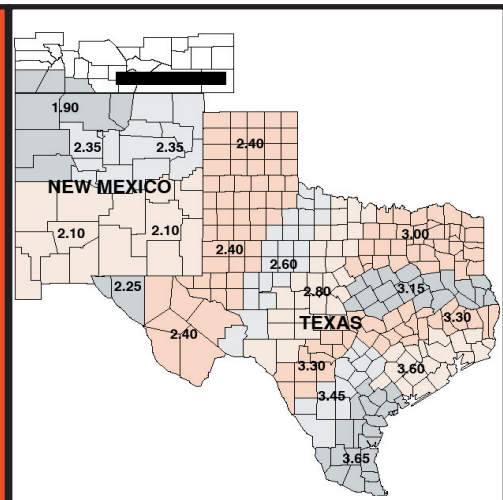


THE MARKET ADMINISTRATOR'S

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 \$2.92 for October. Butterfat price decreased \$0.1009 per pound from \$1.5101 in September to the level of \$1.4092 in October. Protein price decreased \$0.2234 per pound from \$4.3929 in September to \$4.1695 in October. October's Other Solids price decreased \$0.0604 per pound from \$0.2890 in September to \$0.2286 in October. The Somatic Cell Count adjustment rate factor for October was 0.00096 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received an October statistical uniform price of \$21.62 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 \$0.81 in comparison to the statistical blend price of \$22.43 in September.

The October Class I price decreased \$0.32 from \$24.91 in September to the October level of \$24.59. The Class II price for October of \$21.90 per hundred-weight decreased \$0.26 from \$22.16 in September. October's Class III price decreased \$1.37 from \$20.07 in September to \$18.70 in October. The Class IV price decreased \$0.30 from \$21.61 in September to \$21.31 in October.

In October 735 producers delivered a total of 837,019,055 pounds of milk. On a daily basis this represents a decrease of 16.19 percent from the producer receipts level in September and it represents a decrease of 8.66 percent when compared to the producer receipts level of October 2006.

Producer milk classified as Class I during October amounted to 43.86 percent of total producer receipts. This figure is up from 34.55 percent in September and it is up from 40.01 percent in October 2006. The average butterfat test of producer milk pooled during October was 3.638 percent, average protein test was 3.109 percent, average other solids test was 5.700 percent and the average somatic cell count was 248,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Oct 07	Sep 07	Oct 07	Sep 07	Oct 07	Sep 07
Appalachian	23.75	24.00	-----	-----	74.08	70.08
Arizona	21.57	22.15	-----	-----	39.93	39.28
Central	20.82	21.66	2.12	1.59	39.38	36.99
Florida	24.81	25.08	-----	-----	85.33	84.40
Mideast	21.13	21.94	2.43	1.87	45.60	40.80
Northeast	22.38	22.99	3.68	2.92	46.40	44.50
Pacific Northwest	20.91	21.65	2.21	1.58	35.04	31.42
Southeast	23.36	23.77	-----	-----	70.58	67.75
Southwest	21.62	22.43	2.92	2.36	43.86	34.55
Upper Midwest	19.53	20.71	0.83	0.64	17.10	16.40

USDA REOPENS COMMENT PERIOD ON DAIRY PRODUCT REPORTING PROGRAM

The U.S. Department of Agriculture has announced that it is reopening the comment period for the interim final rule for the Dairy Product Mandatory Reporting program. The rule was published on July 3rd and became effective Aug. 2nd. The original comment period ended Sept. 4th.

Under this action, additional comments are due Dec. 3, 2007. Comments submitted during the first comment period need not be resubmitted. The reopening of the comment period will provide interested parties with an additional opportunity to submit comments on all aspects of the program. USDA's Agricultural Marketing Service (AMS) will review and consider all submitted comments as it writes a final rule.

The Dairy Market Enhancement Act of 2000, and certain provisions of the 2002 Farm Bill amended the Agricultural Marketing Act of 1946 to establish the program. The mandatory reporting program provides timely, accurate, and reliable market information to facilitate more informed marketing decisions and promote competition in the dairy product manufacturing industry. The program : (1) Requires persons engaged in manufacturing dairy products to report certain information including the price, quantity, and moisture content where applicable, of dairy products sold by the manufacturer; and (2) Requires persons storing dairy products to report information on the quantity of dairy products stored. USDA's National Agricultural Statistics Service (NASS) collects the information. Any manufacturer that processes and markets less than 1 million pounds of dairy products per year is exempt from the reporting requirements.

AMS has implemented a plan to verify the price information submitted to NASS. AMS visits butter, nonfat dry milk, cheese and dry whey manufacturers that file reports. AMS verifies that eligible sales transactions agree with information reported to NASS and will check for eligible sales transactions that were not reported.

Details of the reopening of the comment period for the interim final rule will be published in the Nov. 2 Federal Register. Comments should be sent to John R. Mengel, Chief Economist, USDA/AMS/Dairy Programs, Office of the Chief Economist, STOP 0229-

Room 2753, 1400 Independence Ave., SW, Washington, DC 2025—0229. Comments may also be submitted through the Federal eRulemaking portal at <http://www.regulations.gov>.

USDA ANNOUNCES APPOINTMENTS TO NATIONAL DAIRY BOARD

The U.S. Department of Agriculture has announced the appointment of seven new members and reappointment of five incumbents to the National Dairy Promotion and Research Board. All will serve three-year terms from Nov. 1, 2007, through Oct. 31, 2010.

Newly appointed were: James L. Zielinski, St. Paul, Ore., (Region 1); James L. Ahlem, Hilmar, Calif., (Region 2); Stephen D. Maddox, Riverdale, Calif., (Region 2); Brad J. Scott, Moreno Valley, Calif., (Region 2); Pauline Tjaarda, Shafter, Calif., (Region 2); William J. Herr, Greenwood, Wis., (Region 6); and Corinne M. Banker, Morrisville, NY., (Region 12).

Reappointed to serve second terms were: Grant Kohler, Midway, Utah, (Region 3); Jose L. Gonzalez, Mesquite, NM., (Region 4); Paul L. Broering, Saint Henry, Ohio, (Region 9); John M. Larson, Okeechobee, Fla., (Region 10); and Paula A. Meabon, Wattsburg, Pa., (Region 11)

The National Dairy Promotion and Research Board, composed of 36 dairy farmers representing 13 regions of the contiguous United States, administers a coordinated program of promotion, research and nutrition education to increase demand for U.S. produced dairy products.

The board was established by the Dairy Production Stabilization Act of 1983. It is authorized to design programs to strengthen the dairy industry's position in domestic and foreign markets. The national program is financed by a mandatory 15-cent per hundredweight assessment on milk produced in the contiguous 48 states and marketed commercially by dairy farmers. USDA's Agricultural Marketing Service monitors the operation of the board.

AMS encourages all eligible individuals to participate in its committee and board activities. It is USDA's policy that membership on industry-governed boards and committees accurately reflect the diversity of individuals served by the programs.

TOP TEN TEXAS COUNTIES a/ – OCTOBER 2007

County	Number of Producers	Pounds	% Change From 2006b/	County	Number of Producers	Pounds	% Change From 2006b/
1. Erath	92	90,957,237	- 4.27	7. Comanche	28	35,410,374	- 10.57
2. Parmer	13	59,818,915	+ 102.60	8. Bailey	9	31,401,982	+ 18.29
3. Deaf Smith	13	50,380,685	+ 14.69	9. Hartley	6	27,044,782	+ 32.58
4. Castro	10	45,413,332	+ 48.46	10. Hale	5	25,977,793	+ 4.25
5. Hopkins	125	38,827,036	- 14.15	Ten County Total	310	442,085,130	+ 13.54 b/
6. Lamb	9	36,852,994	+ 9.64	Other Counties Total	351	160,168,468	- 5.80
				Texas Total	661	602,253,598	+ 7.66

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 2006	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
January 2007	16.59	12.85	13.56	12.53	1.21	130.09	31.83	240.53	.00067	119.91	133.66	106.77	46.80
February	16.39	13.08	14.18	12.71	0.80	131.12	41.70	241.25	.00067	121.29	134.54	110.21	60.05
March	17.25	13.60	15.09	13.71	0.78	137.69	52.57	243.29	.00069	126.76	137.32	119.02	70.60
April	18.00	14.51	16.09	16.12	0.88	146.57	60.08	252.12	.00071	134.16	142.96	143.54	77.89
May	18.92	16.62	17.60	18.48	0.91	157.06	57.91	294.24	.00080	142.90	159.46	166.70	75.78
June	20.84	18.89	20.17	20.76	0.31	164.57	58.31	370.59	.00093	149.16	185.61	190.12	76.17
July	23.91	21.40	21.38	21.64	1.31	161.10	55.34	420.68	.00100	146.27	200.02	201.80	73.29
August	24.76	22.41	19.83	21.87	2.93	158.72	43.68	394.12	.00096	144.29	191.00	205.45	61.97
September	24.91	22.16	20.07	21.61	2.36	151.01	28.90	439.29	.00101	137.86	202.50	205.57	47.62
October	24.59	21.90	18.70	21.31	2.92	140.92	22.86	416.95	.00096	129.45	192.27	206.15	41.75

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

TOP NEW MEXICO COUNTIES a/ – OCTOBER 2007

County	Number of Producers	Pounds	% Change From 2006b/	County	Number of Producers	Pounds	% Change From 2006b/
1. Chaves	38	157,996,833	+ 4.36	7. Socorro	8	17,570,553	+ 6.66
2. Curry	26	130,180,886	+ 6.62	8. Valencia	6	13,279,653	- 5.14
3. Roosevelt	40	116,118,608	- 1.04	9. Sierra	3	7,405,906	+ 10.24
4. Dona Ana	24	90,878,517	+ 10.14	10. Bernalillo	4	5,299,302	+ 11.02
5. Lea	13	39,138,345	- 3.47	Ten County Total	168	600,656,793	+ 3.86 b/
6. Eddy	6	22,788,190	+ 1.48	Other Counties Total	3	11,999,676	+ 14.38
				New Mexico Total	171	612,656,469	+ 4.05

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 2005 THROUGH OCTOBER 2007, WITH PRODUCTION PERCENTAGE COMPARISONS**

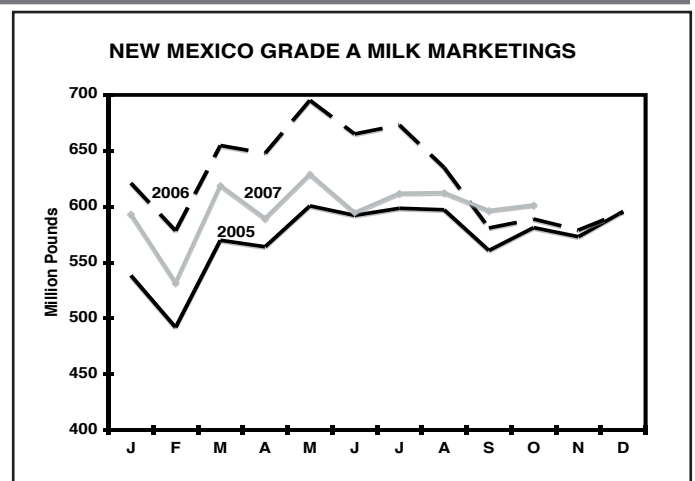
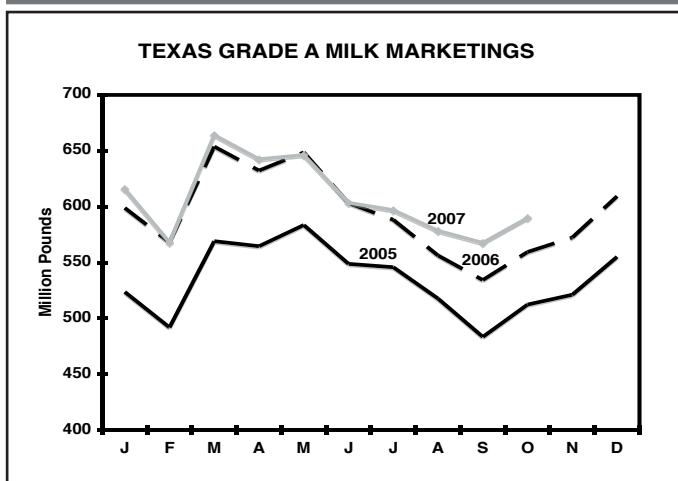
MONTH	2005 POUNDS	Number of Producers	2006 POUNDS	Number of Producers	2007 POUNDS	Number of Producers	PERCENT 2006/05	CHANGE 2007/06
January	523,680,970	778	598,770,671	746	615,842,075	697	+ 14.34	+ 2.85
February	491,841,542	767	568,127,819	740	567,905,237	692	+ 15.51	- 0.04
March	569,021,475	771	653,677,865	740	664,126,490	694	+ 14.88	+ 1.60
April	564,647,522	776	632,332,356	741	642,444,396	689	+ 11.99	+ 1.60
May	583,519,880	774	648,575,970	739	646,347,511	676	+ 11.15	- 0.34
June	548,798,029	772	603,059,138	733	603,528,908	670	+ 9.89	+ 0.08
July	545,665,957	774	588,198,398	726	596,923,443	656	+ 7.79	+ 1.48
August	517,675,814	767	556,266,201	723	578,369,166	656	+ 7.45	+ 3.97
September	483,172,492	772	534,330,715	712	567,644,039	660	+ 10.59	+ 6.23
October	512,618,370	770	559,390,201	710	602,253,598	661	+ 9.12	+ 7.66
November	521,233,872	758	572,262,884	701			+ 9.79	
December	<u>555,024,482</u>	743	<u>609,404,039</u>	695			<u>+ 9.80</u>	
Years Total	6,416,900,405		7,124,396,257				+ 11.03	

* Based on average daily delivery.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2005 THROUGH OCTOBER 2007, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2005 POUNDS	Number of Producers	2006 POUNDS	Number of Producers	2007 POUNDS	Number of Producers	PERCENT 2006/05	CHANGE 2007/06
January	538,413,955	168	621,161,722	173	593,282,897	171	+ 15.37	- 4.49
February	491,753,468	170	578,266,056	172	531,955,021	170	+ 17.59	- 8.01
March	567,325,607	169	654,702,022	172	618,854,728	171	+ 15.40	- 5.48
April	563,980,078	168	647,819,688	173	589,646,957	167	+ 14.87	- 8.98
May	600,707,138	170	695,061,878	175	629,220,180	166	+ 15.71	- 9.47
June	592,086,292	172	665,063,549	175	598,890,379	166	+ 12.33	- 9.95
July	598,502,673	171	672,988,089	174	611,908,294	167	+ 12.45	- 9.08
August	597,055,615	172	634,876,790	172	612,444,830	169	+ 6.33	- 3.53
September	560,680,297	176	580,816,517	173	596,489,135	172	+ 3.59	+ 2.70
October	581,203,811	174	588,810,710	171	612,656,469	171	+ 1.31	+ 4.05
November	573,043,775	173	578,970,652	173			+ 1.03	
December	<u>595,644,281</u>	171	<u>595,163,099</u>	175			<u>- 0.08</u>	
Years Total	6,860,396,990		7,513,700,772				+ 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 ^{a/}	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
October 2006	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
January 2007	3.89	3.79	3.19	3.16	5.69	5.68	8.87	8.83	349	309
February	3.87	3.75	3.15	3.10	5.69	5.69	8.84	8.79	348	316
March	3.72	3.63	3.08	3.04	5.68	5.68	8.77	8.72	306	262
April	3.70	3.58	3.07	3.02	5.70	5.71	8.78	8.73	293	230
May	3.66	3.53	3.03	2.99	5.69	5.71	8.73	8.70	292	228
June	3.64	3.51	3.02	2.96	5.69	5.70	8.71	8.67	321	240
July	3.62	3.47	3.02	2.94	5.69	5.70	8.71	8.64	350	264
August	3.63	3.52	3.01	2.93	5.69	5.70	8.70	8.64	353	278
September	3.66	3.55	3.08	3.01	5.68	5.70	8.76	8.71	346	273
October	3.71	3.59	3.15	3.08	5.70	5.70	8.84	8.79	285	228

a/ In thousands.

OCTOBER 2007
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$339,600.21
Class I Butterfat	60(a)	8,301,496	\$1.5509	\$12,874,790.18
Class I Skim Per Cwt		358,812,757	\$19.8600	\$71,260,213.57
Class II Butterfat	60(b)	7,016,218	\$1.4162	\$9,936,367.93
Class II Nonfat Solids		5,242,682	\$1.9511	\$10,228,996.85
Class III Butterfat	60(c)	14,149,448	\$1.4092	\$19,939,402.14
Class III Protein		12,328,040	\$4.1695	\$51,401,762.79
Class III Other Solids		22,687,233	\$0.2286	\$5,186,301.46
Class IV Butterfat	60(d)	986,877	\$1.4092	\$1,390,707.07
Class IV Nonfat Solids		675,551	\$1.8855	\$1,273,751.42
Class II, III & IV Somatic Cell Adj.	60(e)			\$496,680.02
Total Producer Milk-Product Lbs & Value		837,019,055		\$184,328,573.64
Add: Value as for 60(f) Thru 60(j)				\$56,210.79
Less: Total Protein Pounds	61(b)	26,025,614	\$4.1695	\$108,513,797.59
Total Other Solids Pounds		47,714,726	\$0.2286	\$10,907,586.40
Total Other Solids Pounds		30,454,039	\$1.4092	\$42,915,831.78
Total Value of Somatic Cell Adjustment				\$819,939.81
Total Milk and Value		837,019,055		\$21,227,628.85
Add: Location Differential Adjustments	61(c)			\$3,282,612.16
Producer-Settlement Fund	61(d)			\$316,470.81
Total Producer Milk/URSP and Value		837,019,055	\$2.96608	\$24,826,711.82
Less: Producer-Settlement Fund	61(f)		\$0.04608	\$385,755.41
Producer Price Differential (Dallas County)			\$2.92	\$24,440,956.41

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RICHARD FLEMING, MARKET ADMINISTRATOR

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OCTOBER 2007
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	367,114,253	43.86	8,301,496	27.26	358,812,757	44.49
Class II	64,183,875	7.67	7,016,218	23.04	57,167,657	7.09
Class III	397,379,160	47.47	14,149,448	46.46	383,229,712	47.51
Class IV	8,341,767	1.00	986,877	3.24	7,354,890	0.91
Total	837,019,055	100.00	30,454,039	100.00	806,565,016	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	11,586,555	44.52	21,220,277	44.47	32,806,833	44.49
Class II	1,870,463	7.19	3,372,220	7.07	5,242,682	7.11
Class III	12,328,040	47.37	22,687,233	47.55	35,015,274	47.48
Class IV	240,556	0.92	434,996	0.91	675,551	0.92
Total	26,025,614	100.00	47,714,726	100.00	73,740,340	100.00