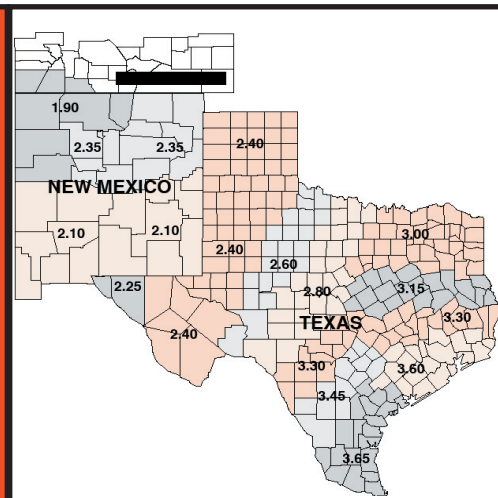


# THE MARKET ADMINISTRATOR'S

# 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 \$1.11 for January. Butterfat price decreased \$0.0352 per pound from \$1.5036 in December to the level of \$1.4684 in January. Protein price increased \$0.0148 per pound from \$2.3846 in December to \$2.3994 in January. January's Other Solids price increased \$0.0179 per pound from \$0.1702 in December to \$0.1881 in January. The Somatic Cell Count adjustment rate factor for January was .00069 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 \$14.50 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 \$0.10 in comparison to the statistical blend price of \$14.60 in December.

The January Class I price decreased \$0.19 from \$16.57 in December to the January level of \$16.38. The Class II price for January of \$13.25 per hundred-weight increased \$0.03 from \$13.22 in December. January's Class III price increased \$0.02 from \$13.37 in December to \$13.39 in January. The Class IV price decreased \$0.37 from \$12.57 in December to \$12.20 in January.

In January 835 producers delivered a total of 900,435,766 pounds of milk. On a daily basis this represents an increase of 3.51 percent from the producer receipts level in December and it represents an increase of 12.88 percent when compared to the producer receipts level of January 2005.

Producer milk classified as Class I during January amounted to 40.73 percent of total producer receipts. This figure is virtually the same as the 40.75 percent in December and it is down from 44.28 percent in January 2005. The average butterfat test of producer milk pooled during January was 3.810 percent, average protein test was 3.102 percent, average other solids test was 5.712 percent and the average somatic cell count was 238,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Jan 06	Dec 05	Jan 06	Dec 05	Jan 06	Dec 05
Appalachian	15.52	15.51	-----	-----	69.42	67.61
Arizona-Las Vegas	13.76	14.00	-----	-----	31.79	33.94
Central	13.75	13.69	0.36	0.32	31.07	29.10
Florida	16.71	16.89	-----	-----	85.42	88.32
Mideast	13.95	13.90	0.56	0.53	37.90	39.50
Northeast	14.78	14.83	1.39	1.46	45.00	47.40
Pacific Northwest	13.44	13.44	0.05	0.07	29.76	29.33
Southeast	15.14	15.44	-----	-----	54.02	63.95
<b>Southwest</b>	<b>14.50</b>	<b>14.60</b>	<b>1.11</b>	<b>1.23</b>	<b>40.73</b>	<b>40.75</b>
Upper Midwest	13.66	13.61	0.27	0.24	17.20	18.00

**FEDERAL MILK ORDER DATABASE**

On January 30, the Market Information Branch (MIB) of Dairy Programs announced the release of its public database of Federal milk order market statistics on their Milk Marketing Order Statistics web page. This database contains historical information beginning in January 2000, generated by the administration of the Federal milk order program. The database consists of eleven tables of public information extracted from its larger database used to collect monthly FMO statistics. This database provides access to more data than is currently available in MIB's regular web statistics and provides users with a lot of flexibility to design the specific format in which they wish to obtain the data. The public database can be accessed on the internet through the Milk Marketing Order Statistics web page.

The URL for the public database is [www.ams.usda.gov/USDAMIB/Main/Welcome.aspx](http://www.ams.usda.gov/USDAMIB/Main/Welcome.aspx). As with all information carried on the Milk Marketing Order Statistics web page, comments are welcomed on this recent addition to their page.

**MILC PROGRAM EXTENDED**

The Milk Income Loss Contract (MILC) program won passage by Congress on Wednesday, February 1, and is on its way to the White House for the President's signature. Approval came when the House passed the budget deficit reduction package, which, among other things, renews the program for two years, until September 2007, when the current federal Farm Bill also expires. The Senate approved the bill last December.

If signed by the President, the subsidies will be applied to part of the shortfall when the Northeast (Boston) Class I price is below \$16.94 and is limited to 2.4 million pounds of milk annually per producer. Payments will be retroactive to October 1, 2005. The retroactive payments are estimated at \$0.04 per cwt for December 2005 and \$0.10 per cwt for both January and February 2006.

The program is changed slightly under the MILC extension language. Instead of producers receiving 45% of the difference between the Class I price in Boston, they will receive 34%.

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

2005 Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	4,138,807,197	43.20	95,683,752	27.30	4,043,123,445	43.80
Class II	1,273,554,607	13.30	105,846,132	30.20	1,167,708,475	12.70
Class III	2,081,322,415	21.70	78,584,307	22.40	2,002,738,108	21.70
Class IV	2,085,017,760	21.80	70,075,212	20.00	2,014,942,548	21.80
Total	9,578,701,979	100.00	350,189,403	100.00	9,228,512,576	100.00

2005 Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	127,979,541	44.00	239,847,188	43.80	367,826,742	43.80
Class II	37,037,690	12.70	69,347,823	12.70	106,385,501	12.70
Class III	63,094,179	21.70	118,817,824	21.70	181,912,012	21.70
Class IV	63,080,924	21.70	119,879,152	21.90	182,960,066	21.80
Total	291,192,334	100.00	547,891,987	100.00	839,084,321	100.00

\* Percentages may not add down due to rounding.

## TOP TEN TEXAS COUNTIES a/ – JANUARY 2006

County	Number of Producers	Pounds	% Change From 2005b/	County	Number of Producers	Pounds	% Change From 2005b/
1. Erath	105	112,477,347	+ 5.58	7. Hale	5	27,737,786	+ 12.97
2. Hopkins	137	50,654,793	+ 14.81	8. Bailey	8	25,304,911	+ 69.39
3. Comanche	29	44,085,296	+ 1.96	9. Parmer	6	21,412,137	+ 31.74
4. Deaf Smith	8	36,467,681	+ 117.95	10. Hartley	5	20,774,553	+ 70.65
5. Lamb	9	31,033,837	+ 8.54	Ten County Total	320	399,173,749	+ 17.11 b/
6. Castro	8	29,225,408	+ 7.66	Other Counties Total	426	199,596,922	+ 9.17
				Texas Total	746	598,770,671	+ 14.34

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	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
February	16.79	13.36	14.70	12.74	0.54	177.54	9.15	266.13	.00079	159.45	157.11	89.90	24.78
March	18.43	13.25	14.08	12.66	1.71	172.79	9.51	250.19	.00075	155.49	150.61	90.83	25.13
April	17.13	13.24	14.61	12.61	0.67	169.64	10.20	270.55	.00078	152.87	155.90	91.56	25.80
May	17.80	12.78	13.77	12.20	1.33	154.75	10.43	259.65	.00074	140.46	147.65	92.89	26.03
June	16.62	13.06	13.92	12.33	0.95	159.32	11.39	257.41	.00074	144.27	148.45	92.59	26.96
July	16.89	13.79	14.35	13.17	1.09	180.07	12.40	245.58	.00076	161.56	151.56	93.89	27.94
August	17.44	13.95	13.60	13.44	2.10	182.46	13.17	216.19	.00072	163.55	143.22	96.01	28.69
September	16.70	14.35	14.30	13.75	1.40	188.72	14.11	230.09	.00075	168.77	149.58	97.05	29.60
October	17.27	14.25	14.35	13.61	1.23	182.56	14.91	237.80	.00075	163.63	149.96	97.94	30.38
November	17.56	13.49	13.35	12.90	1.80	161.14	16.06	227.24	.00070	145.78	139.68	98.35	31.49
December	16.57	13.22	13.37	12.57	1.23	150.36	17.02	238.46	.00070	136.80	139.64	98.99	32.42
Averages 2005 b/	17.40	13.48	14.05	12.88	1.33	171.05	12.28	246.02	.00075	154.05	148.75	94.09	27.82
January 2006	16.38	13.25	13.39	12.20	1.11	146.84	18.81	239.94	.00069	133.87	138.95	96.14	34.16

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

## TOP NEW MEXICO COUNTIES a/ – JANUARY 2006

County	Number of Producers	Pounds	% Change From 2005b/	County	Number of Producers	Pounds	% Change From 2005b/
1. Chaves	40	170,147,789	+ 20.56	7. Socorro	9	15,802,034	+ 40.83
2. Curry	24	114,594,690	+ 19.04	8. Valencia	7	14,513,364	- 7.24
3. Roosevelt	40	113,914,177	+ 12.79	9. Sierra	3	7,763,426	+ 5.91
4. Dona Ana	24	97,371,897	+ 7.62	10. Bernalillo	4	5,050,913	+ 4.16
5. Lea	14	45,588,070	+ 35.05	Ten County Total	170	609,426,432	+ 15.20 b/
6. Eddy	5	24,680,072	- 9.74	Other Counties Total	3	11,735,290	+ 24.86
				New Mexico Total	173	621,161,722	+ 15.37

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 2004 THROUGH JANUARY 2006, WITH PRODUCTION PERCENTAGE COMPARISONS**

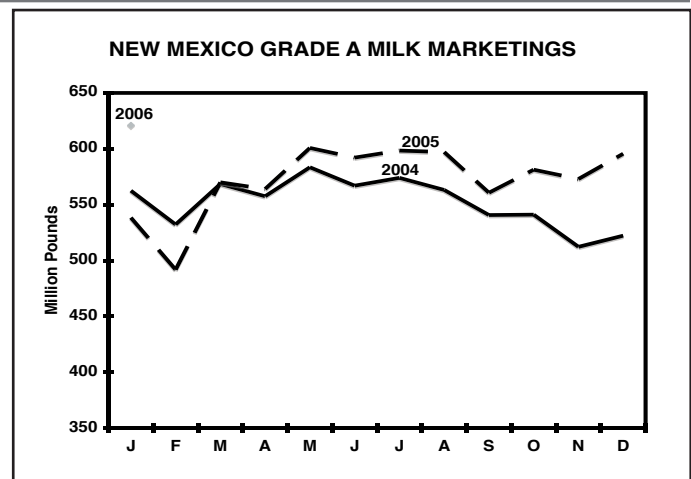
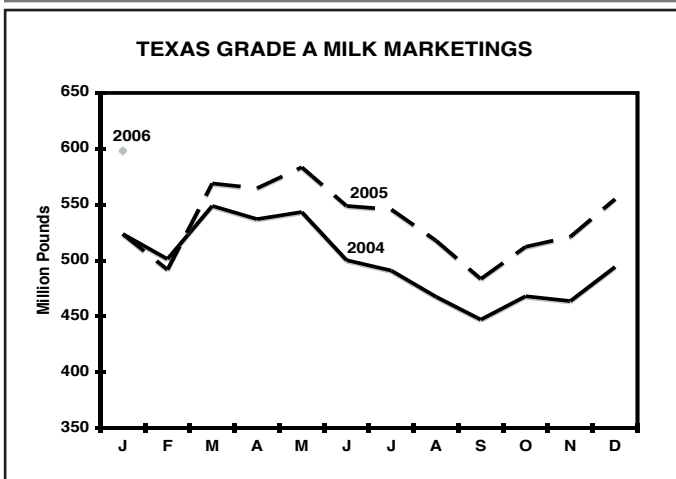
MONTH	2004 POUNDS	Number of Producers	2005 POUNDS	Number of Producers	2006 POUNDS	Number of Producers	PERCENT 2005/04	CHANGE 2006/05
January	523,723,796	816	523,680,970	778	598,770,671	746	- 0.01	+ 14.34
February	501,204,456	819	491,841,542	767			+ 1.64*	
March	548,941,459	814	569,021,475	771			+ 3.66	
April	537,141,283	803	564,647,522	776			+ 5.12	
May	543,408,997	801	583,519,880	774			+ 7.38	
June	500,319,580	803	548,798,029	772			+ 9.69	
July	491,018,134	799	545,665,957	774			+ 11.13	
August	467,427,900	796	517,675,814	767			+ 10.75	
September	447,166,094	796	483,172,492	772			+ 8.05	
October	467,915,409	797	512,618,370	770			+ 9.49	
November	463,696,745	793	521,233,872	758			+ 12.41	
December	<u>494,282,753</u>	793	<u>555,024,482</u>	743			<u>+ 12.29</u>	
Years Total	5,986,246,606		6,416,900,405				+ 7.19	

\* Based on average daily delivery.

**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:  
JANUARY 2004 THROUGH JANUARY 2006, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2004 POUNDS	Number of Producers	2005 POUNDS	Number of Producers	2006 POUNDS	Number of Producers	PERCENT 2005/04	CHANGE 2006/05
January	560,391,851	178	538,413,955	168	621,161,722	173	- 3.92	+ 15.37
February	530,422,715	176	491,753,468	170			- 3.98*	
March	566,717,019	178	567,235,607	169			+ 0.09	
April	555,546,336	176	563,980,078	168			+ 1.52	
May	581,190,763	177	600,707,138	170			+ 3.36	
June	565,063,945	177	592,086,292	172			+ 4.78	
July	571,734,951	181	598,502,673	171			+ 4.68	
August	563,099,040	177	597,055,615	172			+ 6.03	
September	540,636,857	179	560,680,297	176			+ 3.71	
October	541,026,928	177	581,203,811	174			+ 7.43	
November	512,342,849	176	573,043,775	173			+ 11.85	
December	<u>522,218,762</u>	174	<u>595,644,281</u>	171			<u>+ 14.06</u>	
Years Total	6,610,392,016		6,860,396,990				+ 3.78	

\* 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 <sup>a/</sup>	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
January 2005	3.77	3.68	3.13	3.09	5.69	5.69	8.82	8.77	346	324
February	3.75	3.65	3.10	3.06	5.71	5.70	8.81	8.77	329	306
March	3.70	3.59	3.08	3.02	5.72	5.72	8.80	8.75	322	283
April	3.64	3.53	3.04	2.98	5.70	5.72	8.75	8.70	298	251
May	3.61	3.48	3.02	2.94	5.71	5.74	8.73	8.68	300	244
June	3.57	3.41	2.97	2.90	5.72	5.75	8.69	8.65	332	248
July	3.59	3.43	2.98	2.88	5.70	5.74	8.68	8.62	347	252
August	3.63	3.47	3.01	2.91	5.71	5.75	8.73	8.66	365	275
September	3.69	3.52	3.07	2.97	5.68	5.72	8.75	8.69	366	270
October	3.76	3.60	3.14	3.06	5.70	5.73	8.84	8.79	337	254
November	3.87	3.70	3.18	3.11	5.70	5.72	8.88	8.84	293	228
December	3.93	3.76	3.18	3.12	5.71	5.73	8.89	8.84	269	212
Averages 2005	3.71	3.57	3.08	3.00	5.70	5.73	8.78	8.73	325	262
January 2006	3.85	3.72	3.12	3.07	5.70	5.72	8.82	8.78	257	209

a/ In thousands.

**JANUARY 2006**  
**COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

	Pounds	Price	Value
Add: Class I Differential			\$311,511.21
Class I Butterfat	60(a)	8,085,270	\$1.5316
Class I Skim Per Cwt		358,676,111	\$11.4200
Class II Butterfat	60(b)	8,485,937	\$1.4754
Class II Nonfat Solids		8,684,018	\$0.9311
Class III Butterfat	60(c)	8,425,718	\$1.4684
Class III Protein		7,252,160	\$2.3994
Class III Other Solids		13,331,191	\$0.1881
Class IV Butterfat	60(d)	9,316,728	\$1.4684
Class IV Nonfat Solids		17,258,628	\$0.8132
Class II, III & IV Somatic Cell Adj.	60(e)		\$423,222.84
Total Producer Milk-Product Lbs & Value		900,435,766	\$134,680,939.94
Add: Value as for 60(f) Thru 60(j)			\$150,906.22
Less: Total Protein Pounds	61(b)	27,933,717	\$2.3994
Total Other Solids Pounds		51,436,319	\$0.1881
Total Butterfat Pounds		34,313,653	\$1.4684
Total Value of Somatic Cell Adjustment			\$695,505.53
<b>Total Milk and Value</b>		900,435,766	\$7,050,840.36
Add: Location Differential Adjustments	61(c)		\$3,103,339.35
Producer-Settlement Fund	61(d)		\$209,166.66
<b>Total Producer Milk/URSP and Value</b>		900,435,766	\$10,363,346.37
Less: Producer-Settlement Fund	61(f)		\$368,509.37
<b>Producer Price Differential (Dallas County)</b>			\$1.11
			\$9,994,837.00

THE MARKET ADMINISTRATOR'S

# REPORT

SOUTHWEST MARKETING AREA

RICHARD FLEMING, MARKET ADMINISTRATOR

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## JANUARY 2006 PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	366,761,381	40.73	8,085,270	23.56	358,676,111	41.41
Class II	103,178,363	11.46	8,485,937	24.73	94,692,426	10.93
Class III	232,945,511	25.87	8,425,718	24.56	224,519,793	25.93
Class IV	197,550,511	21.94	9,316,728	27.15	188,233,783	21.73
Total	900,435,766	100.00	34,313,653	100.00	866,122,113	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	11,558,669	41.38	21,285,370	41.38	32,844,040	41.39
Class II	3,063,791	10.97	5,620,227	10.93	8,684,018	10.94
Class III	7,252,160	25.96	13,331,191	25.92	20,583,350	25.93
Class IV	6,059,097	21.69	11,199,531	21.77	17,258,628	21.74
Total	27,933,717	100.00	51,436,319	100.00	79,370,036	100.00