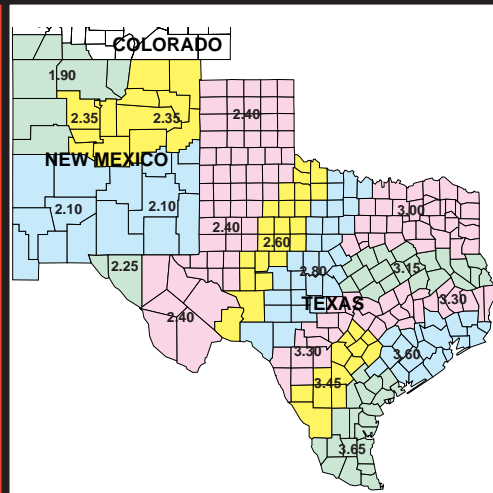


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

RICHARD FLEMING, MARKET ADMINISTRATOR
 P.O. BOX 110939, CARROLLTON, TEXAS 75011-0939
 (972) 245-6060 FAX (972) 245-3211
 e-mail: sw.order@dallasma.com
 WWW: <http://www.dallasma.com>

VOLUME XXX, NO. 3

MARCH 2004

MARKET SUMMARY FOR FEBRUARY

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 \$1.78 for February. Butterfat price increased \$0.3540 per pound from \$1.4978 in January to the level of \$1.8518 in February. Protein price decreased \$0.2964 per pound from \$2.0875 in January to \$1.7911 in February. February's Other Solids price decreased \$0.0127 per pound from \$0.0217 in January to \$0.0090 in February. The Somatic Cell Count adjustment rate factor for February 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 February statistical uniform price of \$13.67 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 \$0.38 in comparison to the statistical blend price of \$13.29 in January.

The February Class I price decreased \$0.26 from

\$14.85 in January to the February level of \$14.59. The Boston Class I price of \$14.84 produced a dairy deficiency payment of \$0.95 for February. The Class II price for February of \$12.90 per hundredweight increased \$1.23 from \$11.67 in January. February's Class III price increased \$0.28 from \$11.61 in January to \$11.89 in February. The Class IV price increased \$1.24 from \$10.97 in January to \$12.21 in February.

In February 886 producers delivered a total of 727,291,700 pounds of milk. On a daily basis this represents a decrease of 2.59 percent from the producer receipts level in January and it represents a decrease of 14.58 percent when compared to the producer receipts level of February 2003.

Producer milk classified as Class I during February amounted to 44.39 percent of total producer receipts. This figure is down from 45.26 percent in January but it is up from 38.65 percent in February 2003. The average butterfat test of producer milk pooled during February was 3.709 percent, average protein test was 3.084 percent, average other solids test was 5.739 percent and the average somatic cell count was 274,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Feb 04	Jan 04	Feb 04	Jan 04	Feb 04	Jan 04
Appalachian	14.49	14.25	-----	-----	66.52	69.07
Arizona-Las Vegas	12.89	12.39	-----	-----	31.41	32.19
Central	12.66	12.30	0.77	0.69	29.49	30.35
Florida	15.48	15.54	-----	-----	81.90	86.61
Mideast	12.87	12.51	0.98	0.90	36.30	38.60
Northeast	13.95	13.58	2.06	1.97	43.60	47.40
Pacific Northwest	12.67	12.07	0.78	0.46	28.34	30.15
Southeast	14.23	14.02	-----	-----	58.32	62.89
Southwest	13.67	13.29	1.78	1.68	44.39	45.26
Upper Midwest	12.36	11.98	0.47	0.37	18.30	17.80
Western	12.53	12.13	0.64	0.52	19.40	20.72

USDA INCREASES FEES FOR DAIRY GRADING AND INSPECTION

The U.S. Department of Agriculture will increase the hourly fees charged for its voluntary dairy grading and inspection services.

The hourly rate for continuous resident service (work performed by a grader with a regular tour of duty at a dairy production facility) will rise from the current rate of \$51.00 to \$57.00. The hourly rate for nonresident service (work performed by a grader or inspector on an as needed basis) will rise from the current rate of \$56.00 to \$62.00.

Dairy grading and inspection services are made available upon request and paid for by users. The current fees charged for these services have been in effect since Jan. 4, 1998. An increase is necessary to cover the costs of salary increases and locality adjustments that have occurred since the USDA last established the fees. Details of the changes appeared in the Feb. 26 Federal Register.

USDA TO TERMINATE THE WESTERN MILK MARKETING ORDER

The U.S. Department of Agriculture has announced that the Western Milk Marketing Order will be terminated effective April 1, 2004.

A referendum held to determine approval by producers did not obtain the necessary two-thirds vote in favor of adopting the amended order. Under these circumstances, the continuation of the existing Western order would not be in conformity with the Agricultural Marketing Agreement Act, the statute which authorizes milk marketing orders.

Certain administrative provisions of the order will remain in effect for a month or two to allow the market administrator time to complete plant audits and to close out the operation of the order. Once that work has been completed, USDA will terminate the remaining provisions of the order. The notice of the termination of the order was published in the Feb. 24 Federal Register.

COURT RULES AGAINST DAIRY CHECKOFF

An unanimous decision by a three-judge panel of the Third Circuit Court of Appeals in Pennsylvania has ruled that the mandatory dairy checkoff is unconstitutional. The decision overturns a lower court ruling that dairy farmers Joseph and Brenda Cochran had to contribute to the National Dairy Promotion Board cam-

aign. They had claimed that the "Got Milk?" advertising did little to support sustainable agricultural products, like the organic milk that they produce. The Third Circuit said the government's interest in promoting the dairy industry was not substantial enough to compel an infringement on the Cochran's free speech rights by requiring them to help pay for an ad campaign that they disagreed with. The next step in the appeal process is to ask the full panel of the Third Circuit Court of Appeals to review the decision.

TOP 10 MILK PRODUCING STATES 2003

Rank		State	Million Pounds
2002	2003		
1	1	California	35,437
2	2	Wisconsin	22,266
3	3	New York	11,952
4	4	Pennsylvania	10,338
6	5	Idaho	8,774
5	6	Minnesota	8,258
7	7	New Mexico	6,666
8	8	Michigan	6,360
10	9	Texas	5,630
9	10	Washington	5,581
U.S. Total			170,312

TOP 10 MILK PER COW STATES 2003

Rank		State	Pounds
2002	2003		
2	1	Washington	22,780
1	2	Arizona	22,284
3	3	Colorado	21,770
5	4	Idaho	21,718
7	5	Michigan	21,060
6	6	New Mexico	21,028
4	7	California	20,993
23	8	Indiana	19,758
10	9	Montana	19,222
14	10	New Hampshire	19,063
U.S. Average			18,749

TOP TEN TEXAS COUNTIES a/ – FEBRUARY 2004*

County	Number of Producers	Pounds	% Change From 2003b/	County	Number of Producers	Pounds	% Change From 2003b/
1. Erath	114	105,744,300	- 1.44	7. Castro	7	17,809,361	+ 214.94
2. Hopkins	156	43,956,903	- 5.61	8. Deaf Smith	6	17,554,929	+ 40.21
3. Comanche	32	38,660,866	- 1.58	9. El Paso	5	16,958,629	- 15.95
4. Lamb	8	28,483,756	+ 18.86	10. Hale	5	14,369,814	+ 97.14
5. Archer	52	18,341,277	- 3.57	Ten County Total	390	319,930,519	+ 5.11 b/
6. Parmer	5	18,050,684	+ 151.17	Other Counties Total	429	181,273,937	+ 12.56
				Texas Total	819	501,204,456	+ 7.69

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.

* Based on average daily deliveries.

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-----							
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
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

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

TOP NEW MEXICO COUNTIES a/ – FEBRUARY 2004*

County	Number of Producers	Pounds	% Change From 2003b/	County	Number of Producers	Pounds	% Change From 2003b/
1. Chaves	39	148,460,344	+ 2.71	7. Valencia	8	14,669,537	+ 49.57
2. Roosevelt	44	98,284,720	+ 9.06	8. Socorro	8	10,959,976	- 27.85
3. Curry	20	88,457,110	+ 1.34	9. Sierra	3	6,554,928	+ 24.83
4. Dona Ana	23	82,678,257	+ 4.64				
5. Lea	16	40,452,262	- 5.23	Nine County Total	168	518,085,606	+ 3.30 b/
6. Eddy	7	27,568,472	+ 0.00	Other Counties Total	8	14,070,749	- 2.71
				New Mexico Total	176	532,156,355	+ 3.13

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.

* Based on average daily deliveries.

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

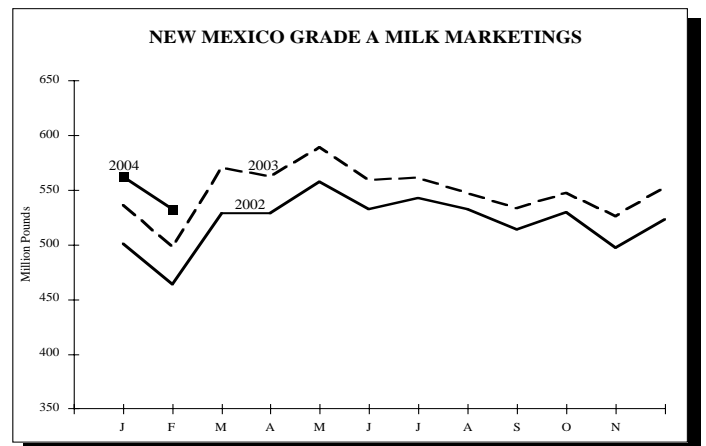
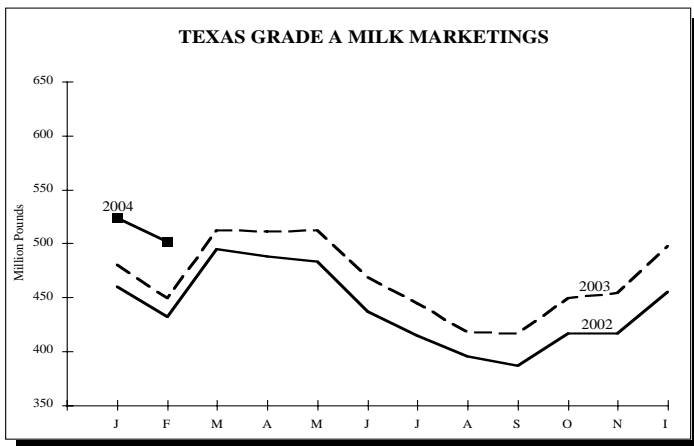
MONTH	2002 POUNDS	Number of Producers	2003 POUNDS	Number of Producers	2004 POUNDS	Number of Producers	PERCENT CHANGE 2003/02	2004/03
January	459,850,238	897	480,011,354	845	523,723,796	816	+ 4.38	+ 9.11
February	431,807,361	894	449,362,000	840	501,204,456	819	+ 4.07	+ 7.69*
March	494,608,931	893	512,243,241	841			+ 3.57	
April	487,475,741	889	510,466,950	838			+ 4.72	
May	482,994,330	875	511,474,552	840			+ 5.90	
June	435,698,971	872	468,387,455	838			+ 7.50	
July	414,700,943	862	444,115,237	834			+ 7.09	
August	395,468,644	851	417,817,794	833			+ 5.65	
September	386,732,687	859	416,649,423	836			+ 7.74	
October	415,984,319	846	449,267,689	835			+ 8.00	
November	415,537,665	847	453,593,349	826			+ 9.16	
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 FEBRUARY 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			+ 7.96	
April	528,467,048	175	562,338,380	177			+ 6.41	
May	557,746,887	176	589,176,775	177			+ 5.64	
June	532,178,000	178	559,442,259	177			+ 5.12	
July	542,546,821	176	560,883,275	178			+ 3.38	
August	532,685,705	176	547,114,145	178			+ 2.71	
September	513,773,496	178	533,648,709	180			+ 3.87	
October	529,524,800	178	546,904,202	178			+ 3.28	
November	496,802,059	178	526,000,891	176			+ 5.88	
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.



The United States Department of Agriculture (USDA) prohibits discrimination in all its programs on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (braille, large print, audiotape, etc.) should contact the USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Jamie L. Whitten Building, 14th and Independence Avenue, SW, Washington, D.C., 20250-9410, or call 202-720-5964 (voice or TDD). USDA is an Equal Opportunity provider and employer.

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
February 2003	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
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

a/ In thousands.

FEBRUARY 2004
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$334,307.23
Class I Butterfat	60(a)	7,328,691	\$1.5344	\$11,245,143.46
Class I Skim Per Cwt		315,521,961	\$9.5500	\$30,132,347.29
Class II Butterfat	60(b)	8,244,879	\$1.8588	\$15,325,581.10
Class II Nonfat Solids		8,332,623	\$0.7367	\$6,138,643.38
Class III Butterfat	60(c)	7,378,158	\$1.8518	\$13,662,872.97
Class III Protein		6,611,762	\$1.7911	\$11,842,326.93
Class III Other Solids		12,334,711	\$0.0090	\$111,012.42
Class IV Butterfat	60(d)	4,027,260	\$1.8518	\$7,457,680.08
Class IV Nonfat Solids		7,919,951	\$0.6597	\$5,224,791.69
Class II, III & IV Somatic Cell Adj.	60(e)			\$202,824.08
Total Producer Milk-Product Lbs & Value		727,291,700		\$101,677,530.63
Add: Value as for 60(f) Thru 60(j)				\$92,288.15
Less: Total Protein Pounds	61(b)	22,432,621	\$1.7911	\$40,179,067.50
Total Other Solids Pounds		41,743,205	\$0.0090	\$375,688.87
Total Butterfat Pounds		26,978,988	\$1.8518	\$49,959,690.00
Total Value of Somatic Cell Adjustment				\$370,093.68
Total Milk and Value		727,291,700		\$10,885,278.73
Add: Location Differential Adjustments	61(c)			\$2,127,076.17
Producer-Settlement Fund	61(d)			\$287,183.36
Total Producer Milk/URSP and Value		727,291,700	\$1.82863	\$13,299,538.26
Less: Producer-Settlement Fund	61(f)		\$0.04863	\$353,746.00
Producer Price Differential (Dallas County)			\$1.78	\$12,945,792.26

THE MARKET ADMINISTRATOR'S***REPORT*****SOUTHWEST MARKETING AREA**

RICHARD FLEMING, MARKET ADMINISTRATOR
 P.O. BOX 110939, CARROLLTON, TEXAS 75011-0939
 (972) 245-6060 FAX(972) 245-3211

PRSR STD
 U.S. POSTAGE
 P A I D
 Carrollton, TX
 Permit No. 343

RETURN SERVICE REQUESTED

FEBRUARY 2004
 PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	322,850,652	44.39	7,328,691	27.16	315,521,961	45.05
Class II	99,092,788	13.62	8,244,879	30.56	90,847,909	12.97
Class III	214,807,271	29.54	7,378,158	27.35	207,429,113	29.63
Class IV	90,540,989	12.45	4,027,260	14.93	86,513,729	12.35
Total	727,291,700	100.00	26,978,988	100.00	700,312,712	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	10,144,806	45.22	18,831,978	45.11	28,976,781	45.16
Class II	2,919,689	13.02	5,412,933	12.97	8,332,623	12.98
Class III	6,611,762	29.47	12,334,711	29.55	18,946,471	29.52
Class IV	2,756,364	12.29	5,163,583	12.37	7,919,951	12.34
Total	22,432,621	100.00	41,743,205	100.00	64,175,826	100.00