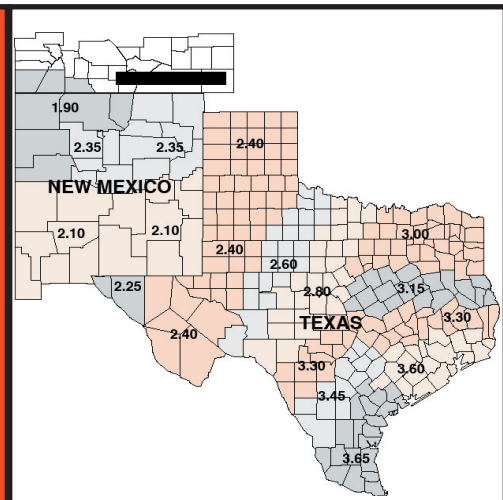


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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MARKET SUMMARY FOR JUNE

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 \$1.67 for June. Butterfat price decreased \$0.0104 per pound from \$1.2648 in May to the level of \$1.2544 in June. Protein price decreased \$0.0171 per pound from \$1.7454 in May to \$1.7283 in June. June's Other Solids price increased \$0.0387 per pound from \$0.0336 in May to \$0.0723 in June. The Somatic Cell Count adjustment rate factor for June 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 June statistical uniform price of \$11.64 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 \$0.20 in comparison to the statistical uniform price of \$11.84 in May.

The June Class I price decreased \$0.89 from \$13.97 in May to the June level of \$13.08. The Class II price for June of \$10.79 per hundredweight increased \$0.08 from \$10.71 in May. June's Class III price increased \$0.13 from \$9.84 in May to \$9.97 in June. The Class IV price increased \$0.08 from \$10.14 in May to \$10.22 in June.

In June 538 producers delivered a total of 992,686,011 pounds of milk. On a daily basis this represents a decrease of 5.42 percent from the producer receipts level in May but it represents an increase of 51.46 percent when compared to the producer receipts level of June 2008.

Producer milk classified as Class I during June amounted to 32.91 percent of total producer receipts. This figure is up slightly from 32.56 percent in May but it is down from 47.61 percent in June 2008. The average butterfat test of producer milk pooled during June was 3.465 percent, average protein test was 2.973 percent, average other solids test was 5.748 percent and the average somatic cell count was 218,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Jun 09	May 09	Jun 09	May 09	Jun 09	May 09
Appalachian	12.66	13.28	-----	-----	64.19	64.70
Arizona	10.95	11.15	-----	-----	33.18	30.68
Central	10.70	10.82	0.73	0.98	27.47	26.78
Florida	14.96	15.65	-----	-----	88.74	85.68
Mideast	10.99	11.27	1.02	1.43	36.90	37.70
Northeast	11.93	12.18	1.96	2.34	41.20	39.90
Pacific Northwest	10.70	10.83	0.73	0.99	26.86	26.18
Southeast	12.83	13.21	-----	-----	61.19	57.18
Southwest	11.64	11.84	1.67	2.00	32.91	32.56
Upper Midwest	10.29	10.30	0.32	0.46	12.30	12.40

DAIRY FARMERS OF AMERICA CLOSES TEXAS PLANT

Dairy Farmers of America, Inc. officials announced June 12, 2009, the co-op will close its Main Street plant in Sulphur Springs, Texas at the end of the month after 50 years of operations. The closing became effective June 30.

Dairy Farmers of America, Inc. (DFA) is the nation's largest milking cooperative and the second largest co-op of any kind in the United States. DFA, based in Kansas City, Mo., is owned by 18,000 dairy farmer members in 48 states.

The cooperative operates about 20 processing plants in the U.S. Two of those plants have been located within 25 miles of each other — the Sulphur Springs plant and the Keller's Creamery plant in Winnsboro, Texas. The plant in Winnsboro, Texas opened in August 1991.

The products being produced in Sulphur Springs — condensed skim milk, condensed whole milk, sweetened condensed milk, cultured buttermilk, and "dairy blend," or powdered milk — will be shifted to Winnsboro and some of the other DFA plants, said Kristi Bell, media relations manager for DFA.

The decision to close the local facility, which opened in the mid 1950s, was based solely on economics, Bell said. "The escalating transportation costs, and the fact that we operate two plants in the same geographic area, make it where it's no longer a financially viable option," Bell said.



The Dairy Farmers of America manufacturing plant in Sulphur Springs, Texas, has undergone much change and expansion since it was built by the North Texas Producers Association in 1956. In 1998, Associated Milk Producers, Inc., Mid-America Dairymen, Inc., Western Dairyman Cooperative, Inc., and Milk Marketing, Inc. merged to create Dairy Farmers of America, Inc.

USDA ANNOUNCES INITIAL 2009-2010 ALLOCATIONS FOR DAIRY EXPORT INCENTIVE PROGRAM

Agriculture Secretary Tom Vilsack has announced initial allocations under USDA's Dairy Export Incentive Program (DEIP) for the period July 1, 2009, through June 30, 2010. The program helps U.S. dairy exporters meet prevailing world prices and encourages the development of international export markets in areas where U.S. dairy products are not competitive due to subsidized dairy products from other countries.

"The United States has taken a measured approach in operating the DEIP that is fully consistent with our WTO commitments," said Vilsack. "It appears, however, that our international markets continue to erode and the European Union has shown no indication that it will refrain from providing dairy export subsidies. We will continue to use this program in a responsible manner in support of U.S. dairy farmers."

Of the 2008-2009 DEIP allocations announced in May 2009, 48,176 metric tons of nonfat dry milk; 19,235 metric tons of butterfat; and 2,878 metric tons of cheeses remain uncommitted. These balances will be made available through the issuance of new Invitations for Offers. Country and region quantities may be limited by the individual invitations. Under U.S. World Trade Organization (WTO) commitments, USDA is allowed to provide bonuses for dairy products on a July through June yearly basis 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. The balances being made available through the new Invitations for Offers will count against the 2009-2010 U.S. WTO commitment levels.

Administered by USDA's Foreign Agricultural Service, the DEIP was reauthorized by the Food, Conservation, and Energy Act of 2008. Under the Uruguay Round Agreement on Agriculture, the United States has established annual export subsidy ceilings by commodity with respect to maximum permitted quantities and maximum budgetary expenditures.

More information about this program, including the announcement of Invitations for Offers, is available at <http://www.fas.usda.gov/excredits/deip/deipnew.asp> or by calling FAS's Credit Programs Division, Office of Trade Programs, at (202) 720-3224 or (202) 720-6211.

TOP TEN TEXAS COUNTIES a/ – JUNE 2009

County	Number of Producers	Pounds	% Change From 2008b/	County	Number of Producers	Pounds	% Change From 2008b/
1. Erath	88	98,225,161	- 2.61	7. Hartey	9	42,415,040	+ 9.33
2. Parmer	12	70,004,770	+ 0.21	8. Comanche	25	37,359,554	- 5.54
3. Deaf Smith	14	62,976,091	+ 3.69	9. Bailey	10	36,400,155	+ 1.82
4. Castro	11	58,628,013	+ 18.14	10. Hale	5	31,136,856	+ 4.85
5. Lamb	10	47,938,135	+ 23.88	Ten County Total	300	529,263,810	+ 4.07 b/
6. Hopkins	116	44,180,035	- 1.75	Other Counties Total	322	201,116,527	+ 3.45
				Texas Total	622	730,380,337	+ 3.90

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-----							
April 2008	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
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

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

TOP NEW MEXICO COUNTIES a/ – JUNE 2009

County	Number of Producers	Pounds	% Change From 2008b/	County	Number of Producers	Pounds	% Change From 2008b/
1. Chaves	38	168,233,441	- 1.39	7. Eddy	5	18,173,110	- 21.04
2. Curry	27	149,763,619	+ 5.98	8. Valencia	5	14,495,948	+ 10.32
3. Roosevelt	43	137,459,397	- 1.14	9. Bernalillo	4	5,614,034	+ 0.28
4. Dona Ana	20	86,797,124	- 6.21				
5. Lea	12	44,252,163	+ 5.13	Nine County Total	162	644,987,096	- 0.31 b/
6. Socorro	8	20,198,260	+ 2.71	Other Counties Total	4	20,639,921	+ 28.72
				New Mexico Total	166	665,627,017	+ 0.39

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 JUNE 2009, WITH PRODUCTION PERCENTAGE COMPARISONS**

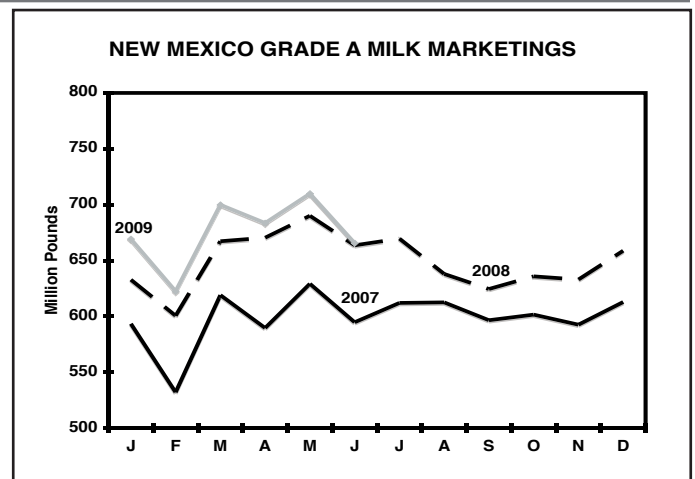
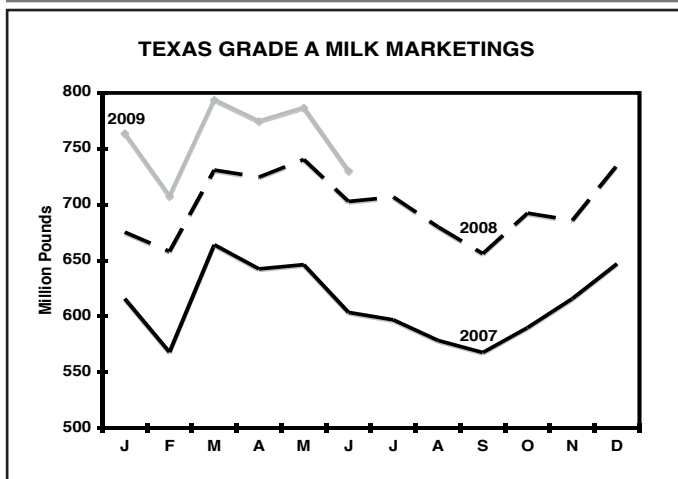
MONTH	2007 POUNDS	Number of Producers	2008 POUNDS	Number of Producers	2009 POUNDS	Number of Producers	PERCENT 2008/07	CHANGE 2009/08
January	615,854,742	697	675,265,283	654	764,064,476	636	+ 9.65	+ 13.15
February	567,905,237	692	658,108,461	658	707,786,943	631	+ 11.89*	+ 11.39*
March	664,126,490	694	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			+ 18.43	
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 JUNE 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			+ 9.40	
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 ^{a/}	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
June 2008	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
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

a/ In thousands.

JUNE 2009
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$378,840.64
Class I Butterfat	60(a)	7,611,845	\$1.2817	\$9,756,101.74
Class I Skim Per Cwt		319,052,268	\$8.9100	\$28,427,557.10
Class II Butterfat	60(b)	7,230,757	\$1.2614	\$9,120,876.90
Class II Nonfat Solids		8,407,889	\$0.7344	\$6,174,753.68
Class III Butterfat	60(c)	14,133,867	\$1.2544	\$17,729,522.78
Class III Protein		11,743,426	\$1.7283	\$20,296,163.17
Class III Other Solids		22,907,559	\$0.0723	\$1,656,216.51
Class IV Butterfat	60(d)	5,424,632	\$1.2544	\$6,804,658.42
Class IV Nonfat Solids		14,645,610	\$0.6715	\$9,834,527.12
Class II, III & IV Somatic Cell Adj.	60(e)			\$540,779.46
Total Producer Milk-Product Lbs & Value		992,686,011		\$110,719,997.52
Add: Value as for 60(f) Thru 60(j)				\$146,440.38
Less: Total Protein Pounds	61(b)	29,515,502	\$1.7283	\$51,011,642.14
Total Other Solids Pounds		57,061,167	\$0.0723	\$4,125,522.38
Total Butterfat Pounds		34,401,101	\$1.2544	\$43,152,741.09
Total Value of Somatic Cell Adjustment				\$749,857.45
Total Milk and Value		992,686,011		\$11,826,674.84
Add: Location Differential Adjustments	61(c)			\$4,726,973.75
Producer-Settlement Fund	61(d)			\$484,478.20
Total Producer Milk/URSP and Value		992,686,011	\$1.71636	\$17,038,126.79
Less: Producer-Settlement Fund	61(f)		\$0.04636	\$460,270.41
Producer Price Differential (Dallas County)			\$1.67	\$16,577,856.38

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REPORT**

SOUTHWEST MARKETING AREA
CARY HUNTER, MARKET ADMINISTRATOR
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**JUNE 2009
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	326,664,113	32.91	7,611,845	22.13	319,052,268	33.29
Class II	100,241,583	10.10	7,230,757	21.02	93,010,826	9.71
Class III	398,526,913	40.14	14,133,867	41.08	384,393,046	40.11
Class IV	167,253,402	16.85	5,424,632	15.77	161,828,770	16.89
Total	992,686,011	100.00	34,401,101	100.00	958,284,910	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	9,905,183	33.55	18,967,004	33.24	28,872,187	33.35
Class II	2,871,156	9.73	5,536,731	9.70	8,407,889	9.71
Class III	11,743,426	39.79	22,907,559	40.15	34,650,983	40.02
Class IV	4,995,737	16.93	9,649,873	16.91	14,645,610	16.92
Total	29,515,502	100.00	57,061,167	100.00	86,576,669	100.00