

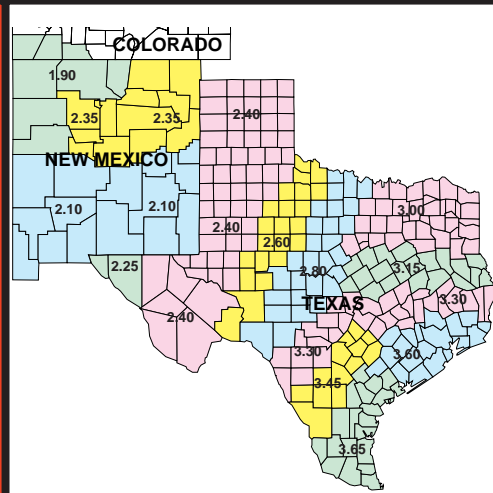
THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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MARKET SUMMARY FOR DECEMBER

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 \$1.99 for December. Butterfat price increased \$0.0811 per pound from \$1.2877 in November to the level of \$1.3688 in December. Protein price decreased \$0.6270 per pound from \$2.9267 in November to \$2.2997 in December. December's Other Solids price decreased \$0.0006 per pound from \$0.0368 in November to \$0.0362 in December. The Somatic Cell Count adjustment rate factor for December was .00066 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a December statistical uniform price of \$13.86 per hundredweight for milk testing 3.5% butterfat, 2.99% true protein, 5.69% other solids and 350,000 SCC. This is a decrease of \$0.67 in comparison to the statistical blend price of \$14.53 in November.

The December Class I price decreased \$0.53

cents from \$17.37 in November to the December level of \$16.84. The Boston Class I price of \$17.09 produced no dairy deficiency payment for December. The Class II price for December of \$11.30 per hundredweight increased \$0.31 from \$10.99 in November. December's Class III price decreased \$1.60 from \$13.47 in November to \$11.87 in December. The Class IV price increased \$0.22 from \$10.30 in November to \$10.52 in December.

In December 890 producers delivered a total of 820,235,221 pounds of milk. On a daily basis this represents an increase of 7.75 percent from the producer receipts level in November and it represents an increase of 3.26 percent when compared to the producer receipts level of December 2002.

Producer milk classified as Class I during December amounted to 41.68 percent of total producer receipts. This figure is down from 44.54 percent in November and it is down from 42.26 percent in December 2002. The average butterfat test of producer milk pooled during December was 3.733 percent, average protein test was 3.125 percent, average other solids test was 5.726 percent and the average somatic cell count was 272,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Dec 03	Nov 03	Dec 03	Nov 03	Dec 03	Nov 03
Appalachian	15.48	15.76	-----	-----	69.19	68.90
Arizona-Las Vegas	12.98	13.74	-----	-----	32.96	32.29
Central	12.91	13.67	1.04	0.20	30.37	30.98
Florida	17.16	17.47	-----	-----	86.78	86.65
Mideast	13.26	13.93	1.39	0.46	38.60	37.50
Northeast	14.39	14.95	2.52	1.48	46.60	47.30
Pacific Northwest	12.47	12.95	0.60	(0.52)	29.66	41.19
Southeast	15.33	15.72	-----	-----	64.66	63.57
Southwest	13.86	14.53	1.99	1.06	41.68	44.54
Upper Midwest	12.41	13.40	0.54	(0.07)	18.10	35.60
Western	12.65	13.41	0.78	(0.06)	22.12	42.01

NOVEMBER FLUID MILK SALES

During November, about 4.5 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 5.1 percent lower than November 2002. After adjusting for calendar composition, sales in November 2003 were 1.6 percent lower than November 2002. On an individual product basis, after adjusting for calendar composition, sales of flavored fat-reduced milk increased from November 2002, while sales of whole milk, flavored whole milk, reduced fat (2%) milk, low fat (1%) milk, fat-free (skim) milk, and buttermilk decreased from a year earlier.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, NOVEMBER 2003 WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	November	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,477	16,675	- 5.0	- 1.2
Flavored Whole Milk	87	944	- 4.5	- 0.5
Reduced Fat Milk (2%)	1,426	16,028	- 4.1	- 0.2
Low Fat Milk (1%)	493	5,708	- 9.5	- 1.9
Fat-Free Milk (Skim)	630	7,199	- 6.7	- 3.2
Flavored Fat-Reduced Milk	277	2,951	- 1.4	5.6
Buttermilk	50	512	- 5.4	- 4.4
Total Fluid Milk Products 3/	4,502	50,198	- 5.1	- 0.8
Total Fluid Milk Products Adjusted 3/ 4/	4,603	50,256	- 1.6	- 0.5

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 93 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 7 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an adjusted basis; see 4/. 3/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 4/ Sales volumes and percent changes have been adjusted for calendar composition; see http://www.ams.usda.gov/dyfmoms/mib/clndr_comp_rpt.pdf

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS AND CALIFORNIA, NOVEMBER 2003, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: 2/	
	November	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Northeast (001)	791	8,750	- 5.5	- 1.7
Appalachian (005)	266	3,153	- 8.4	0.0
Southeast (007)	391	4,397	- 6.2	- 2.0
Florida (006)	237	2,635	- 3.6	0.4
Mideast (033)	522	5,767	- 5.8	- 1.6
Upper Midwest (030)	366	3,986	- 4.9	- 0.8
Central (032)	386	4,255	- 4.0	0.3
Southwest (126)	340	3,830	- 4.8	- 0.2
Arizona-Las Vegas (131)	107	1,189	- 3.0	2.2
Western (135)	76	812	- 0.1	- 1.0
Pacific Northwest (124)	180	1,974	- 4.9	- 0.8
California (---)	526	5,934	- 3.7	- 0.1

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 3/ above for products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis: see 4/ above.

SOURCE: Monthly reports filed by milk processors subject to provisions of the applicable Federal milk order, AMS, USDA, and California Dairy Information Bulletin, California Agricultural Statistics Service and Milk Stabilization Branch.

Editors Note: Additional data can be found at <http://www.ams.usda.gov/dyfmoms/mib/in-areasales.htm>

TOP TEN TEXAS COUNTIES a/ – DECEMBER 2003

<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2002b/</u>	<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2002b/</u>
1. Erath	115	104,167,144	- 1.41	7. Deaf Smith	6	17,882,743	+ 45.88
2. Hopkins	156	43,980,980	- 0.61	8. El Paso	5	17,539,231	- 14.44
3. Comanche	33	37,790,150	- 1.72	9. Castro	6	15,251,988	+ 174.47
4. Lamb	8	29,639,072	+ 22.22	10. Wood	44	13,540,323	+ 11.64
5. Archer	52	19,545,833	- 2.18	Ten County Total	430	317,648,582	+ 5.71 b/
6. Parmer	5	18,311,118	+ 236.67	<u>Other Counties Total</u>	<u>385</u>	<u>180,069,966</u>	<u>+ 16.64</u>
				Texas Total	815	497,718,548	+ 9.42

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

Month	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
	----- Dollars Per Hundred Wt. -----					-----Cents Per Pound-----							
November 2002	13.60	11.26	9.84	10.58	2.13	109.23	8.50	184.69	.00056	101.07	111.11	91.77	22.23
December	13.52	11.62	9.74	10.49	2.18	119.22	5.84	175.06	.00056	109.26	112.03	86.82	19.65
Averages 2002 b/	14.01	11.55	10.42	10.81	1.97	119.28	5.93	197.35	.00059	109.31	118.55	90.43	19.74
January 2003	13.56	11.29	9.78	10.07	2.10	118.56	3.39	181.64	.00057	108.72	113.70	82.07	17.28
February	13.23	10.66	9.66	9.81	1.76	113.73	2.40	185.38	.00056	104.76	112.99	81.11	16.32
March	12.81	10.54	9.11	9.79	1.99	114.59	2.06	166.48	.00054	105.46	107.80	80.51	15.99
April	12.64	10.44	9.41	9.73	1.78	115.03	- 0.08	180.06	.00055	107.36	109.97	80.30	15.82
May	12.71	10.43	9.71	9.74	1.59	115.12	- 1.44	192.75	.00057	107.43	113.94	80.40	14.50
June	12.74	10.46	9.75	9.76	1.58	115.76	- 2.00	194.34	.00057	107.97	114.64	80.40	13.96
July	12.77	10.63	11.78	9.95	0.23	120.55	- 1.24	254.80	.00067	111.96	134.97	80.72	14.70
August	13.97	10.81	13.80	10.14	- 0.87	125.14	0.26	314.38	.00077	115.78	154.96	81.05	16.15
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

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

TOP NEW MEXICO COUNTIES a/ – DECEMBER 2003

<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2002b/</u>	<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2002b/</u>
1. Chaves	41	152,870,353	+ 5.66	7. Socorro	9	16,888,362	+ 9.13
2. Roosevelt	44	104,191,040	+ 13.10	8. Valencia	7	9,895,321	+ 0.89
3. Curry	20	94,202,537	+ 4.91	9. Sierra	3	6,239,696	+ 15.40
4. Dona Ana	23	82,760,226	+ 1.03	10. Bernalillo	4	5,180,984	- 7.51
5. Lea	17	43,594,480	+ 3.60	Ten County Total	175	543,887,771	+ 5.76 b/
6. Eddy	7	28,064,772	+ 2.61	<u>Other Counties Total</u>	<u>4</u>	<u>9,383,834</u>	<u>+ 2.41</u>
				New Mexico Total	179	553,271,605	+ 5.71

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

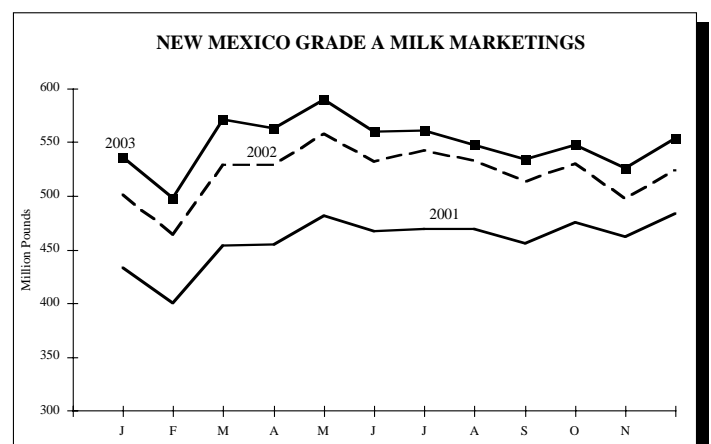
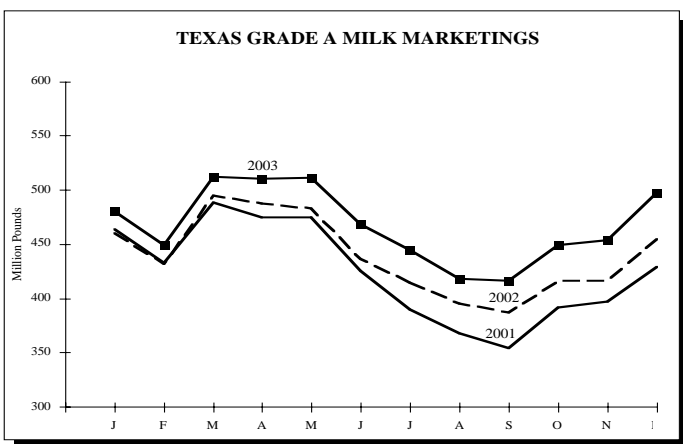
b/ Compared to top counties for the month in the previous year.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 2001 THROUGH DECEMBER 2003, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2001 POUNDS	Number of Producers	2002 POUNDS	Number of Producers	2003 POUNDS	Number of Producers	PERCENT CHANGE 2002/01	2003/02
January	463,431,654	1,026	459,850,238	897	480,011,354	845	-0.77	+ 4.38
February	432,156,106	1,006	431,807,361	894	449,362,000	840	-0.08	+ 4.07
March	487,875,678	991	494,608,931	893	512,243,241	841	+1.38	+ 3.57
April	474,386,881	978	487,475,741	889	510,466,950	838	+2.76	+ 4.72
May	474,236,039	962	482,994,330	875	511,474,552	840	+1.85	+ 5.90
June	425,591,909	954	435,698,971	872	468,387,455	838	+2.37	+ 7.50
July	389,996,462	933	414,700,943	862	444,115,237	834	+6.33	+ 7.09
August	367,810,615	919	395,468,644	851	417,817,794	833	+7.52	+ 5.65
September	354,482,882	916	386,732,687	859	416,649,423	836	+9.10	+ 7.74
October	391,332,224	908	415,984,319	846	449,267,689	835	+6.30	+ 8.00
November	397,352,762	907	415,537,665	847	453,593,349	826	+4.58	+ 9.16
December	<u>429,232,267</u>	903	<u>454,863,992</u>	843	<u>497,718,548</u>	815	<u>+5.97</u>	<u>+ 9.42</u>
Years Total	5,087,885,479		5,275,723,822		5,611,107,592		+3.69	+ 6.36

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2001 THROUGH DECEMBER 2003, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2001 POUNDS	Number of Producers	2002 POUNDS	Number of Producers	2003 POUNDS	Number of Producers	PERCENT CHANGE 2002/01	2003/02
January	432,749,978	166	501,275,998	174	535,741,056	177	+15.84	+ 6.66
February	400,543,634	166	463,667,936	173	498,218,526	176	+15.76	+ 7.45
March	453,232,150	165	528,830,087	175	570,901,632	177	+16.68	+ 7.96
April	454,980,340	167	528,467,048	175	562,338,380	177	+16.15	+ 6.41
May	480,995,372	169	557,746,887	176	589,176,775	177	+15.96	+ 5.64
June	466,640,323	170	532,178,000	178	559,442,259	177	+14.04	+ 5.12
July	469,362,545	171	542,546,821	176	560,883,275	178	+15.59	+ 3.38
August	469,391,326	174	532,685,705	176	547,114,145	178	+13.48	+ 2.71
September	455,259,423	173	513,773,496	178	533,648,709	180	+12.85	+ 3.87
October	474,918,306	173	529,524,800	178	546,904,202	178	+11.50	+ 3.28
November	462,212,000	173	496,802,059	178	526,000,891	176	+7.48	+ 5.88
December	<u>484,020,641</u>	173	<u>523,409,272</u>	178	<u>553,271,605</u>	179	<u>+8.14</u>	<u>+ 5.71</u>
Years Total	5,504,306,038		6,250,908,109		6,583,641,455		+13.56	+ 5.32



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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
December 2002	3.80	3.74	3.15	3.10	5.69	5.69	8.84	8.79	356	306
Averages 2002	3.69	3.60	3.08	3.02	5.68	5.69	8.75	8.70	370	293
January 2003	3.77	3.72	3.11	3.05	5.70	5.68	8.80	8.73	338	313
February	3.74	3.68	3.08	3.01	5.71	5.69	8.78	8.70	331	289
March	3.70	3.63	3.05	2.99	5.71	5.73	8.76	8.72	343	277
April	3.59	3.56	3.02	2.96	5.73	5.75	8.75	8.70	306	252
May	3.55	3.49	2.98	2.93	5.72	5.75	8.70	8.68	328	251
June	3.57	3.45	2.98	2.92	5.71	5.74	8.69	8.65	368	273
July	3.56	3.44	2.98	2.90	5.69	5.73	8.67	8.63	395	290
August	3.58	3.44	3.01	2.92	5.67	5.70	8.67	8.62	406	306
September	3.65	3.50	3.09	3.01	5.68	5.72	8.77	8.72	389	278
October	3.73	3.58	3.13	3.07	5.67	5.70	8.81	8.78	366	272
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

a/ In thousands.

**DECEMBER 2003
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$353,155.31
Class I Butterfat	60(a)	8,341,586	\$1.3106	\$10,932,482.60
Class I Skim Per Cwt		333,568,508	\$12.7000	\$42,363,200.52
Class II Butterfat	60(b)	8,395,170	\$1.3758	\$11,550,074.92
Class II Nonfat Solids		7,536,571	\$0.7467	\$5,627,557.60
Class III Butterfat	60(c)	8,455,371	\$1.3688	\$11,573,711.84
Class III Protein		7,047,066	\$2.2997	\$16,206,137.69
Class III Other Solids		13,012,961	\$0.0362	\$471,069.19
Class IV Butterfat	60(d)	5,424,761	\$1.3688	\$7,425,412.86
Class IV Nonfat Solids		14,264,536	\$0.6603	\$9,418,873.14
Class II, III & IV Somatic Cell Adj.	60(e)			\$274,633.38
Total Producer Milk-Product Lbs & Value		820,235,221		\$116,196,309.05
Add: Value as for 60(f) Thru 60(j)				\$196,427.94
Less: Total Protein Pounds	61(b)	25,631,360	\$2.2997	\$58,944,438.63
Total Other Solids Pounds		46,970,256	\$0.0362	\$1,700,323.27
Total Butterfat Pounds		30,616,888	\$1.3688	\$41,908,396.30
Total Value of Somatic Cell Adjustment				\$429,242.43
Total Milk and Value		820,235,221		\$13,410,336.36
Add: Location Differential Adjustments	61(c)			\$2,989,408.18
Producer-Settlement Fund	61(d)			\$267,680.31
Total Producer Milk/URSP and Value		820,235,221	\$2.03203	\$16,667,424.85
Less: Producer-Settlement Fund	61(f)		\$0.04203	\$344,743.95
Producer Price Differential (Dallas County)			\$1.99	\$16,322,680.90

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DECEMBER 2003
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	341,910,094	41.68	8,341,586	27.25	333,568,508	42.24
Class II	90,244,014	11.00	8,395,170	27.42	81,848,844	10.37
Class III	227,486,773	27.74	8,455,371	27.61	219,031,402	27.74
Class IV	160,594,340	19.58	5,424,761	17.72	155,169,579	19.65
Total	820,235,221	100.00	30,616,888	100.00	789,618,333	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	10,890,629	42.49	19,849,853	42.27	30,740,482	42.34
Class II	2,669,989	10.42	4,866,581	10.36	7,536,571	10.38
Class III	7,047,066	27.49	13,012,961	27.70	20,060,027	27.63
Class IV	5,023,676	19.60	9,240,861	19.67	14,264,536	19.65
Total	25,631,360	100.00	46,970,256	100.00	72,601,616	100.00