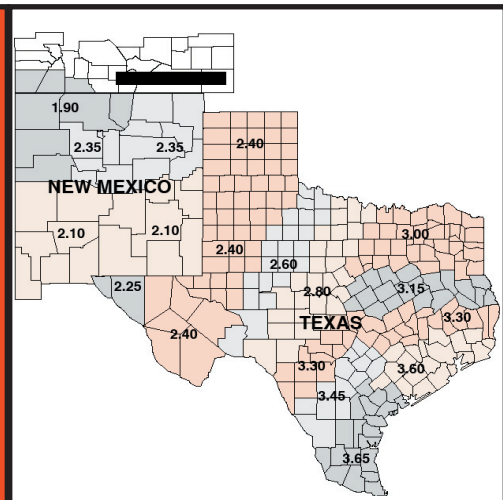


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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VOLUME XXXVI, NO. 1

JANUARY 2010

MARKET SUMMARY FOR DECEMBER

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 \$1.02 for December. Butterfat price increased \$0.0777 per pound from \$1.4656 in November to the level of \$1.5433 in December. Protein price increased \$0.1760 per pound from \$2.6991 in November to \$2.8751 in December. December's Other Solids price increased \$0.0203 per pound from \$0.1524 in November to \$0.1727 in December. The Somatic Cell Count adjustment rate factor for December was 0.00080 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a December statistical uniform price of \$16.00 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 \$0.97 in comparison to the statistical uniform price of \$15.03 in November.

The December Class I price increased \$1.13 from \$15.86 in November to the December level of \$16.99. The Class II price for December of \$14.25 per hundredweight increased \$1.01 from \$13.24 in November. December's Class III price increased \$0.90 from \$14.08 in November to \$14.98 in December. The Class IV price increased \$1.76 from \$13.25 in November to \$15.01 in December.

In December 474 producers delivered a total of 900,856,058 pounds of milk. On a daily basis this represents an increase of 75.72 percent from the producer receipts level in November and it represents an increase of 49.16 percent when compared to the producer receipts level of December 2008.

Producer milk classified as Class I during December amounted to 41.12 percent of total producer receipts. This figure is down from 72.13 percent in November and it is down from 60.77 percent in December 2008. The average butterfat test of producer milk pooled during December was 3.748 percent, average protein test was 3.165 percent, average other solids test was 5.747 percent and the average somatic cell count was 227,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Dec 09	Nov 09	Dec 09	Nov 09	Dec 09	Nov 09
Appalachian	16.99	15.89	-----	-----	71.96	71.22
Arizona	15.50	14.38	-----	-----	35.68	38.58
Central	14.96	13.86	(0.02)	(0.22)	39.28	37.26
Florida	18.99	17.80	-----	-----	87.65	84.94
Mideast	15.12	14.11	0.14	0.03	43.60	44.00
Northeast	16.11	15.02	1.13	0.94	47.30	46.30
Pacific Northwest	15.05	13.92	0.07	(0.16)	32.44	29.80
Southeast	17.23	16.28	-----	-----	67.08	70.33
Southwest	16.00	15.03	1.02	0.95	41.12	72.13
Upper Midwest	15.06	14.12	0.08	0.04	14.50	15.00

SECRETARY VILSACK ANNOUNCES MEMBERS OF THE DAIRY INDUSTRY ADVISORY COMMITTEE

Agriculture Secretary Tom Vilsack has announced the appointment of 17 members to a federal Dairy Industry Advisory Committee. Over the next two years, the committee will review the issues of farm milk price volatility, dairy farmer profitability and consolidation, and offer suggestions on ways USDA can best address the needs of a struggling dairy industry. Representatives will include: producers and producer organizations, processors and processor organizations, handlers, consumers, academia, retailers, and state agencies involved in organic and non-organic dairy at the local, regional, national, and international levels.

“USDA has worked tirelessly to assist dairy farmers during these tough times,” said Vilsack. “We’ve increased support prices under the Dairy Product Price Support Program, reactivated the Dairy Export Incentive Program, and bought 200 million pounds of nonfat dry milk for federal feeding programs. This committee, whose members come from all aspects

of the dairy industry, will work to find long term solutions to assist this struggling industry.”

Producer members appointed to the committee are: Erick Coolidge (Pa.), Timothy den Dulk (Mich.), Debora Erb (N.H.), James Goodman (Wis.), James Krahn, (Ore.), Edward Maltby (Mass.), Manuel Souza (Calif.), Ed Welch (Minn.), and James Williams (Ga.).

Representatives from the processing industry include: Jay Bryant (Va.), Patricia Stroup (Calif.), Sue Taylor (Colo.), and Robert Wills. (Wis.).

Members representing state government, retail, academia, and consumers are: Rodney Nilsestuen (Wis.), Robert Schupper (Pa.), Andrew Novakovic (N.Y.), and Paul Bourbeau (Vt.).

All members will serve two-year terms, beginning in January 2010, and expiring Jan. 1, 2012. The committee was expanded this year from 15 members to 17 and will hold its first meeting in early 2010. The meeting will be open to the public and USDA encourages public participation. For additional information check the Dairy Industry Advisory Committee website, <http://www.ams.usda.gov/AMSV1.0/DairyAdvisoryCommittee>.

2009 ANNUAL PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES*

2009 Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	4,294,166,430	39.73	95,509,826	24.70	4,198,656,604	40.29
Class II	1,123,184,862	10.39	90,117,897	23.31	1,033,066,965	9.91
Class III	4,007,875,336	37.08	144,931,324	37.48	3,862,944,012	37.06
Class IV	1,383,562,893	12.80	56,101,674	14.51	1,327,461,219	12.74
Total	10,808,789,521	100.00	386,660,721	100.00	10,422,128,800	100.00

2009 Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	134,163,970	40.55	250,031,610	40.27	384,195,582	40.37
Class II	32,836,287	9.92	61,547,552	9.91	94,383,835	9.92
Class III	121,585,057	36.75	230,175,270	37.08	351,760,326	36.96
Class IV	42,285,517	12.78	79,081,188	12.74	121,366,708	12.75
Total	330,870,831	100.00	620,835,620	100.00	951,706,451	100.00

* Percentages may not add down due to rounding.

TOP TEN TEXAS COUNTIES a/ – DECEMBER 2009

County	Number of Producers	Pounds	% Change From 2008b/	County	Number of Producers	Pounds	% Change From 2008b/
1. Erath	82	100,710,645	- 4.49	7. Bailey	10	42,741,296	+ 3.34
2. Parmer	11	68,146,672	- 2.00	8. Hopkins	108	39,984,775	- 14.13
3. Castro	11	65,477,754	+ 14.01	9. Comanche	19	36,819,870	- 13.50
4. Deaf Smith	14	63,081,986	+ 3.89	10. Hale	6	34,336,355	+ 17.20
5. Hartley	10	44,613,900	+ 9.35	Ten County Total	280	540,491,069	+ 1.50 b/
6. Lamb	9	44,577,816	+ 14.95	Other Counties Total	301	196,581,901	- 3.05
				Texas Total	581	737,072,970	+ 0.25

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-----							
November 2008	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
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

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

TOP NEW MEXICO COUNTIES a/ – DECEMBER 2009

County	Number of Producers	Pounds	% Change From 2008b/	County	Number of Producers	Pounds	% Change From 2008b/
1. Chaves	33	159,223,002	- 7.34	7. Eddy	4	16,706,509	- 33.00
2. Curry	27	144,633,513	+ 4.80	8. Valencia	5	14,244,604	+ 2.17
3. Roosevelt	38	126,394,384	- 3.85	9. Bernalillo	4	4,950,600	- 6.86
4. Dona Ana	21	85,954,439	- 6.41				
5. Lea	12	47,537,518	+ 5.83	Nine County Total	152	618,938,159	- 3.56 b/
6. Socorro	8	19,293,590	- 1.20	Other Counties Total	4	18,719,380	+ 9.95
				New Mexico Total	156	637,657,539	- 3.21

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 DECEMBER 2009, WITH PRODUCTION PERCENTAGE COMPARISONS**

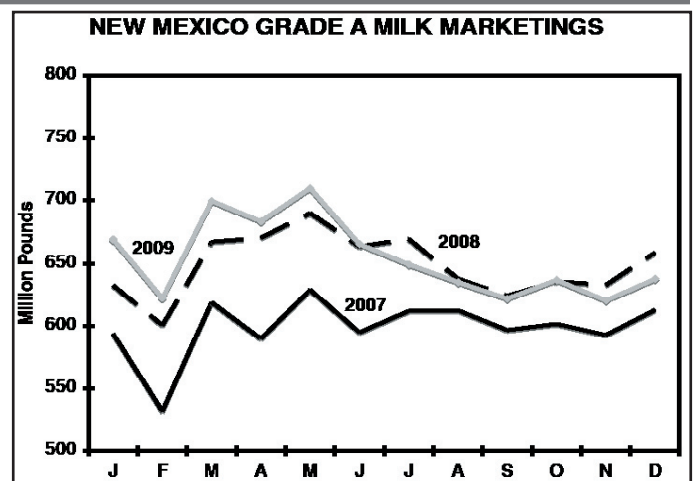
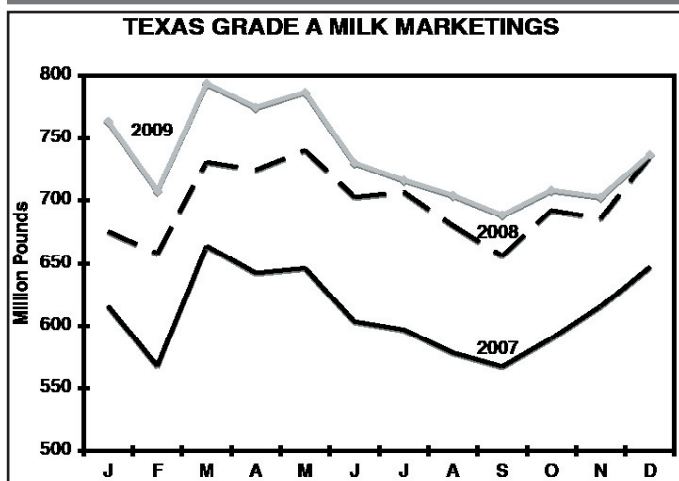
MONTH	2007 POUNDS	Number of Producers	2008 POUNDS	Number of Producers	2009 POUNDS	Number of Producers	PERCENT 2008/07	CHANGE 2009/08
January	615,854,742	697	675,265,283	654	764,064,476	636	+ 9.65	+ 13.15
February	567,905,237	692	658,108,461	658	707,786,943	631	+ 11.89*	+ 11.39*
March	664,126,490	694	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	<u>647,114,088</u>	655	<u>735,262,255</u>	640	<u>737,072,970</u>	581	<u>+ 13.62</u>	<u>+ 0.25</u>
Years Total	7,354,881,091		8,388,752,815		8,815,876,602		+ 14.06	+ 5.09

* Based on average daily deliveries.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2007 THROUGH DECEMBER 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	<u>612,751,685</u>	172	<u>658,804,868</u>	173	<u>637,657,539</u>	156	<u>+ 7.52</u>	<u>- 3.21</u>
Years Total	7,207,477,628		7,783,267,073		7,852,513,920		+ 7.99	+ 0.89

* 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
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
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

a/ In thousands.

DECEMBER 2009
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$452,137.29
Class I Butterfat	60(a)	8,493,963	\$1.4610	\$12,409,679.93
Class I Skim Per Cwt		361,972,523	\$12.3100	\$44,558,817.59
Class II Butterfat	60(b)	6,818,485	\$1.5503	\$10,570,697.33
Class II Nonfat Solids		5,932,541	\$1.0156	\$6,025,088.65
Class III Butterfat	60(c)	14,581,988	\$1.5433	\$22,504,382.08
Class III Protein		12,249,346	\$2.8751	\$35,218,094.68
Class III Other Solids		22,433,473	\$0.1727	\$3,874,260.80
Class IV Butterfat	60(d)	3,872,546	\$1.5433	\$5,976,500.24
Class IV Nonfat Solids		6,060,458	\$1.1068	\$6,707,714.92
Class II, III & IV Somatic Cell Adj.	60(e)			\$574,037.81
Total Producer Milk-Product Lbs & Value		900,856,058		\$148,871,411.32
Add: Value as for 60(f) Thru 60(j)				\$296,653.04
Less: Total Protein Pounds	61(b)	28,514,050	\$2.8751	\$81,980,745.14
Total Other Solids Pounds		51,778,591	\$0.1727	\$8,942,162.69
Total Butterfat Pounds		33,766,982	\$1.5433	\$52,112,583.35
Total Value of Somatic Cell Adjustment				\$886,028.18
Total Milk and Value		900,856,058		\$5,246,545.00
Add: Location Differential Adjustments	61(c)			\$3,701,585.44
Producer-Settlement Fund	61(d)			\$670,758.15
Total Producer Milk/URSP and Value		900,856,058	\$1.06775	\$9,618,888.59
Less: Producer-Settlement Fund	61(f)		\$0.04775	\$430,156.80
Producer Price Differential (Dallas County)			\$1.02	\$9,188,731.79

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REPORT**

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

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**DECEMBER 2009
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	370,466,486	41.12	8,493,963	25.15	361,972,523	41.75
Class II	70,847,189	7.86	6,818,485	20.19	64,028,704	7.38
Class III	390,154,685	43.32	14,581,988	43.19	375,572,697	43.31
Class IV	69,387,698	7.70	3,872,546	11.47	65,515,152	7.56
Total	900,856,058	100.00	33,766,982	100.00	867,089,076	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	12,012,446	42.13	21,604,376	41.72	33,616,822	41.86
Class II	2,107,504	7.39	3,825,040	7.39	5,932,541	7.39
Class III	12,249,346	42.96	22,433,473	43.33	34,682,820	43.20
Class IV	2,144,754	7.52	3,915,702	7.56	6,060,458	7.55
Total	28,514,050	100.00	51,778,591	100.00	80,292,641	100.00