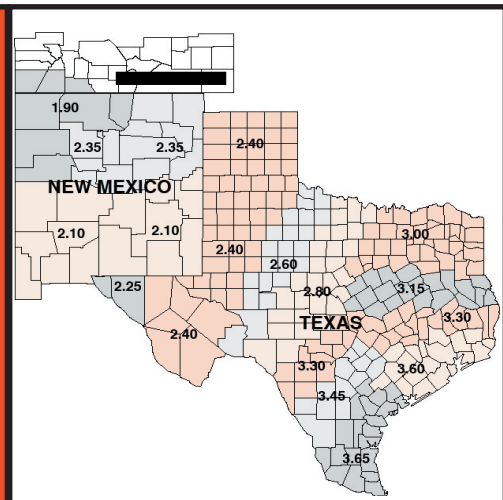


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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MARKET SUMMARY FOR SEPTEMBER

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 \$1.69 for September. Butterfat price increased \$0.3708 per pound from \$2.0336 in August to the level of \$2.4044 in September. Protein price decreased \$0.0731 per pound from \$2.3788 in August to \$2.3057 in September. September's Other Solids price increased \$0.0026 per pound from \$0.1647 in August to \$0.1673 in September. The Somatic Cell Count adjustment rate factor for September was 0.00085 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a September statistical uniform price of \$17.95 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 \$0.58 in comparison to the statistical uniform price of \$17.37 in August.

The September Class I price decreased \$0.27 from \$18.77 in August to the September level of \$18.50. The Class II price for September of \$17.60 per hundredweight increased \$0.62 from \$16.98 in August. September's Class III price increased \$1.08 from \$15.18 in August to \$16.26 in September. The Class IV price increased \$1.15 from \$15.61 in August to \$16.76 in September.

In September 539 producers delivered a total of 865,284,751 pounds of milk. On a daily basis this represents an increase of 3.05 percent from the producer receipts level in August and it represents an increase of 2.47 percent when compared to the producer receipts level of September 2009.

Producer milk classified as Class I during September amounted to 43.38 percent of total producer receipts. This figure is up from 42.17 percent in August and is up from 43.09 percent in September 2009. The average butterfat test of producer milk pooled during September was 3.527 percent, average protein test was 3.019 percent, average other solids test was 5.748 percent and the average somatic cell count was 251,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Sep 10	Aug 10	Sep 10	Aug 10	Sep 10	Aug 10
Appalachian - FO 5	19.16	18.67	-----	-----	72.77	70.72
Arizona - FO 131	17.33	16.60	-----	-----	37.01	36.35
Central - FO 32	17.01	16.40	0.75	1.22	33.61	32.66
Florida - FO 6	21.04	20.74	-----	-----	87.86	86.56
Mideast - FO 33	17.26	16.76	1.00	1.58	43.50	41.60
Northeast - FO 1	18.33	17.74	2.07	2.56	45.30	40.70
Pacific Northwest - FO 124	16.94	16.16	0.68	0.98	28.91	26.13
Southeast - FO 7	19.38	19.02	-----	-----	74.01	73.49
Southwest - FO 126	17.95	17.37	1.69	2.19	43.38	42.17
Upper Midwest - FO 30	16.60	15.65	0.34	0.47	13.90	12.70

AUGUST 2010 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 101.6 million pounds in August, 0.6 percent above August 2009 but 8.4 below July 2010. AMERICAN TYPE CHEESE production totaled 354.5 million pounds, 2.1 percent above August 2009 but 3.8 percent below July 2010. TOTAL CHEESE output (excluding cottage cheese) was 880.6 million pounds, 3.5 percent above August 2009 but 0.1 percent below July 2010. NONFAT DRY MILK production, for human food, totaled 120.0 million pounds, 12.1 percent above August 2009 but 9.0 percent below July 2010. DRY WHEY production, for human food, was 76.6 million pounds, 1.0 percent below August 2009 and 8.1 percent below July 2010. ICE CREAM (hard) production totaled 76.5 million gallons, 3.5 percent below August 2009 and 2.8 percent below July 2010.

OVERVIEW OF THE UNITED STATES DAIRY INDUSTRY REPORT

USDA's National Agricultural Statistics Service (NASS) released its Overview of the United States Dairy Industry on September 22, 2010. This report discusses trends in the number of milk cow opera-

tions, percent of inventory, and percent of production by size group, focusing on the changes since 2001. Changes in milk cow inventory, milk production, and milk per cow is also be discussed, as well as milk prices and the milk-feed ratio. The report is an update of the U.S. Dairy Herd Structure report issued in 2002. The report can be accessed at <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1831>

SEPTEMBER AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in September 2010 advanced 1 point to 183. Compared with August 2009, the index was up 7 points (4.0 percent). The index of prices received by farmers for dairy products advanced 4 points during the month of September 2010 to 132. Compared with August 2009, the index was up 32 points (32.0 percent).

Prices received by farmers in September with changes from August were: for All Milk, \$17.20 per hundredweight (cwt.), up \$.50; for Fluid Grade Milk, \$17.20 per cwt., up \$.50; and for Manufacturing Grade Milk, \$16.20 per cwt., up \$1.10.

Texas Agricultural Cash Receipts by Commodity, 2009

Rank	Commodity	Receipts ^{1/}	Percent of total
		\$1,000	
1	Cattle and Calves	6,938,721	41.9
2	Broilers	1,650,227	10.0
3	Greenhouse and Nursery	1,284,269	7.7
4	Cotton	1,188,629	7.2
5	Milk (wholesale)	1,172,129	7.1
6	Corn	1,002,127	6.0
7	Sorghum Grain	376,553	2.3
8	Eggs	347,480	2.1
9	Wheat	324,534	2.0
10	Hay	262,925	1.6
11	Rice	163,798	1.0
12	Peanuts	129,658	0.8
13	Hogs	129,461	0.8
14	Potatoes	96,529	0.6
15	Pecans	89,250	0.5
	All Others	1,417,003	8.5
	TOTAL	16,573,054	

^{1/} Excludes government payments.

New Mexico Agricultural Cash Receipts by Commodity, 2009

Rank	Commodity	Receipts ^{1/}	Percent of total
		\$1,000	
1	Cattle and Calves	1,007,546	37.3
2	Milk (wholesale)	950,213	35.2
3	Hay	174,706	6.5
4	Pecans	119,680	4.4
5	Corn	102,247	3.8
6	Greenhouse Nursery	62,050	2.3
7	Onions	53,900	2.0
8	Chile	49,412	1.8
9	Cotton	21,627	0.8
10	Wheat	17,932	0.7
11	Sorghum	14,667	0.5
12	Potatoes	13,849	0.5
13	Poultry and Eggs	12,160	0.5
14	Dry Beans	11,755	0.4
15	Peanuts	7,118	0.3
	All Others	79,530	2.9
	TOTAL	2,698,392	

^{1/} Excludes government payments.

TOP TEN TEXAS COUNTIES a/ – SEPTEMBER 2010

<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2009b/</u>	<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2009b/</u>
1. Erath	80	84,185,306	- 10.15	7. Bailey	10	42,836,133	+ 1.86
2. Castro	12	71,804,562	+ 20.29	8. Hale	6	34,841,010	+ 11.33
3. Parmer	13	68,450,173	- 0.62	9. Hopkins	97	32,902,021	- 9.82
4. Deaf Smith	13	61,115,726	- 0.72	10. Comanche	19	32,103,725	+ 2.66
5. Hartley	11	48,989,810	+ 14.37	Ten County Total	271	521,725,867	+ 2.17 b/
6. Lamb	10	44,497,401	+ 3.75	<u>Other Counties Total</u>	<u>287</u>	<u>179,340,473</u>	<u>+ 0.71</u>
				Texas Total	558	701,066,340	+ 1.79

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.

TEXAS AND NEW MEXICO MARKET COMPONENT TEST

<u>Month</u>	<u>Butterfat</u>		<u>Protein</u>		<u>Other Solids</u>		<u>S-N-F</u>		<u>SCC a/</u>	
	<u>TX</u>	<u>NM</u>	<u>TX</u>	<u>NM</u>	<u>TX</u>	<u>NM</u>	<u>TX</u>	<u>NM</u>	<u>TX</u>	<u>NM</u>
July 2009	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
February	3.88	3.69	3.19	3.11	5.73	5.75	8.92	8.86	336	278
March	3.75	3.56	3.16	3.08	5.75	5.76	8.91	8.85	299	230
April	3.64	3.47	3.11	3.03	5.76	5.77	8.87	8.80	276	208
May	3.61	3.42	3.09	3.00	5.75	5.77	8.84	8.77	274	193
June	3.56	3.37	3.01	2.92	5.75	5.77	8.76	8.69	287	206
July	3.56	3.37	3.04	2.93	5.75	5.77	8.79	8.70	323	243
August	3.59	3.40	3.03	2.92	5.74	5.75	8.77	8.67	326	260
September	3.67	3.48	3.10	2.99	5.74	5.76	8.85	8.75	297	229

a/ In thousands.

TOP NEW MEXICO COUNTIES a/ – SEPTEMBER 2010

<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2009b/</u>	<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2009b/</u>
1. Chaves	34	159,643,463	+ 3.25	7. Eddy	3	15,713,080	- 3.26
2. Curry	26	133,609,545	- 5.27	8. Valencia	5	15,455,892	+ 8.71
3. Roosevelt	37	128,264,679	+ 2.01	9. Luna	3	14,883,776	+ 72.96
4. Dona Ana	21	84,754,712	+ 4.75	10. Bernalillo	4	5,366,302	- 2.37
5. Lea	13	46,315,326	+ 5.83	Ten County Total	154	624,188,548	+ 2.28 b/
6. Socorro	8	20,181,773	+ 2.79	<u>Other Counties Total</u>	<u>2</u>	<u>11,014,920</u>	<u>- 8.27</u>
				New Mexico Total	156	635,203,468	+ 2.08

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 SEPTEMBER 2010, WITH PRODUCTION PERCENTAGE COMPARISONS**

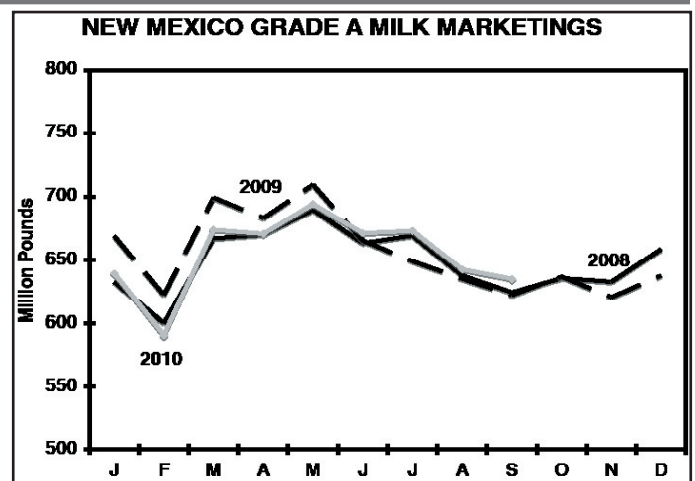
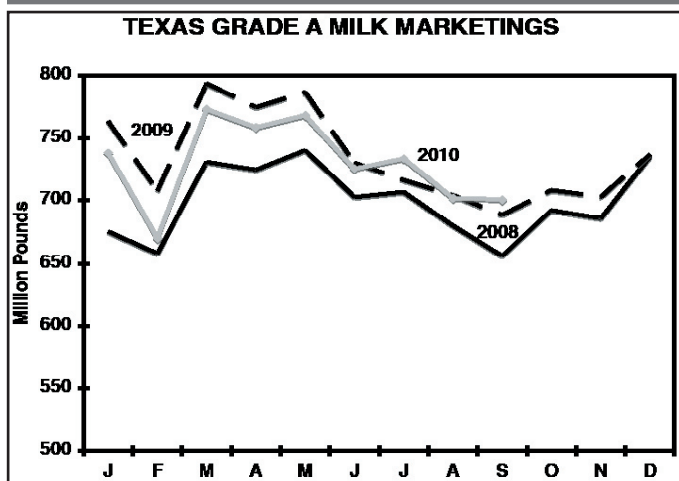
MONTH	2008 POUNDS	Number of Producers	2009 POUNDS	Number of Producers	2010 POUNDS	Number of Producers	PERCENT 2009/08	CHANGE 2010/09
January	675,265,283	654	764,064,476	636	738,423,690	582	+ 13.15	- 3.36
February	658,108,461	658	707,786,943	631	670,435,107	578	+ 11.39*	- 5.28
March	730,859,173	659	793,989,726	635	773,286,159	577	+ 8.64	- 2.61
April	724,651,306	659	774,795,518	631	759,108,028	575	+ 6.92	- 2.02
May	740,427,008	659	787,077,681	629	768,833,368	571	+ 6.30	- 2.32
June	702,946,861	656	730,380,337	622	725,500,766	565	+ 3.90	- .067
July	706,911,758	657	716,344,326	598	733,719,075	568	+ 1.33	+ 2.43
August	679,996,118	654	704,267,950	597	702,002,272	559	+ 3.57	- 0.32
September	656,032,884	646	688,737,418	593	701,066,340	558	+ 4.99	+ 1.79
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 SEPTEMBER 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	591,156,278	158	+ 7.37*	- 5.04
March	667,225,545	170	699,808,110	168	674,164,265	159	+ 4.88	- 3.66
April	670,437,294	170	683,575,106	164	670,976,253	159	+ 1.96	- 1.84
May	690,007,674	173	709,872,347	165	694,638,948	160	+ 2.88	- 2.15
June	663,052,878	172	665,627,017	166	671,649,637	159	+ 0.39	+ 0.90
July	669,450,030	172	649,187,109	158	673,350,559	159	- 3.03	+ 3.72
August	637,877,538	172	635,258,249	157	642,846,047	159	- 0.41	+ 1.19
September	624,527,568	172	622,278,128	158	635,203,468	156	- 0.36	+ 2.08
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.



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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-----						
July 2009	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
February	17.84	15.65	14.28	12.90	1.71	144.04	19.92	270.66	.00076	136.09	151.10	108.12	39.25
March	17.34	14.46	12.78	12.92	2.28	153.47	18.23	213.11	.00068	143.88	136.32	104.54	37.61
April	16.22	13.78	12.92	13.73	1.84	158.13	17.02	214.49	.00069	147.73	138.27	112.08	36.43
May	16.80	14.90	13.38	15.29	2.07	170.58	17.04	215.23	.00071	158.01	142.57	125.20	36.45
June	18.28	16.01	13.62	15.45	2.54	172.34	17.48	220.40	.00072	159.46	144.75	126.31	36.88
July	18.66	17.10	13.74	15.75	2.79	189.64	17.00	205.15	.00073	173.75	145.67	122.77	36.41
August	18.77	16.98	15.18	15.61	2.19	203.36	16.47	237.88	.00080	185.08	160.31	115.57	35.90
September	18.50	17.60	16.26	16.76	1.69	240.44	16.73	230.57	.00085	215.70	170.16	113.83	36.15

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

**SEPTEMBER 2010
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$401,595.87
Class I Butterfat	60(a)	7,849,769	\$2.0347	\$15,971,925.00
Class I Skim Per Cwt		367,529,622	\$11.7900	\$43,331,742.44
Class II Butterfat	60(b)	6,371,979	\$2.4114	\$15,365,390.16
Class II Nonfat Solids		3,433,353	\$1.0544	\$3,620,127.42
Class III Butterfat	60(c)	14,459,241	\$2.4044	\$34,765,799.06
Class III Protein		12,100,722	\$2.3057	\$27,900,634.72
Class III Other Solids		23,264,899	\$0.1673	\$3,892,217.62
Class IV Butterfat	60(d)	1,837,824	\$2.4044	\$4,418,864.03
Class IV Nonfat Solids		3,531,041	\$0.9608	\$3,392,624.18
Class II, III & IV Somatic Cell Adj.	60(e)			\$472,041.48
Total Producer Milk-Product Lbs & Value		865,284,751		\$153,532,961.98
Add: Value as for 60(f) Thru 60(j)				\$231,942.20
Less: Total Protein Pounds	61(b)	26,124,541	\$2.3057	\$60,235,354.20
Total Other Solids Pounds		49,737,652	\$0.1673	\$8,321,109.19
Total Butterfat Pounds		30,518,813	\$2.4044	\$73,379,433.98
Total Value of Somatic Cell Adjustment				\$730,982.94
Total Milk and Value		865,284,751		\$11,098,023.87
Add: Location Differential Adjustments	61(c)			\$3,517,993.50
Producer-Settlement Fund	61(d)			\$405,869.57
Total Producer Milk/URSP and Value		865,284,751	\$1.73606	\$15,021,886.94
Less: Producer-Settlement Fund	61(f)		\$0.04606	\$398,574.65
Producer Price Differential (Dallas County)			\$1.69	\$14,623,312.29

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SOUTHWEST MARKETING AREA
CARY HUNTER, MARKET ADMINISTRATOR
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SEPTEMBER 2010
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	375,379,391	43.38	7,849,769	25.72	367,529,622	44.03
Class II	44,098,588	5.10	6,371,979	20.88	37,726,609	4.52
Class III	405,044,912	46.81	14,459,241	47.38	390,585,671	46.79
Class IV	40,761,860	4.71	1,837,824	6.02	38,924,036	4.66
Total	865,284,751	100.00	30,518,813	100.00	834,765,938	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	11,632,738	44.52	21,899,441	44.03	33,532,175	44.20
Class II	1,184,918	4.54	2,248,434	4.52	3,433,353	4.53
Class III	12,100,722	46.32	23,264,899	46.78	35,365,624	46.62
Class IV	1,206,163	4.62	2,324,878	4.67	3,531,041	4.65
Total	26,124,541	100.00	49,737,652	100.00	75,862,193	100.00