October 2021 Pool Summary

- ◆ The Statistical Uniform Price for the Southwest Order in October 2021 is \$17.74 with a PPD of (\$0.09)
- ◆ 903 million pounds were pooled in October. This is down 17.25 percent on a daily basis from September 2021
- ◆ 395 producers pooled their milk; this is down from 466 in September
- ◆ Class I milk accounted for 37.43 percent of all receipts, up from 31.59 in September

Classification of Producer Milk

	<i>Price</i>	<i>Pounds</i>	<i>Percent</i>
Class I	20.08	337,973,852	37.43
Class II	17.08	138,800,902	15.37
Class III	17.83	34,543,333	3.83
Class IV	17.04	391,578,831	43.37

Producer Prices

Statistical Uniform Price	\$17.74	/ cwt
Producer Price Differential	(\$0.09)	/ cwt
Butterfat Price	\$1.9414	/ lb
Protein Price	\$3.0130	/ lb
Other Solids Price	\$0.3560	/ lb
Nonfat Solids Price	\$1.1801	/ lb
Somatic Cell Adjustment Rate	\$0.00088	/ cwt

Texas Retail Milk Prices

A recent [CNN](#) story highlighted the cost of a gallon (or twelve) of milk at a Dallas area grocery store. The story claimed the family saw an increase of 40 percent for the price of a gallon of milk, rising from \$1.99 to \$2.79 (CNN, 2021). While most Texans are not witnessing a 40 percent increase in the price of milk, as [WFAA](#) reports, the past year has seen an average increase of 8 percent for a gallon of milk (WFAA, 2021). This article will look at how the price of milk has changed annually in Dallas and Houston for four categories: conventional whole milk, conventional reduced fat milk, organic whole milk, and organic reduced fat milk. The survey data for this article can be found on the U.S. Department of Agriculture, Agricultural Marketing Service [website](#).

Conventional Whole Milk

Figure 1 (on the right) shows the average conventional whole milk gallon retail price in Dallas and Houston from 2000 to 2021. The 2021 price is an average of the months January through October. While the average price in Dallas is higher in 2021 than it has been in recent years, it is still lower than the price jumps seen from 2004 to 2009 and 2013 to 2015. Houston's conventional whole milk price is about \$0.50 higher than Dallas for 2021. However, Houston is currently still less than the peak in 2007 to 2008 and 2011 to 2012. Unless prices drastically increase (by at least a dollar), 2021 will not be a record-breaking year for milk prices in Dallas or Houston.

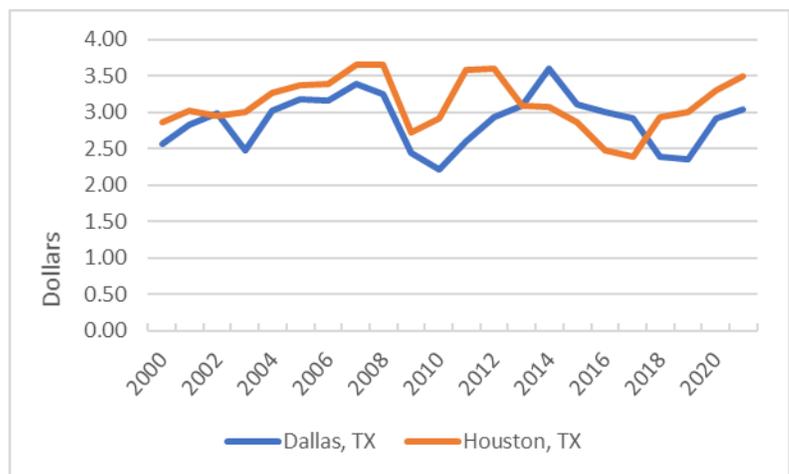


Figure 1: Retail Prices for Conventional Whole Milk
Source: USDA, AMS

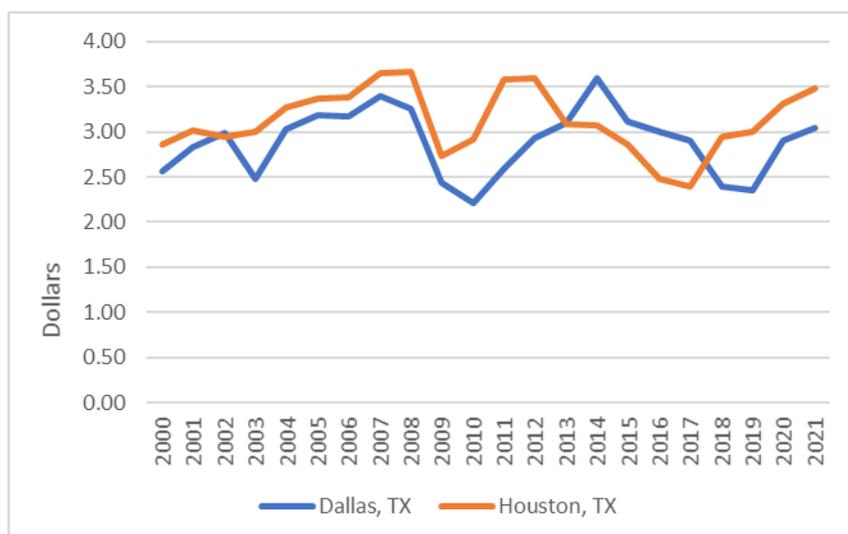


Figure 2: Retail Prices for Conventional Reduced Fat Milk
Source: USDA, AMS

Conventional Reduced Fat Milk

Conventional reduced fat milk (see Figure 2) gallon prices follow a similar pattern as the conventional whole milk. As with conventional whole milk, the price for conventional reduced fat milk is higher than in recent years, but still lower than the peaks of 2014 and 2008 for Dallas and Houston, respectively. For both conventional whole and reduced fat, the average price in both Dallas and Houston has not been below \$2.00 a gallon since 2000.

Organic Whole Milk

Figure 3 (on the right) shows the average organic whole milk half gallon retail price in Dallas and Houston from 2008 to 2021. The 2021 price is an average of the months January through October. Unlike the conventional whole milk gallon prices, the organic whole milk half gallon prices are not as volatile year over year. In Dallas, there was a steady increase starting in 2012 through 2016, followed by precipitous decline from 2016 to 2018. In Houston, the price for a half-gallon of organic whole milk has been relatively flat except for the years 2014 to 2016.

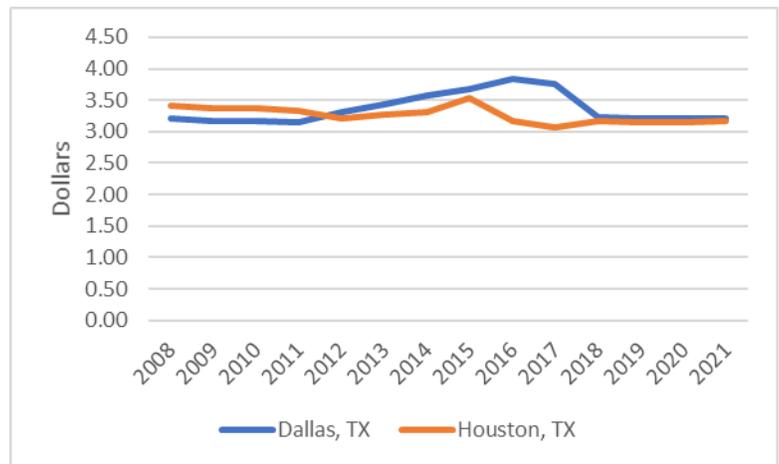


Figure 3: Retail Prices for Organic Whole Milk
Source: USDA, AMS

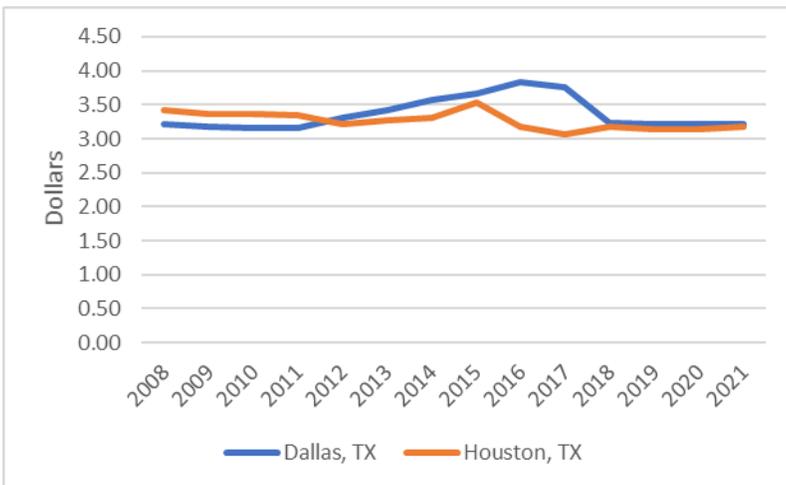


Figure 4: Retail Prices for Organic Reduced Fat Milk
Source: USDA, AMS

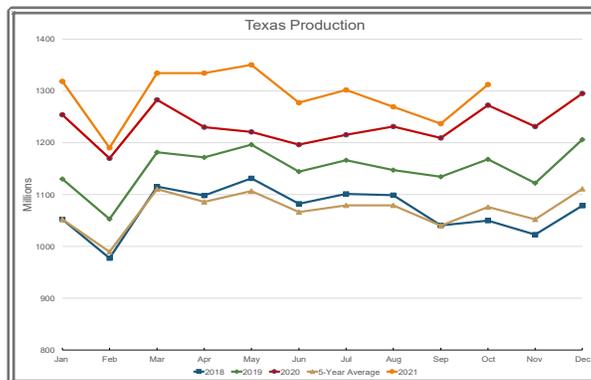
Organic Reduced Fat Milk

Organic reduced fat milk half gallons (see Figure 4) follow a similar pattern as the organic whole milk half gallons. As with organic whole milk, the price for conventional reduced fat milk is less volatile than the conventional reduced fat gallon milk prices. In both the organic whole and reduced fat half gallon prices, the 2021 average prices are closer to the prices seen in 2008 than at the respective peaks for Dallas and Houston.

While the price for gallons or half gallons of milk do change based on market conditions, milk is still one of the most relatively inexpensive nutritious and wholesome foods we can purchase in the grocery store. And that is something to raise a glass of milk to.

Texas Dairy Production

In October, Texas dairy production totaled 1,312 million pounds. This is a 3.21 percent increase relative to October 2020 and a 22.0 percent increase from the October five year average (2016-2020). The October average butterfat for Texas production is 4.24 percent, the average protein is 3.45 percent, and the average other solids at 5.77 percent. The average somatic cell count is at 215,000.



Month	2021 Number of Producers	2021 Pounds (In Thousands)	2020 Pounds (In Thousands)	% Change from 2020/2021	2021 Butterfat	2021 Protein	2021 Other Solids	2021 SCC (In Thousands)
Jan	347	1,318,082	1,253,665	5.14	4.36	3.44	5.78	195
Feb	345	1,189,774	1,169,904	1.70	4.36	3.42	5.80	221
Mar	344	1,334,318	1,283,200	3.98	4.28	3.39	5.77	222
Apr	336	1,333,803	1,230,411	8.40	4.22	3.36	5.79	193
May	335	1,350,465	1,221,048	10.60	4.15	3.34	5.80	197
Jun	333	1,277,426	1,195,801	6.83	4.05	3.26	5.80	221
Jul	331	1,301,047	1,215,313	7.05	4.05	3.25	5.79	246
Aug	330	1,268,705	1,230,660	3.09	4.08	3.28	5.77	251
Sep	329	1,236,659	1,208,695	2.31	4.11	3.33	5.77	236
Oct	330	1,312,910	1,272,023	3.21	4.24	3.45	5.77	215
Nov			1,231,430					
Dec			1,295,286					
Total		12,923,189	14,807,436					

1/ Revised

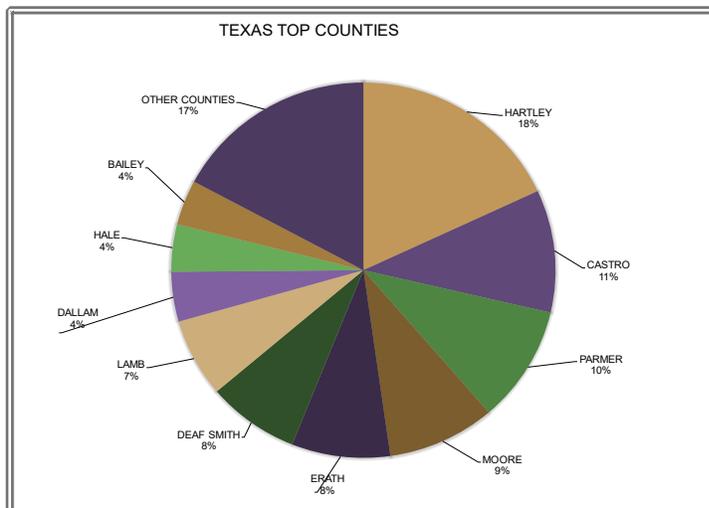
2/ Simple Average of Total

Top Texas Counties

Hartley County has the largest share of Texas production at 18 percent, followed by Castro County at 11 percent. Overall, 330 producers delivered milk in Texas for the month of October.

County	Number of Producers	October 2021 Pounds	% Change 2020/2021
HARTLEY	18	237,337,353	(1.06)
CASTRO	14	138,536,766	13.10
PARMER	16	132,005,977	6.64
MOORE	9	119,157,161	20.87
ERATH	46	108,890,209	0.72
DEAF SMITH	14	101,941,605	0.61
LAMB	13	88,813,355	(0.75)
DALLAM	5	56,206,088	2.77
HALE	6	53,633,290	1.31
BAILEY	10	50,857,816	(4.56)
SUM	151	1,087,379,620	4.10
OTHER COUNTIES	179	225,530,841	(0.84)
TEXAS TOTAL	330	1,312,910,461	3.21

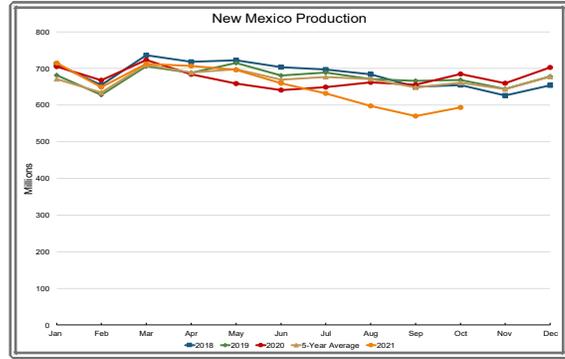
1/ Revised



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

New Mexico Dairy Production

In October, New Mexico dairy production totaled 594 million pounds. This is a 13.18 percent decrease relative to October 2020 and a 10.2 percent decrease from the October five year average (2016-2020). The October average butterfat is 3.87 percent, the average protein is 3.30 percent, and the average other solids at 5.76 percent. The average somatic cell count is at 205,000.



Month	2021 Number of Producers	2021 Pounds (In Thousands)	2020 Pounds (In Thousands)	% Change from 2020/2021	2021 Butterfat	2021 Protein	2021 Other Solids	2021 SCC (In Thousands)
Jan	128	714,908	705,328	1.36	3.97	3.29	5.78	173
Feb	124	649,004	667,885	(2.83)	3.95	3.26	5.79	190
Mar	124	712,738	723,349	(1.47)	3.89	3.22	5.77	180
Apr	124	706,687	684,417	3.25	3.81	3.20	5.79	159
May	123	696,133	659,032	5.63	3.73	3.16	5.79	160
Jun	121	660,067	641,179	2.95	3.67	3.08	5.80	182
Jul	120	632,273	648,864	(2.56)	3.67	3.05	5.78	247
Aug	116	597,982	662,140	(9.69)	3.70	3.09	5.75	259
Sep	116	570,133	656,039	(13.09)	3.72	3.14	5.75	242
Oct	113	594,320	684,537	(13.18)	3.87	3.30	5.76	205
Nov			660,408					
Dec			703,177					
Total		6,534,245	8,096,355					

1/ Revised

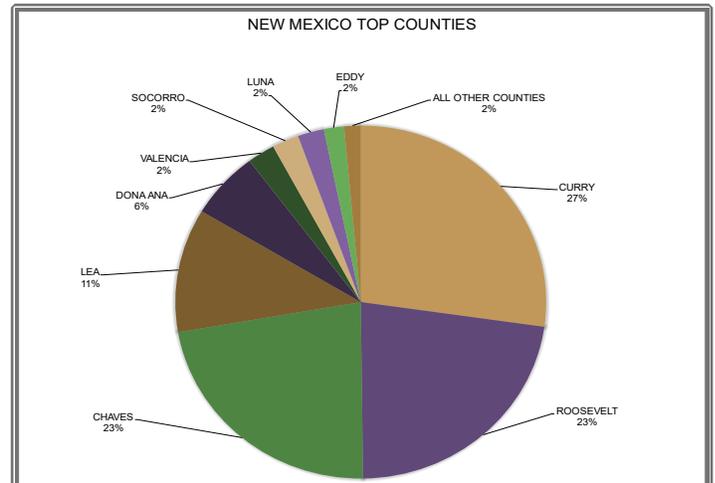
2/ Simple Average of Total Components

Top New Mexico Counties

Curry County has the largest share of New Mexico production at 27 percent, followed by Chaves and Roosevelt Counties both at 23 percent. Overall, 113 producers delivered milk in New Mexico for the month of October.

County	Number of Producers	October 2021 Pounds	% Change 2020/2021
CURRY	23	161,916,226	(6.46)
ROOSEVELT	31	134,075,781	(13.40)
CHAVES	24	133,481,583	(14.48)
LEA	10	67,361,230	(3.82)
DONA ANA	9	36,604,140	(16.11)
VALENCIA	4	14,361,116	(28.84)
SOCORRO	4	13,877,963	(37.53)
LUNA	3	13,623,020	(9.35)
EDDY	3	10,445,620	(36.28)
SUM	111	585,746,679	(12.77)
OTHER COUNTIES	2	8,573,080	(34.23)
NM TOTAL	113	594,319,759	(13.18)

1/ Revised



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

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

OCTOBER 2021

		Pounds	Price	Value
Add: Class I Differential				\$364,536.28
Class I Butterfat	60(a)	7,746,619	\$ 1.9721	\$15,277,107.34
Class I Skim Per Cwt		330,227,233	\$13.6600	\$45,109,040.01
Class II Butterfat	60(b)	16,077,164	\$ 1.9484	\$31,324,746.32
Class II Nonfat Solids		11,645,199	\$ 1.1811	\$13,754,144.55
Class III Butterfat	60(c)	2,617,287	\$ 1.9414	\$5,081,200.97
Class III Protein		1,101,996	\$ 3.0130	\$3,320,313.95
Class III Other Solids		1,916,210	\$ 0.3560	\$682,170.75
Class IV Butterfat	60(d)	11,434,194	\$ 1.9414	\$22,198,344.23
Class IV Nonfat Solids		36,791,844	\$ 1.1801	\$43,418,055.10
Class II, III, & IV Somatic Cell Adjustment	60(e)			\$716,962.78
Total Producer Milk- Product Pounds and Value		902,896,918		\$181,301,062.79
Add: Value as for 60(f) thru 60(j)				\$29,839.83
Less: Total Protein Pounds		61(b)	\$ 3.0130	\$92,438,095.82
Total Other Solids Pounds			\$ 0.3560	\$18,558,129.04
Total Butterfat Pounds			\$ 1.9414	\$73,531,037.56
Total Value of Somatic Cell Adjustment				\$1,061,472.40
Total Milk and Value		902,896,918		\$4,257,832.20-
Add: Location Differential Adjustments		61(c)		\$3,390,404.25
Producer - Settlement Fund Reserve		61(d)		\$495,578.87
Total Product Milk/URSP and Value		902,896,918	\$ 1.20258	\$371,849.08-
Less: Producer - Settlement Fund Reserve		61(f)	\$ 0.04258	\$440,758.15
Producer Price Differential (Dallas County)			\$.09-	\$812,607.23-

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	337,973,852	37.43	7,746,619	20.45	330,227,233	38.18
Class II	138,800,902	15.37	16,077,164	42.45	122,723,738	14.19
Class III	34,543,333	3.83	2,617,287	6.91	31,926,046	3.68
Class IV	391,578,831	43.37	11,434,194	30.19	380,144,637	43.95
Total	902,896,918	100.00	37,875,264	100.00	865,021,654	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	37,875,264	30,679,753	52,129,576	82,809,329
Average Test	4.194%	3.397%	5.773%	9.171%

Federal Order Prices

Federal Order	Statistical Uniform	Statistical Uniform	PPD	PPD	Class I Utilization	Class I Utilization
	Oct-21	Sep-21	Oct-21	Sep-21	Oct-21	Sep-21
Appalachian - F.O. 5	19.70	19.37	N/A	N/A	72.54	73.77
Arizona - F.O. 131	18.02	17.40	N/A	N/A	32.22	32.65
Central - F.O. 32	17.19	16.73	(0.64)	0.20	35.37	28.99
Florida - F.O. 6	21.55	21.22	N/A	N/A	82.50	83.34
Mideast - F.O. 33	17.70	17.12	(0.13)	0.59	33.80	31.50
Northeast - F.O. 1	18.44	17.96	0.61	1.43	30.80	31.00
Pacific NW - F.O. 124	17.13	16.67	(0.70)	0.14	23.24	23.88
California - F.O. 51	17.29	16.91	(0.54)	0.38	21.60	20.80
Southeast - F.O. 7	19.86	19.70	N/A	N/A	67.95	71.14
Southwest - F.O. 126	17.74	17.55	(0.09)	1.02	37.43	31.59
Upper Midwest - F.O. 30	17.67	16.71	(0.16)	0.18	14.50	9.20

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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