



# Weekly Ag Update

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## INCLUDED IN THIS ISSUE - JULY 10, 2006

Crop Weather      2005 Pecan Production      Dairy Outlook

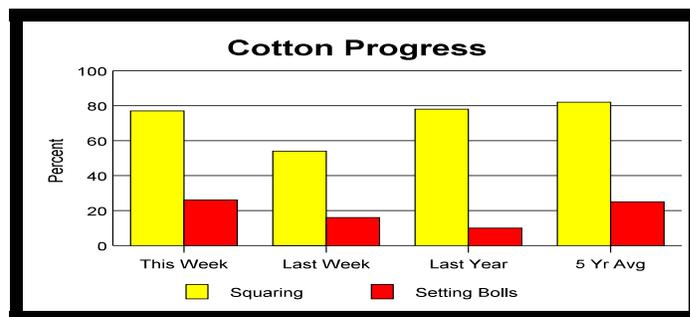
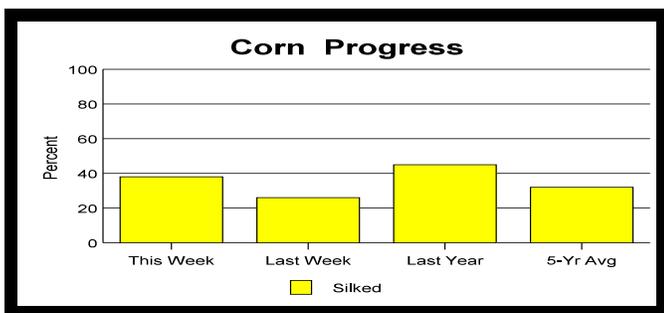
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## CROP SUMMARY FOR THE WEEK ENDING JULY 9, 2006

**NEW MEXICO:** There were 6.1 days suitable for field work. Topsoil moisture was 26% very short, 48% short, 23% adequate, and 3% surplus. Wind damage was 20% light, and 6% moderate. Farmers spent the week irrigating, harvesting, and baling hay. Alfalfa was reported as 21% fair, 57% good and 22% excellent with 94% of the second cutting complete and 62% of the third cutting complete. Irrigated sorghum was reported as mostly fair to excellent with 1% headed. Dry sorghum was reported as mostly poor to fair. Total sorghum condition was reported as 5% very poor, 33% poor, 37% fair, 20% good, and 5% excellent. Irrigated winter wheat was reported 96% harvested. Dryland wheat was reported as 100% harvested. Total wheat was reported as 99% harvested. Peanuts were reported as fair to excellent and 51% pegged. Pecan conditions were fair to excellent. Cotton was reported as 1% very poor, 1% poor, 19% fair, 58% good and 21% excellent with 77% squaring and 26% setting bolls. Chile condition was in fair to excellent condition. Onions were reported as 80% harvested. Corn condition was in mostly fair to excellent condition with 38% silked. Cattle conditions were reported at 4% very poor, 12% poor, 59% fair, 18% good and 7% excellent. Sheep were 8% very poor, 21% poor, 62% fair, and 9% good. Ranges and pastures received some moisture this week, with conditions reported as 34% very poor, 36% poor, 24% fair, and 6% good. Farmers and ranchers report rain in most counties, however, more rain is needed. Ranchers continue to supplement feed and haul water, and livestock producers continue to sell off their livestock.

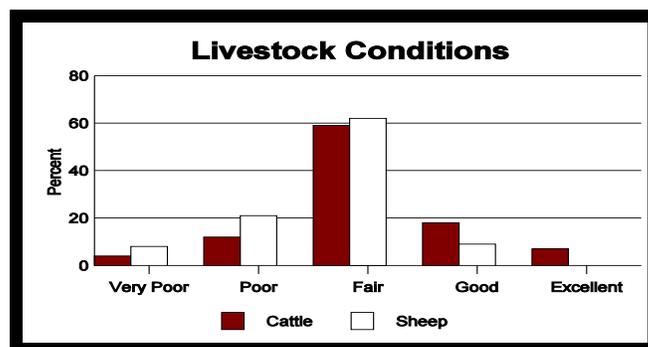
### CROP PROGRESS PERCENTAGES WITH COMPARISONS

CROP PROGRESS		This Week	Last Week	Last Year	5-Year Average
<b>CORN</b>	Silked	38	26	45	32
<b>COTTON</b>	Squaring	77	54	78	82
<b>COTTON</b>	Setting Bolls	26	16	10	25
<b>ONIONS</b>	Harvested	80	75	76	76
<b>PEANUTS</b>	Pegging	51	20	57	61
<b>WHEAT (ALL)</b>	Harvested	99	87	96	94



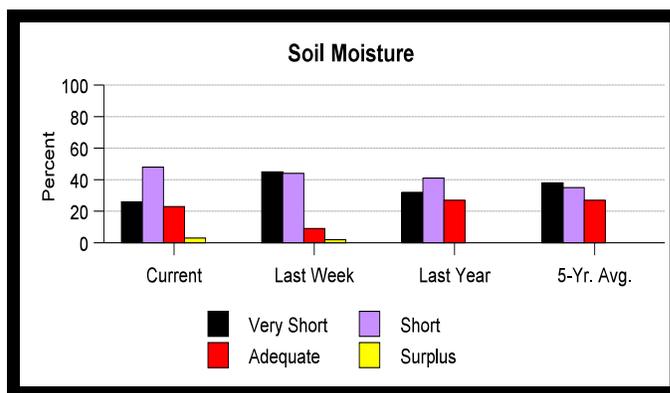
### CROP AND LIVESTOCK CONDITION PERCENTAGES

	Very Poor	Poor	Fair	Good	Excellent
Alfalfa	---	---	21	57	22
Apples	---	40	59	1	---
Chile	---	---	11	62	27
Corn	---	---	26	55	19
Cotton	1	1	19	58	21
Pecans	---	---	19	42	39
Peanuts	---	---	57	41	2
Sorghum (All)	5	33	37	20	5
Cattle	4	12	59	18	7
Sheep	8	21	62	9	---
Range/Pasture	34	36	24	6	---



**SOIL MOISTURE PERCENTAGES**

	Very Short	Short	Adequate	Surplus
Northwest	37	36	23	4
Northeast	40	40	20	---
Southwest	25	28	47	---
Southeast	4	76	16	4
State Current	26	48	23	3
State-Last Week	45	44	9	2
State-Last Year	32	41	27	---
State-5-Yr Avg.	38	35	27	---



**WEATHER SUMMARY**

New Mexico was treated to a wet week as showers and thunderstorms were widespread on most days. Some areas had to deal with flash floods during the week. Tatum, Tukumcari, Moriarty, Santa Fe and Clayton all measured over 2 inches of moisture. Clouds and precipitation held temperatures down to normal or a couple of degrees below normal.

**NEW MEXICO WEATHER CONDITIONS - JULY 3 - 9, 2006**

Station	Temperature			Precipitation				
	Mean	Maximum	Minimum	07/03 07/09	07/01 07/09	Normal Jul	01/01 07/09	Normal Jan-Jul
Farmington	74.3	92	59	0.86	0.87	0.94	2.89	4.31
Gallup	69.7	90	50	1.86	1.86	1.91	3.79	6.10
Capulin	65.1	82	49	1.27	1.34	3.25	5.89	10.52
Chama	61.9	82	44	1.66	1.86	2.24	6.28	11.08
Johnson Ranch	67.6	87	53	1.03	1.15	1.66	2.55	5.43
Las Vegas	66.6	82	53	0.55	0.80	3.20	3.99	9.60
Los Alamos	64.3	77	54	1.39	1.60	3.25	4.92	9.66
Raton	68.4	83	53	0.97	0.98	2.66	3.40	9.82
Red River	58.4	73	43	1.39	1.42	3.01	9.81	11.93
Santa Fe	68.3	85	55	2.30	2.74	2.38	4.23	7.64
Clayton	72.4	90	60	2.03	2.03	2.70	5.02	9.00
Clovis	74.9	93	62	1.04	1.04	2.56	5.35	9.57
Roy	70.9	86	57	1.39	1.39	2.97	3.31	9.03
Tukumcari	76.8	95	63	2.54	2.54	3.30	5.98	8.57
Grants	68.7	90	51	1.42	1.43	1.76	2.50	4.79
Quemado	66.9	91	43	1.33	1.49	2.37	3.04	6.56
Albuquerque	75.1	91	63	1.68	1.68	1.37	3.13	4.42
Carrizozo	73.3	98	57	0.87	0.87	2.05	3.94	5.55
Socorro	75.6	94	59	1.23	1.28	1.44	2.01	3.94
Gran Quivera	69.2	86	51	1.04	1.04	2.81	3.41	7.52
Moriarty	68.6	89	56	3.78	3.85	2.38	5.70	6.37
Ruidoso	65.4	81	49	1.86	1.86	4.02	4.51	10.99
Carlsbad	81.6	97	67	0.10	0.10	1.79	3.57	5.74
Roswell	78.2	95	64	0.02	0.02	1.99	2.07	6.74
Tatum	73.9	92	60	2.10	2.10	2.52	5.57	8.69
Alamogordo	79.1	95	66	0.34	0.34	2.23	1.57	5.51
Animas	79.6	98	62	0.80	0.80	2.26	1.53	4.74
Deming	80.3	100	64	1.29	1.29	2.15	2.42	4.43
Las Cruces	81.3	96	64	0.51	0.51	1.36	1.32	3.63
T or C	77.1	95	62	0.56	0.56	1.86	1.06	4.44

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

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

## 2005 PECAN PRODUCTION

**NEW MEXICO:** Pecan production in New Mexico totaled 65 million pounds in 2005, a high bearing year in the alternating cycle of the trees. This was a 67% increase over the 2004 production of 39 million pounds and 18% above production in 2003, the previous high bearing year in the cycle. Price per pound decreased by \$0.58 from the previous year to \$1.70 per pound in 2005. Production in 2005 was valued at \$110.5 million, compared to \$88.9 in 2004 and \$70.4 million in 2003.

**UNITED STATES:** Pecan production for 2005 is estimated at 140,100 tons, a 51 percent increase from 2004. The value of the pecan crop increased 24 percent to 407 million dollars.

**All Pecans: Utilized Production, Price and Value of Production, State and U.S., 2004-2005**

State	Utilized Production		Price Per Pound		Value of Production	
	2004	2005	2004	2005	2004	2005
	-----1,000 Pounds-----		-----Dollars-----		-----1,000 Dollars-----	
<b>Improved Varieties<sup>1/</sup></b>						
AL	1,000	3,200	1.210	1.160	1,210	3,712
AZ	14,000	22,000	1.850	1.600	25,900	35,200
AR	1,000	1,100	1.400	1.400	1,400	1,540
CA	3,500	3,900	2.210	1.800	7,735	7,020
FL	400	300	1.500	1.400	600	420
GA	42,000	72,000	1.770	1.320	74,340	95,040
LA	2,500	1,000	1.400	1.750	3,500	1,750
MS	700	800	1.300	1.900	910	1,520
MO <sup>2/</sup>	---	200	---	1.880	---	376
<b>NM</b>	<b>39,000</b>	<b>65,000</b>	<b>2.280</b>	<b>1.700</b>	<b>88,920</b>	<b>110,500</b>
NC	70	1,650	2.000	1.000	140	1,650
OK	6,000	6,000	1.600	1.900	9,600	11,400
SC	800	1,500	1.800	1.090	1,440	1,635
TX	28,000	50,000	1.840	1.590	51,520	79,500
<b>U.S.</b>	<b>138,970</b>	<b>228,650</b>	<b>1.920</b>	<b>1.540</b>	<b>267,215</b>	<b>351,263</b>
<b>Native &amp; Seedling</b>						
AL	100	800	0.840	0.840	84	672
AR	700	1,200	1.200	1.100	840	1,320
FL	100	700	0.950	0.850	95	595
GA	3,000	8,000	1.240	0.800	3,720	6,400
KS	1,800	3,200	1.750	1.300	3,150	4,160
LA	6,500	4,000	0.950	1.000	6,175	4,000
MS	300	200	0.800	1.200	240	240
MO <sup>2/</sup>	---	2,400	---	1.240	---	2,976
NC	30	350	1.500	0.800	45	280
OK	22,000	15,000	1.350	1.200	29,700	18,000
SC	300	700	1.400	0.820	420	574
TX	12,000	15,000	1.270	1.090	15,240	16,350
<b>U.S.</b>	<b>46,830</b>	<b>51,550</b>	<b>1.280</b>	<b>1.080</b>	<b>59,709</b>	<b>55,567</b>
<b>All Pecans</b>	<b>185,800</b>	<b>280,200</b>	<b>1.760</b>	<b>1.450</b>	<b>326,924</b>	<b>406,830</b>

<sup>1/</sup> Budded, grafted, or top-worked varieties. <sup>2/</sup> Estimates began in 2005.

**DAIRY OUTLOOK**  
USDA, ERS, JUNE 15, 2006

**Low Dairy Profitability Likely Taking the Wind Out of Expansionary Sails:** Milk production for 2006 is projected at 181.9 billion pounds, an increase of 2.8 percent from 2005. June's forecast is reduced slightly from May's. Expected higher grain prices, hot dry weather in the West and sharply lower milk prices in 2006 compared with last year have likely pressured producer returns. The milk feed price ratio is at its lowest level in 3 years. The low profitability ratio may be taking the wind out of the expansion. However, replacement heifer prices, reported by NASS in April, are unchanged from a year earlier which suggests that significant demand for replacements persists. Moreover, dairy slaughter numbers do not indicate liquidation is yet underway. Milk production in 2007 is forecast higher at 183.1 billion pounds. While cow population will be lower in 2007 than in 2006, higher output per animal will lead production higher.

The 2006 production increase is a result of higher cow populations and higher milk per cow. Production per cow was above 5,000 pounds in the first quarter of 2006 and is expected to climb slightly to 5,130 for the April-June quarter before declining to 4,900 by year end. The result is the higher overall production estimate for 2006 compared with 2005.

Butter production is declining seasonally, but is still above last year's level. Butter stocks are approaching seasonal highs and are above those for corresponding periods in 2004 and 2005. Prices have declined sharply in the second quarter from last quarter, as well as year over year. Lower prices should help maintain demand while building stocks hold down prices. The average butter price is expected to be \$1.155-\$1.225 per pound in 2006 compared with \$1.541 in 2005. The average butter prices in 2007 could recover slightly to \$1.215-\$1.345 as higher stocks are worked off and production grows more slowly.

A similar scenario is developing for cheese. Prices for Cheddar have declined in the second quarter, compared with both to the first quarter and the same quarter last year. A robust macroeconomic situation, low unemployment, and high levels of consumer disposable income spark meals-away-from-home demand and cheese use. Lower prices are helping to maintain demand, while rising stocks are holding down prices. The May NASS *Cold Storage* report placed end of April cheese stocks at 815 million pounds, up from 799 million a month earlier and above the 781 million pounds in April 2005. The build up in stocks contributes to the lower price forecast for cheese in 2006. The average 2006 Cheddar price is expected to be \$1.215-\$1.255 per pound compared with \$1.49 per pound in 2005. Like butter, cheese prices could stage a modest recovery in 2007. The average cheese price is expected to be \$1.295-\$1.395 per pound.

Demand for nonfat dry milk (NDM) is steady, but inventories are high and rising. However, prices have slipped in the second quarter to 83 cents per pound. For the balance of 2006, prices are projected to hold steady, leaving the 2006 average price forecast at 84-88 cents per pound. Prices in 2007 are forecast to be lower, ranging between 81.5-88.5 cents per pound. After averaging 27.8 cents per pound in 2005, average whey price is expected to average 27-29 cents per pound in 2006 and between 24-27 cents per pound in 2007.

The overall weakness in dairy product prices will translate into lower prices in 2006 for all milk, Class III, and Class IV milk. The 2006 price forecast for all milk is \$12.40-\$12.80 per cwt, a decline from \$15.14 last year. Forecast higher demand for dairy products in 2007 with only slight increases in supplies suggest a higher all milk price forecast in 2007 to \$12.85-\$13.85 per cwt. Average Class III price will be \$11.40-\$11.60 per cwt for the 2006 season, off from \$14.05 last year. In 2007, Class III price should recover to \$11.90-\$12.90 per cwt. Similarly, average Class IV milk prices will fall to \$10.45-\$10.95 per cwt in 2006 from \$12.87 in 2005. Class IV prices should stage a recovery in 2007 to an average \$10.45-\$11.55 per cwt.