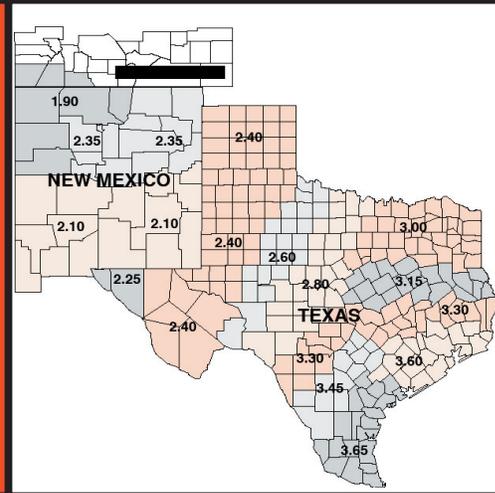


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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MARKET SUMMARY FOR MAY

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 \$0.91 for May. Butterfat price increased \$0.1049 per pound from \$1.4657 in April to the level of \$1.5706 in May. Protein price increased \$0.4212 per pound from \$2.5212 in April to \$2.9424 in May. May's Other Solids price decreased \$0.0217 per pound from \$0.6008 in April to \$0.5791 in May. The Somatic Cell Count adjustment rate factor for May was 0.00080 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a May statistical uniform price of \$18.51 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 \$1.54 in comparison to the statistical blend price of \$16.97 in April.

The May Class I price increased \$0.92 from \$18.00 in April to the May level of \$18.92. The Class II price for May of \$16.62 per hundredweight increased \$2.11 from \$14.51 in April. May's Class III price increased \$1.51 from \$16.09 in April to \$17.60 in May. The Class IV price increased \$2.36 from \$16.12 in April to \$18.48 in May.

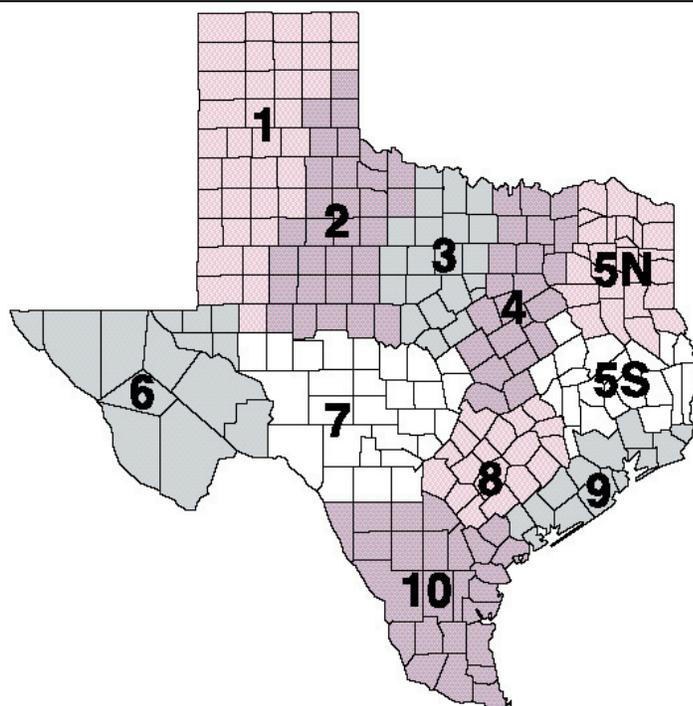
In May 686 producers delivered a total of 475,248,717 pounds of milk. On a daily basis this represents a decrease of 54.40 percent from the producer receipts level in April and it represents a decrease of 56.13 percent when compared to the producer receipts level of May 2006.

Producer milk classified as Class I during May amounted to 73.31 percent of total producer receipts. This figure is up from 34.57 percent in April and it is up from 33.71 percent in May 2006. The average butterfat test of producer milk pooled during May was 3.625 percent, average protein test was 3.017 percent, average other solids test was 5.694 percent and the average somatic cell count was 284,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	May 07	Apr 07	May 07	Apr 07	May 07	Apr 07
Appalachian	18.82	17.41	-----	-----	73.71	66.12
Arizona	18.07	16.43	-----	-----	34.07	33.55
Central	17.50	15.98	(0.10)	(0.11)	39.92	39.08
Florida	19.55	18.35	-----	-----	74.78	75.15
Mideast	17.63	16.09	0.03	0.00	38.40	37.50
Northeast	18.60	17.02	1.00	0.93	44.60	44.30
Pacific Northwest	17.87	16.24	0.27	0.15	32.33	32.06
Southeast	18.73	17.36	-----	-----	57.36	55.78
Southwest	18.51	16.97	0.91	0.88	73.31	34.57
Upper Midwest	17.65	16.15	0.05	0.06	20.30	18.90

TEXAS GEOGRAPHIC REGIONS

AREA	REGION NAME
1	HIGH PLAINS
2	LOW PLAINS
3	CROSTIMBERS
4	BLACKLANDS
5N	NORTHEAST
5S	SOUTHEAST
6	TRANS-PECOS
7	EDWARDS PLATEAU
8	SOUTH CENTRAL
9	UPPER COAST
10	SOUTH



TEXAS DAIRY MILK COMPONENTS FOR GEOGRAPHIC REGIONS - MAY 2007

REGION	NUMBER OF PRODUCER'S	% OF MILK MARKETED	PERCENT BUTTERFAT	% TRUE PROTEIN	PERCENT OTHER SOLIDS	PERCENT S-N-F	SCC (1,000)
1	73	43.32	3.62	3.00	5.71	8.72	244
2	9	1.58	3.68	3.05	5.70	8.75	396
3	222	31.38	3.72	3.04	5.68	8.71	295
4	67	3.25	3.74	3.06	5.65	8.71	370
5N	255	16.13	3.66	3.09	5.69	8.78	373
5S	4	0.19	3.53	3.00	5.57	8.57	420
6	5	1.32	3.45	2.98	5.68	8.67	320
7	10	1.45	3.59	3.02	5.67	8.69	346
8	24	0.76	3.71	3.04	5.61	8.65	386
9	4	0.10	3.50	2.93	5.54	8.46	436
10	3	0.51	4.40	3.44	5.67	9.12	397
TOTAL	676	100.00	3.66	3.03	5.69	8.73	293

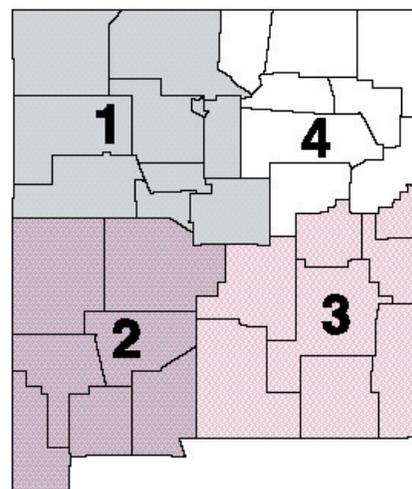
TEXAS DAIRY MILKING HERD SIZE ARRAY FOR GEOGRAPHIC REGIONS* - MAY 2007

REGION	NUMBER OF FARMS PER HERD SIZE GROUP (MILKING COW NUMBERS)						Total # Milking Cows
	0-100	101-250	251-500	501-750	751-1000	1001->	
1	0	5	6	3	4	55	138,947
2	2	3	1	1	1	1	5,064
3	55	59	48	23	10	27	100,658
4	35	19	10	2	1	0	10,415
5N	108	85	41	11	7	3	51,752
5S	3	0	1	0	0	0	600
6	0	0	2	1	0	2	4,235
7	4	1	2	0	1	2	4,657
8	16	7	1	0	0	0	2,453
9	3	1	0	0	0	0	335
10	0	1	0	1	1	0	1,651
TOTAL	226	181	112	42	25	90	320,767

*ESTIMATED BASED ON A 65 LB/DAY/COW AVERAGE

NEW MEXICO GEOGRAPHIC REGIONS

AREA	REGION NAME
1	NORTHWEST
2	SOUTHWEST
3	SOUTHEAST
4	NORTHEAST



NEW MEXICO DAIRY MILK COMPONENTS FOR GEOGRAPHIC REGIONS - MAY 2007

REGION	NUMBER OF PRODUCER'S	% OF MILK MARKETED	PERCENT BUTTERFAT	% TRUE PROTEIN	PERCENT OTHER SOLIDS	PERCENT S-N-F	SCC (1,000)
1	11	3.88	3.56	2.98	5.71	8.69	221
2	37	20.99	3.46	2.93	5.71	8.64	201
3	118	75.12	3.55	3.01	5.71	8.71	237
4	0	0	0	0	0	0	0
TOTAL	166	100.00	3.53	2.99	5.71	8.70	229

NEW MEXICO DAIRY MILKING HERD SIZE FOR GEOGRAPHIC REGIONS* - MAY 2007

REGION	NUMBER OF FARMS PER HERD SIZE GROUP (MILKING COW NUMBERS)							Total # Milking Cows
	0-250	251-500	501-1000	1001-2000	2001-3000	3001->		
1	4	1	3	0	3	0	11,260	
2	0	7	5	12	10	3	60,874	
3	4	4	17	47	31	15	217,828	
4	0	0	0	0	0	0	0	
TOTAL	8	12	25	59	44	18	289,962	

*ESTIMATED BASED ON A 70 LB/DAY/COW AVERAGE

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						
March 2006	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
September	13.85	11.74	12.29	11.10	0.91	141.91	16.49	213.46	.00065	129.76	129.12	85.37	31.91
October	15.42	11.79	12.32	11.51	1.33	141.49	20.26	207.75	.00064	129.41	127.21	90.27	35.57
November	15.40	11.98	12.84	12.11	0.99	138.52	22.76	223.83	.00066	126.93	131.23	98.37	38.00
December	15.43	12.55	13.47	12.30	0.58	134.81	25.64	243.88	.00068	123.84	136.24	102.25	40.79
Averages 2006 b/	14.88	11.76	11.89	11.06	1.27	132.52	17.46	209.12	.00062	121.93	124.70	88.74	32.85
January 2007	16.59	12.85	13.56	12.53	1.21	130.09	31.83	240.53	.00067	119.91	133.66	106.77	46.80
February	16.39	13.08	14.18	12.71	0.80	131.12	41.70	241.25	.00067	121.29	134.54	110.21	60.05
March	17.25	13.60	15.09	13.71	0.78	137.69	52.57	243.29	.00069	126.76	137.32	119.02	70.60
April	18.00	14.51	16.09	16.12	0.88	146.57	60.08	252.12	.00071	134.16	142.96	143.54	77.89
May	18.92	16.62	17.60	18.48	0.91	157.06	57.91	294.24	.00080	142.90	159.46	166.70	75.78

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

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 2005 THROUGH MAY 2007, WITH PRODUCTION PERCENTAGE COMPARISONS**

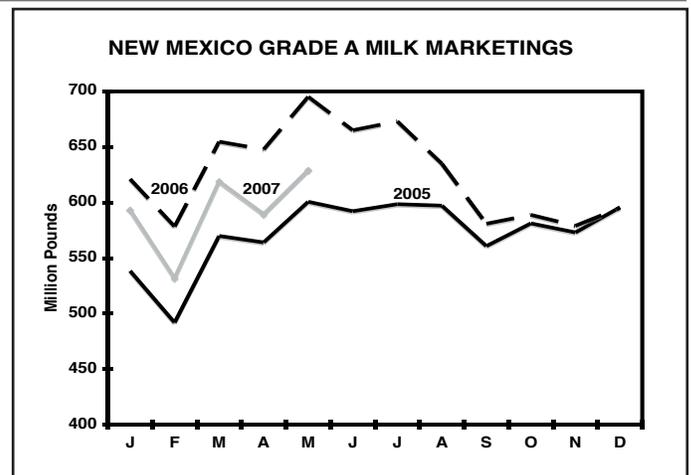
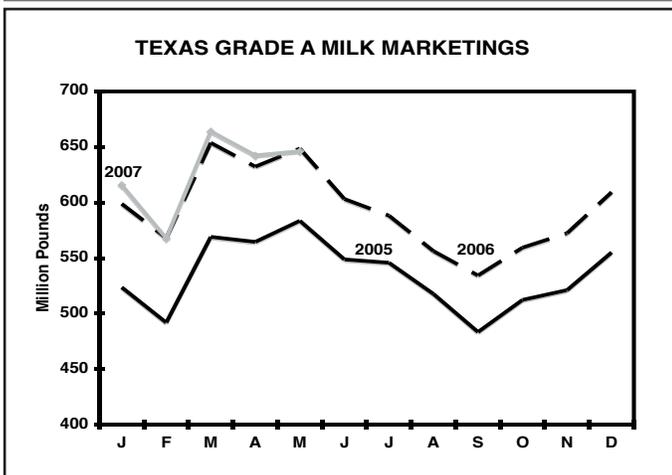
MONTH	2005 POUNDS	Number of Producers	2006 POUNDS	Number of Producers	2007 POUNDS	Number of Producers	PERCENT 2006/05	CHANGE 2007/06
January	523,680,970	778	598,770,671	746	615,842,075	697	+ 14.34	+ 2.85
February	491,841,542	767	568,127,819	740	567,905,237	692	+ 15.51	- 0.04
March	569,021,475	771	653,677,865	740	664,126,490	694	+ 14.88	+ 1.60
April	564,647,522	776	632,332,356	741	642,444,396	689	+ 11.99	+ 1.60
May	583,519,880	774	648,575,970	739	646,347,511	676	+ 11.15	- 0.34
June	548,798,029	772	603,059,138	733			+ 9.89	
July	545,665,957	774	588,198,398	726			+ 7.79	
August	517,675,814	767	556,266,201	723			+ 7.45	
September	483,172,492	772	534,330,715	712			+ 10.59	
October	512,618,370	770	559,390,201	710			+ 9.12	
November	521,233,872	758	572,262,884	701			+ 9.79	
December	<u>555,024,482</u>	743	<u>609,404,039</u>	695			<u>+ 9.80</u>	
Years Total	6,416,900,405		7,124,396,257				+ 11.03	

* Based on average daily delivery.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2005 THROUGH MAY 2007, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2005 POUNDS	Number of Producers	2006 POUNDS	Number of Producers	2007 POUNDS	Number of Producers	PERCENT 2006/05	CHANGE 2007/06
January	538,413,955	168	621,161,722	173	593,282,897	171	+ 15.37	- 4.49
February	491,753,468	170	578,266,056	172	531,955,021	170	+ 17.59	- 8.01
March	567,325,607	169	654,702,022	172	618,854,728	171	+ 15.40	- 5.48
April	563,980,078	168	647,819,688	173	589,646,957	167	+ 14.87	- 8.98
May	600,707,138	170	695,061,878	175	629,220,180	166	+ 15.71	- 9.47
June	592,086,292	172	665,063,549	175			+ 12.33	
July	598,502,673	171	672,988,089	174			+ 12.45	
August	597,055,615	172	634,876,790	172			+ 6.33	
September	560,680,297	176	580,816,517	173			+ 3.59	
October	581,203,811	174	588,810,710	171			+ 1.31	
November	573,043,775	173	578,970,652	173			+ 1.03	
December	<u>595,644,281</u>	171	<u>595,163,099</u>	175			<u>- 0.08</u>	
Years Total	6,860,396,990		7,513,700,772				+ 9.52	

* 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
May 2006	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
September	3.74	3.61	3.11	3.04	5.70	5.73	8.81	8.77	341	302
October	3.79	3.65	3.17	3.11	5.66	5.68	8.84	8.80	302	271
November	3.83	3.70	3.22	3.17	5.66	5.67	8.88	8.83	268	231
December	3.85	3.76	3.20	3.16	5.68	5.68	8.88	8.84	284	242
Averages 2006	3.74	3.61	3.09	3.03	5.70	5.71	8.78	8.74	279	231
January 2007	3.89	3.79	3.19	3.16	5.69	5.68	8.87	8.83	349	309
February	3.87	3.75	3.15	3.10	5.69	5.69	8.84	8.79	348	316
March	3.72	3.63	3.08	3.04	5.68	5.68	8.77	8.72	306	262
April	3.70	3.58	3.07	3.02	5.70	5.71	8.78	8.73	293	230
May	3.66	3.53	3.03	2.99	5.69	5.71	8.73	8.70	292	228

a/ In thousands.

MAY 2007
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$307,878.54
Class I Butterfat	60(a)	7,868,780	\$1.4689	\$11,558,450.96
Class I Skim Per Cwt		340,526,934	\$14.2800	\$48,627,246.18
Class II Butterfat	60(b)	7,588,705	\$1.5776	\$11,971,941.01
Class II Nonfat Solids		8,302,671	\$1.2778	\$10,609,153.05
Class III Butterfat	60(c)	735,846	\$1.5706	\$1,155,719.74
Class III Protein		521,383	\$2.9424	\$1,534,117.34
Class III Other Solids		978,481	\$0.5791	\$566,638.35
Class IV Butterfat	60(d)	1,034,537	\$1.5706	\$1,624,843.81
Class IV Nonfat Solids		842,950	\$1.4949	\$1,260,125.96
Class II, III & IV Somatic Cell Adj.	60(e)			\$38,837.06
Total Producer Milk-Product Lbs & Value		475,248,717		\$89,254,952.00
Add: Value as for 60(f) Thru 60(j)				\$162,404.88
Less: Total Protein Pounds	61(b)	14,340,851	\$2.9424	\$42,196,520.00
Total Other Solids Pounds		27,062,982	\$0.5791	\$15,672,172.92
Total Butterfat Pounds		17,227,868	\$1.5706	\$27,058,089.49
Total Value of Somatic Cell Adjustment				\$251,754.31
Total Milk and Value		475,248,717		\$4,238,820.16
Add: Location Differential Adjustments	61(c)			(\$122,443.66)
Producer-Settlement Fund	61(d)			\$431,619.47
Total Producer Milk/URSP and Value		475,248,717	\$0.95697	\$4,457,995.97
Less: Producer-Settlement Fund	61(f)		\$0.04697	\$223,232.65
Producer Price Differential (Dallas County)			\$0.91	\$4,324,763.32

THE MARKET ADMINISTRATOR'S

REPORT

SOUTHWEST MARKETING AREA

RICHARD FLEMING, MARKET ADMINISTRATOR

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MAY 2007

PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	348,395,714	73.31	7,868,780	45.67	340,526,934	74.35
Class II	99,272,212	20.89	7,588,705	44.05	91,683,507	20.02
Class III	17,270,459	3.63	735,846	4.27	16,534,613	3.60
Class IV	10,310,332	2.17	1,034,537	6.01	9,275,795	2.03
Total	475,248,717	100.00	17,227,868	100.00	458,020,849	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	10,639,578	74.18	20,118,771	74.34	30,758,346	74.29
Class II	2,886,451	20.13	5,416,221	20.01	8,302,671	20.05
Class III	521,383	3.64	978,481	3.62	1,499,866	3.62
Class IV	293,439	2.05	549,509	2.03	842,950	2.04
Total	14,340,851	100.00	27,062,982	100.00	41,403,833	100.00