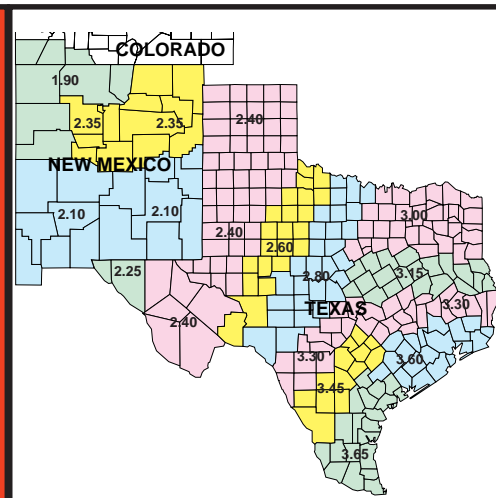


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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VOLUME XXX, NO. 12

DECEMBER 2004

MARKET SUMMARY FOR NOVEMBER

The Producer Price Differential (P.P.D.) for milk delivered to handlers located in Dallas/Tarrant counties (TX) of the Southwest Milk Market Order was \$0.99 for November. Butterfat price increased \$0.1469 per pound from \$1.9020 in October to the level of \$2.0489 in November. Protein price increased \$0.0483 per pound from \$2.3814 in October to \$2.4297 in November. November's Other Solids price increased \$0.0123 per pound from \$0.0677 in October to \$0.0800 in November. The Somatic Cell Count adjustment rate factor for November was .00079 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received an November statistical uniform price of \$15.88 per hundredweight for milk testing 3.5% butterfat, 2.99% true protein, 5.69% other solids and 350,000 SCC. This is an increase of \$0.20 in comparison to the statistical blend price of \$15.68 in October.

The November Class I price decreased \$0.49 from \$17.78 in October to the November level of \$17.29. The Class II price for November of \$14.09 per hundredweight increased \$0.52 from \$13.57 in October. November's Class III price increased \$0.73 from \$14.16 in October to \$14.89 in November. The Class IV price increased \$0.53 from \$12.81 in October to \$13.34 in November.

In November 821 producers delivered a total of 760,005,805 pounds of milk. On a daily basis this represents a decrease of 0.69 percent from the producer receipts level in October but it represents an increase of 3.17 percent when compared to the producer receipts level of November 2003.

Producer milk classified as Class I during November amounted to 47.40 percent of total producer receipts. This figure is up from 45.32 percent in October and it is up from 44.54 percent in November 2003. The average butterfat test of producer milk pooled during November was 3.786 percent, average protein test was 3.163 percent, average other solids test was 5.722 percent and the average somatic cell count was 330,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Nov 04	Oct 04	Nov 04	Oct 04	Nov 04	Oct 04
Appalachian	16.78	16.69	-----	-----	72.53	67.69
Arizona-Las Vegas	15.20	15.01	-----	-----	36.95	35.03
Central	15.10	14.70	0.21	0.54	50.39	30.69
Florida	17.99	18.19	-----	-----	89.05	87.52
Mideast	15.21	14.89	0.32	0.73	38.10	35.80
Northeast	16.20	16.07	1.31	1.91	52.00	50.80
Pacific Northwest	14.75	14.40	(0.14)	0.24	41.68	29.95
Southeast	16.83	16.78	-----	-----	71.59	68.94
Southwest	15.88	15.68	0.99	1.52	47.40	45.32
Upper Midwest	15.02	14.47	0.13	0.31	40.60	18.90

CWT ACCEPTS 378 HERD RETIREMENT BIDS TOTALING 931 MILLION POUNDS OF MILK

Cooperatives Working Together (CWT), the farmer-led economic self-help effort for America's dairy producers, announced Wednesday that it has accepted 378 bids from farmers seeking to retire their milking herds, representing approximately 51,700 cows. Those retirements will remove 931 million pounds of milk, or 0.55% of the nation's supply, helping to stabilize farm-level prices that have been declining in recent months.

CWT's first Herd Retirement program was implemented in the fall of 2003, when 299 bids, representing 608 million pounds of milk, were accepted. A total of 732 bids were submitted last month as part of the second Herd Retirement program, meaning CWT will accept 52% of the bids sent in this fall.

Jerry Kozak, President and CEO of the National Milk Producers Federation, which is operating CWT, said that just like last year's program, the 2004 Herd Retirement effort will surpass CWT's initial goals for this year.

"We set out with the intent of reducing milk supplies by 870 million pounds, and in fact, we will exceed that target by 7% without adding to the budget for the program. We also exceeded our target for cow removals by nearly 2,700. What's more, we will again honor our regional safeguard limits, meaning that no region of the country will suffer a disproportionate loss of milk supplies," Kozak said.

Under CWT's guidelines, safeguard thresholds have been established for five separate regions of the country, limiting the total milk withdrawals possible in each. The limits are strictest in the Northeast, Southeast and Midwest, and looser in the Southwest and West.

The totals for each region in 2004 include:

Region	Pounds of milk	Farms accepted	% of total reduction	Number of cows
Northeast	73 mil.	57	8	4,107
Southeast	65 mil.	40	7	4,327
Midwest	149 mil.	157	16	8,878
Southwest	291 mil.	76	31	16,551
West	353 mil.	48	38	17,894
TOTALS	931 mil.	378	100	51,757

In order to ensure the integrity of the herd retirement process, those farms whose bids have been tentatively accepted will soon be contacted by CWT

field auditors, shortly before those auditors visit each of the farms. That process will continue until all the farms have been audited, and the herds have been tagged for removal. Farmers must send their animals to slaughter shortly after that auditing and tagging process is complete.

Kozak said that specific bid information, including the range of accepted bids and the average bid, won't be released until mid-December. By that point, all bidders will be notified of their status.

CWT is being funded by dairy cooperatives and individual dairy farmers, who are contributing a 5 cents per hundredweight membership assessment on their milk production from July 2004 through June 2005. More than 70% of the nation's milk supply is contributing to the program. The money raised by CWT will be apportioned between the Herd Retirement program, and the Export Assistance program, which helps support the overseas sales of butter and cheese.

JOHANNIS NOMINATED AS SECRETARY OF AGRICULTURE

President Bush has named Nebraska Republican Gov. Mike Johanns to be his next Agriculture secretary, succeeding Ann Veneman, who resigned last month. Johanns, 54, at the midpoint of his second four-year term as governor, would vacate that post if confirmed by the Senate.

If his nomination is confirmed, Johanns will head the \$78-billion-a-year U.S. Department of Agriculture, which has 113,000 employees. The USDA oversees and regulates farm, forest and food programs.

As governor, he has been a leading advocate of ethanol and biodiesel production as a substitute for fossil fuels, a Bush administration priority. About 10% of the U.S. corn crop is distilled to make ethanol.

Veneman headed the department for four years. She has battled breast cancer for the past two years, but she did not list health as a reason for her resignation. Bush praised her service in the face of "serious illness."

Challenges likely to come up soon for the new secretary include further opening overseas markets to U.S. agricultural products, including the explosive issue of selling bioengineered crops to Europe, and shepherding the next version of the farm appropriations bill.

Johanns grew up on an Iowa dairy farm. He started in politics in 1981 as a Democrat, becoming Republican in 1988.

TOP TEN TEXAS COUNTIES a/ – NOVEMBER 2004

<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2003b/</u>	<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2003b/</u>
1. Erath	110	95,925,075	- 0.50	7. Deaf Smith	6	17,278,301	- 1.97
2. Hopkins	149	39,246,791	- 3.02	8. Archer	53	17,020,988	+ 0.22
3. Comanche	32	37,487,612	+ 8.46	9. Parmer	5	15,747,339	- 6.03
4. Lamb	8	26,507,576	- 6.97	10. Wood	45	12,584,293	+ 2.04
5. Hale	4	20,448,114	+ 109.42	Ten County Total	420	301,707,749	+ 3.22 b/
6. Castro	8	19,461,660	+ 53.30	<u>Other Counties Total</u>	<u>373</u>	<u>161,988,996</u>	<u>+ 0.43</u>
				Texas Total	793	463,696,745	+ 2.23

a/ Includes all known Grade "A" milk produced on farms located in Texas.

b/ Compared to top ten counties for the month in the previous year.

Class Prices at 3.5%, for Federal Orders 126 Formula Prices and Price Quotations

	Class Prices & P.P.D.					Component Prices			NASS Product Prices				
	I a/	II	III	IV	P.P.D.a/	BF	Other Solids	True Protein	SCC c/ Adj Rate	Grade AA Butter	Cheddar Cheese	NFDM Powder	Dry Whey
Month	Dollars Per Hundred Wt. -----					Cents Per Pound-----							
September	16.71	10.76	14.30	10.05	0.18	122.18	1.70	331.80	.00080	113.32	159.40	81.11	17.55
October	17.27	10.84	14.39	10.16	0.50	125.53	3.11	328.15	.00080	116.11	159.36	81.09	18.92
November	17.37	10.99	13.47	10.30	1.06	128.77	3.68	292.67	.00075	118.81	149.41	81.30	19.47
December	16.84	11.30	11.87	10.52	1.99	136.88	3.62	229.97	.00066	125.57	132.60	80.70	19.41
Averages 2003 b/	14.39	10.76	11.42	10.00	1.16	120.99	1.29	237.70	.00065	111.94	130.31	80.90	16.67
January 2004	14.85	11.67	11.61	10.97	1.68	149.78	2.17	208.75	.00065	136.32	130.23	80.62	18.01
February	14.59	12.90	11.89	12.21	1.78	185.18	0.90	179.11	.00066	165.82	132.60	80.64	16.77
March	14.94	14.79	14.49	14.10	0.73	238.13	2.34	201.33	.00078	209.94	156.80	81.01	18.17
April	16.64	15.21	19.66	14.57	- 3.48	250.13	10.42	344.65	.00103	219.94	205.20	81.71	26.02
May	22.65	15.03	20.58	14.50	- 1.91	242.82	14.44	376.39	.00106	213.85	212.66	83.83	29.92
June	24.13	14.31	17.68	13.72	1.72	217.68	13.39	310.86	.00092	192.90	184.11	84.97	28.90
July	20.95	14.00	14.85	13.31	2.23	205.43	10.48	236.25	.00078	182.69	156.95	85.13	26.07
August	17.62	13.13	14.04	12.46	1.45	179.41	6.76	246.63	.00076	161.01	151.67	85.84	22.46
September	16.94	13.66	14.72	13.00	1.03	193.54	5.89	254.31	.00079	172.78	158.67	86.39	21.62
October	17.78	13.57	14.16	12.81	1.52	190.20	6.77	238.14	.00076	170.00	152.56	85.65	22.47
November	17.29	14.09	14.89	13.34	0.99	204.89	8.00	242.97	.00079	182.24	158.86	85.70	23.67

a/ Subject to location adjustments. b/ Simple averages c/ SCC adjustment rate is per 1,000 difference.

TOP NEW MEXICO COUNTIES a/ – NOVEMBER 2004

<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2003b/</u>	<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2003b/</u>
1. Chaves	42	140,047,760	- 3.35	7. Valencia	9	15,348,523	+ 61.64
2. Curry	23	95,701,624	+ 5.42	8. Socorro	7	10,599,548	- 35.41
3. Roosevelt	41	94,715,448	- 3.70	9. Sierra	3	7,270,067	+ 24.68
4. Dona Ana	23	80,052,512	+ 4.42	10. Bernalillo	4	4,815,586	- 5.18
5. Lea	14	30,135,790	- 29.84	Ten County Total	172	503,944,894	- 2.57 b/
6. Eddy	6	25,258,036	- 5.69	<u>Other Counties Total</u>	<u>4</u>	<u>8,397,955</u>	<u>- 3.95</u>
				New Mexico Total	176	512,342,849	- 2.60

a/ All known Grade "A" milk produced on farms located in New Mexico.

b/ Compared to top counties for the month in the previous year.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 2002 THROUGH NOVEMBER 2004, WITH PRODUCTION PERCENTAGE COMPARISONS**

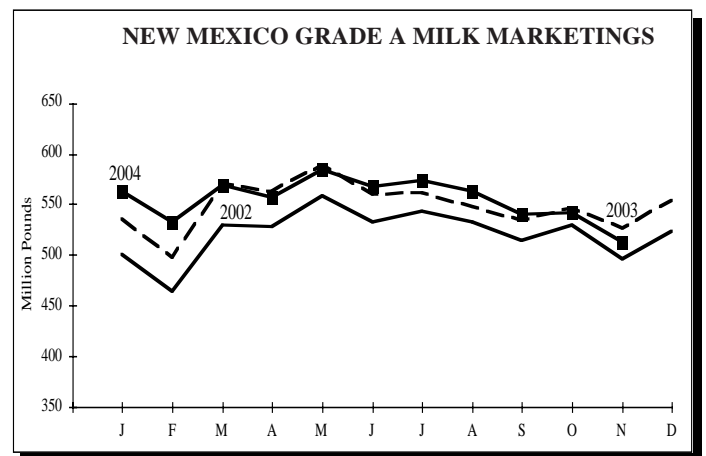
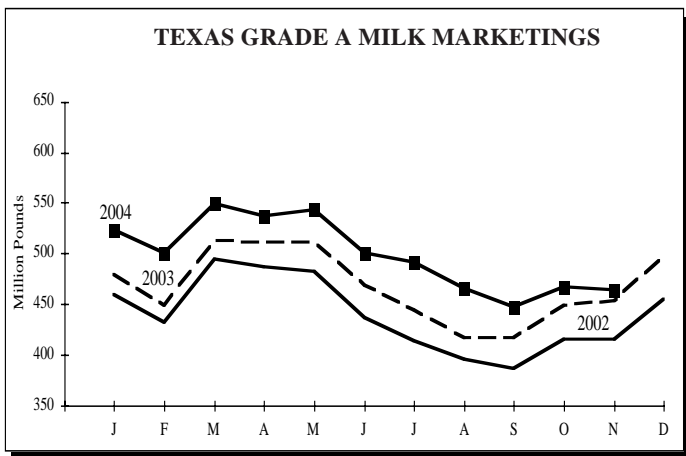
MONTH	2002 POUNDS	Number of Producers	2003 POUNDS	Number of Producers	2004 POUNDS	Number of Producers	PERCENT CHANGE 2003/02	2004/03
January	459,850,238	897	480,011,354	845	523,723,796	816	+ 4.38	+ 9.11
February	431,807,361	894	449,362,000	840	501,204,456	819	+ 4.07	+ 7.69*
March	494,608,931	893	512,243,241	841	548,941,459	814	+ 3.57	+ 7.16
April	487,475,741	889	510,466,950	838	537,141,283	803	+ 4.72	+ 5.23
May	482,994,330	875	511,474,552	840	543,408,997	801	+ 5.90	+ 6.24
June	435,698,971	872	468,387,455	838	500,319,580	803	+ 7.50	+ 6.82
July	414,700,943	862	444,115,237	834	491,018,134	799	+ 7.09	+ 10.56
August	395,468,644	851	417,817,794	833	467,427,900	796	+ 5.65	+ 11.87
September	386,732,687	859	416,649,423	836	447,166,094	796	+ 7.74	+ 7.32
October	415,984,319	846	449,267,689	835	467,915,409	797	+ 8.00	+ 4.15
November	415,537,665	847	453,593,349	826	463,696,745	793	+ 9.16	+ 2.23
December	<u>454,863,992</u>	843	<u>497,718,548</u>	815			<u>+ 9.42</u>	
Years Total	5,275,723,822		5,611,107,592				+ 6.36	

* Based on average daily delivery.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2002 THROUGH NOVEMBER 2004, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2002 POUNDS	Number of Producers	2003 POUNDS	Number of Producers	2004 POUNDS	Number of Producers	PERCENT CHANGE 2003/02	2004/03
January	501,275,998	174	535,741,056	177	562,516,031	178	+ 6.66	+ 5.00
February	463,667,936	173	498,218,526	176	532,156,355	176	+ 7.45	+ 3.13*
March	528,830,087	175	570,901,632	177	568,504,219	178	+ 7.96	- 0.42
April	528,467,048	175	562,338,380	177	557,482,116	176	+ 6.41	- 0.86
May	557,746,887	176	589,176,775	177	583,379,003	177	+ 5.64	- 0.98
June	532,178,000	178	559,442,259	177	567,036,025	177	+ 5.12	+ 1.36
July	542,546,821	176	560,883,275	178	573,899,551	181	+ 3.38	+ 2.32
August	532,685,705	176	547,114,145	178	563,099,040	177	+ 2.71	+ 2.92
September	513,773,496	178	533,648,709	180	540,636,857	179	+ 3.87	+ 1.31
October	529,524,800	178	546,904,202	178	541,026,928	177	+ 3.28	- 1.07
November	496,802,059	178	526,000,891	176	512,342,849	176	+ 5.88	- 2.60
December	<u>523,409,272</u>	178	<u>553,271,605</u>	179			<u>+ 5.71</u>	
Years Total	6,250,908,109		6,583,641,455				+ 5.32	

* Based on average daily delivery.



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TEXAS AND NEW MEXICO MARKET COMPONENT TEST

Month	Butterfat		Protein		Other Solids		S-N-F		SCC ^{a/}	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
November	3.75	3.64	3.15	3.11	5.69	5.71	8.83	8.82	333	248
December	3.78	3.68	3.15	3.10	5.72	5.72	8.87	8.83	305	246
Averages 2003	3.66	3.57	3.06	3.00	5.70	5.72	8.76	8.72	351	275
January 2004	3.77	3.66	3.11	3.06	5.72	5.72	8.83	8.78	300	253
February	3.76	3.64	3.11	3.05	5.73	5.74	8.84	8.79	302	262
March	3.68	3.58	3.06	3.02	5.72	5.72	8.78	8.74	318	280
April	3.64	3.53	3.05	2.99	5.73	5.74	8.77	8.73	311	292
May	3.59	3.43	3.02	2.94	5.70	5.71	8.72	8.66	316	262
June	3.57	3.40	3.00	2.92	5.70	5.72	8.70	8.64	326	247
July	3.59	3.43	3.01	2.91	5.69	5.73	8.71	8.63	377	286
August	3.62	3.46	3.05	2.95	5.69	5.71	8.74	8.66	389	300
September	3.67	3.53	3.11	3.03	5.68	5.70	8.79	8.73	356	274
October	3.76	3.63	3.15	3.09	5.69	5.72	8.84	8.81	346	285
November	3.84	3.72	3.18	3.14	5.70	5.73	8.88	8.87	372	298

a/ In thousands.

NOVEMBER 2004
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$250,911.63
Class I Butterfat	60(a)	8,510,588	\$1.9588	\$16,670,539.81
Class I Skim Per Cwt		351,716,309	\$10.8100	\$38,020,533.03
Class II Butterfat	60(b)	8,748,569	\$2.0559	\$17,986,183.01
Class II Nonfat Solids		7,521,956	\$0.7933	\$5,967,167.73
Class III Butterfat	60(c)	8,324,068	\$2.0489	\$17,055,182.93
Class III Protein		6,641,763	\$2.4297	\$16,137,491.58
Class III Other Solids		12,037,115	\$0.0800	\$962,969.20
Class IV Butterfat	60(d)	3,192,778	\$2.0489	\$6,541,682.85
Class IV Nonfat Solids		8,842,628	\$0.7098	\$6,276,497.36
Class II, III & IV Somatic Cell Adj.	60(e)			\$94,157.11
Total Producer Milk-Product Lbs & Value		760,005,805		\$125,963,316.24
Add: Value as for 60(f) Thru 60(j)				\$193,761.57
Less: Total Protein Pounds	61(b)	24,042,824	\$2.4297	\$58,416,849.46
Total Other Solids Pounds		43,491,594	\$0.0800	\$3,479,327.52
Total Butterfat Pounds		28,776,003	\$2.0489	\$58,959,152.54
Total Value of Somatic Cell Adjustment				\$118,817.93
Total Milk and Value		760,005,805		\$5,182,930.36
Add: Location Differential Adjustments	61(c)			\$2,348,882.64
Producer-Settlement Fund	61(d)			\$341,925.98
Total Producer Milk/URSP and Value		760,005,805	\$1.03601	\$7,873,738.98
Less: Producer-Settlement Fund	61(f)		\$0.04601	\$349,681.51
Producer Price Differential (Dallas County)			\$0.99	\$7,524,057.47

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NOVEMBER 2004
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	360,226,897	47.40	8,510,588	29.58	351,716,309	48.10
Class II	90,039,681	11.85	8,748,569	30.40	81,291,112	11.12
Class III	210,857,700	27.74	8,324,068	28.92	202,533,632	27.69
Class IV	98,881,527	13.01	3,192,778	11.10	95,688,749	13.09
Total	760,005,805	100.00	28,776,003	100.00	731,229,802	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	11,566,198	48.12	20,924,761	48.11	32,490,960	48.11
Class II	2,691,295	11.19	4,830,660	11.11	7,521,956	11.14
Class III	6,641,762	27.62	12,037,115	27.68	18,678,874	27.66
Class IV	3,143,569	13.07	5,699,058	13.10	8,842,628	13.09
Total	24,042,824	100.00	43,491,594	100.00	67,534,418	100.00