

The Market Administrator's BULLETIN

SOUTHWEST MARKETING AREA

Cary Hunter, Market Administrator

June 2023

Federal Order No. 126

Market Overview

Producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a May statistical uniform price of \$18.42 for milk testing 3.5% butterfat, 2.99% true protein, 5.69% other solids and 350,000 SCC. This is a decrease in comparison to the statistical uniform price of \$19.20 in April.

The Producer Price Differential (PPD) for milk delivered to handlers located in Dallas/Tarrant counties (TX) of the Southwest Milk Market Order was \$2.31 for May. The May Class I price increased \$0.72 from \$21.85 in April to the May level of \$22.57. The Class II price decreased \$0.09 from \$19.20 in April to \$19.11 in May. The Class III price decreased \$2.41 from \$18.52 in April to \$16.11 in May. The Class IV price increased \$0.15 from \$17.95 in April to \$18.10 in May.

In May, 354 producers delivered a total of 1,174,027,672 pounds of milk. On a daily basis, this represents a decrease of 5.41 percent from the producer receipts level in April and a decrease of 3.17 percent when compared to the producer receipts level of May 2022.

Producer milk classified as Class I during May amounted to 26.54 percent of total producer receipts. This figure is up from 25.42 percent in April and up from 25.97 percent in May 2022. The average butterfat test of producer milk pooled during May was 3.993 percent, average protein test was 3.283 percent, average other solids test was 5.781 percent, and the average somatic cell count was 195,000.

The May butterfat price increased \$0.0563 from \$2.7009 in April to the May level of \$2.7572. The protein price decreased \$0.7601 from \$2.5603 in April to \$1.8002 in May. The other solids price decreased \$0.0602 from \$0.2479 in April to \$0.1877 in May. The somatic cell adjustment rate in May was 0.00083.

May 2023 Pool Summary

- ◆ The Statistical Uniform Price for the Southwest Order in May 2023 is \$18.42 with a PPD of \$2.31
- ◆ 1,174 million pounds were pooled in April. This is down 5.41 percent on a daily basis from May 2023
- ◆ 354 producers pooled their milk; this is down from 375 in May
- ◆ Class I milk accounted for 23.54 percent of all receipts, up from 25.42 in April

Classification of Producer Milk

	<i>Price</i>	<i>Pounds</i>	<i>Percent</i>
Class I	22.57	311,619,712	26.54
Class II	19.11	74,258,165	6.33
Class III	16.11	762,325,667	64.93
Class IV	18.10	25,824,128	2.2

Producer Prices

Statistical Uniform Price	\$18.42	/ cwt
Producer Price Differential	\$2.31	/ cwt
Butterfat Price	\$2.7572	/ lb
Protein Price	\$1.8002	/ lb
Other Solids Price	\$0.1877	/ lb
Nonfat Solids Price	\$0.9729	/ lb
Somatic Cell Adjustment Rate	\$0.00083	/ cwt

Castro County 2022 Stats



1,845,290,253

Pounds of milk produced



Average of

15

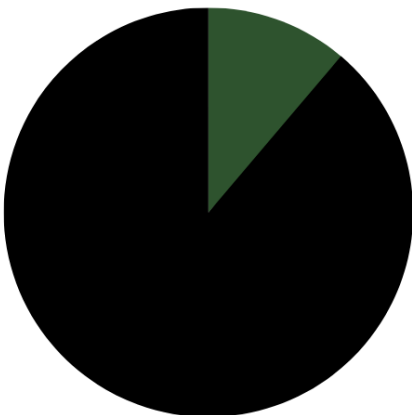
Producers over 2022



This translates to an annual average of

123,019,350

pounds of milk per producer



And an annual average of

11.2%

of Texas's total

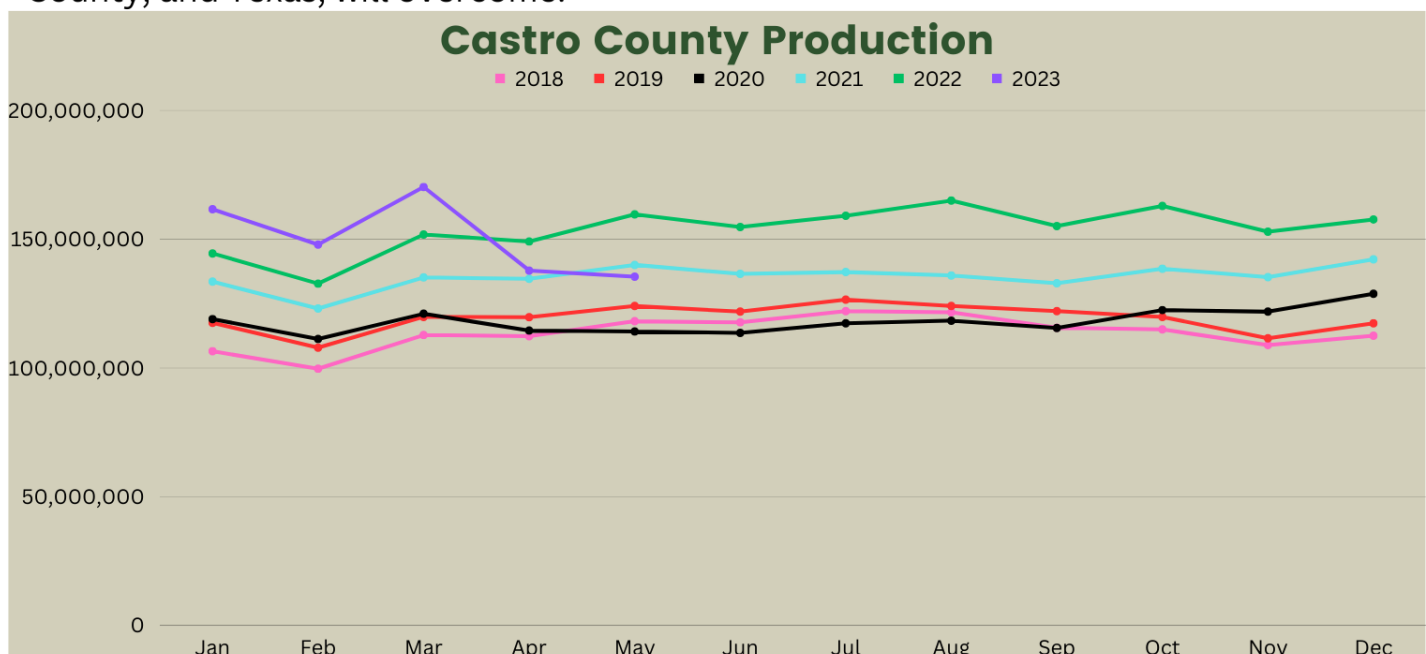
Castro County: A Highlight

Now one of Texas's most productive dairy counties, Castro County was not always such. Castro County first peeked into Texas's top ten dairy production counties in the December 2003 MA bulletin where it posted production of 12,694,958 pounds of milk, then about 2.8% of Texas's total production, from 6 producers for the month of November. While not yet the powerhouse it would become, signs in 2003 suggested that Castro County would serve an important role in Texas dairy's future. At the time, it was one of the fastest growing counties, growing 157.2 percent when compared to its production in November 2002, even as state production rose 9.16 percent from the same month.

Castro's growth in excess of the average county continues after that point. While Texas production has nearly tripled since 2003, with November production up from 453,593,349 pounds in 2003 to 1,345,383,583 in 2022, Castro County's output increased more than

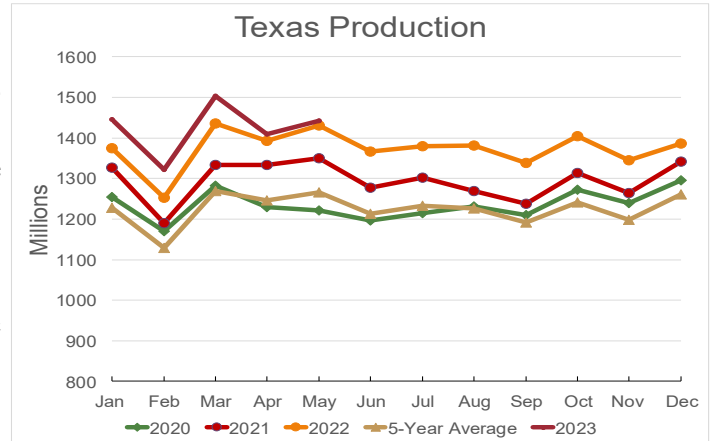
	November 2003	November 2022	Percent Change
Texas	453,593,349	1,345,383,583	196.6%
Castro	12,694,958	152,898,533	1104.4%

twelfefold from 12,694,958 pounds in November 2003 to 152,898,533 in November 2022. This also moved Castro from Texas's 9th largest production county to 2nd in November 2022, producing 11.4% of the total. While the degree differs, Castro County serves as a microcosm of the larger Texas dairy industry's story: rapid growth in the face of all challenges. Despite decreases in recent months driven by disaster, Castro County, and Texas, will overcome.



Texas Dairy Production

In May, Texas dairy production totaled 1,442 million pounds. This is a 0.83 percent increase relative to May 2022 and a 13.9 percent increase from the May five year average (2018-2022). The May average butterfat for Texas production is 4.08 percent, the average protein is 3.31 percent, and the average other solids at 5.79 percent. The average somatic cell count is at 192,000.



Month	2023 Number of Producers	2023 Pounds (In Thousands)	2022 Pounds (In Thousands)	% Change from 2022/2023	2023 Butterfat	2023 Protein	2023 Other Solids	2023 SCC (In Thousands)
Jan	315	1,446,413	1,374,644	5.22	4.36	3.45	5.80	208
Feb	312	1,322,088	1,253,077	5.51	4.35	3.44	5.80	201
Mar	311	1,502,558	1,434,529	4.74	4.26	3.40	5.80	189
Apr	316	1,409,738	1,392,807	1.22	4.17	3.36	5.79	179
May	307	1,441,638	1,429,818	0.83	4.08	3.31	5.79	192
Jun			1,366,949					
Jul			1,379,074					
Aug			1,381,607					
Sep			1,338,655					
Oct			1,404,680					
Nov			1,345,384					
Dec			1,385,860					
Total		7,122,435	16,487,084					

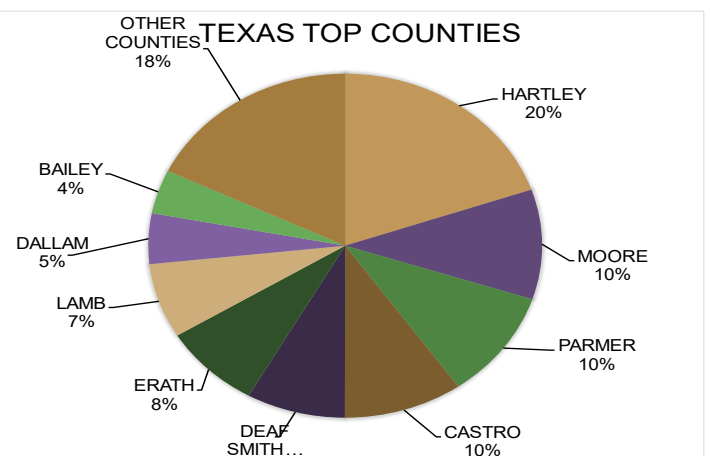
1/ Revised
2/ Simple Average of Total

Top Texas Counties

Hartley County has the largest share of Texas production at 20 percent, followed by Moore and Parmer Counties, both at 10%. Overall, 307 producers delivered milk in Texas for the month of May.

County	Number of Producers	May 2023 Pounds	% Change 2022/2023
HARTLEY	19	273,754,035	11.74
MOORE	10	143,296,407	7.73
PARMER	15	141,969,637	0.62
CASTRO	14	135,482,057	(15.13)
DEAF SMITH	14	112,819,705	(2.04)
ERATH	42	112,471,327	(8.83)
LAMB	13	97,546,000	4.96
DALLAM	5	65,909,070	10.66
BAILEY	10	57,246,646	4.27
COMANCHE	14	53,439,434	(3.12)
SUM	156	1,193,934,318	1.20
OTHER COUNTIES	151	247,703,395	(0.92)
TEXAS TOTAL	307	1,441,637,713	0.83

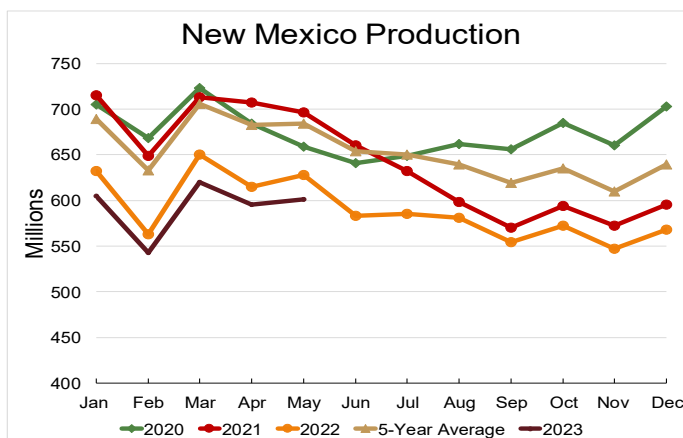
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Click [HERE](#) for more information on Texas Milk Production

New Mexico Dairy Production

In May, New Mexico dairy production totaled 601 million pounds. This is a 4.33 percent decrease relative to May 2022 and a 12.1 percent decrease from the May five year average (2018-2022). The May average butterfat is 3.83 percent, the average protein is 3.23 percent, and the average other solids at 5.78 percent. The average somatic cell count is at 179,000.



Month	2023 Number of Producers	2023 Pounds (In Thousands)	2022 Pounds (In Thousands)	% Change from 2022/2023	2023 Butterfat	2023 Protein	2023 Other Solids	2023 SCC (In Thousands)
Jan	103	604,966	632,112	(4.29)	4.06	3.34	5.79	223
Feb	105	543,043	563,156	(3.57)	4.04	3.32	5.79	220
Mar	106	619,727	650,082	(4.67)	3.96	3.28	5.79	199
Apr	103	594,879	614,872	(3.25)	3.86	3.26	5.77	178
May	101	600,823	628,012	(4.33)	3.83	3.23	5.78	179
Jun			583,485					
Jul			584,911					
Aug			581,278					
Sep			553,579					
Oct			571,628					
Nov			546,924					
Dec			567,701					
Total		2,963,438	7,077,740					

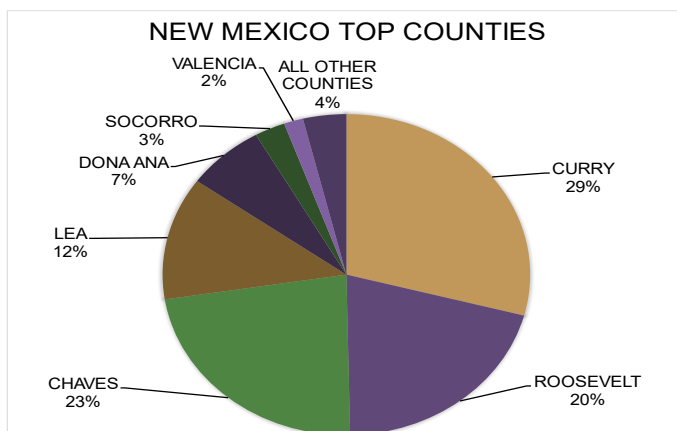
1/ Revised
2/ Simple Average of Total

Top New Mexico Counties

Curry County has the largest share of New Mexico production at 29 percent, followed by Chaves and Roosevelt Counties at 23 and 20 percent, respectively. Overall, 101 producers delivered milk in New Mexico for the month of May.

County	Number of Producers	May 2023 Pounds	% Change 2022/2023
CURRY	22	174,895,987	0.35
CHAVES	22	137,342,986	(4.75)
ROOSEVELT	27	123,553,933	(12.84)
LEA	10	74,348,441	2.62
DONA ANA	9	41,481,660	2.68
SOCORRO	4	16,168,673	(2.35)
VALENCIA	3	10,189,930	8.09
SUM	97	577,981,610	(5.85)
OTHER COUNTIES	4	22,841,256	2307.26
NM TOTAL	101	600,822,866	(2.28)

1/ Revised



COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

May 2023

	Pounds	Price	Value
Add: Class I Differential			\$425,486.89
Class I Butterfat 60(a)	7,365,411	\$ 2.7359	\$20,151,027.97
Class I Skim Per Cwt	304,254,301	\$13.4700	\$40,983,054.35
Class II Butterfat 60(b)	7,665,647	\$ 2.7642	\$21,189,381.45
Class II Nonfat Solids	6,277,526	\$ 1.0867	\$6,821,787.53
Class III Butterfat 60(c)	29,617,706	\$ 2.7572	\$81,661,939.01
Class III Protein	25,047,351	\$ 1.8002	\$45,090,241.27
Class III Other Solids	44,174,268	\$ 0.1877	\$8,291,510.14
Class IV Butterfat 60(d)	2,239,551	\$ 2.7572	\$6,174,890.03
Class IV Nonfat Solids	2,239,531	\$ 0.9729	\$2,178,839.73
Class II, III, & IV Somatic Cell Adjustment 60(e)			\$1,198,305.85
Total Producer Milk- Product Pounds and Value	1,174,027,672		\$234,166,464.22
Add: Value as for 60(f) thru 60(j)			\$41,247.13
Less: Total Protein Pounds 61(b)	38,547,174	\$ 1.8002	\$69,392,622.65
Total Other Solids Pounds	67,876,821	\$ 0.1877	\$12,740,479.33
Total Butterfat Pounds	46,888,315	\$ 2.7572	\$129,280,462.13
Total Value of Somatic Cell Adjustment			\$1,509,985.36
Total Milk and Value	1,174,027,672		\$21,201,667.62
Add: Location Differential Adjustments 61(c)			\$5,947,857.43
Producer - Settlement Fund Reserve 61(d)			\$540,350.96
Total Producer Milk/URSP and Value	1,174,027,672	\$ 2.35853	\$27,689,876.01
Less: Producer - Settlement Fund Reserve 61(f)		\$ 0.04853	\$569,836.79
Producer Price Differential (Dallas County)		\$2.31	\$27,120,039.22
Producer Price Differential	PPD per cwt		\$2.31
Class III Price			\$16.11
Statistical Uniform Price of Milk (3.5% Butterfat-Dallas)			\$18.42

Average Somatic Cell Count	195,000
Total Number of Producers	354

Producer Milk Utilization Percentages						
	Product		Butterfat		Skim Milk	
	Pounds	Percent	Pounds	Percent	Pounds	Percent
Class I	311,619,712	26.54	7,365,411	15.71	304,254,301	26.99
Class II	74,258,165	6.33	7,665,647	16.35	66,592,518	5.91
Class III	762,325,667	64.93	29,617,706	63.16	732,707,961	65.01
Class IV	25,824,128	2.20	2,239,551	4.78	23,584,577	2.09
Total	1,174,027,672	100.00	46,888,315	100.00	1,127,139,357	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	46,888,315	38,547,174	67,876,821	106,423,995
Average Test	3.993%	3.283%	5.781%	9.064%

Federal Order Prices

Federal Order	Statistical Uniform	Statistical Uniform	PPD	PPD	Class I Utilization	Class I Utilization
	May-23	Apr-23	May-23	Apr-23	May-23	Apr-23
Appalachian - F.O. 5	21.72	21.17	N/A	N/A	70.16	66.94
Arizona - F.O. 131	18.65	19.00	N/A	N/A	25.8	23.58
Central - F.O. 32	17.74	18.45	1.63	-0.07	26.16	23.67
Florida - F.O. 6	23.95	23.28	N/A	N/A	82.21	82.01
Mideast - F.O. 33	18.21	18.96	2.1	0.44	32.9	29.9
Northeast - F.O. 1	19.46	19.77	3.35	1.25	27.6	27.2
Pacific NW - F.O. 124	17.81	18.38	1.7	-0.14	18.58	20.86
California - F.O. 51	17.66	18.62	1.55	0.1	19.3	14.6
Southeast - F.O. 7	22.18	21.54	N/A	N/A	69.55	63.55
Southwest - F.O. 126	18.42	19.20	2.31	0.68	26.54	25.42
Upper Midwest - F.O. 30	16.49	18.64	0.38	0.12	5.8	6.4

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/>



Milk Market Administrator

P.O. Box 110939

Carrollton, TX 75011-0939

(972) 245-6060 (Phone)

(972) 245-3211 (Fax)

sw.order@dallasma.com (Email)

For more information, visit our website: www.dallasma.com

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