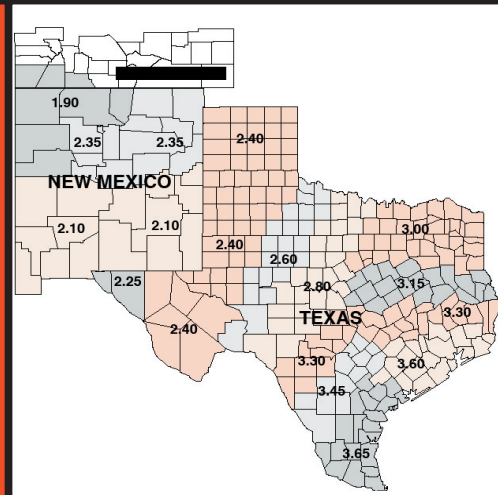


THE MARKET ADMINISTRATOR'S

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 XXXVIII, NO. 2

FEBRUARY 2013

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 \$1.23 for January. Butterfat price decreased \$0.1108 per pound from \$1.7276 in December to the level of \$1.6168 in January. Protein price decreased \$0.0251 per pound from \$3.3113 in December to \$3.2862 in January. January's Other Solids price decreased \$0.0111 per pound from \$0.4758 in December to \$0.4647 in January. The Somatic Cell Count adjustment rate factor for January was 0.00087 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 \$19.37 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 \$0.85 in comparison to the statistical uniform price of \$20.22 in December.

The January Class I price decreased \$2.42 from \$24.39 in December to the January level of \$21.97. The Class II price for January of \$18.19 per hundred-weight decreased \$0.11 from \$18.30 in December. January's Class III price decreased \$0.52 from \$18.66 in December to \$18.14 in January. The Class IV price decreased \$0.20 from \$17.83 in December to \$17.63 in January.

In January 565 producers delivered a total of 1,258,497,889 pounds of milk. On a daily basis this represents an increase of 6.90 percent from the producer receipts level in December and it represents an increase of 19.34 percent when compared to the producer receipts level of January 2012.

Producer milk classified as Class I during January amounted to 31.13 percent of total producer receipts. This figure is up from 30.01 percent in December but it is down from 36.18 percent in January 2012. The average butterfat test of producer milk pooled during January was 3.850 percent, average protein test was 3.227 percent, average other solids test was 5.791 percent and the average somatic cell count was 198,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Jan 13	Dec 12	Jan 13	Dec 12	Jan 13	Dec 12
Appalachian - FO 5	21.10	22.28	-----	-----	69.69	64.52
Arizona - FO 131	18.82	19.67	-----	-----	29.74	30.08
Central - FO 32	18.57	19.56	0.43	0.90	36.43	37.97
Florida - FO 6	23.32	24.90	-----	-----	85.95	81.87
Mideast - FO 33	18.73	19.72	0.59	1.06	36.80	37.40
Northeast - FO 1	19.73	20.65	1.59	1.99	38.80	38.70
Pacific Northwest - FO 124	18.41	19.17	0.27	0.51	27.24	25.91
Southeast - FO 7	21.50	22.72	-----	-----	68.78	63.23
Southwest - FO 126	19.37	20.22	1.23	1.56	31.13	30.01
Upper Midwest - FO 30	18.34	18.98	0.20	0.32	11.00	11.60

EXTENSION OF DAIRY FORWARD PRICING PROGRAM UNTIL SEPTEMBER 30, 2013

The Dairy Forward Pricing Program, established under the 2008 Farm Bill, allowed forward price contracts between handlers and dairy farmers to be entered into through September 30, 2012. On January 2, 2013, legislation passed by Congress was signed by President Obama that extended the Dairy Forward Pricing Program by one year. Handlers may now enter into new forward price contracts with producers or cooperative associations of producers through September 30, 2013. All other provisions of the Dairy Forward Pricing Program remain the same.

Please keep in mind:

- All new contracts must be signed by both parties prior to the effective month. The signed contract and disclosure statement must be received by the Market Administrator prior to the 15th of the applicable month. For example, to contract for March 2013 milk, the forward contract and disclosure statement must be signed prior to March 1, 2013, and received by the Market Administrator by March 15, 2013.
- The disclosure statement must be signed the same date as the contract.
- Producer milk that has been forward contracted under the terms of the Program is not subject to Federal Order minimum pricing provisions.
- Any pooled milk subject to a new forward contract entered into from October 2012 through January 2013 and the contract includes milk deliveries in those months is subject to Federal Order minimum pricing provisions for those months.
- Forward Contracts established under this program may not extend past September 30, 2015.
- Forward contracts established prior to October 1, 2012, are not impacted.

USDA ISSUES FINAL DECISION ON AMENDMENTS TO MILK ORDERS

The U.S. Department of Agriculture has issued a final decision proposing permanent amendments to all Federal milk marketing orders.

The decision proposes a permanent adoption of changes that are currently implemented on an interim basis. The amendments are based on the record of public hearing sessions held in 2007 in Strongsville, Ohio; Indianapolis, Ind.; and Pittsburgh, Pa.

This decision would permanently adopt changes to the manufacturing cost allowances and the butterfat yield factor used in Class III and Class IV product-price formulas applicable to all Federal milk marketing orders.

These amendments were adopted in an interim final rule in July 2008 and became effective in October 2008. This document also terminates the proceeding with regard to additional proposals that addressed the collection

of manufacturing cost information, the use of an energy cost adjuster, and providing for a cost add-on feature to Class III and Class IV product-price formulas.

The amendments finalized by this decision require producer approval. For additional information about the decision contact this office.

USDA ANNOUNCES IMPORTANT UPDATES ON THE MILK INCOME LOSS CONTRACT (MILC) PROGRAM

U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) announced that beginning Feb. 5, USDA will issue payments to dairy farmers enrolled in the Milk Income Loss Contract (MILC) program for the September 2012 marketings. The American Taxpayer Relief Act of 2012 extended the authorization of the Food, Conservation, and Energy Act of 2008 (the 2008 Farm Bill) through 2013 for many programs administered by FSA, including MILC. The 2008 Farm Bill extension provides for a continuation of the MILC program through Sept. 30, 2013.

MILC payments are triggered when the Boston Class I milk price falls below \$16.94 per hundredweight, after adjustment for the cost of dairy feed rations. MILC payments are calculated each month using the latest milk price and feed cost.

FSA announced on Jan. 22, all dairy producers' MILC contracts are automatically extended to Sept. 30, 2013. Eligible producers therefore do not need to re-enroll in MILC. MILC operations with approved contracts will continue to receive monthly payments, if available.

The payment rate for September 2012 is approximately \$0.59 per hundredweight. The payment rate for October 2012 marketings is approximately \$0.02 per hundredweight. The payment rate for November 2012 marketings is zero.

Before the October MILC payment can be issued, dairy farmers must complete a new Average Adjusted Gross Income (AGI) form for 2013. The new form, CCC-933 Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information, must complete by producers before they can receive payments for a variety of programs administered by FSA and USDA's Natural Resources Conservation Service. Producers may obtain CCC-933 at their local USDA Service Center or online at www.fsa.usda.gov/cc933. Specific detail about AGI may be found here.

Dairy operations may select a production start month other than October 2012. Producers who want to select a production start month other than October 2012 must visit their local FSA office between Feb. 1 and Feb. 28, 2013, also known as a relief period.

FSA will provide producers with information on program requirements, updates and signups as the information becomes available. For more information on MILC, contact a local FSA county office or visit the FSA website at www.fsa.usda.gov.

TOP TEN TEXAS COUNTIES a/ – JANUARY 2013

County	Number of Producers	Pounds	% Change From 2012	County	Number of Producers	Pounds	% Change From 2012
1. Erath	59	92,184,046	- 7.22	7. Moore	7	48,953,980	+ 20.32
2. Castro	13	91,942,554	+ 0.08	8. Comanche	17	42,205,012	+ 0.65
3. Parmer	14	78,032,510	- 9.22	9. Bailey	9	41,989,731	+ 1.87
4. Deaf Smith	11	65,970,590	+ 3.61	10. Hale	5	38,061,686	+ 1.13
5. Hartley	11	54,011,206	+ 5.14	Ten County Total	156	606,732,928	+ 0.11
6. Lamb	10	53,381,613	+ 1.91	<u>Other Counties Total</u>	<u>312</u>	<u>208,453,395</u>	<u>- 5.23</u>
				Texas Total	468	815,186,323	- 1.32

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 ^{a/}	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
December 2011	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
October	3.89	3.70	3.29	3.18	5.75	5.76	9.03	8.95	214	173
November	3.93	3.73	3.30	3.21	5.75	5.76	9.05	8.97	197	157
December	3.95	3.73	3.29	3.20	5.77	5.78	9.06	8.98	202	162
Averages 2012	3.79	3.57	3.20	3.09	5.76	5.77	8.95	8.86	223	185
January 2013	3.97	3.74	3.29	3.18	5.77	5.80	9.06	8.98	224	174

a/ In thousands.

TOP NEW MEXICO COUNTIES a/ – JANUARY 2013

County	Number of Producers	Pounds	% Change From 2012	County	Number of Producers	Pounds	% Change From 2012
1. Chaves	34	176,803,684	+ 5.74	7. Eddy	3	17,408,200	+ 3.26
2. Curry	25	139,806,034	- 6.56	8. Luna	3	17,028,770	+ 6.37
3. Roosevelt	32	129,025,064	- 7.32	9. Valencia	5	16,899,962	+ 9.15
4. Dona Ana	19	90,711,824	+ 7.73	10. Bernalillo	4	6,095,367	+ 17.65
5. Lea	13	58,066,993	+ 4.99	Ten County Total	146	674,022,462	+ 0.63
6. Socorro	8	22,176,564	+ 7.00	<u>Other Counties Total</u>	<u>2</u>	<u>10,913,880</u>	<u>+ 5.10</u>
				New Mexico Total	148	684,936,342	+ 0.70

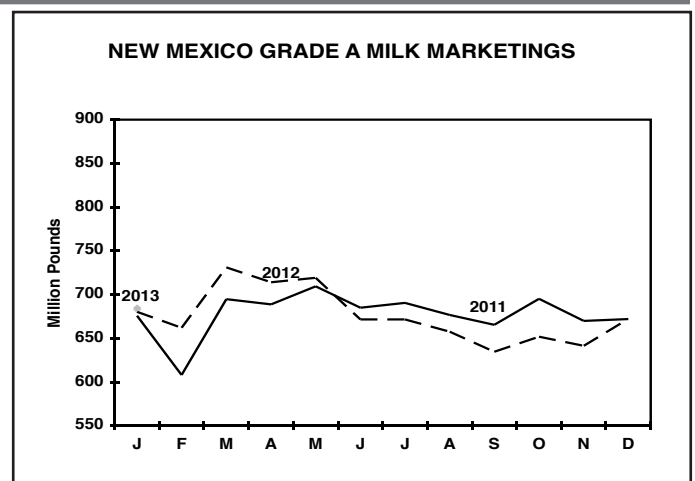
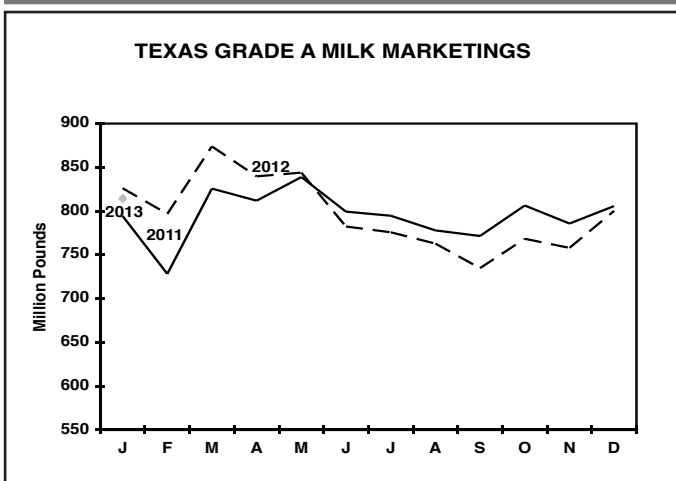
a/ All known Grade "A" milk produced on farms located in New Mexico.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 2011 THROUGH JANUARY 2013, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2011 POUNDS	Number of Producers	2012 POUNDS	Number of Producers	2013 POUNDS	Number of Producers	PERCENT 2012/11	CHANGE 2013/12
January	794,574,299	555	826,060,689	525	815,186,323	468	+ 3.96	- 1.32
February	728,226,604	554	796,799,428	514			+ 5.62	
March	831,714,685	552	873,809,464	515			+ 5.06	
April	812,060,148	549	839,675,231	504			+ 3.40	
May	837,599,963	544	843,983,197	495			+ 0.76	
June	799,434,977	543	782,384,320	491			- 2.13	
July	794,768,069	541	775,879,468	483			- 2.38	
August	779,356,886	540	762,801,472	481			- 2.12	
September	771,537,770	538	734,843,900	481			- 4.76	
October	811,052,943	536	768,680,316	473			- 5.26	
November	785,855,360	533	757,867,560	471			- 3.56	
December	<u>805,829,180</u>	531	<u>800,171,636</u>	470			<u>-0.70</u>	
Years Total	9,552,010,884		9,562,956,681				+ 0.11	

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2011 THROUGH JANUARY 2013, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2011 POUNDS	Number of Producers	2012 POUNDS	Number of Producers	2013 POUNDS	Number of Producers	PERCENT 2012/11	CHANGE 2013/12
January	675,834,553	157	680,195,569	157	684,936,342	148	+ 0.65	+ 0.70
February	608,071,702	159	661,854,191	156			+ 5.09	
March	694,817,453	159	730,980,867	156			+ 5.20	
April	688,673,031	158	713,977,651	158			+ 3.67	
May	709,391,501	157	719,067,055	153			+ 1.36	
June	684,767,801	157	666,236,294	152			- 2.71	
July	690,350,883	157	671,552,652	149			- 2.72	
August	676,720,593	158	657,573,314	149			- 2.83	
September	666,022,373	159	634,558,129	148			- 4.72	
October	695,365,627	157	652,048,912	149			- 6.23	
November	669,926,275	157	641,151,756	148			- 4.30	
December	<u>671,984,702</u>	158	<u>672,437,705</u>	148			<u>+0.04</u>	
Years Total	8,131,926,494		8,101,634,095				- 0.37	



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			AMS Product Prices ^{c/}			
	I ^{a/}	II	III	IV	P.P.D. ^{a/}		Other Solids	True Protein	SCC ^{b/} Adj Rate	Grade AA Butter	Cheddar Cheese	NFDM Powder	Dry Whey
	----- Dollars Per Hundred Wt. -----						-----Cents Per Pound-----						
December 2011	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 ^{d/}	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
October	21.88	18.44	21.02	18.54	(0.67)	211.36	43.40	372.78	.00102	191.68	204.79	146.36	62.05
November	23.70	18.81	20.83	18.66	0.54	202.18	46.24	371.72	.00101	184.10	201.46	151.43	64.80
December	24.39	18.30	18.66	17.83	1.56	172.76	47.58	331.13	.00090	159.81	179.25	153.84	66.10
Averages 2012 ^{d/}	20.46	16.64	17.44	16.01	0.95	172.30	40.63	304.26	.00085	159.43	170.76	132.79	59.35
January 2013	21.97	18.19	18.14	17.63	1.23	161.68	46.47	328.62	.00087	150.66	174.85	156.01	65.03

a/ Subject to location adjustments. b/ SCC adjustment rate is per 1,000 difference. c/ Prior to April 2012 NASS product prices were used. d/ Simple averages

**JANUARY 2013
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$411,389.50
Class I Butterfat	60(a)	7,874,337	\$1.7752	\$13,978,523.05
Class I Skim Per Cwt		383,848,540	\$16.3300	\$62,682,466.60
Class II Butterfat	60(b)	8,598,484	\$1.6238	\$13,962,218.33
Class II Nonfat Solids		9,568,792	\$1.4400	\$13,779,060.48
Class III Butterfat	60(c)	25,473,349	\$1.6168	\$41,185,310.67
Class III Protein		21,201,620	\$3.2862	\$69,672,763.64
Class III Other Solids		37,894,924	\$0.4647	\$17,609,771.20
Class IV Butterfat	60(d)	6,507,128	\$1.6168	\$10,520,724.55
Class IV Nonfat Solids		8,862,063	\$1.3784	\$12,215,467.64
Class II, III & IV Somatic Cell Adj.	60(e)			\$1,181,192.64
Total Producer Milk-Product Lbs & Value		1,258,497,889		\$257,198,888.30
Add: Value as for 60(f) Thru 60(j)				\$77,678.75
Less: Total Protein Pounds	61(b)	40,621,208	\$3.2862	\$133,489,413.73
Total Other Solids Pounds		72,882,030	\$0.4647	\$33,868,279.37
Total Butterfat Pounds		48,453,298	\$1.6168	\$78,339,292.19
Total Value of Somatic Cell Adjustment				\$1,667,081.00
Total Milk and Value		1,258,497,889		\$9,912,500.76
Add: Location Differential Adjustments	61(c)			\$5,854,355.50
Producer-Settlement Fund	61(d)			\$275,653.78
Total Producer Milk/URSP and Value		1,258,497,889	\$1.27473	\$16,042,510.04
Less: Producer-Settlement Fund	61(f)		\$0.04473	\$562,986.01
Producer Price Differential (Dallas County)			\$1.23	\$15,479,524.03

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 2013
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	391,722,877	31.13	7,874,337	16.25	383,848,540	31.72
Class II	110,828,205	8.81	8,598,484	17.75	102,229,721	8.45
Class III	654,617,205	52.01	25,473,349	52.57	629,143,856	51.99
Class IV	101,329,602	8.05	6,507,128	13.43	94,822,474	7.84
Total	1,258,497,889	100.00	48,453,298	100.00	1,210,044,591	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	48,453,298	40,621,208	72,882,030	113,503,238
Percentage	3.850	3.227	5.791	9.018

Average Somatic Cell Count	198,000
Total Number of Pooled Producers	565