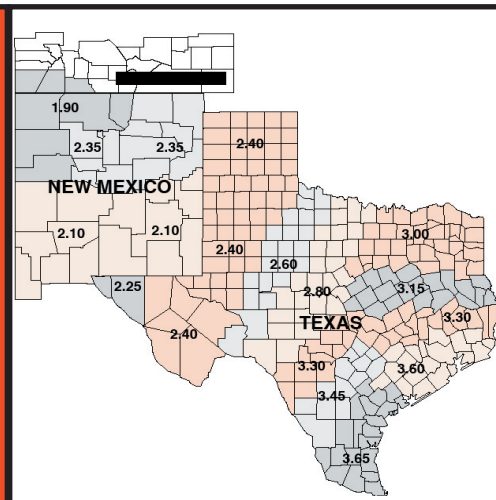


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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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 \$1.53 for February. Butterfat price decreased \$0.1215 per pound from \$1.4684 in January to the level of \$1.3469 in February. Protein price decreased \$0.2774 per pound from \$2.3994 in January to \$2.1220 in February. February's Other Solids price increased \$0.0118 per pound from \$0.1881 in January to \$0.1999 in February. The Somatic Cell Count adjustment rate factor for February was .00063 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 \$13.73 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 \$0.77 in comparison to the statistical blend price of \$14.50 in January.

The February Class I price remained the same as the January price of \$16.38. The Class II price for February of \$12.62 per hundredweight decreased \$0.63 from \$13.25 in January. February's Class III price decreased \$1.19 from \$13.39 in January to \$12.20 in February. The Class IV price decreased \$1.10 from \$12.20 in January to \$11.10 in February.

In February 855 producers delivered a total of 889,606,707 pounds of milk. On a daily basis this represents an increase of 9.38 percent from the producer receipts level in January and it represents an increase of 58.20 percent when compared to the producer receipts level of February 2005.

Producer milk classified as Class I during February amounted to 37.58 percent of total producer receipts. This figure is down from 40.73 percent in January and it is down from 57.54 percent in February 2005. The average butterfat test of producer milk pooled during February was 3.790 percent, average protein test was 3.092 percent, average other solids test was 5.717 percent and the average somatic cell count was 227,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Feb 06	Jan 06	Feb 06	Jan 06	Feb 06	Jan 06
Appalachian	15.01	15.52	-----	-----	67.17	69.42
Arizona-Las Vegas	13.03	13.76	-----	-----	32.34	31.79
Central	12.91	13.75	0.71	0.36	28.16	31.07
Florida	16.34	16.71	-----	-----	82.33	85.42
Mideast	13.28	13.95	1.08	0.56	37.70	37.90
Northeast	14.25	14.78	2.05	1.39	44.30	45.00
Pacific Northwest	12.60	13.44	0.40	0.05	26.87	29.76
Southeast	14.71	15.14	-----	-----	55.64	54.02
Southwest	13.73	14.50	1.53	1.11	37.58	40.73
Upper Midwest	12.68	13.66	0.48	0.27	17.10	17.20

CWT TO INCREASE ASSESSMENT TO 10 CENT PER HUNDREDWEIGHT

The members of Cooperatives Working Together voted this week to double the program's current five-cent per hundredweight assessment, in order to accumulate the additional financial resources necessary to address the surge in U.S. milk production that is beginning to depress farm-level prices. The higher assessment will begin on July 1st, 2006, and run through 2007.

"We've demonstrated in the past three years that CWT can help dairy farmers address a supply and demand imbalance, but we need more leverage as we look ahead into 2006 and 2007," said Jerry Kozak, President and CEO of the National Milk Producers Federation, which manages CWT. Milk production was up 3.5% last year, he noted, and continues to grow rapidly in 2006. Kozak said that the farmer-funded self-help program "risks being irrelevant in the marketplace if we don't have sufficient resources to do what farmers expect of us."

CWT's current budget does not contain sufficient revenue to fund additional herd retirement rounds, Kozak said. The higher assessment, to be collected starting in July, will bring in the additional money needed over 18 months to continue both the herd retirement program, and the ongoing export assistance program.

"We've seen increased growth in milk output recently, with both overall cow numbers, and milk production per cow, reaching significant levels," Kozak said.

"The additional nickel gives us more money to address the supply situation that is threatening farmers' prices," he said.

Kozak said that once the new assessment begins, he expects that the level of overall participation in CWT will remain at the 74% level of the nation's milk supply that it presently enjoys.

"Every one of CWT's 49 member cooperatives, along with the hundreds of individual farmers paying into the program, recognizes that the stakes have gotten higher as the extent of the supply/demand imbalance has grown. The more money we are able to collect, the more effective we can be in meeting the goals of our members," he said.

In addition to voting for a higher assessment, CWT's members also modified several other of the program's features.

First, the regional safeguard levels in the Northeast, Southeast and Midwest were raised to 3/4 of

one percent of each region's annual milk production, up from 1/2 of one percent. Second, Whole Milk Powder was added to the list of dairy products eligible for export using CWT bonuses. Additionally, Mexico, a major market for WMP, was added to the list of eligible destinations for that specific product.

Third, the target price for cheese under the export assistance program was moved from \$1.40 per pound, to \$1.30. The target butter price remains at \$1.30 per pound.

TOP 10 MILK PRODUCING STATES 2005

Rank		State	Million Pounds
2004	2005		
1	1	California	37,564
2	2	Wisconsin	22,866
3	3	New York	12,078
4	4	Pennsylvania	10,503
5	5	Idaho	10,161
6	6	Minnesota	8,195
7	7	New Mexico	6,951
8	8	Michigan	6,735
9	9	Texas	6,442
10	10	Washington	5,608
U.S. Total			176,989

TOP 10 MILK PER COW STATES 2005

Rank		State	Pounds
2004	2005		
1	1	Washington	23,270
2	2	Arizona	22,957
4	3	Colorado	22,577
3	4	Idaho	22,332
8	5	Nevada	21,680
6	6	Michigan	21,656
5	7	California	21,404
7	8	New Mexico	21,192
9	9	Iowa	20,722
14	10	Kansas	20,505
U.S. Average			19,576

TOP TEN TEXAS COUNTIES a/ – FEBRUARY 2006

County	Number of Producers	Pounds	% Change From 2005b/	County	Number of Producers	Pounds	% Change From 2005b/
1. Erath	105	107,508,542	+ 6.39	7. Hale	5	25,176,127	+ 11.45
2. Hopkins	134	47,761,842	+ 12.96	8. Bailey	8	25,058,965	+ 75.22
3. Comanche	29	41,922,305	+ 2.10	9. Hartley	5	19,980,299	+ 70.63
4. Deaf Smith	9	34,382,799	+ 122.93	10. Parmer	6	19,396,161	+ 30.97
5. Lamb	8	27,574,333	+ 4.30	Ten County Total	317	375,946,463	+ 17.23 b/
6. Castro	8	27,185,090	+ 7.23	Other Counties Total	423	192,181,356	+ 12.28
				Texas Total	740	568,127,819	+ 15.51

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-----							
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
February	16.38	12.62	12.20	11.10	1.53	134.69	19.99	212.20	.00063	123.74	126.37	88.33	35.31

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

TOP NEW MEXICO COUNTIES a/ – FEBRUARY 2006

County	Number of Producers	Pounds	% Change From 2005b/	County	Number of Producers	Pounds	% Change From 2005b/
1. Chaves	40	158,009,488	+ 15.85	7. Socorro	8	14,787,900	+ 45.65
2. Roosevelt	40	108,123,804	+ 21.12	8. Valencia	7	13,262,352	- 6.39
3. Curry	24	106,986,930	+ 21.84	9. Sierra	3	7,268,970	+ 5.84
4. Dona Ana	24	89,597,241	+ 12.80	10. Bernalillo	4	4,517,999	+ 1.80
5. Lea	14	41,346,611	+ 25.44	Ten County Total	169	567,363,501	+ 17.46 b/
6. Eddy	5	23,462,206	+ 8.90	Other Counties Total	3	10,902,555	+ 25.11
				New Mexico Total	172	578,266,056	+ 17.59

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 FEBRUARY 2006, WITH PRODUCTION PERCENTAGE COMPARISONS**

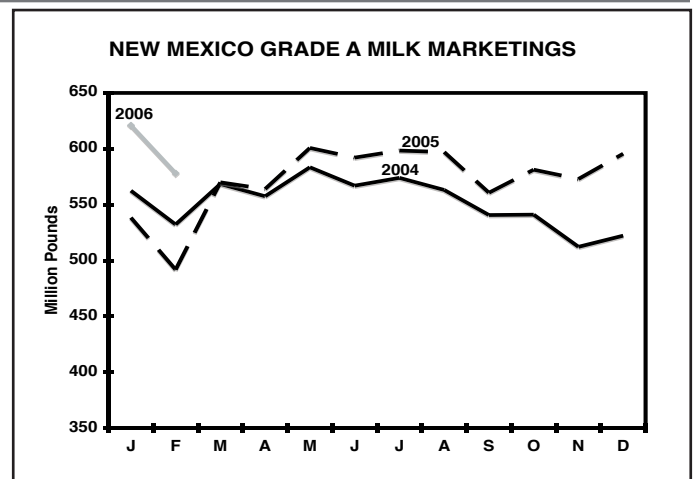
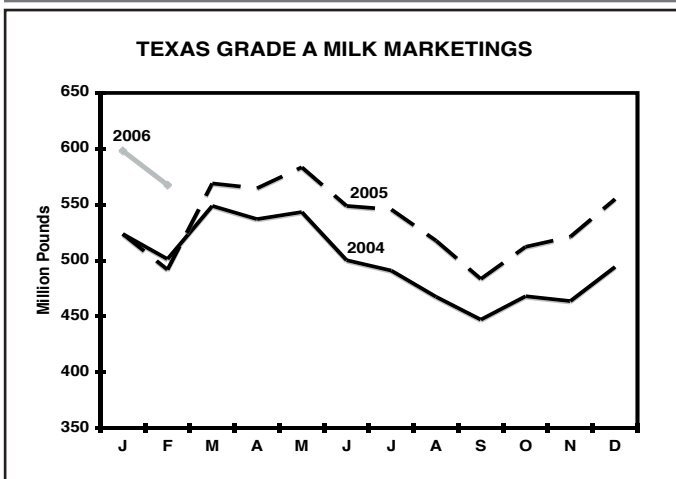
MONTH	2004 POUNDS	Number of Producers	2005 POUNDS	Number of Producers	2006 POUNDS	Number of Producers	PERCENT 2005/04	CHANGE 2006/05
January	523,723,796	816	523,680,970	778	598,770,671	746	- 0.01	+ 14.34
February	501,204,456	819	491,841,542	767	568,127,819	740	+ 1.64*	+ 15.51
March	548,941,459	814	569,021,475	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 FEBRUARY 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	578,266,056	172	- 3.98*	+ 17.59
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 ^{a/}	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
February 2005	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
February	3.84	3.68	3.10	3.06	5.72	5.71	8.82	8.76	246	201

a/ In thousands.

FEBRUARY 2006
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	Pounds	Price	Value
Add: Class I Differential			\$294,286.44
Class I Butterfat	60(a)	7,294,811	\$1.5071
Class I Skim Per Cwt		327,060,916	\$11.5100
Class II Butterfat	60(b)	8,690,384	\$1.3539
Class II Nonfat Solids		9,801,804	\$0.9078
Class III Butterfat	60(c)	7,976,908	\$1.3469
Class III Protein		6,854,196	\$2.1220
Class III Other Solids		12,655,981	\$0.1999
Class IV Butterfat	60(d)	9,754,225	\$1.3469
Class IV Nonfat Solids		19,115,351	\$0.7359
Class II, III & IV Somatic Cell Adj.	60(e)		\$441,195.88
Total Producer Milk-Product Lbs & Value		889,606,707	\$125,061,776.46
Add: Value as for 60(f) Thru 60(j)			\$58,318.84
Less: Total Protein Pounds	61(b)	27,507,039	\$2.1220
Total Other Solids Pounds		50,859,821	\$0.1999
Total Butterfat Pounds		33,716,328	\$1.3469
Total Value of Somatic Cell Adjustment			\$690,342.30
Total Milk and Value		889,606,707	\$10,480,415.80
Add: Location Differential Adjustments	61(c)		\$3,223,939.49
Producer-Settlement Fund	61(d)		\$269,477.81
Total Producer Milk/URSP and Value		889,606,707	\$13,973,833.10
Less: Producer-Settlement Fund	61(f)		\$0.04078
Producer Price Differential (Dallas County)			\$1.53
			\$13,610,982.62

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FEBRUARY 2006 PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	334,355,727	37.58	7,294,811	21.64	327,060,916	38.21
Class II	115,713,859	13.01	8,690,384	25.78	107,023,475	12.50
Class III	221,169,250	24.86	7,976,908	23.65	213,192,342	24.92
Class IV	218,367,871	24.55	9,754,225	28.93	208,613,646	24.37
Total	889,606,707	100.00	33,716,328	100.00	855,890,379	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	10,505,032	38.19	19,434,500	38.21	29,939,528	38.20
Class II	3,440,238	12.51	6,361,566	12.51	9,801,804	12.51
Class III	6,854,196	24.92	12,655,981	24.88	19,510,177	24.90
Class IV	6,707,573	24.38	12,407,774	24.40	19,115,351	24.39
Total	27,507,039	100.00	50,859,821	100.00	78,366,860	100.00