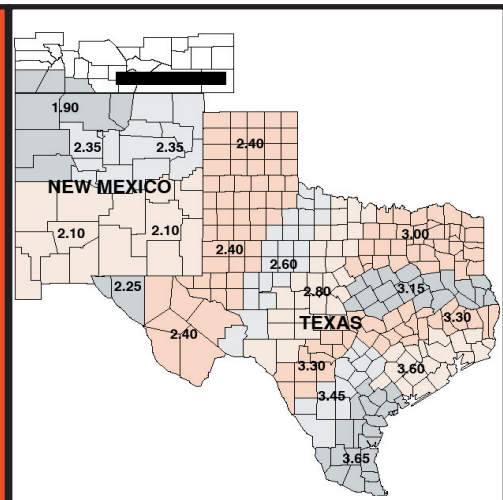


THE MARKET ADMINISTRATOR'S

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 \$1.23 for December. Butterfat price decreased \$0.1078 per pound from \$1.6114 in November to the level of \$1.5036 in December. Protein price increased \$0.1122 per pound from \$2.2724 in November to \$2.3846 in December. December's Other Solids price increased \$0.0096 per pound from \$0.1606 in November to \$0.1702 in December. The Somatic Cell Count adjustment rate factor for December was .00070 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 \$14.60 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 \$0.55 in comparison to the statistical blend price of \$15.15 in November.

The December Class I price decreased \$0.99 from \$17.56 in November to the December level of \$16.57. The Class II price for December of \$13.22 per hundredweight decreased \$0.27 from \$13.49 in November. December's Class III price increased \$0.02 from \$13.35 in November to \$13.37 in December. The Class IV price decreased \$0.33 from \$12.90 in November to \$12.57 in December.

In December 813 producers delivered a total of 869,875,545 pounds of milk. On a daily basis this represents an increase of 1.45 percent from the producer receipts level in November and it represents an increase of 37.65 percent when compared to the producer receipts level of December 2004.

Producer milk classified as Class I during December amounted to 40.75 percent of total producer receipts. This figure is down from 43.11 percent in November and it is down from 57.14 percent in December 2004. The average butterfat test of producer milk pooled during December was 3.858 percent, average protein test was 3.151 percent, average other solids test was 5.719 percent and the average somatic cell count was 237,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Dec 05	Nov 05	Dec 05	Nov 05	Dec 05	Nov 05
Appalachian	15.51	16.30	-----	-----	67.61	69.93
Arizona-Las Vegas	14.00	14.50	-----	-----	33.94	37.25
Central	13.69	14.06	0.32	0.71	29.10	30.26
Florida	16.89	17.71	-----	-----	88.32	88.23
Mideast	13.90	14.35	0.53	1.00	39.50	40.00
Northeast	14.83	15.41	1.46	2.06	47.40	48.70
Pacific Northwest	13.44	13.91	0.07	0.56	29.33	30.69
Southeast	15.44	16.22	-----	-----	63.95	67.42
Southwest	14.60	15.15	1.23	1.80	40.75	43.11
Upper Midwest	13.61	13.79	0.24	0.44	18.00	18.60

OCTOBER FLUID MILK SALES

During October, about 4.7 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.2 percent higher than October 2004. After adjusting for calendar composition, sales in October 2005 were 1.4 percent higher than October 2004. On an individual product basis, after adjusting for calendar composition, sales of reduced fat (2%) milk, low fat (1%) milk, fat-free (skim) milk, flavored fat-reduced milk, and buttermilk increased from October 2004, while sales of whole milk and flavored whole milk decreased from a year earlier.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, OCTOBER 2005 WITH COMPARISONS ^{1/}

Product Name	Sales		Change from: ^{2/}	
	October	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,442	14,233	- 2.1	- 3.5
Flavored Whole Milk	63	620	- 13.0	- 13.2
Reduced Fat Milk (2%)	1,525	14,731	3.6	1.4
Low Fat Milk (1%)	554	5,307	3.2	2.9
Fat-Free Milk (Skim)	689	6,683	3.5	3.0
Flavored Fat-Reduced Milk	368	3,027	2.8	4.1
Buttermilk	44	430	- 0.1	- 2.9
Total Fluid Milk Products ^{3/}	4,706	45,177	1.2	0.1
Total Fluid Milk Products Adjusted ^{3/ 4/}	4,768	45,235	1.4	0.4

^{1/} These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 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 8 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 unadjusted basis; see ^{4/}. There were significant revisions to previous year data and April 2005 data for California. ^{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, OCTOBER 2005, WITH COMPARISONS ^{1/}

Area (Order Number)	Sales		Change from: ^{2/}	
	October	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Northeast (001)	832	7,859	2.1	- 0.5
Appalachian (005)	295	2,876	0.9	- 0.5
Southeast (007)	426	4,028	2.6	1.8
Florida (006)	242	2,479	- 2.1	2.1
Mideast (033)	541	5,169	1.5	- 0.3
Upper Midwest (030)	372	3,641	- 0.2	1.8
Central (032)	402	3,830	1.1	- 0.2
Southwest (126)	374	3,546	3.6	1.6
Arizona-Las Vegas (131) ^{3/}	106	1,043	1.3	2.2
Pacific Northwest (124)	184	1,768	0.8	- 0.6
California (---) ^{4/}	554	5,324	- 0.7	- 0.1

^{1/} These figures are representative of the consumption of total fluid milk products in the respective area; see ^{3/} above for the products included. ^{2/} Percent changes, as well as sales volumes, are shown on an unadjusted basis; see ^{4/} above. ^{3/} The in-area sales data for this order does not include all the sales in the marketing area due to the reporting exemption of fluid milk processors located in Clark County, Nevada. ^{4/} There were significant revisions to previous year data and April 2005 data for California.

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.

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

TOP TEN TEXAS COUNTIES a/ – DECEMBER 2005

County	Number of Producers	Pounds	% Change From 2004b/	County	Number of Producers	Pounds	% Change From 2004b/
1. Erath	107	102,998,775	+ 2.40	7. Hale	5	26,493,804	+ 15.91
2. Hopkins	137	46,120,163	+ 8.82	8. Parmer	5	20,830,509	+ 27.47
3. Comanche	30	41,024,583	- 0.12	9. Bailey	7	20,353,409	+ 58.26
4. Deaf Smith	8	33,385,798	+ 92.13	10. Hartley	5	20,029,260	+ 88.67
5. Lamb	9	33,174,017	+ 23.42	Ten County Total	321	371,784,551	+ 15.45 b/
6. Castro	8	27,374,233	+ 20.41	Other Counties Total	422	183,239,931	+ 6.37
				Texas Total	743	555,024,482	+ 12.29

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-----						
November 2004	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
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

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

TOP NEW MEXICO COUNTIES a/ – DECEMBER 2005

County	Number of Producers	Pounds	% Change From 2004b/	County	Number of Producers	Pounds	% Change From 2004b/
1. Chaves	40	162,780,726	+ 17.66	7. Socorro	8	14,995,172	+ 37.69
2. Curry	24	112,191,665	+ 16.88	8. Valencia	7	13,989,242	- 10.28
3. Roosevelt	39	111,053,764	+ 13.73	9. Sierra	3	7,347,742	- 0.46
4. Dona Ana	24	91,498,579	+ 9.65	10. Bernalillo	4	5,001,848	+ 0.75
5. Lea	14	42,199,031	+ 33.04	Ten County Total	168	584,819,609	+ 14.16 b/
6. Eddy	5	23,761,840	- 9.64	Other Counties Total	3	10,824,672	+ 23.70
				New Mexico Total	171	595,644,281	+ 14.32

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 DECEMBER 2005, WITH PRODUCTION PERCENTAGE COMPARISONS**

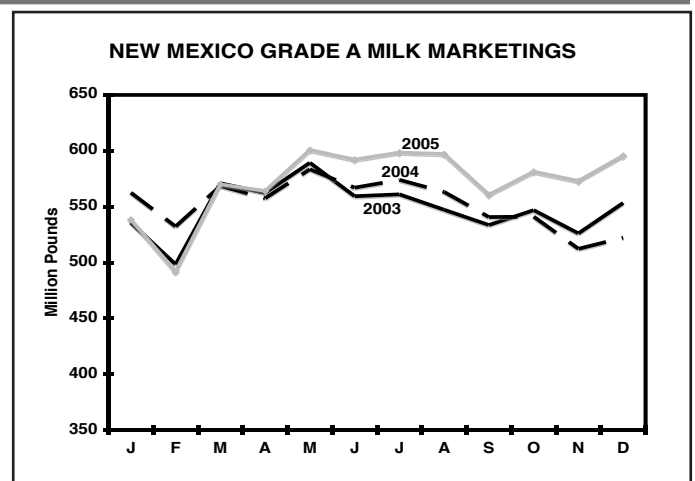
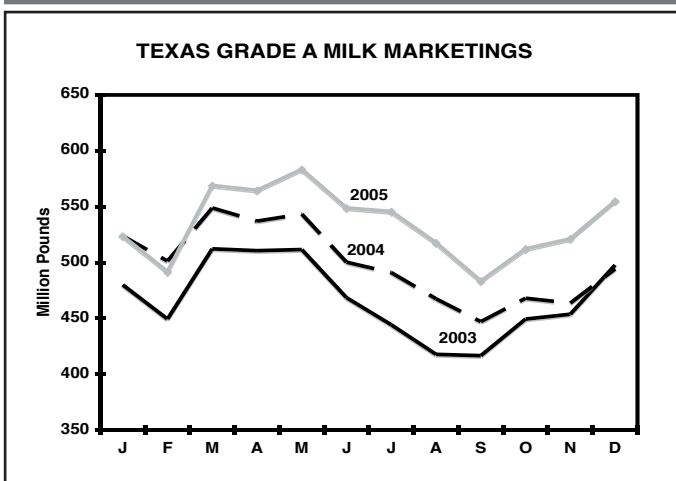
MONTH	2003 POUNDS	Number of Producers	2004 POUNDS	Number of Producers	2005 POUNDS	Number of Producers	PERCENT 2004/03	CHANGE 2005/04
January	480,011,354	845	523,723,796	816	523,680,970	778	+ 9.11	- 0.01
February	449,362,000	840	501,204,456	819	491,841,542	767	+ 7.69*	+ 1.64*
March	512,243,241	841	548,941,459	814	569,021,475	771	+7.16	+ 3.66
April	510,466,950	838	537,141,283	803	564,647,522	776	+ 5.23	+ 5.12
May	511,474,552	840	543,408,997	801	583,519,880	774	+ 6.24	+ 7.38
June	468,387,455	838	500,319,580	803	548,798,029	772	+ 6.82	+ 9.69
July	444,115,237	834	491,018,134	799	545,665,957	774	+ 10.56	+ 11.13
August	417,817,794	833	467,427,900	796	517,675,814	767	+ 11.87	+ 10.75
September	416,649,423	836	447,166,094	796	483,172,492	772	+ 7.32	+ 8.05
October	449,267,689	835	467,915,409	797	512,339,071	770	+ 4.15	+ 9.49
November	453,593,349	826	463,696,745	793	521,233,872	758	+ 2.23	+ 12.41
December	<u>497,718,548</u>	815	<u>494,282,753</u>	793	<u>555,024,482</u>	743	<u>- 0.69</u>	<u>+ 12.29</u>
Years Total	5,611,107,592		5,986,246,606		6,416,621,106		+ 6.69	+ 7.19

* Based on average daily delivery.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2003 THROUGH DECEMBER 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	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	491,753,468	170	+ 3.13*	- 4.29*
March	570,901,632	177	568,504,219	178	569,909,167	169	- 0.42	+ 0.25
April	562,338,380	177	557,482,116	176	563,980,078	168	- 0.86	+ 1.17
May	589,176,775	177	583,379,003	177	600,707,138	170	- 0.98	+ 2.97
June	559,442,259	177	567,036,025	177	592,086,292	172	+ 1.36	+ 4.42
July	560,883,275	178	571,734,951	181	598,502,673	171	+ 2.32	+ 4.68
August	547,114,145	178	563,099,040	177	597,055,615	172	+ 2.92	+ 6.03
September	533,648,709	180	540,636,857	179	560,680,297	176	+ 1.31	+ 3.71
October	546,904,202	178	541,026,928	177	581,203,811	174	- 1.07	+ 7.43
November	526,000,891	176	512,342,849	176	573,043,775	173	- 2.60	+ 11.85
December	<u>553,271,605</u>	179	<u>521,024,856</u>	174	<u>595,644,281</u>	171	<u>- 5.61</u>	<u>+ 14.32</u>
Years Total	6,583,641,455		6,620,939,230		6,862,980,550		+ 0.62	+ 3.66

* 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
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
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

a/ In thousands.

**DECEMBER 2005
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

	Pounds	Price	Value
Add: Class I Differential			\$319,795.27
Class I Butterfat	60(a) 8,582,233	\$1.6933	\$14,532,295.15
Class I Skim Per Cwt	345,897,555	\$11.0300	\$38,152,500.35
Class II Butterfat	60(b) 8,479,793	\$1.5106	\$12,809,575.31
Class II Nonfat Solids	7,891,569	\$0.9133	\$7,207,369.98
Class III Butterfat	60(c) 9,957,329	\$1.5036	\$14,971,839.90
Class III Protein	8,573,985	\$2.3846	\$20,445,524.64
Class III Other Solids	15,606,184	\$0.1702	\$2,656,172.53
Class IV Butterfat	60(d) 6,544,034	\$1.5036	\$9,839,609.52
Class IV Nonfat Solids	13,144,151	\$0.8414	\$11,059,488.66
Class II, III & IV Somatic Cell Adj.	60(e)		\$436,033.81
Total Producer Milk-Product Lbs & Value	869,875,545		\$132,430,205.12
Add: Value as for 60(f) Thru 60(j)			\$145,927.16
Less: Total Protein Pounds	61(b) 27,413,129	\$2.3846	\$65,369,347.45
Total Other Solids Pounds	49,753,891	\$0.1702	\$8,468,112.30
Total Butterfat Pounds	33,563,389	\$1.5036	\$50,465,911.72
Total Value of Somatic Cell Adjustment			\$689,319.33
Total Milk and Value	869,875,545		\$7,583,441.48
Add: Location Differential Adjustments	61(c)		\$3,152,850.44
Producer-Settlement Fund	61(d)		\$315,181.96
Total Producer Milk/URSP and Value	869,875,545	\$1.27046	\$11,051,473.88
Less: Producer-Settlement Fund	61(f)	\$0.04046	\$352,004.68
Producer Price Differential (Dallas County)		\$1.23	\$10,699,469.20

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RICHARD FLEMING, MARKET ADMINISTRATOR

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DECEMBER 2005 PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	354,479,788	40.75	8,582,233	25.57	345,897,555	41.36
Class II	93,889,643	10.79	8,479,793	25.27	85,409,850	10.21
Class III	272,460,840	31.33	9,957,329	29.66	262,503,511	31.39
Class IV	149,045,274	17.13	6,544,034	19.50	142,501,240	17.04
Total	869,875,545	100.00	33,563,389	100.00	836,312,156	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	11,380,890	41.51	20,570,241	41.34	31,951,132	41.41
Class II	2,806,165	10.24	5,085,405	10.22	7,891,569	10.23
Class III	8,573,985	31.28	15,606,184	31.37	24,180,169	31.33
Class IV	4,652,089	16.97	8,492,061	17.07	13,144,150	17.03
Total	27,413,129	100.00	49,753,891	100.00	77,167,020	100.00