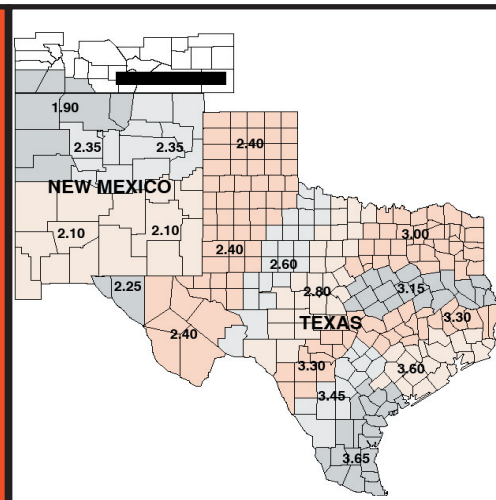


# THE MARKET ADMINISTRATOR'S

# 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](mailto:sw.order@dallasma.com)  
 WWW: <http://www.dallasma.com>

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## 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 \$0.41 for December. Butterfat price increased \$0.0271 per pound from \$1.4077 in November to the level of \$1.4348 in December. Protein price increased \$0.3980 per pound from \$4.3081 in November to \$4.7061 in December. December's Other Solids price increased \$0.0176 per pound from \$0.2461 in November to \$0.2637 in December. The Somatic Cell Count adjustment rate factor for December was 0.00105 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 \$21.01 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 \$0.51 in comparison to the statistical blend price of \$21.58 in November.

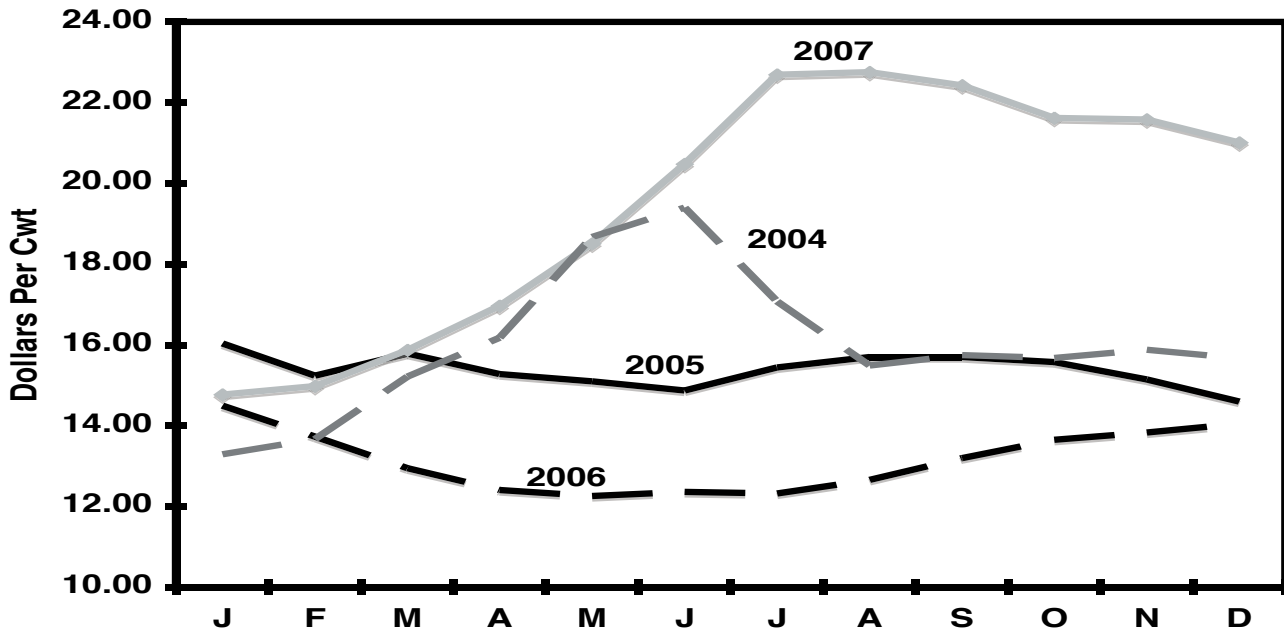
The December Class I price decreased \$1.41 from \$24.45 in November to the December level of \$23.04. The Class II price for December of \$20.82 per hundredweight decreased \$1.25 from \$22.07 in November. December's Class III price increased \$1.38 from \$19.22 in November to \$20.60 in December. The Class IV price decreased \$1.22 from \$20.40 in November to \$19.18 in December.

In December 781 producers delivered a total of 639,380,809 pounds of milk. On a daily basis this represents a decrease of 32.98 percent from the producer receipts level in November and it represents a decrease of 40.64 percent when compared to the producer receipts level of December 2006.

Producer milk classified as Class I during December amounted to 54.15 percent of total producer receipts. This figure is up from 38.40 percent in November and it is up from 32.53 percent in December 2006. The average butterfat test of producer milk pooled during December was 3.824 percent, average protein test was 3.196 percent, average other solids test was 5.699 percent and the average somatic cell count was 261,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Dec 07	Nov 07	Dec 07	Nov 07	Dec 07	Nov 07
Appalachian	22.37	23.75	-----	-----	68.22	74.37
Arizona	20.82	21.49	-----	-----	35.91	39.27
Central	20.36	20.79	(0.24)	1.57	40.63	37.81
Florida	23.44	24.89	-----	-----	82.22	86.87
Mideast	20.64	21.08	0.04	1.86	40.40	45.30
Northeast	21.59	22.31	0.99	3.09	45.40	46.70
Pacific Northwest	20.30	20.82	(0.30)	1.60	32.91	35.52
Southeast	22.44	23.46	-----	-----	66.17	70.33
<b>Southwest</b>	<b>21.01</b>	<b>21.58</b>	<b>0.41</b>	<b>2.36</b>	<b>54.15</b>	<b>38.40</b>
Upper Midwest	20.65	19.86	0.05	0.64	15.60	16.80

## SOUTHWEST ORDER STATISTICAL UNIFORM PRICE 2004 - 2007



## 2007 ANNUAL PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES\*

2007 Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	4,160,580,822	41.60	93,073,304	25.40	4,067,507,518	42.30
Class II	1,183,575,962	11.80	100,997,967	27.50	1,082,577,995	11.20
Class III	3,468,809,088	34.70	129,618,191	35.30	3,339,190,897	34.70
Class IV	1,177,354,884	11.80	43,271,802	11.80	1,134,083,082	11.80
Total	9,990,320,756	100.00	366,961,264	100.00	9,623,359,492	100.00

2007 Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	129,953,115	42.30	240,387,612	42.30	370,340,710	42.30
Class II	34,712,912	11.30	63,950,699	11.20	98,663,632	11.30
Class III	106,216,507	34.60	197,362,467	34.70	303,578,976	34.60
Class IV	36,528,619	11.90	67,189,545	11.80	103,727,158	11.80
Total	307,411,153	100.00	568,890,323	100.00	876,310,476	100.00

\* Percentages may not add down due to rounding.

## TOP TEN TEXAS COUNTIES a/ – DECEMBER 2007

County	Number of Producers	Pounds	% Change From 2006b/	County	Number of Producers	Pounds	% Change From 2006b/
1. Erath	90	98,190,997	- 6.01	7. Lamb	9	36,700,007	+ 6.61
2. Parmer	13	63,681,271	+ 80.02	8. Hartley	8	34,420,579	+ 49.02
3. Deaf Smith	12	49,523,735	+ 13.30	9. Bailey	9	31,839,606	+ 19.34
4. Castro	10	46,711,560	+ 42.25	10. Hale	5	25,320,711	+ 0.67
5. Hopkins	125	43,157,986	- 13.17	Ten County Total	309	468,574,338	+ 11.85 b/
6. Comanche	28	39,027,886	- 10.22	Other Counties Total	346	178,539,750	- 6.27
				<b>Texas Total</b>	<b>655</b>	<b>647,114,088</b>	<b>+ 6.19</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-----						
November 2006	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
November	24.45	22.07	19.22	20.40	2.36	140.77	24.61	430.81	.00098	129.33	196.52	195.62	43.45
December	23.04	20.82	20.60	19.18	0.41	143.48	26.37	470.61	.00105	131.59	209.76	180.31	45.16
Averages 2007 b/	21.14	18.36	18.04	18.36	1.43	146.93	42.01	351.21	.00087	134.41	173.80	169.27	60.04

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

## TOP NEW MEXICO COUNTIES a/ – DECEMBER 2007

County	Number of Producers	Pounds	% Change From 2006b/	County	Number of Producers	Pounds	% Change From 2006b/
1. Chaves	38	162,389,073	+ 4.43	7. Socorro	8	17,102,598	- 0.19
2. Curry	27	128,500,511	+ 6.56	8. Valencia	5	12,975,980	- 5.52
3. Roosevelt	41	114,967,525	- 1.14	9. Sierra	3	7,157,557	- 4.68
4. Dona Ana	24	93,178,815	+ 7.87	10. Bernalillo	4	5,043,913	+ 6.22
5. Lea	13	37,039,429	- 9.71	Ten County Total	169	601,908,069	+ 2.71 b/
6. Eddy	6	23,552,668	+ 5.97	Other Counties Total	3	10,843,616	+ 18.64
				<b>New Mexico Total</b>	<b>172</b>	<b>612,751,685</b>	<b>+ 2.96</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 2005 THROUGH DECEMBER 2007, WITH PRODUCTION PERCENTAGE COMPARISONS**

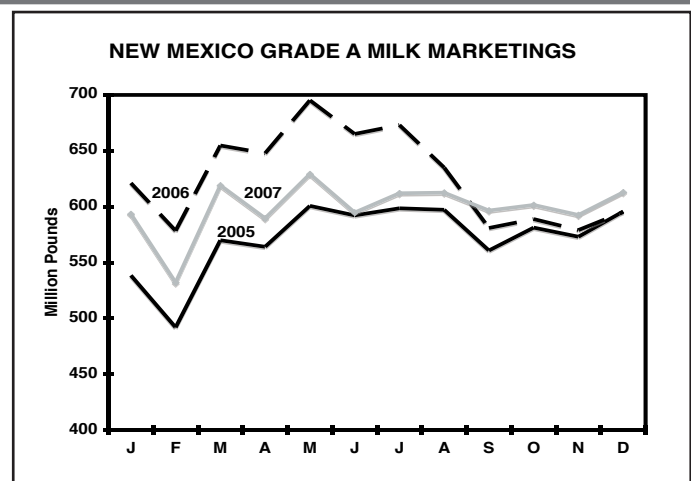
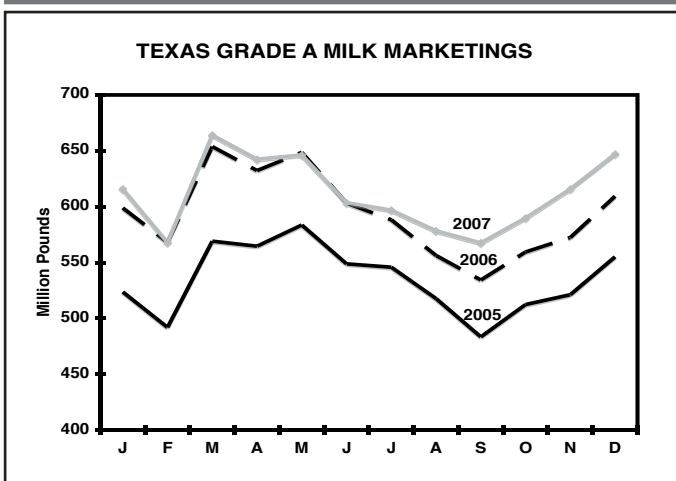
MONTH	2005 POUNDS	Number of Producers	2006 POUNDS	Number of Producers	2007 POUNDS	Number of Producers	PERCENT 2006/05	CHANGE 2007/06
January	523,680,970	778	598,770,671	746	615,854,742	697	+ 14.34	+ 2.85
February	491,841,542	767	568,127,819	740	567,905,237	692	+ 15.51	- 0.04
March	569,021,475	771	653,677,865	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	569,217,018	661	+ 10.59	+ 6.53*
October	512,618,370	770	559,390,201	710	607,239,216	664	+ 9.12	+ 8.55*
November	521,233,872	758	572,262,884	701	615,810,876	660	+ 9.79	+ 7.61
December	<u>555,024,482</u>	743	<u>609,404,039</u>	695	<u>647,114,088</u>	655	<u>+ 9.80</u>	<u>+ 6.19</u>
Years Total	6,416,900,405		7,124,396,257		7,354,881,091		+ 11.03	+ 3.23

\* Revised

**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:  
JANUARY 2005 THROUGH DECEMBER 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	593,437,434	171	+ 15.37	- 4.46
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	593,858,997	168	+ 14.87	- 8.33
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	596,639,214	173	+ 3.59	+ 2.72*
October	581,203,811	174	588,810,710	171	614,972,057	172	+ 1.31	+ 4.44*
November	573,043,775	173	578,970,652	173	592,544,809	171	+ 1.03	+ 2.34
December	<u>595,644,281</u>	171	<u>595,163,099</u>	175	<u>612,751,685</u>	172	<u>- 0.08</u>	<u>+ 2.96</u>
Years Total	6,860,396,990		7,513,700,772		7,207,477,628		+ 9.52	- 4.08

\* Revised



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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
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
November	3.82	3.70	3.21	3.15	5.72	5.72	8.92	8.87	263	214
December	3.89	3.76	3.23	3.17	5.71	5.70	8.93	8.87	270	231
Averages 2007	3.73	3.62	3.10	3.05	5.69	5.70	8.80	8.75	315	256

a/ In thousands.

**DECEMBER 2007**  
**COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$331,785.51
Class I Butterfat	60(a)	8,019,003	\$1.4420	\$11,563,402.35
Class I Skim Per Cwt		338,200,482	\$18.6500	\$63,074,389.92
Class II Butterfat	60(b)	8,300,066	\$1.4418	\$11,967,035.17
Class II Nonfat Solids		8,308,464	\$1.8167	\$15,093,986.55
Class III Butterfat	60(c)	2,972,873	\$1.4348	\$4,265,478.19
Class III Protein		1,248,173	\$4.7061	\$5,874,026.95
Class III Other Solids		2,231,066	\$0.2637	\$588,332.12
Class IV Butterfat	60(d)	5,160,831	\$1.4348	\$7,404,760.33
Class IV Nonfat Solids		13,821,283	\$1.6296	\$22,523,162.78
Class II, III & IV Somatic Cell Adj.	60(e)			\$256,999.82
Total Producer Milk-Product Lbs & Value		639,380,809		\$142,943,359.69
Add: Value as for 60(f) Thru 60(j)				\$54,939.45
Less: Total Protein Pounds	61(b)	20,436,468	<b>\$4.7061</b>	\$96,176,062.07
Total Other Solids Pounds		36,439,421	<b>\$0.2637</b>	\$9,609,075.31
Total Other Solids Pounds		24,452,773	<b>\$1.4348</b>	\$35,084,838.73
Total Value of Somatic Cell Adjustment				\$599,474.47
<b>Total Milk and Value</b>		639,380,809		\$1,528,848.56
Add: Location Differential Adjustments	61(c)			\$1,058,746.64
Producer-Settlement Fund	61(d)			\$341,584.75
<b>Total Producer Milk/URSP and Value</b>		639,380,809	\$0.45812	\$2,929,179.95
Less: Producer-Settlement Fund	61(f)		\$0.04812	\$307,718.63
<b>Producer Price Differential (Dallas County)</b>			<b>\$0.41</b>	\$2,621,461.32

THE MARKET ADMINISTRATOR'S

# REPORT

SOUTHWEST MARKETING AREA

RICHARD FLEMING, MARKET ADMINISTRATOR

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## DECEMBER 2007 PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	346,219,485	54.15	8,019,003	32.79	338,200,482	55.00
Class II	98,093,876	15.34	8,300,066	33.94	89,793,810	14.60
Class III	40,643,648	6.36	2,972,873	12.16	37,670,775	6.13
Class IV	154,423,800	24.15	5,160,831	21.11	149,262,969	24.27
Total	639,380,809	100.00	24,452,773	100.00	614,928,036	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	11,220,789	54.90	20,046,118	55.02	31,266,896	54.97
Class II	2,991,840	14.64	5,316,618	14.59	8,308,464	14.61
Class III	1,248,173	6.11	2,231,066	6.12	3,479,246	6.12
Class IV	4,975,666	24.35	8,845,619	24.27	13,821,283	24.30
Total	20,436,468	100.00	36,439,421	100.00	56,875,889	100.00