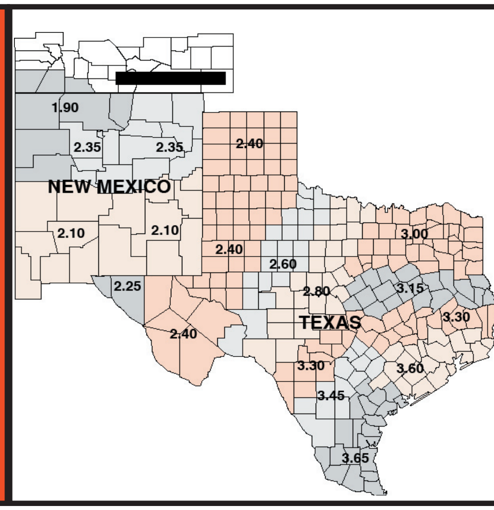
THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA
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VOLUME XXXI, NO. 12 DECEMBER 2005

MARKET SUMMARY FOR NOVEMBER

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 $1.80 for November. Butterfat price decreased $0.2142 per pound from $1.8256 in October to the level of $1.6114 in November. Protein price decreased $0.1056 per pound from $2.3780 in October to $2.2724 in November. November's Other Solids price increased $0.0115 per pound from $0.1491 in October to $0.1606 in November. The Somatic Cell Count adjustment rate factor for November was .00070 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a November statistical uniform price of $15.15 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 $0.43 in comparison to the statistical blend price of $15.58 in October.

The November Class I price increased $0.29 from $17.27 in October to the November level of $17.56. The Class II price for November of $13.49 per hundredweight decreased $0.76 from $14.25 in October. November's Class III price decreased $1.00 from $14.35 in October to $13.35 in November. The Class IV price decreased $0.71 from $13.61 in October to $12.90 in November.

In November 828 producers delivered a total of 829,786,921 pounds of milk. On a daily basis this represents an increase of 0.58 percent from the producer receipts level in October and it represents an increase of 9.18 percent when compared to the producer receipts level of November 2004.

Producer milk classified as Class I during November amounted to 43.11 percent of total producer receipts. This figure is up from 42.75 percent in October but it is down from 47.40 percent in November 2004. The average butterfat test of producer milk pooled during November was 3.807 percent, average protein test was 3.145 percent, average other solids test was 5.707 percent and the average somatic cell count was 257,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Nov 05	Oct 05	Nov 05	Oct 05	Nov 05	Oct 05
Appalachian	16.30	16.48	-----	-----	69.93	69.30
Arizona-Las Vegas	14.50	15.03	-----	-----	37.25	35.45
Central	14.06	14.70	0.71	0.35	30.26	29.61
Florida	17.71	17.69	-----	-----	88.23	87.17
Mideast	14.35	14.91	1.00	0.56	40.00	38.90
Northeast	15.41	15.88	2.06	1.53	48.70	48.20
Pacific Northwest	13.91	14.46	0.56	0.11	30.69	28.34
Southeast	16.22	16.49	-----	-----	67.42	68.28
Southwest	**15.15**	**15.58**	**1.80**	**1.23**	**43.11**	**42.75**
Upper Midwest	13.79	14.59	0.44	0.24	18.60	17.90

HILMAR CHEESE CO ANNOUNCES NEW PLANT TO OPEN IN TEXAS

Texas Governor Rick Perry and Hilmar Cheese Company, the world's largest single-site producer of cheese and whey products, have jointly announced the Company's decision to build a new cheese and whey protein processing plant in Dalhart, Texas. The facility will be the company's first processing plant outside of its Hilmar, California, facility and corporate headquarters.

"This decision took us some two years to make as we reviewed several options in a handful of states. But, in the end, our decision to expand our operations to Dalhart was based on several key factors including Texas' positive business climate, reliable regulatory environment, and an up-and-coming local dairy industry in Dalhart and the greater Amarillo area," said Hilmar Cheese Company CEO John Jeter. "Another critical factor was the incentives provide by the state of Texas, the City of Amarillo and the Dalhart community," explained Jeter.

"This new site will give us the additional capacity necessary to supply the growing needs of our cheese and whey protein customers and is a natural step for us to take in terms of getting closer, geographically, to our existing and new East Coast and Midwest customers," Jeter added.

The Dalhart/Amarillo area also has critical existing infrastructure, including ground and rail transportation, which are essential to reach Hilmar Cheese Company's expanding markets.

With a population of 7,500, Dalhart is also known as "The XIT City" after the XIT Ranch. In its heyday in the 1880's, the XIT Ranch was the world's largest ranch, with more than three million acres in 10 Texas counties that ran 150,000 head of cattle.

The new processing facility will be built in two phases, the first of which is expected to be completed in the Fall of 2007. Initially, the processing plant plans to employ approximately 120 people, the majority of whom will be hired locally.

Located in California's Central Valley, Hilmar Cheese Company was established in 1984 by 12 local dairy farm families. Privately owned, the company currently employs more than 600 local residents, making it one of Merced County's largest employers. Since its inception, Hilmar Cheese Company has been dedicated to processing high-quality cheese and whey products. It currently produces a variety of cheese including Cheddar, Monterey Jack, Pepper Jack, Colby, Colby Jack and Mozzarella. The whey is processed into Whey Protein Concentrate, used as an ingredient in many foods including nutritional beverages and bars; and Lactose marketed internationally as ingredient in confections.

SOURCE: http://www.hilmarcheese.com/

DAIRY OUTLOOK

Heavy milk supplies have eroded butter and cheese prices since mid-September, despite brisk sales and moderate stocks. Price declines were fairly steady through October, with attempted reversals not sustained for any amount of time. Summer increases in milk production from a year earlier were in excess of 4 percent, and early autumn rises probably were at least as large. Recent price patterns are likely to continue through yearend, although temporary increases are always possible if holiday demand is enough to pinch seasonally tight supplies.

August-September cheese production grew more than 4 percent from a year earlier, with the largest gains in Mozzarella and some additional varieties other than Cheddar. This extra cheese was absorbed fairly easily as October 1 commercial stocks of all cheese were close to a year earlier. However, soaking up such large increases in output over an extended time without swelling pipeline holdings is unusual. Buyers also may have refrained from buying their late holiday season supplies in a slipping market. Prices on the Chicago Mercantile Exchange (CME) fell about 20 cents per pound between mid-September and mid-November. Steady to declining prices are likely during the rest of the year, although small bumps are possible if pipelines get drained alarmingly.

Patterns in the butter market were quite similar to cheese. Late summer production posted sizable increases from a year earlier. Commercial holdings on October 1 were still modestly below a year earlier, although weekly declines in the stocks reported to the CME indicated that the October decrease may not have been as dramatic as a year ago. Mid-November CME prices were about 30 cents below 2 months earlier. Autumn butter prices typically are prone to surprises because of the uncertain balance of very strong demand for milkfat products facing relatively large pipeline stocks. However, prices this year are expected to trend weaker.

The full weight of growing milk supplies probably will be felt after holiday needs are met. Supplies are expected to overcome fairly good demand and lower dairy product prices. Even so, prices are projected to remain relatively robust through the winter. The pattern of winter prices will set the tone for dairy markets during the rest of 2006.

SOURCE: "Livestock, Dairy, and Poultry Outlook", LDP-M-137, November 17, 2005, Economic Research Service, USDA.

TOP TEN TEXAS COUNTIES a/ – NOVEMBER 2005

County	Number of Producers	Pounds	% Change From 2004b/	County	Number of Producers	Pounds	% Change From 2004b/
1. Erath	105	95,681,641	- 0.25	7. Hale	5	26,499,519	+ 29.59
2. Hopkins	143	42,676,402	+ 8.74	8. Parmer	5	20,119,994	+ 27.77
3. Comanche	32	38,834,873	+ 3.59	9. Bailey	7	20,119,612	+ 65.05
4. Lamb	8	32,816,065	+ 23.80	10. Hartley	5	19,068,850	+ 93.93
5. Deaf Smith	8	30,524,775	+ 76.67	Ten County Total	326	353,129,210	+ 17.04 b/
6. Castro	8	26,787,479	+ 37.64	Other Counties Total	432	168,104,662	+ 3.78
				Texas Total	758	521,233,872	+ 12.41

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-----							
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
August	17.44	13.95	13.60	13.44	2.10	182.46	13.17	216.19	.00072	163.55	143.22	96.01	28.69
September	16.70	14.35	14.30	13.75	1.40	188.72	14.11	230.09	.00075	168.77	149.58	97.05	29.60
October	17.27	14.25	14.35	13.61	1.23	182.56	14.91	237.80	.00075	163.63	149.96	97.94	30.38
November	17.56	13.49	13.35	12.90	1.80	161.14	16.06	227.24	.00070	145.78	139.68	98.35	31.49

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

TOP NEW MEXICO COUNTIES a/ – NOVEMBER 2005

County	Number of Producers	Pounds	% Change From 2004b/	County	Number of Producers	Pounds	% Change From 2004b/
1. Chaves	40	156,102,323	+ 11.46	7. Valencia	7	13,869,947	- 9.63
2. Curry	23	106,842,885	+ 11.64	8. Socorro	8	13,746,575	+ 29.69
3. Roosevelt	40	106,208,299	+ 12.13	9. Sierra	3	7,180,787	- 1.23
4. Dona Ana	25	90,439,754	+ 12.98	10. Bernalillo	4	4,837,143	+ 0.45
5. Lea	14	40,634,679	+ 34.84	Ten County Total	169	562,597,012	+ 11.64 b/
6. Eddy	5	22,734,620	- 9.99	Other Counties Total	4	10,446,763	+ 24.40
				New Mexico Total	173	573,043,775	+ 11.85

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 NOVEMBER 2005, WITH PRODUCTION PERCENTAGE COMPARISONS

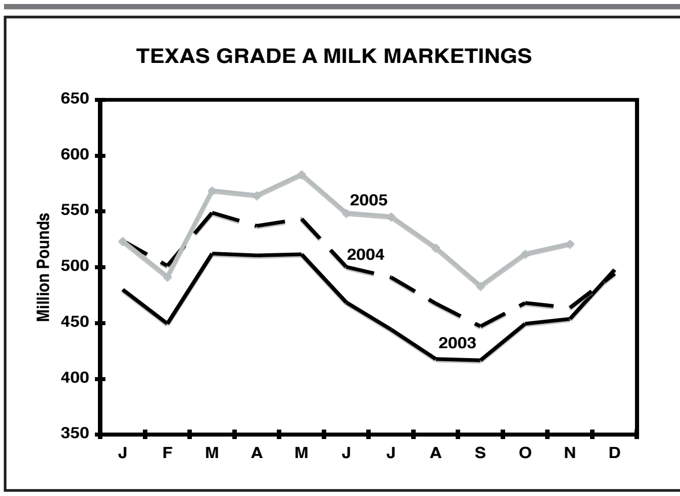
MONTH	2003 POUNDS	Number of Producers	2004 POUNDS	Number of Producers	2005 POUNDS	Number of Producers	PERCENT 2004/03	CHANGE 2005/04
January	480,011,354	845	523,723,796	816	523,680,970	778	+ 9.11	- 0.01
February	449,362,000	840	501,204,456	819	491,841,542	767	+ 7.69*	+ 1.64*
March	512,243,241	841	548,941,459	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	517,675,814	767	+ 11.87	+ 10.75
September	416,649,423	836	447,166,094	796	483,172,492	772	+ 7.32	+ 8.05
October	449,267,689	835	467,915,409	797	512,339,071	770	+ 4.15	+ 9.49
November	453,593,349	826	463,696,745	793	521,233,872	758	+ 2.23	+ 12.41
December	497,718,548	815	494,282,753	793			- 0.69	
Years Total	5,611,107,592		5,986,246,606				+ 6.69	

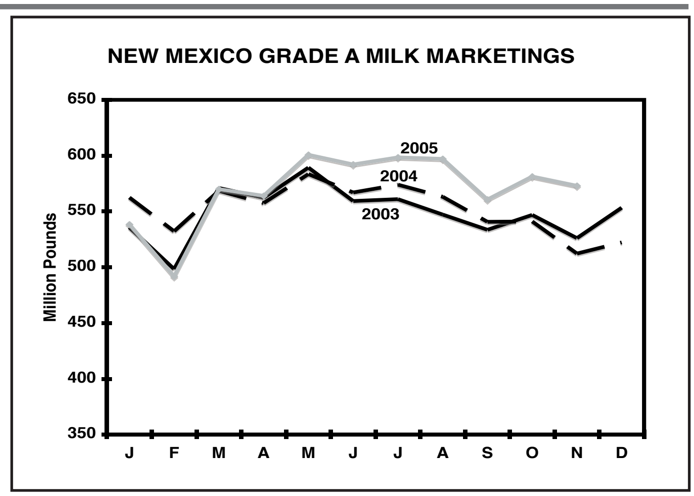
* Based on average daily delivery.

POUNDS OF GRADE A MILK MARKETED BY PRODUCERS LOCATED IN NEW MEXICO BY MONTHS: JANUARY 2003 THROUGH NOVEMBER 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	597,055,615	172	+ 2.92	+ 6.03
September	533,648,709	180	540,636,857	179	560,680,297	176	+ 1.31	+ 3.71
October	546,904,202	178	541,026,928	177	581,203,811	174	- 1.07	+ 7.43
November	526,000,891	176	512,342,849	176	573,043,775	173	- 2.60	+ 11.85
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.





TEXAS AND NEW MEXICO MARKET COMPONENT TEST

Month	Butterfat TX	Butterfat NM	Protein TX	Protein NM	Other Solids TX	Other Solids NM	S-N-F TX	S-N-F NM	SCC a/ TX	SCC a/ NM
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
August	3.63	3.47	3.01	2.91	5.71	5.75	8.73	8.66	365	275
September	3.69	3.52	3.07	2.97	5.68	5.72	8.75	8.69	366	270
October	3.76	3.60	3.14	3.06	5.70	5.73	8.84	8.79	337	254
November	3.87	3.70	3.18	3.11	5.70	5.72	8.88	8.84	293	228

a/ In thousands.

NOVEMBER 2005
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

			Pounds	Price	Value
Add:	Class I Differential				$356,883.81
	Class I Butterfat	60(a)	8,390,936	$1.8526	$15,545,048.04
	Class I Skim Per Cwt		349,308,248	$11.4800	$40,100,586.90
	Class II Butterfat	60(b)	8,958,031	$1.6184	$14,497,677.41
	Class II Nonfat Solids		7,434,814	$0.9011	$6,699,510.91
	Class III Butterfat	60(c)	9,840,864	$1.6114	$15,857,568.24
	Class III Protein		8,353,518	$2.2724	$18,982,534.31
	Class III Other Solids		15,193,622	$0.1606	$2,440,095.69
	Class IV Butterfat	60(d)	4,401,384	$1.6114	$7,092,390.17
	Class IV Nonfat Solids		10,294,426	$0.8351	$8,596,875.16
	Class II, III & IV Somatic Cell Adj.	60(e)			$339,715.54
	Total Producer Milk-Product Lbs & Value		829,786,921		$130,508,886.18
Add:	Value as for 60(f) Thru 60(j)				$153,217.95
Less:	Total Protein Pounds	61(b)	26,098,647	**$2.2724**	$59,306,565.45
	Total Other Solids Pounds		47,360,712	**$0.1606**	$7,606,130.37
	Total Butterfat Pounds		31,591,215	**$1.6114**	$50,906,083.87
	Total Value of Somatic Cell Adjustment				$544,327.84
	Total Milk and Value		829,786,921		$12,298,996.60
Add:	Location Differential Adjustments	61(c)			$2,722,831.86
	Producer-Settlement Fund	61(d)			$272,185.08
	Total Producer Milk/URSP and Value		829,786,921	$1.84312	$15,294,013.54
Less:	Producer-Settlement Fund	61(f)		$0.04312	$357,848.96
	Producer Price Differential (Dallas County)			**$1.80**	$14,936,164.58

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NOVEMBER 2005
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	357,699,184	43.11	8,390,936	26.56	349,308,248	43.76
Class II	89,756,477	10.82	8,958,031	28.36	80,798,446	10.12
Class III	266,205,658	32.08	9,840,864	31.15	256,364,794	32.12
Class IV	116,125,602	13.99	4,401,384	13.93	111,724,218	14.00
Total	829,786,921	100.00	31,591,215	100.00	798,195,706	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	11,443,392	43.84	20,739,585	43.79	32,182,979	43.82
Class II	2,648,910	10.15	4,785,902	10.11	7,434,814	10.12
Class III	8,353,518	32.01	15,193,622	32.08	23,547,140	32.05
Class IV	3,652,827	14.00	6,641,603	14.02	10,294,426	14.01
Total	26,098,647	100.00	47,360,712	100.00	73,459,359	100.00