

INCLUDED IN THIS ISSUE

Crop Weather ERS Agricultural Prices

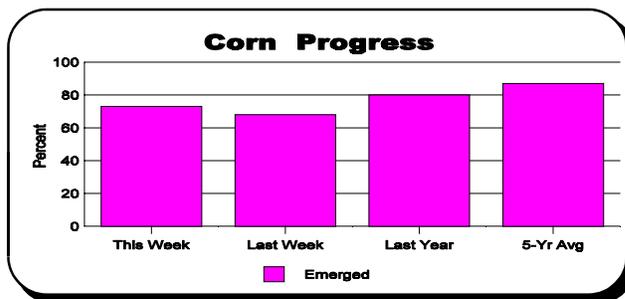
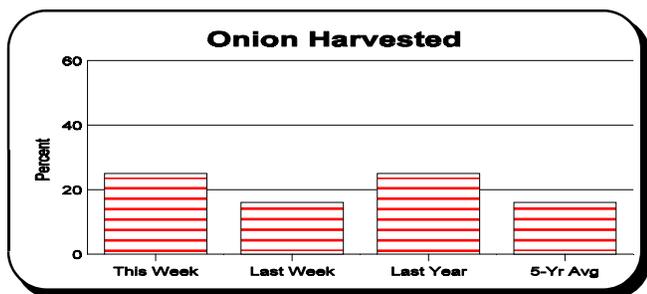
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CROP SUMMARY FOR THE WEEK ENDING MAY 30, 2004

NEW MEXICO: There were 7.0 days suitable for fieldwork. Topsoil moisture was 26% very short, 43% short, and 31% adequate. Farmers finished up some of their planting, maintained and harvested crops, and irrigated. Only 11% light wind damage was reported along with 1% moderate and 1% severe. Alfalfa conditions were 46% fair, 44% good, and 10% excellent. The 1st cutting of alfalfa was reported 97% complete with 33% of the 2nd cutting completed. Cotton conditions improved slightly with 5% reported as poor, 33% fair, 56% good, and 6% excellent. Cotton planting was up to 96% complete last week. Corn conditions remained stable with 35% fair, 56% good, and 9% excellent. Corn planting progressed with 93% planted and 73% reported emerged. Sorghum continues to be planted with 18% complete. Wheat conditions also remained stable with 8% very poor, 28% poor, 42% fair, 17% good, and 5% excellent reported. Ninety-two percent of wheat has headed, just below the previous year. Lettuce harvesting almost topped off with 97% harvested. Chile conditions showed little change with 1% poor, 24% fair, 68% good, and 7% excellent. Twenty-five percent of onions have been harvested with conditions reported as 32% fair, 49% good, and 19% good. Apple conditions continued to decrease with 10% reported as very poor, 80% poor, and 10% fair. Apple fruit set was 10% light, 70% average, and 20% heavy. Pecans continued to appear healthy with 17% fair, 63% good, and 20% excellent. Pecan nut set was primarily average at 99%. Ranchers spent the week maintaining herds and waters, and branding. Cattle appeared mostly healthy with 14% reported as poor, 32% fair, 37% good, and 17% excellent. Sheep conditions improved slightly with 15% poor, 36% fair, 46% good, and 3% excellent. Range and pasture conditions were 11% very poor, 29% poor, 39% fair, and 21% excellent.

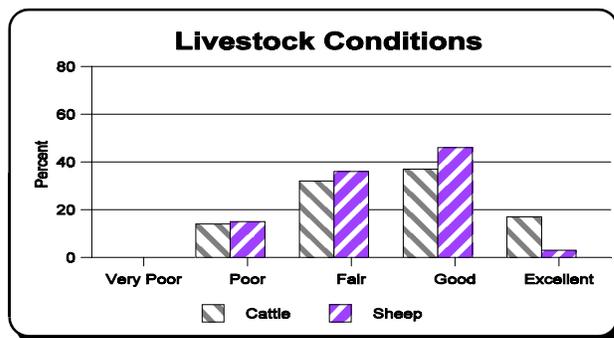
CROP PROGRESS PERCENTAGES WITH COMPARISONS

CROP PROGRESS		This Week	Last Week	Last Year	5-Year Average
CORN	Emerged	73	68	80	87
COTTON	Planted	96	84	93	96
LETTUCE	Harvested	97	70	94	91
ONIONS	Harvested	25	16	25	16
PEANUTS	Planted	65	45	56	48
SORGHUM (ALL)	Planted	18	14	20	22
WHEAT (ALL)	Headed	92	90	100	99



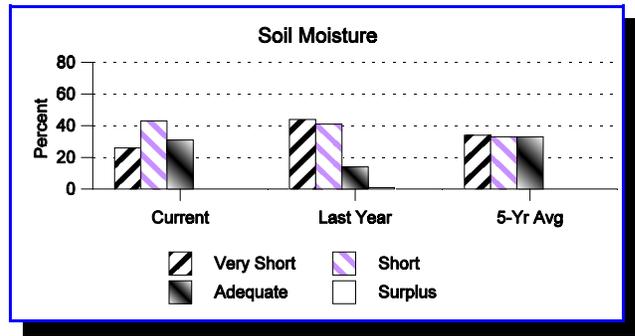
CROP AND LIVESTOCK CONDITION PERCENTAGES

	Very	Poor	Fair	Good	Excellent
Alfalfa	–	–	46	44	10
Apples	10	80	10	–	–
Chile	–	1	24	68	7
Corn	–	–	35	56	9
Cotton	–	5	33	56	6
Onions	–	–	32	49	19
Pecan	–	–	17	63	20
Wheat (All)	8	28	42	17	5
Cattle	–	14	32	37	17
Sheep	–	15	36	46	3
Range/Pasture	11	29	39	21	–



SOIL MOISTURE PERCENTAGES

	Very Short	Short	Adequate	Surplus
Northwest	–	38	62	--
Northeast	33	47	20	--
Southwest	45	55	–	--
Southeast	28	35	37	--
State	26	43	31	--
State-Last Year	44	41	14	1
State-5-Yr Avg.	34	33	33	--



WEATHER SUMMARY

A storm system that had been parked on the West coast moved across New Mexico Wednesday night and Thursday, producing some scattered showers and thunderstorms that were mainly confined to the southern counties. Silver City measured an inch of rain from this storm. Otherwise, it was a quiet week with little or no precipitation over the north. Temperature extremes for the week ranged from 17 at Chama on the 30th to 98 at Carlsbad on the 26th.

NEW MEXICO WEATHER CONDITIONS MAY 24 - 30, 2004

Station	Temperature			Precipitation				
	Mean	Maximum	Minimum	05/24 05/30	05/01 05/30	Normal May	01/01 05/30	Normal Jan-May
Carlsbad	77.6	98	58	0.24	0.36	1.16	7.44	2.65
Tatum	72.7	92	52	0.14	0.30	2.09	8.27	4.14
Roswell	74.4	99	52	0.39	0.39	1.24	6.27	3.23
Clayton	66.7	90	45	0.00	0.43	1.99	7.30	4.03
Clovis	72.6	91	49	0.03	0.95	1.87	7.69	4.17
Roy	64.2	85	43	T	0.10	1.84	6.69	3.98
Tucumcari	71.6	94	48	0.00	0.00	1.49	5.43	3.49
Chama	47.1	77	17	0.08	0.08	1.11	7.79	7.72
Johnson Ranch	54.1	84	31	0.00	0.00	0.62	6.09	3.09
Capulin	58.2	83	35	0.00	0.13	2.30	4.38	5.16
Las Vegas	61.4	82	45	0.00	0.07	1.82	6.69	4.36
Los Alamos	60.3	73	46	0.00	0.00	1.17	6.56	5.05
Raton	59.6	85	36	T	0.02	2.27	5.84	5.17
Santa Fe	60.5	84	39	T	0.00	1.22	3.16	4.09
Red River	50.6	74	30	0.00	0.04	1.77	9.43	7.52
Farmington	61.6	88	40	0.02	0.02	0.67	3.76	3.15
Gallup	56.2	81	31	T	0.00	0.51	2.49	3.74
Grants	58.5	82	35	0.00	0.00	0.53	3.20	2.48
Silver City	62.4	80	39	1.00	1.00	0.30	6.15	4.20
Quemado	58.8	82	33	0.00	0.00	0.50	2.21	3.45
Albuquerque	68.8	85	51	T	0.00	0.50	4.94	2.46
Carrizozo	67.4	85	43	0.23	0.32	0.62	3.49	2.72
Gran Quivera	63.2	83	45	0.10	0.10	0.82	4.64	3.70
Moriarty	63.9	90	36	0.00	0.00	0.97	4.16	3.07
Ruidoso	62.9	78	41	0.32	0.39	0.87	6.41	5.11
Socorro	--	--	--	0.00	0.00	0.52	4.06	1.93
Alamogordo	73.1	89	52	0.46	0.46	0.45	4.09	2.38
Animas	71.4	90	48	0.07	0.07	0.18	5.17	2.04
Deming	70.1	90	48	0.11	0.11	0.19	4.12	1.73
T or C	71.4	90	51	0.17	0.17	0.49	2.44	1.89
Las Cruces	71.6	92	51	0.07	0.07	0.29	3.43	1.55

(T) Trace (-) No Report (*) Correction

All reports based on preliminary data. Precipitation data corrected monthly from official observation forms.

DAIRY OUTLOOK
USDA, ERS, MAY 2004

Use Key to Continued Record Prices: Wholesale prices of dairy products varied in late April-early May. Net change generally was not much until butter and cheese prices dropped about 10 percent as mid-May neared. Meanwhile, nonfat dry milk prices moved slightly higher. Milk supplies have been considerably below a year earlier. Meanwhile, demand has been boosted by a combination of improved sales, particularly of cheese, and concern about second-half conditions.

With milk production likely to stay below a year earlier through most of 2004, the key to how long dairy prices stay high will be the strength of demand recovery. Restaurant demand came back in the first quarter after more than 2 years of sluggishness, joining the earlier recovery in retail and (to a lesser extent) food processor use. Cheese demand was so brisk that cheese production not only pulled very large amounts of milk from other uses, but apparently used so much nonfat dry milk in the vats that the seemingly endless surplus of skim solids virtually disappeared.

The core question for dairy markets in the coming months is how much of the recent cheese movement has actually been eaten. In extreme markets, buyers are understandably more concerned with what might happen than what is most likely to occur. Precautionary buying for future needs can easily push prices beyond sustainable levels. If declines in milk production start to ease as expected, dairy product prices probably will slip this summer. Even so, farm milk prices probably will be a record in 2004, up as much as \$4 per cwt from 2003.

On the other hand, prices could remain quite strong. Final cheese use has actually absorbed most of the recent cheese movement. Such a surge in cheese demand has not occurred in a number of years although there are a number of precedents. Consumer incomes and economic growth have been strong, but the economy seems to contain enough scattered areas of weakness to forestall such a dramatic, sustained upswing in use.

Softer 2005 Prices Seen: Dairy markets in 2005 will be greatly affected by how long 2004 prices remain at record levels. After low milk prices in both 2002 and 2003 and the peculiar set of circumstances leading to this year's price recovery, farmers likely will be reluctant to start planning expansions. Similarly, weaker producers may see any significant price decrease as a sign to leave dairying, particularly given the scheduled end of the Milk Income Loss Contracts at the end of September 2005. A few months of high prices in 2004 probably would not alter the pattern of milk cow numbers much, particularly when dairy replacement supplies are tight. On the other hand, an extended period of strong prices would tend to be viewed as a harbinger of more lasting price recovery. Milk cow

numbers are expected to continue to decline in 2005 but at a slower rate than in 2004.

Milk per cow should post a relatively large increase in 2005. The presumed return of normal availability of bovine somatotropin (BST) should quickly be seen in milk per cow gains. Also, concentrate feed prices are projected to be somewhat lower than this year, leaving milk-feed price ratios no worse than slightly unfavorable. Milk production is projected to rise 1 to 2 percent from 2004 on a daily average basis.

Even though there may be some negative carryover from 2004's soaring prices, demand in 2005 is expected to be fairly strong. Economic prospects are generally favorable, and consumer spending seems to be shifting back to stronger food expenditures. In addition, some commercial exports of nonfat dry milk are possible, at least in the first half.

Farm milk prices are expected to average \$13-\$14 per cwt in 2005, down sharply from this year but considerably higher than the low prices of 2002 and 2003. If this year's jump in cheese demand proves larger than now seen, the decrease in 2005 farm milk prices could easily be considerably smaller.

Low Prices Boost 2003 Dairy Use: Per capita consumption in 2003 rose to 594 pounds, milk equivalent, milkfat basis, the most since 1987. However, the 2003 total represented much larger commercial use per person than during the mid-eighties. About 7 percent of the total consumption in the mid-eighties consisted of donations from government stocks; donations in 2003 were negligible. Commercial consumption in 2003 was the highest in almost 40 years.

Spurred by generally low prices, per capita consumption of most major dairy products rose slightly in 2003. Small gains were posted for butter, cheese, evaporated and condensed milk, nonfat dry milk, and frozen products other than regular ice cream. Per person use of fluid products slipped.

Although the amounts of dairy products sold in 2003 seemed impressive, demand actually was fairly weak for most of the year. Real dairy prices were very low, and consumer response to the low prices was lackluster. If 2003 demand had equaled the strength of the 1999-2001 period, more than 600 pounds per capita probably would have been needed to meet consumer desires at 2003 prices. In the longer-term perspective, 2003 demand was moderately weak and would have been very weak if not for the recovery late in the year.

AGRICULTURAL PRICES RECEIVED

NEW MEXICO: Alfalfa hay prices in May averaged \$141.00, remaining steady with the previous months' price. All hay prices averaged \$138.00 and also remained steady with the April price. Cow prices increased from \$49.70 per hundredweight to \$52.80, and were \$0.40 above the national average of \$52.40. Steer and heifer prices increased by \$6.10 to \$102.00 per hundredweight compared to the national average of \$92.60; calf prices for May were \$119.00 per hundredweight compared to the previous month's price of \$115.00. Calf prices were \$3.00 below the national average of \$122.00. Milk prices also continued to rise and averaged \$19.40 per hundredweight, 90 cents below the national average of \$20.30 per hundredweight.

Prices Received by Farmers: Selected Commodities, April 2004 and May 2003-04

Commodity	Unit	New Mexico			U.S. ^{1/}
		May 2003 ^{1/}	Apr 2004 ^{2/}	May 2004 ^{1/}	May
-----Dollars-----					
CROPS					
Grain Sorghum	Cwt.	—	—	—	4.60
Cotton, Upland	Lb.	—	—	—	.612
Potatoes	Cwt.	—	—	—	6.75
Hay, all baled	Ton	144.00	138.00	138.00	101.00
Alfalfa, baled	Ton	148.00	141.00	141.00	109.00
Peanuts	Lb.	—	—	—	.210
Corn	Bu.	—	—	—	2.78
Wheat, all	Bu.	—	—	—	3.73
LIVESTOCK					
Sheep ^{3/}	Cwt.	—	—	—	37.10
Lambs ^{3/}	Cwt.	—	—	—	100.00
Cows	Cwt.	39.00	49.70	52.80	52.40
Steers & Heifers	Cwt.	80.40	95.90	102.00	92.60
Calves	Cwt.	92.20	115.00	119.00	122.00
Milk	Cwt.	10.70	16.60	19.40	20.30

^{1/} Mid-month. ^{2/} Entire month. ^{3/} April - entire month.