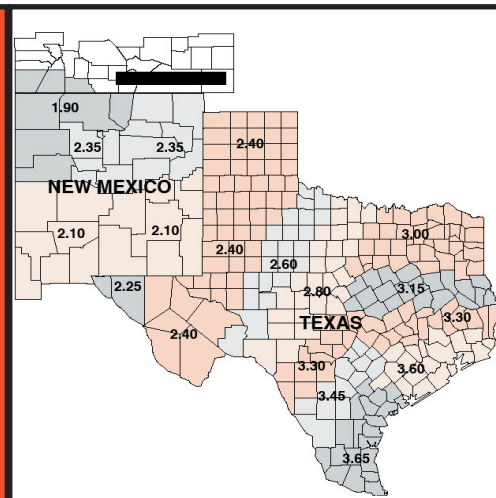


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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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 \$0.48 for December. Butterfat price decreased \$0.2065 per pound from \$1.9508 in November to the level of \$1.7443 in December. Protein price increased \$0.1063 per pound from \$3.2341 in November to \$3.3404 in December. December's Other Solids price increased \$0.0162 per pound from \$0.4521 in November to \$0.4683 in December. The Somatic Cell Count adjustment rate factor for December was 0.00090 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 \$19.25 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 \$0.64 in comparison to the statistical uniform price of \$19.89 in November.

The December Class I price increased \$0.02 from \$21.45 in November to the December level of \$21.47. The Class II price for December of \$18.08 per hundredweight decreased \$1.18 from \$19.26 in November. December's Class III price decreased \$0.30 from \$19.07 in November to \$18.77 in December. The Class IV price decreased \$1.00 from \$17.87 in November to \$16.87 in December.

In December 465 producers delivered a total of 830,267,980 pounds of milk. On a daily basis this represents a decrease of 14.50 percent from the producer receipts level in November and it represents an decrease of 16.15 percent when compared to the producer receipts level of December 2010.

Producer milk classified as Class I during December amounted to 45.32 percent of total producer receipts. This figure is up from 39.66 percent in November and it is up from 38.77 percent in December 2010. The average butterfat test of producer milk pooled during December was 3.795 percent, average protein test was 3.278 percent, average other solids test was 5.760 percent and the average somatic cell count was 232,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Dec 11	Nov 11	Dec 11	Nov 11	Dec 11	Nov 11
Appalachian - FO 5	20.43	21.27	----	----	67.60	72.28
Arizona - FO 131	18.57	19.31	----	----	30.78	33.83
Central - FO 32	18.25	18.82	(0.52)	(0.25)	38.94	36.23
Florida - FO 6	22.79	23.15	----	----	87.01	85.29
Mideast - FO 33	18.54	19.18	(0.23)	0.11	40.40	40.20
Northeast - FO 1	19.57	20.23	0.80	1.16	43.70	44.30
Pacific Northwest - FO 124	18.05	18.77	(0.72)	(0.30)	32.80	29.11
Southeast - FO 7	20.92	21.63	----	----	66.15	70.20
Southwest - FO 126	19.25	19.89	0.48	0.82	45.32	39.66
Upper Midwest - FO 30	18.71	19.15	(0.06)	0.08	14.70	13.50

USDA ANNOUNCES FINAL RULE REGARDING NATIONAL DAIRY PROMOTION AND RESEARCH BOARD REAPPORTIONMENT

The U.S. Department of Agriculture has announced a final rule that amends the National Dairy Promotion and Research Order.

The final rule adopts the National Dairy Promotion and Research Board's proposal and therefore representation in Region 1 is increased from one member to two members; Region 2 representation is decreased from eight members to seven members; Region 3 is decreased from four members to two members; Region 8 and Region 10 are combined to create a new Region 10 with two members, and is comprised of Alabama, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, and Virginia; Region 8 is now comprised of Idaho with two members; Region 12 and 13 are combined to create a new Region 12 and is comprised of Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont, with three members.

The Dairy Order provides that the board shall review the geographic distribution of milk production throughout the United States and, if warranted, shall recommend to the Secretary a reapportionment of the regions and/or modification of the number of members from the regions in order to better reflect the geographic distribution of milk production volume in the United States.

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.

2011 ANNUAL PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES*

2011 Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	4,373,652,596	38.93	93,558,261	22.81	4,280,094,335	39.55
Class II	876,430,297	7.80	84,171,734	20.53	792,258,563	7.32
Class III	4,502,341,717	40.08	164,699,642	40.16	4,337,642,075	40.08
Class IV	1,480,890,870	13.18	67,644,799	16.50	1,413,246,071	13.06
Total	11,233,315,480	100.00	410,074,436	100.00	10,823,241,044	100.00

REVISED 2011 Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	410,074,436	348,044,295	645,396,976	993,441,271
Percentage	3.651	3.098	5.745	8.844

Average Somatic Cell Count**	203,000
Average Number of Pooled Producers**	501

* Percentages may not add down due to rounding. ** Simple average.

TOP TEN TEXAS COUNTIES a/ – DECEMBER 2011

County	Number of Producers	Pounds	% Change From 2010b/	County	Number of Producers	Pounds	% Change From 2010b/
1. Erath	77	94,124,884	- 3.72	7. Bailey	10	44,325,892	+ 0.73
2. Castro	13	89,120,824	+ 17.08	8. Comanche	21	40,120,676	+ 2.14
3. Parmer	15	85,540,824	+ 18.41	9. Moore	6	39,716,047	+ 36.93
4. Deaf Smith	11	62,615,577	- 1.64	10. Hale	6	38,073,082	+ 6.93
5. Lamb	10	51,306,769	+ 7.19	Ten County Total	180	594,591,244	+ 6.60 b/
6. Hartley	11	49,646,669	- 4.92	<u>Other Counties Total</u>	<u>351</u>	<u>211,237,936</u>	<u>- 2.05</u>
				Texas Total	531	805,829,180	+ 4.19

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
November 2010	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
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

a/ In thousands.

TOP NEW MEXICO COUNTIES a/ – DECEMBER 2011

County	Number of Producers	Pounds	% Change From 2010b/	County	Number of Producers	Pounds	% Change From 2010b/
1. Chaves	35	168,021,753	+ 1.87	7. Eddy	3	16,710,346	- 0.18
2. Curry	26	147,973,913	+ 6.54	8. Luna	3	16,635,340	+ 11.18
3. Roosevelt	37	134,441,204	+ 5.11	9. Valencia	5	15,358,865	- 0.61
4. Dona Ana	23	85,005,848	- 7.49	10. Bernalillo	3	5,066,723	- 4.83
5. Lea	13	51,969,988	+ 3.69	Ten County Total	156	661,240,932	+ 2.24 b/
6. Socorro	8	20,056,952	- 2.19	<u>Other Counties Total</u>	<u>2</u>	<u>10,743,770</u>	<u>- 1.85</u>
				New Mexico Total	158	671,984,702	+ 2.18

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 DECEMBER 2011, WITH PRODUCTION PERCENTAGE COMPARISONS**

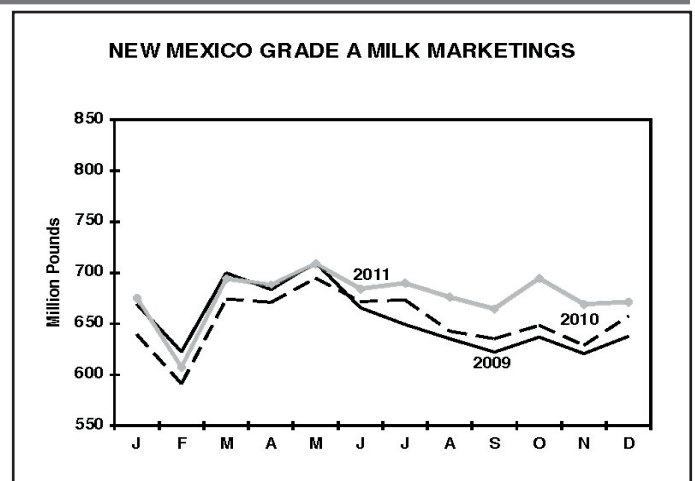
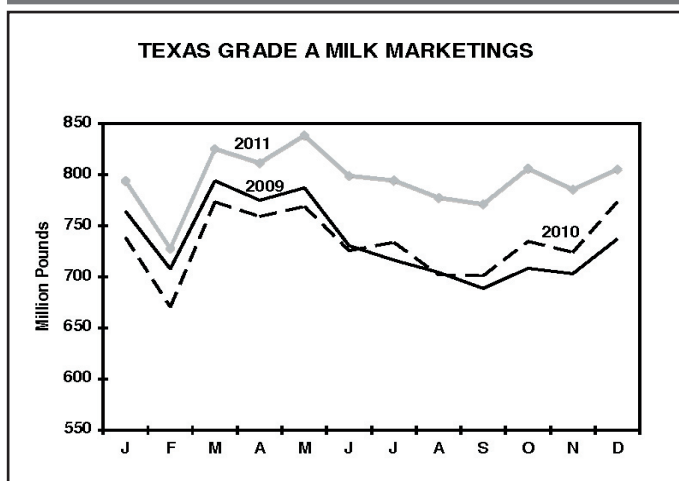
MONTH	2009 POUNDS	Number of Producers	2010 POUNDS	Number of Producers	2011 POUNDS	Number of Producers	PERCENT 2010/09	CHANGE 2011/10
January	764,064,476	636	738,538,899	582	794,574,299	555	- 3.34	+ 7.59
February	707,786,943	631	672,168,487	578	728,226,604	554	- 5.03	+ 8.34
March	793,989,726	635	773,286,159	577	831,714,685*	552	- 2.61	+ 7.49*
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	779,356,886*	540	- 0.32	+ 11.02*
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	811,052,943*	536	+ 4.28	+ 9.81*
November	703,046,885	591	723,908,057	555	785,855,360	533	+ 2.97	+ 8.56
December	<u>737,072,970</u>	581	<u>773,415,328</u>	557	<u>805,829,180</u>	531	<u>+ 4.93</u>	<u>+ 4.19</u>
Years Total	8,815,876,602		8,810,251,800		9,552,010,884		- 0.06	+ 8.42

* Revised

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2009 THROUGH DECEMBER 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	695,365,627*	157	+ 1.79	+ 7.25*
November	620,605,564	157	628,936,968	156	669,926,275*	157	+ 1.34	+ 6.52*
December	<u>641,902,168</u>	156	<u>657,677,525</u>	156	<u>671,984,702</u>	158	<u>+ 2.46</u>	<u>+ 2.18</u>
Years Total	7,856,758,549		7,832,411,467		8,131,926,494		- 0.31	+ 3.82

* Revised



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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 2010	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
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

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

**DECEMBER 2011
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$396,470.74
Class I Butterfat	60(a)	8,321,872	\$2.0491	\$17,052,347.93
Class I Skim Per Cwt		367,955,199	\$14.8200	\$54,530,960.50
Class II Butterfat	60(b)	6,622,793	\$1.7513	\$11,598,497.39
Class II Nonfat Solids		5,532,862	\$1.3756	\$7,611,004.99
Class III Butterfat	60(c)	10,489,635	\$1.7443	\$18,297,070.34
Class III Protein		8,608,884	\$3.3404	\$28,757,116.13
Class III Other Solids		15,099,664	\$0.4683	\$7,071,172.65
Class IV Butterfat	60(d)	6,077,748	\$1.7443	\$10,601,415.86
Class IV Nonfat Solids		11,228,177	\$1.2398	\$13,920,693.87
Class II, III & IV Somatic Cell Adj.	60(e)			\$510,367.85
Total Producer Milk-Product Lbs & Value		830,267,980		\$170,347,118.25
Add: Value as for 60(f) Thru 60(j)				(\$5,136.24)
Less: Total Protein Pounds	61(b)	27,221,710	\$3.3404	\$90,931,400.12
Total Other Solids Pounds		47,829,650	\$0.4683	\$22,398,625.09
Total Butterfat Pounds		31,512,048	\$1.7443	\$54,966,465.34
Total Value of Somatic Cell Adjustment				\$887,248.03
Total Milk and Value		830,267,980		\$1,158,243.43
Add: Location Differential Adjustments	61(c)			\$2,746,779.62
Producer-Settlement Fund	61(d)			\$447,586.65
Total Producer Milk/URSP and Value		830,267,980	\$0.52424	\$4,352,609.70
Less: Producer-Settlement Fund	61(f)		\$0.04424	\$367,323.40
Producer Price Differential (Dallas County)			\$0.48	\$3,985,286.30

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DECEMBER 2011
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	376,277,071	45.32	8,321,872	26.41	367,955,199	46.07
Class II	65,571,867	7.90	6,622,793	21.02	58,949,074	7.38
Class III	262,747,431	31.64	10,489,635	33.28	252,257,796	31.58
Class IV	125,671,611	15.14	6,077,748	19.29	119,593,863	14.97
Total	830,267,980	100.00	31,512,048	100.00	798,755,932	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	31,512,048	27,221,710	47,829,650	75,051,360
Percentage	3.795	3.278	5.760	9.039

Average Somatic Cell Count	232,000
Total Number of Pooled Producers	465