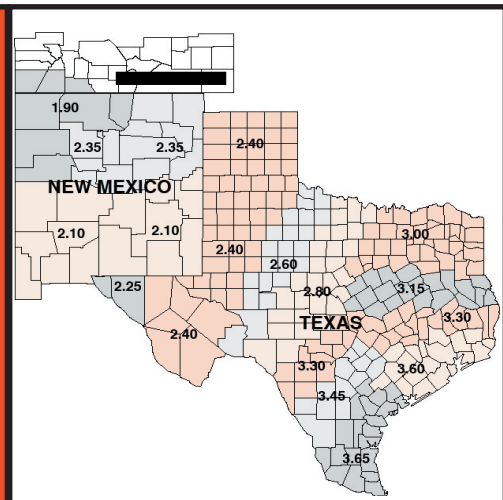


# THE MARKET ADMINISTRATOR'S

# REPORT



## SOUTHWEST MARKETING AREA

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## MARKET SUMMARY FOR OCTOBER

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 \$1.82 for October. Butterfat price decreased \$0.2413 per pound from \$2.2005 in September to the level of \$1.9592 in October. Protein price decreased \$0.1071 per pound from \$3.0282 in September to \$2.9211 in October. October's Other Solids price increased \$0.0233 per pound from \$0.4053 in September to \$0.4286 in October. The Somatic Cell Count adjustment rate factor for October was 0.00087 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a October statistical uniform price of \$19.85 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 \$1.81 in comparison to the statistical uniform price of \$21.66 in September.

The October Class I price decreased \$2.22 from \$24.78 in September to the October level of \$22.56. The Class II price for October of \$19.41 per hundred-weight decreased \$1.14 from \$20.55 in September. October's Class III price decreased \$1.04 from \$19.07 in September to \$18.03 in October. The Class IV price decreased \$1.12 from \$19.53 in September to \$18.41 in October.

In October 500 producers delivered a total of 973,939,983 pounds of milk. On a daily basis this represents a decrease of 0.67 percent from the producer receipts level in September but it represents an increase of 4.38 percent when compared to the producer receipts level of October 2010.

Producer milk classified as Class I during October amounted to 38.72 percent of total producer receipts. This figure is down from 38.97 percent in September and it is down from 40.62 percent in October 2010. The average butterfat test of producer milk pooled during October was 3.661 percent, average protein test was 3.195 percent, average other solids test was 5.730 percent and the average somatic cell count was 200,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Oct 11	Sep 11	Oct 11	Sep 11	Oct 11	Sep 11
Appalachian - FO 5	21.57	23.82	-----	-----	69.20	73.22
Arizona - FO 131	19.39	20.95	-----	-----	33.11	32.96
Central - FO 32	18.82	20.43	0.79	1.36	28.83	29.43
Florida - FO 6	23.77	26.17	-----	-----	85.94	87.50
Mideast - FO 33	19.23	21.15	1.20	2.08	38.10	41.50
Northeast - FO 1	20.42	22.23	2.39	3.16	43.50	43.30
Pacific Northwest - FO 124	18.80	20.40	0.77	1.33	27.18	27.30
Southeast - FO 7	21.79	24.06	-----	-----	66.63	71.51
<b>Southwest - FO 126</b>	<b>19.85</b>	<b>21.66</b>	<b>1.82</b>	<b>2.59</b>	<b>38.72</b>	<b>38.97</b>
Upper Midwest - FO 30	18.41	19.71	0.38	0.64	13.30	13.60

## USDA ANNOUNCES NATIONAL DAIRY BOARD IMPORTER APPOINTMENTS

Agriculture Secretary Tom Vilsack has announced the appointment of two dairy importer members to the National Dairy Promotion and Research Board.

“Importer representation on the board will enhance participation in the development of promotion, research, and nutrition education programs to expand the demand for dairy products and dairy ingredients,” said Secretary Vilsack.

Newly appointed members include Kenneth E. Meyers who will serve a three-year term ending Oct. 31, 2014 and Giovanna Vita who will serve a two-year term ending Oct. 31, 2013.

The board was established under the Dairy Production Stabilization Act of 1983, as amended, to develop and administer a coordinated program of promotion, research, and nutrition education. The 38-member board is authorized to design programs to strengthen the dairy industry’s position in domestic and foreign markets. The program is financed by a mandatory 15-cent per hundredweight assessment on all milk marketed commercially and a 7.5-cent per hundredweight assessment, or equivalent thereof, on milk and dairy products imported into the United States.

The Secretary selected the appointees from nominations submitted by individual importers of dairy products or by organizations representing dairy importers. USDA’s Agricultural Marketing Service monitors the operation of the board.

## OCTOBER AGRICULTURAL PRICES HIGHLIGHTS

The All Milk price received by farmers was \$19.90 in October, down \$1.20 from September 2011 and up \$1.40 from October 2010. Milk Cows price was \$1,480 in October, up \$150 from October 2010. Alfalfa hay price was \$203.00 in October, up \$85.00 from October 2010. Corn price was \$5.92 in October, up \$1.60 from October 2010. Soybean price was \$11.90 in October, up \$1.70 from October 2010. The milk-feed

price ratio was 1.79 in October, down 0.61 from October 2010.

The index of prices received by farmers for dairy products decreased 10 points during the month of October 2011 to 152. Compared with October 2010, the index was up 10 points (7.0 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in October 2011 was unchanged at 205 from the previous month. Compared with October 2010, the index was up 20 points (10.8 percent).

## SEPTEMBER 2011 DAIRY PRODUCTS HIGHLIGHTS

**BUTTER** production was 137.6 million pounds, 21.0 percent above September 2010 and 3.5 percent above August 2011. **AMERICAN TYPE CHEESE** production totaled 337.0 million pounds, 4.2 percent below September 2010 and 3.2 percent below August 2011. **TOTAL CHEESE** output (excluding cottage cheese) was 867.3 million pounds, 0.6 percent below September 2010 and 0.2 percent below August 2011. **NON-FAT DRY MILK** production, for human food, totaled 103.9 million pounds, 5.0 percent below September 2010 and 9.6 percent below August 2011. **DRY WHEY** production, for human food, was 69.6 million pounds, 7.5 percent below September 2010 and 2.7 percent below August 2011. **ICE CREAM** (hard) production totaled 67.2 million gallons, 6.5 percent below September 2010 and 13.2 percent below August 2011.

*Happy*



*Holidays*

## TOP TEN TEXAS COUNTIES a/ – OCTOBER 2011

County	Number of Producers	Pounds	% Change From 2010b/	County	Number of Producers	Pounds	% Change From 2010b/
1. Castro	13	92,379,695	+ 25.28	7. Bailey	10	47,732,237	+ 8.05
2. Erath	77	92,109,022	+ 1.56	8. Moore	6	43,524,840	+ 43.65
3. Parmer	15	89,226,126	+ 25.15	9. Hale	6	39,621,275	+ 11.70
4. Deaf Smith	11	65,892,616	+ 5.94	10. Comanche	21	36,735,938	+ 2.39
5. Hartley	10	49,764,780	- 2.85	Ten County Total	178	606,212,575	+ 11.90 b/
6. Lamb	9	49,226,046	+ 5.23	Other Counties Total	356	200,312,262	+1.76
				Texas Total	534	806,524,837	+ 9.20

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

Month	Butterfat		Protein		Other Solids		S-N-F		SCC a/	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
August 2010	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
January 2011	3.96	3.78	3.22	3.12	5.75	5.76	8.99	8.89	223	165
February	3.95	3.76	3.19	3.08	5.75	5.77	8.94	8.85	269	206
March	3.82	3.63	3.15	3.03	5.77	5.78	8.91	8.81	239	179
April	3.77	3.56	3.13	3.02	5.78	5.79	8.91	8.81	209	156
May	3.75	3.54	3.12	3.01	5.76	5.76	8.88	8.77	206	148
June	3.68	3.45	3.08	2.98	5.75	5.74	8.83	8.72	214	153
July	3.66	3.43	3.05	2.93	5.72	5.72	8.77	8.65	235	177
August	3.67	3.42	3.05	2.93	5.73	5.74	8.79	8.67	253	196
September	3.73	3.48	3.17	3.07	5.71	5.72	8.88	8.79	246	194
October	3.82	3.58	3.26	3.18	5.73	5.74	8.99	8.92	227	176

a/ In thousands.

## TOP NEW MEXICO COUNTIES a/ – OCTOBER 2011

County	Number of Producers	Pounds	% Change From 2010b/	County	Number of Producers	Pounds	% Change From 2010b/
1. Chaves	35	171,784,240	+ 5.31	7. Luna	3	17,929,500	+ 18.87
2. Curry	26	153,019,308	+ 11.73	8. Eddy	3	17,113,520	+ 7.13
3. Roosevelt	36	138,343,110	+ 7.58	9. Valencia	5	16,079,741	+ 4.46
4. Dona Ana	22	89,061,259	+ 0.08	10. Bernalillo	4	5,393,576	+ 0.98
5. Lea	13	53,148,156	+ 11.54	Ten County Total	155	682,776,754	+ 7.16 b/
6. Socorro	8	20,904,344	+ 4.27	Other Counties Total	2	11,473,440	+ 2.31
				New Mexico Total	157	694,250,194	+ 7.08

a/ All known Grade "A" milk produced on farms located in New Mexico.

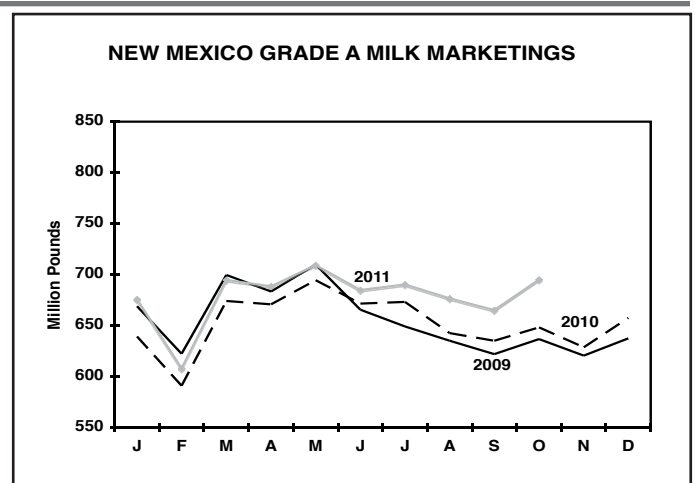
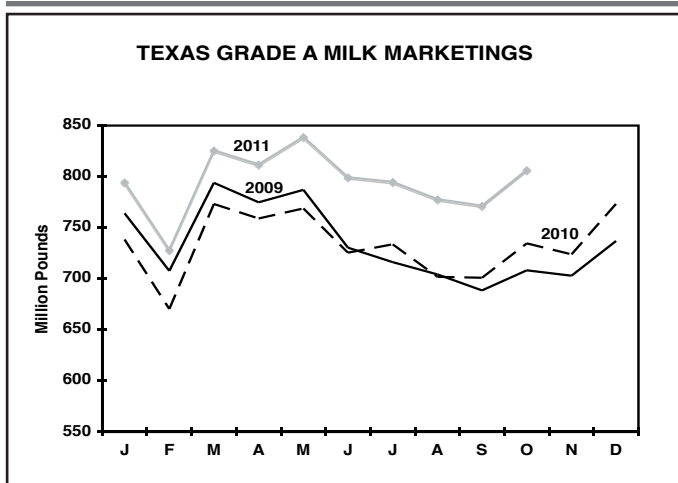
b/ Compared to top counties for the month in the previous year.

**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN TEXAS BY MONTHS:  
JANUARY 2009 THROUGH OCTOBER 2011, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2009 POUNDS	Number of Producers	2010 POUNDS	Number of Producers	2011 POUNDS	Number of Producers	PERCENT 2010/09	CHANGE 2011/10
January	764,064,476	636	738,538,899	582	794,574,299	555	- 3.34	+ 7.59
February	707,786,943	631	672,168,487	578	728,226,604	554	- 5.03	+ 8.34
March	793,989,726	635	773,286,159	577	825,750,805	552	- 2.61	+ 6.78
April	774,795,518	631	759,203,798	576	812,060,148	549	- 2.01	+ 6.96
May	787,077,681	629	768,833,368	571	837,599,963	544	- 2.32	+ 8.94
June	730,380,337	622	725,500,766	565	799,434,977	543	- 0.67	+ 10.19
July	716,344,326	598	733,719,075	568	794,768,069	541	+ 2.43	+ 8.32
August	704,267,950	597	702,002,272	559	778,008,686	540	- 0.32	+ 10.83
September	688,737,418	593	701,066,340	558	771,537,770	538	+ 1.79	+ 10.05
October	708,312,372	590	738,609,251	554	806,524,837	534	+ 4.28	+ 9.20
November	703,046,885	591	723,908,057	555			+ 2.97	
December	<u>737,072,970</u>	581	<u>773,415,328</u>	557			<u>+ 4.93</u>	
Years Total	8,815,876,602		8,810,251,800				- 0.06	

**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:  
JANUARY 2009 THROUGH OCTOBER 2011, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2009 POUNDS	Number of Producers	2010 POUNDS	Number of Producers	2011 POUNDS	Number of Producers	PERCENT 2010/09	CHANGE 2011/10
January	669,161,661	170	639,771,307	157	675,834,553	157	- 4.39	+ 5.64
February	622,538,938	167	591,156,278	158	608,071,702	159	- 5.04	+ 2.86
March	699,808,110	168	674,287,000	159	694,817,453	159	- 3.65	+ 3.04
April	683,575,106	164	670,976,253	159	688,673,031	158	- 1.84	+ 2.64
May	709,872,347	165	694,638,948	160	709,391,501	157	- 2.15	+ 2.12
June	665,627,017	166	671,649,637	159	684,767,801	157	+ 0.90	+ 1.95
July	649,187,109	158	676,898,057	159	690,350,883	157	+ 4.27	+ 1.99
August	635,258,249	157	642,846,047	159	676,720,593	158	+ 1.19	+ 5.27
September	622,278,128	158	635,203,468	156	666,022,373	159	+ 2.08	+ 4.85
October	636,944,152	157	648,369,979	156	694,250,194	157	+ 1.79	+ 7.08
November	620,605,564	157	628,936,968	156			+ 1.34	
December	<u>641,902,168</u>	156	<u>657,677,525</u>	156			<u>+ 2.46</u>	
Years Total	7,856,758,549		7,832,411,467				- 0.31	



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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-----						
August 2010	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
January 2011	18.20	16.79	13.48	16.42	2.76	202.39	20.02	175.90	.00070	184.28	140.76	125.30	39.35
February	18.89	17.97	17.00	18.40	1.42	229.67	23.10	255.86	.00087	206.80	174.49	137.28	42.34
March	21.23	18.83	19.40	19.41	0.93	228.59	26.65	330.24	.00099	205.91	197.22	149.45	45.78
April	22.43	19.66	16.87	19.78	3.02	221.13	29.02	249.84	.00085	199.75	169.83	156.80	48.08
May	22.75	20.63	16.52	20.29	3.42	224.97	30.26	231.33	.00083	202.92	165.34	161.20	49.29
June	23.32	21.37	19.11	21.05	2.39	237.02	33.39	298.07	.00095	212.87	189.99	165.20	52.33
July	24.03	21.29	21.39	20.33	1.17	225.11	36.08	382.92	.00106	203.04	212.43	161.59	54.94
August	24.43	21.55	21.67	20.14	1.39	229.85	38.11	383.05	.00107	206.95	214.02	157.39	56.91
September	24.78	20.55	19.07	19.53	2.59	220.05	40.53	302.82	.00093	198.86	185.92	154.39	59.26
October	22.56	19.41	18.03	18.41	1.82	195.92	42.86	292.11	.00087	178.93	174.71	151.09	61.52

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

**OCTOBER 2011  
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$384,788.04
Class I Butterfat	60(a)	7,680,435	\$2.2314	\$17,138,122.64
Class I Skim Per Cwt		369,455,816	\$15.2800	\$56,452,848.72
Class II Butterfat	60(b)	7,033,900	\$1.9662	\$13,830,054.18
Class II Nonfat Solids		4,279,375	\$1.4422	\$6,171,714.65
Class III Butterfat	60(c)	17,044,886	\$1.9592	\$33,394,340.67
Class III Protein		14,641,566	\$2.9211	\$42,769,478.48
Class III Other Solids		26,355,487	\$0.4286	\$11,295,961.76
Class IV Butterfat	60(d)	3,903,664	\$1.9592	\$7,648,058.51
Class IV Nonfat Solids		7,358,427	\$1.3297	\$9,784,500.38
Class II, III & IV Somatic Cell Adj.	60(e)			\$838,988.74
Total Producer Milk-Product Lbs & Value		973,939,983		\$199,708,856.77
Add: Value as for 60(f) Thru 60(j)				\$6,556.39.11
Less: Total Protein Pounds	61(b)	31,126,410	<b>\$2.9211</b>	\$90,923,356.28
Total Other Solids Pounds		55,813,227	<b>\$0.4286</b>	\$23,921,549.08
Total Butterfat Pounds		35,662,885	<b>\$1.9592</b>	\$60,870,724.29
Total Value of Somatic Cell Adjustment				\$1,273,816.18
<b>Total Milk and Value</b>		973,939,983		\$13,725,967.33
Add: Location Differential Adjustments	61(c)			\$4,070,257.91
Producer-Settlement Fund	61(d)			\$409,777.74
<b>Total Producer Milk/URSP and Value</b>		973,939,983	\$1.86931	\$18,206,002.98
Less: Producer-Settlement Fund	61(f)		\$0.04931	\$480,295.29
<b>Producer Price Differential (Dallas County)</b>			<b>\$1.82</b>	<b>\$17,725,707.69</b>

**THE MARKET ADMINISTRATOR'S**  
**REPORT**

**SOUTHWEST MARKETING AREA**  
**CARY HUNTER, MARKET ADMINISTRATOR**  
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**OCTOBER 2011**  
**PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	377,136,251	38.72	7,680,435	21.54	369,455,816	39.38
Class II	53,122,062	5.45	7,033,900	19.72	46,088,162	4.91
Class III	460,356,631	47.27	17,044,886	47.79	443,311,745	47.25
Class IV	83,325,039	8.56	3,903,664	10.95	79,421,375	8.46
Total	973,939,983	100.00	35,662,885	100.00	938,277,098	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	35,662,885	31,126,410	55,813,227	86,939,637
Percentage	3.661	3.195	5.730	8.926

Average Somatic Cell Count	200,000
Total Number of Pooled Producers	500