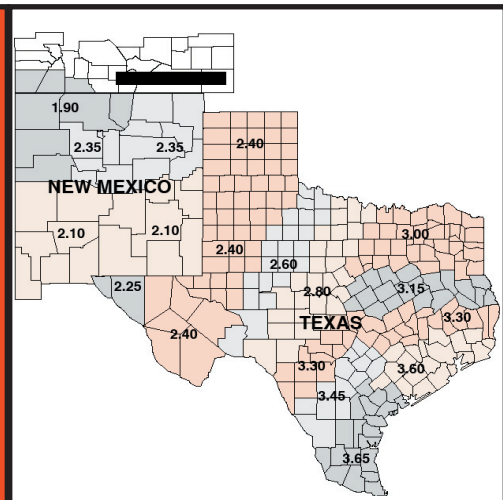


# THE MARKET ADMINISTRATOR'S

# 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 \$0.81 for August. Butterfat price increased \$0.1783 per pound from \$1.6556 in July to the level of \$1.8339 in August. Protein price increased \$0.0781 per pound from \$3.0430 in July to \$3.1211 in August. August's Other Solids price increased \$0.0339 per pound from \$0.3123 in July to \$0.3462 in August. The Somatic Cell Count adjustment rate factor for August was 0.00088 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received an August statistical uniform price of \$18.54 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 \$1.35 in comparison to the statistical uniform price of \$17.19 in July.

The August Class I price increased \$1.04 from \$18.51 in July to the August level of \$19.55. The Class II price for August of \$15.64 per hundredweight increased \$1.13 from \$14.51 in July. August's Class III price increased \$1.05 from \$16.68 in July to \$17.73 in August. The Class IV price increased \$1.31 from \$14.45 in July to \$15.76 in August.

In August 403 producers delivered a total of 561,980,676 pounds of milk. On a daily basis this represents a decrease of 1.32 percent from the producer receipts level in July and it represents a decrease of 41.08 percent when compared to the producer receipts level of August 2011.

Producer milk classified as Class I during August amounted to 64.12 percent of total producer receipts. This figure is up from 57.32 percent in July and it is up from 39.10 percent in August 2011. The average butterfat test of producer milk pooled during August was 3.565 percent, average protein test was 3.027 percent, average other solids test was 5.721 percent and the average somatic cell count was 230,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Aug 12	Jul 12	Aug 12	Jul 12	Aug 12	Jul 12
Appalachian - FO 5	19.32	18.02	-----	-----	72.49	68.54
Arizona - FO 131	17.69	16.29	-----	-----	37.46	31.59
Central - FO 32	17.43	16.29	(0.30)	(0.39)	47.17	41.65
Florida - FO 6	21.46	20.20	-----	-----	86.67	83.12
Mideast - FO 33	17.47	16.39	(0.26)	(0.29)	40.00	37.50
Northeast - FO 1	18.40	17.26	0.67	0.58	39.60	37.30
Pacific Northwest - FO 124	17.13	15.94	(0.60)	(0.74)	43.41	39.63
Southeast - FO 7	19.95	18.64	-----	-----	75.10	69.80
<b>Southwest - FO 126</b>	<b>18.54</b>	<b>17.19</b>	<b>0.81</b>	<b>0.51</b>	<b>64.12</b>	<b>57.32</b>
Upper Midwest - FO 30	17.69	16.66	(0.04)	(0.02)	14.50	13.20

## FARM PRODUCTION EXPENDITURES REACH RECORD HIGH

Farm production expenditures reached a record-high \$318.7 billion in 2011, a 10.2 percent increase over 2010, according to the Farm Production Expenditures 2011 summary released by the U.S. Department of Agriculture's National Agricultural Statistics Service (NASS).

Average production expenditures per farm were \$146,653 in 2011, an increase of 11.3 percent over the previous year. The largest expenditure category was feed, on which farmers spent an average of \$25,129 in 2011, followed by farm services (\$17,075); livestock, poultry and related expenses (\$13,163) and farm labor (\$12,334). Together, these four categories accounted for nearly half of all production expenditures on U.S. farms in 2011.

Nearly a third of all 2011 farm production expenditures occurred in the Midwest region, where farmers reported spending a total of \$98.7 billion. Expenditures in the other regions were as follows: \$73.8 billion in the Plains region, \$69.8 billion in the West region, \$39.1 billion in the Atlantic region, and \$38.2 billion in the South region. Among states, California accounted for \$31.2 billion in total farm production expenditures.

As in prior years, fuel costs accounted for a significant portion of farm production expenditures, with farm operations spending more than \$15.3 billion on it in 2011. Diesel fuel made up nearly two-third of all fuel expenditures, with farmers spending more than \$10 billion on this fuel type in 2011, a 23.7 percent increase from 2010. They spent \$2.8 billion on gasoline, \$1.6 billion on liquefied petroleum gas and \$820 million on other fuel in 2011.

The four largest expenditures at the United States level totaled \$147.1 billion and accounted for 46.1 percent of Total expenditures in 2011. They are: Feed, 17.1 percent, Farm services, 11.6 percent, Livestock, poultry and related expenses, 9.0 percent, and Labor, 8.4 percent.

The top three average expenses per farm with the largest dollar increase were: Feed, up \$4,424 or 21.4 percent, Livestock, poultry and related expenses, up \$2,035, or 18.3 percent, and Fertilizer, lime and soil conditioners, up \$1,975, or 20.6 percent.

The Farm Production Expenditures summary provides the official estimates for production input costs on U.S. farms and ranches. These estimates are based on the results of the nationwide Agricultural Resource Management Survey, conducted annually by NASS. The entire Farm Production Expenditures 2011 summary is available online at <http://bit.ly/FarmExpenditures>.

**Texas Agricultural Cash Receipts by  
Commodity, 2011**

Rank	Commodity	Receipts <sup>1/</sup>	Percent of total
		<b>\$1,000</b>	
1	Cattle and Calves	11,152,790	49.2
2	Cotton	2,326,436	10.3
<b>3</b>	<b>Dairy Products</b>	<b>1,986,816</b>	<b>8.8</b>
4	Broilers	1,674,757	7.4
5	Greenhouse/Nursery	1,210,064	5.3
6	Corn	965,259	4.3
7	Wheat	428,032	1.9
8	Chicken Eggs	420,567	1.9
9	Sorghum Grain	343,801	1.5
10	Hay	253,563	1.1
11	Rice	161,962	0.7
12	Hogs	113,912	0.5
13	Peanuts	95,801	0.4
14	Potatoes	79,855	0.4
15	Pecans	77,900	0.3
	All Others	1,389,752	6.0
	<b>TOTAL</b>	<b>22,681,267</b>	

<sup>1/</sup> Excludes government payments.

**New Mexico Agricultural Cash Receipts by  
Commodity, 2011**

Rank	Commodity	Receipts <sup>1/</sup>	Percent of total
		<b>\$1,000</b>	
<b>1</b>	<b>Cattle and Calves</b>	<b>1,688,153</b>	<b>41.1</b>
<b>2</b>	<b>Dairy Products</b>	<b>1,577,608</b>	<b>38.4</b>
3	Pecans	162,870	4.0
4	Hay	159,968	3.9
5	Cotton	68,660	1.7
6	Corn	54,043	1.3
7	Greenhouse/Nursery	47,050	1.1
8	Peppers, Chile	46,680	1.1
9	Onions	43,153	1.1
10	Wheat	22,953	0.6
11	Potatoes	19,903	0.5
12	Dry Beans	12,036	0.3
13	Sorghum Grain	10,065	0.2
14	Peanuts	9,427	0.2
15	Wool	1,295	0.0
	All Others	181,909	4.4
	<b>TOTAL</b>	<b>4,105,773</b>	

<sup>1/</sup> Excludes government payments.

## TOP TEN TEXAS COUNTIES a/ – AUGUST 2012

County	Number of Producers	Pounds	% Change From 2011	County	Number of Producers	Pounds	% Change From 2011
1. Castro	13	90,638,306	+ 1.79	7. Moore	7	48,830,787	+ 23.56
2. Parmer	15	90,231,788	+ 4.26	8. Bailey	9	40,883,368	- 12.28
3. Erath	66	76,944,777	- 13.48	9. Hale	6	39,320,531	+ 2.69
4. Deaf Smith	12	64,887,327	- 0.49	10. Comanche	17	33,246,042	+ 0.04
5. Lamb	10	53,529,247	- 0.10	Ten County Total	166	590,695,213	- 0.51
6. Hartley	11	52,183,040	- 1.09	<u>Other Counties Total</u>	<u>315</u>	<u>172,106,259</u>	<u>- 7.29</u>
				<b>Texas Total</b>	481	762,801,472	- 2.12

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

## TEXAS AND NEW MEXICO MARKET COMPONENT TEST

Month	Butterfat		Protein		Other Solids		S-N-F		SCC <sup>a/</sup>	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
June 2011	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
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

a/ In thousands.

## TOP NEW MEXICO COUNTIES a/ – AUGUST 2012

County	Number of Producers	Pounds	% Change From 2011	County	Number of Producers	Pounds	% Change From 2011
1. Chaves	34	157,161,975	- 3.31	7. Valencia	5	16,439,098	+ 0.86
2. Curry	26	149,836,718	- 0.45	8. Luna	3	16,327,160	- 9.05
3. Roosevelt	33	131,140,808	- 6.24	9. Eddy	3	15,870,060	- 2.16
4. Dona Ana	19	78,658,098	- 4.89	10. Bernalillo	3	5,313,811	- 14.62
5. Lea	13	54,056,360	+ 5.53	Ten County Total	147	646,670,094	- 2.70
6. Socorro	8	21,866,006	+ 3.70	<u>Other Counties Total</u>	<u>2</u>	<u>10,903,220</u>	<u>- 9.88</u>
				<b>New Mexico Total</b>	149	657,573,314	- 2.83

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 AUGUST 2012, WITH PRODUCTION PERCENTAGE COMPARISONS**

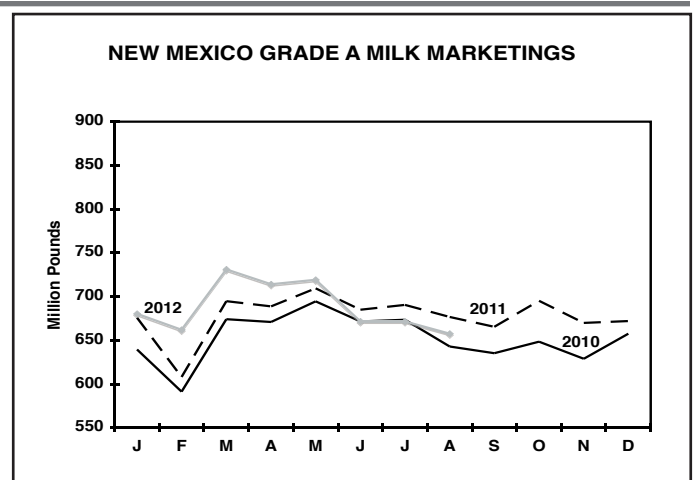
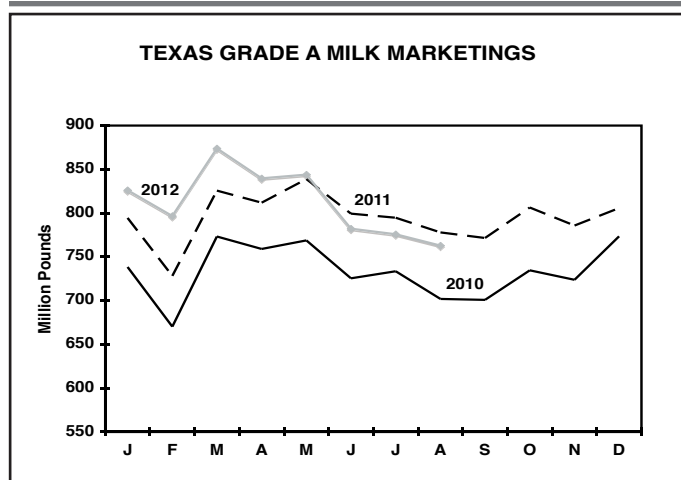
MONTH	2010 POUNDS	Number of Producers	2011 POUNDS	Number of Producers	2012 POUNDS	Number of Producers	PERCENT 2011/10	CHANGE 2012/11
January	738,538,899	582	794,574,299	555	826,060,239	525	+ 7.59	+ 3.96
February	672,168,487	578	728,226,604	554	796,585,464	514	+ 8.34	+ 5.62
March	773,286,159	577	831,714,685	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			+ 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 AUGUST 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			+ 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.



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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 2011	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
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

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

**AUGUST 2012  
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$331,943.25
Class I Butterfat	60(a)	7,611,232	\$1.6686	\$12,700,101.72
Class I Skim Per Cwt		352,716,115	\$14.2100	\$50,120,959.96
Class II Butterfat	60(b)	7,596,847	\$1.8409	\$13,985,035.66
Class II Nonfat Solids		8,674,810	\$1.0589	\$9,185,756.31
Class III Butterfat	60(c)	2,981,522	\$1.8339	\$5,467,813.19
Class III Protein		1,667,352	\$3.1211	\$5,203,972.34
Class III Other Solids		3,155,174	\$0.3462	\$1,092,321.24
Class IV Butterfat	60(d)	1,847,485	\$1.8339	\$3,388,102.75
Class IV Nonfat Solids		3,671,278	\$1.0756	\$3,948,826.63
Class II, III & IV Somatic Cell Adj.	60(e)			\$199,723.72
Total Producer Milk-Product Lbs & Value		561,980,676		\$105,624,556.77
Add: Value as for 60(f) Thru 60(j)				\$220,046.36
Less: Total Protein Pounds	61(b)	17,012,752	<b>\$3.1211</b>	\$53,098,500.30
Total Other Solids Pounds		32,154,755	<b>\$0.3462</b>	\$11,131,976.22
Total Butterfat Pounds		20,037,086	<b>\$1.8339</b>	\$36,746,012.01
Total Value of Somatic Cell Adjustment				\$593,267.30
<b>Total Milk and Value</b>		561,980,676		\$4,274,847.30
Add: Location Differential Adjustments	61(c)			\$260,841.05
Producer-Settlement Fund	61(d)			\$275,893.73
<b>Total Producer Milk/URSP and Value</b>		561,980,676	\$0.85618	\$4,811,582.08
Less: Producer-Settlement Fund	61(f)		\$0.04618	\$259,538.60
<b>Producer Price Differential (Dallas County)</b>			<b>\$0.81</b>	<b>\$4,552,043.48</b>

**THE MARKET ADMINISTRATOR'S**  
**REPORT**

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

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 Permit No. 343

RETURN SERVICE REQUESTED

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

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	360,327,347	64.12	7,611,232	37.99	352,716,115	65.08
Class II	103,242,874	18.37	7,596,847	37.91	95,646,027	17.65
Class III	55,920,924	9.95	2,981,522	14.88	52,939,402	9.77
Class IV	42,489,531	7.56	1,847,485	9.22	40,642,046	7.50
<b>Total</b>	<b>561,980,676</b>	<b>100.00</b>	<b>20,037,086</b>	<b>100.00</b>	<b>541,943,590</b>	<b>100.00</b>

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
<b>Total Pounds</b>	<b>20,037,086</b>	<b>17,012,752</b>	<b>32,154,755</b>	<b>49,167,507</b>
<b>Percentage</b>	<b>3.565</b>	<b>3.027</b>	<b>5.721</b>	<b>8.748</b>

<b>Average Somatic Cell Count</b>	<b>230,000</b>
<b>Total Number of Pooled Producers</b>	<b>403</b>