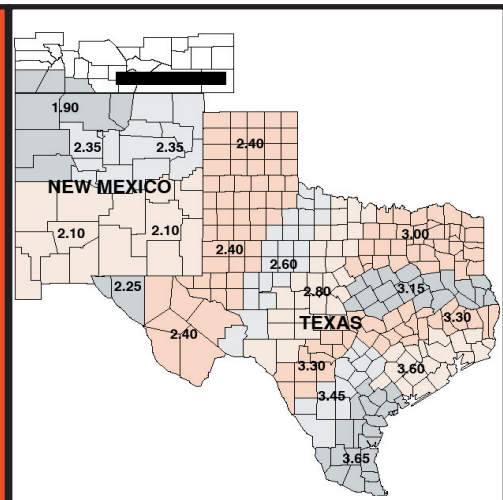


# THE MARKET ADMINISTRATOR'S

# REPORT



## SOUTHWEST MARKETING AREA

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## MARKET SUMMARY FOR OCTOBER

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 \$1.33 for October. Butterfat price decreased \$0.0042 per pound from \$1.4191 in September to the level of \$1.4149 in October. Protein price decreased \$0.0571 per pound from \$2.1346 in September to \$2.0775 in October. October's Other Solids price increased \$0.0377 per pound from \$0.1649 in September to \$0.2026 in October. The Somatic Cell Count adjustment rate factor for October was .00064 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a October statistical uniform price of \$13.65 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 \$0.45 in comparison to the statistical blend price of \$13.20 in September.

The October Class I price increased \$1.57 from \$13.85 in September to the October level of \$15.42. The Class II price for October of \$11.79 per hundred-weight increased \$0.05 from \$11.74 in September. October's Class III price increased \$0.03 from \$12.29 in September to \$12.32 in October. The Class IV price increased \$0.41 from \$11.10 in September to \$11.51 in October.

In October 671 producers delivered a total of 916,366,939 pounds of milk. On a daily basis this represents an increase of 0.88 percent from the producer receipts level in September and it represents an increase of 7.49 percent when compared to the producer receipts level of October 2005.

Producer milk classified as Class I during October amounted to 40.01 percent of total producer receipts. This figure is down from 40.76 percent in September and it is down from 42.75 percent in October 2005. The average butterfat test of producer milk pooled during October was 3.719 percent, average protein test was 3.148 percent, average other solids test was 5.673 percent and the average somatic cell count was 285,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Oct 06	Sep 06	Oct 06	Sep 06	Oct 06	Sep 06
Appalachian	14.58	13.63	-----	-----	70.37	73.53
Arizona-Las Vegas	13.24	12.76	-----	-----	42.41	46.18
Central	12.73	12.23	0.41	(0.06)	33.36	45.97
Florida	15.73	14.70	-----	-----	84.60	88.52
Mideast	12.91	12.40	0.59	0.11	42.40	45.90
Northeast	14.04	13.43	1.72	1.14	51.60	52.10
Pacific Northwest	12.52	11.89	0.20	(0.40)	31.86	39.05
Southeast	14.60	13.68	-----	-----	65.88	66.34
<b>Southwest</b>	<b>13.65</b>	<b>13.20</b>	<b>1.33</b>	<b>0.91</b>	<b>40.01</b>	<b>40.76</b>
Upper Midwest	12.56	12.37	0.24	0.08	16.60	20.20

## USDA INCREASES INSPECTION FEES

The U.S. Department of Agriculture is increasing the hourly fees charged for its voluntary dairy grading and inspection services. These changes are needed to cover increases in salary, energy, and program operation costs.

The hourly rate for continuous resident service (work performed by a grader with a regular tour of duty at a dairy production facility) is raised from the current rate of \$57.00 to \$63.00. The hourly rate for nonresident service (work performed by a grader or inspector on an as-needed basis) is raised from the current rate of \$62.00 to \$68.00.

Dairy grading and inspection services are available upon request and paid for by the users of these services. Previous fees have been in effect since April 4, 2004. The new rates go into effect immediately.

More information may be obtained from Dana Coale, Deputy Administrator, Dairy Programs, AMS, USDA, Stop 0230, 1400 Independence Ave. SW, Washington, DC 20250; phone (202) 720-4392; fax (202) 690-3410; or e-mail [dana.coale@usda.gov](mailto:dana.coale@usda.gov).

## 2006/07 DEIP ALLOCATIONS ANNOUNCED

The U.S. Department of Agriculture has announced new one-year allocations under the Dairy Export Incentive Program (DEIP) for the July-June 2006/07 year. DEIP allocations of 68,201 metric tons of nonfat dry milk, 21,907 tons of butterfat, and 3,030 tons of various cheeses may be made available

through Invitations for Offers. These allocations correspond to total WTO limits for this year's DEIP. Because of current international and domestic market conditions, Invitations for Offers will not immediately be made available. USDA will continue to monitor market conditions closely to determine when invitations on these allocations may be issued. Export sales of these products will be facilitated through the payment of bonuses by USDA's Commodity Credit Corporation. Sales of nonfat dry milk, butterfat, and eligible cheeses will be made through normal commercial channels at competitive world prices. Individual product/country allocations will be specified in the Invitations for Offers. Country/region quantities may be limited by the applicable invitation.

Information about the DEIP, including Invitations for Offers when issued, is available on the Internet at <http://www.fas.usda.gov/excredits/deip/deip-new.asp> or by calling the Operations Division, Export Credits, FAS, at (202)720-6211.

## 2007 PRICE DATA RELEASE DATES

Listed below are the release dates for the Federal milk order program for price data applicable to January through December 2007. The advance pricing factors will be released on the Friday before the 23rd of the preceding month unless this date is a Friday. Likewise, the class and component prices will be released on the Friday before the 5th of the following month unless this date is a Friday. The release time for all release dates, except Nov. 23, is 10:00 a.m. EST/EDST; for Nov. 23, the release time is 2:00 p.m. EST.

### 2007 RELEASE DATES FOR PRICE DATA

Month to Which Prices Apply	Advanced Prices and Pricing Factors		Class and Component Prices	
	Release Date	Time Period of NASS Prices <sup>1/</sup>	Release Date	Time Period of NASS Prices <sup>1/</sup>
January	December 22, 2006	12/9, 16	February 2, 2007	1/6, 13, 20, 27
February	January 19, 2007	1/6, 13	March 2	2/3, 10, 17, 24
March	February 23	2/10, 17	March 30	3/3, 10, 17, 24
April	March 23	3/10, 17	May 4	3/31, 4/7, 14, 21, 28
May	April 20	4/7, 14	June 1	5/5, 12, 19, 26
June	May 18	5/5, 12	June 29	6/2, 9, 16, 23
July	June 22	6/9, 16	August 3	6/30, 7/7, 14, 21, 28
August	July 20	7/7, 14	August 31	8/4, 11, 18, 25
September	August 17	8/4, 11	October 5	9/1, 8, 15, 22, 29
October	September 21	9/8, 15	November 2	10/6, 13, 20, 27
November	October 19	10/6, 13	November 30	11/3, 10, 17, 24
December	November 23	11/10, 17	January 4, 2008	12/1, 8, 15, 22, 29

<sup>1/</sup> Weekly sales periods, ending on the indicated date, which are included in the applicable average. Information for the week is released by NASS on Friday of the following week.

**TOP TEN TEXAS COUNTIES a/ – OCTOBER 2006**

County	Number of Producers	Pounds	% Change From 2005b/	County	Number of Producers	Pounds	% Change From 2005b/
1. Erath	100	95,018,260	+ 1.05	7. Parmer	10	29,525,960	+ 42.96
2. Hopkins	134	45,227,870	+ 9.31	8. Bailey	8	26,547,105	+ 24.62
3. Deaf Smith	12	43,927,783	+ 65.73	9. Hale	5	24,918,375	- 7.17
4. Comanche	29	39,595,772	+ 3.77	10. Hartley	5	20,398,382	+ 3.44
5. Lamb	9	33,613,043	+ 0.01	Ten County Total	321	389,362,407	+ 11.29 b/
6. Castro	9	30,589,857	+ 10.59	<u>Other Counties Total</u>	<u>389</u>	<u>170,027,794</u>	<u>+ 4.47</u>
				<b>Texas Total</b>	<b>710</b>	<b>559,390,201</b>	<b>+ 9.12</b>

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-----						
August 2005	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
March	15.49	11.69	11.11	10.68	1.84	125.96	18.74	188.36	.00058	116.47	116.12	86.97	34.09
April	14.22	11.37	10.93	10.36	1.48	123.43	15.08	192.38	.00058	114.36	116.54	84.29	30.54
May	13.97	11.13	10.83	10.33	1.43	125.82	12.51	191.15	.00058	116.35	116.94	82.88	28.05
June	13.75	11.00	11.29	10.22	1.07	124.36	12.55	207.90	.00061	115.13	121.66	82.21	28.08
July	14.34	10.83	10.92	10.21	1.40	122.28	12.57	198.07	.00059	113.40	117.93	83.00	28.10
August	13.97	11.16	11.06	10.64	1.60	130.08	14.16	190.50	.00059	119.90	118.13	84.84	29.65
September	13.85	11.74	12.29	11.10	0.91	141.91	16.49	213.46	.00065	129.76	129.12	85.37	31.91
October	15.42	11.79	12.32	11.51	1.33	141.49	20.26	207.75	.00064	129.41	127.21	90.27	35.57

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

**TOP NEW MEXICO COUNTIES a/ – OCTOBER 2006**

County	Number of Producers	Pounds	% Change From 2005b/	County	Number of Producers	Pounds	% Change From 2005b/
1. Chaves	38	151,398,059	- 4.44	7. Socorro	8	16,473,894	+ 17.45
2. Curry	24	122,100,926	+ 12.00	8. Valencia	7	13,998,620	- 7.72
3. Roosevelt	41	117,341,368	+ 7.59	9. Sierra	3	6,718,252	- 8.00
4. Dona Ana	24	82,512,289	- 6.48	10. Bernalillo	4	4,773,492	- 8.31
5. Lea	14	40,547,121	- 0.78	Ten County Total	168	578,320,017	+ 1.36 b/
6. Eddy	5	22,455,996	- 3.42	<u>Other Counties Total</u>	<u>3</u>	<u>10,490,693</u>	<u>- 1.42</u>
				<b>New Mexico Total</b>	<b>171</b>	<b>588,810,710</b>	<b>+ 1.31</b>

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 OCTOBER 2006, WITH PRODUCTION PERCENTAGE COMPARISONS**

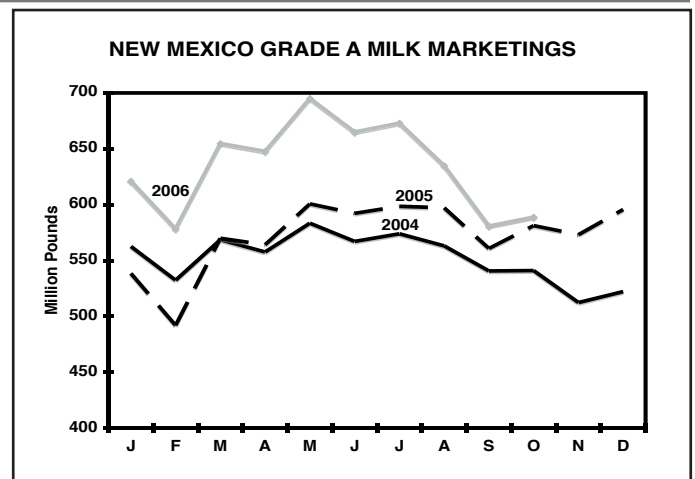
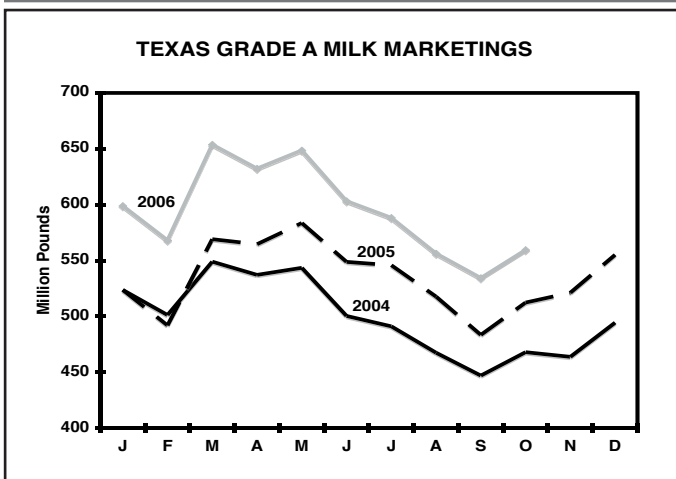
MONTH	2004 POUNDS	Number of Producers	2005 POUNDS	Number of Producers	2006 POUNDS	Number of Producers	PERCENT 2005/04	CHANGE 2006/05
January	523,723,796	816	523,680,970	778	598,770,671	746	- 0.01	+ 14.34
February	501,204,456	819	491,841,542	767	568,127,819	740	+ 1.64*	+ 15.51
March	548,941,459	814	569,021,475	771	653,677,865	740	+ 3.66	+ 14.88
April	537,141,283	803	564,647,522	776	632,332,356	741	+ 5.12	+ 11.99
May	543,408,997	801	583,519,880	774	648,575,970	739	+ 7.38	+ 11.15
June	500,319,580	803	548,798,029	772	603,059,138	733	+ 9.69	+ 9.89
July	491,018,134	799	545,665,957	774	588,198,398	726	+ 11.13	+ 7.79
August	467,427,900	796	517,675,814	767	556,266,201	723	+ 10.75	+ 7.45
September	447,166,094	796	483,172,492	772	534,330,715	712	+ 8.05	+ 10.59
October	467,915,409	797	512,618,370	770	559,390,201	710	+ 9.49	+ 9.12
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 OCTOBER 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	567,325,607	169	654,702,022	172	+ 0.09	+ 15.40
April	555,546,336	176	563,980,078	168	647,819,688	173	+ 1.52	+ 14.87
May	581,190,763	177	600,707,138	170	695,061,878	175	+ 3.36	+ 15.71
June	565,063,945	177	592,086,292	172	665,063,549	175	+ 4.78	+ 12.33
July	571,734,951	181	598,502,673	171	672,988,089	174	+ 4.68	+ 12.45
August	563,099,040	177	597,055,615	172	634,876,790	172	+ 6.03	+ 6.33
September	540,636,857	179	560,680,297	176	580,816,517	173	+ 3.71	+ 3.59
October	541,026,928	177	581,203,811	174	588,810,710	171	+ 7.43	+ 1.31
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
October 2005	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
March	3.77	3.63	3.06	3.03	5.71	5.69	8.76	8.72	249	198
April	3.70	3.57	3.00	2.97	5.70	5.70	8.70	8.66	254	202
May	3.65	3.52	3.02	2.97	5.73	5.74	8.76	8.71	262	196
June	3.60	3.47	3.00	2.93	5.72	5.73	8.72	8.66	272	205
July	3.62	3.48	3.00	2.92	5.69	5.71	8.69	8.63	290	226
August	3.65	3.53	3.02	2.95	5.68	5.71	8.70	8.66	323	288
September	3.74	3.61	3.11	3.04	5.70	5.73	8.81	8.77	341	302
October	3.79	3.65	3.17	3.11	5.66	5.68	8.84	8.80	302	271

a/ In thousands.

**OCTOBER 2006**  
**COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$304,471.47
Class I Butterfat	60(a)	8,004,361	\$1.4507	\$11,611,926.54
Class I Skim Per Cwt		358,636,569	\$10.7200	\$38,445,840.19
Class II Butterfat	60(b)	9,423,447	\$1.4219	\$13,399,199.28
Class II Nonfat Solids		10,640,062	\$0.7844	\$8,346,064.66
Class III Butterfat	60(c)	13,250,720	\$1.4149	\$18,748,443.76
Class III Protein		11,666,981	\$2.0775	\$24,238,153.05
Class III Other Solids		21,052,878	\$0.2026	\$4,265,313.08
Class IV Butterfat	60(d)	3,404,920	\$1.4149	\$4,817,621.32
Class IV Nonfat Solids		4,629,728	\$0.7551	\$3,495,907.63
Class II, III & IV Somatic Cell Adj.	60(e)			\$233,385.86
Total Producer Milk-Product Lbs & Value		916,366,939		\$127,906,326.84
Add: Value as for 60(f) Thru 60(j)				\$59,396.11
Less: Total Protein Pounds	61(b)	28,854,036	<b>\$2.0775</b>	\$59,944,259.82
Total Other Solids Pounds		51,986,045	<b>\$0.2026</b>	\$10,532,372.72
Total Butterfat Pounds		34,083,448	<b>\$1.4149</b>	\$48,224,670.58
Total Value of Somatic Cell Adjustment				\$384,440.81
<b>Total Milk and Value</b>		916,366,939		\$8,879,979.02
Add: Location Differential Adjustments	61(c)			\$3,287,386.00
Producer-Settlement Fund	61(d)			\$465,286.83
<b>Total Producer Milk/URSP and Value</b>		916,366,939	\$1.37855	\$12,632,651.85
Less: Producer-Settlement Fund	61(f)		\$0.04855	\$444,971.56
<b>Producer Price Differential (Dallas County)</b>			<b>\$1.33</b>	\$12,187,680.29



THE MARKET ADMINISTRATOR'S

# REPORT

SOUTHWEST MARKETING AREA

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## OCTOBER 2006 PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	366,640,930	40.01	8,004,361	23.48	358,636,569	40.65
Class II	125,151,907	13.66	9,423,447	27.65	115,728,460	13.12
Class III	370,662,929	40.45	13,250,720	38.88	357,412,209	40.51
Class IV	53,911,173	5.88	3,404,920	9.99	50,506,253	5.72
Total	916,366,939	100.00	34,083,448	100.00	882,283,491	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	11,727,587	40.65	21,122,845	40.63	32,850,431	40.64
Class II	3,810,627	13.21	6,829,437	13.14	10,640,062	13.16
Class III	11,666,981	40.43	21,052,878	40.50	32,719,860	40.47
Class IV	1,648,841	5.71	2,980,885	5.73	4,629,728	5.73
Total	28,854,036	100.00	51,986,045	100.00	80,840,081	100.00