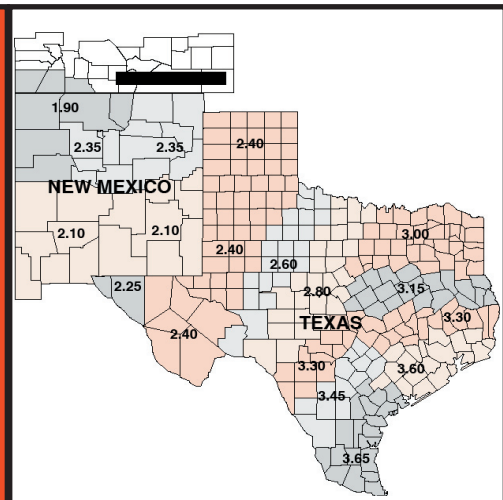


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

CARY HUNTER, MARKET ADMINISTRATOR
 P.O. BOX 110939, CARROLLTON, TEXAS 75011-0939
 (972) 245-6060 FAX (972) 245-3211
 e-mail: sw.order@dallasma.com
 WWW: <http://www.dallasma.com>

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MARKET SUMMARY FOR JANUARY

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 \$1.60 for January. Butterfat price decreased \$0.1028 per pound from \$1.5433 in December to the level of \$1.4405 in January. Protein price decreased \$0.0835 per pound from \$2.8751 in December to \$2.7916 in January. January's Other Solids price increased \$0.0219 per pound from \$0.1727 in December to \$0.1946 in January. The Somatic Cell Count adjustment rate factor for January was 0.00077 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a January statistical uniform price of \$16.10 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 \$0.10 in comparison to the statistical uniform price of \$16.00 in December.

The January Class I price increased \$1.04 from \$16.99 in December to the January level of \$18.03. The Class II price for January of \$15.22 per hundredweight increased \$0.97 from \$14.25 in December. January's Class III price decreased \$0.48 from \$14.98 in December to \$14.50 in January. The Class IV price decreased \$1.16 from \$15.01 in December to \$13.85 in January.

In January 474 producers delivered a total of 880,981,819 pounds of milk. On a daily basis this represents a decrease of 2.21 percent from the producer receipts level in December and it represents a decrease of 19.10 percent when compared to the producer receipts level of January 2009.

Producer milk classified as Class I during January amounted to 42.17 percent of total producer receipts. This figure is up from 41.12 percent in December and it is up from 34.82 percent in January 2009. The average butterfat test of producer milk pooled during January was 3.748 percent, average protein test was 3.122 percent, average other solids test was 5.751 percent and the average somatic cell count was 244,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Jan 10	Dec 09	Jan 10	Dec 09	Jan 10	Dec 09
Appalachian	17.31	16.99	-----	-----	69.85	71.96
Arizona	15.21	15.50	-----	-----	33.38	35.68
Central	14.88	14.96	0.38	(0.02)	31.94	39.28
Florida	19.42	18.99	-----	-----	85.46	87.65
Mideast	15.30	15.12	0.80	0.14	41.30	43.60
Northeast	16.26	16.11	1.76	1.13	43.60	47.30
Pacific Northwest	14.88	15.05	0.38	0.07	28.16	32.44
Southeast	17.60	17.23	-----	-----	68.70	67.08
Southwest	16.10	16.00	1.60	1.02	42.17	41.12
Upper Midwest	14.76	15.06	0.26	0.08	13.00	14.50

CHANGING TEXAS DAIRY STRUCTURE

The Texas dairy scene has changed a lot in structure since 1990. The three tables show what has happened to the composition of the top ten milk producing counties in Texas and the State total for January 1990, 2000, and 2010.

In January 1990, 1,228 Texas dairies produced 285,518,184 pounds of milk or 60.61 percent of the milk in Texas. Average production per dairy for these top ten counties amounted to 232,507 pounds in January 1990. Total Texas milk production for that month was 471,113,104 pounds produced by 2,166 dairies. The average production per dairy for Texas in January 1990 was 217,504 pounds. Five of the top ten counties (Archer, Comanche, Erath, Johnson, and Wise) are located in north central Texas. The other five counties, Cherokee, Franklin, Hopkins, Upshur, and Wood counties are located in east Texas.

By January 2010 only three of the top ten milk producing counties of January 1990 remain... Erath, Hopkins, and Comanche counties. The counties that replaced the other seven in the top ten, Bailey, Castro, Deaf Smith, Hale, Hartley, Lamb, and Parmer, are located in the ever growing milk-producing region of Texas known as the Panhandle. In January 2010, 280 Texas dairies produced 536,701,073 pounds of milk or 72.68 percent of the milk in Texas. While this percentage is 12.07 percent more than the January 1990 figure only 280 dairies instead of 1,228 now produce that amount of milk. That is 77.20 percent fewer producers than in January 1990. Also of note is that the top ten counties in January 2010 produced more milk than the State totals for January 1990 and 2000.

Average production per dairy for these top ten counties was 1,916,790 pounds in January 2010. That is an increase of 724.40 percent more milk per dairy than January's 1990 top ten milk producing counties' average. Total Texas milk production for January 2010 is 738,423,690 pounds produced by 582 dairies. The average production per dairy for Texas in January 2010 was 1,268,769 pounds or 483.33 percent more than in January 1990.

TOP 10 TEXAS MILK PRODUCING COUNTIES - JANUARY 2000

Rank	No. of Dairies	County	Million Pounds
1	147	Erath	137,480,066
2	216	Hopkins	52,298,110
3	47	Comanche	48,145,985
4	59	Archer	24,636,129
5	8	El Paso	23,066,651
6	62	Wood	16,592,913
7	37	Johnson	15,962,242
8	21	Hamilton	14,947,236
9	23	Van Zandt	10,870,193
10	3	Lamb	10,608,426
	623	Subtotal	354,607,951
	1,156	Texas Total	528,032,131

TOP 10 TEXAS MILK PRODUCING COUNTIES - JANUARY 1990

Rank	No. of Dairies	County	Million Pounds
1	191	Erath	81,282,182
2	488	Hopkins	80,403,785
3	82	Johnson	21,553,187
4	60	Comanche	18,599,485
5	94	Wood	16,738,614
6	48	Cherokee	16,452,329
7	64	Archer	14,152,447
8	77	Wise	13,180,009
9	66	Franklin	11,618,974
10	58	Upshur	11,537,172
	1,228	Subtotal	285,518,184
	2,166	Texas Total	471,113,104

TOP 10 TEXAS MILK PRODUCING COUNTIES - JANUARY 2010

Rank	No. of Dairies	County	Million Pounds
1	83	Erath	103,892,154
2	11	Parmer	65,699,367
3	11	Castro	63,345,569
4	13	Deaf Smith	60,457,796
5	10	Hartley	44,930,210
6	9	Lamb	43,047,864
7	108	Hopkins	42,130,737
8	10	Bailey	41,183,162
9	19	Comanche	38,135,715
10	6	Hale	33,878,499
	280	Subtotal	536,701,073
	582	Texas Total	738,423,690

TOP TEN TEXAS COUNTIES a/ – JANUARY 2010

County	Number of Producers	Pounds	% Change From 2008b/	County	Number of Producers	Pounds	% Change From 2009b/
1. Erath	83	103,892,154	- 4.71	7. Hopkins	108	42,130,737	- 15.87
2. Parmer	11	65,699,367	- 5.95	8. Bailey	10	41,183,162	- 2.43
3. Castro	11	63,345,569	+ 8.78	9. Comanche	19	38,135,715	- 16.65
4. Deaf Smith	13	60,457,796	- 5.08	10. Hale	6	33,878,499	+ 13.22
5. Hartley	10	44,930,210	+ 4.97	Ten County Total	280	536,701,073	- 2.65 b/
6. Lamb	9	43,047,864	+ 8.33	Other Counties Total	302	201,722,617	- 5.18
				Texas Total	582	738,423,690	- 3.36

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-----							
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
December	16.99	14.25	14.98	15.01	1.02	154.33	17.27	287.51	.00080	144.59	159.69	128.58	36.68
Averages 2009 b/	14.48	11.26	11.36	10.89	1.46	125.71	6.12	220.87	.00065	120.96	129.66	92.23	25.85
January 2010	18.03	15.22	14.50	13.85	1.60	144.05	19.46	279.16	.00077	136.10	153.74	119.29	38.80

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

TOP NEW MEXICO COUNTIES a/ – JANUARY 2010

County	Number of Producers	Pounds	% Change From 2008b/	County	Number of Producers	Pounds	% Change From 2009b/
1. Chaves	33	160,954,781	- 6.16	7. Eddy	3	16,952,740	- 33.18
2. Curry	27	144,151,132	- 0.14	8. Valencia	5	14,403,069	+ 2.24
3. Roosevelt	38	124,578,525	- 8.31	9. Luna	3	10,208,980	+ 33.94
4. Dona Ana	21	86,763,966	- 3.14	10. Bernalillo	4	5,109,224	- 4.91
5. Lea	13	46,644,913	+ 2.83	Ten County Total	155	628,726,200	- 4.59 b/
6. Socorro	8	18,958,870	- 4.50	Other Counties Total	2	10,729,440	+ 5.35
				New Mexico Total	157	639,455,640	- 4.44

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 2008 THROUGH JANUARY 2010, WITH PRODUCTION PERCENTAGE COMPARISONS**

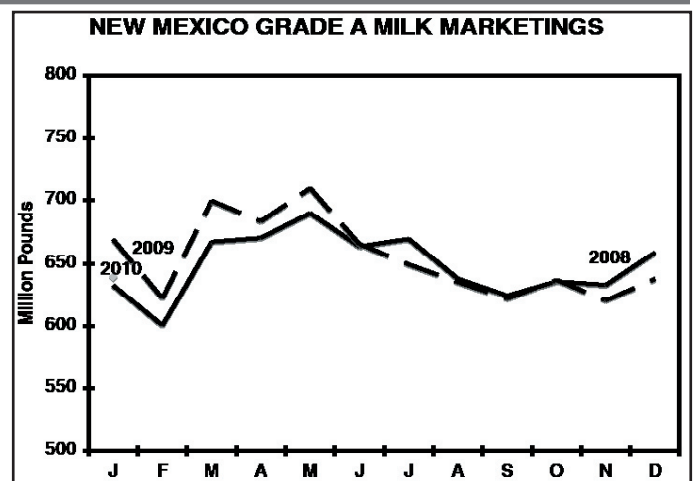
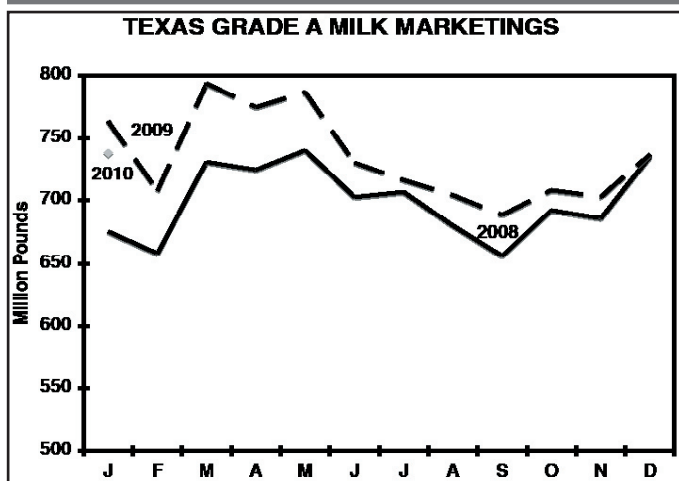
MONTH	2008 POUNDS	Number of Producers	2009 POUNDS	Number of Producers	2010 POUNDS	Number of Producers	PERCENT 2009/08	CHANGE 2010/09
January	675,265,283	654	764,064,476	636	738,423,690	582	+ 13.15	- 3.36
February	658,108,461	658	707,786,943	631			+ 11.39*	
March	730,859,173	659	793,989,726	635			+ 8.64	
April	724,651,306	659	774,795,518	631			+ 6.92	
May	740,427,008	659	787,077,681	629			+ 6.30	
June	702,946,861	656	730,380,337	622			+ 3.90	
July	706,911,758	657	716,344,326	598			+ 1.33	
August	679,996,118	654	704,267,950	597			+ 3.57	
September	656,032,884	646	688,737,418	593			+ 4.99	
October	692,397,097	648	708,312,372	590			+ 2.30	
November	685,894,611	646	703,046,885	591			+ 2.50	
December	<u>735,262,255</u>	640	<u>737,072,970</u>	581			<u>+ 0.25</u>	
Years Total	8,388,752,815		8,815,876,602				+ 5.09	

* Based on average daily deliveries.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2008 THROUGH JANUARY 2010, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2008 POUNDS	Number of Producers	2009 POUNDS	Number of Producers	2010 POUNDS	Number of Producers	PERCENT 2009/08	CHANGE 2010/09
January	632,699,151	173	669,161,661	170	639,455,640	157	+ 5.76	- 4.44
February	600,488,935	169	622,538,938	167			+ 7.37*	
March	667,225,545	170	699,808,110	168			+ 4.88	
April	670,437,294	170	683,575,106	164			+ 1.96	
May	690,007,674	173	709,872,347	165			+ 2.88	
June	663,052,878	172	665,627,017	166			+ 0.39	
July	669,450,030	172	649,187,109	158			- 3.03	
August	637,877,538	172	635,258,249	157			- 0.41	
September	624,527,568	172	622,278,128	158			- 0.36	
October	635,779,456	174	636,944,152	157			+ 0.18	
November	632,916,136	175	620,605,564	157			- 1.95	
December	<u>658,804,868</u>	173	<u>641,902,168</u>	156			<u>- 2.57</u>	
Years Total	7,783,267,073		7,856,758,549**				+ 0.94	

* Based on average daily deliveries. ** Revised



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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
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
December	3.86	3.71	3.22	3.15	5.74	5.76	8.96	8.91	256	213
Averages 2009	3.70	3.53	3.11	3.04	5.73	5.76	8.85	8.80	265	207
January 2010	3.86	3.69	3.17	3.10	5.74	5.76	8.92	8.87	276	227

a/ In thousands.

JANUARY 2010
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$500,009.32
Class I Butterfat	60(a)	7,869,165	\$1.6174	\$12,727,587.47
Class I Skim Per Cwt		363,597,041	\$12.8200	\$46,613,140.68
Class II Butterfat	60(b)	6,527,005	\$1.4475	\$9,447,839.75
Class II Nonfat Solids		6,822,063	\$1.1689	\$7,974,309.42
Class III Butterfat	60(c)	14,148,476	\$1.4405	\$20,380,879.71
Class III Protein		11,285,010	\$2.7916	\$31,503,233.92
Class III Other Solids		20,956,480	\$0.1946	\$4,078,131.02
Class IV Butterfat	60(d)	4,474,550	\$1.4405	\$6,445,589.29
Class IV Nonfat Solids		5,522,938	\$1.0148	\$5,604,677.49
Class II, III & IV Somatic Cell Adj.	60(e)			\$457,912.03
Total Producer Milk-Product Lbs & Value		880,981,819		\$145,733,310.10
Add: Value as for 60(f) Thru 60(j)				\$61,008.13
Less: Total Protein Pounds	61(b)	27,510,992	\$2.7916	\$76,799,685.24
Total Other Solids Pounds		50,673,881	\$0.1946	\$9,861,137.26
Total Butterfat Pounds		33,019,196	\$1.4405	\$47,564,151.87
Total Value of Somatic Cell Adjustment				\$716,450.22
Total Milk and Value		880,981,819		\$10,852,893.64
Add: Location Differential Adjustments	61(c)			\$3,357,072.68
Producer-Settlement Fund	61(d)			\$248,261.20
Total Producer Milk/URSP and Value		880,981,819	\$1.64114	\$14,458,227.52
Less: Producer-Settlement Fund	61(f)		\$0.04114	\$362,518.42
Producer Price Differential (Dallas County)			\$1.60	\$14,095,709.10

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SOUTHWEST MARKETING AREA
CARY HUNTER, MARKET ADMINISTRATOR
P.O. BOX 110939, CARROLLTON, TEXAS 75011-0939

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**JANUARY 2010
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	371,466,206	42.17	7,869,165	23.83	363,597,041	42.88
Class II	80,415,337	9.13	6,527,005	19.77	73,888,332	8.71
Class III	364,733,113	41.39	14,148,476	42.85	350,584,637	41.35
Class IV	64,367,163	7.31	4,474,550	13.55	59,892,613	7.06
Total	880,981,819	100.00	33,019,196	100.00	847,962,623	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	11,876,762	43.18	21,721,625	42.86	33,598,383	42.97
Class II	2,405,600	8.74	4,416,461	8.72	6,822,063	8.73
Class III	11,285,010	41.02	20,956,480	41.36	32,241,489	41.24
Class IV	1,943,620	7.06	3,579,315	7.06	5,522,938	7.06
Total	27,510,992	100.00	50,673,881	100.00	78,184,873	100.00