



# Market Administrator's Report Southwest Marketing Area Federal Order 126



Cary Hunter, Market Administrator

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## MARKET SUMMARY FOR OCTOBER

The Producer Price Differential (PPD) for milk delivered to handlers located in Dallas/Tarrant counties (TX) of the Southwest Milk Market Order was \$0.47 for October. Butterfat price decreased \$0.1913 per pound from \$2.8559 in September to the level of \$2.6646 in October. Protein price increased \$0.4096 per pound from \$1.6988 in September to \$2.1084 in October. The Other Solids price decreased \$0.0388 per pound from \$0.2241 in September to \$0.1853 in October. The Somatic Cell Count Adjustment rate factor for October was 0.00086 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a October statistical uniform price of \$17.16 for milk testing 3.5% butterfat, 2.99% true protein, 5.69% other solids and 350,000 SCC. This is a decrease of \$0.42 in comparison to the statistical uniform price of \$17.58 in September.

The October Class I price decreased \$0.30 from \$19.71 in September to the October level of \$19.41. The Class II price decreased \$0.85 from \$16.80 in September to \$15.95 in October. The Class III price increased \$0.33 from 16.36 in September to \$16.69 in October. The Class IV price decreased \$1.01 from \$15.86 in September to \$14.85 in October.

In October, 470 producers delivered a total of 752,559,346 pounds of milk. On a daily basis, this represents a decrease of 39.03% from the producer receipts level in September and it represents a decrease of 40.72% when compared to the producer receipts level of October 2016.

Producer milk classified as Class I during October amounted to 49.60% of total producer receipts. This figure is up from 30.24% in September and is up from 29.32% in October 2016. The average butterfat test of producer milk pooled during October was 3.873%, average protein test was 3.276, average other solids test was 5.705% and the average somatic cell count was 258,000.

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Federal Order	Statistical Uniform	Statistical Uniform	PPD		Class I Utilization	
	Oct-17	Sep-17	Oct-17	Sep-17	Oct-17	Sep-17
Appalachian - F.O. 5	18.59	19.06	N/A	N/A	71.23	72.07
Arizona - F.O. 131	16.43	16.89	N/A	N/A	29.34	26.34
Central - F.O. 32	16.36	16.72	(0.33)	0.36	36.50	28.79
Florida - F.O. 6	20.62	21.14	N/A	N/A	83.96	85.93
Mideast - F.O. 33	16.57	17.00	(0.12)	0.64	36.30	33.20
Northeast - F.O. 1	17.44	17.89	0.75	1.53	34.30	33.90
Pacific NW - F.O. 124	16.03	16.59	(0.66)	0.23	27.50	22.24
Southeast - F.O. 7	19.12	19.61	N/A	N/A	74.40	76.55
Southwest - F.O. 126	17.16	17.58	0.47	1.22	49.60	30.24
Upper Midwest - F.O. 30	16.66	16.54	(0.03)	0.18	12.70	8.40

## TOP TEN TEXAS COUNTIES - OCTOBER 2017



County	# Producers	Pounds 2017	Pounds 2016	% Change 2016/2017
PARMER	16	107,589,005	107,274,748	0.29
CASTRO	13	102,735,811	91,589,812	12.17
HARTLEY	14	88,798,302	77,859,810	14.05
ERATH	50	86,974,617	84,188,394	3.31
MOORE	9	85,654,386	89,584,730	(4.39)
DEAF SMITH	12	71,753,126	73,705,040	(2.65)
LAMB	11	67,316,112	66,786,995	0.79
DALLAM	5	51,985,245	35,947,939	44.61
BAILEY	10	48,498,493	45,715,077	6.09
HALE	<u>6</u>	<u>43,650,800</u>	<u>45,553,403</u>	<u>(4.18)</u>
Sum	146	754,955,897	718,205,948	5.12
Other Counties	<u>244</u>	<u>214,302,992</u>	<u>202,226,988</u>	<u>5.97</u>
Texas Total	390	969,258,889	920,432,936	5.30

1/ Revised

## TOP TEN NEW MEXICO COUNTIES - OCTOBER 2017

County	# Producers	Pounds 2017	Pounds 2016	% Change 2016/2017
CHAVES	31	162,531,942	156,628,730	3.77
CURRY	26	154,116,276	151,847,264	1.49
ROOSEVELT	33	121,196,195	125,379,937	(3.34)
DONA ANA	15	65,619,342	69,327,207	(5.35)
LEA	12	60,633,900	58,016,595	4.51
SOCORRO	7	23,430,411	22,981,009	1.96
VALENCIA	4	19,243,014	17,154,229	12.18
LUNA	3	15,825,420	15,251,680	3.76
EDDY	<u>3</u>	<u>15,821,240</u>	<u>14,744,580</u>	<u>7.30</u>
Sum	134	638,417,740	631,331,231	1.12
Other Counties	<u>4</u>	<u>13,928,732</u>	<u>14,233,793</u>	<u>(2.14)</u>
NM Total	138	652,346,472	645,565,024	1.05

1/ Revised



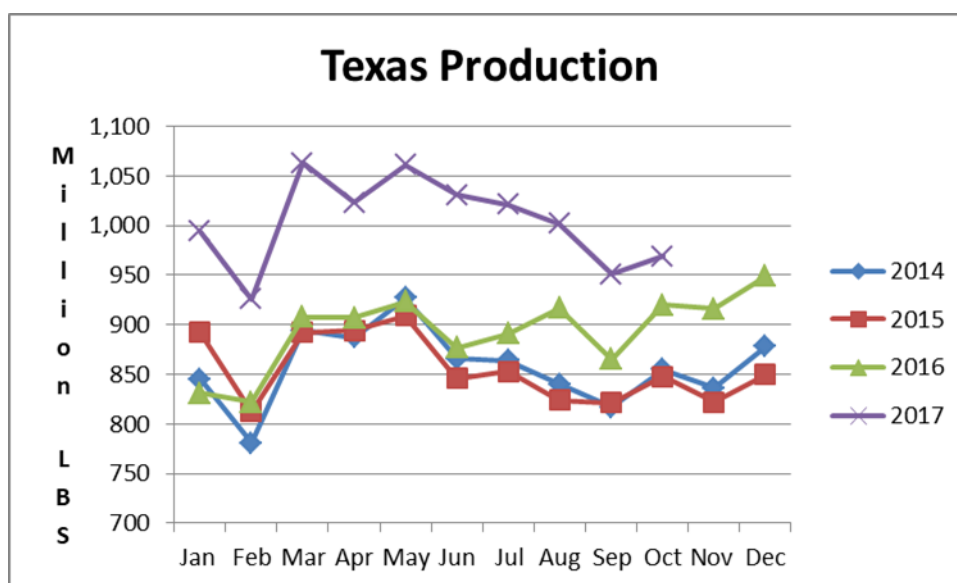
## TEXAS & NEW MEXICO COMPONENT TEST

Month	Butterfat		Protein		Other Solids		S-N-F		SCC (thousands)	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
Oct-16	4.03	3.63	3.34	3.15	5.66	5.66	8.99	8.81	225	193
Nov-16	4.08	3.70	3.38	3.20	5.72	5.73	9.10	8.93	217	191
Dec-16	4.18	3.77	3.41	3.22	5.74	5.75	9.16	8.97	209	184
AVG 2016	3.96	3.60	3.28	3.10	5.73	5.73	9.01	8.83	235	218
Jan-17	4.13	3.75	3.38	3.18	5.74	5.75	9.12	8.93	216	204
Feb-17	4.07	3.71	3.33	3.14	5.74	5.74	9.07	8.88	213	198
Mar-17	4.01	3.64	3.32	3.12	5.75	5.75	9.07	8.87	199	186
Apr-17	3.98	3.58	3.30	3.10	5.77	5.77	9.07	8.88	206	183
May-17	3.98	3.55	3.28	3.08	5.77	5.77	9.04	8.85	202	170
Jun-17	3.92	3.51	3.21	3.01	5.78	5.77	8.99	8.79	210	179
Jul-17	3.92	3.51	3.20	3.01	5.74	5.73	8.94	8.73	230	204
Aug-17	3.94	3.53	3.24	3.04	5.72	5.71	8.96	8.75	269	256
Sep-17	4.04	3.64	3.32	3.10	5.70	5.69	9.02	8.80	253	239
Oct-17	4.14	3.73	3.40	3.20	5.71	5.70	9.10	8.90	256	241

## TOTAL POUNDS MARKETING BY PRODUCERS LOCATED IN TEXAS

Month	2015 Pounds	# of Prod.	2016 Pounds	# of Prod.	2017 Pounds	# of Prod.	Percent 2016/15	Percent 2017/16
Jan	895,741,839	1/ 429	831,826,917	1/ 415	991,393,302	1/ 393	(7.14)	1/ 19.18
Feb	814,528,985	1/ 433	823,216,789	1/ 416	925,501,542	396	1.07	1/ 12.43
Mar	891,589,549	1/ 431	912,132,997	417	1,062,555,132	394	2.30	1/ 16.49
Apr	894,417,033	429	907,074,105	413	1,022,864,482	395	1.42	12.77
May	909,103,216	428	927,443,360	1/ 409	1,060,879,571	397	2.02	1/ 14.39
Jun	845,466,531	1/ 428	881,853,699	1/ 409	1,013,033,826	396	4.30	1/ 14.88
Jul	852,399,121	1/ 428	890,944,786	403	1,021,251,709	397	4.52	1/ 14.63
Aug	824,191,884	1/ 430	916,563,875	1/ 401	1,002,398,166	394	11.21	1/ 9.36
Sep	820,909,773	428	864,648,546	404	951,322,807	392	5.33	10.02
Oct	847,304,369	1/ 428	920,432,936	395	969,258,889	390	8.63	1/ 5.30
Nov	822,009,274	420	915,560,020	393			11.38	(100.00)
Dec	<u>849,770,745</u>	415	<u>949,157,928</u>	394			<u>11.70</u>	<u>(100.00)</u>
Total	<b>10,267,432,319</b>	1/	<b>10,740,855,958</b>		<b>10,020,459,426</b>		4.61	1/

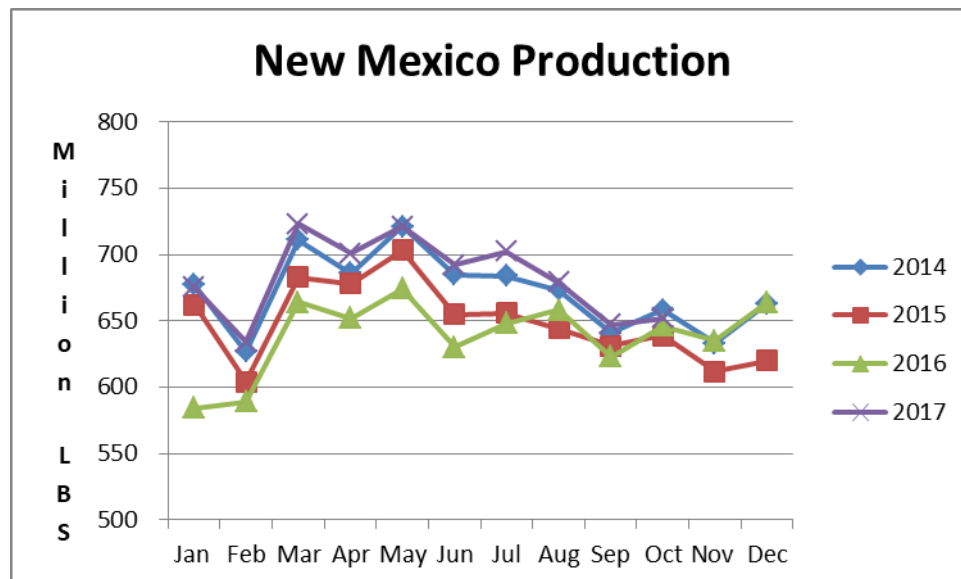
1/ Revised



## TOTAL POUNDS MARKETED BY PRODUCERS LOCATED IN NEW MEXICO

Month	2015 Pounds	# of Prod.	2016 Pounds	# of Prod.	2017 Pounds	# of Prod.	Percent 2016/15	Percent 2017/16
Jan	661,847,030	1/ 146	584,313,578	142	675,205,449	141	(11.71)	15.56
Feb	603,750,641	146	589,020,838	144	633,852,861	140	(2.44)	7.61
Mar	682,710,459	146	664,061,407	142	723,267,029	140	(2.73)	8.92
Apr	677,457,428	146	652,104,207	142	700,674,724	139	(3.74)	7.45
May	702,667,025	146	674,389,481	142	721,744,106	138	(4.02)	7.02
Jun	654,860,147	146	630,271,746	141	692,450,722	138	(3.75)	9.87
Jul	655,629,143	145	647,966,702	141	701,503,956	137	(1.17)	8.26
Aug	644,292,688	1/ 145	657,570,904	142	679,307,966	138	2.06	3.31
Sep	630,564,050	146	622,702,058	141	646,682,645	138	(1.25)	3.85
Oct	638,910,514	144	645,565,024	140	652,346,472	138	1.04	1.05
Nov	611,922,627	144	634,972,688	140			3.77	(100.00)
Dec	620,027,362	143	663,632,934	140			7.03	(100.00)
<b>Total</b>	<b>7,784,639,114</b>	<b>1/</b>	<b>7,666,571,567</b>		<b>6,827,035,930</b>		<b>(1.52)</b>	

1/ Revised



## CLASS PRICES & PRODUCER PRICE DIFFERENTIAL

Month	CLASS I PRICE a/	CLASS II PRICE	CLASS III PRICE	CLASS IV PRICE	PPD a/	Statistical Uniform
Oct-16	19.60	14.09	14.82	13.66	1.31	16.13
Nov-16	17.78	14.60	16.76	13.76	(0.80)	15.96
Dec-16	19.88	15.26	17.40	14.97	0.25	17.65
AVG 2016	17.80	14.35	14.87	13.77	0.88	15.75
Jan-17	20.45	16.36	16.77	16.19	1.20	17.97
Feb-17	19.73	16.52	16.88	15.59	0.69	17.57
Mar-17	19.90	16.21	15.81	14.32	1.19	17.00
Apr-17	19.05	14.81	15.22	14.01	1.10	16.32
May-17	18.20	14.84	15.57	14.49	0.80	16.37
Jun-17	18.31	16.15	16.44	15.89	0.89	17.33
Jul-17	19.59	17.48	15.45	16.60	1.84	17.29
Aug-17	19.72	17.56	16.57	16.61	1.41	17.98
Sep-17	19.71	16.80	16.36	15.86	1.22	17.58
Oct-17	19.41	15.95	16.69	14.85	0.47	17.16

a/ Subject to location adjustments

## COMPONENT PRICES & AMS PRODUCT PRICES

COMPONENT PRICES**					AMS PRODUCT PRICES**			
Month	BUTTER- FAT	TRUE PROTEIN	OTHER SOLIDS	SCC ADJ RATE	GRADE AA BUTTER	CHEDDAR CHEESE	NFDM POWDER	DRY WHEY
Oct-16	2.0493	2.2975	0.1351	0.00079	1.8637	1.5830	0.9222	0.3303
Nov-16	2.1044	2.8085	0.1750	0.00088	1.9092	1.7596	0.9119	0.3690
Dec-16	2.3354	2.6922	0.2063	0.00090	2.1000	1.7990	0.9579	0.3994
AVG 2016	2.3084	2.0955	0.0910	0.00080	2.0777	1.6050	0.8292	0.2875
Jan-17	2.5253	2.1768	0.2503	0.00085	2.2568	1.7011	1.0229	0.4421
Feb-17	2.4274	2.2348	0.2990	0.00084	2.1760	1.6871	0.9926	0.4894
Mar-17	2.4176	1.8198	0.3345	0.00078	2.1679	1.5551	0.8493	0.5239
Apr-17	2.3548	1.6955	0.3350	0.00075	2.1160	1.4960	0.8386	0.5243
May-17	2.4134	1.7723	0.3196	0.00077	2.1644	1.5390	0.8704	0.5094
Jun-17	2.7066	1.7545	0.3014	0.00081	2.4065	1.6293	0.9137	0.4917
Jul-17	2.9456	1.2248	0.2599	0.00077	2.6039	1.5430	0.8991	0.4514
Aug-17	3.0109	1.5536	0.2425	0.00083	2.6578	1.6664	0.8733	0.4345
Sep-17	2.8559	1.6988	0.2241	0.00083	2.5298	1.6608	0.8499	0.4167
Oct-17	2.6646	2.1084	0.1853	0.00086	2.3718	1.7254	0.8099	0.3790

\*\* Prices shown in dollars per hundred pounds (cwt)

## COMPUTATION OF PRODUCER PRICE DIFFERENTIAL OCTOBER 2017

		Pounds	Price	Value
Add: Class I Differential				\$411,325.42
Class I Butterfat	60(a)	7,850,797	\$ 2.8880	\$22,673,101.75
Class I Skim Per Cwt		365,435,034	\$ 9.6700	\$35,337,567.80
Class II Butterfat	60(b)	12,615,067	\$ 2.6716	\$33,702,413.00
Class II Nonfat Solids		9,624,788	\$ 0.7600	\$7,314,838.88
Class III Butterfat	60(c)	3,563,514	\$ 2.6646	\$9,495,339.41
Class III Protein		2,798,883	\$ 2.1084	\$5,901,164.91
Class III Other Solids		4,902,634	\$ 0.1853	\$908,458.09
Class IV Butterfat	60(d)	5,122,642	\$ 2.6646	\$13,649,791.89
Class IV Nonfat Solids		16,113,277	\$ 0.6357	\$10,243,210.19
Class II, III, & IV Somatic Cell Adjustment	60(e)			\$323,118.42
Total Producer Milk- Product Pounds and Value		752,559,346		\$139,960,329.76
Add: Value as for 60(f) thru 60(j)				\$33,194.30
Less: Total Protein Pounds	61(b)	24,657,283	\$ 2.1084	\$51,987,415.48
Total Other Solids Pounds		42,939,405	\$ 0.1853	\$7,956,671.75
Total Butterfat Pounds		29,152,020	\$ 2.6646	\$77,678,472.49
Total Value of Somatic Cell Adjustment				\$592,932.67
<b>Total Milk and Value</b>		752,559,346		\$1,711,643.07
Add: Location Differential Adjustments	61(c)			\$1,615,545.42
Producer - Settlement Fund Reserve	61(d)			\$557,023.33
<b>Total Product Milk/URSP and Value</b>		752,584,776	\$ 0.51611	\$3,884,211.82
Less: Producer - Settlement Fund Reserve	61(f)		\$ 0.04611	\$347,063.37
<b>Producer Price Differential (Dallas County)</b>			<b>\$ .47</b>	<b>\$3,537,148.45</b>

Average Somatic Cell Count	258,000
Total Number of Producers	REVISED 470

Producer Milk Utilization Percentages						
	Product		Butterfat		Skim Milk	
	Pounds	Percent	Pounds	Percent	Pounds	Percent
Class I	373,285,831	49.60	7,850,797	26.93	365,435,034	50.52
Class II	115,831,280	15.39	12,615,067	43.27	103,216,213	14.27
Class III	86,167,707	11.45	3,563,514	12.23	82,604,193	11.41
Class IV	177,274,528	23.56	5,122,642	17.57	172,151,886	23.80
Total	752,559,346	100.00	29,152,020	100.00	723,407,326	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	29,152,020	24,657,283	42,939,405	67,596,688
Average Test	3.873%	3.276%	5.705%	8.982%

August milk production as reported by the USDA National Agricultural Statistics Service (NASS) totaled 18.050 million pounds, up 2.0 percent from August 2016. Milk cows in August numbered 9.405 million head, 71,000 more than August 2016 but unchanged from July 2017. Production per cow in August averaged 1,919 pounds per head, 24 pounds more than August 2016. Daily average production per cow in August was 61.9 pounds per head. While daily production per cow in 2017 has been higher each month than the same month of 2016, the year-over-year growth rate dipped from 1.6 percent in the first quarter to 1.0 percent in the second quarter, reaching a low point for the year of 0.7 percent in June. In July and August, the year-over-year growth rate rebounded to 1.2 and 1.3 percent, respectively.

Exports on a milk-fat milk-equivalent basis were 860 million pounds in August, 116 million more than July and 213 million pounds more than August 2016. On a skim-solids milk-equivalent basis, August exports were 3.445 billion pounds, 324 million pounds more than July but 116 million less than August 2016. Notably, August cheese exports were 67.0 million pounds, 6.9 million more than July and 17.5 million more than August 2016. Mexico has been the leading destination for cheese exports. Whey product exports increased significantly from July to August. The estimated aggregate skim-solids content of dry whey, whey protein concentrate, modified whey, milk albumin, and fluid whey was 99 million pounds in August, 10 million pounds more than July but about the same as August 2016. China has been the leading destination of U.S. whey product exports.

August imports on a milk-fat basis were 508 million pounds, 6 million less than July and 126 million less than August 2016. On a skim-solids basis, imports were 466 million pounds, 74 million less than July and 111 million less than August 2016. Notably, butter imports remained relatively high at 5.9 million pounds, about the same as July and 1.6 million more than August 2016. Most of the imported butter has been from Ireland, and consumers are apparently willing to pay a substantial premium for Irish butter. In August, most of it was imported over quota at an average effective price of \$3.24 per pound, including an average unit value of \$2.54 (including cost, insurance, and freight) plus a tariff of \$0.70 per pound.<sup>2</sup>

Stocks of dairy products have continued to be relatively high, especially for products high in skim-solids content. Ending stocks for August on a skim-solids basis were 12.1 billion pounds, 1.9 million pounds higher than August 2016. On a milk-fat basis, August ending stocks were 17.3 billion pounds, 0.3 billion less than August 2016. While August ending stocks for butter were 38.6 million pounds below the previous year, stocks for other major dairy products were well above the previous year. Ending stocks for cheese were 1.333 billion pounds, 92.0 million pounds more than August 2016. NDM ending stocks were 307.8 million pounds, 72.9 million more than August 2016. Ending stocks of dry whey for human use reached a record 97.1 million pounds, 39.5 million pounds more than August 2016.





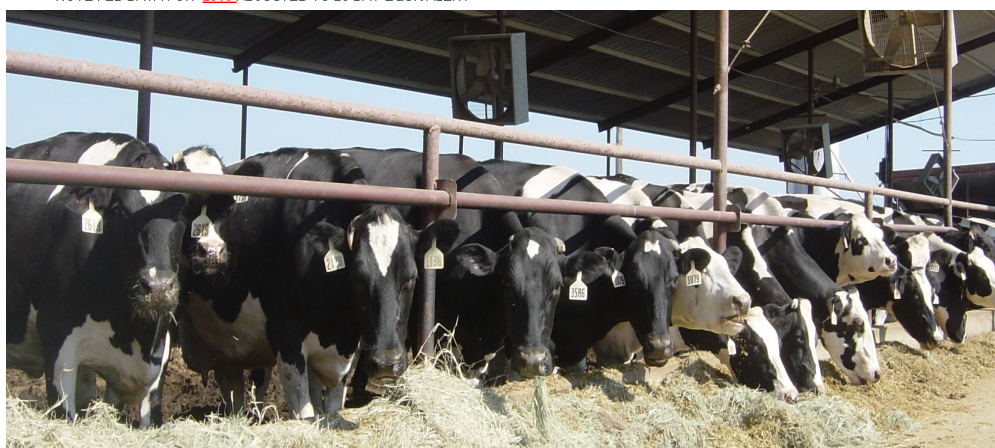
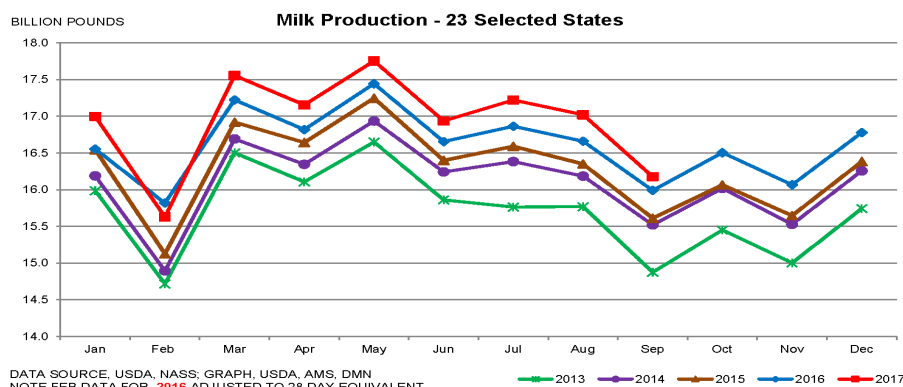
## September Milk Production

**Milk production in the 23 major States** during September totaled 16.2 billion pounds, up 1.2 percent from September 2016. August revised production at 17.0 billion pounds, was up 2.2 percent from August 2016. The August revision represented an increase of 8 million pounds or less than 0.1 percent from last month's preliminary production estimate.

**Production per cow in the 23 major States** averaged 1,851 pounds for September, 6 pounds above September 2016. This is the highest production per cow for the month of September since the 23 State series began in 2003.

**The number of milk cows** on farms in the 23 major States was 8.74 million head, 73,000 head more than September 2016, but 3,000 head less than August 2017. Milk production in the United States during the July - September quarter totaled 53.5 billion pounds, up 1.7 percent from the July - September quarter last year. The average number of milk cows in the United States during the quarter was 9.40 million head, 4,000 head more than the April - June quarter, and 71,000 head more than the same period last year.

Source: Dairy Market News, October 23-27, 2017 Volume 84, Report 43



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