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National Agricultural Statistics Service
New Mexico Statistical Office

Weekly Ag Update

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Weather Summary Dairy Outlook

Available on the Internet: www.nass.usda.gov/nm , or by e-mail (1-800-530-8810 for information)

WEATHER SUMMARY

A winter storm located off the California coast early in the week resulted in precipitation statewide Monday through Wednesday. Chama, Los Alamos and Silver City all reported over an inch of precipitation. Snow accumulations from one-half foot to one foot were common across the north. Arctic air pushed into the northeast corner of the state late Tuesday resulting in week long averages just below normal. The remainder of the state averaged 1 to 7 degrees above normal. Data incomplete for Quemado and Carrizozo.

NEW MEXICO WEATHER CONDITIONS - JANUARY 3 - 9, 2005

Station	Temperature			Precipitation				
	Mean	Maximum	Minimum	01/03 01/09	01/01 01/09	Normal Jan	01/01 01/09	Normal Jan-Jan
Farmington	36.3	51	19	0.37	0.00	0.59	0.00	0.59
Gallup	34.4	53	14	0.76	0.80	0.80	0.80	0.80
Capulin	29.9	56	6	0.53	0.53	0.40	0.53	0.40
Chama	27.3	42	15	1.01	1.01	1.77	1.01	1.77
Johnson Ranch	31.4	48	15	0.11	0.11	0.67	0.11	0.67
Las Vegas	34.4	57	13	0.57	0.76	0.60	0.76	0.60
Los Alamos	30.1	46	15	1.06	0.06	0.86	0.06	0.86
Raton	29.4	57	-1	0.43	0.43	0.47	0.43	0.47
Red River	25.2	43	-2	0.73	0.73	1.07	0.73	1.07
Santa Fe	35.1	52	19	0.30	0.36	0.63	0.36	0.63
Clayton	31.4	65	9	0.30	0.41	0.24	0.41	0.24
Clovis	42.0	70	20	0.62	0.63	0.39	0.63	0.39
Roy	36.1	62	11	0.94	0.94	0.34	0.94	0.34
Tucumcari	40.7	66	17	0.55	0.68	0.28	0.68	0.28
Grants	34.1	57	13	0.48	0.66	0.49	0.66	0.49
Quemado	30.7	47	6	0.15	0.24	0.83	0.24	0.83
Silver City	39.1	61	19	1.41	2.21	1.16	2.21	1.16
Albuquerque	39.5	58	21	0.53	0.76	0.44	0.76	0.44
Carrizozo	40.7	65	20	0.13	0.72	0.60	0.72	0.60
Socorro	41.3	64	19	0.62	0.79	0.39	0.79	0.39
Gran Quivera	36.8	57	19	0.74	0.82	0.70	0.82	0.70
Moriarty	35.4	59	20	0.62	0.62	0.43	0.62	0.43
Ruidoso	41.6	61	17	0.80	1.40	1.12	1.40	1.12
Carlsbad	48.6	73	27	0.15	0.15	0.35	0.15	0.35
Roswell	45.6	73	26	0.29	0.29	0.43	0.29	0.43
Tatum	46.6	75	27	0.62	0.62	0.39	0.62	0.39
Alamogordo	47.4	64	28	0.93	1.03	0.67	1.03	0.67
Animas	45.5	64	26	0.59	1.12	0.68	1.12	0.68
Deming	43.1	62	21	0.62	0.78	0.56	0.78	0.56
Las Cruces	46.0	65	26	0.58	0.58	0.46	0.58	0.46
T or C	44.6	62	26	0.77	0.77	0.46	0.77	0.46

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

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

NWS Forecast Office Albuquerque, NM

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DAIRY OUTLOOK

Economic Research Service, USDA
December 2004

2004 Dairy Records All Around: The year of 2004 has been incredible for the U.S. dairy industry. Milk production is a record or near-record, commercial use has hit new highs, and prices have been extremely volatile throughout the year. Farm milk prices have jumped more than a fourth from 2003's average to a record $16 per cwt.

Expanded milk production in 2005 is projected to lend more stability to the industry and to lower prices. However, growth in milk production is not expected to be rapid, dairy product demand is expected to be pretty good, and commercial exports are projected to continue to absorb most of the domestic surplus of skim solids. Milk prices are projected to lose only about half of their 2004 increase.

Slow Milk Production Growth To Continue: Milk production continues its cautious expansion, running about 1 percent above a year earlier since it moved positive in early summer. Strength in milk prices has proven more persistent than earlier thought, probably bringing milk cow numbers near a year earlier for the first time since early 2003. However, growth in milk per cow remains rather anemic, as forage problems continue, improved price ratios between milk and concentrate feeds have yet to make a splash, and bovine somatotropin (BST) remains limited.

Record farm milk prices in 2004 have bolstered milk cow numbers. Although concentrate feed prices were high for part of the year, returns over concentrate costs have averaged about the highest ever. These returns apparently slowed the exit of farms from dairying, having improved the ability of even the weaker operations to hold on. Some effects may last into 2005 as these farms probably have used some of this year's windfall to get ahead on critical expenses.

The strong returns probably did not have as much impact on expansion by robust farms. Considerable incentive existed to keep facilities as full as possible, but many of the key factors in this year's prices likely were perceived to be too temporary to alter long-term growth plans. Even so, the infusion of cash probably will allow farms to expand somewhat sooner than otherwise.

Replacement heifer prices eased a little this autumn, but supplies probably have stayed tight. In 2004, replacement prices are expected to average over $1,600 per head, exceeding even the record of 2002. The United States remains closed to imports of breeding stock from Canada. The January inventory report might show a few more homegrown replacement heifers than at the start of 2004. However, any increase is likely to be modest because the greatest economic influence on this inventory would have been the relatively low replacement prices of 2003.

The upward drift in milk cow numbers that began early last winter appears to have peaked in early autumn. Cow numbers are projected to slowly decline in coming months as farm exits gradually resume, expansions stay moderate, and heifer supplies remain tight. Decreases may accelerate as 2005 progresses, but returns are expected to remain favorable enough to limit declines in cows. Cow numbers are expected to decline less than 1 percent in 2005, very similar to this year's slippage.