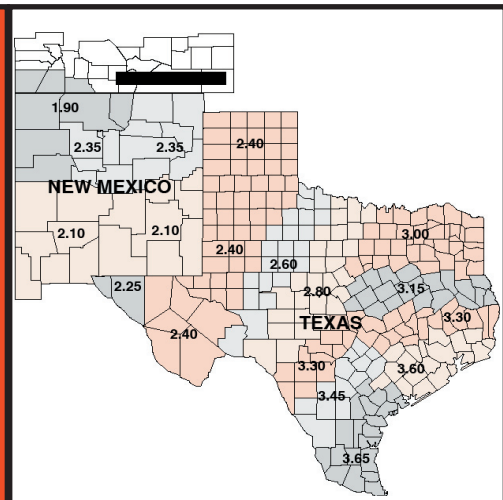


THE MARKET ADMINISTRATOR'S

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 XXXVII, NO. 2

FEBRUARY 2012

MARKET SUMMARY FOR JANUARY

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 \$1.83 for January. Butterfat price decreased \$0.0265 per pound from \$1.7443 in December to the level of \$1.7178 in January. Protein price decreased \$0.6078 per pound from \$3.3404 in December to \$2.7326 in January. January's Other Solids price increased \$0.0349 per pound from \$0.4683 in December to \$0.5032 in January. The Somatic Cell Count adjustment rate factor for January was 0.00080 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a January statistical uniform price of \$18.88 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 \$0.37 in comparison to the statistical uniform price of \$19.25 in December.

The January Class I price increased \$0.33 from \$21.47 in December to the January level of \$21.80. The Class II price for January of \$17.67 per hundred-weight decreased \$0.41 from \$18.08 in December. January's Class III price decreased \$1.72 from \$18.77 in December to \$17.05 in January. The Class IV price decreased \$0.31 from \$16.87 in December to \$16.56 in January.

In January 591 producers delivered a total of 1,054,525,993 pounds of milk. On a daily basis this represents an increase of 27.01 percent from the producer receipts level in December and it represents an increase of 5.38 percent when compared to the producer receipts level of January 2011.

Producer milk classified as Class I during January amounted to 36.18 percent of total producer receipts. This figure is down from 45.32 percent in December and it is down from 39.58 percent in January 2011. The average butterfat test of producer milk pooled during January was 3.776 percent, average protein test was 3.223 percent, average other solids test was 5.738 percent and the average somatic cell count was 252,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Jan 12	Dec 11	Jan 12	Dec 11	Jan 12	Dec 11
Appalachian - FO 5	20.78	20.43	-----	-----	68.56	67.60
Arizona - FO 131	18.12	18.57	-----	-----	29.54	30.78
Central - FO 32	17.93	18.25	0.88	(0.52)	32.85	38.94
Florida - FO 6	23.11	22.79	-----	-----	84.46	87.01
Mideast - FO 33	18.24	18.54	1.19	(0.23)	36.20	40.40
Northeast - FO 1	19.37	19.57	2.32	0.80	41.20	43.70
Pacific Northwest - FO 124	17.76	18.05	0.71	(0.72)	27.76	32.80
Southeast - FO 7	21.07	20.92	-----	-----	66.22	66.15
Southwest - FO 126	18.88	19.25	1.83	0.48	36.18	45.32
Upper Midwest - FO 30	17.44	18.71	0.39	(0.06)	11.60	14.70

FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY, 2011 ANNUAL

Handler reports of receipts and utilization under the Federal milk order system for 2011 have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During 2011, more than 126.8 billion pounds of milk were received from producers. This total annual volume of milk is nearly the same as the 2010 total annual volume. There were volumes of milk not pooled due to intraorder disadvantageous price relationships in both years. More than 44.3 billion pounds of producer milk were used in Class I products, 1.3 percent lower than the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2011 as compared to 2010. The all-market average Class utilization percentages were: Class I = 35%, Class II = 11%, Class III = 44% and Class IV = 10%. The 2011 weighted average statistical uniform price was \$19.87 per cwt., \$3.80 per cwt. higher than the previous year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE YEAR 2011											
Federal Milk Order Marketing Area 1/	Order Number	Receipts of Producer Milk		Utilization of Producer Milk In Class I			Utilization of Producer Milk In Other Classes			Uniform Price 2/	
		Total	Change From Prev. Year	Total	Change From Prev. Year	Percent	Total	Class II	Class III		Class IV
		Mil. Lbs.	Percent	Mil. Lbs.	Percent	Percent	Mil. Lbs.	Percent	Percent		Percent
Northeast (Boston)	001	24,358.3	0.1	10,074.9	-3.0	41	24	25	10	20.62	
Appalachian (Charlotte)	005	6,128.1	1.4	4,207.3	1.8	69	15	8	8	21.70	
Florida (Tampa)	006	2,919.1	0.6	2,463.8	-2.0	84	9	3	4	23.70	
Southeast (Atlanta)	007	7,057.1	0.8	4,572.3	-2.4	65	9	19	7	21.72	
Upper Midwest (Chicago)	030 3/	32,766.3	-3.1	4,242.5	-3.2	13	3	82	2	18.72	
Central (Kansas City)	032 3/	13,937.8	4.4	4,473.4	2.2	32	12	44	12	19.19	
Mideast (Cleveland)	033 3/	15,938.5	-0.5	6,332.5	-2.7	40	15	37	8	19.59	
Pacific Northwest (Seattle)	124 3/	8,022.8	0.1	2,231.9	-0.2	28	6	39	27	19.25	
Southwest (Dallas)	126 3/	11,233.3	0.2	4,373.7	0.6	39	8	40	13	20.20	
Arizona (Phoenix)	131	4,517.9	6.8	1,410.5	0.7	31	8	28	33	19.67	
All Market Average or Total	3/	126,879.1	0.0	44,382.8	-1.3	35	11	44	10	19.87	

1/ Names in parentheses are the major city in the principal pricing point of the market.

2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform price in these markets, handlers elected not to pool an estimated 5.402 billion pounds of milk that normally would have been associated with these markets. In 2010, the estimated not pooled volume of milk was 2.779 billion pounds, occurring in order numbers 030, 032, 033, and 126. After adjusting for non pooled milk, the year-to-year percent change is -2.0%. SOURCE: "Dairy Market News", February 6-10, 2012, Volume 79, Report 06.

TOP TEN TEXAS COUNTIES a/ – JANUARY 2012

County	Number of Producers	Pounds	% Change From 2011b/	County	Number of Producers	Pounds	% Change From 2011b/
1. Erath	79	99,362,048	- 4.92	7. Comanche	20	41,930,508	- 1.43
2. Castro	13	91,872,411	+ 10.59	8. Bailey	9	41,220,305	- 8.92
3. Parmer	15	85,957,282	+ 16.72	9. Moore	6	40,685,872	+ 40.77
4. Deaf Smith	11	63,674,597	+ 7.02	10. Hale	6	37,635,549	+ 5.88
5. Lamb	10	52,383,119	+ 7.43	Ten County Total	180	606,092,951	+ 5.69 b/
6. Hartley	11	51,371,260	- 0.70	Other Counties Total	345	219,967,288	- 0.52
				Texas Total	525	826,060,239	+ 3.96

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
December 2010	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
November	3.88	3.63	3.31	3.23	5.74	5.75	9.05	8.97	206	159
December	3.93	3.71	3.33	3.25	5.75	5.76	9.08	9.02	249	223
Averages 2011	3.80	3.58	3.17	3.07	5.75	5.75	8.92	8.82	231	178
January 2012	3.87	3.67	3.26	3.18	5.74	5.74	9.00	8.92	247	252

a/ In thousands.

TOP NEW MEXICO COUNTIES a/ – JANUARY 2012

County	Number of Producers	Pounds	% Change From 2011b/	County	Number of Producers	Pounds	% Change From 2011b/
1. Chaves	35	167,206,180	- 2.32	7. Eddy	3	16,859,210	- 3.44
2. Curry	26	149,620,731	+ 6.77	8. Luna	3	16,009,740	- 0.90
3. Roosevelt	37	139,217,993	+ 5.63	9. Valencia	5	15,483,862	- 0.86
4. Dona Ana	22	84,201,987	- 12.00	10. Bernalillo	3	5,180,791	- 3.97
5. Lea	13	55,305,933	+ 8.08	Ten County Total	155	669,811,532	+ 0.82 b/
6. Socorro	8	20,725,105	+ 4.74	Other Counties Total	2	10,384,037	- 9.33
				New Mexico Total	157	680,195,569	+ 0.65

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 2010 THROUGH JANUARY 2012, WITH PRODUCTION PERCENTAGE COMPARISONS**

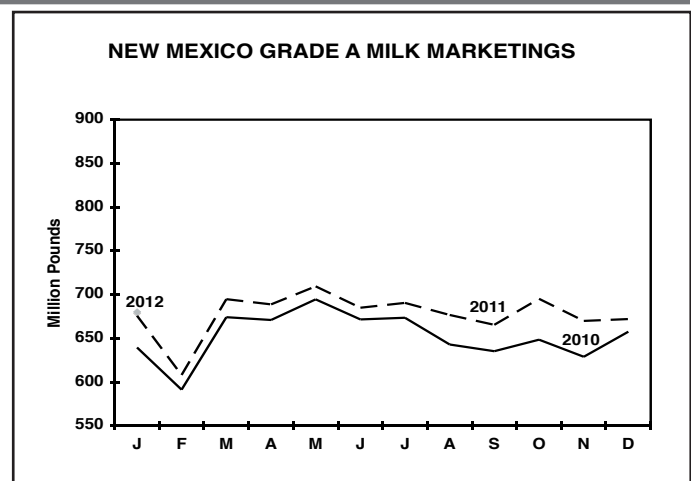
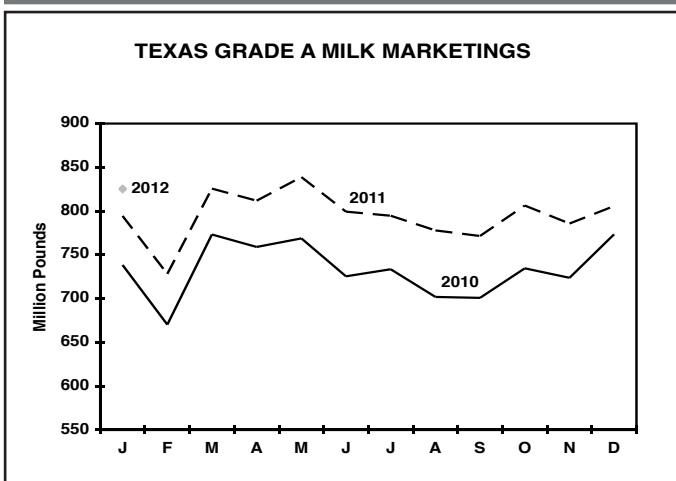
MONTH	2010 POUNDS	Number of Producers	2011 POUNDS	Number of Producers	2012 POUNDS	Number of Producers	PERCENT 2011/10	CHANGE 2012/11
January	738,538,899	582	794,574,299	555	826,060,239	525	+ 7.59	+ 3.96
February	672,168,487	578	728,226,604	554			+ 8.34	
March	773,286,159	577	831,714,685	552			+ 7.49	
April	759,203,798	576	812,060,148	549			+ 6.96	
May	768,833,368	571	837,599,963	544			+ 8.94	
June	725,500,766	565	799,434,977	543			+ 10.19	
July	733,719,075	568	794,768,069	541			+ 8.32	
August	702,002,272	559	779,356,886	540			+ 11.02	
September	701,066,340	558	771,537,770	538			+ 10.05	
October	738,609,251	554	811,052,943	536			+ 9.81	
November	723,908,057	555	785,855,360	533			+ 8.56	
December	<u>773,415,328</u>	557	<u>805,829,180</u>	531			<u>+ 4.19</u>	
Years Total	8,810,251,800		9,552,010,884				+ 8.42	

* Revised

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2010 THROUGH JANUARY 2012, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2010 POUNDS	Number of Producers	2011 POUNDS	Number of Producers	2012 POUNDS	Number of Producers	PERCENT 2011/10	CHANGE 2012/11
January	639,771,307	157	675,834,553	157	680,195,569	157	+ 5.64	+ 0.65
February	591,156,278	158	608,071,702	159			+ 2.86	
March	674,287,000	159	694,817,453	159			+ 3.04	
April	670,976,253	159	688,673,031	158			+ 2.64	
May	694,638,948	160	709,391,501	157			+ 2.12	
June	671,649,637	159	684,767,801	157			+ 1.95	
July	676,898,057	159	690,350,883	157			+ 1.99	
August	642,846,047	159	676,720,593	158			+ 5.27	
September	635,203,468	156	666,022,373	159			+ 4.85	
October	648,369,979	156	695,365,627	157			+ 7.25	
November	628,936,968	156	669,926,275	157			+ 6.52	
December	<u>657,677,525</u>	156	<u>671,984,702</u>	158			<u>+ 2.18</u>	
Years Total	7,832,411,467		8,131,926,494				+ 3.82	

* Revised



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-----						
December 2010	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
November	21.45	19.26	19.07	17.87	0.82	195.08	45.21	323.41	.00092	178.24	184.15	145.22	63.80
December	21.47	18.08	18.77	16.87	0.48	174.43	46.83	334.04	.00090	161.19	180.70	142.01	65.38
Averages 2011 b/	22.13	19.62	18.37	19.04	1.85	215.35	34.34	296.63	.00091	194.98	182.46	150.58	53.25
January 2012	21.80	17.67	17.05	16.56	1.83	171.78	50.32	273.26	.00080	159.00	160.97	139.42	68.76

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

**JANUARY 2012
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$381,544.55
Class I Butterfat	60(a)	7,831,557	\$1.7695	\$13,857,940.13
Class I Skim Per Cwt		373,747,821	\$16.1700	\$60,435,022.67
Class II Butterfat	60(b)	7,754,710	\$1.7248	\$13,375,323.81
Class II Nonfat Solids		7,933,546	\$1.3389	\$10,622,224.75
Class III Butterfat	60(c)	17,734,899	\$1.7178	\$30,465,009.52
Class III Protein		14,965,928	\$2.7326	\$40,895,894.84
Class III Other Solids		26,460,681	\$0.5032	\$13,315,014.71
Class IV Butterfat	60(d)	6,502,152	\$1.7178	\$11,169,396.70
Class IV Nonfat Solids		10,372,467	\$1.2141	\$12,593,212.18
Class II, III & IV Somatic Cell Adj.	60(e)			\$527,527.66
Total Producer Milk-Product Lbs & Value		1,054,525,993		\$207,638,111.52
Add: Value as for 60(f) Thru 60(j)				39,821.73
Less: Total Protein Pounds	61(b)	33,996,161	\$2.7326	\$92,897,909.55
Total Other Solids Pounds		60,514,023	\$0.5032	\$30,450,656.37
Total Butterfat Pounds		39,823,318	\$1.7178	\$68,408,495.67
Total Value of Somatic Cell Adjustment				\$827,265.00
Total Milk and Value		1,054,525,993		\$15,093,606.66
Add: Location Differential Adjustments	61(c)			\$4,300,806.62
Producer-Settlement Fund	61(d)			\$398,694.51
Total Producer Milk/URSP and Value		1,054,525,993	\$1.87696	\$19,793,107.79
Less: Producer-Settlement Fund	61(f)		\$0.04696	\$495,282.12
Producer Price Differential (Dallas County)			\$1.83	\$19,297,825.67

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

JANUARY 2012
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	381,579,378	36.18	7,831,557	19.67	373,747,821	36.83
Class II	93,090,429	8.83	7,754,710	19.47	85,335,719	8.41
Class III	461,452,205	43.76	17,734,899	44.53	443,717,306	43.73
Class IV	118,403,981	11.23	6,502,152	16.33	111,901,829	11.03
Total	1,054,525,993	100.00	39,823,318	100.00	1,014,702,675	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	39,823,318	33,996,161	60,514,023	94,510,184
Percentage	3.776	3.223	5.738	8.962

Average Somatic Cell Count	252,000
Total Number of Pooled Producers	591