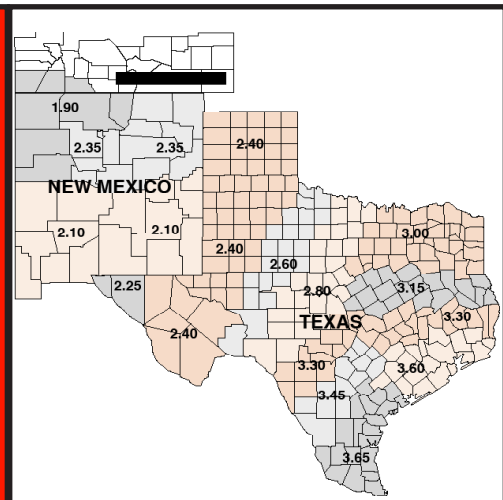


THE MARKET ADMINISTRATOR'S

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>

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MARKET SUMMARY FOR SEPTEMBER

The Producer Price Differential (PPD) for milk delivered to handlers located in Dallas/Tarrant counties (TX) of the Southwest Milk Market Order was \$1.20 for September. Butterfat price increased \$0.4019 per pound from \$2.8448 in August to the level of \$3.2467 in September. Protein price increased \$0.3495 per pound from \$3.1496 in August to \$3.4991 in September. The Other Solids price decreased \$0.0160 per pound from \$0.5036 in August to \$0.4876 in September. The Somatic Cell Count adjustment rate factor for September was 0.00117 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 \$25.80 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 \$1.51 in comparison to the statistical uniform price of \$24.29 in August.

The August Class I price decreased \$0.24 from \$26.87 in August to the September level of \$26.63. The Class II price increased \$0.77 from \$25.34 per hundredweight in August to \$26.11 in September. The Class III price increased \$2.35 from \$22.25 in August to \$24.60 in September. The Class IV price decreased \$1.31 from \$23.89 in August to \$22.58 in September.

In August 534 producers delivered a total of 1,133,877,945 pounds of milk. On a daily basis this represents an increase of 3.77 percent from the producer receipts level in August and it represents an increase of 14.64 percent when compared to the producer receipts level of September 2013.

Producer milk classified as Class I during September amounted to 32.60 percent of total producer receipts. This figure is up from 30.84 percent in August and is down from 36.02 percent in September 2013. The average butterfat test of producer milk pooled during September was 3.637 percent, average protein test was 3.123 percent, average other solids test was 5.744 percent and the average somatic cell count was 237,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Sep 14	Aug14	Sep 14	Aug 14	Sep 14	Aug 14
Appalachian - FO 5	27.23	26.73	-----	-----	73.19	68.64
Arizona - FO 131	24.91	24.28	-----	-----	31.64	27.64
Central - FO 32	24.83	23.76	0.23	1.51	32.79	30.26
Florida - FO 6	29.29	28.84	-----	-----	86.85	84.67
Mideast - FO 33	25.07	24.20	0.47	1.95	35.90	35.40
Northeast - FO 1	26.16	25.41	1.56	3.16	36.70	33.50
Pacific Northwest - FO 124	24.30	23.69	-0.30	1.44	23.88	21.71
Southeast - FO 7	27.86	27.39	-----	-----	82.12	79.02
Southwest - FO 126	25.80	24.29	1.20	2.04	32.60	30.84
Upper Midwest - FO 30	24.76	22.73	0.16	0.48	10.80	9.80

2013 UNITED STATES TOTAL FARM PRODUCTION EXPENDITURE HIGHLIGHTS

Farm Production Expenditures in the United States are estimated at \$367.3 billion for 2013, up from \$360.1 billion in 2012. The 2013 Total farm production expenditures are up 2.0 percent compared with 2012 Total farm production expenditures. Nearly all expenditure items increased from the previous year. The 2012 revised estimate is up from last year's estimate by \$8.3 billion due to revised 2012 Census farm numbers.

The four largest expenditures at the United States level total \$167.6 billion and account for 45.6 percent of Total expenditures in 2013. These include Feed, 17.0 percent, Farm services, 10.6 percent, Livestock, poultry and related expenses, 9.3 percent, and Labor, 8.7 percent.

In 2013, the United States Total farm expenditure average per farm is \$175,270 compared with \$171,309 in 2012, up 2.3 percent. On average, United States farm operations spent \$29,779 on Feed, \$18,612 on Farm services, \$16,321 on Livestock, poultry and related expenses, and \$15,271 on Labor. For 2012, United States farms spent an average of \$28,781 on Feed, \$19,552 on Farm services, \$15,937 on Livestock, poultry and related expenses, and \$15,128 on Labor.

Total Fuel expense is \$16.4 billion. Diesel, the largest sub-component, is \$10.9 billion, accounting for 66.5 percent. Diesel expenditures are up 4.8 percent from the previous year. Gasoline is \$3.0 billion, down 3.2 percent. LP gas is \$1.8 billion, up 25.7 percent. Other fuel is \$740 million, up 5.7 percent.

The United States Economic Sales Class contributing most to the 2013 United States Total expenditures is the \$1,000,000 - \$4,999,999 class with expenses of \$132.1 billion (36.0 percent of the United States total), up 4.1 percent from the 2012 level of \$127.0 billion. The \$5,000,000 and Over class follows it with \$79.0 billion, up from \$74.0 billion in 2012.

In 2013, Crop farms expenditures increased to \$206.7 billion, up 0.9 percent, while Livestock farms expenditures increased to \$160.6 billion, up 3.4 percent. The largest expenditures

for Crop farms are Rent at \$26.4 billion (12.8 percent of total), Fertilizer, lime and soil conditioners at \$23.8 billion, (11.5 percent), and Farm services at \$23.5 billion (11.4 percent). Combined crop inputs (chemicals, fertilizers, and seeds) are \$56.1 billion, accounting for 27.1 percent of Crop farms total expenses. The largest expenditures for Livestock farms are Feed at \$55.7 billion (34.7 percent), Livestock, poultry and related expenses, at \$28.8 billion (17.9 percent), and Farm services at \$15.5 billion (9.7 percent). Together, these line items account for 62.3 percent of Livestock farms Total expenses. The average Total expenditure for a Crop farm is \$211,659 compared to \$143,521 per Livestock farm.

The Midwest region contributes the most to United States Total expenditures with expenses of \$118.5 billion (32.3 percent of total), up from \$114.8 billion in 2012. The other regions, ranked by Total expenditures, are Plains at \$87.6 billion (23.9 percent), West at \$76.9 billion (21.0 percent), Atlantic at \$45.5 billion (12.4 percent), and South at \$38.8 billion (10.6 percent). The Midwest increased \$3.7 billion from 2012, which is the largest regional increase in dollars.

The sum of Total expenditures for the 15 Estimate States is \$238.5 billion in 2013 (64.9 percent of the United States Total expenditures) and \$234.0 billion in 2012 (65.0 percent). California contributes most to the 2013 United States Total expenditures with expenses of \$36.6 billion (10.0 percent). California expenditures are up 8.6 percent from the 2012 estimate of \$33.7 billion. Iowa, the next leading state, has \$29.8 billion in expenses (8.1 percent). Other states with more than \$20 billion in Total Expenditures are Texas with \$24.2 billion and Nebraska with \$20.3 billion.

For further information on USDA farm expenditures, please visit http://www.nass.usda.gov/Statistics_by_Subject/index.php.

Source: Farm Production Expenditures 2013 Summary (August 2014) USDA, National Agricultural Statistics Service

TOP TEN TEXAS COUNTIES a/ – SEPTEMBER 2014

Rank	County	Number of Producers	Pounds 2014	Pounds 2013	Percent Change 2013/2014
1.	Castro	13	92,775,903	90,409,244	+ 2.62
2.	Parmer	15	90,397,812	76,891,062	+ 17.57
3.	Erath	58	76,477,568	73,809,876	+ 3.61
4.	Moore	9	75,146,880	53,150,390	+ 41.39
5.	Deaf Smith	11	68,226,181	63,124,172	+ 8.08
6.	Lamb	10	59,149,078	55,914,669	+ 5.78
7.	Hartley	11	56,473,100	52,091,003	+ 8.41
8.	Hale	6	44,458,466	43,106,122	+ 3.14
9.	Bailey	10	43,880,506	40,000,650	+ 9.70
10.	Comanche	17	36,219,803	33,363,999	+ 8.56
Ten County Total		160	643,205,297	581,861,187	+ 10.54
Other Counties		277	174,004,052	162,802,492	+ 6.88
Texas Total		437	817,209,349	744,663,679	+ 9.74

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

TOP NEW MEXICO COUNTIES a/ – SEPTEMBER 2014

Rank	County	Number of Producers	Pounds 2014	Pounds 2013	Percent Change 2013/2014
1.	Curry	28	157,002,817	135,436,544	+ 15.92
2.	Chaves	32	151,494,191	156,725,300	- 3.34
3.	Roosevelt	35	123,842,330	120,818,218	+ 2.50
4.	Dona Ana	18	74,176,935	76,612,918	- 3.18
5.	Lea	13	55,300,278	54,942,246	+ 0.65
6.	Socorro	8	22,324,669	20,727,137	+ 7.71
7.	Valencia	5	16,768,711	15,016,043	+ 11.67
8.	Luna	3	16,149,712	16,400,052	- 1.53
Top County Total		142	617,059,643	596,678,458	+ 3.42
Other Counties		6	24,364,677	25,070,008	- 2.81
New Mexico Total		148	641,424,320	621,748,466	+ 3.16

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

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
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
September	3.76	3.49	3.18	3.06	5.73	5.74	8.91	8.80	233	206
October	3.89	3.59	3.30	3.20	5.74	5.75	9.04	8.95	215	182
November	3.95	3.66	3.36	3.24	5.76	5.77	9.12	9.01	223	192
December	4.00	3.71	3.36	3.24	5.76	5.77	9.12	9.01	235	205
Averages 2013	3.83	3.56	3.23	3.11	5.76	5.78	8.99	8.88	216	176
January 2014	3.94	3.63	3.31	3.19	5.75	5.77	9.06	8.96	202	167
February	3.91	3.58	3.29	3.15	5.74	5.76	9.03	8.91	192	156
March	3.86	3.55	3.25	3.11	5.76	5.78	9.01	8.89	196	162
April	3.79	3.50	3.21	3.08	5.80	5.82	9.01	8.90	192	160
May	3.73	3.45	3.19	3.07	5.77	5.78	8.96	8.85	186	151
June	3.69	3.40	3.14	3.01	5.78	5.79	8.92	8.80	214	173
July	3.69	3.40	3.13	2.99	5.77	5.77	8.89	8.76	236	192
August	3.72	3.44	3.15	3.02	5.74	5.74	8.88	8.76	247	210
September	3.79	3.54	3.20	3.07	5.74	5.75	8.94	8.82	250	217

a/ In thousands.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:**

JANUARY 2012 THROUGH SEPTEMBER 2014, WITH PRODUCTION PERCENTAGE COMPARISONS

MONTH	2012 POUNDS	Number of Producers	2013 POUNDS	Number of Producers	2014 POUNDS	Number of Producers	PERCENT 2013/12	CHANGE 2014/13
January	826,060,689	525	815,186,323	468	841,887,929	440	- 1.32	+ 3.28
February	796,799,428	514	751,853,093	465	778,398,943	443	- 2.27 *	+ 3.53 *
March	873,809,464	515	837,918,903	461	891,680,232	444	- 4.11	+ 6.42
April	839,675,231	504	813,654,074	456	884,645,957	442	- 3.10	+ 8.73
May	843,983,197	495	837,276,897	457	923,706,643	443	- 0.79	+ 10.32
June	782,384,320	491	798,423,916	456	862,889,592	442	+ 2.05	+ 8.07
July	775,879,468	483	817,848,775	452	861,256,938	439	+ 5.41	+ 5.31
August	762,801,472	481	786,930,152	448	836,712,405	439	+ 3.16	+ 6.33
September	734,843,900	481	744,663,679	446	817,209,349	437	+ 1.34	+ 9.74
October	768,680,316	473	797,966,297	445			+ 3.81	
November	757,867,560	471	775,927,149	444			+ 2.38	
December	<u>800,171,636</u>	470	<u>798,498,206</u>	441			<u>- 0.21</u>	
Years Total	9,562,956,681		9,576,147,464				+ 0.14	

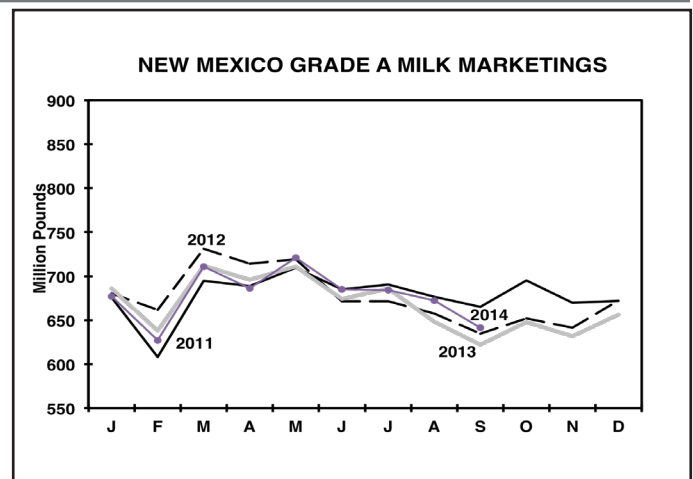
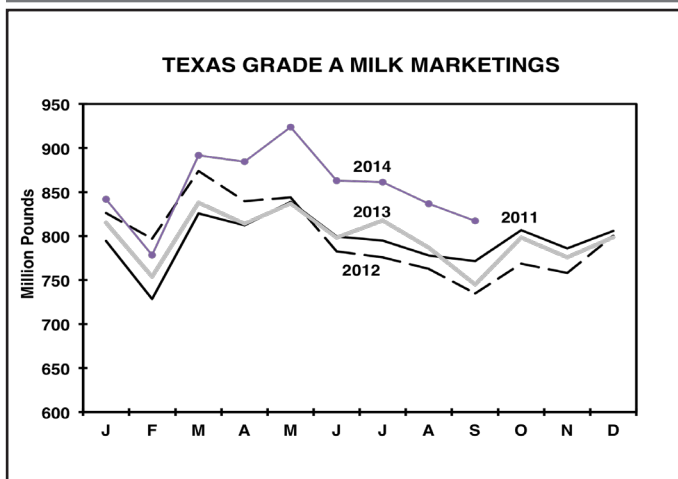
* Based on average daily deliveries.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:**

JANUARY 2012 THROUGH SEPTEMBER 2014, WITH PRODUCTION PERCENTAGE COMPARISONS

MONTH	2012 POUNDS	Number of Producers	2013 POUNDS	Number of Producers	2014 POUNDS	Number of Producers	PERCENT 2013/12	CHANGE 2014/13
January	680,195,569	157	685,707,875 ^u	148	677,107,907	147	+ 0.81 ^u	- 1.25
February	661,854,191	156	637,945,230 ^u	148	627,152,702 ^u	147 ^u	- 0.17 ^{*u}	- 1.69 ^{*u}
March	730,980,867	156	711,813,501 ^u	149	711,010,066	146	- 2.62 ^u	- 0.11
April	713,977,651	158	695,977,148	150	686,163,267	145	- 2.52	- 1.41
May	719,067,055	153	710,709,847	150	721,131,107	147	- 1.16	+ 1.47
June	666,236,294	152	674,240,675	149	685,138,590	147	+ 1.20	+ 1.62
July	671,552,652	149	685,672,220	149	684,168,540	144	+ 2.10	- 0.22
August	657,573,314	149	648,098,565	148	672,501,235	147	- 1.44	+ 3.77
September	634,558,129	148	621,748,466	147	641,424,320	148	- 2.02	+ 3.16
October	652,048,912	149	647,611,433	147			- 0.68	
November	641,151,756	148	631,922,577	147			- 1.44	
December	<u>672,437,705</u>	148	<u>656,050,459</u>	148			<u>- 2.44</u>	
Years Total	8,101,634,095		8,007,497,996				- 1.16	

* Based on average daily deliveries. ^u 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			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-----						
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
September	22.16	19.78	18.14	19.43	1.83	151.96	39.14	354.19	.00090	142.63	179.61	180.85	57.91
October	22.20	20.56	18.22	20.17	1.78	166.38	38.52	341.07	.00090	154.54	180.25	183.66	57.31
November	23.20	20.76	18.83	20.52	1.67	163.36	39.55	363.16	.00093	152.05	186.12	188.92	58.31
December	23.37	21.66	18.95	21.54	1.83	176.72	38.26	353.90	.00094	163.08	187.61	195.37	57.06
Averages 2013 ^{d/}	21.84	19.42	17.99	19.05	1.64	166.34	40.29	330.10	.00088	154.50	176.83	170.66	59.02
January 2014	24.48	22.21	21.15	22.29	1.25	178.74	41.55	418.70	.00104	164.75	208.38	203.35	60.25
February	25.02	23.73	23.35	23.46	0.67	201.09	44.53	460.44	.00114	183.20	228.64	207.83	63.14
March	26.64	24.22	23.33	23.66	1.19	204.02	47.00	451.72	.00113	185.62	226.89	208.97	65.54
April	26.65	24.74	24.31	23.34	0.81	212.07	49.26	470.89	.00118	192.27	235.47	201.91	67.74
May	27.47	24.44	22.57	22.65	1.86	227.21	48.97	395.53	.00109	204.77	217.03	187.68	67.45
June	25.86	23.94	21.36	23.13	1.91	244.13	49.42	334.37	.00102	218.74	203.58	186.33	67.89
July	26.02	24.41	21.60	23.78	1.95	263.49	50.46	317.98	.00102	234.73	204.82	186.17	68.90
August	26.87	25.34	22.25	23.89	2.04	284.48	50.36	314.96	.00105	252.06	210.74	178.87	68.80
September	26.63	26.11	24.60	22.58	1.20	324.67	48.76	349.91	.00117	285.25	234.72	147.18	67.25

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

**SEPTEMBER 2014
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$481,819.81
Class I Butterfat	60(a)	7,333,424	\$2.7673	\$20,293,784.25
Class I Skim Per Cwt		362,336,124	\$17.5600	\$63,626,223.40
Class II Butterfat	60(b)	7,590,088	\$3.2537	\$24,695,869.34
Class II Nonfat Solids		7,011,746	\$1.6956	\$11,889,116.54
Class III Butterfat	60(c)	23,284,554	\$3.2467	\$75,597,961.49
Class III Protein		19,551,977	\$3.4991	\$68,414,322.71
Class III Other Solids		35,967,685	\$0.4876	\$17,537,843.24
Class IV Butterfat	60(d)	3,034,649	\$3.2467	\$9,852,594.91
Class IV Nonfat Solids		4,693,788	\$1.2910	\$6,059,680.30
Class II, III, & IV Somatic Cell Adjustment	60(e)			\$1,068,216.46
Total Producer Milk- Product Pounds and Value		1,133,877,945		\$299,517,432.45
Add: Value as for 60(f) thru 60(j)				\$220,799.76
Less: Total Protein Pounds	61(b)	35,418,203	\$3.4991	\$123,931,834.14
Total Other Solids Pounds		65,137,017	\$0.4876	\$31,760,809.50
Total Butterfat Pounds		41,242,715	\$3.2467	\$133,902,722.78
Total Value of Somatic Cell Adjustment				\$1,506,864.82
Total Milk and Value		1,133,877,945		\$8,636,000.97
Add: Location Differential Adjustments	61(c)			\$4,977,206.59
Producer - Settlement Fund Reserve	61(d)			\$507,364.68
Total Producer Milk/URSP and Value		1,133,877,945	\$1.24533	\$14,120,572.24
Less: Producer - Settlement Fund Reserve	61(f)		\$0.04533	\$514,036.90
Producer Price Differential (Dallas County)			\$1.20	\$13,606,535.34

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

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**SEPTEMBER 2014
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	369,669,548	32.60	7,333,424	17.78	362,336,124	33.16
Class II	83,995,856	7.41	7,590,088	18.40	76,405,768	6.99
Class III	625,937,307	55.20	23,284,554	56.46	602,652,753	55.16
Class IV	54,275,234	4.79	3,034,649	7.36	51,240,585	4.69
Total	1,133,877,945	100.00	41,242,715	100.00	1,092,635,230	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	41,242,715	35,418,203	65,137,017	100,555,220
Percentage	3.637%	3.123%	5.744%	8.868%

Average Somatic Cell Count	237,000
Total Number of Pooled Producers	534