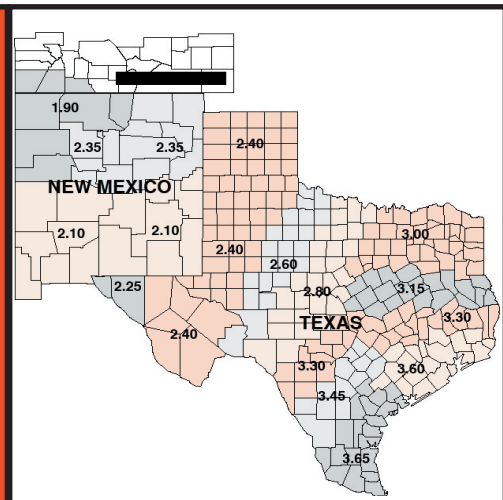


THE MARKET ADMINISTRATOR'S

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>

VOLUME XXXVI, NO. 10

OCTOBER 2011

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 \$2.59 for September. Butterfat price decreased \$0.0980 per pound from \$2.2985 in August to the level of \$2.2005 in September. Protein price decreased \$0.8023 per pound from \$3.8305 in August to \$3.0282 in September. September's Other Solids price increased \$0.0242 per pound from \$0.3811 in August to \$0.4053 in September. The Somatic Cell Count adjustment rate factor for September was 0.00093 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 \$21.66 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 \$1.40 in comparison to the statistical uniform price of \$23.06 in August.

The September Class I price increased \$0.35 from \$24.43 in August to the September level of \$24.78. The Class II price for September of \$20.55 per hundredweight decreased \$1.00 from \$21.55 in August. September's Class III price decreased \$2.60 from \$21.67 in August to \$19.07 in September. The Class IV price decreased \$0.61 from \$20.14 in August to \$19.53 in September.

In September 499 producers delivered a total of 948,885,309 pounds of milk. On a daily basis this represents an increase of 2.80 percent from the producer receipts level in August and it represents an increase of 9.66 percent when compared to the producer receipts level of September 2010.

Producer milk classified as Class I during September amounted to 38.97 percent of total producer receipts. This figure is down from 39.10 percent in August and it is down from 43.38 percent in September 2010. The average butterfat test of producer milk pooled during September was 3.561 percent, average protein test was 3.094 percent, average other solids test was 5.704 percent and the average somatic cell count was 219,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Sep 11	Aug 11	Sep 11	Aug 11	Sep 11	Aug 11
Appalachian - FO 5	23.82	24.03	-----	-----	73.22	70.89
Arizona - FO 131	20.95	22.08	-----	-----	32.96	34.75
Central - FO 32	20.43	21.97	1.36	0.30	29.43	31.92
Florida - FO 6	26.17	26.18	-----	-----	87.50	86.69
Mideast - FO 33	21.15	22.29	2.08	0.62	41.50	37.80
Northeast - FO 1	22.23	23.22	3.16	1.55	43.30	42.00
Pacific Northwest - FO 124	20.40	21.66	1.33	(0.01)	27.30	27.75
Southeast - FO 7	24.06	24.52	-----	-----	71.51	72.22
Southwest - FO 126	21.66	23.06	2.59	1.39	38.97	39.10
Upper Midwest - FO 30	19.71	21.92	0.64	0.25	13.60	12.40

JULY FLUID MILK SALES

During July, over 4.1 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 4.0 percent lower than July 2010. After adjusting for calendar composition, sales in July 2011 were 1.6 percent lower than July 2010. Estimated sales of total conventional fluid milk products decreased 4.5 percent from July 2010 and estimated sales of total organic fluid milk products increased 10.7 percent from a year earlier.

Editor's Note: Additional data can be found at <http://www.ams.usda.gov/AMSV1.0/FluidMilkSalesDataMonthlyandYeartoDate>

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS JULY 2011, WITH COMPARISONS 1/

Product Name	Sales		Change from: <u>2/</u>	
	July	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,133	7,934	- 5.1	- 3.2
Flavored Whole Milk	40	303	- 7.7	- 4.3
Reduced Fat Milk (2%)	1,494	10,521	- 3.4	- 2.2
Low Fat Milk (1%)	528	4,038	- 2.8	- 0.7
Fat-Free Milk (Skim)	616	4,497	- 6.0	- 3.8
Flavored Fat-Reduced Milk	133	2,148	- 8.3	- 1.4
Buttermilk	37	271	- 5.9	0.3
Total Conventional Milk Products <u>5/</u>	3,983	29,733	- 4.5	- 2.6
Organic Whole Milk	41	286	13.7	22.2
Organic Reduced Fat Milk (2%)	48	334	<u>3/</u>	<u>3/</u>
Organic Low Fat Milk (1%)	35	238	<u>3/</u>	<u>3/</u>
Organic Fat-Free Milk (Skim)	37	268	<u>3/</u>	<u>3/</u>
Organic Flavored Milk	6	55	<u>3/</u>	<u>3/</u>
Organic Fat-Reduced Milk <u>4/</u>	126	897	9.8	17.5
Total Organic Milk Products	167	1,184	10.7	18.6
Total Fluid Milk Products <u>5/</u>	4,150	30,917	- 4.0	- 1.9
Total Fluid Milk Products Adjusted <u>5/</u> <u>6/</u>	4,195	31,011	- 1.6	- 1.4

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; 3/ Volume figures are not available for the previous year. Percentage changes are based on combined data under Organic Fat-Reduced Milk. 4/ Total of organic reduced fat, lowfat, skim, flavored, and miscellaneous milk products combined. 5/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 6/ Sales volumes and percent changes have been adjusted for calendar composition; see <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3023272>

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS AND CALIFORNIA, JULY 2011, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: <u>2/</u>	
	July	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Northeast (001)	711	5,237	- 4.8	- 2.5
Appalachian (005)	282	2,057	- 3.9	- 1.7
Southeast (007)	373	2,809	- 4.6	- 2.3
Florida (006)	228	1,690	- 4.5	- 2.7
Mideast (033)	457	3,434	- 5.2	- 2.7
Upper Midwest (030)	321	2,439	- 6.4	- 2.1
Central (032)	348	2,593	- 1.8	- 0.5
Southwest (126)	338	2,564	- 4.2	- 0.8
Arizona-Las Vegas (131)	93	680	- 1.4	- 0.6
Pacific Northwest (124)	174	1,277	- 1.7	- 0.3
California (---)	494	3,663	- 2.2	- 2.1

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 5/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis.

Source: U.S. Department of Agriculture. California Department of Food and Agriculture. Milk Stabilization Branch. California Dairy Information Bulletin, July 2011.

TOP TEN TEXAS COUNTIES a/ – SEPTEMBER 2011

County	Number of Producers	Pounds	% Change From 2010b/	County	Number of Producers	Pounds	% Change From 2010b/
1. Erath	78	89,692,148	+ 6.54	7. Bailey	10	45,610,940	+ 6.48
2. Castro	13	87,948,965	+ 22.48	8. Moore	6	38,867,540	+ 27.90
3. Parmer	15	85,568,102	+ 25.01	9. Hale	6	38,052,581	+ 9.22
4. Deaf Smith	11	64,138,191	+ 4.95	10. Comanche	20	34,004,269	+ 5.92
5. Lamb	10	51,633,529	+ 16.04	Ten County Total	180	584,780,325	+ 12.63 b/
6. Hartley	11	49,264,060	+ 0.56	<u>Other Counties Total</u>	<u>358</u>	<u>186,757,445</u>	<u>+ 2.70</u>
				Texas Total	538	771,537,770	+ 10.05

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
July 2010	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
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

a/ In thousands.

TOP NEW MEXICO COUNTIES a/ – SEPTEMBER 2011

County	Number of Producers	Pounds	% Change From 2010b/	County	Number of Producers	Pounds	% Change From 2010b/
1. Chaves	35	163,992,286	+ 2.72	7. Luna	3	16,879,260	+ 13.41
2. Curry	26	147,129,843	+ 10.12	8. Eddy	3	16,682,090	+ 6.17
3. Roosevelt	38	136,032,473	+ 6.06	9. Valencia	5	15,885,031	+ 2.78
4. Dona Ana	22	80,663,677	- 4.83	10. Bernalillo	4	5,516,999	+ 2.81
5. Lea	13	51,717,034	+ 11.66	Ten County Total	157	654,621,701	+ 4.88 b/
6. Socorro	8	20,123,008	- 0.29	<u>Other Counties Total</u>	<u>2</u>	<u>11,400,672</u>	<u>+ 3.50</u>
				New Mexico Total	159	666,022,373	+ 4.85

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

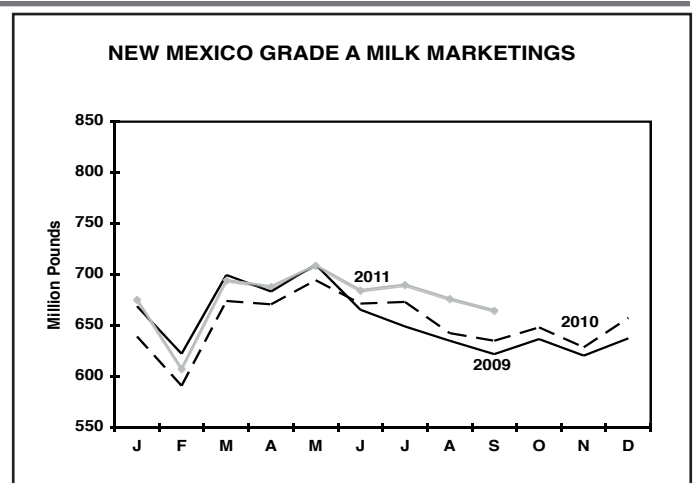
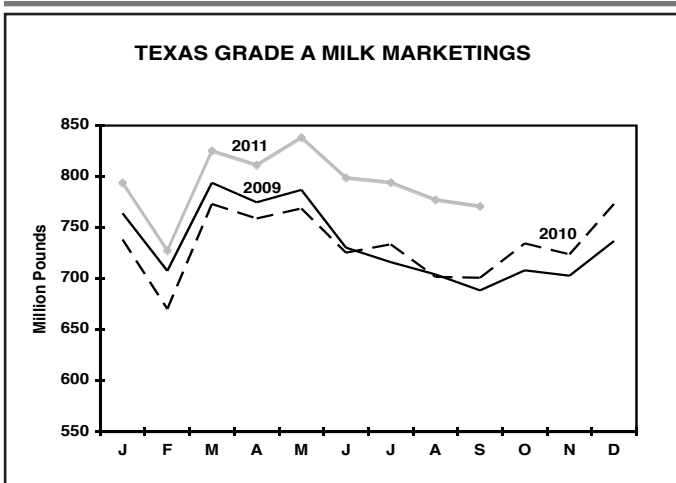
b/ Compared to top counties for the month in the previous year.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 2009 THROUGH SEPTEMBER 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			+ 4.28	
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 SEPTEMBER 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			+ 1.79	
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	



The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact the USDA's TARGET Center at 202-720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

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 2010	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
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

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

**SEPTEMBER 2011
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$356,726.49
Class I Butterfat	60(a)	7,521,529	\$2.3475	\$17,656,789.35
Class I Skim Per Cwt		362,252,777	\$17.1600	\$62,162,576.51
Class II Butterfat	60(b)	7,505,858	\$2.2075	\$16,569,181.56
Class II Nonfat Solids		6,240,365	\$1.4767	\$9,215,147.00
Class III Butterfat	60(c)	14,456,261	\$2.2005	\$31,811,002.33
Class III Protein		12,203,169	\$3.0282	\$36,953,636.37
Class III Other Solids		22,657,620	\$0.4053	\$9,183,133.39
Class IV Butterfat	60(d)	4,308,599	\$2.2005	\$9,481,072.11
Class IV Nonfat Solids		9,252,897	\$1.3623	\$12,605,221.58
Class II, III & IV Somatic Cell Adj.	60(e)			\$785,370.50
Total Producer Milk-Product Lbs & Value		948,885,309		\$206,779,857.19
Add: Value as for 60(f) Thru 60(j)				\$143,30.11
Less: Total Protein Pounds	61(b)	29,365,906	\$3.0282	\$88,925,836.55
Total Other Solids Pounds		54,124,954	\$0.4053	\$21,936,843.87
Total Butterfat Pounds		33,792,247	\$2.2005	\$74,359,839.55
Total Value of Somatic Cell Adjustment				\$1,162,283.03
Total Milk and Value		948,885,309		\$20,538,362.30
Add: Location Differential Adjustments	61(c)			\$4,016,192.29
Producer-Settlement Fund	61(d)			\$431,582.38
Total Producer Milk/URSP and Value		948,885,309	\$2.63320	\$24,986,136.97
Less: Producer-Settlement Fund	61(f)		\$0.04320	\$410,007.47
Producer Price Differential (Dallas County)			\$2.59	\$24,576,129.50

THE MARKET ADMINISTRATOR'S
REPORT

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

PRSRT STD
U.S. POSTAGE
PAID
Carrollton, TX
Permit No. 343

RETURN SERVICE REQUESTED

SEPTEMBER 2011
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	369,774,306	38.97	7,521,529	22.26	362,252,777	39.59
Class II	75,879,425	8.00	7,505,858	22.21	68,373,567	7.47
Class III	397,811,664	41.92	14,456,261	42.78	383,355,403	41.89
Class IV	105,419,914	11.11	4,308,599	12.75	101,111,315	11.05
Total	948,885,309	100.00	33,792,247	100.00	915,093,062	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	33,792,247	29,356,906	54,124,954	83,490,860
Percentage	3.561	3.094	5.704	8.798

Average Somatic Cell Count	219,000
Total Number of Pooled Producers	499