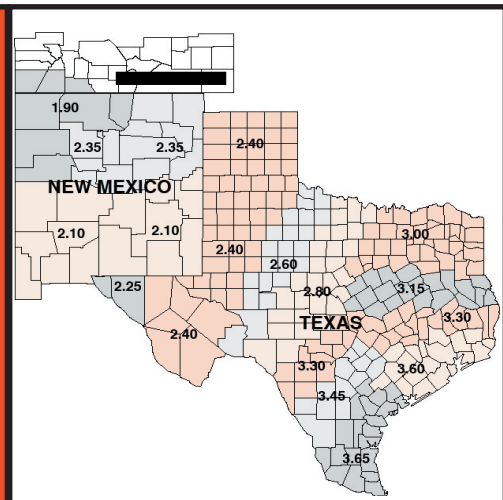


THE MARKET ADMINISTRATOR'S

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 XXXIV, NO. 9

SEPTEMBER 2013

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 \$1.83 for August. Butterfat price decreased \$0.0589 per pound from \$1.5693 in July to the level of \$1.5104 in August. Protein price increased \$0.2518 per pound from \$3.2257 in July to \$3.4775 in August. August's Other Solids price decreased \$0.0026 per pound from \$0.3927 in July to \$0.3901 in August. The Somatic Cell Count adjustment rate factor for August was 0.00089 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a August statistical uniform price of \$19.74 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 \$0.34 in comparison to the statistical uniform price of \$19.40 in July.

The August Class I price decreased \$0.03 from \$21.91 in July to the August level of \$21.88. The Class II price for August of \$19.27 per hundredweight increased \$0.05 from \$19.22 in July. August's Class III price increased \$0.53 from \$17.38 in July to \$17.91 in August. The August Class IV price increased \$0.17 from \$18.90 in July to \$19.07 in August.

In August 490 producers delivered a total of 988,435,997 pounds of milk. On a daily basis this represents a decrease of 1.35 percent from the producer receipts level in July but it represents an increase of 75.88 percent when compared to the producer receipts level of August 2012.

Producer milk classified as Class I during August amounted to 36.73 percent of total producer receipts. This figure is up from 33.29 percent in July but it is down from 64.12 percent in August 2012. The average butterfat test of producer milk pooled during August was 3.567 percent, average protein test was 3.053 percent, average other solids test was 5.743 percent and the average somatic cell count was 224,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Aug 13	Jul 13	Aug 13	Jul 13	Aug 13	Jul 13
Appalachian - FO 5	21.35	21.26	-----	-----	70.58	68.87
Arizona - FO 131	19.41	19.17	-----	-----	32.17	29.60
Central - FO 32	18.92	18.62	1.01	1.24	33.16	30.05
Florida - FO 6	23.56	23.44	-----	-----	87.92	86.01
Mideast - FO 33	19.32	19.12	1.41	1.74	39.20	38.10
Northeast - FO 1	20.28	20.18	2.37	2.80	36.90	35.50
Pacific Northwest - FO 124	18.93	18.65	1.02	1.27	27.88	22.94
Southeast - FO 7	21.81	21.57	-----	-----	72.29	68.05
Southwest - FO 126	19.74	19.40	1.83	2.02	36.73	33.29
Upper Midwest - FO 30	18.25	17.78	0.34	0.40	10.60	10.10

2012 UNITED STATES TOTAL FARM PRODUCTION EXPENDITURE HIGHLIGHTS

Farm Production Expenditures in the United States is estimated at \$351.8 billion for 2012, up from \$318.7 billion in 2011. The 2012 Total farm production expenditures were up 10.4 percent compared with 2011 Total farm production expenditures. All expenditure items, except Interest, increased from the previous year.

The four largest expenditures at the United States level totaled \$161.8 billion and accounted for 46.0 percent of Total expenditures in 2012. These include Feed, 16.8 percent, Farm services, 11.3 percent, Livestock, poultry and related expenses, 9.1 percent, and Labor, 8.8 percent.

In 2012, the United States Total farm expenditure average per farm is \$162,743 compared with \$146,653 in 2011, up 11.0 percent. On average, United States farm operations spent \$27,338 on Feed, \$18,457 on Farm services, \$14,802 on Livestock, poultry and related expenses, and \$14,247 on Labor. For 2011, United States farms spent an average of \$25,129 on Feed, \$17,075 on Farm services, \$13,163 on Livestock, poultry and related expenses, and \$12,334 on Labor.

Total Fuel expense is \$15.4 billion. Diesel, the largest sub component, is \$10.3 billion, accounting for 66.9 percent. Diesel expenditures are up 2.2 percent from the previous year. Gasoline is \$3.1 billion, up 11.1 percent. LP gas is \$1.3 billion, down 19.3 percent. Other fuel is \$700 million, down 14.6 percent.

In 2012, Crop farms expenditures increased to \$199.8 billion, up 17.4 percent while Livestock farms expenditures increased to \$152.0 billion, up 2.4 percent. The largest expenditures for Crop farms is: Rent at \$25.0 billion, (12.5

percent), Farm services at \$24.9 billion, (12.5 percent) and Fertilizer, lime and soil conditioners at \$24.8 billion, (12.4 percent). Combined crop inputs (chemicals, fertilizers, and seeds) are \$55.5 billion, accounting for 27.8 percent of Crop farms total expenses. The largest expenditures for Livestock farms are: Feed at \$54.4 billion, (35.8 percent), Livestock, poultry and related expenses, at \$27.9 billion, (18.4 percent), and Farm services at \$15.0 billion, (9.9 percent), together accounting for 64.1 percent of Livestock farms Total expenses. The average Total expenditure for a Crop farm are \$202,740 compared to \$129,230 per Livestock farm.

The Midwest region contributed the most to United States Total expenditures with expenses of \$112.0 billion (31.8 percent), up from \$98.8 billion in 2011. The other regions ranked by Total expenditures are: Plains at \$88.8 billion (25.2 percent), West at \$69.9 billion (19.8 percent), Atlantic at \$42.6 billion (12.1 percent), and South at \$38.6 billion (11.0 percent). The Plains increased \$15.0 billion from 2011, which is the largest regional increase in dollars.

The sum of Total expenditures for the 15 Estimate States is \$228.9 billion in 2012 (65.1 percent of the United States Total expenditures) and \$205.8 billion in 2011 (64.6 percent). California contributed most to the 2012 United States Total expenditures, with expenses of \$31.2 billion, (8.9 percent). California expenditures are up 0.5 percent from the 2011 estimate of \$31.0 billion. Iowa, the next leading state, has \$26.8 billion in expenses, (7.6 percent). Other states with more than \$20 billion in Total Expenditures are: Texas with \$23.8 billion, and Nebraska with \$22.0 billion.

Source: Farm Production Expenditures 2012 Summary (August 2013) USDA, National Agricultural Statistics Service

Texas Agricultural Cash Receipts by Commodity, 2012

Rank	Commodity	Receipts ^{1/}	Percent of total
		\$1,000	
1	Cattle and Calves	10,543,163	46.4
2	Cotton	2,224,380	9.8
3	Dairy Products/Milk	1,789,964	7.9
4	Broilers	1,747,250	7.7
5	Greenhouse/Nursery	1,266,182	5.6
6	Corn	1,164,788	5.1
7	Sorghum Grain	594,054	2.6
8	Wheat	538,097	2.4
9	Chicken Eggs	439,020	1.9
10	Hay	356,876	1.6
11	Miscellaneous Livestock	300,640	1.3
12	Peanuts	204,161	0.9
13	Rice	162,586	0.7
14	Hogs	143,937	0.6
15	Potatoes	126,585	0.6
	All Others	1,124,384	4.9
	TOTAL	22,726,067	

1/ Excludes government payments.

New Mexico Agricultural Cash Receipts by Commodity, 2012

Rank	Commodity	Receipts ^{1/}	Percent of total
		\$1,000	
1	Cattle and Calves	1,750,620	43.5
2	Dairy Products/Milk	1,409,748	35.1
3	Hay	172,308	4.3
4	Pecans	110,500	2.7
5	Peppers, Chile	65,410	1.6
6	Cotton	56,745	1.4
7	Onions	56,095	1.4
8	Corn	48,435	1.2
9	Greenhouse/Nursery	47,050	1.2
10	Miscellaneous Livestock	27,083	0.7
11	Wheat	15,623	0.4
12	Peanuts	15,136	0.4
13	Dry Beans	13,295	0.3
14	Sorghum Grain	5,422	0.1
15	Poultry/Eggs	3,828	0.1
	All Others	222,504	5.5
	TOTAL	4,019,802	

1/ Excludes government payments.

TOP TEN TEXAS COUNTIES a/ – AUGUST 2013

County	Number of Producers	Pounds	% Change From 2012	County	Number of Producers	Pounds	% Change From 2012
1. Castro	13	94,556,703	+ 4.32	7. Hartley	11	54,863,495	+ 5.14
2. Parmer	14	81,222,311	- 9.98	8. Hale	6	45,548,957	+ 15.84
3. Erath	59	78,488,292	+ 2.01	9. Bailey	9	41,786,402	+ 2.21
4. Deaf Smith	12	66,260,084	+ 2.12	10. Comanche	17	35,005,809	+ 5.29
5. Lamb	10	58,068,403	+ 8.48	Ten County Total	159	612,107,191	+ 3.62
6. Moore	8	56,306,735	+ 15.31	<u>Other Counties Total</u>	<u>289</u>	<u>174,822,961</u>	<u>+ 1.58</u>
				Texas Total	448	786,930,152	+ 3.16

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
June 2012	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
February	3.90	3.67	3.25	3.14	5.79	5.81	9.03	8.94	209	164
March	3.87	3.62	3.23	3.10	5.77	5.79	9.01	8.90	204	160
April	3.80	3.54	3.21	3.08	5.77	5.78	8.99	8.86	196	150
May	3.75	3.47	3.18	3.05	5.78	5.78	8.95	8.83	182	138
June	3.67	3.39	3.11	2.99	5.78	5.78	8.89	8.77	197	152
July	3.66	3.38	3.11	2.99	5.78	5.78	8.89	8.76	227	190
August	3.72	3.45	3.13	3.01	5.74	5.75	8.88	8.75	242	204

a/ In thousands.

TOP NEW MEXICO COUNTIES a/ – AUGUST 2013

County	Number of Producers	Pounds	% Change From 2012	County	Number of Producers	Pounds	% Change From 2012
1. Chaves	33	160,541,730	+ 2.15	7. Luna	3	17,282,932	+ 5.85
2. Curry	27	143,272,434	- 4.38	8. Valencia	5	15,940,884	- 3.03
3. Roosevelt	32	128,560,364	- 1.97	9. Eddy	3	10,950,940	- 31.00
4. Dona Ana	19	79,556,251	+ 1.14	10. Bernalillo	3	4,167,098	- 21.58
5. Lea	13	55,043,312	+ 1.83	Ten County Total	146	636,978,225	- 1.50
6. Socorro	8	21,662,280	- 0.93	<u>Other Counties Total</u>	<u>2</u>	<u>11,120,340</u>	<u>+ 1.99</u>
				New Mexico Total	148	648,098,565	- 1.44

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 AUGUST 2013, WITH PRODUCTION PERCENTAGE COMPARISONS**

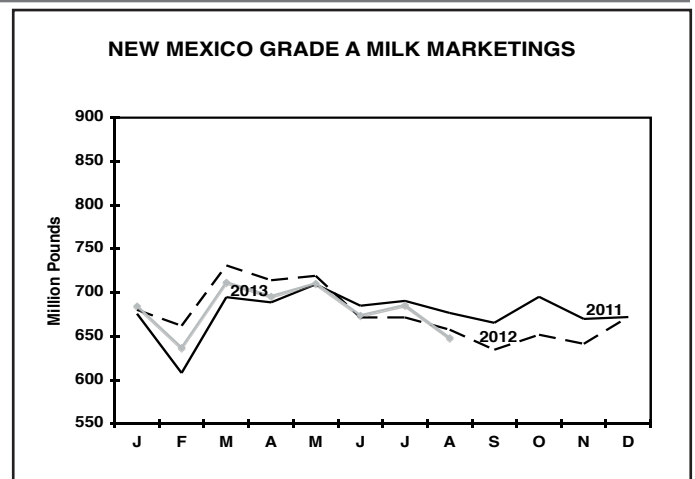
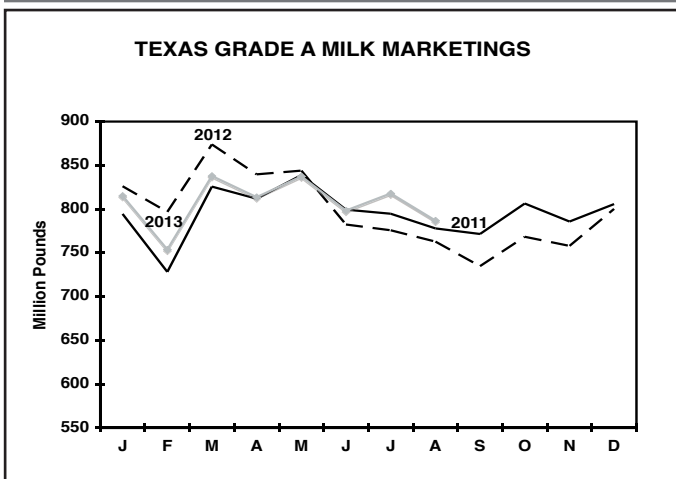
MONTH	2011 POUNDS	Number of Producers	2012 POUNDS	Number of Producers	2013 POUNDS	Number of Producers	PERCENT 2012/11	CHANGE 2013/12
January	794,574,299	555	826,060,689	525	815,186,323	468	+ 3.96	- 1.32
February	728,226,604	554	796,799,428	514	751,853,093	465	+ 5.62	- 2.27*
March	831,714,685	552	873,809,464	515	837,918,903	461	+ 5.06	- 4.11
April	812,060,148	549	839,675,231	504	813,654,074	456	+ 3.40	- 3.10
May	837,599,963	544	843,983,197	495	837,276,897	457	+ 0.76	- 0.79
June	799,434,977	543	782,384,320	491	798,423,916	456	- 2.13	+ 2.05
July	794,768,069	541	775,879,468	483	817,848,775	452	- 2.38	+ 5.41
August	779,356,886	540	762,801,472	481	786,930,152	448	- 2.12	+ 3.16
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	

* Based on average daily deliveries.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2011 THROUGH AUGUST 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	637,099,822	148	+ 5.09	- 0.30*
March	694,817,453	159	730,980,867	156	711,862,101	149	+ 5.20	- 2.62
April	688,673,031	158	713,977,651	158	695,977,148	150	+ 3.67	- 2.52
May	709,391,501	157	719,067,055	153	710,709,847	150	+ 1.36	- 1.16
June	684,767,801	157	666,236,294	152	674,240,675	149	- 2.71	+ 1.20
July	690,350,883	157	671,552,652	149	685,672,220	149	- 2.72	+ 2.10
August	676,720,593	158	657,573,314	149	648,098,565	148	- 2.83	- 1.44
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	

* Based on average daily deliveries.



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-----						
June 2012	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
February	21.21	18.49	17.25	17.75	1.61	166.19	45.34	296.09	.00083	154.38	166.23	155.59	63.93
March	20.80	18.82	16.93	17.75	1.71	174.76	41.79	282.04	.00082	161.46	164.67	152.08	60.48
April	20.66	18.73	17.59	18.10	1.45	182.27	38.63	301.30	.00087	167.66	173.10	153.12	57.41
May	20.76	18.43	18.52	18.89	1.02	178.84	38.87	335.97	.00091	164.83	182.74	163.74	57.65
June	21.93	19.14	18.02	18.88	1.69	165.99	38.59	334.55	.00089	154.22	178.10	168.78	57.38
July	21.91	19.22	17.38	18.90	2.02	156.93	39.27	322.57	.00086	146.74	171.42	172.72	58.04
August	21.88	19.27	17.91	19.07	1.83	151.04	39.01	347.75	.00089	141.78	177.31	177.06	57.78

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

**AUGUST 2013
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$406,841.74
Class I Butterfat	60(a)	7,746,272	\$1.6269	\$12,602,409.92
Class I Skim Per Cwt		355,336,588	\$16.7700	\$59,589,945.81
Class II Butterfat	60(b)	7,180,229	\$1.5174	\$10,895,279.49
Class II Nonfat Solids		7,612,038	\$1.6078	\$12,238,634.69
Class III Butterfat	60(c)	18,910,581	\$1.5104	\$28,562,541.56
Class III Protein		15,991,524	\$3.4775	\$55,610,524.73
Class III Other Solids		30,163,377	\$0.3901	\$11,766,733.39
Class IV Butterfat	60(d)	1,428,546	\$1.5104	\$2,157,675.88
Class IV Nonfat Solids		769,222	\$1.5868	\$1,220,601.49
Class II, III & IV Somatic Cell Adj.	60(e)			\$733,141.19
Total Producer Milk-Product Lbs & Value		988,435,997		\$195,784,329.89
Add: Value as for 60(f) Thru 60(j)				(\$48,548.95)
Less: Total Protein Pounds	61(b)	30,185,100	\$3.4775	\$104,968,685.31
Total Other Solids Pounds		56,767,239	\$0.3901	\$22,144,899.93
Total Butterfat Pounds		35,265,628	\$1.5104	\$53,265,204.53
Total Value of Somatic Cell Adjustment				\$1,105,278.72
Total Milk and Value		988,435,997		\$14,251,712.45
Add: Location Differential Adjustments	61(c)			\$3,806,152.17
Producer-Settlement Fund	61(d)			\$471,376.82
Total Producer Milk/URSP and Value		988,435,997	\$1.87460	\$18,529,241.44
Less: Producer-Settlement Fund	61(f)		\$0.04460	\$440,862.69
Producer Price Differential (Dallas County)			\$1.83	\$18,088,378.75

**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

**AUGUST 2013
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	363,082,860	36.73	7,746,272	21.97	355,336,588	37.28
Class II	90,585,909	9.16	7,180,229	20.36	83,405,680	8.75
Class III	524,834,626	53.11	18,910,581	53.62	505,924,045	53.08
Class IV	9,932,602	1.00	1,428,546	4.05	8,504,056	0.89
Total	988,435,997	100.00	35,265,628	100.00	953,170,369	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	35,265,628	30,185,100	56,767,239	86,952,339
Percentage	3.567	3.053	5.743	8.796

Average Somatic Cell Count	224,000
Total Number of Pooled Producers	490