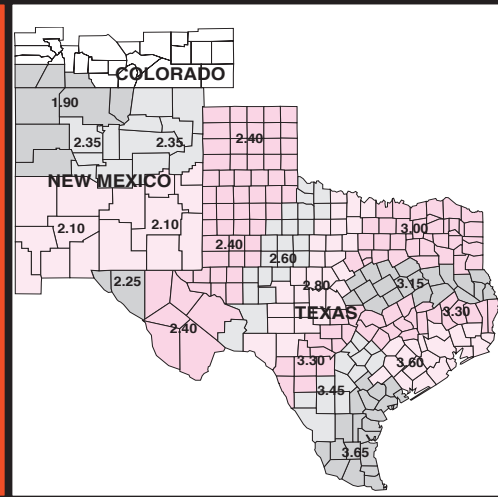


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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MARKET SUMMARY FOR JANUARY

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 \$1.90 for January. Butterfat price decreased \$0.3177 per pound from \$2.0507 in December to the level of \$1.7330 in January. Protein price decreased \$0.3186 per pound from \$2.8486 in December to \$2.5300 in January. January's Other Solids price increased \$0.0041 per pound from \$0.0858 in December to \$0.0899 in January. The Somatic Cell Count adjustment rate factor for January was .00076 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a January statistical uniform price of \$16.04 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 \$0.37 in comparison to the statistical blend price of \$15.67 in December.

The January Class I price increased \$2.22 from \$17.43 in December to the January level of \$19.65. The Class II price for January of \$13.04 per hundred-weight decreased \$0.94 from \$13.98 in December. January's Class III price decreased \$2.00 from \$16.14 in December to \$14.14 in January. The Class IV price decreased \$0.90 from \$13.42 in December to \$12.52 in January.

In January 833 producers delivered a total of 797,699,927 pounds of milk. On a daily basis this represents an increase of 26.23 percent from the producer receipts level in December but it represents a decrease of 0.05 percent when compared to the producer receipts level of January 2004.

Producer milk classified as Class I during January amounted to 44.28 percent of total producer receipts. This figure is down from 57.14 percent in December and it is down from 45.26 percent in January 2004. The average butterfat test of producer milk pooled during January was 3.740 percent, average protein test was 3.114 percent, average other solids test was 5.692 percent and the average somatic cell count was 324,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Jan 05	Dec 04	Jan 05	Dec 04	Jan 05	Dec 04
Appalachian	17.34	16.98	-----	-----	66.06	75.89
Arizona-Las Vegas	15.09	15.55	-----	-----	33.16	35.45
Central	14.95	15.26	0.81	(0.88)	30.07	52.84
Florida	19.11	18.00	-----	-----	84.67	85.58
Mideast	15.22	15.52	1.08	(0.62)	35.40	58.30
Northeast	16.31	16.43	2.17	0.29	45.70	49.50
Pacific Northwest	14.73	14.83	0.59	(1.31)	32.43	43.04
Southeast	17.16	17.03	-----	-----	61.83	70.90
Southwest	16.04	15.67	1.90	(0.47)	44.28	57.14
Upper Midwest	14.53	15.19	0.39	(0.95)	17.00	59.30

LEWIS "PUDGE" TORRANCE 1911-2004

Born in Lincoln, Nebraska in May 1911, Lewis spent summers working in his father's butter manufacturing plant, later sold to Fairmont. It was only natural that he should follow in that vocation after his formal education. A week after his high school commencement, he was managing an ice cream plant in Herrington, Kansas.

Torrance's first affiliation with Borden was in 1933 at the Houston plant, where he worked in the financial office, running a comptometer (an early type of calculator.) This was quickly



followed by ever-increasing responsibilities at the Oklahoma City, Oklahoma; Houston, Texas; Baton Rouge, Louisiana, Borden plants. After serving in the military Red Cross in the Pacific theater during WWII, Torrance returned to Borden in Houston, then on to Jackson, Mississippi, Baton Rouge, Louisiana,

and back to Houston as comptroller. Then later he moved to San Francisco, California, as the youngest corporate vice-president. Soon afterward he returned to Texas as Western Manager in Lubbock before returning to Houston as Vice President of the Southern Division, and finally to Columbus, Ohio as Corporate Vice President of Borden and President of Borden's Dairy and Services Division. He was well known for his ability to turn plants around, and turn red ink into black!

Among his many achievements, Torrance was most proud of the many young people he had helped to advance up the Borden ladder in the Southern and Northern Divisions where he had executive responsibilities.

In recognition of his achievements in the Dairy Products Industry, he was honored by the election to the presidencies of; the Southern Association of Food Manufacturers, including the ice cream manufacturers; the Dairy Products Institute of Texas; the Louisiana Dairy Products Association; the Texas Spurs (Retail Grocers' Association). He also served on the Board of Directors and Executive Committee of the Milk Industry Foundation. He retired at the age of 68.

Mr. Torrance is survived by his devoted wife of 64 years, Betty; his sister, Elizabeth; daughter, Sandi; daughter and son-in-law Shan and Ted Mackall; three grandchildren, Cody, Kelley, and Casey; and countless other friends and family across the country.

SENATE CONFIRMS JOHANNIS AS AGRICULTURE SECRETARY

Secretary of Agriculture-designee and Nebraska Gov. Mike Johanns became the first member of President Bush's second-term cabinet to be confirmed by the Senate.

Johanns, the son of an Iowa dairy farmer, was approved on a voice vote shortly after the president's inauguration. He was sworn in by outgoing Agriculture Secretary Ann Veneman.



Secretary Veneman, a California native who had nearly 20 years of service with USDA, announced that she will become executive director of the United Nations Children's Fund (UNICEF).

Johanns is expected to retain a portion of Veneman's USDA's upper echelon, including chief of staff Dale Moore and J.B. Penn, an Arkansas native, who is undersecretary for farm and foreign agricultural services, for the time being.

The new secretary grew up on a dairy farm in northeast Iowa. He graduated from law school in Nebraska and worked in private practice before being elected to two terms as mayor of Lincoln. In his two terms as governor, Johanns gained a reputation as a fiscal conservative, reducing the size of his office and making other spending cuts.

The Senate Agriculture Committee, along with a new Chairman, Saxby Chambliss (R-GA) will also have some new members on the committee of the 109th Congress. Republicans will hold 11 seats while Democrats will hold nine.

New members of the committee includes Sens. Craig Thomas (R-WY), Rick Santorum (PA), and Ken Salazar (D-CO).

The rest of the Republican committee includes: Chambliss, Richard Lugar (IN), Thad Cochran (MS), Mitch McConnell (KY), Pat Roberts (KS), James Talent (MO), Norm Coleman (MN), Mike Crapo (ID), and Charles Grassley (IA).

Members on the Democratic side are: Ranking Member Tom Harkin (IA), Patrick Leahy (VT), Kent Conrad (ND), Max Baucus (MT), Blanche Lincoln (AR), Debbie Stabenow (MI), Ben Nelson (NE), and Mark Dayton (MN).

TOP TEN TEXAS COUNTIES a/ – JANUARY 2005

County	Number of Producers	Pounds	% Change From 2004b/	County	Number of Producers	Pounds	% Change From 2004b/
1. Erath	103	106,535,136	- 2.25	7. Archer	54	18,734,479	- 6.20
2. Hopkins	149	44,119,216	- 4.86	8. Deaf Smith	5	16,732,100	- 9.62
3. Comanche	33	43,239,947	+ 6.98	9. Parmer	5	16,253,232	- 17.47
4. Lamb	8	28,591,142	- 5.83	10. Bailey	7	14,938,991	+ 49.20
5. Castro	8	27,145,245	+ 55.77	Ten County Total	376	340,842,143	+ 1.93 b/
6. Hale	4	24,552,655	+ 73.54	Other Counties Total	402	182,838,827	- 3.42
				Texas Total	778	523,680,970	- 0.01

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.					BF	Component Prices			NASS Product Prices			
	I a/	II	III	IV	P.P.D.a/		Other Solids	True Protein	SCC c/ Adj Rate	Grade AA Butter	Cheddar Cheese	NFDM Powder	Dry Whey
	----- Dollars Per Hundred Wt. -----					-----Cents Per Pound-----							
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
December	17.43	13.98	16.14	13.42	- 0.47	203.66	8.58	284.86	.00086	181.22	171.46	87.13	24.23
Averages 2004 b/	17.98	13.86	15.39	13.20	0.61	205.07	7.51	260.35	.00082	182.39	164.31	84.05	23.19
January 2005	19.65	13.04	14.14	12.52	1.90	173.30	8.99	253.00	.00076	155.92	151.65	89.06	24.63

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

TOP NEW MEXICO COUNTIES a/ – JANUARY 2005

County	Number of Producers	Pounds	% Change From 2004b/	County	Number of Producers	Pounds	% Change From 2004b/
1. Chaves	37	141,130,455	- 10.01	7. Valencia	9	15,646,692	+ 2.81
2. Roosevelt	39	100,992,320	- 3.90	8. Socorro	7	11,220,841	- 2.47
3. Curry	21	96,266,088	+ 0.75	9. Sierra	3	7,330,148	+ 13.98
4. Dona Ana	25	90,480,341	+ 7.03	10. Bernalillo	4	4,849,025	- 5.50
5. Lea	13	33,756,229	- 22.38	Ten County Total	164	529,015,316	- 4.27 b/
6. Eddy	6	27,343,177	- 5.89	Other Counties Total	4	9,398,639	- 2.98
				New Mexico Total	168	538,413,955	- 4.28

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.

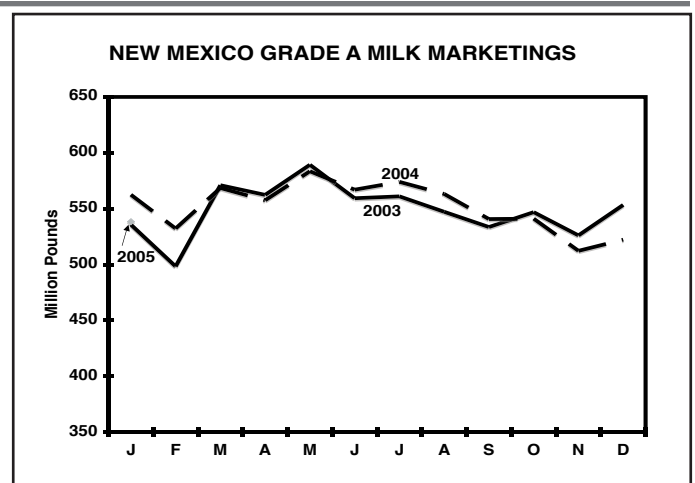
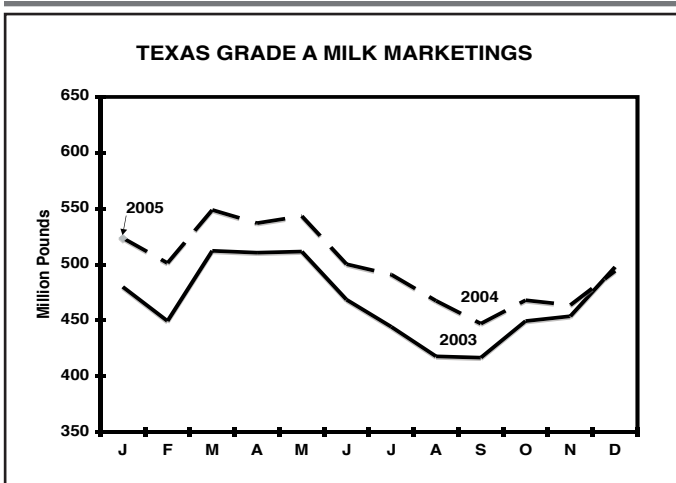
**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 2003 THROUGH JANUARY 2005, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2003 POUNDS	Number of Producers	2004 POUNDS	Number of Producers	2005 POUNDS	Number of Producers	PERCENT 2004/03	CHANGE 2005/04
January	480,011,354	845	523,723,796	816	523,680,970	778	+ 9.11	- 0.01
February	449,362,000	840	501,204,456	819			+ 7.69*	
March	512,243,241	841	548,941,459	814			+7.16	
April	510,466,950	838	537,141,283	803			+ 5.23	
May	511,474,552	840	543,408,997	801			+ 6.24	
June	468,387,455	838	500,319,580	803			+ 6.82	
July	444,115,237	834	491,018,134	799			+ 10.56	
August	417,817,794	833	467,427,900	796			+ 11.87	
September	416,649,423	836	447,166,094	796			+ 7.32	
October	449,267,689	835	467,915,409	797			+ 4.15	
November	453,593,349	826	463,696,745	793			+ 2.23	
December	<u>497,718,548</u>	815	<u>494,282,753</u>	793			<u>-0.69</u>	
Years Total	5,611,107,592		5,986,246,606				+ 6.69	

* Based on average daily delivery.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2003 THROUGH JANUARY 2005, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2003 Number of POUNDS	Number of PERCENT Producers	2004 CHANGE POUNDS	Number of Producers	2005 POUNDS	Producers	2004/03	2005/04
January	535,741,056	177	562,516,031	178	538,413,955	168	+ 5.00	- 4.28
February	498,218,526	176	532,156,355	176			+ 3.13*	
March	570,901,632	177	568,504,219	178			- 0.42	
April	562,338,380	177	557,482,116	176			- 0.86	
May	589,176,775	177	583,379,003	177			- 0.98	
June	559,442,259	177	567,036,025	177			+ 1.36	
July	560,883,275	178	573,899,551	181			+ 2.32	
August	547,114,145	178	563,099,040	177			+ 2.92	
September	533,648,709	180	540,636,857	179			+ 1.31	
October	546,904,202	178	541,026,928	177			- 1.07	
November	526,000,891	176	512,342,849	176			- 2.60	
December	<u>553,271,605</u>	179	<u>522,218,762</u>	174			<u>-5.61</u>	
Years Total	6,583,641,455		6,624,297,736				+ 0.62	



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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
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
December	3.85	3.74	3.19	3.15	5.70	5.70	8.89	8.84	359	323
Averages 2004	3.70	3.56	3.09	3.02	5.70	5.72	8.79	8.74	339	280
January 2005	3.77	3.68	3.13	3.09	5.69	5.69	8.82	8.77	346	324

a/ In thousands.

JANUARY 2005
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	Pounds	Price	Value
Add: Class I Differential			\$356,409.09
Class I Butterfat	60(a)	7,943,185	\$2.1118
Class I Skim Per Cwt		345,249,429	\$12.7000
Class II Butterfat	60(b)	8,001,844	\$1.7400
Class II Nonfat Solids		8,371,323	\$0.8000
Class III Butterfat	60(c)	6,855,168	\$1.7330
Class III Protein		5,893,701	\$2.5300
Class III Other Solids		10,781,722	\$0.0899
Class IV Butterfat	60(d)	7,038,399	\$1.7330
Class IV Nonfat Solids		13,590,744	\$0.7431
Class II, III & IV Somatic Cell Adj.	60(e)		\$67,179.12
Total Producer Milk-Product Lbs & Value		797,699,927	\$131,722,124.65
Add: Value as for 60(f) Thru 60(j)			\$38,238.31
Less: Total Protein Pounds	61(b)	24,844,752	\$2.5300
Total Other Solids Pounds		45,406,940	\$0.0899
Total Butterfat Pounds		29,838,596	\$1.7330
Total Value of Somatic Cell Adjustment			\$159,419.41
Total Milk and Value		797,699,927	\$12,951,350.15
Add: Location Differential Adjustments	61(c)		\$2,207,800.47
Producer-Settlement Fund	61(d)		\$336,991.32
Total Producer Milk/URSP and Value		797,699,927	\$15,496,141.94
Less: Producer-Settlement Fund	61(f)		\$0.04260
Producer Price Differential (Dallas County)			\$1.90
			\$15,156,298.61

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**JANUARY 2005
 PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	353,192,614	44.28	7,943,185	26.62	345,249,429	44.96
Class II	99,207,011	12.44	8,001,844	26.82	91,205,167	11.88
Class III	189,490,792	23.75	6,855,168	22.97	182,635,624	23.79
Class IV	155,809,510	19.53	7,038,399	23.59	148,771,111	19.37
Total	797,699,927	100.00	29,838,596	100.00	767,861,331	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	11,183,366	45.01	20,430,831	45.00	31,614,201	44.99
Class II	2,971,323	11.96	5,400,005	11.89	8,371,323	11.92
Class III	5,893,701	23.72	10,781,722	23.74	16,675,425	23.74
Class IV	4,796,362	19.31	8,794,382	19.37	13,590,743	19.35
Total	24,844,752	100.00	45,406,940	100.00	70,251,692	100.00