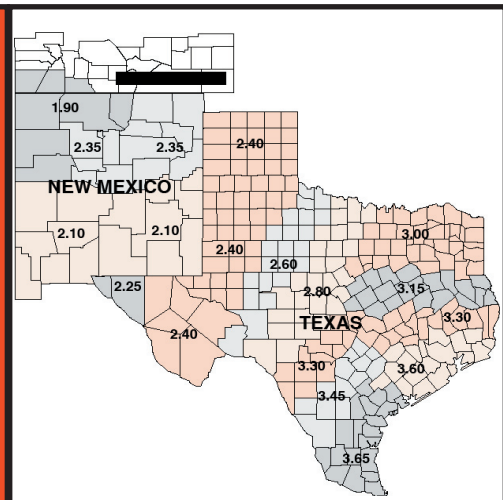


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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MARKET SUMMARY FOR SEPTEMBER

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 \$2.18 for September. Butterfat price increased \$0.0783 per pound from \$1.7413 in August to the level of \$1.8196 in September. Protein price decreased \$0.3808 per pound from \$3.6497 in August to \$3.2689 in September. September's Other Solids price decreased \$0.0295 per pound from \$0.0529 in August to \$0.0234 in September. The Somatic Cell Count adjustment rate factor for September was 0.00089 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a September statistical uniform price of \$18.46 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 \$0.86 in comparison to the statistical blend price of \$19.32 in August.

The September Class I price decreased \$0.82 from \$21.47 in August to the September level of \$20.65. The Class II price for September of \$17.58 per hundredweight increased \$0.13 from \$17.45 in August. September's Class III price decreased \$1.04 from \$17.32 in August to \$16.28 in September. The Class IV price decreased \$1.19 from \$16.64 in August to \$15.45 in September.

In September 577 producers delivered a total of 900,616,454 pounds of milk. On a daily basis this represents an increase of 0.43 percent from the producer receipts level in August but it represents a decrease of 6.82 percent when compared to the producer receipts level of September 2007.

Producer milk classified as Class I during September amounted to 39.79 percent of total producer receipts. This figure is up from 37.04 percent in August and it is up from 34.55 percent in September 2007. The average butterfat test of producer milk pooled during September was 3.589 percent, average protein test was 3.033 percent, average other solids test was 5.730 percent and the average somatic cell count was 300,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Sep 08	Aug 08	Sep 08	Aug 08	Sep 08	Aug 08
Appalachian	20.23	20.72	-----	-----	72.36	69.48
Arizona	17.66	18.50	-----	-----	38.07	36.70
Central	17.44	18.32	1.16	1.00	35.41	33.58
Florida	22.39	23.01	-----	-----	86.75	84.90
Mideast	18.05	18.70	1.77	1.38	45.20	40.50
Northeast	18.90	19.50	2.62	2.18	46.50	42.10
Pacific Northwest	17.07	18.03	0.79	0.71	30.10	28.05
Southeast	20.63	21.25	-----	-----	74.55	72.09
Southwest	18.46	19.32	2.18	2.00	39.79	37.04
Upper Midwest	16.85	17.81	0.57	0.49	14.90	13.40

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 0.7 percent higher than July 2007. After adjusting for calendar composition, sales in July 2008 were 0.6 percent lower than July 2007. On an individual product basis, after adjusting for calendar composition, sales of organic whole milk, reduced fat milk (2%), low fat milk (1%), and organic fat-reduced milk increased from July 2007, while sales of whole milk, flavored whole milk, fat-free (skim) milk, flavored fat-reduced milk, and buttermilk decreased from a year earlier.

Editor's Note: Additional data can be found at <http://www.ams.usda.gov/DairyMarketStatistics> then select "Sales of Fluid Milk Products"; and then select "Fluid Milk Sales Data..."

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS JULY 2008, WITH COMPARISONS ^{1/}

Product Name	Sales		Change from: ^{2/}	
	July	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,258	8,784	- 3.8	- 5.9
Flavored Whole Milk	48	341	- 6.7	- 13.4
Organic Whole Milk	30	219	20.0	27.8
Reduced Fat Milk (2%)	1,500	10,535	3.4	1.7
Low Fat Milk (1%)	508	3,843	1.8	1.5
Fat-Free Milk (Skim)	659	4,743	1.3	0.5
Flavored Fat-Reduced Milk	142	2,073	1.1	0.3
Organic Fat-Reduced Milk	99	747	16.7	26.1
Buttermilk	40	323	- 5.4	7.3
Total Fluid Milk Products ^{3/}	4,294	31,685	0.7	- 0.4
Total Fluid Milk Products Adjusted ^{3/ 4/}	4,282	31,517	- 0.6	- 0.7

^{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/AMSV1.0/getfile?dDocName=STELDEV3023272>

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS AND CALIFORNIA, JULY 2008, WITH COMPARISONS ^{1/}

Area (Order Number)	Sales		Change from: ^{2/}	
	July	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Northeast (001)	751	5,455	1.7	- 0.3
Appalachian (005)	285	2,073	0.1	- 1.0
Southeast (007)	396	2,932	0.4	- 0.6
Florida (006)	221	1,669	- 1.4	- 1.6
Mideast (033)	470	3,494	- 1.1	- 1.9
Upper Midwest (030)	341	2,556	0.1	- 0.5
Central (032)	358	2,684	0.0	- 0.2
Southwest (126)	344	2,547	2.4	0.3
Arizona-Las Vegas (131)	89	684	- 3.6	- 2.1
Pacific Northwest (124)	172	1,254	2.4	1.7
California (---)	523	3,801	2.6	1.3

^{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.

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/ – SEPTEMBER 2008

County	Number of Producers	Pounds	% Change From 2007b/	County	Number of Producers	Pounds	% Change From 2007b/
1. Erath	90	93,081,291	+ 6.39	7. Lamb	9	36,858,820	+ 7.98
2. Parmer	13	63,620,949	+ 18.78	8. Bailey	11	36,427,022	+ 18.72
3. Deaf Smith	15	60,192,507	+ 18.64	9. Comanche	28	35,419,002	+ 6.31
4. Castro	11	53,867,335	+ 28.69	10. Hale	4	28,476,360	+ 14.68
5. Hartley	9	38,389,040	+ 43.29	Ten County Total	312	484,132,757	+ 15.21 b/
6. Hopkins	122	37,800,431	+ 2.62	Other Counties Total	334	171,900,127	+ 15.38
				Texas Total	646	656,032,884	+ 15.25

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-----						
July 2007	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
January 2008	23.97	19.75	19.32	16.29	1.38	133.19	20.97	449.94	.00100	123.01	199.98	150.90	39.92
February	22.68	18.46	17.03	14.67	2.25	130.10	8.03	401.80	.00092	120.44	184.03	133.31	27.36
March	19.70	15.63	18.00	14.17	(0.68)	136.04	4.93	433.31	.00098	125.39	195.75	125.12	24.35
April	21.61	15.29	16.76	14.56	1.42	147.48	6.22	375.79	.00091	134.92	181.64	125.06	25.60
May	19.62	15.51	18.18	15.26	(0.30)	155.62	7.66	411.08	.00098	141.70	195.25	129.85	27.00
June	21.18	16.19	20.25	15.92	(1.23)	161.60	8.26	471.93	.00108	146.69	216.09	135.08	27.58
July	23.78	16.81	18.24	16.60	1.85	167.74	7.07	400.25	.00098	151.80	195.85	140.53	26.42
August	21.47	17.45	17.32	16.64	2.00	174.13	5.29	364.97	.00093	157.13	186.99	138.40	24.70
September	20.65	17.58	16.28	15.45	2.18	181.96	2.34	326.89	.00089	163.65	177.73	121.31	21.83

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

TOP NEW MEXICO COUNTIES a/ – SEPTEMBER 2008

County	Number of Producers	Pounds	% Change From 2007b/	County	Number of Producers	Pounds	% Change From 2007b/
1. Chaves	38	161,076,069	+ 5.12	7. Socorro	8	19,359,452	+ 13.12
2. Curry	27	138,321,505	+ 7.76	8. Valencia	5	13,260,287	+ 1.51
3. Roosevelt	43	132,094,015	+ 14.92	9. Sierra	3	6,339,493	- 11.40
4. Dona Ana	23	80,632,583	- 4.54	10. Bernalillo	4	5,201,293	- 0.52
5. Lea	13	40,330,980	+ 0.86	Ten County Total	170	617,827,502	+ 5.56 b/
6. Eddy	6	21,211,825	- 2.21	Other Counties Total	2	6,700,066	- 41.12
				New Mexico Total	172	624,527,568	+ 4.67

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 2006 THROUGH SEPTEMBER 2008, WITH PRODUCTION PERCENTAGE COMPARISONS**

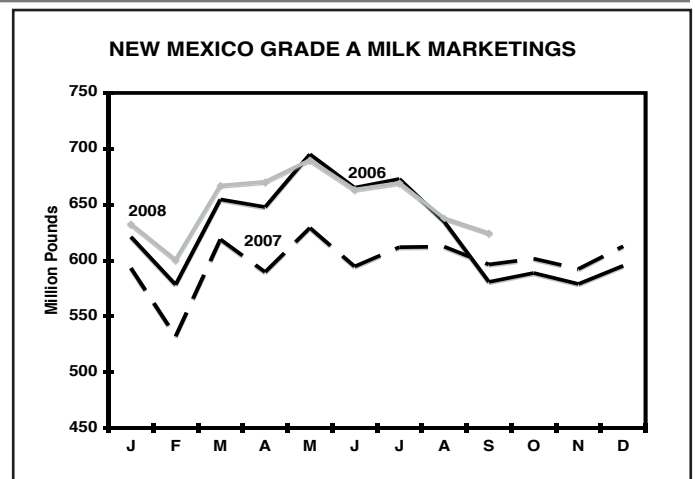
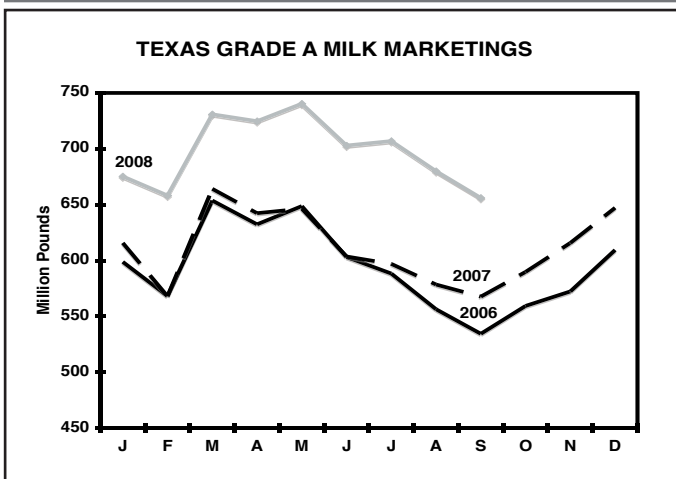
MONTH	2006 POUNDS	Number of Producers	2007 POUNDS	Number of Producers	2008 POUNDS	Number of Producers	PERCENT 2007/06	CHANGE 2008/07
January	598,770,671	746	615,854,742	697	675,265,283	654	+ 2.85	+ 9.65
February	568,127,819	740	567,905,237	692	658,108,461	658	- 0.04	+ 11.89*
March	653,677,865	740	664,126,490	694	730,859,173	659	+ 1.60	+ 10.05
April	632,332,356	741	642,444,396	689	724,651,306	659	+ 1.60	+ 12.80
May	648,575,970	739	646,347,511	676	740,427,008	659	- 0.34	+ 14.56
June	603,059,138	733	603,528,908	670	702,946,861	656	+ 0.08	+ 16.47
July	588,198,398	726	596,923,443	656	706,911,758	657	+ 1.48	+ 18.43
August	556,266,201	723	578,369,166	656	679,996,118	654	+ 3.97	+ 17.57
September	534,330,715	712	569,217,018	661	656,032,884	646	+ 6.53	+ 15.25
October	559,390,201	710	607,239,216	664			+ 8.55	
November	572,262,884	701	615,810,876	660			+ 7.61	
December	<u>609,404,039</u>	695	<u>647,114,088</u>	655			<u>+ 6.19</u>	
Years Total	7,124,396,257		7,354,881,091				+ 3.23	

* Based on average daily deliveries.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2006 THROUGH SEPTEMBER 2008, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2006 POUNDS	Number of Producers	2007 POUNDS	Number of Producers	2008 POUNDS	Number of Producers	PERCENT 2007/06	CHANGE 2008/07
January	621,161,722	173	593,437,434	171	632,699,151	173	- 4.46	+ 6.62
February	578,266,056	172	531,955,021	170	600,488,935	169	- 8.01	+ 8.99*
March	654,702,022	172	618,854,728	171	667,225,545	170	- 5.48	+ 7.82
April	647,819,688	173	593,858,997	168	670,437,294	170	- 8.33	+ 12.90
May	695,061,878	175	629,220,180	166	690,007,674	173	- 9.47	+ 9.66
June	665,063,549	175	598,890,379	166	663,531,580	172	- 9.95	+ 10.79
July	672,988,089	174	611,908,294	167	669,450,030	172	- 9.08	+ 9.40
August	634,876,790	172	612,444,830	169	637,877,538	172	- 3.53	+ 4.15
September	580,816,517	173	596,639,214	173	624,527,568	172	+ 2.72	+ 4.67
October	588,810,710	171	614,972,057	172			+ 4.44	
November	578,970,652	173	592,544,809	171			+ 2.34	
December	<u>595,163,099</u>	175	<u>612,751,685</u>	172			<u>+ 2.96</u>	
Years Total	7,513,700,772		7,207,477,628				- 4.08	

* Based on average daily deliveries.



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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
September 2007	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
January 2008	3.87	3.74	3.19	3.13	5.72	5.71	8.90	8.84	274	240
February	3.79	3.67	3.13	3.06	5.71	5.71	8.84	8.77	260	220
March	3.76	3.63	3.10	3.02	5.72	5.72	8.82	8.75	244	202
April	3.69	3.56	3.08	3.00	5.72	5.73	8.80	8.73	241	193
May	3.64	3.51	3.04	2.96	5.74	5.75	8.78	8.71	247	197
June	3.58	3.48	2.99	2.89	5.74	5.75	8.72	8.64	261	205
July	3.59	3.48	3.00	2.90	5.71	5.73	8.71	8.63	305	262
August	3.63	3.51	3.01	2.92	5.73	5.75	8.74	8.67	327	268
September	3.70	3.55	3.08	3.00	5.72	5.74	8.80	8.74	341	281

a/ In thousands.

SEPTEMBER 2008
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$330,020.40
Class I Butterfat	60(a)	7,865,451	\$1.7711	\$13,930,500.27
Class I Skim Per Cwt		350,446,941	\$14.9800	\$52,496,951.79
Class II Butterfat	60(b)	8,144,985	\$1.8266	\$14,877,629.62
Class II Nonfat Solids		6,157,842	\$1.2878	\$7,930,068.92
Class III Butterfat	60(c)	13,799,171	\$1.8196	\$25,108,971.56
Class III Protein		11,154,972	\$3.2689	\$36,464,487.97
Class III Other Solids		21,206,457	\$0.0234	\$496,231.10
Class IV Butterfat	60(d)	2,518,559	\$1.8196	\$4,582,769.96
Class IV Nonfat Solids		8,555,570	\$1.0455	\$8,944,848.43
Class II, III & IV Somatic Cell Adj.	60(e)			\$253,310.81
Total Producer Milk-Product Lbs & Value		900,616,454		\$165,415,790.83
Add: Value as for 60(f) Thru 60(j)				\$185,696.25
Less: Total Protein Pounds	61(b)	27,317,765	\$3.2689	\$89,299,042.02
Total Other Solids Pounds		51,613,372	\$0.0234	\$1,207,752.93
Total Butterfat Pounds		32,328,166	\$1.8196	\$58,824,330.87
Total Value of Somatic Cell Adjustment				\$402,882.80
Total Milk and Value		900,616,454		\$15,867,478.46
Add: Location Differential Adjustments	61(c)			\$3,784,093.18
Producer-Settlement Fund	61(d)			\$389,706.39
Total Producer Milk/URSP and Value		900,616,454	\$2.22528	\$20,041,278.03
Less: Producer-Settlement Fund	61(f)		\$0.04528	\$407,839.33
Producer Price Differential (Dallas County)			\$2.18	\$19,633,438.70

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SOUTHWEST MARKETING AREA

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SEPTEMBER 2008 PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	358,312,392	39.79	7,865,451	24.33	350,446,941	40.36
Class II	75,806,745	8.42	8,144,985	25.19	67,661,760	7.79
Class III	370,142,987	41.09	13,799,171	42.69	356,343,816	41.04
Class IV	96,354,330	10.70	2,518,559	7.79	93,835,771	10.81
Total	900,616,454	100.00	32,328,166	100.00	868,288,288	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	11,041,204	40.42	20,815,087	40.32	31,856,298	40.36
Class II	2,138,612	7.83	4,019,232	7.79	6,157,842	7.80
Class III	11,154,972	40.83	21,206,457	41.09	32,361,427	41.00
Class IV	2,982,977	10.92	5,572,596	10.80	8,555,570	10.84
Total	27,317,765	100.00	51,613,372	100.00	78,931,137	100.00