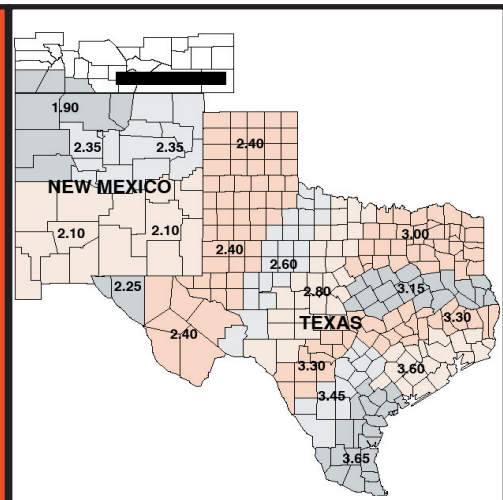


# THE MARKET ADMINISTRATOR'S

# REPORT



## SOUTHWEST MARKETING AREA

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### MARKET SUMMARY FOR JULY

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 \$1.80 for July. Butterfat price decreased \$0.0106 per pound from \$1.2544 in June to the level of \$1.2438 in July. Protein price decreased \$0.0313 per pound from \$1.7283 in June to \$1.6970 in July. July's Other Solids price increased \$0.0226 per pound from \$0.0723 in June to \$0.0949 in July. The Somatic Cell Count adjustment rate factor for July was 0.00057 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a July statistical uniform price of \$11.77 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 \$0.13 in comparison to the statistical uniform price of \$11.64 in June.

The July Class I price increased \$0.18 from \$13.08 in June to the July level of \$13.26. The Class II price for July of \$10.87 per hundredweight increased \$0.08 from \$10.79 in June. July's Class III price remained unchanged at \$9.97 the same as the June price. The Class IV price decreased \$0.07 from \$10.22 in June to \$10.15 in July.

In June 520 producers delivered a total of 948,169,733 pounds of milk. On a daily basis this represents a decrease of 7.57 percent from the producer receipts level in June and it represents a decrease of 8.33 percent when compared to the producer receipts level of July 2008.

Producer milk classified as Class I during July amounted to 35.30 percent of total producer receipts. This figure is up from 32.91 percent in June and it is up from 31.35 percent in July 2008. The average butterfat test of producer milk pooled during July was 3.445 percent, average protein test was 2.932 percent, average other solids test was 5.740 percent and the average somatic cell count was 253,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Jul 09	Jun 09	Jul 09	Jun 09	Jul 09	Jun 09
Appalachian	12.92	12.66	-----	-----	69.81	64.19
Arizona	11.10	10.95	-----	-----	38.47	33.18
Central	10.76	10.70	0.79	0.73	28.32	27.47
Florida	15.08	14.96	-----	-----	88.91	88.74
Mideast	11.07	10.99	1.10	1.02	37.90	36.90
Northeast	11.99	11.93	2.02	1.96	40.80	41.20
Pacific Northwest	10.74	10.70	0.77	0.73	27.39	26.86
Southeast	13.07	12.83	-----	-----	66.92	61.19
<b>Southwest</b>	<b>11.77</b>	<b>11.64</b>	<b>1.80</b>	<b>1.67</b>	<b>35.30</b>	<b>32.91</b>
Upper Midwest	10.30	10.29	0.33	0.32	12.30	12.30

## **AGRICULTURE SECRETARY ANNOUNCES RELIEF FOR DAIRY PRODUCERS**

Agriculture Secretary Vilsack has announced that the Obama Administration is taking immediate action to support struggling dairy farmers by increasing the amount paid for dairy products through the Dairy Product Price Support Program (DPPSP). USDA estimates show that these increases, which will be in place from August 2009 through October 2009, will increase dairy farmers' revenue by \$243 million.

"The Obama Administration is committed to pursuing all options to help dairy producers," said Vilsack. "The price increase announced today will provide immediate relief to dairy farmers around the country and keep many on the farm while they weather one of the worst dairy crises in decades."

The increase announced today will raise the price paid for nonfat dry milk from \$0.80 per pound to \$0.92 per pound, the price paid for cheddar blocks from \$1.13 per pound to \$1.31 per pound, and the price of cheddar barrels from \$1.10 per pound to \$1.28 per pound. This increase in the support price will have an immediate effect upon dairy farmers' bottom line. Temporarily raising the price of these dairy products increases the price that dairy farmers receive for their milk.

USDA estimates that today's announcement is expected to increase the all milk price received by dairy producers. The increase will result in the government purchase of an additional 150 million pounds of non-fat dry milk (NDM) and an additional 75 million pounds of cheese.

Prior to this announcement, USDA had taken several steps to provide support for dairy farmers, including the following:

- In March, USDA transferred approximately 200 million pounds of nonfat dry milk to USDA's Food and Nutrition Service, which will not only remove inventory from the market, but also support low-income families struggling to put nutritious food on their tables.

- USDA expects to spend more than \$1 billion in fiscal year 2009 on purchases of dairy products (Dairy Product Price Support Program) and payments to producers (Milk Income Loss Contract (MILC)).

- On March 22, 2009, USDA reactivated USDA's Dairy Export Incentive Program (DEIP), to help U.S. dairy exporters meet prevailing world prices in addition to encouraging the development of international export markets in areas where U.S. dairy products are not competitive due to subsidized dairy products from other countries.

- Since March 22, USDA has encouraged the export of 20,000 tons of nonfat dry milk.

- From July 2008 through June 30, 2009, DEIP

has announced allocations of 68,201 metric tons of nonfat dry milk; 21,097 metric tons of butterfat; 3,030 metric tons of various cheeses and 34 metric tons of other dairy products.

- USDA is working with the Department of State to identify foreign assistance programs such as U.S. Agency for International Development (USAID) and McGovern-Dole International Food for Education and Child Nutrition Program to make the following available:

- At least 1 million pounds on a competitive basis, for the production of casein;

- About 500,000 pounds for use in the McGovern-Dole International Food for Education and Child Nutrition Program; and

- About 1 million pounds for use by the U.S. Agency for International Development, based on anticipated requests from the State Department.

- USDA is currently reviewing federal dairy policy

## **THIRD CWT HERD RETIREMENT IN NINE MONTHS; SECOND-LARGEST EVER**

Cooperatives Working Together (CWT) has announced that it has tentatively accepted 294 bids in the third herd retirement it has conducted in the last nine months. The 86,710 cows and 1.8 billion pounds of milk accepted in this round, combined with CWT's previous two herd retirements, equal a total production capacity of 4.8 billion pounds of milk being removed since December 2008.

This is the second-largest herd retirement since the farmer-funded self-help program started in 2003. The previous retirement round completed in July removed a record 101,000 cows and 1.96 billion pounds of milk.

"These two summer 2009 herd retirements, combined with the USDA's recent price support increases, should result in very positive movement in dairy farmers' milk prices," said Jerry Kozak, President and CEO of NMPF, which administers CWT.

Farmers in 38 states submitted a total of 312 herd retirement bids last month to CWT. This eighth CWT herd retirement in the past six years was also the first to feature a maximum acceptable bid threshold of \$5.25 per cwt. It was also the quickest herd retirement following a previous round, which is an indication "that there is still an interest on the part of our members to use CWT to remove more cows, even though the program has been very active in 2008 and to date in 2009," noted Kozak.

Kozak said that "CWT stands ready to conduct yet additional herd retirements later this year in order to help address the severe supply-demand imbalance that has depressed farm-level milk prices. We intend to use all the resources at our disposal to help farmers deal with this severe economic crunch that they're confronting," he said.

## TOP TEN TEXAS COUNTIES a/ – JULY 2009

County	Number of Producers	Pounds	% Change From 2008b/	County	Number of Producers	Pounds	% Change From 2008b/
1. Erath	86	96,312,059	- 4.97	7. Hopkins	114	41,435,968	- 2.59
2. Parmer	12	69,318,421	- 4.97	8. Bailey	9	40,112,737	+ 9.47
3. Deaf Smith	14	63,598,872	- 0.75	9. Comanche	19	32,960,181	- 14.65
4. Castro	11	59,337,480	+ 17.42	10. Hale	5	31,892,963	+ 4.23
5. Lamb	10	47,014,797	+ 17.96	Ten County Total	290	525,478,938	+ 1.41 b/
6. Hartley	10	43,495,460	+ 6.02	Other Counties Total	308	190,865,388	+ 1.13
				Texas Total	598	716,344,326	+ 1.33

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-----							
May 2008	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
October	18.53	16.60	17.06	13.62	0.20	185.07	(0.47)	354.90	.00095	169.97	190.65	99.87	19.45
November	20.33	14.45	15.51	12.25	1.38	177.30	(0.99)	313.01	.00088	163.56	175.11	87.01	18.95
December	18.43	11.21	15.28	10.35	(0.53)	129.98	(2.69)	363.90	.00088	124.48	175.44	84.25	17.30
Averages 2008 b/	21.00	16.24	17.44	14.65	0.83	156.68	5.55	388.98	.00095	143.56	189.54	122.56	25.04
January 2009	18.74	10.41	10.78	9.59	2.72	110.84	(3.04)	236.38	.00065	108.68	129.61	83.18	16.96
February	13.72	10.25	9.31	9.45	2.00	109.41	(4.37)	191.39	.00058	107.50	115.18	82.15	15.67
March	12.43	10.36	10.44	9.64	1.01	115.94	(3.39)	219.73	.00063	112.89	126.11	81.66	16.62
April	13.36	10.49	10.78	9.82	1.11	120.49	(0.43)	220.09	.00064	116.65	127.71	81.95	19.49
May	13.97	10.71	9.84	10.14	2.00	126.48	3.36	174.54	.00058	121.59	115.53	83.18	23.17
June	13.08	10.79	9.97	10.22	1.67	125.44	7.23	172.83	.00057	120.73	114.66	84.61	26.93
July	13.26	10.87	9.97	10.15	1.80	124.38	9.49	169.70	.00057	119.86	113.34	84.22	29.12

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

## TOP NEW MEXICO COUNTIES a/ – JULY 2009

County	Number of Producers	Pounds	% Change From 2008b/	County	Number of Producers	Pounds	% Change From 2008b/
1. Chaves	36	163,265,430	- 5.31	7. Eddy	4	15,856,118	- 29.83
2. Curry	27	150,270,024	+ 3.35	8. Valencia	5	14,056,808	+ 1.18
3. Roosevelt	38	133,226,802	- 5.13	9. Bernalillo	4	5,758,652	- 1.96
4. Dona Ana	20	82,608,596	- 7.96				
5. Lea	12	43,559,907	+ 0.91	Nine County Total	154	628,527,104	- 3.88 b/
6. Socorro	8	19,924,767	- 2.07	Other Counties Total	4	20,660,005	+ 32.62
				New Mexico Total	158	649,187,109	- 3.03

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 2007 THROUGH JULY 2009, WITH PRODUCTION PERCENTAGE COMPARISONS**

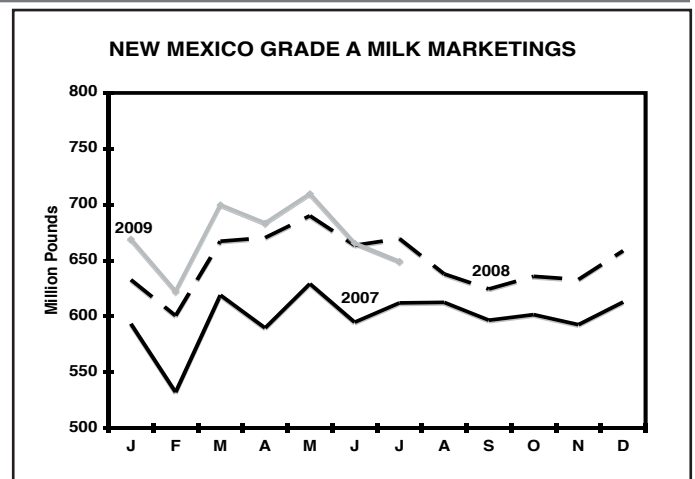
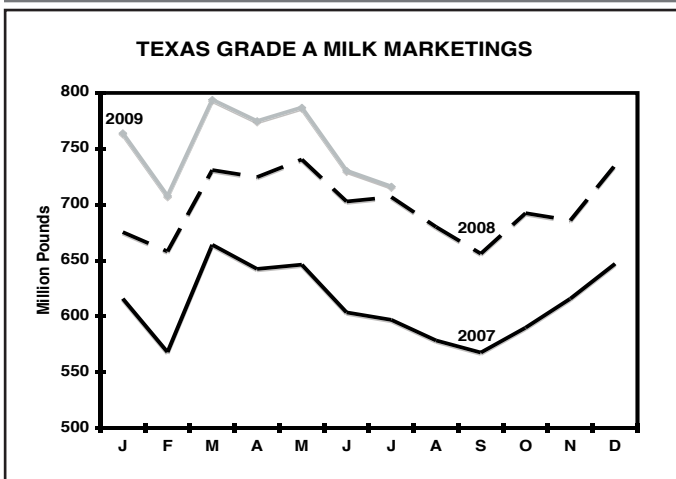
MONTH	2007 POUNDS	Number of Producers	2008 POUNDS	Number of Producers	2009 POUNDS	Number of Producers	PERCENT 2008/07	CHANGE 2009/08
January	615,854,742	697	675,265,283	654	764,064,476	636	+ 9.65	+ 13.15
February	567,905,237	692	658,108,461	658	707,786,943	631	+ 11.89*	+ 11.39*
March	664,126,490	694	730,859,173	659	793,989,726	635	+ 10.05	+ 8.64
April	642,444,396	689	724,651,306	659	774,795,518	631	+ 12.80	+ 6.92
May	646,347,511	676	740,427,008	659	787,077,681	629	+ 14.56	+ 6.30
June	603,528,908	670	702,946,861	656	730,380,337	622	+ 16.47	+ 3.90
July	596,923,443	656	706,911,758	657	716,344,326	598	+ 18.43	+ 1.33
August	578,369,166	656	679,996,118	654			+ 17.57	
September	569,217,018	661	656,032,884	646			+ 15.25	
October	607,239,216	664	692,397,097	648			+ 14.02	
November	615,810,876	660	685,894,611	646			+ 11.38	
December	<u>647,114,088</u>	655	<u>735,262,255</u>	640			<u>+ 13.62</u>	
Years Total	7,354,881,091		8,388,752,815				+ 14.06	

\* Based on average daily deliveries.

**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:  
JANUARY 2007 THROUGH JULY 2009, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2007 POUNDS	Number of Producers	2008 POUNDS	Number of Producers	2009 POUNDS	Number of Producers	PERCENT 2008/07	CHANGE 2009/08
January	593,437,434	171	632,699,151	173	669,161,661	170	+ 6.62	+ 5.76
February	531,955,021	170	600,488,935	169	622,538,938	167	+ 8.99*	+ 7.37*
March	618,854,728	171	667,225,545	170	699,808,110	168	+ 7.82	+ 4.88
April	593,858,997	168	670,437,294	170	683,575,106	164	+ 12.90	+ 1.96
May	629,220,180	166	690,007,674	173	709,872,347	165	+ 9.66	+ 2.88
June	598,890,379	166	663,052,878	172	665,627,017	166	+ 10.79	+ 0.39
July	611,908,294	167	669,450,030	172	649,187,109	158	+ 9.40	- 3.03
August	612,444,830	169	637,877,538	172			+ 4.15	
September	596,639,214	173	624,527,568	172			+ 4.67	
October	614,972,057	172	635,779,456	174			+ 3.38	
November	592,544,809	171	632,916,136	175			+ 6.81	
December	<u>612,751,685</u>	172	<u>658,804,868</u>	173			<u>+ 7.52</u>	
Years Total	7,207,477,628		7,783,267,073				+ 7.99	

\* 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 <sup>a/</sup>	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
July 2008	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
October	3.77	3.62	3.15	3.08	5.72	5.74	8.87	8.82	313	257
November	3.81	3.62	3.18	3.13	5.73	5.74	8.91	8.87	277	226
December	3.83	3.64	3.19	3.12	5.74	5.74	8.93	8.86	268	222
Averages 2008	3.72	3.58	3.10	3.02	5.73	5.73	8.82	8.75	280	231
January 2009	3.81	3.63	3.16	3.11	5.72	5.72	8.87	8.83	252	211
February	3.75	3.58	3.12	3.08	5.73	5.74	8.84	8.82	247	204
March	3.69	3.51	3.09	3.04	5.74	5.78	8.83	8.81	236	192
April	3.67	3.50	3.09	3.03	5.72	5.75	8.81	8.78	238	193
May	3.60	3.42	3.06	2.99	5.74	5.77	8.81	8.76	246	183
June	3.59	3.41	3.03	2.95	5.73	5.76	8.76	8.72	260	191
July	3.58	3.40	3.00	2.91	5.73	5.76	8.73	8.67	297	225

a/ In thousands.

**JULY 2009**  
**COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$392,431.32
Class I Butterfat	60(a)	7,912,973	\$1.2982	\$10,272,621.56
Class I Skim Per Cwt		326,827,613	\$9.0300	\$29,512,533.45
Class II Butterfat	60(b)	7,272,751	\$1.2508	\$9,096,756.98
Class II Nonfat Solids		7,324,338	\$0.7478	\$5,477,139.95
Class III Butterfat	60(c)	14,545,227	\$1.2438	\$18,091,353.36
Class III Protein		12,012,237	\$1.6970	\$20,384,766.20
Class III Other Solids		23,740,090	\$0.0949	\$2,252,934.54
Class IV Butterfat	60(d)	2,934,345	\$1.2438	\$3,649,738.34
Class IV Nonfat Solids		9,742,089	\$0.6677	\$6,504,792.83
Class II, III & IV Somatic Cell Adj.	60(e)			\$379,916.31
Total Producer Milk-Product Lbs & Value		948,169,733		\$106,014,984.84
Add: Value as for 60(f) Thru 60(j)				\$127,652.62
Less: Total Protein Pounds	61(b)	27,809,412	<b>\$1.6970</b>	\$47,192,572.17
Total Other Solids Pounds		54,430,661	<b>\$0.0949</b>	\$5,165,469.74
Total Butterfat Pounds		32,665,296	<b>\$1.2438</b>	\$40,629,095.16
Total Value of Somatic Cell Adjustment				\$523,580.61
<b>Total Milk and Value</b>		948,169,733		\$12,631,919.78
Add: Location Differential Adjustments	61(c)			\$4,332,400.23
Producer-Settlement Fund	61(d)			\$523,174.30
<b>Total Producer Milk/URSP and Value</b>		948,169,733	\$1.84434	\$17,487,494.31
Less: Producer-Settlement Fund	61(f)		\$0.04434	\$420,439.12
<b>Producer Price Differential (Dallas County)</b>			<b>\$1.80</b>	<b>\$17,067,055.19</b>



**THE MARKET ADMINISTRATOR'S  
REPORT**

**SOUTHWEST MARKETING AREA**  
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**JULY 2009  
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	334,740,586	35.30	7,912,973	24.22	326,827,613	35.70
Class II	88,697,302	9.35	7,272,751	22.26	81,424,551	8.89
Class III	413,503,359	43.62	14,545,227	44.54	398,958,132	43.58
Class IV	111,228,486	11.73	2,934,345	8.98	108,294,141	11.83
Total	948,169,733	100.00	32,665,296	100.00	915,504,437	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	10,034,676	36.09	19,386,645	35.61	29,421,318	35.77
Class II	2,475,532	8.90	4,848,806	8.91	7,324,338	8.91
Class III	12,012,237	43.19	23,740,090	43.62	35,752,328	43.47
Class IV	3,286,967	11.82	6,455,120	11.86	9,742,089	11.85
Total	27,809,412	100.00	54,430,661	100.00	82,240,073	100.00