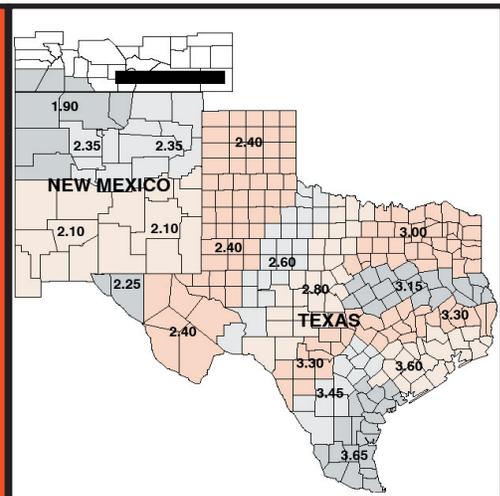


# THE MARKET ADMINISTRATOR'S

# REPORT



## SOUTHWEST MARKETING AREA

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### 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 \$1.60 for August. Butterfat price increased \$0.0780 per pound from \$1.2228 in July to the level of \$1.3008 in August. Protein price decreased \$0.0757 per pound from \$1.9807 in July to \$1.9050 in August. August's Other Solids price increased \$0.0159 per pound from \$0.1257 in July to \$0.1416 in August. The Somatic Cell Count adjustment rate factor for August was .00059 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received an August statistical uniform price of \$12.66 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 blend price of \$12.32 in July.

The August Class I price decreased \$0.37 from \$14.34 in July to the August level of \$13.97. The Class II price for August of \$11.16 per hundredweight increased \$0.33 from \$10.83 in July. August's Class III price increased \$0.14 from \$10.92 in July to \$11.06 in August. The Class IV price increased \$0.43 from \$10.21 in July to \$10.64 in August.

In August 685 producers delivered a total of 938,800,182 pounds of milk. On a daily basis this represents a decrease of 10.65 percent from the producer receipts level in July but it represents an increase of 14.36 percent when compared to the producer receipts level of August 2005.

Producer milk classified as Class I during August amounted to 39.24 percent of total producer receipts. This figure is up from 30.68 percent in July but it is down from 43.92 percent in August 2005. The average butterfat test of producer milk pooled during August was 3.586 percent, average protein test was 2.983 percent, average other solids test was 5.697 percent and the average somatic cell count was 304,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Aug 06	Jul 06	Aug 06	Jul 06	Aug 06	Jul 06
Appalachian	13.51	13.33	-----	-----	74.25	66.30
Arizona-Las Vegas	12.15	11.85	-----	-----	45.95	37.91
Central	11.74	11.53	0.68	0.61	31.57	25.23
Florida	14.65	14.65	-----	-----	88.32	84.86
Mideast	11.98	11.74	0.92	0.82	41.00	33.30
Northeast	13.06	12.79	2.00	1.87	48.80	42.70
Pacific Northwest	11.48	11.29	0.42	0.37	26.12	24.24
Southeast	13.39	13.28	-----	-----	66.62	62.10
<b>Southwest</b>	<b>12.66</b>	<b>12.32</b>	<b>1.60</b>	<b>1.40</b>	<b>39.24</b>	<b>30.68</b>
Upper Midwest	11.43	11.30	0.37	0.38	16.10	15.10

## CHANGING TEXAS DAIRY STRUCTURE

The Texas dairy scene has changed a lot in structure since 1996. The two tables show what has happened to the composition of the top ten milk producing counties in Texas for August 1996 and 2006.

In August 2006, Hopkins county, lost its ranking as the second largest milk producing county in Texas. It had held that position since May 1990. Deaf Smith county now holds that position. But that is not the only change that has occurred within the last ten years. There are a number of other new counties that now hold positions in this top ten list.

In August 1996, 928 Texas dairies produced 298,274,908 pounds of milk or 66.52 percent of the milk in Texas. Average production per dairy for these top ten counties amounted to 321,417 pounds in August 1996.

In August 2006, 324 Texas dairies produced 393,475,858 pounds of milk or 70.74 percent of the milk in Texas. While this percentage has increased from the August 1996 figure only 324 dairies instead of 928 now produce that amount of milk. That is 65.09 percent fewer producers than in August 1996. Average production per dairy for these top ten counties is now 1,214,432 pounds in August 2006. That is an increase of 277.84 percent more milk per dairy than August's 1996 top ten list.

TOP 10 TEXAS MILK PRODUCING COUNTIES - AUGUST 1996			
Rank	No. of Dairies	County	Million Pounds
1	182	Erath	112,797,229
2	348	Hopkins	54,029,594
3	59	Comanche	32,849,520
4	9	El Paso	18,142,450
5	59	Johnson	17,445,080
6	65	Archer	16,268,837
7	36	Hamilton	14,549,366
8	79	Wood	12,638,110
9	40	Cherokee	11,525,955
10	51	Wise	8,028,767
	928	Total	298,274,908

TOP 10 TEXAS MILK PRODUCING COUNTIES - AUGUST 2006			
Rank	No. of Dairies	County	Million Pounds
1	104	Erath	95,379,220
2	11	Deaf Smith	48,274,221
3	137	Hopkins	42,489,626
4	29	Comanche	36,337,604
5	8	Castro	32,592,484
6	8	Lamb	31,486,427
7	8	Bailey	30,183,133
8	5	Hale	28,006,135
9	9	Parmer	25,096,402
10	5	Hartley	23,630,606
	324	Total	393,475,858

Texas Agricultural Cash Receipts by Commodity,  
2005

Rank	Commodity	Receipts <sup>1/</sup>	Percent of total
		<b>\$1,000</b>	
1	Cattle and Calves	7,580,168	46.3
2	Cotton (lint and seed)	1,839,437	11.2
3	Broilers	1,436,644	8.8
4	Greenhouse and Nursery	1,323,040	8.1
5	Milk (wholesale)	981,801	6.0
6	Corn	501,786	3.1
7	Wheat	283,880	1.7
8	Sorghum Grain	240,495	1.5
9	Eggs	236,843	1.4
10	Hay	225,079	1.4
11	Peanuts	162,890	1.0
12	Onions	149,327	0.9
13	Hogs	102,928	0.6
14	Rice	97,255	0.6
15	Pecans	95,850	0.6
	All Others	1,097,845	6.8
	<b>TOTAL</b>	<b>16,355,268</b>	

1/ Excludes government payments.

New Mexico Agricultural Cash Receipts by  
Commodity, 2005

Rank	Commodity	Receipts <sup>1/</sup>	Percent of total
		<b>\$1,000</b>	
1	Milk (wholesale)	981,409	37.6
2	Cattle and Calves	964,445	36.9
3	Hay	141,299	5.4
4	Pecans	110,500	4.2
5	Greenhouse and Nursery	62,286	2.4
6	Onions	53,594	2.1
7	Corn for Silage	52,416	2.0
8	Chile	46,900	1.8
9	Cotton	36,983	1.4
10	Wheat	30,289	1.2
11	Misc. Vegetables	25,000	1.0
12	Poultry and Eggs	19,632	0.8
13	Corn for Grain	16,402	0.6
14	Other Livestock	16,350	0.6
15	Peanuts	15,675	0.6
	All Others	37,972	1.5
	<b>TOTAL</b>	<b>2,611,152</b>	

1/ Excludes cash receipts for livestock grazing.

## TOP TEN TEXAS COUNTIES a/ – AUGUST 2006

County	Number of Producers	Pounds	% Change From 2005b/	County	Number of Producers	Pounds	% Change From 2005b/
1. Erath	104	95,379,220	- 0.48	7. Bailey	8	30,183,133	+ 33.86
2. Deaf Smith	11	48,274,221	+ 142.60	8. Hale	5	28,006,135	+ 0.09
3. Hopkins	137	42,489,626	+ 2.85	9. Parmer	9	25,096,402	+ 16.74
4. Comanche	29	36,337,604	- 5.04	10. Hartley	5	23,630,606	+ 9.39
5. Castro	8	32,592,484	+ 11.10	Ten County Total	324	393,475,858	+ 11.57 b/
6. Lamb	8	31,486,427	- 8.46	Other Counties Total	399	162,790,343	- 1.34
				Texas Total	723	556,266,201	+ 7.45

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

Month	Class Prices & P.P.D.					BF	Component Prices			NASS Product Prices			
	I a/	II	III	IV	P.P.D.a/		Other Solids	True Protein	SCC c/ Adj Rate	Grade AA Butter	Cheddar Cheese	NFDM Powder	Dry Whey
	----- Dollars Per Hundred Wt. -----						-----Cents Per Pound-----						
June 2005	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
December	16.57	13.22	13.37	12.57	1.23	150.36	17.02	238.46	.00070	136.80	139.64	98.99	32.42
Averages 2005 b/	17.40	13.48	14.05	12.88	1.33	171.05	12.28	246.02	.00075	154.05	148.75	94.09	27.82
January 2006	16.38	13.25	13.39	12.20	1.11	146.84	18.81	239.94	.00069	133.87	138.95	96.14	34.16
February	16.38	12.62	12.20	11.10	1.53	134.69	19.99	212.20	.00063	123.74	126.37	88.33	35.31
March	15.49	11.69	11.11	10.68	1.84	125.96	18.74	188.36	.00058	116.47	116.12	86.97	34.09
April	14.22	11.37	10.93	10.36	1.48	123.43	15.08	192.38	.00058	114.36	116.54	84.29	30.54
May	13.97	11.13	10.83	10.33	1.43	125.82	12.51	191.15	.00058	116.35	116.94	82.88	28.05
June	13.75	11.00	11.29	10.22	1.07	124.36	12.55	207.90	.00061	115.13	121.66	82.21	28.08
July	14.34	10.83	10.92	10.21	1.40	122.28	12.57	198.07	.00059	113.40	117.93	83.00	28.10
August	13.97	11.16	11.06	10.64	1.60	130.08	14.16	190.50	.00059	119.90	118.13	84.84	29.65

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

## TOP NEW MEXICO COUNTIES a/ – AUGUST 2006

County	Number of Producers	Pounds	% Change From 2005b/	County	Number of Producers	Pounds	% Change From 2005b/
1. Chaves	39	167,477,258	+ 2.96	7. Socorro	8	16,916,573	+ 15.54
2. Curry	24	129,517,328	+ 17.93	8. Valencia	7	13,981,854	- 11.84
3. Roosevelt	41	125,947,297	+ 10.87	9. Sierra	3	7,212,733	- 8.65
4. Dona Ana	24	89,046,913	- 0.99	10. Bernalillo	4	5,104,122	- 5.69
5. Lea	14	44,344,173	+ 6.77	Ten County Total	169	623,017,768	+ 6.37 b/
6. Eddy	5	23,469,517	- 3.46	Other Counties Total	3	11,859,022	+ 4.30
				New Mexico Total	172	634,876,790	+ 6.33

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 2004 THROUGH AUGUST 2006, WITH PRODUCTION PERCENTAGE COMPARISONS**

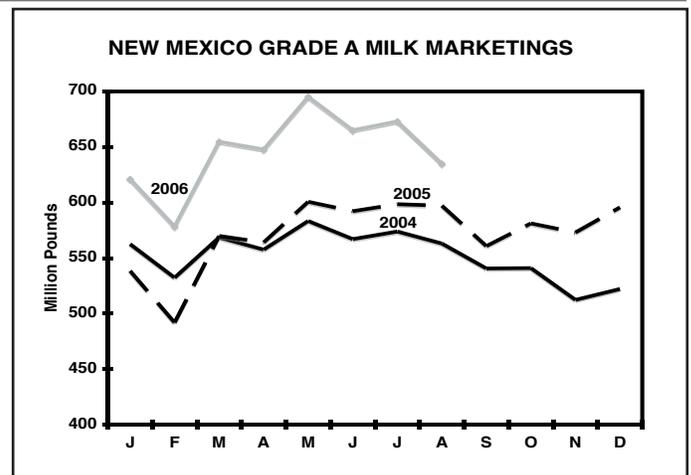
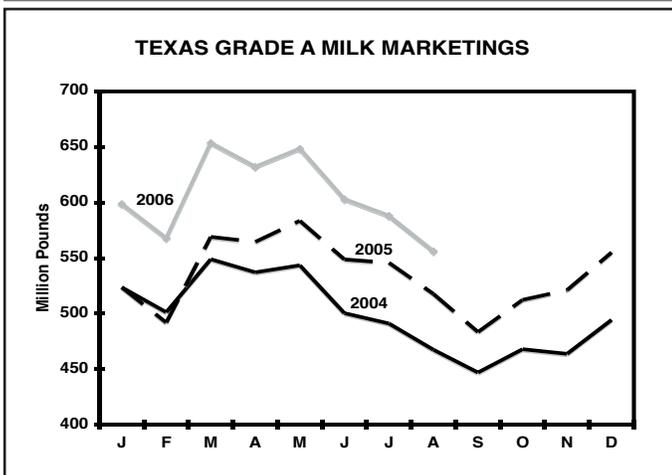
MONTH	2004 POUNDS	Number of Producers	2005 POUNDS	Number of Producers	2006 POUNDS	Number of Producers	PERCENT 2005/04	CHANGE 2006/05
January	523,723,796	816	523,680,970	778	598,770,671	746	- 0.01	+ 14.34
February	501,204,456	819	491,841,542	767	568,127,819	740	+ 1.64*	+ 15.51
March	548,941,459	814	569,021,475	771	653,677,865	740	+ 3.66	+ 14.88
April	537,141,283	803	564,647,522	776	632,332,356	741	+ 5.12	+ 11.99
May	543,408,997	801	583,519,880	774	648,575,970	739	+ 7.38	+ 11.15
June	500,319,580	803	548,798,029	772	603,059,138	733	+ 9.69	+ 9.89
July	491,018,134	799	545,665,957	774	588,198,398	726	+ 11.13	+ 7.79
August	467,427,900	796	517,675,814	767	556,266,201	723	+ 10.75	+ 7.45
September	447,166,094	796	483,172,492	772			+ 8.05	
October	467,915,409	797	512,618,370	770			+ 9.49	
November	463,696,745	793	521,233,872	758			+ 12.41	
December	<u>494,282,753</u>	793	<u>555,024,482</u>	743			<u>+ 12.29</u>	
Years Total	5,986,246,606		6,416,900,405				+ 7.19	

\* Based on average daily delivery.

**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:  
JANUARY 2004 THROUGH AUGUST 2006, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2004 POUNDS	Number of Producers	2005 POUNDS	Number of Producers	2006 POUNDS	Number of Producers	PERCENT 2005/04	CHANGE 2006/05
January	560,391,851	178	538,413,955	168	621,161,722	173	- 3.92	+ 15.37
February	530,422,715	176	491,753,468	170	578,266,056	172	- 3.98*	+ 17.59
March	566,717,019	178	567,325,607	169	654,702,022	172	+ 0.09	+ 15.40
April	555,546,336	176	563,980,078	168	647,819,688	173	+ 1.52	+ 14.87
May	581,190,763	177	600,707,138	170	695,061,878	175	+ 3.36	+ 15.71
June	565,063,945	177	592,086,292	172	665,063,549	175	+ 4.78	+ 12.33
July	571,734,951	181	598,502,673	171	672,988,089	174	+ 4.68	+ 12.45
August	563,099,040	177	597,055,615	172	634,876,790	172	+ 6.03	+ 6.33
September	540,636,857	179	560,680,297	176			+ 3.71	
October	541,026,928	177	581,203,811	174			+ 7.43	
November	512,342,849	176	573,043,775	173			+ 11.85	
December	<u>522,218,762</u>	174	<u>595,644,281</u>	171			<u>+ 14.06</u>	
Years Total	6,610,392,016		6,860,396,990				+ 3.78	

\* 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 <sup>a/</sup>	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
August 2005	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
December	3.93	3.76	3.18	3.12	5.71	5.73	8.89	8.84	269	212
Averages 2005	3.71	3.57	3.08	3.00	5.70	5.73	8.78	8.73	325	262
January 2006	3.85	3.72	3.12	3.07	5.70	5.72	8.82	8.78	257	209
February	3.84	3.68	3.10	3.06	5.72	5.71	8.82	8.76	246	201
March	3.77	3.63	3.06	3.03	5.71	5.69	8.76	8.72	249	198
April	3.70	3.57	3.00	2.97	5.70	5.70	8.70	8.66	254	202
May	3.65	3.52	3.02	2.97	5.73	5.74	8.76	8.71	262	196
June	3.60	3.47	3.00	2.93	5.72	5.73	8.72	8.66	272	205
July	3.62	3.48	3.00	2.92	5.69	5.71	8.69	8.63	290	226
August	3.65	3.53	3.02	2.95	5.68	5.71	8.70	8.66	323	288

a/ In thousands.

**AUGUST 2006**  
**COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$293,279.59
Class I Butterfat	60(a)	8,161,845	\$1.2454	\$10,164,761.77
Class I Skim Per Cwt		360,205,871	\$9.9600	\$35,876,504.75
Class II Butterfat	60(b)	11,151,756	\$1.3078	\$14,584,266.52
Class II Nonfat Solids		11,524,232	\$0.7578	\$8,733,063.03
Class III Butterfat	60(c)	12,670,777	\$1.3008	\$16,482,146.73
Class III Protein		11,086,823	\$1.9050	\$21,120,397.84
Class III Other Solids		21,323,843	\$0.1416	\$3,019,456.16
Class IV Butterfat	60(d)	1,685,130	\$1.3008	\$2,192,017.12
Class IV Nonfat Solids		5,109,891	\$0.7013	\$3,583,566.58
Class II, III & IV Somatic Cell Adj.	60(e)			\$189,126.38
Total Producer Milk-Product Lbs & Value		938,800,182		\$116,238,586.47
Add: Value as for 60(f) Thru 60(j)				\$127,483.71
Less: Total Protein Pounds	61(b)	28,011,020	<b>\$1.9050</b>	\$53,360,993.19
Total Other Solids Pounds		53,490,912	<b>\$0.1416</b>	\$7,574,313.14
Total Butterfat Pounds		33,669,508	<b>\$1.3008</b>	\$43,797,296.01
Total Value of Somatic Cell Adjustment				\$254,583.12
<b>Total Milk and Value</b>		938,800,182		\$11,378,884.72
Add: Location Differential Adjustments	61(c)			\$3,540,500.26
Producer-Settlement Fund	61(d)			\$505,511.21
<b>Total Producer Milk/URSP and Value</b>		938,800,182	\$1.64304	\$15,424,896.19
Less: Producer-Settlement Fund	61(f)		\$0.04304	\$404,093.28
<b>Producer Price Differential (Dallas County)</b>			<b>\$1.60</b>	\$15,020,802.91

THE MARKET ADMINISTRATOR'S

# REPORT

SOUTHWEST MARKETING AREA

RICHARD FLEMING, MARKET ADMINISTRATOR

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## AUGUST 2006 PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	368,367,716	39.24	8,161,845	24.24	360,205,871	39.80
Class II	139,089,622	14.82	11,151,756	33.12	127,937,866	14.13
Class III	372,934,567	39.72	12,670,777	37.64	360,263,790	39.80
Class IV	58,408,277	6.22	1,685,130	5.00	56,723,147	6.27
Total	938,800,182	100.00	33,669,508	100.00	905,130,674	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	11,217,876	40.05	21,239,264	39.71	32,457,141	39.82
Class II	3,958,808	14.13	7,565,426	14.14	11,524,232	14.14
Class III	11,086,823	39.58	21,323,843	39.86	32,410,668	39.77
Class IV	1,747,513	6.24	3,362,379	6.29	5,109,891	6.27
Total	28,011,020	100.00	53,490,912	100.00	81,501,932	100.00