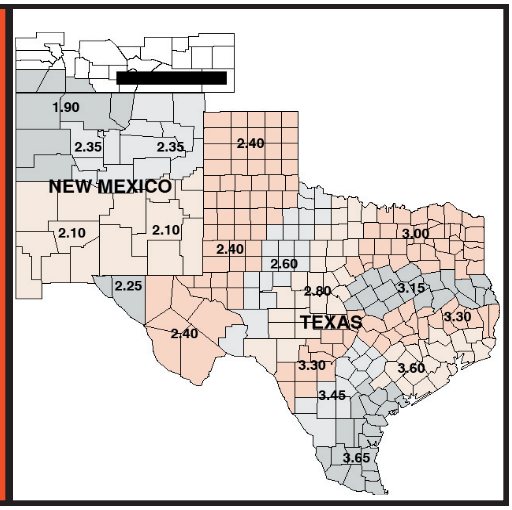
THE MARKET ADMINISTRATOR'S REPORT



SOUTHWEST MARKETING AREA

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MARKET SUMMARY FOR NOVEMBER

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 $0.95 for November. Butterfat price increased $0.1904 per pound from $1.2752 in October to the level of $1.4656 in November. Protein price increased $0.1407 per pound from $2.5584 in October to $2.6991 in November. November's Other Solids price increased $0.0296 per pound from $0.1228 in October to $0.1524 in November. The Somatic Cell Count adjustment rate factor for November was 0.00076 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a November statistical uniform price of $15.03 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 $0.98 in comparison to the statistical uniform price of $14.05 in October.

The November Class I price increased $0.51 from $15.35 in October to the November level of $15.86. The Class II price for November of $13.24 per hundredweight increased $1.31 from $11.93 in October. November's Class III price increased $1.26 from $12.82 in October to $14.08 in November. The Class IV price increased $1.39 from $11.86 in October to $13.25 in November.

In November 475 producers delivered a total of 496,114,977 pounds of milk. On a daily basis this represents a decrease of 41.22 percent from the producer receipts level in October and it represents a decrease of 47.98 percent when compared to the producer receipts level of November 2008.

Producer milk classified as Class I during November amounted to 72.13 percent of total producer receipts. This figure is up from 43.78 percent in October and it is up from 36.22 percent in November 2008. The average butterfat test of producer milk pooled during November was 3.730 percent, average protein test was 3.173 percent, average other solids test was 5.741 percent and the average somatic cell count was 241,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Nov 09	Oct 09	Nov 09	Oct 09	Nov 09	Oct 09
Appalachian	15.89	15.05	-----	-----	71.22	73.52
Arizona	14.38	13.38	-----	-----	38.58	40.26
Central	13.86	12.79	(0.22)	(0.03)	37.26	40.16
Florida	17.80	17.23	-----	-----	84.94	88.40
Mideast	14.11	13.14	0.03	0.32	44.00	46.20
Northeast	15.02	14.06	0.94	1.24	46.30	48.90
Pacific Northwest	13.92	12.86	(0.16)	0.04	29.80	30.89
Southeast	16.28	15.55	-----	-----	70.33	74.01
Southwest	**15.03**	**14.05**	**0.95**	**1.23**	**72.13**	**43.78**
Upper Midwest	14.12	12.94	0.04	0.12	15.00	14.20

DAIRY OUTLOOK

Dairy cow numbers are expected to continue to decline throughout 2010. The U.S. dairy cow herd is expected to average about 2 percent smaller in 2010 than 2009; this contraction comes on the heels of an expected 3- percent herd reduction in 2009 compared with 2008. Year-over-year milk per cow is expected to move toward trend level increases as a result of a gradually improving milk-feed price ratio. Corn prices fell in 2008/09 to average $4.06 a bushel and are expected to moderate further to average $3.25-$3.85 a bushel in 2009/10. Soybean meal prices averaged $331 a ton in 2008/09, but are forecast to decline this year to average $250-$310 a ton. Alfalfa prices are expected to decline in 2009 from 2008 and will likely remain moderate next year. The decline in feed prices combined with higher milk prices will improve the milk-feed profitability ratio, but not to a level that signals expansion. The improving returns outlook show support for rising yields per cow over the course of 2010, raising production per cow to 20,950 next year after increasing to a projected 20,570 in 2009. On balance, however, there will be less milk next year as production is forecast at 187.7 billion pounds, a 0.8-percent slide from the expected 189.1 billion pound production in 2009. Production in 2009 is forecast to decline from 2008 and will be the first decline since 2001.

Rebounding global demand is contributing to the improved price outlook. World demand, especially for butter and powder products, is improving the export outlook on both a fats and skim-solids basis. Total milk equivalent export on a fats basis is forecast to recover to 4.8 billion pounds in 2010 after contracting to 4 billion pounds in 2008; the climb is based mostly on improved butter and butter oil exports. On a skim-solids basis, exports are forecast to reach 25.5 billion pounds next year, a strong rebound from the 2009 projected 22.0 billion pound total. For comparison, skim-solids exports were 26.6 billion pounds in 2008, a year of high milk prices.

Stocks for cheese, butter, and NDM remain above year-earlier levels, according to the latest Cold Storage report. In fact, stocks for cheese have been above both 2007 and 2008 levels all year. Despite high stocks, prices continue to strengthen, especially for butter and NDM. The improved demand outlook and the prospect of less milk next year will tighten stocks over the course of 2010, strengthening prices across the board. On a milk equivalent basis, ending stocks on both a fats and skims basis are projected to fall to their lowest since 2005 on a fats basis and 2004 on a skim-solids basis.

Prices are forecast higher next year for all major dairy products. Forecasts for season average prices call for prices to climb for all dairy products. The cheese price is expected to rise in 2010, but not by as much. Cheese prices are expected to average $1.285 to $1.295 per pound this year and $1.600 to $1.690 per pound in 2010. Butter prices should average $1.200 to $1.230 per pound in 2009, rising to average $1.430 to $1.550 next year. NDM prices are expected to average between 90.5 to 92.5 cents per pound and climb to $1.195 to $1.265 per pound in 2009. Whey prices, which declined sharply in 2008, are expected to average 25.0 to 26.0 cents per pound this year and rise to 34.0 to 37.0 cents in 2010. Rising product prices will have their expected impact on milk prices. Class III milk, which is expected to average $11.20 to $11.30 per cwt in 2009, is forecast to jump to $14.95 to $15.85 per cwt in 2010. Class IV milk prices are forecast to rise from an average $10.75 to $10.95 per cwt in 2009 to $14.20 to $15.20 per cwt in 2010. The all milk price, which is expected to average $12.60 to 12.70 per cwt in 2009, is forecast to climb to $16.05 to 16.95 per cwt in 2010.

SOURCE: “Livestock, Dairy, and Poultry Outlook”, LDP-M-184, November 17, 2009, Economic Research Service, USDA. For more information, contact Roger Hoskin, (202) 694-5148.

NATIONAL FLUID MILK BOARD MEMBERS NAMED

Secretary of Agriculture Thomas J. Vilsack has announced the appointment of two members to the National Fluid Milk Processor Promotion Board.

Newly appointed are Christopher S. Ross, Beverly, Mass. (Region 2) and Michael A. Bell, San Antonio, Texas (Region 8). They will serve terms beginning immediately and expiring June 30, 2011. Both will be seated at the board meeting Jan. 15-17, 2010.

The National Fluid Milk Processor Promotion Board is composed of 15 fluid milk processors from 15 geographic regions and five at-large members. At least three at-large members must be fluid milk processors and at least one must be from the general public. The board was established by the Fluid Milk Promotion Act of 1990 to develop and administer a coordinated program of advertising and promotion to increase the demand for fluid milk products.

The national fluid milk program is financed by a mandatory 20-cent per hundredweight assessment on all fluid milk processed and marketed commercially in consumer-type packages in the contiguous 48 states and the District of Columbia. Processors who commercially process and market 3 million pounds or less per month, excluding those fluid milk products delivered to the residence of a consumer, are exempt from assessments.

TOP TEN TEXAS COUNTIES a/ – NOVEMBER 2009

County	Number of Producers	Pounds	% Change From 2008b/	County	Number of Producers	Pounds	% Change From 2008b/
1. Erath	84	94,995,953	- 4.36	7. Bailey	10	41,408,505	+ 8.41
2. Parmer	11	63,942,184	- 3.40	8. Hopkins	109	37,865,933	- 10.28
3. Deaf Smith	15	62,832,953	+ 7.21	9. Hale	6	33,741,782	+ 22.88
4. Castro	11	62,334,889	+ 15.00	10. Comanche	20	33,723,644	- 12.59
5. Lamb	9	43,409,366	+ 17.77	Ten County Total	285	516,888,949	+ 3.46 b/
6. Hartley	10	42,633,740	+ 12.29	Other Counties Total	306	186,157,936	- 0.08
				Texas Total	591	703,046,885	+ 2.50

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

	Class Prices & P.P.D.					Component Prices				NASS Product Prices			
	I a/	II	III	IV	P.P.D. a/	BF	Other Solids	True Protein	SCC c/ Adj Rate	Grade AA Butter	Cheddar Cheese	NFDM Powder	Dry Whey
Month	Dollars Per Hundred Wt.					Cents Per Pound							
September 2008	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
August	13.04	10.86	11.20	10.38	1.14	124.91	9.62	210.09	.00063	120.30	126.05	86.66	29.25
September	13.93	11.01	12.11	11.15	0.91	122.26	10.18	242.43	.00068	118.11	135.22	96.64	29.79
October	15.35	11.93	12.82	11.86	1.23	127.52	12.28	255.84	.00071	122.45	141.10	102.70	31.83
November	15.86	13.24	14.08	13.25	0.95	146.56	15.24	269.91	.00076	138.17	151.69	111.20	34.71

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

TOP NEW MEXICO COUNTIES a/ – NOVEMBER 2009

County	Number of Producers	Pounds	% Change From 2008b/	County	Number of Producers	Pounds	% Change From 2008b/
1. Chaves	34	154,981,141	- 4.64	7. Eddy	4	16,314,294	- 27.36
2. Curry	27	139,692,158	+ 3.49	8. Valencia	5	13,571,286	- 0.52
3. Roosevelt	38	125,497,988	- 4.75	9. Bernalillo	4	5,008,689	- 3.26
4. Dona Ana	21	82,445,394	- 1.81				
5. Lea	12	45,542,854	+ 4.08	Nine County Total	153	602,147,764	- 2.44 b/
6. Socorro	8	19,093,960	+ 0.72	Other Counties Total	4	18,457,800	+ 17.99
				New Mexico Total	157	620,605,564	- 1.95

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 NOVEMBER 2009, WITH PRODUCTION PERCENTAGE COMPARISONS

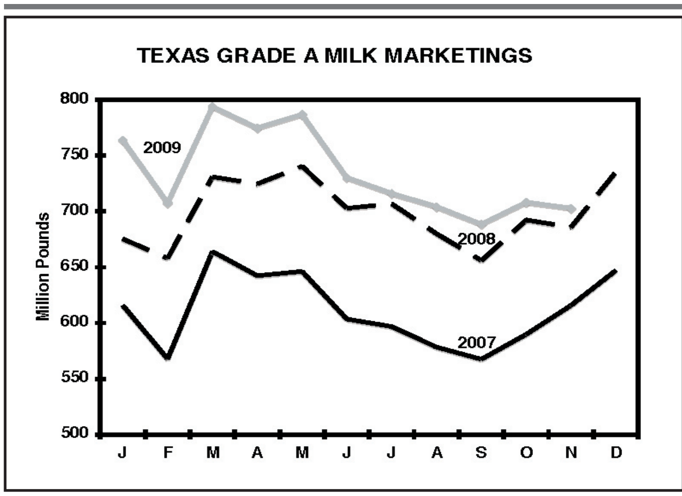
MONTH	2007 POUNDS	Number of Producers	2008 POUNDS	Number of Producers	2009 POUNDS	Number of Producers	PERCENT 2008/07	CHANGE 2009/08
January	615,854,742	697	675,265,283	654	764,064,476	636	+ 9.65	+ 13.15
February	567,905,237	692	658,108,461	658	707,786,943	631	+ 11.89*	+ 11.39*
March	664,126,490	694	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	704,267,950	597	+ 17.57	+ 3.57
September	569,217,018	661	656,032,884	646	688,737,418	593	+ 15.25	+ 4.99
October	607,239,216	664	692,397,097	648	708,312,372	590	+ 14.02	+ 2.30
November	615,810,876	660	685,894,611	646	703,046,885	591	+ 11.38	+ 2.50
December	647,114,088	655	735,262,255	640			+ 13.62	
Years Total	7,354,881,091		8,388,752,815				+ 14.06	

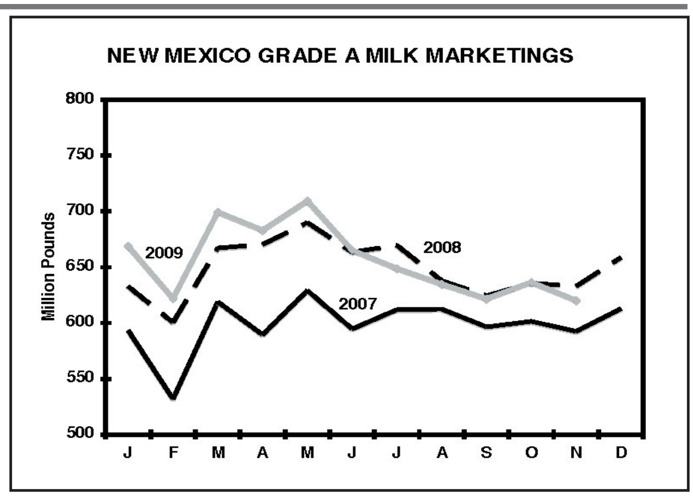
* Based on average daily deliveries.

POUNDS OF GRADE A MILK MARKETED BY PRODUCERS LOCATED IN NEW MEXICO BY MONTHS: JANUARY 2007 THROUGH NOVEMBER 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	635,258,249	157	+ 4.15	- 0.41
September	596,639,214	173	624,527,568	172	622,278,128	158	+ 4.67	- 0.36
October	614,972,057	172	635,779,456	174	636,944,152	157	+ 3.38	+ 0.18
November	592,544,809	171	632,916,136	175	620,605,564	157	+ 6.81	- 1.95
December	612,751,685	172	658,804,868	173			+ 7.52	
Years Total	7,207,477,628		7,783,267,073				+ 7.99	

* Based on average daily deliveries.





TEXAS AND NEW MEXICO MARKET COMPONENT TEST

Month	Butterfat TX	Butterfat NM	Protein TX	Protein NM	Other Solids TX	Other Solids NM	S-N-F TX	S-N-F NM	SCC a/ TX	SCC a/ NM
November 2008	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
August	3.61	3.43	3.03	2.93	5.71	5.74	8.74	8.67	313	240
September	3.66	3.48	3.13	3.04	5.74	5.77	8.87	8.81	298	226
October	3.79	3.60	3.21	3.13	5.76	5.79	8.97	8.92	280	208
November	3.81	3.66	3.21	3.15	5.74	5.76	8.95	8.91	260	194

a/ In thousands.

NOVEMBER 2009
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				$455,443.07
Class I Butterfat	60(a)	7,994,390	$1.3052	$10,434,277.83
Class I Skim Per Cwt		349,842,943	$11.7000	$40,931,624.34
Class II Butterfat	60(b)	7,008,246	$1.4726	$10,320,343.09
Class II Nonfat Solids		6,762,407	$0.9311	$6,296,477.16
Class III Butterfat	60(c)	1,407,153	$1.4656	$2,062,323.45
Class III Protein		708,506	$2.6991	$1,912,328.54
Class III Other Solids		1,290,574	$0.1524	$196,683.48
Class IV Butterfat	60(d)	2,095,717	$1.4656	$3,071,482.84
Class IV Nonfat Solids		3,050,384	$0.9348	$2,851,498.97
Class II, III & IV Somatic Cell Adj.	60(e)			$117,978.24
Total Producer Milk-Product Lbs & Value		496,114,977		$78,650,461.01
Add: Value as for 60(f) Thru 60(j)				$192,164.03
Less: Total Protein Pounds	61(b)	15,742,489	**$2.6991**	$42,490,552.07
Total Other Solids Pounds		28,484,313	**$0.1524**	$4,341,009.32
Total Butterfat Pounds		18,505,506	**$1.4656**	$27,121,669.71
Total Value of Somatic Cell Adjustment				$410,478.73
Total Milk and Value		496,114,977		$4,478,915.31
Add: Location Differential Adjustments	61(c)			$21,496.79
Producer-Settlement Fund	61(d)			$458,910.76
Total Producer Milk/URSP and Value		496,114,977	$0.99963	$4,959,322.86
Less: Producer-Settlement Fund	61(f)		$0.04963	$246,230.58
Producer Price Differential (Dallas County)			**$0.95**	**$4,713,092.28**

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REPORT

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NOVEMBER 2009
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	357,837,333	72.13	7,994,390	43.20	349,842,943	73.25
Class II	80,147,779	16.16	7,008,246	37.87	73,139,533	15.31
Class III	23,025,389	4.63	1,407,153	7.61	21,618,236	4.53
Class IV	35,104,476	7.08	2,095,717	11.32	33,008,759	6.91
Total	496,114,977	100.00	18,505,506	100.00	477,609,471	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	11,551,543	73.38	20,863,390	73.25	32,414,930	73.29
Class II	2,400,945	15.25	4,361,460	15.31	6,762,407	15.29
Class III	708,506	4.50	1,290,574	4.53	1,999,081	4.52
Class IV	1,081,495	6.87	1,968,889	6.91	3,050,384	6.90
Total	15,742,489	100.00	28,484,313	100.00	44,226,802	100.00