

**INCLUDED IN THIS ISSUE - JULY 18, 2005**

Crop Weather ERS Milk Production

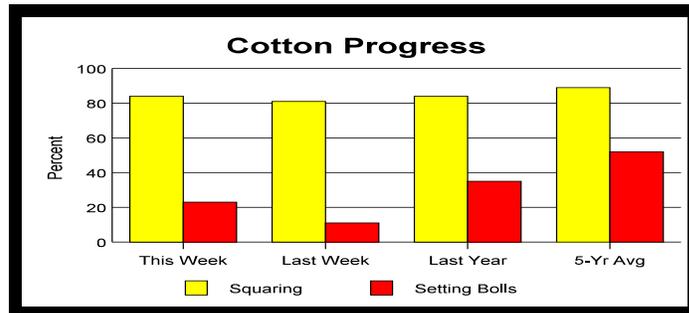
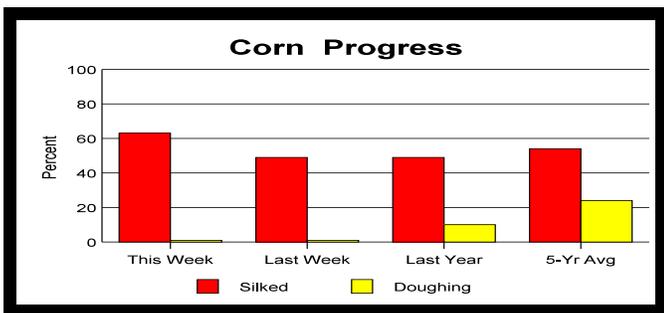
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**CROP SUMMARY FOR THE WEEK ENDING JULY 17, 2005**

**NEW MEXICO:** There were 7 days suitable for field work. Topsoil moisture was 26% very short, 54% short, 19% adequate and 1% surplus. Wind damage was 18% light and 10% moderate. Hail damage was 7% moderate. Farmers were busy irrigating and harvesting crops. Alfalfa was in mostly fair to excellent condition with 100% of the second cutting complete, 87% of the third cutting complete and 20% of the fourth cutting complete. Cotton was 84% squared, 23% setting bolls and condition was reported as 10% very poor, 7% poor, 39% fair, 25% good and 19% excellent. Corn was in mostly fair to good condition and was 63% silked and 1% doughed. Sorghum was 7% headed and condition was 24% poor, 34% fair, 27% good and 1% excellent. Wheat was 100% harvested. Peanuts were in mostly good to excellent condition with 64% pegged. Chile condition was 9% very poor, 9% poor, 21% fair, 54% good and 7% excellent. Onions were 80% harvested. Apples were in very poor to fair condition. Pecans were in mostly fair to excellent condition. Ranchers were busy maintaining water; many are hauling water and are beginning to supplement feed livestock. We received some reports that range and pasture conditions are being reduced by the large number of grasshoppers in the state. Cattle was reported as 1% very poor, 7% poor, 34% fair, 42% good and 16% excellent. Sheep were 5% very poor, 17% poor, 44% fair, 29% good and 5% excellent. Range and pasture was reported as 8% very poor, 25% poor, 45% fair, 20% good and 2% excellent.

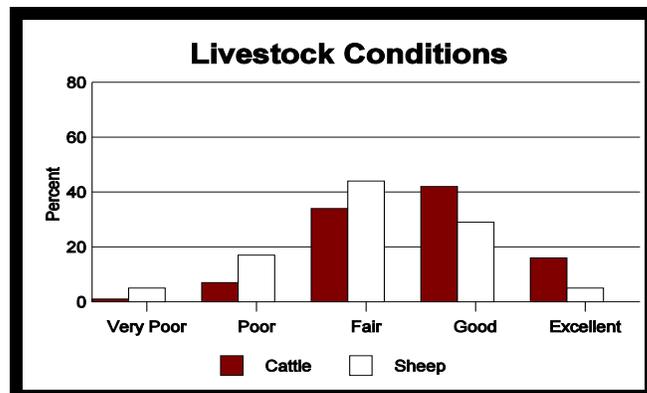
**CROP PROGRESS PERCENTAGES WITH COMPARISONS**

CROP PROGRESS		This Week	Last Week	Last Year	5-Year Average
<b>CORN</b>	Silked	63	49	49	54
<b>CORN</b>	Doughing	1	1	10	24
<b>COTTON</b>	Squaring	84	81	84	89
<b>COTTON</b>	Setting Bolls	23	11	35	52
<b>ONIONS</b>	Harvested	80	76	95	84
<b>PEANUTS</b>	Pegging	64	61	71	56
<b>SORGHUM</b>	Headed	7	1	3	3
<b>WHEAT (ALL)</b>	Harvested	100	97	94	98



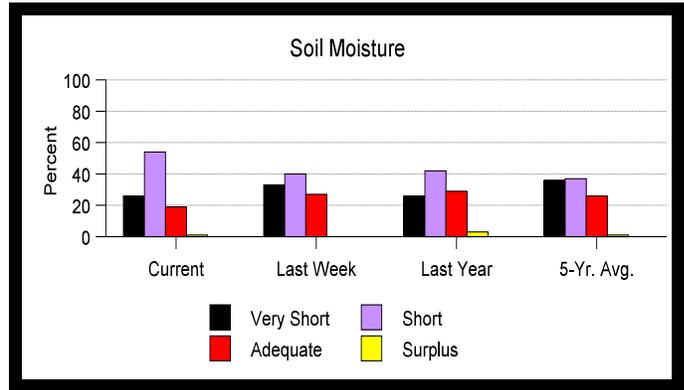
**CROP AND LIVESTOCK CONDITION PERCENTAGES**

	Very Poor	Poor	Fair	Good	Excellent
Alfalfa	--	1	32	49	18
Apples	30	50	20	--	--
Chile	9	9	21	54	7
Corn	--	3	26	65	6
Cotton	10	7	39	25	19
Peanuts	--	--	2	63	35
Pecan	--	1	23	28	48
Sorghum (All)	--	24	48	27	1
Cattle	1	7	34	42	16
Sheep	5	17	44	29	5
Range/Pasture	8	25	45	20	2



SOIL MOISTURE PERCENTAGES

	Very Short	Short	Adequate	Surplus
Northwest	17	75	8	--
Northeast	2	56	41	1
Southwest	50	50	--	--
Southeast	44	37	17	2
State Current	26	54	19	1
State-Last Week	33	40	27	--
State-Last Year	26	42	29	3
State-5-Yr Avg.	36	37	26	1



WEATHER SUMMARY

Temperatures for the week were generally a bit above normal in the west...especially the northwest, and near normal in the east. Mainly afternoon and early night-time thunderstorms provided some spotty moisture at most reporting locations as the summer thunderstorm season began picking up. Some of the storms produced hail and strong winds, especially during the latter part of the week. Greatest precipitation totals were at Chama (1.62 inches) and Los Alamos (1.22 inches).

NEW MEXICO WEATHER CONDITIONS - JULY 11 - 17, 2005

Station	Temperature			Precipitation				
	Mean	Maximum	Minimum	07/11 07/17	07/01 07/17	Normal Jul	01/01 07/17	Normal Jan-Jun
Farmington	82.6	104	59	0.00	0.00	0.94	4.73	4.31
Gallup	76.9	98	51	0.08	0.08	1.91	6.71	6.10
Capulin	68.3	91	50	0.00	0.17	3.25	10.14	10.52
Chama	67.7	89	44	1.62	1.62	2.24	16.67	11.08
Johnson Ranch	72.3	97	42	0.02	0.02	1.66	5.58	5.43
Las Vegas	70.3	94	49	0.13	0.40	3.20	10.57	9.60
Los Alamos	72.2	91	53	1.22	1.22	3.25	10.50	9.66
Raton	68.9	90	45	0.79	1.08	2.66	9.90	9.82
Red River	61.4	84	38	0.57	0.57	3.01	14.75	11.93
Santa Fe	73.6	94	50	0.05	0.05	2.38	7.51	7.64
Clayton	76.0	99	55	0.08	0.13	2.70	9.31	9.00
Clovis	78.4	97	59	0.07	1.95	2.56	8.68	9.57
Roy	72.6	92	54	0.00	1.15	2.97	10.72	9.03
Tucumcari	79.4	99	60	0.21	1.50	3.30	10.39	8.57
Grants	74.0	97	44	0.03	0.03	1.76	4.94	4.79
Quemado	71.3	94	44	0.07	0.17	2.37	5.68	6.56
Silver City	76.2	96	56	0.00	0.00	2.65	9.34	7.55
Albuquerque	83.1	99	68	0.30	0.30	1.37	6.24	4.42
Carrizozo	77.3	95	54	0.10	0.10	2.05	7.21	5.55
Socorro	79.2	99	57	0.06	0.06	1.44	4.34	3.94
Gran Quivera	76.1	98	53	0.21	0.33	2.81	8.58	7.52
Moriarty	72.9	99	45	0.10	0.10	2.38	7.31	6.37
Ruidoso	67.2	87	46	0.25	0.40	4.02	9.29	10.99
Carlsbad	82.1	102	62	0.04	0.11	1.79	4.68	5.74
Roswell	80.1	99	64	0.03	0.04	1.99	4.27	6.74
Tatum	76.3	98	57	0.00	0.18	2.52	6.34	8.69
Alamogordo	82.7	98	65	0.15	0.15	2.23	6.70	5.51
Animas	84.3	102	66	0.06	0.06	2.26	5.31	4.74
Deming	83.4	103	61	0.00	0.18	2.15	3.97	4.43
Las Cruces	83.8	101	67	0.25	0.25	1.36	4.60	3.63
T or C	84.6	103	65	0.02	0.02	1.86	3.52	4.44

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

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

**DAIRY OUTLOOK**  
*USDA, ERS, June 16, 2005*

***Production Growth and Erratic Demand Shake Dairy Prices:***

Milk and dairy product prices have weakened somewhat this spring. Strong returns ignited an expansion in milk production, as cow numbers edged higher and milk per cow recovered. Meanwhile, commercial use in late winter was unable to sustain its large early-winter gains. Even so, these shifts were not dramatic, and dairy product prices have remained relatively buoyant. Milk prices in 2005 are expected to average considerably below last year's record but well above the 5-year average.

Milk cow numbers edged higher after an early-winter low. In April, cow numbers in the 23 major States were more than 0.5 percent larger than a year earlier, implying that the U.S. total was up slightly. The strong returns of 2004 and thus far in 2005 created substantial pressure for stronger producers to expand their operations, even if replacement heifers are scarce and expensive and forage supplies uncertain. Similarly, the weaker producers were in a sounder position to continue if they wish. Exits apparently have been relatively few.

Short heifer supplies remain a major concern for producers in a position to grow. April prices were a record even though domestic heifer numbers at the start of 2005 had largely recovered from their 2004 decrease. High prices are mostly the result of strong demand for heifers, although the lack of imports from Canada is a continuing factor. Replacement prices probably will remain high during the rest of 2005, and heifer availability likely will continue to slow expansion in cow numbers. Heifer supplies may ease a bit in late 2005 and 2006 as the effects of high 2004 replacement prices on heifer supplies are seen, but any price decreases are expected to be relatively small.

Hay supplies remain problematic. Very tight water supplies in the Northwest imply that alfalfa production there will be down, and alfalfa supplies may be somewhat tight in other parts of the West. The late spring may have depleted supplies of mediocre hay, leaving only poor alfalfa in ample supply. Prices received for alfalfa hay jumped in April and May.

April milk per cow stayed weak but partially recovered from the very sluggish autumn and winter performance. Despite large incentives to boost

concentrate feeding and the return to near-normal availability of bovine somatotropin (BST), milk per cow in the 23 States during April rose from the 5-year average at a 1.4-percent annual rate, still far below trend. Forage quality probably contributed, as did extending the milking life of cows that normally would have been culled.

Milk production is projected to post sizable increases from a year earlier during the rest of 2005, even if the rate slackens slightly this summer when compared with the strongest 2004 quarter. Milk cow numbers are expected to drift generally higher during the rest of the year, averaging essentially unchanged for the year. Meanwhile, milk per cow is projected to expand more than 2 percent from 2004, dependent in part on avoiding major forage quality problems.

***Butter-powder Taking Milk Supply Boost:*** Cheese makers, evidently concerned about building stocks in an erratic market, have taken little of the increase in supplies of milk for manufacturing. Cheese output was only slightly above a year earlier during March-April even though cheese plants had a considerable advantage in competing for milk. Most of the increase in manufacturing milk supplies has gone into butter and dry milk products. Butter output jumped, partially because frozen dessert production was smaller. Ironically, nonfat dry milk production fell sharply during March-April. Skim milk has been pulled into production of dry milks and blends for export that do not meet the U.S. standard of identity for nonfat dry milk.

Recent patterns are likely to persist into summer. With milk plentiful, cheese plants are likely to be cautious about their stock levels, and buyers probably will be slow to lay in supplies for later in the year. Significant strengthening of cheese output is unlikely except in response to improved sales. Export markets are projected to be able to absorb the likely production of dry milk products rather easily, keeping milk flowing into butter-powder use. However, butter stocks might become a problem if commercial use is lackluster.

**MILK PRODUCTION**

**NEW MEXICO:** Milk production in New Mexico during June totaled 598 million pounds, up 4% from June 2004. Production per cow averaged 1,840 pounds for June. The number of milk cows on farms in the state was 325,000 head, 2,000 head more than the previous month's total of 323,000 but 3,000 head below the June 2004 total of 328,000 head.

**UNITED STATES:** Milk production in the 23 major States during June totaled 13.7 billion pounds, up 5.4 percent from June 2004. May revised production, at 14.3 billion pounds, was up 4.6 percent from May 2004. The May revision represented an increase of 26 million pounds or 0.2 percent from last month's preliminary production estimate. Production per cow in the 23 major States averaged 1,683 pounds for June, 76 pounds above June 2004. The number of milk cows on farms in the 23 major States was 8.13 million head, 47,000 head more than June 2004, and 9,000 head more than May 2005.

**Milk Cows and Production: May 2005 <sup>1/</sup> and June 2004-2005**

State	Milk Cows <sup>2/</sup>			Milk per Cow <sup>3/</sup>			Milk Production <sup>3/</sup>		
	6/04	5/05	6/05	6/04	5/05	6/05	6/04	5/05	6/05
	-----1,000 Head-----			-----Pounds-----			-----Million Pounds-----		
AZ	155	163	162	1,955	2,090	1,950	303	341	316
CA	1,724	1,754	1,757	1,755	1,875	1,810	3,026	3,289	3,180
CO	103	104	105	1,750	1,950	1,895	180	203	199
FL	139	138	137	1,395	1,580	1,470	194	218	201
ID	422	445	449	1,800	1,930	1,890	760	859	849
IL	108	104	104	1,540	1,660	1,600	166	173	166
IN	150	155	156	1,650	1,800	1,715	248	279	268
IA	194	186	187	1,630	1,820	1,720	316	339	322
KS	115	112	112	1,635	1,815	1,760	188	203	197
KY	112	107	107	1,055	1,195	1,105	118	128	118
MI	302	311	312	1,755	1,910	1,825	530	594	569
MN	460	455	455	1,480	1,610	1,540	681	733	701
MO	124	119	118	1,250	1,390	1,270	155	165	150
<b>NM</b>	<b>328</b>	<b>323</b>	<b>325</b>	<b>1,755</b>	<b>1,880</b>	<b>1,840</b>	<b>576</b>	<b>607</b>	<b>598</b>
NY	656	646	647	1,490	1,665	1,575	977	1,076	1,019
OH	265	270	270	1,440	1,570	1,480	382	424	400
OR	120	121	121	1,615	1,660	1,630	194	201	197
PA	557	565	563	1,495	1,675	1,595	833	946	898
TX	320	320	320	1,570	1,830	1,720	502	586	550
VT	145	144	143	1,495	1,650	1,565	217	238	224
VA	105	105	105	1,350	1,535	1,420	142	161	149
WA	238	240	240	1,920	2,050	1,975	457	492	474
WI	1,241	1,234	1,235	1,485	1,630	1,570	1,843	2,011	1,939
<b>23 ST</b>	<b>8,083</b>	<b>8,121</b>	<b>8,130</b>	<b>1,607</b>	<b>1,757</b>	<b>1,683</b>	<b>12,988</b>	<b>14,266</b>	<b>13,684</b>

<sup>1/</sup> Revised. <sup>2/</sup> Includes dry cows, excludes heifers not yet fresh. <sup>3/</sup> Excludes milk sucked by calves.