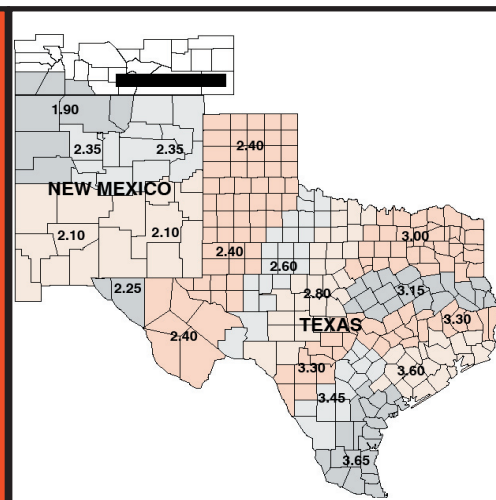


# THE MARKET ADMINISTRATOR'S REPORT



## SOUTHWEST MARKETING AREA

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## MARKET SUMMARY FOR MARCH

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 \$1.01 for March. Butterfat price increased \$0.0653 per pound from \$1.0941 in February to the level of \$1.1594 in March. Protein price increased \$0.2834 per pound from \$1.9139 in February to \$2.1973 in March. March's Other Solids price increased \$0.0098 per pound from (\$0.0437) in February to (\$0.0339) in March. The Somatic Cell Count adjustment rate factor for March was 0.00063 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a March statistical uniform price of \$11.45 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 \$0.14 in comparison to the statistical uniform price of \$11.31 in February.

The March Class I price decreased \$1.29 from \$13.72 in February to the March level of \$12.43. The Class II price for March of \$10.36 per hundredweight increased \$0.11 from \$10.25 in February. March's Class III price increased \$1.13 from \$9.31 in February to \$10.44 in March. The Class IV price increased \$0.19 from \$9.45 in February to \$9.64 in March.

In March 499 producers delivered a total of 687,896,248 pounds of milk. On a daily basis this represents a decrease of 35.18 percent from the producer receipts level in February but it represents an increase of 1.68 percent when compared to the producer receipts level of March 2008.

Producer milk classified as Class I during March amounted to 53.61 percent of total producer receipts. This figure is up from 34.36 percent in February and it is up from 52.01 percent in March 2008. The average butterfat test of producer milk pooled during March was 3.615 percent, average protein test was 3.078 percent, average other solids test was 5.760 percent and the average somatic cell count was 220,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Mar 09	Feb 09	Mar 09	Feb 09	Mar 09	Feb 09
Appalachian	12.29	12.98	-----	-----	69.60	69.00
Arizona	10.63	10.69	-----	-----	32.00	33.22
Central	10.44	10.38	0.00	1.07	35.10	31.86
Florida	14.19	15.02	-----	-----	83.89	81.37
Mideast	10.73	10.83	0.29	1.52	40.80	42.40
Northeast	11.56	11.75	1.12	2.44	43.10	43.00
Pacific Northwest	10.48	10.31	0.04	1.00	31.07	28.55
Southeast	12.47	13.22	-----	-----	60.71	67.93
<b>Southwest</b>	<b>11.45</b>	<b>11.31</b>	<b>1.01</b>	<b>2.00</b>	<b>53.61</b>	<b>34.36</b>
Upper Midwest	10.57	9.82	0.13	0.51	14.10	14.30

## CWT ANNOUNCES HERD RETIREMENT

Cooperatives Working Together announced that it will conduct its latest herd retirement round. Bids are being accepted through Friday, May 1st.

"We all recognize that 2009 is shaping up to be among the toughest years on record for dairy farmers, but CWT will help shorten the price plunge farmers are facing, and speed the recovery," said Jerry Kozak, President and CEO of NMPF, which manages CWT.

This is the seventh herd retirement round since CWT began operations in the summer of 2003.

Kozak said that, given the dramatic downturn in dairy economics in the past six months, CWT is anticipating a large number of bids. However, since the value of cows and heifers has dropped dramatically, the price level of bids accepted will be much lower than in recent years. As has been the case in recent herd retirement rounds, Kozak said CWT has no set target for the volume of milk or the number of cows to be removed in this round.

In addition to submitting bids for their milk herds, participating farmers will have the option of offering all of their bred heifers, at a flat price of \$700 per animal. In addition, there are two program rule changes in this round:

1. Members of CWT whose bids were accepted in a previous round may bid again in this round. This is a one-time exception to the exclusion affecting prior participants in the program;

2. Producers whose bids are accepted in the next and future herd retirements will be paid in two installments: 90% of the amount bid times the producer's 12 months of milk production when it is verified that that all cows have gone to slaughter, and the remaining 10% plus interest at the end of 12 months following the farm audit, IF both the producer and his dairy facility – whether owned or leased – do not become involved in the commercial production and marketing of milk during that period.

Detailed information can be found at [www.cwt.coop](http://www.cwt.coop), including bid forms, an interactive bid calculator to help estimate a farmer's bid, and answers to frequently asked questions. All bids must be postmarked by Friday, May 1st, in order to be considered. All dairy producers submitting bids to sell their herds must be members of CWT effective January 2009, either through their membership in a fully participating cooperative, or as an independent member of CWT.

## MILC PAYMENTS ON THEIR WAY TO DAIRY FARMERS

Secretary of Agriculture Tom Vilsack has announced that because of low dairy prices across the country, producers participating in USDA's Milk Income Loss Contract (MILC) program will begin to receive payments.

USDA makes MILC payments on a monthly basis when the Boston Class I milk price falls below \$16.94 per hundredweight as adjusted for feed costs. USDA determines the per hundredweight payment rate for the applicable month by subtracting the Boston Class I price for

that month from the \$16.94 MILC payment trigger price, established in the 2008 Farm Bill, as adjusted for feed costs, and multiplying the difference by 45 percent. The monthly Boston price along with final MILC payment rates are posted online at: <http://www.fsa.usda.gov/FSA>.

The MILC payment trigger price of \$16.94 is adjusted upward when the National Average Dairy Feed Ration Cost for a month is greater than \$7.35 per cwt. USDA's National Agricultural Statistics Service released the data for determining the Average Dairy Feed Ration Cost for the month of February on March 30, 2009. Using this information and the formula contained in the 2008 Act, the MILC payment trigger for the month of February has been adjusted to \$17.33, for a final MILC payment rate of \$1.5132. Beginning April 1, USDA expects to issue approximately \$150 million to dairy producers for milk produced in February.

USDA's Agricultural Marketing Service announced the Boston Class I price for the month of March on Feb. 20, 2009 and for the month of April on March 20, 2009. In both instances, the Boston Class I price was below the MILC payment trigger price of \$16.94 per cwt. USDA expects to issue MILC payments on milk produced in March in early May and MILC payments on milk produced in April in early June, after USDA has adjusted the MILC payment trigger price for feed costs and determined the final payment rate for those months. MILC payments may also be triggered in future months if the MILC payment trigger price is below \$16.94 per cwt.

For more information about the MILC program, please visit your FSA county office or <http://www.fsa.usda.gov>.

## USDA SETS HEARING ON PROPOSED AMENDMENTS TO ALL MILK ORDERS

The U. S. Department of Agriculture announced that it will hold a national public hearing to consider proposals seeking to amend or remove the producer-handler provisions and revise the exempt plant provisions applicable to all Federal milk marketing orders. The hearing will begin at 1 p.m. on May 4, 2009, at The Westin - Cincinnati, 21 East Fifth Street, Cincinnati, Ohio, 45202.

USDA will also consider a proposal seeking to amend the orders to include provisions related to individual handler pools as an alternative to the producer-handler provisions.

The National Milk Producers Federation and the International Dairy Foods Association submitted initial proposals. USDA requested additional proposals from the industry that would examine all features of the producer-handler and exempt plant provisions. USDA received proposals from dairy farmers, producer-handlers, dairy farmer cooperatives, and fluid milk processors.

Anyone interested in participating in the hearing should notify a USDA official upon arrival. The hearing notice was published in the April 9 Federal Register. Copies of the hearing notice and additional information are available from USDA/AMS/Dairy Programs, STOP 0231 - Rm. 2971, 1400 Independence Avenue, SW, Washington, D.C. 20250-0231, from the AMS web site: at [www.ams.usda.gov/dairy](http://www.ams.usda.gov/dairy)

**TOP TEN TEXAS COUNTIES a/ – MARCH 2009**

County	Number of Producers	Pounds	% Change From 2008b/	County	Number of Producers	Pounds	% Change From 2008b/
1. Erath	89	113,591,841	+ 5.57	7. Bailey	10	45,080,979	+ 32.46
2. Parmer	12	71,476,726	+ 5.85	8. Hartley	10	42,042,080	+ 5.55
3. Deaf Smith	14	64,268,991	+ 13.51	9. Lamb	9	41,226,146	+ 2.23
4. Castro	11	59,623,736	+ 17.97	10. Hale	5	31,811,972	+ 5.37
5. Hopkins	123	52,913,707	+ 6.35	Ten County Total	309	569,806,360	+ 9.26 b/
6. Comanche	26	47,770,182	+ 5.98	Other Counties Total	326	224,183,366	+ 7.08
				Texas Total	635	793,989,726	+ 8.64

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 <sup>c/</sup> Adj Rate	Grade AA Butter	Cheddar Cheese	NFDM Powder	Dry Whey
Month	----- Dollars Per Hundred Wt. -----					-----Cents Per Pound-----							
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
March	19.70	15.63	18.00	14.17	(0.68)	136.04	4.93	433.31	.00098	125.39	195.75	125.12	24.35
April	21.61	15.29	16.76	14.56	1.42	147.48	6.22	375.79	.00091	134.92	181.64	125.06	25.60
May	19.62	15.51	18.18	15.26	(0.30)	155.62	7.66	411.08	.00098	141.70	195.25	129.85	27.00
June	21.18	16.19	20.25	15.92	(1.23)	161.60	8.26	471.93	.00108	146.69	216.09	135.08	27.58
July	23.78	16.81	18.24	16.60	1.85	167.74	7.07	400.25	.00098	151.80	195.85	140.53	26.42
August	21.47	17.45	17.32	16.64	2.00	174.13	5.29	364.97	.00093	157.13	186.99	138.40	24.70
September	20.65	17.58	16.28	15.45	2.18	181.96	2.34	326.89	.00089	163.65	177.73	121.31	21.83
October	18.53	16.60	17.06	13.62	0.20	185.07	(0.47)	354.90	.00095	169.97	190.65	99.87	19.45
November	20.33	14.45	15.51	12.25	1.38	177.30	(0.99)	313.01	.00088	163.56	175.11	87.01	18.95
December	18.43	11.21	15.28	10.35	(0.53)	129.98	(2.69)	363.90	.00088	124.48	175.44	84.25	17.30
Averages 2008 <sup>b/</sup>	21.00	16.24	17.44	14.65	0.83	156.68	5.55	388.98	.00095	143.56	189.54	122.56	25.04
January 2009	18.74	10.41	10.78	9.59	2.72	110.84	(3.04)	236.38	.00065	108.68	129.61	83.18	16.96
February	13.72	10.25	9.31	9.45	2.00	109.41	(4.37)	191.39	.00058	107.50	115.18	82.15	15.67
March	12.43	10.36	10.44	9.64	1.01	115.94	(3.39)	219.73	.00063	112.89	126.11	81.66	16.62

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

**TOP NEW MEXICO COUNTIES a/ – MARCH 2009**

County	Number of Producers	Pounds	% Change From 2008b/	County	Number of Producers	Pounds	% Change From 2008b/
1. Chaves	37	181,456,744	+ 2.27	7. Socorro	8	19,874,605	+ 2.66
2. Curry	27	148,378,499	+ 7.11	8. Valencia	5	14,410,733	+ 6.31
3. Roosevelt	41	142,057,259	+ 9.69	9. Sierra	3	7,532,784	- 8.10
4. Dona Ana	21	93,385,583	- 5.04	10. Bernalillo	4	5,576,172	+ 6.54
5. Lea	12	47,810,581	+ 12.29	Ten County Total	165	687,372,516	+ 4.29 b/
6. Eddy	7	26,889,556	+ 2.02	Other Counties Total	3	12,435,594	+ 53.02
				New Mexico Total	168	699,808,110	+ 4.88

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 2007 THROUGH MARCH 2009, WITH PRODUCTION PERCENTAGE COMPARISONS**

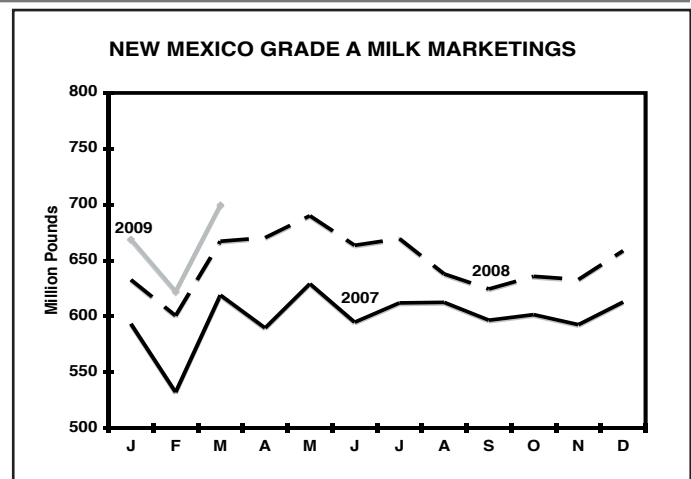
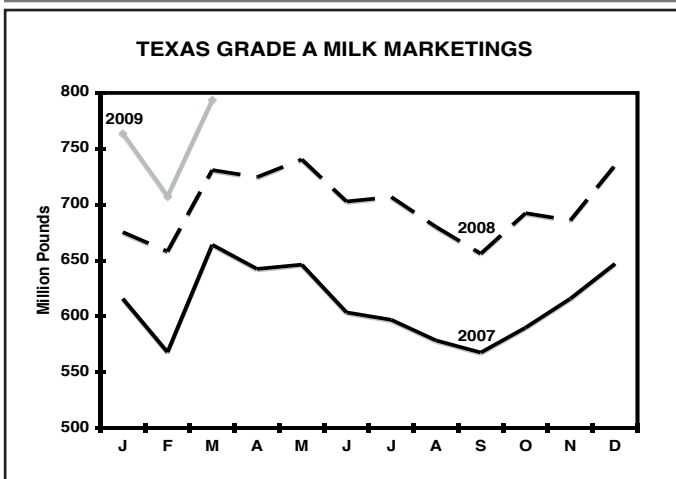
MONTH	2007 POUNDS	Number of Producers	2008 POUNDS	Number of Producers	2009 POUNDS	Number of Producers	PERCENT 2008/07	CHANGE 2009/08
January	615,854,742	697	675,265,283	654	764,064,476	636	+ 9.65	+ 13.15
February	567,905,237	692	658,108,461	658	707,786,943	631	+ 11.89*	+ 11.39*
March	664,126,490	694	730,859,173	659	793,989,726	635	+ 10.05	+ 8.64
April	642,444,396	689	724,651,306	659			+ 12.80	
May	646,347,511	676	740,427,008	659			+ 14.56	
June	603,528,908	670	702,946,861	656			+ 16.47	
July	596,923,443	656	706,911,758	657			+ 18.43	
August	578,369,166	656	679,996,118	654			+ 17.57	
September	569,217,018	661	656,032,884	646			+ 15.25	
October	607,239,216	664	692,397,097	648			+ 14.02	
November	615,810,876	660	685,894,611	646			+ 11.38	
December	647,114,088	655	735,262,255	640			+ 13.62	
Years Total	7,354,881,091		8,388,752,815				+ 14.06	

\* Based on average daily deliveries.

**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:  
JANUARY 2007 THROUGH MARCH 2009, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2007 POUNDS	Number of Producers	2008 POUNDS	Number of Producers	2009 POUNDS	Number of Producers	PERCENT 2008/07	CHANGE 2009/08
January	593,437,434	171	632,699,151	173	669,161,661	170	+ 6.62	+ 5.76
February	531,955,021	170	600,488,935	169	622,538,938	167	+ 8.99*	+ 7.37*
March	618,854,728	171	667,225,545	170	699,808,110	168	+ 7.82	+ 4.88
April	593,858,997	168	670,437,294	170			+ 12.90	
May	629,220,180	166	690,007,674	173			+ 9.66	
June	598,890,379	166	663,052,878	172			+ 10.79	
July	611,908,294	167	669,450,030	172			+ 9.40	
August	612,444,830	169	637,877,538	172			+ 4.15	
September	596,639,214	173	624,527,568	172			+ 4.67	
October	614,972,057	172	635,779,456	174			+ 3.38	
November	592,544,809	171	632,916,136	175			+ 6.81	
December	612,751,685	172	658,804,868	173			+ 7.52	
Years Total	7,207,477,628		7,783,267,073				+ 7.99	

\* 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
March 2008	3.76	3.63	3.10	3.02	5.72	5.72	8.82	8.75	244	202
April	3.69	3.56	3.08	3.00	5.72	5.73	8.80	8.73	241	193
May	3.64	3.51	3.04	2.96	5.74	5.75	8.78	8.71	247	197
June	3.58	3.48	2.99	2.89	5.74	5.75	8.72	8.64	261	205
July	3.59	3.48	3.00	2.90	5.71	5.73	8.71	8.63	305	262
August	3.63	3.51	3.01	2.92	5.73	5.75	8.74	8.67	327	268
September	3.70	3.55	3.08	3.00	5.72	5.74	8.80	8.74	341	281
October	3.77	3.62	3.15	3.08	5.72	5.74	8.87	8.82	313	257
November	3.81	3.62	3.18	3.13	5.73	5.74	8.91	8.87	277	226
December	3.83	3.64	3.19	3.12	5.74	5.74	8.93	8.86	268	222
Averages 2008	3.72	3.58	3.10	3.02	5.73	5.73	8.82	8.75	280	231
January 2009	3.81	3.63	3.16	3.11	5.72	5.72	8.87	8.83	252	211
February	3.75	3.58	3.12	3.08	5.73	5.74	8.84	8.82	247	204
March	3.69	3.51	3.09	3.04	5.74	5.78	8.83	8.81	236	192

a/ In thousands.

### MARCH 2009 COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$409,566.59
Class I Butterfat	60(a)	8,072,045	\$1.1218	\$9,055,220.11
Class I Skim Per Cwt		360,730,582	\$8.8100	\$31,780,364.29
Class II Butterfat	60(b)	7,918,828	\$1.1664	\$9,236,520.97
Class II Nonfat Solids		9,792,528	\$0.7233	\$7,082,935.50
Class III Butterfat	60(c)	2,275,551	\$1.1594	\$2,638,273.84
Class III Protein		1,135,054	\$2.1973	\$2,494,054.16
Class III Other Solids		2,115,395	(\$0.0339)	(\$71,711.90)
Class IV Butterfat	60(d)	6,601,297	\$1.1594	\$7,653,543.76
Class IV Nonfat Solids		14,712,775	\$0.6423	\$9,450,015.38
Class II, III & IV Somatic Cell Adj.	60(e)			\$240,312.56
Total Producer Milk-Product Lbs & Value		687,896,248		\$79,969,095.26
Add: Value as for 60(f) Thru 60(j)				\$139,354.46
Less: Total Protein Pounds	61(b)	21,178,958	<b>\$2.1973</b>	\$46,536,524.40
Total Other Solids Pounds		39,625,841	<b>(\$0.0339)</b>	(\$1,343,316.03)
Total Butterfat Pounds		24,867,721	<b>\$1.1594</b>	\$28,831,635.71
Total Value of Somatic Cell Adjustment				\$562,869.07
<b>Total Milk and Value</b>		687,896,248		\$5,520,736.57
Add: Location Differential Adjustments	61(c)			\$1,318,285.62
Producer-Settlement Fund	61(d)			\$394,230.99
<b>Total Producer Milk/URSP and Value</b>		687,896,248	\$1.05150	\$7,233,253.18
Less: Producer-Settlement Fund	61(f)		\$0.04150	\$285,501.08
<b>Producer Price Differential (Dallas County)</b>			<b>\$1.01</b>	<b>\$6,947,752.10</b>



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**RETURN SERVICE REQUESTED****MARCH 2009****PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
<b>Class I</b>	<b>368,802,627</b>	<b>53.61</b>	<b>8,072,045</b>	<b>32.46</b>	<b>360,730,582</b>	<b>54.41</b>
<b>Class II</b>	<b>114,682,242</b>	<b>16.67</b>	<b>7,918,828</b>	<b>31.84</b>	<b>106,763,414</b>	<b>16.10</b>
<b>Class III</b>	<b>37,673,401</b>	<b>5.48</b>	<b>2,275,551</b>	<b>9.15</b>	<b>35,397,850</b>	<b>5.34</b>
<b>Class IV</b>	<b>166,737,978</b>	<b>24.24</b>	<b>6,601,297</b>	<b>26.55</b>	<b>160,136,681</b>	<b>24.15</b>
<b>Total</b>	<b>687,896,248</b>	<b>100.00</b>	<b>24,867,721</b>	<b>100.00</b>	<b>663,028,527</b>	<b>100.00</b>

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
<b>Class I</b>	<b>11,468,656</b>	<b>54.15</b>	<b>21,580,389</b>	<b>54.45</b>	<b>33,049,048</b>	<b>54.35</b>
<b>Class II</b>	<b>3,422,207</b>	<b>16.16</b>	<b>6,370,322</b>	<b>16.08</b>	<b>9,792,527</b>	<b>16.10</b>
<b>Class III</b>	<b>1,135,054</b>	<b>5.36</b>	<b>2,115,395</b>	<b>5.34</b>	<b>3,250,449</b>	<b>5.35</b>
<b>Class IV</b>	<b>5,153,041</b>	<b>24.33</b>	<b>9,559,735</b>	<b>24.13</b>	<b>14,712,775</b>	<b>24.20</b>
<b>Total</b>	<b>21,178,958</b>	<b>100.00</b>	<b>39,625,841</b>	<b>100.00</b>	<b>60,804,799</b>	<b>100.00</b>