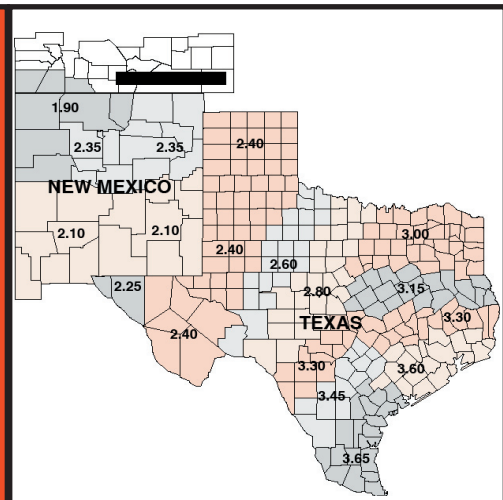


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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MARKET SUMMARY FOR AUGUST

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 \$1.39 for August. Butterfat price decreased \$0.0474 per pound from \$2.2511 in July to the level of \$2.2985 in August. Protein price increased \$0.0013 per pound from \$3.8292 in July to \$3.8305 in August. August's Other Solids price increased \$0.0203 per pound from \$0.3608 in July to \$0.3811 in August. The Somatic Cell Count adjustment rate factor for August was 0.00107 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a August statistical uniform price of \$23.06 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 \$0.50 in comparison to the statistical uniform price of \$22.56 in July.

The August Class I price increased \$0.40 from \$24.03 in July to the August level of \$24.43. The Class II price for August of \$21.55 per hundredweight increased \$0.26 from \$21.29 in July. August's Class III price increased \$0.28 from \$21.39 in July to \$21.67 in August. The Class IV price decreased \$0.19 from \$20.33 in July to \$20.14 in August.

In August 456 producers delivered a total of 953,789,553 pounds of milk. On a daily basis this represents an increase of 3.36 percent from the producer receipts level in July and it represents an increase of 9.92 percent when compared to the producer receipts level of August 2010.

Producer milk classified as Class I during August amounted to 39.10 percent of total producer receipts. This figure is up from 35.20 percent in July but it is down from 42.17 percent in August 2010. The average butterfat test of producer milk pooled during August was 3.495 percent, average protein test was 2.964 percent, average other solids test was 5.730 percent and the average somatic cell count was 223,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Aug 11	Jul 11	Aug 11	Jul 11	Aug 11	Jul 11
Appalachian - FO 5	24.03	23.35	-----	-----	70.89	66.39
Arizona - FO 131	22.08	21.58	-----	-----	34.75	31.12
Central - FO 32	21.97	21.60	0.30	0.21	31.92	26.88
Florida - FO 6	26.18	25.44	-----	-----	86.69	84.80
Mideast - FO 33	22.29	21.91	0.62	0.52	37.80	33.90
Northeast - FO 1	23.22	22.76	1.55	1.37	42.00	38.70
Pacific Northwest - FO 124	21.66	21.34	(0.01)	(0.05)	27.75	23.44
Southeast - FO 7	24.52	23.69	-----	-----	72.22	64.06
Southwest - FO 126	23.06	22.56	1.39	1.17	39.10	35.20
Upper Midwest - FO 30	21.92	21.60	0.25	0.21	12.40	11.30

CASTRO COUNTY TOP TEXAS MILK PRODUCING COUNTY FOR AUGUST

After more than twenty years of occupying the position of the number one milk producing county in Texas, Erath County fell from its number one position in August. Erath County had been the top county since June 1990. Castro County, located in the Texas panhandle narrowly edged out Erath County to occupy the number one position in August. Castro County had held the number two position in the state since March 2010. These two counties marketed 22.88 percent of all milk marketed in Texas during August. Castro marketed 89,044,165 pounds or 11.45 percent of all Texas milk while Erath marketed 88,936,412 pounds or 11.43 percent of the total milk in Texas.

In August 2011, Castro County marketed 25.03 percent more milk than it did in August 2010, while Erath County marketed 5.48 percent more milk in August than a year ago. Castro's marketings were represented by 13 producers who marketed an average of 220,953 pounds of milk per day. Erath County milk was marketed by 78 producers that marketed an average of 36,781 pounds of milk per day.

Castro County milk marketings have increased more than 3000 percent since August 2001, from 2,847,578 pounds in 2001 to 89,044,165 in August 2011. Over the same ten year time frame Erath

County milk marketings have decreased nearly 10 percent from 98,445,489 pounds in August 2001 to 88,936,412 pounds in August 2011.

AUGUST AGRICULTURAL PRICES HIGHLIGHTS

The All Milk price received by farmers was \$22.00 in August, up \$0.10 from July 2011 and up \$5.30 from August 2010. Alfalfa hay price was \$191.00 in August, up \$73.00 from August 2010. Corn price was \$6.62 in August, up \$2.97 from August 2010. Soybean price was \$12.90 in August, up \$2.80 from August 2010. The milk-feed price ratio was 1.89 in August, down 0.47 from August 2010.

The index of prices received by farmers for dairy products during the month of August 2011 was unchanged at 168. Compared with August 2010, the index was up 40 points (31.3 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in August 2011 was unchanged at 204 from the previous month. Compared with August 2010, the index was up 22 points (12.1 percent).

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. Agricultural Prices, August 2011.

Texas Agricultural Cash Receipts by Commodity, 2010

Rank	Commodity	Receipts ^{1/}	Percent of total
		\$1,000	
1	Cattle and Calves	7,564,446	38.0
2	Cotton	2,589,126	13.0
3	Broilers	1,757,613	8.8
4	Milk (Wholesale)	1,505,313	7.6
5	Greenhouse/Nursery	1,311,139	6.6
6	Corn	1,166,484	5.8
7	Wheat	541,790	2.7
8	Sorghum	454,193	2.3
9	Hay	437,864	2.2
10	Eggs	395,052	2.0
11	Onions	161,313	0.8
12	Peanuts	159,610	0.8
13	Pecans	159,000	0.8
14	Rice	154,507	0.8
15	Hogs	86,170	0.4
	All Others	1,483,021	7.4
	TOTAL	19,926,641	

1/ Excludes government payments.

New Mexico Agricultural Cash Receipts by Commodity, 2010

Rank	Commodity	Receipts ^{1/}	Percent of total
		\$1,000	
1	Milk (Wholesale)	1,237,140	38.2
2	Cattle and Calves	1,186,841	36.6
3	Pecans	186,780	5.8
4	Hay	114,417	3.5
5	Corn	105,555	3.3
6	Onions	90,530	2.8
7	Greenhouse/Nursery	47,050	1.5
8	Chile	41,610	1.3
9	Cotton	41,056	1.3
10	Wheat	34,691	1.1
11	Sorghum	20,670	0.6
12	Potatoes	16,748	0.5
13	Peanuts	13,280	0.4
14	Dry Beans	12,480	0.4
15	Poultry and Eggs	6,470	0.2
	All Others	84,304	2.6
	TOTAL	3,239,622	

1/ Excludes government payments.

TOP TEN TEXAS COUNTIES a/ – AUGUST 2011

County	Number of Producers	Pounds	% Change From 2010b/	County	Number of Producers	Pounds	% Change From 2010b/
1. Castro	13	89,044,165	+ 25.03	7. Bailey	10	46,606,979	+ 4.23
2. Erath	78	88,936,412	+ 5.48	8. Moore	5	39,518,380	+ 27.50
3. Parmer	15	86,544,539	+ 28.12	9. Hale	6	38,292,118	+ 10.64
4. Deaf Smith	11	65,208,352	+ 7.57	10. Comanche	20	33,233,706	+ 3.90
5. Hartley	11	52,758,360	+ 5.67	Ten County Total	179	592,375,538	+ 14.02 b/
6. Lamb	10	52,232,527	+ 19.81	Other Counties Total	361	185,633,148	+ 1.73
				Texas Total	540	778,008,686	+ 10.83

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
June 2010	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
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

a/ In thousands.

TOP NEW MEXICO COUNTIES a/ – AUGUST 2011

County	Number of Producers	Pounds	% Change From 2010b/	County	Number of Producers	Pounds	% Change From 2010b/
1. Chaves	35	162,540,189	+ 1.84	7. Luna	3	17,951,732	+ 17.10
2. Curry	26	150,509,839	+ 8.40	8. Valencia	5	16,299,580	+ 5.58
3. Roosevelt	37	139,864,458	+ 7.72	9. Eddy	3	16,221,010	+ 4.95
4. Dona Ana	22	82,704,138	- 2.39	10. Bernalillo	4	6,223,730	+ 13.46
5. Lea	13	51,222,684	+ 9.58	Ten County Total	156	664,622,593	+ 5.21 b/
6. Socorro	8	21,085,233	+ 4.29	Other Counties Total	2	12,098,000	+ 8.42
				New Mexico Total	158	676,720,593	+ 5.27

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

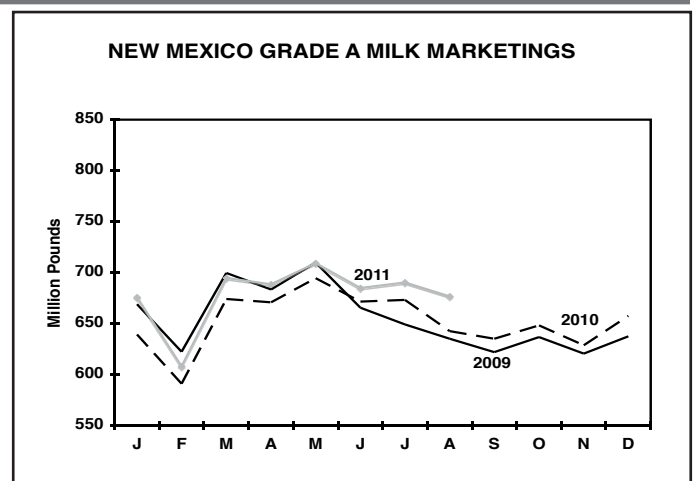
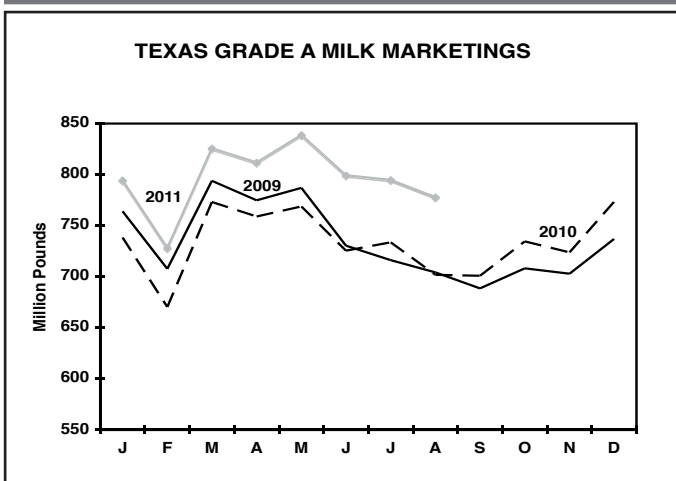
b/ Compared to top counties for the month in the previous year.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 2009 THROUGH AUGUST 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			+ 1.79	
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 AUGUST 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			+ 2.08	
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	



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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-----							
June 2010	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
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

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

**AUGUST 2011
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$372,586.55
Class I Butterfat	60(a)	8,071,522	\$2.2796	\$18,399,841.57
Class I Skim Per Cwt		364,841,575	\$17.0500	\$62,205,488.54
Class II Butterfat	60(b)	7,632,280	\$2.3055	\$17,596,221.56
Class II Nonfat Solids		6,203,662	\$1.5522	\$9,629,324.17
Class III Butterfat	60(c)	14,212,900	\$2.2985	\$32,668,350.67
Class III Protein		12,169,005	\$3.8305	\$46,613,373.67
Class III Other Solids		23,814,870	\$0.3811	\$9,075,846.96
Class IV Butterfat	60(d)	3,425,323	\$2.2985	\$7,873,104.95
Class IV Nonfat Solids		7,735,424	\$1.3920	\$10,767,710.21
Class II, III & IV Somatic Cell Adj.	60(e)			\$881,153.04
Total Producer Milk-Product Lbs & Value		953,789,553		\$216,083,001.89
Add: Value as for 60(f) Thru 60(j)				\$221,428.30
Less: Total Protein Pounds	61(b)	28,273,727	\$3.8305	\$108,302,511.30
Total Other Solids Pounds		54,661,108	\$0.3811	\$20,831,348.30
Total Butterfat Pounds		33,342,025	\$2.2985	\$76,636,644.50
Total Value of Somatic Cell Adjustment				\$1,292,978.06
Total Milk and Value		953,789,553		\$9,243,948.03
Add: Location Differential Adjustments	61(c)			\$3,997,052.82
Producer-Settlement Fund	61(d)			\$425,887.71
Total Producer Milk/URSP and Value		953,789,553	\$1.43290	\$13,666,888.56
Less: Producer-Settlement Fund	61(f)		\$0.04290	\$409,213.77
Producer Price Differential (Dallas County)			\$1.39	\$13,257,674.79

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AUGUST 2011
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	372,913,097	39.10	8,071,522	24.21	364,841,575	39.64
Class II	76,401,377	8.01	7,632,280	22.89	68,769,097	7.47
Class III	415,282,868	43.54	14,212,900	42.63	401,069,968	43.57
Class IV	89,192,211	9.35	3,425,323	10.27	85,766,888	9.32
Total	953,789,553	100.00	33,342,025	100.00	920,447,528	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	33,342,025	28,273,727	54,661,108	82,934,835
Percentage	3.495	2.964	5.730	8.695

Average Somatic Cell Count	223,000
Total Number of Pooled Producers	456