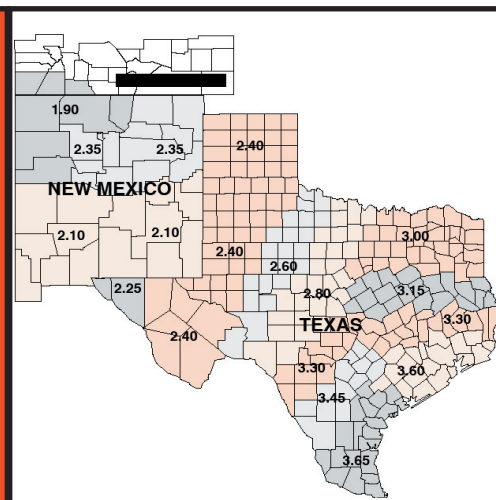


THE MARKET ADMINISTRATOR'S *REPORT*



SOUTHWEST MARKETING AREA

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AUGUST 2005

MARKET SUMMARY FOR JULY

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 \$1.09 for July. Butterfat price increased \$0.2075 per pound from \$1.5932 in June to the level of \$1.8007 in July. Protein price decreased \$0.1183 per pound from \$2.5741 in June to \$2.4558 in July. July's Other Solids price increased \$0.0101 per pound from \$0.1139 in June to \$0.1240 in July. The Somatic Cell Count adjustment rate factor for July was .00076 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a July statistical uniform price of \$15.44 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 \$0.57 in comparison to the statistical blend price of \$14.87 in June.

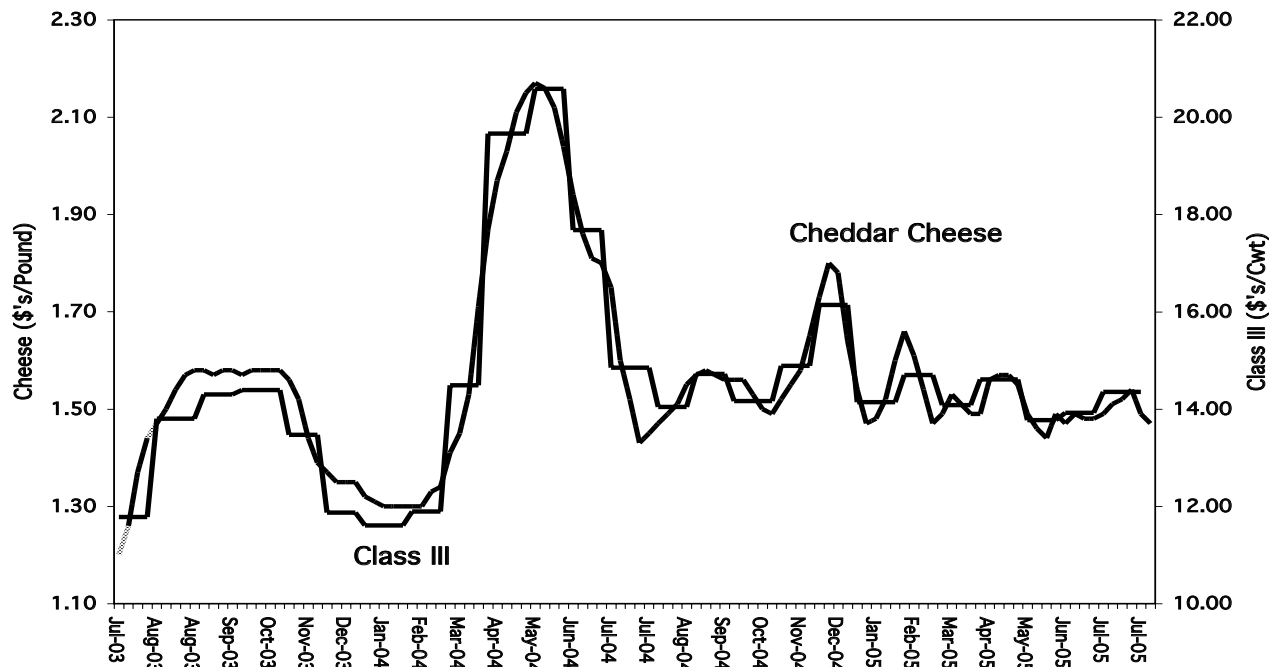
The July Class I price increased \$0.27 from \$16.62 in June to the July level of \$16.89. The Class II price for July of \$13.79 per hundredweight increased \$0.73 from \$13.06 in June. July's Class III price increased \$0.43 from \$13.92 in June to \$14.35 in July. The Class IV price increased \$0.84 from \$12.33 in June to \$13.17 in July.

In July 825 producers delivered a total of 892,829,675 pounds of milk. On a daily basis this represents an increase of 2.79 percent from the producer receipts level in June and it represents an increase of 2.04 percent when compared to the producer receipts level of July 2004.

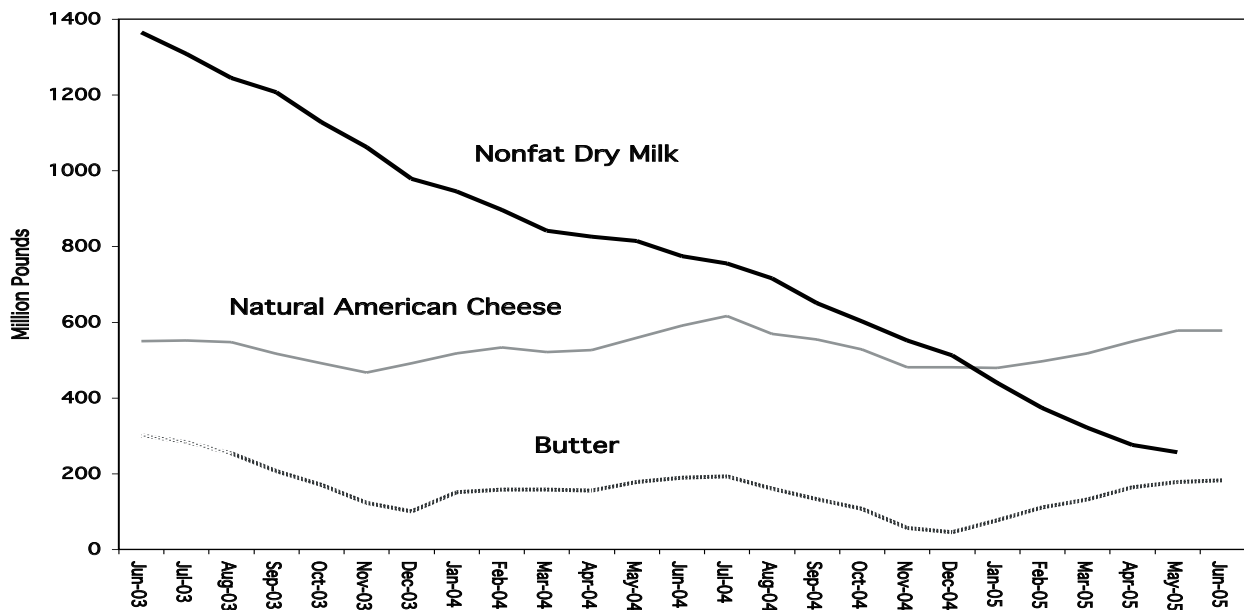
Producer milk classified as Class I during July amounted to 35.83 percent of total producer receipts. This figure is down from 37.35 percent in June and it is down from 37.56 percent in July 2004. The average butterfat test of producer milk pooled during July was 3.518 percent, average protein test was 2.926 percent, average other solids test was 5.728 percent and the average somatic cell count was 295,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Jul 05	Jun 05	Jul 05	Jun 05	Jul 05	Jun 05
Appalachian	16.26	15.49	-----	-----	66.02	59.10
Arizona-Las Vegas	14.89	14.19	-----	-----	32.15	30.48
Central	14.76	14.18	0.41	0.26	25.69	37.54
Florida	17.47	16.80	-----	-----	81.59	76.75
Mideast	14.96	14.36	0.61	0.44	30.00	29.70
Northeast	15.85	15.23	1.50	1.31	40.90	41.40
Pacific Northwest	14.38	13.81	0.03	(0.11)	24.71	27.08
Southeast	16.18	15.47	-----	-----	61.71	55.55
Southwest	15.44	14.87	1.09	0.95	35.83	37.35
Upper Midwest	14.69	14.12	0.34	0.20	16.80	18.40

**NASS 40# Block Cheddar Cheese U.S. Prices and Class III Prices
July 2003 to July 2005**



**Total Dairy Product Storage Holdings
June 2003 - June 2005**



TOP TEN TEXAS COUNTIES a/ – JULY 2005

County	Number of Producers	Pounds	% Change From 2004b/	County	Number of Producers	Pounds	% Change From 2004b/
1. Erath	108	100,809,773	+ 0.93	7. Bailey	7	23,149,006	+ 71.43
2. Hopkins	146	44,959,019	+ 10.50	8. Parmer	6	21,845,132	+ 19.08
3. Comanche	35	40,130,434	+ 9.94	9. Hartley	4	21,539,466	+ 108.10
4. Lamb	8	34,534,680	+ 11.65	10. Deaf Smith	5	19,306,690	- 3.76
5. Castro	8	31,115,966	+ 55.20	Ten County Total	332	365,823,858	+ 14.85 b/
6. Hale	5	28,433,692	+ 40.73	Other Counties Total	442	179,842,099	+ 4.27
				Texas Total	774	545,665,957	+ 11.13

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

b/ Compared to top ten counties for the month in the previous year.

Class Prices at 3.5%, for Federal Orders 126 Formula Prices and Price Quotations

Class Prices & P.P.D.						Component Prices				NASS Product Prices			
	I a/	II	III	IV	P.P.D.a/	BF	Other Solids	True Protein	SCC c/ Adj Rate	Grade AA Butter	Cheddar Cheese	NFDM Powder	Dry Whey
Month	----- Dollars Per Hundred Wt. -----					-----Cents Per Pound-----							
May 2004	22.65	15.03	20.58	14.50	- 1.91	242.82	14.44	376.39	.00106	213.85	212.66	83.83	29.92
June	24.13	14.31	17.68	13.72	1.72	217.68	13.39	310.86	.00092	192.90	184.11	84.97	28.90
July	20.95	14.00	14.85	13.31	2.23	205.43	10.48	236.25	.00078	182.69	156.95	85.13	26.07
August	17.62	13.13	14.04	12.46	1.45	179.41	6.76	246.63	.00076	161.01	151.67	85.84	22.46
September	16.94	13.66	14.72	13.00	1.03	193.54	5.89	254.31	.00079	172.78	158.67	86.39	21.62
October	17.78	13.57	14.16	12.81	1.52	190.20	6.77	238.14	.00076	170.00	152.56	85.65	22.47
November	17.29	14.09	14.89	13.34	0.99	204.89	8.00	242.97	.00079	182.24	158.86	85.70	23.67
December	17.43	13.98	16.14	13.42	- 0.47	203.66	8.58	284.86	.00086	181.22	171.46	87.13	24.23
Averages 2004 b/	17.98	13.86	15.39	13.20	0.61	205.07	7.51	260.35	.00082	182.39	164.31	84.05	23.19
January 2005	19.65	13.04	14.14	12.52	1.90	173.30	8.99	253.00	.00076	155.92	151.65	89.06	24.63
February	16.79	13.36	14.70	12.74	0.54	177.54	9.15	266.13	.00079	159.45	157.11	89.90	24.78
March	18.43	13.25	14.08	12.66	1.71	172.79	9.51	250.19	.00075	155.49	150.61	90.83	25.13
April	17.13	13.24	14.61	12.61	0.67	169.64	10.20	270.55	.00078	152.87	155.90	91.56	25.80
May	17.80	12.78	13.77	12.20	1.33	154.75	10.43	259.65	.00074	140.46	147.65	92.89	26.03
June	16.62	13.06	13.92	12.33	0.95	159.32	11.39	257.41	.00074	144.27	148.45	92.59	26.96
July	16.89	13.79	14.35	13.17	1.09	180.07	12.40	245.58	.00076	161.56	151.56	93.89	27.94

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

TOP NEW MEXICO COUNTIES a/ – JULY 2005

County	Number of Producers	Pounds	% Change From 2004b/	County	Number of Producers	Pounds	% Change From 2004b/
1. Chaves	39	158,705,010	+ 1.83	7. Valencia	8	15,697,048	- 1.17
2. Roosevelt	40	115,710,101	+ 6.64	8. Socorro	8	14,181,690	+ 24.11
3. Curry	22	110,711,430	+ 1.96	9. Sierra	3	8,192,229	+ 3.13
4. Dona Ana	24	90,871,939	+ 6.52	10. Bernalillo	4	5,486,340	- 1.29
5. Lea	14	43,586,496	+ 29.32	Ten County Total	167	587,125,277	+ 4.54 b/
6. Eddy	5	23,982,994	- 16.99	Other Counties Total	4	11,377,396	+ 12.81
				New Mexico Total	171	598,502,673	+ 4.68

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

b/ Compared to top counties for the month in the previous year.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 2003 THROUGH JULY 2005, WITH PRODUCTION PERCENTAGE COMPARISONS**

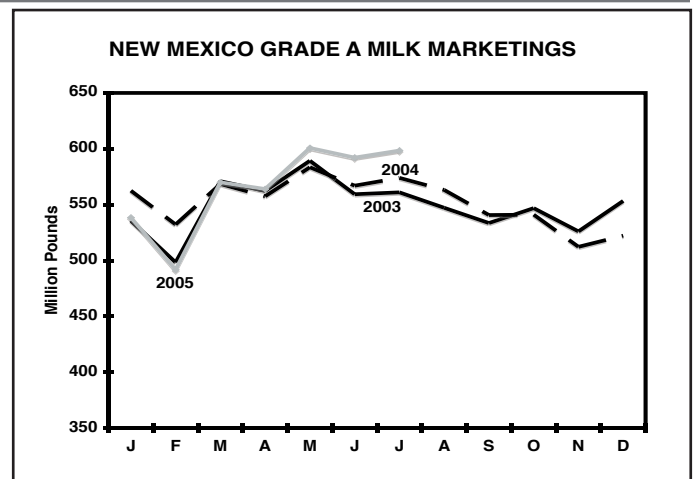
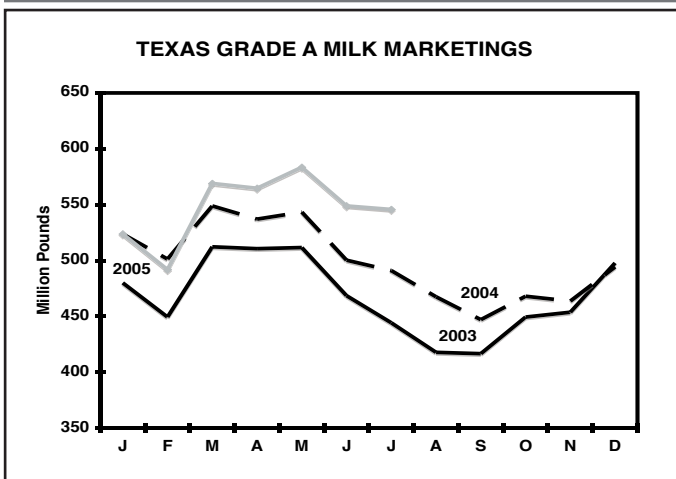
MONTH	2003 POUNDS	Number of Producers	2004 POUNDS	Number of Producers	2005 POUNDS	Number of Producers	PERCENT 2004/03	CHANGE 2005/04
January	480,011,354	845	523,723,796	816	523,680,970	778	+ 9.11	- 0.01
February	449,362,000	840	501,204,456	819	491,841,542	767	+ 7.69*	+ 1.64*
March	512,243,241	841	548,941,459	814	569,021,475	771	+7.16	+ 3.66
April	510,466,950	838	537,141,283	803	564,647,522	776	+ 5.23	+ 5.12
May	511,474,552	840	543,408,997	801	583,519,880	774	+ 6.24	+ 7.38
June	468,387,455	838	500,319,580	803	548,798,029	772	+ 6.82	+ 9.69
July	444,115,237	834	491,018,134	799	545,665,957	774	+ 10.56	+ 11.13
August	417,817,794	833	467,427,900	796			+ 11.87	
September	416,649,423	836	447,166,094	796			+ 7.32	
October	449,267,689	835	467,915,409	797			+ 4.15	
November	453,593,349	826	463,696,745	793			+ 2.23	
December	497,718,548	815	494,282,753	793			- 0.69	
Years Total	5,611,107,592		5,986,246,606				+ 6.69	

* Based on average daily delivery.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2003 THROUGH JULY 2005, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2003 POUNDS	Number of Producers	2004 POUNDS	Number of Producers	2005 POUNDS	Number of Producers	PERCENT 2004/03	CHANGE 2005/04
January	535,741,056	177	562,516,031	178	538,413,955	168	+ 5.00	- 4.28
February	498,218,526	176	532,156,355	176	491,753,468	170	+ 3.13*	- 4.29*
March	570,901,632	177	568,504,219	178	569,909,167	169	- 0.42	+ 0.25
April	562,338,380	177	557,482,116	176	563,980,078	168	- 0.86	+ 1.17
May	589,176,775	177	583,379,003	177	600,707,138	170	- 0.98	+ 2.97
June	559,442,259	177	567,036,025	177	592,086,292	172	+ 1.36	+ 4.42
July	560,883,275	178	571,734,951	181	598,502,673	171	+ 2.32	+ 4.68
August	547,114,145	178	563,099,040	177			+ 2.92	
September	533,648,709	180	540,636,857	179			+ 1.31	
October	546,904,202	178	541,026,928	177			- 1.07	
November	526,000,891	176	512,342,849	176			- 2.60	
December	553,271,605	179	522,218,762	174			- 5.61	
Years Total	6,583,641,455		6,624,297,736				+ 0.62	

* Based on average daily delivery.



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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 2004	3.59	3.43	3.01	2.91	5.69	5.73	8.71	8.63	377	286
August	3.62	3.46	3.05	2.95	5.69	5.71	8.74	8.66	389	300
September	3.67	3.53	3.11	3.03	5.68	5.70	8.79	8.73	356	274
October	3.76	3.63	3.15	3.09	5.69	5.72	8.84	8.81	346	285
November	3.84	3.72	3.18	3.14	5.70	5.73	8.88	8.87	372	298
December	3.85	3.74	3.19	3.15	5.70	5.70	8.89	8.84	359	323
Averages 2004	3.70	3.56	3.09	3.02	5.70	5.72	8.79	8.74	339	280
January 2005	3.77	3.68	3.13	3.09	5.69	5.69	8.82	8.77	346	324
February	3.75	3.65	3.10	3.06	5.71	5.70	8.81	8.77	329	306
March	3.70	3.59	3.08	3.02	5.72	5.72	8.80	8.75	322	283
April	3.64	3.53	3.04	2.98	5.70	5.72	8.75	8.70	298	251
May	3.61	3.48	3.02	2.94	5.71	5.74	8.73	8.68	300	244
June	3.57	3.41	2.97	2.90	5.72	5.75	8.69	8.65	332	248
July	3.59	3.43	2.98	2.88	5.70	5.74	8.68	8.62	347	252

a/ In thousands.

JULY 2005
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add:	Class I Differential			\$282,600.20
	Class I Butterfat 60(a)	7,665,792	\$1.5910	\$12,196,275.07
	Class I Skim Per Cwt	312,235,714	\$11.7300	\$36,625,249.28
	Class II Butterfat 60(b)	10,359,691	\$1.8077	\$18,727,213.43
	Class II Nonfat Solids	10,995,437	\$0.8589	\$9,443,980.84
	Class III Butterfat 60(c)	7,241,713	\$1.8007	\$13,040,152.61
	Class III Protein	5,639,197	\$2.4558	\$13,848,739.98
	Class III Other Solids	11,094,919	\$0.1240	\$1,375,769.96
	Class IV Butterfat 60(d)	6,145,518	\$1.8007	\$11,066,234.28
	Class IV Nonfat Solids	21,526,344	\$0.7909	\$17,025,185.47
	Class II, III & IV Somatic Cell Adj. 60(e)			\$288,822.19
	Total Producer Milk-Product Lbs & Value	892,829,675		\$133,920,223.31
Add:	Value as for 60(f) Thru 60(j)			\$206,190.13
Less:	Total Protein Pounds 61(b)	26,128,217	\$2.4558	\$64,165,675.31
	Total Other Solids Pounds	51,141,888	\$0.1240	\$6,341,594.10
	Total Butterfat Pounds	31,412,714	\$1.8007	\$56,564,874.10
	Total Value of Somatic Cell Adjustment			\$372,800.91
	Total Milk and Value	892,829,675		\$6,681,469.02
Add:	Location Differential Adjustments 61(c)			\$3,181,937.96
	Producer-Settlement Fund 61(d)			\$271,291.28
	Total Producer Milk/URSP and Value	892,829,675	\$1.13512	\$10,134,698.26
Less:	Producer-Settlement Fund 61(f)		\$0.04512	\$402,854.80
	Producer Price Differential (Dallas County)		\$1.09	\$9,731,843.46

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Carrollton, TX
Permit No. 343

RETURN SERVICE REQUESTED

JULY 2005**PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	319,901,506	35.83	7,665,792	24.40	312,235,714	36.25
Class II	132,593,289	14.85	10,359,691	32.98	122,233,598	14.19
Class III	194,334,067	21.77	7,241,713	23.06	187,092,354	21.72
Class IV	246,000,813	27.55	6,145,518	19.56	239,855,295	27.84
Total	892,829,675	100.00	31,412,714	100.00	861,416,961	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	9,509,357	36.40	18,504,848	36.19	28,014,209	36.25
Class II	3,736,780	14.30	7,258,659	14.19	10,995,437	14.23
Class III	5,639,197	21.58	11,094,919	21.69	16,734,115	21.66
Class IV	7,242,883	27.72	14,283,462	27.93	21,526,344	27.86
Total	26,128,217	100.00	51,141,888	100.00	77,270,105	100.00