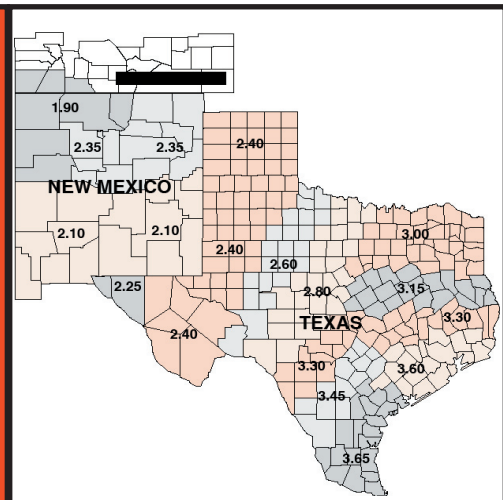


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

RICHARD FLEMING, MARKET ADMINISTRATOR
 P.O. BOX 110939, CARROLLTON, TEXAS 75011-0939
 (972) 245-6060 FAX (972) 245-3211
 e-mail: sw.order@dallasma.com
 WWW: <http://www.dallasma.com>

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MARKET SUMMARY FOR AUGUST

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 \$2.93 for August. Butterfat price decreased \$0.0238 per pound from \$1.6110 in July to the level of \$1.5872 in August. Protein price decreased \$0.2656 per pound from \$4.2068 in July to \$3.9412 in August. August's Other Solids price decreased \$0.1166 per pound from \$0.5534 in July to \$0.4368 in August. The Somatic Cell Count adjustment rate factor for August 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 August statistical uniform price of \$22.76 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 \$0.07 in comparison to the statistical blend price of \$22.69 in July.

The August Class I price increased \$0.85 from \$23.91 in July to the August level of \$24.76. The Class II price for August of \$22.41 per hundredweight increased \$1.01 from \$21.40 in July. August's Class III price decreased \$1.55 from \$21.38 in July to \$19.83 in August. The Class IV price increased \$0.23 from \$21.64 in July to \$21.87 in August.

In August 750 producers delivered a total of 782,914,684 pounds of milk. On a daily basis this represents a decrease of 25.37 percent from the producer receipts level in July and it represents a decrease of 16.60 percent when compared to the producer receipts level of August 2006.

Producer milk classified as Class I during August amounted to 44.65 percent of total producer receipts. This figure is up from 29.90 percent in July and it is up from 39.24 percent in August 2006. The average butterfat test of producer milk pooled during August was 3.556 percent, average protein test was 2.965 percent, average other solids test was 5.692 percent and the average somatic cell count was 305,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Aug 07	Jul 07	Aug 07	Jul 07	Aug 07	Jul 07
Appalachian	24.16	23.28	-----	-----	73.27	68.08
Arizona	22.22	22.09	-----	-----	41.01	34.41
Central	21.93	21.90	2.10	0.52	39.03	33.61
Florida	25.24	24.22	-----	-----	86.72	80.05
Mideast	22.19	21.97	2.36	0.59	44.60	34.00
Northeast	23.14	22.94	3.31	1.56	43.90	42.00
Pacific Northwest	21.84	21.98	2.01	0.60	31.50	30.10
Southeast	23.87	23.29	-----	-----	70.57	65.80
Southwest	22.76	22.69	2.93	1.31	44.65	29.90
Upper Midwest	20.61	21.65	0.78	0.27	16.60	14.30

JULY FLUID MILK SALES

During July, about 4.3 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.1 percent lower than July 2006. After adjusting for calendar composition, sales in July 2007 were 1.3 percent lower than July 2006. On an individual product basis, after adjusting for calendar composition, sales of organic whole milk, low fat milk (1%), fat-free (skim) milk, organic fat-reduced milk, and buttermilk increased from July 2006, while sales of whole milk, flavored whole milk, reduced fat milk (2%), and flavored fat-reduced milk decreased from a year earlier.

Editors Note: Additional data can be found at <http://www.ams.usda.gov/dyfmoms/mib/fluidsales.htm>. Revised data for July 2006 can also be found at that location.

**ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS
JULY 2007, WITH COMPARISONS 1/**

Product Name	Sales		Change from: 2/	
	July	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,307	9,332	- 4.2	- 2.5
Flavored Whole Milk	52	394	- 10.8	- 3.8
Organic Whole Milk	25	174	35.3	27.5
Reduced Fat Milk (2%)	1,451	10,356	- 1.1	0.9
Low Fat Milk (1%)	499	3,783	1.4	3.3
Fat-Free Milk (Skim)	649	4,716	0.2	1.5
Flavored Fat-Reduced Milk	141	2,067	- 0.7	0.9
Organic Fat-Reduced Milk	86	601	33.7	32.7
Buttermilk	42	300	2.2	1.1
Total Fluid Milk Products 3/	4,263	31,799	- 1.1	0.6
Total Fluid Milk Products Adjusted 3/ 4/	4,310	31,736	- 1.3	0.2

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/. 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, JULY 2007, WITH COMPARISONS 1/**

Area (Order Number)	Sales		Change from: 2/	
	July	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Northeast (001)	739	5,471	- 1.4	0.3
Appalachian (005)	285	2,094	1.8	1.1
Southeast (007)	395	2,950	1.0	3.2
Florida (006)	225	1,696	- 2.1	- 0.1
Mideast (033)	475	3,561	- 3.8	- 0.7
Upper Midwest (030)	341	2,568	- 0.7	0.7
Central (032)	358	2,689	- 2.3	- 0.3
Southwest (126)	336	2,540	- 0.3	3/
Arizona-Las Vegas (131)	92	699	- 5.2	4/
Pacific Northwest (124)	168	1,234	- 0.9	- 0.9
California (---)	509	3,753	- 0.2	0.6

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 2/ above. 3/ Percent changes for this market are not comparable due to reporting revisions. 4/ Percent changes for this market are not comparable. Effective May 1, 2006, Clark County, Nevada was removed from the marketing area. SOURCE: Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and California Dairy Information Bulletin, California Agricultural Statistics Service and Milk Stabilization Branch.

TOP TEN TEXAS COUNTIES a/ – AUGUST 2007

County	Number of Producers	Pounds	% Change From 2006b/	County	Number of Producers	Pounds	% Change From 2006b/
1. Erath	92	88,876,695	- 6.82	7. Comanche	27	33,602,372	- 7.53
2. Parmer	12	52,131,729	+ 107.73	8. Bailey	9	31,583,731	+ 4.64
3. Deaf Smith	13	51,837,438	+ 7.38	9. Hartley	7	27,370,934	+ 15.83
4. Castro	9	43,418,198	+ 33.22	10. Hale	5	26,542,235	- 5.23
5. Hopkins	126	38,684,754	- 8.95	Ten County Total	309	429,494,929	+ 9.15 b/
6. Lamb	9	35,446,843	+ 12.58	Other Counties Total	347	148,874,237	- 8.55
				Texas Total	656	578,369,166	+ 3.97

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-----						
June 2006	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
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

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

TOP NEW MEXICO COUNTIES a/ – AUGUST 2007

County	Number of Producers	Pounds	% Change From 2006b/	County	Number of Producers	Pounds	% Change From 2006b/
1. Chaves	37	157,674,736	- 5.85	7. Socorro	8	17,927,359	+ 5.98
2. Curry	26	130,447,420	+ 0.72	8. Valencia	6	13,777,792	- 1.46
3. Roosevelt	41	116,265,540	- 7.69	9. Sierra	3	7,722,786	+ 7.07
4. Dona Ana	24	86,334,948	- 3.05	10. Bernalillo	4	5,700,251	+ 11.68
5. Lea	12	42,359,332	- 4.48	Ten County Total	166	600,092,770	- 3.68 b/
6. Eddy	5	21,882,606	- 6.76	Other Counties Total	3	12,352,060	+ 4.16
				New Mexico Total	169	612,444,830	- 3.53

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 AUGUST 2007, WITH PRODUCTION PERCENTAGE COMPARISONS**

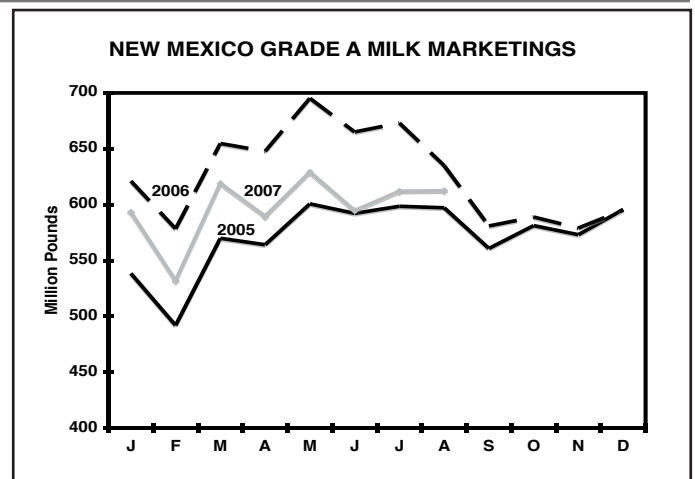
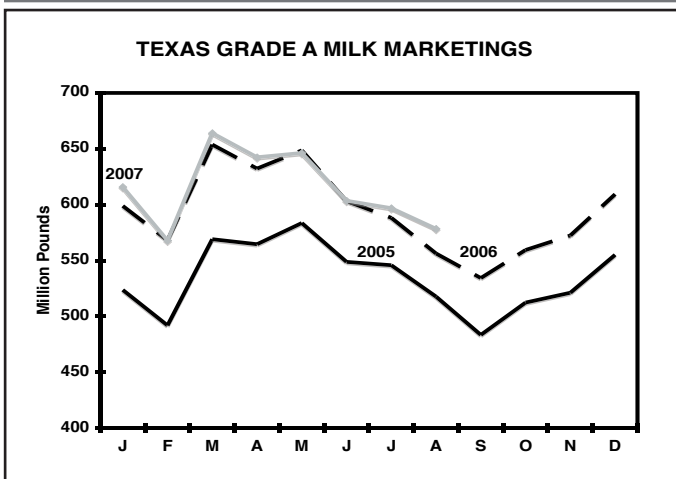
MONTH	2005 POUNDS	Number of Producers	2006 POUNDS	Number of Producers	2007 POUNDS	Number of Producers	PERCENT 2006/05	CHANGE 2007/06
January	523,680,970	778	598,770,671	746	615,842,075	697	+ 14.34	+ 2.85
February	491,841,542	767	568,127,819	740	567,905,237	692	+ 15.51	- 0.04
March	569,021,475	771	653,677,865	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			+ 10.59	
October	512,618,370	770	559,390,201	710			+ 9.12	
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 AUGUST 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			+ 3.59	
October	581,203,811	174	588,810,710	171			+ 1.31	
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
August 2006	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
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

a/ In thousands.

AUGUST 2007
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$295,935.19
Class I Butterfat	60(a)	7,837,306	\$1.6310	\$12,782,646.07
Class I Skim Per Cwt		341,701,120	\$19.7400	\$67,451,801.09
Class II Butterfat	60(b)	7,453,448	\$1.5942	\$11,882,286.84
Class II Nonfat Solids		7,768,706	\$1.9378	\$15,054,198.51
Class III Butterfat	60(c)	11,550,785	\$1.5872	\$18,333,405.97
Class III Protein		9,745,048	\$3.9412	\$38,407,183.18
Class III Other Solids		18,812,522	\$0.4368	\$8,217,309.59
Class IV Butterfat	60(d)	1,005,039	\$1.5872	\$1,595,197.92
Class IV Nonfat Solids		793,622	\$1.8785	\$1,490,818.93
Class II, III & IV Somatic Cell Adj.	60(e)			\$245,067.49
Total Producer Milk-Product Lbs & Value		782,914,684		\$175,755,850.78
Add: Value as for 60(f) Thru 60(j)				\$73,017.52
Less: Total Protein Pounds	61(b)	23,218,982	\$3.9412	\$91,510,651.87
Total Other Solids Pounds		44,568,516	\$0.4368	\$19,467,527.82
Total Other Solids Pounds		27,846,578	\$1.5872	\$44,198,088.59
Total Value of Somatic Cell Adjustment				\$336,822.67
Total Milk and Value		782,914,684		\$20,315,777.35
Add: Location Differential Adjustments	61(c)			\$2,618,493.73
Producer-Settlement Fund	61(d)			\$343,590.31
Total Producer Milk/URSP and Value		782,914,684	\$2.97323	\$23,277,861.39
Less: Producer-Settlement Fund	61(f)		\$0.04323	\$338,461.15
Producer Price Differential (Dallas County)			\$2.93	\$22,939,400.24

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REPORT

SOUTHWEST MARKETING AREA

RICHARD FLEMING, MARKET ADMINISTRATOR

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AUGUST 2007 PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	349,538,426	44.65	7,837,306	28.14	341,701,120	45.25
Class II	93,684,635	11.97	7,453,448	26.77	86,231,187	11.42
Class III	329,899,134	42.13	11,550,785	41.48	318,348,349	42.17
Class IV	9,792,489	1.25	1,005,039	3.61	8,787,450	1.16
Total	782,914,684	100.00	27,846,578	100.00	755,068,106	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	10,519,885	45.31	20,147,718	45.21	30,667,600	45.24
Class II	2,681,459	11.55	5,087,245	11.41	7,768,706	11.46
Class III	9,745,048	41.97	18,812,522	42.21	28,557,570	42.13
Class IV	272,590	1.17	521,031	1.17	793,622	1.17
Total	23,218,982	100.00	44,568,516	100.00	67,787,498	100.00