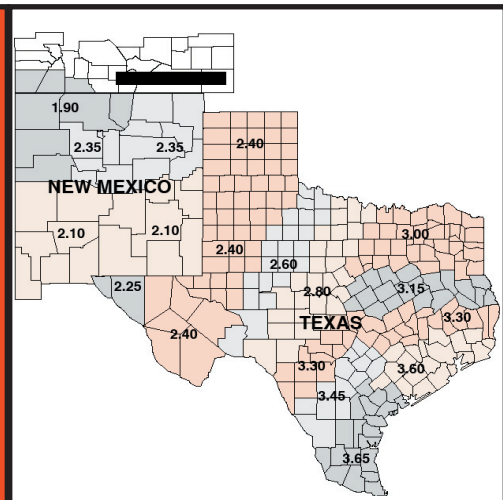


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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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 \$0.38 for September. Butterfat price increased \$0.1708 per pound from \$1.8339 in August to the level of \$2.0047 in September. Protein price increased \$0.1310 per pound from \$3.1211 in August to \$3.2521 in September. September's Other Solids price increased \$0.0509 per pound from \$0.3462 in August to \$0.3971 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 \$19.38 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 \$0.84 in comparison to the statistical uniform price of \$18.54 in August.

The September Class I price increased \$1.04 from \$19.55 in August to the September level of \$20.59. The Class II price for September of \$17.04 per hundredweight increased \$1.40 from \$15.64 in August. September's Class III price increased \$1.27 from \$17.73 in August to \$19.00 in September. The Class IV price increased \$1.65 from \$15.76 in August to \$17.41 in September.

In September 397 producers delivered a total of 524,928,099 pounds of milk. On a daily basis this represents a decrease of 3.48 percent from the producer receipts level in August and it represents a decrease of 44.68 percent when compared to the producer receipts level of September 2011.

Producer milk classified as Class I during September amounted to 67.45 percent of total producer receipts. This figure is up from 64.12 percent in August and it is up from 38.97 percent in September 2011. The average butterfat test of producer milk pooled during September was 3.651 percent, average protein test was 3.118 percent, average other solids test was 5.737 percent and the average somatic cell count was 216,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Sep 12	Aug 12	Sep 12	Aug 12	Sep 12	Aug 12
Appalachian - FO 5	20.32	19.32	-----	-----	69.44	72.49
Arizona - FO 131	18.94	17.69	-----	-----	37.17	37.46
Central - FO 32	18.37	17.43	(0.63)	(0.30)	47.68	47.17
Florida - FO 6	22.40	21.46	-----	-----	85.12	86.67
Mideast - FO 33	18.53	17.47	(0.47)	(0.26)	40.40	40.00
Northeast - FO 1	19.45	18.40	0.45	0.67	40.70	39.60
Pacific Northwest - FO 124	18.17	17.13	(0.83)	(0.60)	40.66	43.41
Southeast - FO 7	20.87	19.95	-----	-----	69.86	75.10
Southwest - FO 126	19.38	18.54	0.38	0.81	67.45	64.12
Upper Midwest - FO 30	18.86	17.69	(0.14)	(0.04)	15.10	14.50

JULY FLUID MILK SALES

During July, 4.1 billion pounds of packaged fluid milk products are estimated to have been sold in the United States. This was 1.4 percent lower than July 2011. After adjusting for calendar composition, sales in July 2012 were 1.8 percent lower than July 2011. Estimated sales of total conventional fluid milk products decreased 1.4 percent from July 2011 and estimated sales of total organic fluid milk products decreased 1.4 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 2012, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	July	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,119	7,776	- 1.3	- 2.0
Flavored Whole Milk	42	284	3.7	- 5.9
Reduced Fat Milk (2%)	1,482	10,340	- 0.8	- 1.8
Low Fat Milk (1%)	525	4,135	- 0.5	2.5
Fat-Free Milk (Skim)	572	4,267	- 7.3	- 5.1
Flavored Fat-Reduced Milk	146	2,095	10.1	- 1.6
Buttermilk	39	273	5.1	1.3
Total Conventional Milk Products 5/	3,927	29,195	- 1.4	- 1.7
Organic Whole Milk	43	311	5.7	8.9
Organic Reduced Fat Milk (2%)	46	360	- 5.7	8.1
Organic Low Fat Milk (1%)	36	265	4.5	10.6
Organic Fat-Free Milk (Skim)	34	255	- 6.5	- 4.8
Organic Flavored Milk	5	41	- 19.1	- 28.2
Organic Fat-Reduced Milk 3/	121	926	- 3.7	0.5
Total Organic Milk Products	164	1,237	- 1.4	2.4
Total Fluid Milk Products 4/	4,091	30,432	- 1.4	- 1.5
Total Fluid Milk Products Adjusted 4/ 5/	4,136	30,481	- 1.8	- 1.7

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/ Total of organic reduced fat, lowfat, skim, flavored, and miscellaneous milk products combined. 4/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 5/ Sales volumes and percent changes have been adjusted for calendar composition; see <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3023272> Report contact: Daniel Manzoni, Daniel.manzoni@ams.usda.gov or 202-720-2352

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS AND CALIFORNIA, JULY 2012, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: 2/	
	July	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Northeast (001)	704	5,202	- 1.0	- 0.7
Appalachian (005)	278	2,021	- 1.5	- 1.8
Southeast (007)	369	2,739	- 1.1	- 2.5
Florida (006)	220	1,665	- 3.4	- 1.4
Mideast (033)	454	3,367	- 0.7	- 1.9
Upper Midwest (030)	316	2,374	- 1.5	- 2.7
Central (032)	346	2,587	- 0.3	- 0.2
Southwest (126)	336	2,551	- 0.5	- 0.5
Arizona (131)	89	668	- 4.4	- 1.9
Pacific Northwest (124)	165	1,262	- 5.4	- 1.1
California (---)	488	3,563	- 1.3	- 2.3

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 2012.

TOP TEN TEXAS COUNTIES a/ – SEPTEMBER 2012

<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2011</u>	<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2011</u>
1. Parmer	15	87,262,250	+ 1.98	7. Moore	7	47,001,453	+ 20.93
2. Castro	13	85,241,426	- 3.08	8. Bailey	9	39,564,224	- 13.26
3. Erath	65	75,466,184	- 15.86	9. Hale	6	37,856,219	- 0.52
4. Deaf Smith	12	62,633,362	- 2.35	10. Comanche	17	33,551,190	- 1.33
5. Lamb	10	51,807,418	+ 0.34	Ten County Total	165	570,253,226	- 2.48
6. Hartley	11	49,869,500	+ 1.23	<u>Other Counties Total</u>	<u>316</u>	<u>164,590,674</u>	<u>- 11.87</u>
				Texas Total	481	734,843,900	- 4.76

a/ Includes all known Grade "A" milk produced on farms located in Texas.

TEXAS AND NEW MEXICO MARKET COMPONENT TEST

<u>Month</u>	<u>Butterfat</u>		<u>Protein</u>		<u>Other Solids</u>		<u>S-N-F</u>		<u>SCC a/</u>	
	<u>TX</u>	<u>NM</u>	<u>TX</u>	<u>NM</u>	<u>TX</u>	<u>NM</u>	<u>TX</u>	<u>NM</u>	<u>TX</u>	<u>NM</u>
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
February	3.81	3.58	3.24	3.15	5.77	5.78	9.01	8.93	235	211
March	3.75	3.53	3.18	3.09	5.79	5.81	8.97	8.90	222	184
April	3.69	3.46	3.14	3.04	5.77	5.78	8.91	8.82	213	164
May	3.70	3.45	3.14	3.03	5.77	5.79	8.91	8.82	218	166
June	3.69	3.46	3.12	2.99	5.77	5.79	8.89	8.79	227	171
July	3.68	3.47	3.10	2.97	5.74	5.77	8.85	8.74	237	192
August	3.72	3.51	3.11	2.98	5.71	5.74	8.82	8.72	239	199
September	3.80	3.60	3.20	3.08	5.73	5.75	8.92	8.83	225	185

a/ In thousands.

TOP NEW MEXICO COUNTIES a/ – SEPTEMBER 2012

<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2011</u>	<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2011</u>
1. Chaves	34	154,878,285	- 5.56	7. Valencia	5	16,013,974	+ 0.81
2. Curry	26	141,633,474	- 3.74	8. Luna	3	15,683,117	- 7.09
3. Roosevelt	32	123,547,397	- 9.18	9. Eddy	3	15,318,800	- 8.17
4. Dona Ana	19	78,406,036	- 2.80	10. Bernalillo	3	5,309,729	- 3.76
5. Lea	13	52,160,733	+ 0.86	Ten County Total	146	624,247,369	- 4.64
6. Socorro	8	21,295,824	+ 5.83	<u>Other Counties Total</u>	<u>2</u>	<u>10,310,760</u>	<u>- 9.56</u>
				New Mexico Total	148	634,558,129	- 4.72

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

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

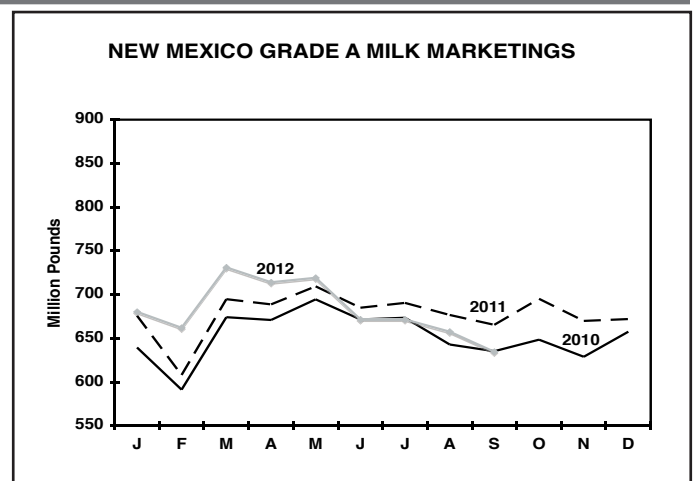
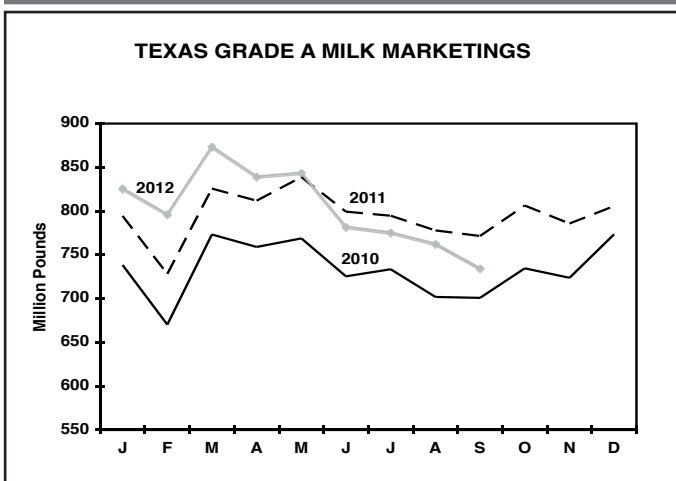
MONTH	2010 POUNDS	Number of Producers	2011 POUNDS	Number of Producers	2012 POUNDS	Number of Producers	PERCENT 2011/10	CHANGE 2012/11
January	738,538,899	582	794,574,299	555	826,060,239	525	+ 7.59	+ 3.96
February	672,168,487	578	728,226,604	554	796,585,464	514	+ 8.34	+ 5.62
March	773,286,159	577	831,714,685	552	873,809,464	515	+ 7.49	+ 5.06
April	759,203,798	576	812,060,148	549	839,675,231	504	+ 6.96	+ 3.40
May	768,833,368	571	837,599,963	544	843,983,197	495	+ 8.94	+ 0.76
June	725,500,766	565	799,434,977	543	782,384,320	491	+ 10.19	- 2.13*
July	733,719,075	568	794,768,069	541	775,879,468	483	+ 8.32	- 2.38
August	702,002,272	559	779,356,886	540	762,801,472	481	+ 11.02	- 2.12
September	701,066,340	558	771,537,770	538	734,843,900	481	+ 10.05	- 4.76
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 SEPTEMBER 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	661,854,191	156	+ 2.86	+ 5.09
March	674,287,000	159	694,817,453	159	730,980,867	156	+ 3.04	+ 5.20
April	670,976,253	159	688,673,031	158	713,977,651	158	+ 2.64	+ 3.67
May	694,638,948	160	709,391,501	157	719,067,055	153	+ 2.12	+ 1.36
June	671,649,637	159	684,767,801	157	666,236,294	152	+ 1.95	- 2.71*
July	676,898,057	159	690,350,883	157	671,552,652	149	+ 1.99	- 2.72
August	642,846,047	159	676,720,593	158	657,573,314	149	+ 5.27	- 2.83
September	635,203,468	156	666,022,373	159	634,558,129	148	+ 4.85	- 4.72
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.



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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-----						
July 2011	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
February	20.03	16.94	16.06	15.92	1.52	157.39	45.41	266.27	.00077	147.12	154.10	137.92	64.00
March	19.30	16.59	15.72	15.35	1.46	152.97	42.39	265.71	.00076	143.47	152.48	133.10	61.07
April	18.66	16.20	15.72	14.80	1.18	156.45	40.48	265.68	.00077	146.34	153.61	125.14	59.21
May	18.85	15.19	15.23	13.55	1.27	144.62	35.00	273.44	.00076	136.57	152.15	115.51	53.89
June	18.24	14.32	15.63	13.24	1.04	148.66	31.13	289.52	.00079	139.91	158.46	110.23	50.13
July	18.51	14.51	16.68	14.45	0.51	165.56	31.23	304.30	.00084	153.86	168.57	117.44	50.23
August	19.55	15.64	17.73	15.76	0.81	183.39	34.62	312.11	.00088	168.59	176.82	125.43	53.52
September	20.59	17.04	19.00	17.41	0.38	200.47	39.71	325.21	.00093	182.69	186.47	137.68	58.46

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

**SEPTEMBER 2012
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$369,707.50
Class I Butterfat	60(a)	7,022,735	\$1.8661	\$13,105,125.82
Class I Skim Per Cwt		347,043,260	\$14.5700	\$50,564,202.97
Class II Butterfat	60(b)	8,058,575	\$2.0117	\$16,211,435.35
Class II Nonfat Solids		8,982,940	\$1.1511	\$10,340,262.22
Class III Butterfat	60(c)	2,258,458	\$2.0047	\$4,527,530.76
Class III Protein		1,059,754	\$3.2521	\$3,446,425.98
Class III Other Solids		1,955,375	\$0.3971	\$776,479.42
Class IV Butterfat	60(d)	1,830,477	\$2.0047	\$3,669,557.27
Class IV Nonfat Solids		2,592,259	\$1.1969	\$3,102,674.83
Class II, III & IV Somatic Cell Adj.	60(e)			\$193,907.06
Total Producer Milk-Product Lbs & Value		524,928,099		\$106,307,309.18
Add: Value as for 60(f) Thru 60(j)				\$90,118.98
Less: Total Protein Pounds	61(b)	16,368,533	\$3.2521	\$53,232,106.17
Total Other Solids Pounds		30,115,998	\$0.3971	\$11,959,062.80
Total Butterfat Pounds		19,170,245	\$2.0047	\$38,430,590.16
Total Value of Somatic Cell Adjustment				\$654,054.92
Total Milk and Value		524,928,099		\$2,121,614.11
Add: Location Differential Adjustments	61(c)			(\$106,122.38)
Producer-Settlement Fund	61(d)			\$219,957.24
Total Producer Milk/URSP and Value		524,928,099	\$0.42585	\$2,235,448.97
Less: Producer-Settlement Fund	61(f)		\$0.04585	\$240,722.19
Producer Price Differential (Dallas County)			\$0.38	\$1,994,726.78

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

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**SEPTEMBER 2012
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	354,065,995	67.45	7,022,735	36.63	347,043,260	68.62
Class II	105,716,363	20.14	8,058,575	42.04	97,657,788	19.31
Class III	35,086,658	6.68	2,258,458	11.78	32,828,200	6.49
Class IV	30,059,083	5.73	1,830,477	9.55	28,228,606	5.58
Total	524,928,099	100.00	19,170,245	100.00	505,757,854	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	19,170,245	16,368,533	30,115,998	46,484,531
Percentage	3.651	3.118	5.737	8.855

Average Somatic Cell Count	216,000
Total Number of Pooled Producers	397