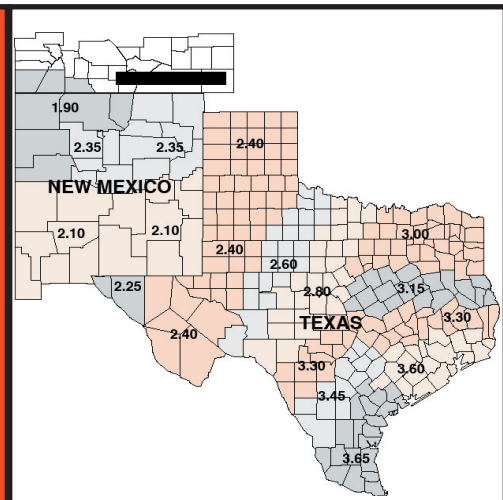


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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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 \$2.00 for August. Butterfat price increased \$0.0639 per pound from \$1.6774 in July to the level of \$1.7413 in August. Protein price decreased \$0.3528 per pound from \$4.0025 in July to \$3.6497 in August. August's Other Solids price decreased \$0.0178 per pound from \$0.0707 in July to \$0.0529 in August. The Somatic Cell Count adjustment rate factor for August was 0.00093 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 \$19.32 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 \$0.77 in comparison to the statistical blend price of \$20.09 in July.

The August Class I price decreased \$2.31 from \$23.78 in July to the August level of \$21.47. The Class II price for August of \$17.45 per hundredweight increased \$0.64 from \$16.81 in July. August's Class III price decreased \$0.92 from \$18.24 in July to \$17.32 in August. The Class IV price increased \$0.04 from \$16.60 in July to \$16.64 in August.

In August 567 producers delivered a total of 926,619,042 pounds of milk. On a daily basis this represents a decrease of 10.41 percent from the producer receipts level in July but it represents an increase of 18.36 percent when compared to the producer receipts level of August 2007.

Producer milk classified as Class I during August amounted to 37.04 percent of total producer receipts. This figure is up from 31.35 percent in July but it is down from 44.65 percent in August 2007. The average butterfat test of producer milk pooled during August was 3.536 percent, average protein test was 2.961 percent, average other solids test was 5.741 percent and the average somatic cell count was 286,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Aug 08	Jul 08	Aug 08	Jul 08	Aug 08	Jul 08
Appalachian	20.72	22.31	-----	-----	69.48	69.43
Arizona	18.50	19.31	-----	-----	36.70	32.04
Central	18.32	19.38	1.00	1.14	33.58	35.17
Florida	23.01	24.89	-----	-----	84.90	83.54
Mideast	18.70	19.71	1.38	1.47	40.50	36.40
Northeast	19.50	20.61	2.18	2.37	42.10	40.50
Pacific Northwest	18.03	18.94	0.71	0.70	28.05	27.06
Southeast	21.25	22.68	-----	-----	72.09	67.73
Southwest	19.32	20.09	2.00	1.85	37.04	31.35
Upper Midwest	17.81	18.90	0.49	0.66	13.40	14.60

USDA ANNOUNCES FINAL RULE TO ESTABLISH RULES OF PRACTICE FOR THE FEDERAL MILK ORDER HEARING PROCESS

The U.S. Department of Agriculture announced a final rule establishing supplemental rules of practice for the federal milk marketing order hearing process. The intent of this rule is to establish guidelines and timeframes to improve the timeliness of the federal milk order hearing process.

This final rule amends the general regulations for federal milk marketing agreements and marketing orders by establishing supplemental rules of practice in accordance with section 1504 of the Food, Conservation and Energy Act of 2008 (2008 Farm Bill). This rule defines supplemental guidelines, timeframes and procedures for amending federal milk marketing agreements and orders; authorizes the use of informal rulemaking (5 U.S.C. 553) to amend such agreements and orders; and establishes provisions that permit the USDA to impose assessments on pooled milk under the federal milk marketing order program to fund expedited rulemaking. Such assessments would supplement appropriated funds for the procurement of services required by USDA to perform rulemaking functions. The final rule will be published in the Aug. 20 Federal Register.

For additional information contact: Bill Richmond – Marketing Specialist, USDA/AMS/Dairy Programs,

Stop 0231 Room 2961-S 1400 Independence Avenue, SW., Washington, DC 20250 0231, (202) 720-7183, e mail address: william.richmond@usda.gov.

USDA DELAYS DATE OF CLASS III AND IV MANUFACTURING COST ALLOWANCES AND BUTTERFAT YIELD FACTOR

The U. S. Department of Agriculture has announced an interim rule that delays the effective date of an Interim Final Rule published July 31, 2008 amending the manufacturing cost allowances and the butterfat yield factor used in Class III and Class IV product-price formulas in all Federal milk marketing orders. The effective date, which had been Sept. 1, 2008, will now be Oct. 1, 2008. USDA is delaying the effective date because of a complaint filed in the U. S. District Court for the District of Columbia to enjoin the implementation of the revised manufacturing allowances and butterfat yield factor. Delaying implementation allows sufficient time for a preliminary injunction hearing.

The interim rule will be published in the Sept. 3 Federal Register. For additional information contact: Jack Rower – Marketing Specialist, USDA/AMS/Dairy Programs, Stop 0231 Room 2961-S 1400 Independence Avenue, SW., Washington, DC 20250 0231, (202) 720-7183, e mail address: jack.rower@usda.gov.

**Texas Agricultural Cash Receipts by
Commodity, 2007**

Rank	Commodity	Receipts ^{1/}	Percent of total
		\$1,000	
1	Cattle and Calves	7,630,837	40.0
2	Cotton (lint and seed)	2,118,017	11.1
3	Greenhouse and Nursery	1,501,460	7.9
4	Milk (wholesale)	1,448,738	7.6
5	Broilers	1,404,552	7.4
6	Corn	850,969	4.5
7	Wheat	615,778	3.2
8	Hay	582,037	3.1
9	Sorghum Grain	450,041	2.4
10	Eggs	373,403	2.0
11	Onions	186,520	1.0
12	Peanuts	166,935	0.9
13	Rice	109,049	0.6
14	Hogs	93,807	0.5
15	Pecans	77,600	0.4
	All Others	1,465,084	7.4
	TOTAL	19,074,827	

1/ Excludes government payments.

**New Mexico Agricultural Cash Receipts by
Commodity, 2007**

Rank	Commodity	Receipts ^{1/}	Percent of total
		\$1,000	
1	Milk (wholesale)	1,353,788	44.3
2	Cattle and Calves	951,847	31.1
3	Hay	195,406	6.4
4	Pecans	96,200	3.1
5	Onions	63,440	2.1
6	Greenhouse/Nursery	62,371	2.0
7	Wheat	38,489	1.3
8	Cotton	35,029	1.1
9	Peppers/Chile	32,850	1.1
10	Corn	23,892	0.8
11	Potatoes	14,324	0.5
12	Sorghum Grain	9,852	0.3
13	Peanuts	7,035	0.2
14	Dry Beans	6,070	0.2
15	Sheep and Lambs	5,414	0.2
	All Others	161,893	5.3
	TOTAL	3,057,900	

1/ Excludes government payments.

TOP TEN TEXAS COUNTIES a/ – AUGUST 2008

County	Number of Producers	Pounds	% Change From 2007b/	County	Number of Producers	Pounds	% Change From 2007b/
1. Erath	91	95,809,569	+ 7.80	7. Hopkins	124	38,825,913	+ 0.36
2. Parmer	13	66,300,851	+ 27.18	8. Bailey	11	37,618,479	+ 19.11
3. Deaf Smith	15	61,289,559	+ 18.23	9. Comanche	28	36,074,854	+ 7.36
4. Castro	12	57,379,582	+ 32.16	10. Hale	4	30,075,978	+ 13.31
5. Hartley	9	40,467,340	+ 47.85	Ten County Total	316	503,252,718	+ 17.17 b/
6. Lamb	9	39,410,593	+ 11.18	Other Counties Total	338	176,743,400	+ 18.72
				Texas Total	654	679,996,118	+ 17.57

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 2007	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
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

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

TOP NEW MEXICO COUNTIES a/ – AUGUST 2008

County	Number of Producers	Pounds	% Change From 2007b/	County	Number of Producers	Pounds	% Change From 2007b/
1. Chaves	38	165,597,155	+ 5.02	7. Socorro	8	18,830,109	+ 5.04
2. Curry	27	140,745,898	+ 7.89	8. Valencia	5	13,518,606	- 1.88
3. Roosevelt	43	135,878,829	+ 16.87	9. Sierra	3	6,846,937	- 11.34
4. Dona Ana	23	80,162,299	- 7.15	10. Bernalillo	4	5,394,437	- 5.36
5. Lea	13	41,846,936	- 1.21	Ten County Total	170	630,774,816	+ 5.11 b/
6. Eddy	6	21,953,610	+ 0.32	Other Counties Total	2	7,102,722	- 42.50
				New Mexico Total	172	637,877,538	+ 4.15

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 AUGUST 2008, WITH PRODUCTION PERCENTAGE COMPARISONS**

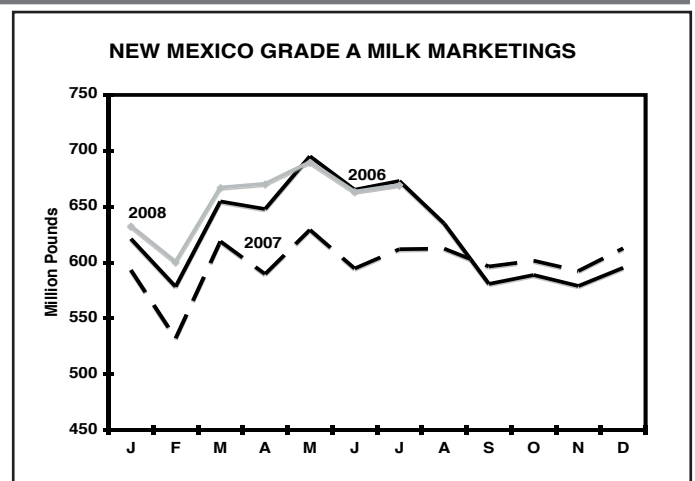
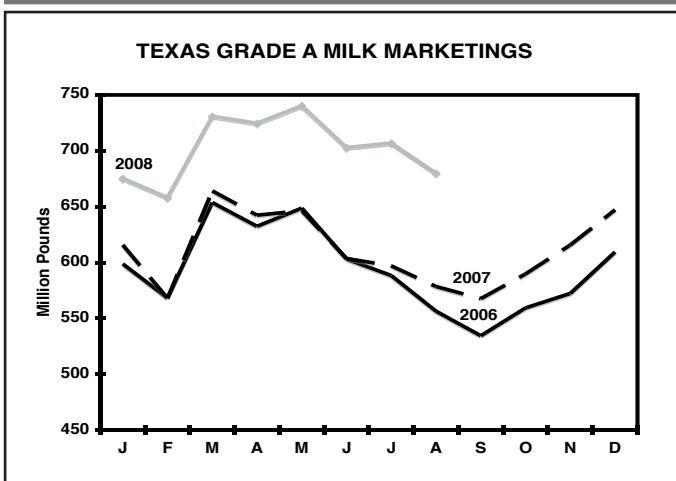
MONTH	2006 POUNDS	Number of Producers	2007 POUNDS	Number of Producers	2008 POUNDS	Number of Producers	PERCENT 2007/06	CHANGE 2008/07
January	598,770,671	746	615,854,742	697	675,265,283	654	+ 2.85	+ 9.65
February	568,127,819	740	567,905,237	692	658,108,461	658	- 0.04	+ 11.89*
March	653,677,865	740	664,126,490	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			+ 6.53	
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 AUGUST 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			+ 2.72	
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
August 2007	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
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

a/ In thousands.

AUGUST 2008
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$373,443.44
Class I Butterfat	60(a)	7,763,064	\$1.7104	\$13,277,944.67
Class I Skim Per Cwt		335,451,929	\$16.0500	\$53,840,034.65
Class II Butterfat	60(b)	9,353,775	\$1.7483	\$16,353,204.85
Class II Nonfat Solids		8,209,530	\$1.3044	\$10,708,510.96
Class III Butterfat	60(c)	13,948,612	\$1.7413	\$24,288,718.08
Class III Protein		10,866,946	\$3.6497	\$39,661,092.81
Class III Other Solids		21,232,948	\$0.0529	\$1,123,222.95
Class IV Butterfat	60(d)	1,701,077	\$1.7413	\$2,962,085.37
Class IV Nonfat Solids		10,042,601	\$1.2147	\$12,198,747.42
Class II, III & IV Somatic Cell Adj.	60(e)			\$364,771.34
Total Producer Milk-Product Lbs & Value		926,619,042		\$175,151,776.54
Add: Value as for 60(f) Thru 60(j)				\$121,152.33
Less: Total Protein Pounds	61(b)	27,445,509	\$3.6497	\$100,167,874.18
Total Other Solids Pounds		53,198,950	\$0.0529	\$2,814,224.47
Total Butterfat Pounds		32,766,528	\$1.7413	\$57,056,355.23
Total Value of Somatic Cell Adjustment				\$552,368.33
Total Milk and Value		926,619,042		\$14,682,106.66
Add: Location Differential Adjustments	61(c)			\$3,913,485.95
Producer-Settlement Fund	61(d)			\$344,175.29
Total Producer Milk/URSP and Value		926,619,042	\$2.04396	\$18,939,767.90
Less: Producer-Settlement Fund	61(f)		\$0.04396	\$407,387.06
Producer Price Differential (Dallas County)			\$2.00	\$18,532,380.84

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REPORT

SOUTHWEST MARKETING AREA

RICHARD FLEMING, MARKET ADMINISTRATOR

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AUGUST 2008
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	343,214,993	37.04	7,763,064	23.69	335,451,929	37.53
Class II	100,213,677	10.81	9,353,775	28.55	90,859,902	10.16
Class III	370,384,906	39.98	13,948,612	42.57	356,436,294	39.88
Class IV	112,805,466	12.17	1,701,077	5.19	111,104,389	12.43
Total	926,619,042	100.00	32,766,528	100.00	893,852,514	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	10,345,760	37.70	19,946,679	37.49	30,292,436	37.57
Class II	2,801,024	10.21	5,408,502	10.17	8,209,530	10.18
Class III	10,866,946	39.59	21,232,948	39.91	32,099,892	39.80
Class IV	3,431,779	12.50	6,610,821	12.43	10,042,601	12.45
Total	27,445,509	100.00	53,198,950	100.00	80,644,459	100.00