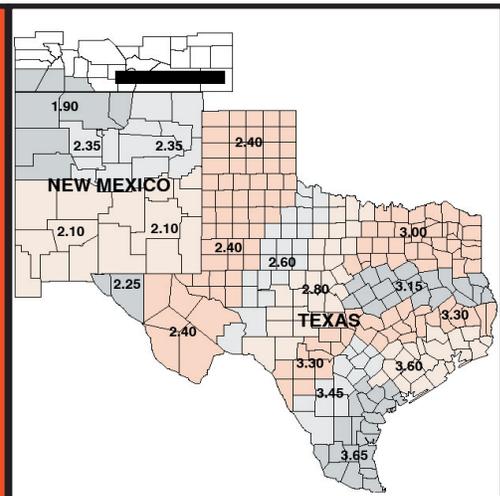


# THE MARKET ADMINISTRATOR'S

# REPORT



## SOUTHWEST MARKETING AREA

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VOLUME XXXIV, NO. 3

MARCH 2008

### MARKET SUMMARY FOR FEBRUARY

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 \$2.25 for February. Butterfat price decreased \$0.0309 per pound from \$1.3319 in January to the level of \$1.3010 in February. Protein price decreased \$0.4814 per pound from \$4.4994 in January to \$4.0180 in February. February's Other Solids price decreased \$0.1294 per pound from \$0.2097 in January to \$0.0803 in February. The Somatic Cell Count adjustment rate factor for February was 0.00092 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a February statistical uniform price of \$19.28 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 \$1.42 in comparison to the statistical blend price of \$20.70 in January.

The February Class I price decreased \$1.29 from \$23.97 in January to the February level of \$22.68. The Class II price for February of \$18.46 per hundredweight decreased \$1.29 from \$19.75 in January. February's Class III price decreased \$2.29 from \$19.32 in January to \$17.03 in February. The Class IV price decreased \$1.62 from \$16.29 in January to \$14.67 in February.

In February 596 producers delivered a total of 753,991,718 pounds of milk. On a daily basis this represents a decrease of 3.36 percent from the producer receipts level in January and it represents a decrease of 17.09 percent when compared to the producer receipts level of February 2007.

Producer milk classified as Class I during February amounted to 45.08 percent of total producer receipts. This figure is up from 44.77 percent in January and it is up from 37.07 percent in February 2007. The average butterfat test of producer milk pooled during February was 3.716 percent, average protein test was 3.092 percent, average other solids test was 5.710 percent and the average somatic cell count was 239,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Feb 08	Jan 08	Feb 08	Jan 08	Feb 08	Jan 08
Appalachian	21.32	22.60	-----	-----	72.26	72.50
Arizona	18.00	19.72	-----	-----	33.74	36.22
Central	18.11	19.71	1.08	0.39	33.14	34.73
Florida	22.60	23.80	-----	-----	83.06	82.61
Mideast	18.65	20.25	1.62	0.93	39.00	38.90
Northeast	19.54	21.11	2.51	1.79	42.50	44.10
Pacific Northwest	17.47	19.39	0.44	0.07	29.94	34.37
Southeast	20.90	22.46	-----	-----	64.22	66.56
<b>Southwest</b>	<b>19.28</b>	<b>20.70</b>	<b>2.25</b>	<b>1.38</b>	<b>45.08</b>	<b>44.77</b>
Upper Midwest	17.63	19.70	0.60	0.38	15.10	15.60

## USDA ANNOUNCES DECISIONS TO AMEND THE APPALACHIAN, FLORIDA AND SOUTHEAST MILK ORDERS

The U. S. Department of Agriculture announced on February 25, 2008, a tentative final decision that would increase Class I prices and adjust the Class I pricing surface of the Appalachian, Southeast and Florida marketing orders. This decision is based on testimony and evidence given at a public hearing held at Tampa, Fla., May 21-23, 2007.

This decision also amends certain features of the touch-base, diversion limit standards and transportation credit provisions for the Appalachian and Southeast Federal milk marketing orders. USDA will conduct referendums to determine if producers approve the amended orders. If approved, USDA will issue an interim order making the amendments effective.

The U.S.D.A. also announced on March 3, 2008, a Recommended Decision to adopt amendments to the administrative assessment rate provisions of the Appalachian, Florida and Southeast marketing orders. This decision is also based on testimony and evidence given at a public hearing held in Tampa, Fla., May 21-23, 2007.

The amendments would increase the maximum administrative assessment rate allowable. The amendments would specifically allow the market administrator to increase the maximum administrative assessment up to 8 cents per hundredweight on all pooled milk if necessary to maintain the required fund reserves.

Interested persons have until April 29, 2008 to file comments in response to these decisions. Comments should be submitted by using the Federal eRulemaking portal at <http://www.regulations.gov>.

## 2007 ANNUAL MILK PRODUCTION

The annual production of milk for the U.S. during 2007 was 186 billion pounds, 2.1 percent above 2006.

Production per cow in the U.S. averaged 20,267 pounds for 2007 which was 316 pounds above 2006. The average annual rate of milk production per cow has increased 17.9 percent from 1998.

The average number of milk cows on farms in the U.S. during 2007 was 9.16 million head, up 0.5 percent from 2006. The average number of milk cows was revised up 5,000 head for 2007.

The top ten states for total milk production and

milk per cow are shown here. New Mexico and Texas appear in both tables.

In 2007 Texas ranked as the eighth largest milk producing state with 7.4 billion pounds, the same rank it held in 2006. New Mexico ranked ninth in 2007 with 7.3 billion pounds, slipping from its seventh place ranking in 2006.

New Mexico and Texas also ranked in the top ten states with the highest milk production per cow. New Mexico and Texas ranked seventh and eighth in terms of milk produced per cow with 21,363 and 21,143 pounds, respectively. These are the same positions that they ranked in the year 2006.

### TOP 10 MILK PRODUCING STATES 2007

Rank		State	Million Pounds
2006	2007		
1	1	California	40,683
2	2	Wisconsin	24,080
3	3	New York	12,103
5	4	Idaho	11,549
4	5	Pennsylvania	10,682
6	6	Minnesota	8,656
9	7	Michigan	7,598
8	8	Texas	7,379
7	9	New Mexico	7,306
10	10	Washington	5,531
U.S. Total			185,602

### TOP 10 MILK PER COW STATES 2007

Rank		State	Pounds
2006	2007		
3	1	Arizona	23,260
2	2	Washington	23,239
1	3	Colorado	22,915
5	4	Michigan	22,681
4	5	Idaho	22,513
6	6	California	22,440
7	7	New Mexico	21,363
8	8	Texas	21,143
14	9	New Hampshire	20,714
10	10	Utah	20,376
U.S. Average			20,267

**TOP TEN TEXAS COUNTIES a/ – FEBRUARY 2008\***

County	Number of Producers	Pounds	% Change From 2007b/	County	Number of Producers	Pounds	% Change From 2007b/
1. Erath	91	97,141,693	- 7.60	7. Lamb	9	36,289,289	+ 15.54
2. Parmer	13	61,895,950	+ 91.02	8. Hartley	9	34,951,930	+ 58.62
3. Deaf Smith	12	50,260,217	+ 28.32	9. Bailey	9	30,893,265	+ 26.89
4. Castro	10	46,856,801	+ 50.14	10. Hale	5	27,467,592	+ 9.16
5. Hopkins	125	45,178,884	- 7.71	Ten County Total	311	471,206,571	+ 17.04 b/
6. Comanche	28	40,270,950	- 5.86	Other Counties Total	347	186,901,890	+ 0.70
				<b>Texas Total</b>	<b>658</b>	<b>658,108,461</b>	<b>+ 11.89</b>

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.

\*Based on average daily deliveries.

**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-----						
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
June	20.84	18.89	20.17	20.76	0.31	164.57	58.31	370.59	.00093	149.16	185.61	190.12	76.17
July	23.91	21.40	21.38	21.64	1.31	161.10	55.34	420.68	.00100	146.27	200.02	201.80	73.29
August	24.76	22.41	19.83	21.87	2.93	158.72	43.68	394.12	.00096	144.29	191.00	205.45	61.97
September	24.91	22.16	20.07	21.61	2.36	151.01	28.90	439.29	.00101	137.86	202.50	205.57	47.62
October	24.59	21.90	18.70	21.31	2.92	140.92	22.86	416.95	.00096	129.45	192.27	206.15	41.75
November	24.45	22.07	19.22	20.40	2.36	140.77	24.61	430.81	.00098	129.33	196.52	195.62	43.45
December	23.04	20.82	20.60	19.18	0.41	143.48	26.37	470.61	.00105	131.59	209.76	180.31	45.16
Averages 2007 b/	21.14	18.36	18.04	18.36	1.43	146.93	42.01	351.21	.00087	134.41	173.80	169.27	60.04
January 2008	23.97	19.75	19.32	16.29	1.38	133.19	20.97	449.94	.00100	123.01	199.98	150.90	39.92
February	22.68	18.46	17.03	14.67	2.25	130.10	8.03	401.80	.00092	120.44	184.03	133.31	27.36

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

**TOP NEW MEXICO COUNTIES a/ – FEBRUARY 2008\***

County	Number of Producers	Pounds	% Change From 2007b/	County	Number of Producers	Pounds	% Change From 2007b/
1. Chaves	38	161,793,256	+ 9.49	7. Socorro	8	17,683,747	+ 14.87
2. Curry	27	126,328,084	+ 15.65	8. Valencia	5	12,322,479	+ 3.56
3. Roosevelt	42	116,013,979	+ 14.56	9. Sierra	3	7,020,339	+ 5.13
4. Dona Ana	22	86,895,560	+ 4.64	10. Bernalillo	4	4,566,294	+ 6.08
5. Lea	12	37,462,954	- 7.44	Ten County Total	167	593,693,782	+ 9.71 b/
6. Eddy	6	23,607,090	+ 11.81	Other Counties Total	2	6,795,153	- 30.53
				<b>New Mexico Total</b>	<b>169</b>	<b>600,488,935</b>	<b>+ 8.99</b>

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.

\*Based on average daily deliveries.

**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN TEXAS BY MONTHS:  
JANUARY 2006 THROUGH FEBRUARY 2008, WITH PRODUCTION PERCENTAGE COMPARISONS**

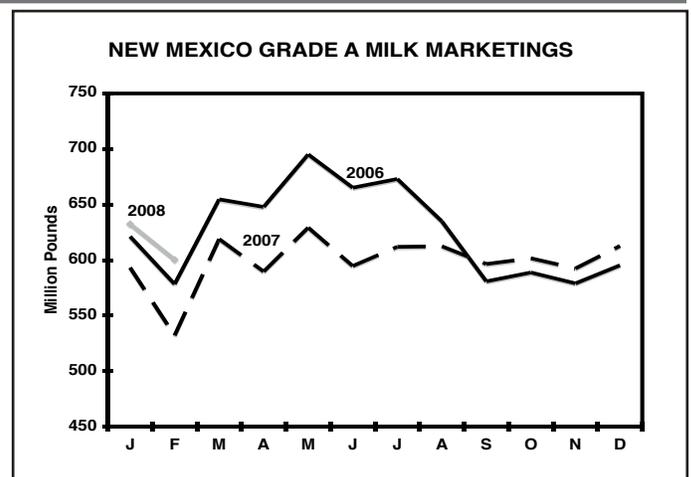
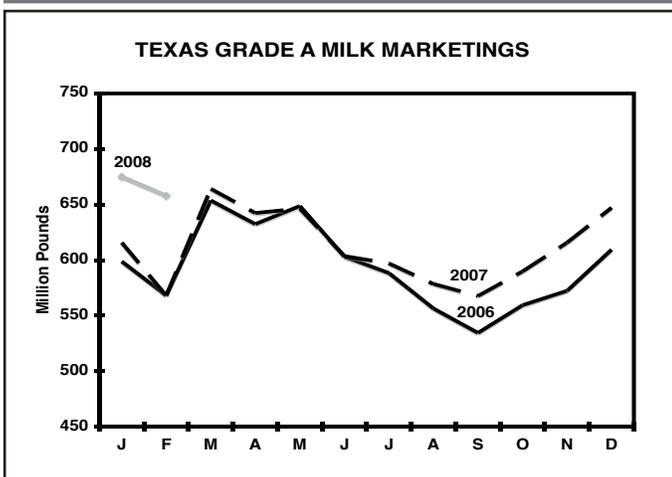
MONTH	2006 POUNDS	Number of Producers	2007 POUNDS	Number of Producers	2008 POUNDS	Number of Producers	PERCENT 2007/06	CHANGE 2008/07
January	598,770,671	746	615,854,742	697	675,265,283	654	+ 2.85	+ 9.65
February	568,127,819	740	567,905,237	692	658,108,461	658	- 0.04	+ 11.89*
March	653,677,865	740	664,126,490	694			+ 1.60	
April	632,332,356	741	642,444,396	689			+ 1.60	
May	648,575,970	739	646,347,511	676			- 0.34	
June	603,059,138	733	603,528,908	670			+ 0.08	
July	588,198,398	726	596,923,443	656			+ 1.48	
August	556,266,201	723	578,369,166	656			+ 3.97	
September	534,330,715	712	569,217,018	661			+ 6.53	
October	559,390,201	710	607,239,216	664			+ 8.55	
November	572,262,884	701	615,810,876	660			+ 7.61	
December	<u>609,404,039</u>	695	<u>647,114,088</u>	655			<u>+ 6.19</u>	
Years Total	7,124,396,257		7,354,881,091				+ 3.23	

\* Based on average daily deliveries.

**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:  
JANUARY 2006 THROUGH FEBRUARY 2008, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2006 POUNDS	Number of Producers	2007 POUNDS	Number of Producers	2008 POUNDS	Number of Producers	PERCENT 2007/06	CHANGE 2008/07
January	621,161,722	173	593,437,434	171	632,699,151	173	- 4.46	+ 6.62
February	578,266,056	172	531,955,021	170	600,488,935	169	- 8.01	+ 8.99*
March	654,702,022	172	618,854,728	171			- 5.48	
April	647,819,688	173	593,858,997	168			- 8.33	
May	695,061,878	175	629,220,180	166			- 9.47	
June	665,063,549	175	598,890,379	166			- 9.95	
July	672,988,089	174	611,908,294	167			- 9.08	
August	634,876,790	172	612,444,830	169			- 3.53	
September	580,816,517	173	596,639,214	173			+ 2.72	
October	588,810,710	171	614,972,057	172			+ 4.44	
November	578,970,652	173	592,544,809	171			+ 2.34	
December	<u>595,163,099</u>	175	<u>612,751,685</u>	172			<u>+ 2.96</u>	
Years Total	7,513,700,772		7,207,477,628				- 4.08	

\* Based on average daily deliveries.



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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
February 2007	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
June	3.64	3.51	3.02	2.96	5.69	5.70	8.71	8.67	321	240
July	3.62	3.47	3.02	2.94	5.69	5.70	8.71	8.64	350	264
August	3.63	3.52	3.01	2.93	5.69	5.70	8.70	8.64	353	278
September	3.66	3.55	3.08	3.01	5.68	5.70	8.76	8.71	346	273
October	3.71	3.59	3.15	3.08	5.70	5.70	8.84	8.79	285	228
November	3.82	3.70	3.21	3.15	5.72	5.72	8.92	8.87	263	214
December	3.89	3.76	3.23	3.17	5.71	5.70	8.93	8.87	270	231
Averages 2007	3.73	3.62	3.10	3.05	5.69	5.70	8.80	8.75	315	256
January 2008	3.87	3.74	3.19	3.13	5.72	5.71	8.90	8.84	274	240
February	3.79	3.67	3.13	3.06	5.71	5.71	8.84	8.77	260	220

a/ In thousands.

**FEBRUARY 2008**  
**COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$322,720.31
Class I Butterfat	60(a)	7,431,150	\$1.3960	\$10,373,885.43
Class I Skim Per Cwt		332,467,941	\$18.4400	\$61,307,088.32
Class II Butterfat	60(b)	7,215,015	\$1.3080	\$9,437,239.61
Class II Nonfat Solids		6,668,022	\$1.5989	\$10,661,500.39
Class III Butterfat	60(c)	6,886,313	\$1.3010	\$8,959,093.22
Class III Protein		5,317,700	\$4.0180	\$21,366,518.61
Class III Other Solids		9,850,980	\$0.0803	\$791,033.69
Class IV Butterfat	60(d)	6,488,166	\$1.3010	\$8,441,103.98
Class IV Nonfat Solids		14,117,948	\$1.1643	\$16,437,526.87
Class II, III & IV Somatic Cell Adj.	60(e)			\$431,680.06
Total Producer Milk-Product Lbs & Value		753,991,718		\$148,529,390.49
Add: Value as for 60(f) Thru 60(j)				\$257,146.51
Less: Total Protein Pounds	61(b)	23,320,559	<b>\$4.0180</b>	\$93,702,006.05
Total Other Solids Pounds		43,057,322	<b>\$0.0803</b>	\$3,457,502.99
Total Butterfat Pounds		28,020,644	<b>\$1.3010</b>	\$36,454,857.85
Total Value of Somatic Cell Adjustment				\$771,273.65
<b>Total Milk and Value</b>		753,991,718		\$14,400,896.46
Add: Location Differential Adjustments	61(c)			\$2,540,418.71
Producer-Settlement Fund	61(d)			\$362,026.12
<b>Total Producer Milk/URSP and Value</b>		753,991,718	\$2.29489	\$17,303,341.29
Less: Producer-Settlement Fund	61(f)		\$0.04489	\$338,527.63
<b>Producer Price Differential (Dallas County)</b>			<b>\$2.25</b>	\$16,964,813.66

THE MARKET ADMINISTRATOR'S

# REPORT

SOUTHWEST MARKETING AREA

RICHARD FLEMING, MARKET ADMINISTRATOR

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## FEBRUARY 2008 PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	339,899,091	45.08	7,431,150	26.52	332,467,941	45.80
Class II	80,073,491	10.62	7,215,015	25.75	72,858,476	10.04
Class III	173,314,580	22.99	6,886,313	24.58	166,428,267	22.92
Class IV	160,704,556	21.31	6,488,166	23.15	154,216,390	21.24
Total	753,991,718	100.00	28,020,644	100.00	725,971,074	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	10,690,914	45.84	19,732,315	45.83	30,423,232	45.83
Class II	2,345,746	10.06	4,322,280	10.04	6,668,022	10.05
Class III	5,317,700	22.80	9,850,980	22.88	15,168,679	22.85
Class IV	4,966,199	21.30	9,151,747	21.25	14,117,948	21.27
Total	23,320,559	100.00	43,057,322	100.00	66,377,881	100.00