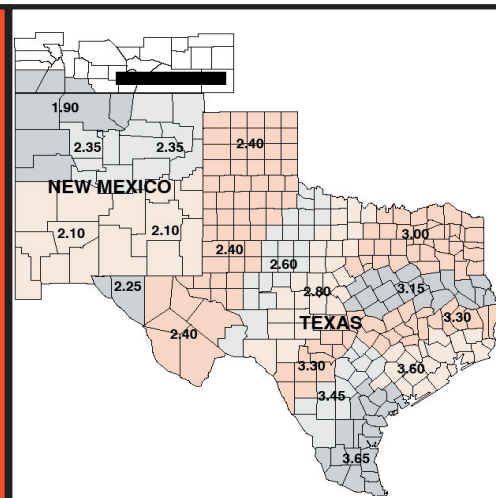


# THE MARKET ADMINISTRATOR'S

# REPORT



## SOUTHWEST MARKETING AREA

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VOLUME XXXIII, NO. 1

JANUARY 2007

## 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 \$0.58 for December. Butterfat price decreased \$0.0371 per pound from \$1.3852 in November to the level of \$1.3481 in December. Protein price increased \$0.2005 per pound from \$2.2383 in November to \$2.4388 in December. December's Other Solids price increased \$0.0288 per pound from \$0.2276 in November to \$0.2564 in December. The Somatic Cell Count adjustment rate factor for December was 0.00068 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 \$14.05 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 \$0.22 in comparison to the statistical blend price of \$13.83 in November.

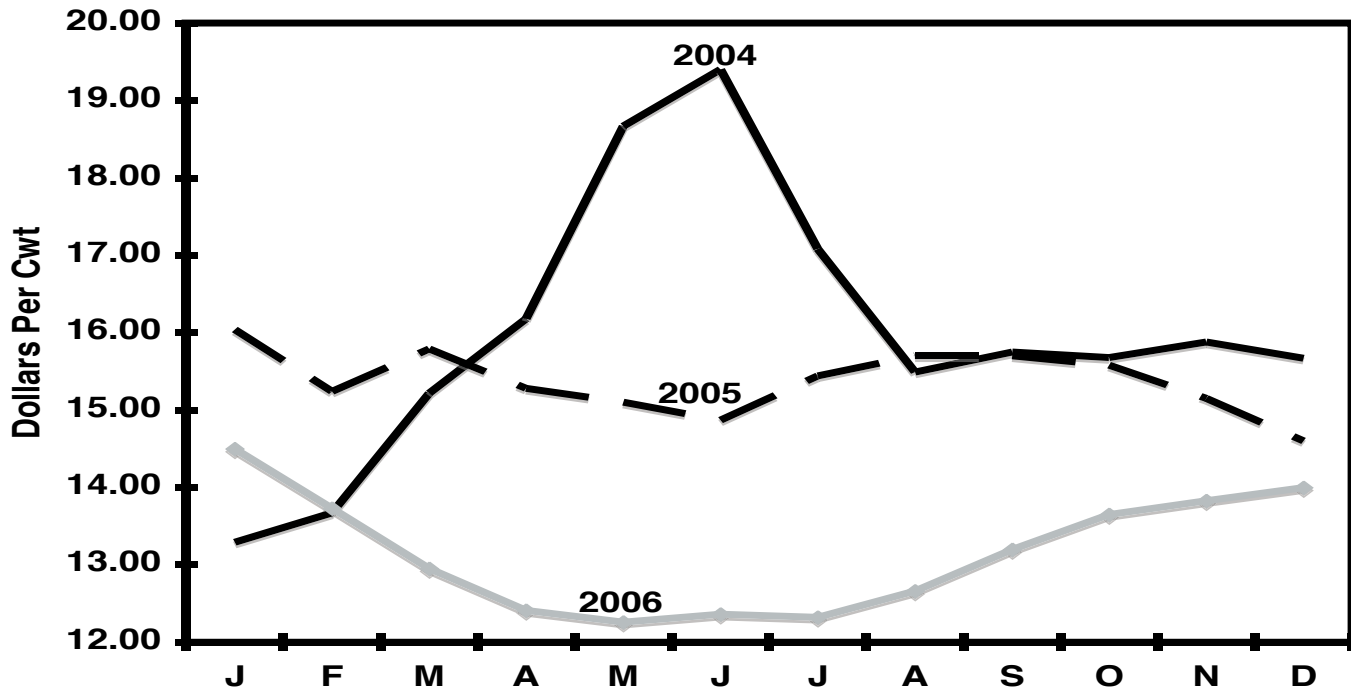
The December Class I price decreased \$0.03 from \$15.40 in November to the December level of \$15.43. The Class II price for December of \$12.55 per hundredweight increased \$0.57 from \$11.98 in November. December's Class III price increased \$0.63 from \$12.84 in November to \$13.47 in December. The Class IV price increased \$0.19 from \$12.11 in November to \$12.30 in December.

In December 765 producers delivered a total of 1,077,095,575 pounds of milk. On a daily basis this represents an increase of 12.40 percent from the producer receipts level in November and it represents an increase of 23.82 percent when compared to the producer receipts level of December 2005.

Producer milk classified as Class I during December amounted to 32.53 percent of total producer receipts. This figure is down from 38.24 percent in November and it is down from 40.75 percent in December 2005. The average butterfat test of producer milk pooled during December was 3.801 percent, average protein test was 3.187 percent, average other solids test was 5.675 percent and the average somatic cell count was 260,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Dec 06	Nov 06	Dec 06	Nov 06	Dec 06	Nov 06
Appalachian	14.62	14.68	-----	-----	64.99	71.38
Arizona-Las Vegas	13.71	13.49	-----	-----	39.12	42.39
Central	13.32	12.96	(0.15)	0.12	41.38	38.66
Florida	15.88	15.88	-----	-----	85.10	87.86
Mideast	13.41	13.13	(0.06)	0.29	40.70	43.80
Northeast	14.42	14.21	0.95	1.37	49.00	52.30
Pacific Northwest	12.99	12.85	(0.48)	0.01	43.16	33.20
Southeast	14.81	14.68	-----	-----	65.53	65.21
<b>Southwest</b>	<b>14.05</b>	<b>13.83</b>	<b>0.58</b>	<b>0.99</b>	<b>32.53</b>	<b>38.24</b>
Upper Midwest	13.47	12.96	0.00	0.12	17.10	16.80

## SOUTHWEST ORDER STATISTICAL UNIFORM PRICE 2004 - 2006



## 2006 ANNUAL PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES\*

2006 Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	4,216,029,445	36.30	94,407,006	22.10	4,121,622,439	36.90
Class II	1,471,976,806	12.70	116,006,564	27.10	1,355,970,242	12.10
Class III	4,171,716,574	36.00	149,410,582	35.00	4,022,305,992	36.00
Class IV	1,739,794,621	15.00	67,656,051	15.80	1,672,138,570	15.00
Total	11,599,517,446	100.00	427,480,203	100.00	11,172,037,243	100.00

2006 Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	131,513,262	37.00	243,771,286	36.90	375,284,529	36.90
Class II	43,187,124	12.20	80,315,946	12.10	123,503,069	12.10
Class III	127,602,779	35.90	238,122,637	36.00	365,725,427	36.00
Class IV	52,949,047	14.90	99,274,691	15.00	152,224,147	15.00
Total	355,252,212	100.00	661,484,560	100.00	1,016,737,172	100.00

\* Percentages may not add down due to rounding.

## TOP TEN TEXAS COUNTIES a/ – DECEMBER 2006

County	Number of Producers	Pounds	% Change From 2005b/	County	Number of Producers	Pounds	% Change From 2005b/
1. Erath	98	104,471,746	+ 1.43	7. Castro	9	32,836,532	+ 19.95
2. Hopkins	133	49,703,703	+ 7.77	8. Bailey	8	26,679,843	+ 31.08
3. Deaf Smith	11	43,708,413	+ 30.92	9. Hale	5	25,153,402	- 5.06
4. Comanche	29	43,469,441	+ 5.96	10. Hartley	5	23,098,587	+ 15.32
5. Parmer	10	35,375,306	+ 69.82	Ten County Total	317	418,920,054	+ 12.68 b/
6. Lamb	9	34,423,081	+ 3.77	Other Counties Total	378	190,483,985	+ 3.95
				Texas Total	695	609,404,039	+ 9.80

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.					Component Prices				NASS Product Prices			
	I a/	II	III	IV	P.P.D.a/	BF	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 2005	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
November	15.40	11.98	12.84	12.11	0.99	138.52	22.76	223.83	.00066	126.93	131.23	98.37	38.00
December	15.43	12.55	13.47	12.30	0.58	134.81	25.64	243.88	.00068	123.84	136.24	102.25	40.79
Averages 2006 b/	14.88	11.76	11.89	11.06	1.27	132.52	17.46	209.12	.00062	121.93	124.70	88.74	32.85

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

## TOP NEW MEXICO COUNTIES a/ – DECEMBER 2006

County	Number of Producers	Pounds	% Change From 2005b/	County	Number of Producers	Pounds	% Change From 2005b/
1. Chaves	38	155,504,687	- 4.47	7. Socorro	8	17,135,452	+ 14.27
2. Curry	24	120,584,329	+ 7.48	8. Valencia	7	13,734,815	- 1.82
3. Roosevelt	44	116,288,025	+ 4.71	9. Sierra	3	7,508,826	+ 2.19
4. Dona Ana	24	86,379,503	- 5.59	10. Luna	3	5,640,698	- 6.60
5. Lea	14	41,021,295	- 2.79	Ten County Total	170	586,023,050	+ 0.03 b/
6. Eddy	5	22,225,420	- 6.47	Other Counties Total	5	9,140,049	- 6.61
				New Mexico Total	175	595,163,099	- 0.08

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 DECEMBER 2006, WITH PRODUCTION PERCENTAGE COMPARISONS**

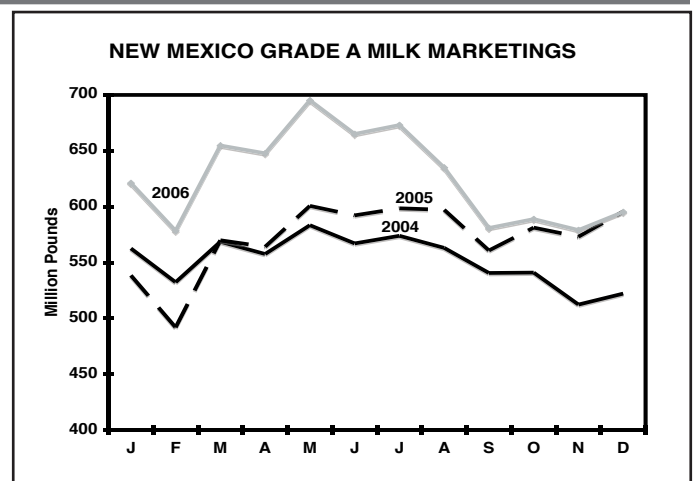
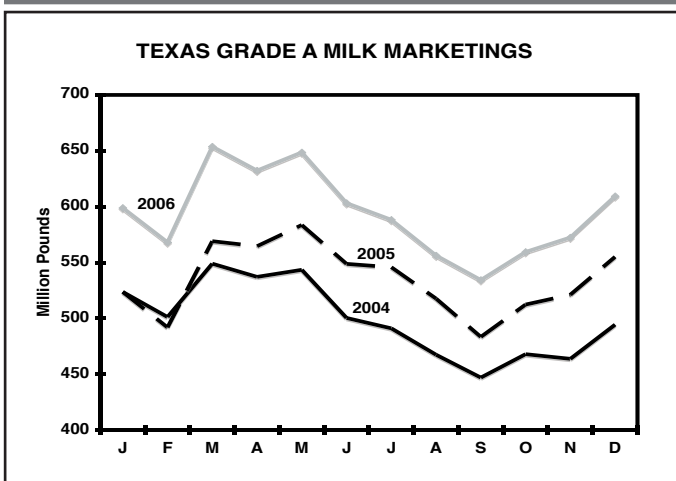
MONTH	2004 POUNDS	Number of Producers	2005 POUNDS	Number of Producers	2006 POUNDS	Number of Producers	PERCENT 2005/04	CHANGE 2006/05
January	523,723,796	816	523,680,970	778	598,770,671	746	- 0.01	+ 14.34
February	501,204,456	819	491,841,542	767	568,127,819	740	+ 1.64*	+ 15.51
March	548,941,459	814	569,021,475	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	572,262,884	701	+ 12.41	+ 9.79
December	<u>494,282,753</u>	793	<u>555,024,482</u>	743	<u>609,404,039</u>	695	<u>+ 12.29</u>	<u>+ 9.80</u>
Years Total	5,986,246,606		6,416,900,405		7,124,396,257		+ 7.19	+ 11.03

\* Based on average daily delivery.

**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:  
JANUARY 2004 THROUGH DECEMBER 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	578,970,652	173	+ 11.85	+ 1.03
December	<u>522,218,762</u>	174	<u>595,644,281</u>	171	<u>595,163,099</u>	175	<u>+ 14.06</u>	<u>- 0.08</u>
Years Total	6,610,392,016		6,860,396,990		7,513,700,772		+ 3.78	+ 9.52

\* 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
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
November	3.83	3.70	3.22	3.17	5.66	5.67	8.88	8.83	268	231
December	3.85	3.76	3.20	3.16	5.68	5.68	8.88	8.84	284	242
Averages 2006	3.74	3.61	3.09	3.03	5.70	5.71	8.78	8.74	279	231

a/ In thousands.

**DECEMBER 2006  
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$297,276.76
Class I Butterfat	60(a)	8,210,184	\$1.4070	\$11,551,728.89
Class I Skim Per Cwt		342,188,275	\$10.8900	\$37,264,303.15
Class II Butterfat	60(b)	8,446,084	\$1.3551	\$11,445,288.45
Class II Nonfat Solids		10,513,316	\$0.8989	\$9,450,419.77
Class III Butterfat	60(c)	17,741,590	\$1.3481	\$23,917,437.49
Class III Protein		15,018,428	\$2.4388	\$36,626,942.21
Class III Other Solids		26,756,917	\$0.2564	\$6,860,473.54
Class IV Butterfat	60(d)	6,544,587	\$1.3481	\$8,822,757.76
Class IV Nonfat Solids		11,666,199	\$0.8737	\$10,192,758.09
Class II, III & IV Somatic Cell Adj.	60(e)			\$447,173.98
Total Producer Milk-Product Lbs & Value		1,077,095,575		\$156,876,560.09
Add: Value as for 60(f) Thru 60(j)				\$30,830.45
Less: Total Protein Pounds	61(b)	34,330,138	<b>\$2.4388</b>	\$83,724,340.57
Total Other Solids Pounds		61,135,034	<b>\$0.2564</b>	\$15,675,022.72
Total Butterfat Pounds		40,942,445	<b>\$1.3481</b>	\$55,194,510.14
Total Value of Somatic Cell Adjustment				\$658,810.84
<b>Total Milk and Value</b>		1,077,095,575		\$1,654,706.27
Add: Location Differential Adjustments	61(c)			\$4,685,155.04
Producer-Settlement Fund	61(d)			\$384,090.32
<b>Total Producer Milk/URSP and Value</b>		1,077,095,575	\$0.62426	\$6,723,951.63
Less: Producer-Settlement Fund	61(f)		\$0.04426	\$476,797.29
<b>Producer Price Differential (Dallas County)</b>			<b>\$0.58</b>	\$6,247,154.34

THE MARKET ADMINISTRATOR'S

# REPORT

SOUTHWEST MARKETING AREA

RICHARD FLEMING, MARKET ADMINISTRATOR  
P.O. BOX 110939, CARROLLTON, TEXAS 75011-0939

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## DECEMBER 2006 PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	350,398,459	32.53	8,210,184	20.05	342,188,275	33.02
Class II	122,357,281	11.36	8,446,084	20.63	113,911,197	10.99
Class III	471,523,818	43.78	17,741,590	43.34	453,782,228	43.80
Class IV	132,816,017	12.33	6,544,587	15.98	126,271,430	12.19
Total	1,077,095,575	100.00	40,942,445	100.00	1,036,153,130	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	11,321,618	32.97	20,188,696	33.02	31,510,311	33.01
Class II	3,782,757	11.02	6,730,559	11.01	10,513,316	11.01
Class III	15,018,428	43.75	26,756,917	43.77	41,775,346	43.76
Class IV	4,207,335	12.26	7,458,862	12.20	11,666,199	12.22
Total	34,330,138	100.00	61,135,034	100.00	95,465,172	100.00