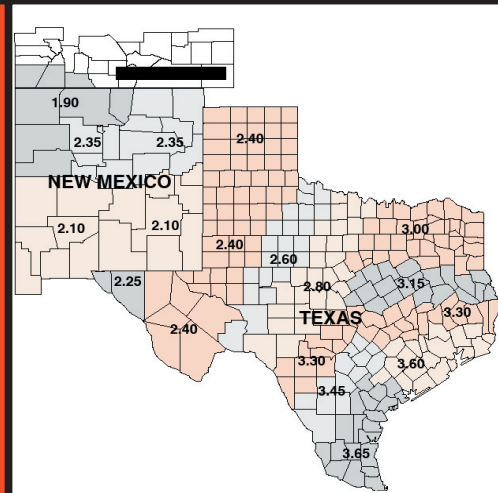


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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JANUARY 2011

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 \$2.56 for December. Butterfat price decreased \$0.4470 per pound from \$2.2422 in November to the level of \$1.7952 in December. Protein price decreased \$0.0275 per pound from \$2.1981 in November to \$2.1706 in December. December's Other Solids price increased \$0.0055 per pound from \$0.1797 in November to \$0.1852 in December. The Somatic Cell Count adjustment rate factor for December was 0.00073 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 \$16.39 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 \$1.30 in comparison to the statistical uniform price of \$17.69 in November.

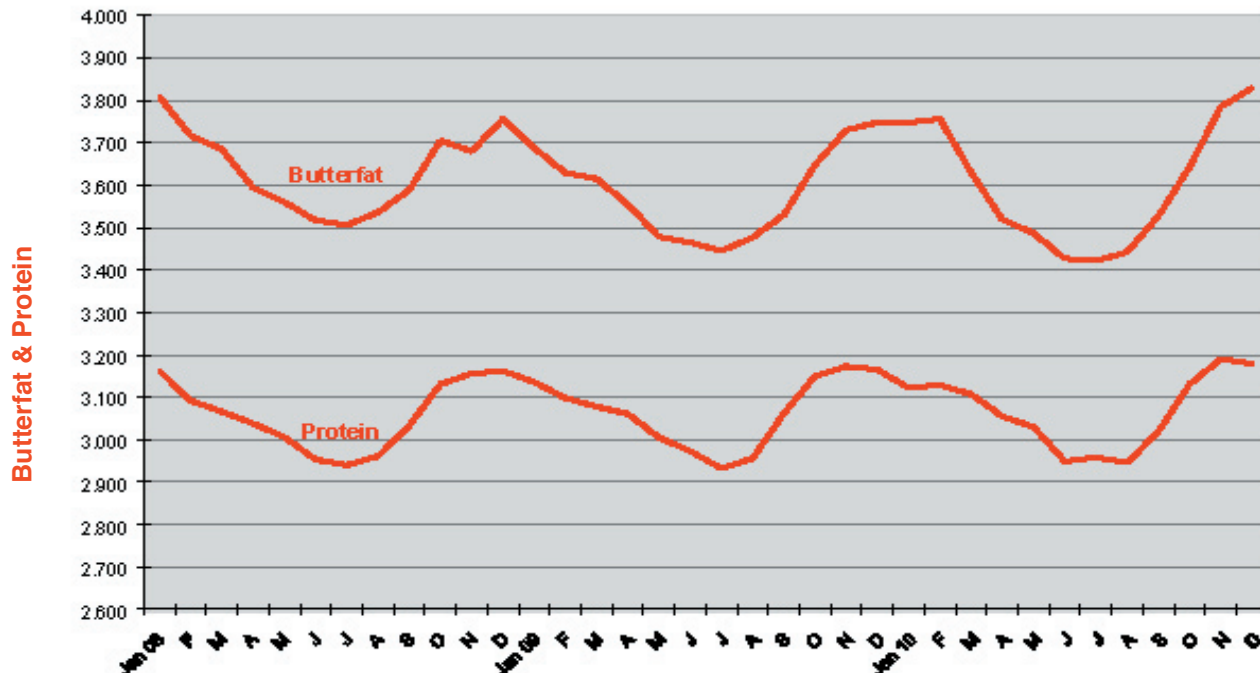
The December Class I price decreased \$0.28 from \$20.24 in November to the December level of \$19.96. The Class II price for December of \$15.77 per hundredweight decreased \$1.44 from \$17.21 in November. December's Class III price decreased \$1.61 from \$15.44 in November to \$13.83 in December. The Class IV price decreased \$1.65 from \$16.68 in November to \$15.03 in December.

In December 480 producers delivered a total of 990,136,481 pounds of milk. On a daily basis this represents an increase of 6.35 percent from the producer receipts level in November and it represents an increase of 9.91 percent when compared to the producer receipts level of December 2009.

Producer milk classified as Class I during December amounted to 38.77 percent of total producer receipts. This figure is down from 42.79 percent in November and it is down from 41.12 percent in December 2009. The average butterfat test of producer milk pooled during December was 3.829 percent, average protein test was 3.179 percent, average other solids test was 5.747 percent and the average somatic cell count was 193,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Dec 10	Nov 10	Dec 10	Nov 10	Dec 10	Nov 10
Appalachian - FO 5	18.31	19.45	-----	-----	69.06	71.48
Arizona - FO 131	15.88	17.30	-----	-----	31.30	34.78
Central - FO 32	15.29	16.67	1.46	1.23	33.46	35.79
Florida - FO 6	20.69	21.61	-----	-----	85.73	86.61
Mideast - FO 33	15.76	17.02	1.93	1.58	42.70	45.40
Northeast - FO 1	16.91	18.17	3.08	2.73	45.30	45.70
Pacific Northwest - FO 124	15.32	16.71	1.49	1.27	29.45	30.67
Southeast - FO 7	18.33	19.62	-----	-----	64.67	70.55
Southwest - FO 126	16.39	17.69	2.56	2.25	38.77	42.79
Upper Midwest - FO 30	14.41	15.92	0.58	0.48	14.10	14.40

SOUTHWEST ORDER 126 PRODUCER MILK COMPONENT TESTS 2008 - 2010



2010 ANNUAL PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES*

2010 Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	4,345,647,763	38.76	93,752,471	23.24	4,251,895,292	40.29
Class II	724,621,353	6.46	80,776,772	20.02	643,844,581	9.91
Class III	5,042,111,911	44.98	184,179,353	45.66	4,857,932,558	37.06
Class IV	1,097,988,498	9.79	44,671,286	11.07	1,053,317,213	12.74
Total	11,210,369,525	100.00	403,379,882	100.00	10,806,989,644	100.00

2010 Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	136,771,172	39.78	253,931,191	39.34	390,702,361	39.49
Class II	20,653,437	6.01	38,439,795	5.96	59,093,242	5.97
Class III	153,124,159	44.53	290,052,422	44.94	443,176,577	44.80
Class IV	33,292,658	9.68	62,995,212	9.76	96,287,866	9.73
Total	343,841,426	100.00	645,418,620	100.00	989,260,046	100.00

* Percentages may not add down due to rounding.

TOP TEN TEXAS COUNTIES a/ – DECEMBER 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	81	97,762,045	- 2.93	7. Bailey	10	44,005,249	+ 2.96
2. Castro	12	76,117,826	+ 16.25	8. Comanche	19	39,280,575	+ 6.68
3. Parmer	13	72,238,489	+ 6.00	9. Hopkins	94	38,330,851	- 4.14
4. Deaf Smith	13	63,658,755	+ 0.91	10. Hale	6	35,606,268	+ 3.70
5. Hartley	11	52,216,200	+ 17.04	Ten County Total	269	567,081,404	+ 4.92 b/
6. Lamb	10	47,865,146	+ 7.37	<u>Other Counties Total</u>	<u>288</u>	<u>206,333,924</u>	<u>+ 4.96</u>
				Texas Total	557	773,415,328	+ 4.93

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>
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
October	3.80	3.60	3.21	3.10	5.77	5.77	8.98	8.88	262	205
November	3.92	3.74	3.26	3.16	5.78	5.79	9.03	8.96	237	184
December	3.96	3.78	3.25	3.14	5.75	5.75	9.00	8.90	226	172
Averages 2010	3.73	3.55	3.14	3.04	5.75	5.76	8.89	8.81	285	220

a/ In thousands.

TOP NEW MEXICO COUNTIES a/ – DECEMBER 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	164,933,052	+ 3.59	7. Eddy	3	16,740,040	+ 0.20
2. Curry	26	138,896,923	- 3.97	8. Valencia	5	15,453,313	+ 8.49
3. Roosevelt	37	127,908,662	- 2.09	9. Luna	3	14,961,980	+ 121.63
4. Dona Ana	21	91,885,666	+ 6.90	10. Bernalillo	4	5,323,986	+ 7.54
5. Lea	13	50,122,419	+ 5.44	Ten County Total	154	646,731,685	+ 2.67 b/
6. Socorro	8	20,505,644	+ 6.28	<u>Other Counties Total</u>	<u>2</u>	<u>10,945,840</u>	<u>- 8.54</u>
				New Mexico Total	156	657,677,525	+ 2.46

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 DECEMBER 2010, WITH PRODUCTION PERCENTAGE COMPARISONS**

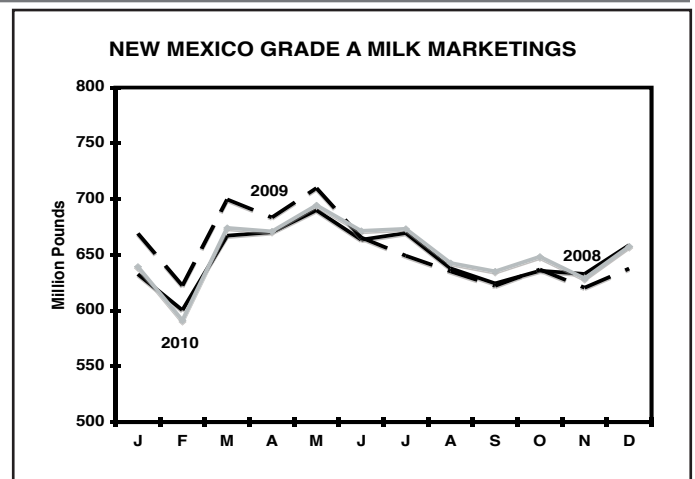
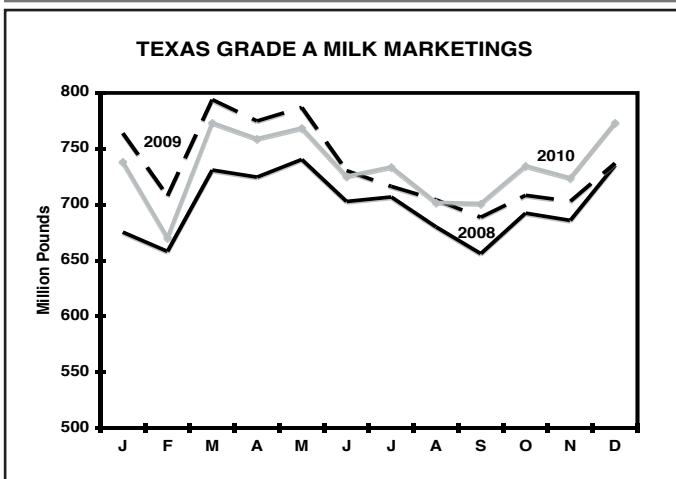
MONTH	2008 POUNDS	Number of Producers	2009 POUNDS	Number of Producers	2010 POUNDS	Number of Producers	PERCENT 2009/08	CHANGE 2010/09
January	675,265,283	654	764,064,476	636	738,538,899	582	+ 13.15	- 3.34
February	658,108,461	658	707,786,943	631	672,168,487	578	+ 11.39*	- 5.03
March	730,859,173	659	793,989,726	635	773,286,159	577	+ 8.64	- 2.61
April	724,651,306	659	774,795,518	631	759,203,798	576	+ 6.92	- 2.01
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	738,609,251	554	+ 2.30	+ 4.28
November	685,894,611	646	703,046,885	591	723,908,057	555	+ 2.50	+ 2.97
December	<u>735,262,255</u>	640	<u>737,072,970</u>	581	<u>773,415,328</u>	557	<u>+ 0.25</u>	<u>+ 4.93</u>
Years Total	8,388,752,815		8,815,876,602		8,810,251,800		+ 5.09	- 0.06

* Based on average daily deliveries.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2008 THROUGH DECEMBER 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	639,771,307	157	+ 5.76	- 4.39
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	674,287,000	159	+ 4.88	- 3.65
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	676,898,057	159	- 3.03	+ 4.27
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	648,369,979	156	+ 0.18	+ 1.79
November	632,916,136	175	620,605,564	157	628,936,968	156	- 1.95	+ 1.34
December	<u>658,804,868</u>	173	<u>641,902,168</u>	156	<u>657,677,525</u>	156	<u>- 2.57</u>	<u>+ 2.46</u>
Years Total	7,783,267,073		7,856,758,549		7,832,411,467		+ 0.94	- 0.31

* 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-----						
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
October	19.58	17.57	16.94	17.15	1.38	244.36	17.36	247.39	.00088	218.93	176.66	116.74	36.76
November	20.24	17.21	15.44	16.68	2.25	224.22	17.97	219.81	.00081	202.30	161.52	119.53	37.36
December	19.96	15.77	13.83	15.03	2.56	179.52	18.52	217.06	.00073	165.39	146.06	118.48	37.89
Averages 2010 b/	18.35	16.02	14.41	15.09	2.08	185.35	17.77	230.91	.00076	170.20	152.26	116.87	37.16

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

**DECEMBER 2010
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$417,701.79
Class I Butterfat	60(a)	8,580,890	\$2.3648	\$20,292,088.66
Class I Skim Per Cwt		375,250,202	\$12.1100	\$45,442,799.48
Class II Butterfat	60(b)	7,219,993	\$1.8022	\$13,011,871.41
Class II Nonfat Solids		5,130,591	\$1.0900	\$5,592,344.19
Class III Butterfat	60(c)	16,831,193	\$1.7952	\$30,215,357.68
Class III Protein		13,923,823	\$2.1706	\$30,223,050.23
Class III Other Solids		25,334,192	\$0.1852	\$4,691,892.37
Class IV Butterfat	60(d)	5,287,578	\$1.7952	\$9,492,260.02
Class IV Nonfat Solids		9,010,542	\$1.0068	\$9,071,813.69
Class II, III & IV Somatic Cell Adj.	60(e)			\$740,050.28
Total Producer Milk-Product Lbs & Value		990,136,481		\$169,191,229.80
Add: Value as for 60(f) Thru 60(j)				(\$89,779.48)
Less: Total Protein Pounds	61(b)	31,483,257	\$2.1706	\$68,337,557.66
Total Other Solids Pounds		56,906,666	\$0.1852	\$10,539,114.55
Total Butterfat Pounds		37,919,654	\$1.7952	\$68,073,362.87
Total Value of Somatic Cell Adjustment				\$1,131,019.26
Total Milk and Value		990,136,481		\$21,020,395.98
Add: Location Differential Adjustments	61(c)			\$4,375,056.69
Producer-Settlement Fund	61(d)			\$395,920.99
Total Producer Milk/URSP and Value		990,136,481	\$2.60483	\$25,791,373.66
Less: Producer-Settlement Fund	61(f)		\$0.04483	\$443,879.75
Producer Price Differential (Dallas County)			\$2.56	\$25,347,493.91

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

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

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	383,831,092	38.77	8,580,890	22.63	375,250,202	39.41
Class II	62,452,548	6.31	7,219,993	19.04	55,232,555	5.80
Class III	441,260,753	44.56	16,831,193	44.39	424,429,560	44.57
Class IV	102,592,088	10.36	5,287,578	13.94	97,304,510	10.22
Total	990,136,481	100.00	37,919,654	100.00	952,216,827	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	12,533,456	39.80	22,457,313	39.47	34,990,777	39.60
Class II	1,827,783	5.81	3,302,812	5.80	5,130,591	5.80
Class III	13,923,823	44.23	25,334,192	44.52	39,258,013	44.41
Class IV	3,198,195	10.16	5,812,349	10.21	9,010,542	10.19
Total	31,483,257	100.00	56,906,666	100.00	88,389,923	100.00