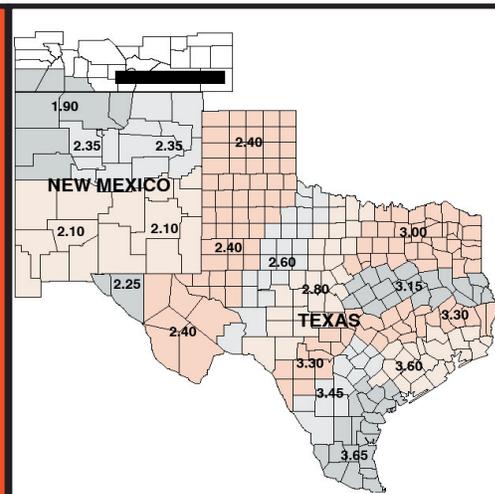


# THE MARKET ADMINISTRATOR'S

# REPORT



## SOUTHWEST MARKETING AREA

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## 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 \$1.42 for February. Butterfat price increased \$0.2728 per pound from \$2.0239 in January to the level of \$2.2967 in February. Protein price increased \$0.7996 per pound from \$1.7590 in January to \$2.5586 in February. January's Other Solids price increased \$0.0308 per pound from \$0.2002 in January to \$0.2310 in February. The Somatic Cell Count adjustment rate factor for February was 0.00087 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 \$18.42 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 \$2.18 in comparison to the statistical uniform price of \$16.24 in January.

The February Class I price increased \$0.69 from \$18.20 in January to the February level of \$18.89. The Class II price for February of \$17.97 per hundredweight increased \$1.18 from \$16.79 in January. February's Class III price increased \$3.52 from \$13.48 in January to \$17.00 in February. The Class IV price increased \$1.98 from \$16.42 in January to \$18.40 in February.

In February 510 producers delivered a total of 950,956,901 pounds of milk. On a daily basis this represents an increase of 5.21 percent from the producer receipts level in January and it represents an increase of 13.54 percent when compared to the producer receipts level of February 2010.

Producer milk classified as Class I during February amounted to 37.26 percent of total producer receipts. This figure is down from 39.58 percent in January and it is down from 40.35 percent in February 2010. The average butterfat test of producer milk pooled during February was 3.817 percent, average protein test was 3.112 percent, average other solids test was 5.766 percent and the average somatic cell count was 233,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Feb 11	Jan 11	Feb 11	Jan 11	Feb 11	Jan 11
Appalachian - FO 5	19.58	18.31	-----	-----	68.58	69.75
Arizona - FO 131	18.18	16.23	-----	-----	32.43	32.88
Central - FO 32	17.50	15.31	0.50	1.83	34.10	35.00
Florida - FO 6	21.38	20.32	-----	-----	84.24	83.94
Mideast - FO 33	17.68	15.78	0.68	2.30	41.50	44.60
Northeast - FO 1	18.75	17.01	1.75	3.53	42.50	42.50
Pacific Northwest - FO 124	17.78	15.57	0.78	2.09	28.89	28.35
Southeast - FO 7	19.60	18.01	-----	-----	65.16	64.85
<b>Southwest - FO 126</b>	<b>18.42</b>	<b>16.24</b>	<b>1.42</b>	<b>2.76</b>	<b>37.26</b>	<b>39.58</b>
Upper Midwest - FO 30	17.23	14.12	0.23	0.64	13.30	13.10

## DAIRY INDUSTRY ADVISORY COMMITTEE VOTES TO APPROVE FINAL REPORT

On March 3, 2011, The Dairy Industry Advisory Committee voted to approve a final report to Agriculture Secretary Tom Vilsack that offers recommendations concerning dairy farm profitability and milk prices.

The vote, which was held during a public meeting via conference call, supports a report that offers 23 public policy recommendations.

“A tremendous amount of time and effort has been put into this report by members of the Dairy Industry Advisory Committee and I’m appreciative of their efforts and their willingness to dedicate time in support of the dairy industry,” said Agriculture Secretary Tom Vilsack.

The Dairy Industry Advisory Committee was chartered to review farm milk price volatility and dairy farmer profitability. The committee was asked to make recommendations to the Secretary on how USDA can best address these issues to meet the dairy industry’s needs, both short and long-term. The committee also was asked to provide feedback on how actions taken by USDA in 2009 have affected the dairy industry. For a written copy of the report — which will be available in approximately 10 days — contact Solomon Whitfield at [Solomon.Whitfield@wdc.usda.gov](mailto:Solomon.Whitfield@wdc.usda.gov). An electronic version of the report can be obtained by visiting <http://www.fsa.usda.gov/DIAC>.

## 2010 ANNUAL MILK PRODUCTION

The annual production of milk for the United States during 2010 was 193 billion pounds, 1.8 percent above 2009.

Production per cow in the United States averaged 21,149 pounds for 2010, 576 pounds above 2009. The average annual rate of milk production per cow has increased 16.4 percent from 2001.

The average number of milk cows on farms in the United States during 2010 was 9.12 million head, down 0.9 percent from 2009. The average number of milk cows was revised up 2,000 head for 2009.

The top ten states for total milk production and milk per cow are shown here. New Mexico and Texas appears in both tables.

In 2010 Texas was ranked as the seventh largest milk producing state with 8.8 billion pounds, the same rank it held in 2009. New Mexico ranked ninth in 2010 with 7.9 billion pounds, the same rank it held in 2009 .

New Mexico ranked first in the top ten states with the highest milk per cow, coming in at 24,551 pounds. That is the same as its first place ranking in 2009 with 24,320 pounds of milk per cow, an increase of 0.95 percent. Texas ranked tenth with 21,375 pounds of milk per cow in 2010. That is up 2.28 percent from 20,898 pounds per cow in 2009.

SOURCE: “Milk Production”, Da 1-1 (2-11), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

### TOP 10 MILK PRODUCING STATES 2010

Rank		State	Million Pounds
2009	2010		
1	1	California	40,385
2	2	Wisconsin	26,035
4	3	Idaho	12,779
3	4	New York	12,713
5	5	Pennsylvania	10,734
6	6	Minnesota	9,102
7	7	Texas	8,828
8	8	Michigan	8,327
9	9	New Mexico	7,881
10	10	Washington	5,901
U.S. Total			192,819

### TOP 10 MILK PER COW STATES 2010

Rank		State	Pounds
2009	2010		
1	1	New Mexico	24,551
3	2	Colorado	23,664
2	3	Washington	23,510
4	4	Arizona	23,441
5	5	Michigan	23,260
7	6	California	23,025
6	7	Idaho	22,658
8	8	Nevada	22,143
10	9	Utah	21,400
11	10	Texas	21,375
U.S. Average			21,149

**TOP TEN TEXAS COUNTIES a/ – FEBRUARY 2011**

<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2010b/</u>	<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2010b/</u>
1. Erath	83	97,344,425	+ 7.09	7. Bailey	10	41,515,457	+ 8.73
2. Castro	13	72,535,534	+ 25.31	8. Comanche	19	40,001,689	+ 13.45
3. Parmer	14	66,819,931	+ 12.68	9. Hopkins	90	37,140,785	- 6.21
4. Deaf Smith	11	52,229,565	- 0.28	10. Hale	6	32,044,485	+ 15.58
5. Hartley	11	47,254,600	+ 2.49	Ten County Total	267	531,022,988	+ 9.37 b/
6. Lamb	10	44,136,517	+ 15.59	<u>Other Counties Total</u>	<u>287</u>	<u>197,203,616</u>	<u>+ 5.65</u>
				<b>Texas Total</b>	<b>554</b>	<b>728,226,604</b>	<b>+ 8.34</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.

**TEXAS AND NEW MEXICO MARKET COMPONENT TEST**

<u>Month</u>	<u>Butterfat</u>		<u>Protein</u>		<u>Other Solids</u>		<u>S-N-F</u>		<u>SCC a/</u>	
	<u>TX</u>	<u>NM</u>	<u>TX</u>	<u>NM</u>	<u>TX</u>	<u>NM</u>	<u>TX</u>	<u>NM</u>	<u>TX</u>	<u>NM</u>
Averages 2009	3.70	3.53	3.11	3.04	5.73	5.76	8.85	8.80	265	207
January 2010	3.86	3.69	3.17	3.10	5.74	5.76	8.92	8.87	276	227
February	3.88	3.69	3.19	3.11	5.73	5.75	8.92	8.86	336	278
March	3.75	3.56	3.16	3.08	5.75	5.76	8.91	8.85	299	230
April	3.64	3.47	3.11	3.03	5.76	5.77	8.87	8.80	276	208
May	3.61	3.42	3.09	3.00	5.75	5.77	8.84	8.77	274	193
June	3.56	3.37	3.01	2.92	5.75	5.77	8.76	8.69	287	206
July	3.56	3.37	3.04	2.93	5.75	5.77	8.79	8.70	323	243
August	3.59	3.40	3.03	2.92	5.74	5.75	8.77	8.67	326	260
September	3.67	3.48	3.10	2.99	5.74	5.76	8.85	8.75	297	229
October	3.80	3.60	3.21	3.10	5.77	5.77	8.98	8.88	262	205
November	3.92	3.74	3.26	3.16	5.78	5.79	9.03	8.96	237	184
December	3.96	3.78	3.25	3.14	5.75	5.75	9.00	8.90	226	172
Averages 2010	3.73	3.55	3.14	3.04	5.75	5.76	8.89	8.81	285	220
January 2011	3.96	3.78	3.22	3.12	5.75	5.76	8.99	8.89	223	165
February	3.95	3.76	3.19	3.08	5.75	5.77	8.94	8.85	269	206

a/ In thousands.

**TOP NEW MEXICO COUNTIES a/ – FEBRUARY 2011**

<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2010b/</u>	<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2010b/</u>
1. Chaves	35	155,621,368	+ 4.06	7. Eddy	3	16,039,460	+ 1.02
2. Curry	26	124,904,273	- 1.01	8. Valencia	5	14,454,444	+ 9.06
3. Roosevelt	37	119,088,042	+ 1.75	9. Luna	3	14,359,074	+ 29.12
4. Dona Ana	22	84,285,728	+ 1.83	10. Bernalillo	4	4,935,171	+ 4.88
5. Lea	14	47,022,218	+ 6.76	Ten County Total	157	598,275,282	+ 2.83 b/
6. Socorro	8	17,565,504	+ 1.67	<u>Other Counties Total</u>	<u>2</u>	<u>9,796,420</u>	<u>+ 4.99</u>
				<b>New Mexico Total</b>	<b>159</b>	<b>608,071,702</b>	<b>+ 2.86</b>

a/ All known Grade "A" milk produced on farms located in New Mexico.

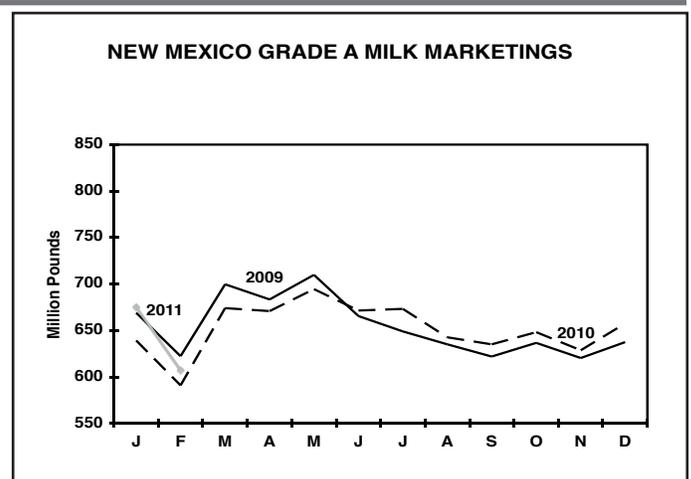
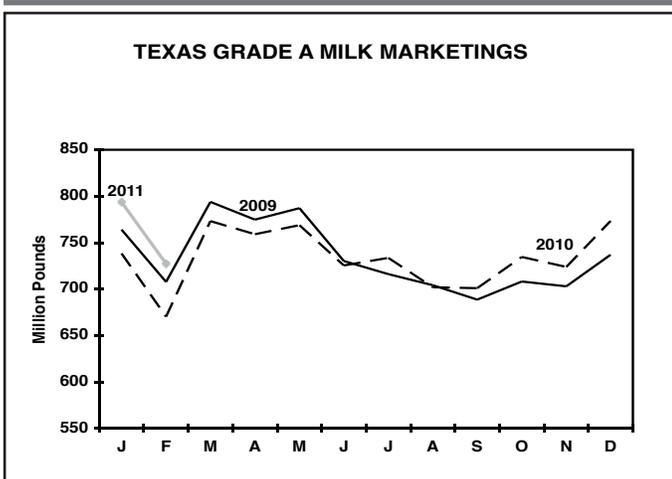
b/ Compared to top counties for the month in the previous year.

**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN TEXAS BY MONTHS:  
JANUARY 2009 THROUGH FEBRUARY 2011, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2009 POUNDS	Number of Producers	2010 POUNDS	Number of Producers	2011 POUNDS	Number of Producers	PERCENT 2010/09	CHANGE 2011/10
January	764,064,476	636	738,538,899	582	794,574,299	555	- 3.34	+ 7.59
February	707,786,943	631	672,168,487	578	728,226,604	554	- 5.03	+ 8.34
March	793,989,726	635	773,286,159	577			- 2.61	
April	774,795,518	631	759,203,798	576			- 2.01	
May	787,077,681	629	768,833,368	571			- 2.32	
June	730,380,337	622	725,500,766	565			- .067	
July	716,344,326	598	733,719,075	568			+ 2.43	
August	704,267,950	597	702,002,272	559			- 0.32	
September	688,737,418	593	701,066,340	558			+ 1.79	
October	708,312,372	590	738,609,251	554			+ 4.28	
November	703,046,885	591	723,908,057	555			+ 2.97	
December	<u>737,072,970</u>	581	<u>773,415,328</u>	557			<u>+ 4.93</u>	
Years Total	8,815,876,602		8,810,251,800				- 0.06	

**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:  
JANUARY 2009 THROUGH FEBRUARY 2011, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2009 POUNDS	Number of Producers	2010 POUNDS	Number of Producers	2011 POUNDS	Number of Producers	PERCENT 2010/09	CHANGE 2011/10
January	669,161,661	170	639,771,307	157	675,834,553	157	- 4.39	+ 5.64
February	622,538,938	167	591,156,278	158	608,071,702	159	- 5.04	+ 2.86
March	699,808,110	168	674,287,000	159			- 3.65	
April	683,575,106	164	670,976,253	159			- 1.84	
May	709,872,347	165	694,638,948	160			- 2.15	
June	665,627,017	166	671,649,637	159			+ 0.90	
July	649,187,109	158	676,898,057	159			+ 4.27	
August	635,258,249	157	642,846,047	159			+ 1.19	
September	622,278,128	158	635,203,468	156			+ 2.08	
October	636,944,152	157	648,369,979	156			+ 1.79	
November	620,605,564	157	628,936,968	156			+ 1.34	
December	<u>641,902,168</u>	156	<u>657,677,525</u>	156			<u>+ 2.46</u>	
Years Total	7,856,758,549		7,832,411,467				- 0.31	



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**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 2009 b/	14.48	11.26	11.36	10.89	1.46	125.71	6.120	220.87	.00065	120.96	129.66	92.23	25.85
January 2010	18.03	15.22	14.50	13.85	1.60	144.05	19.46	279.16	.00077	136.10	153.74	119.29	38.80
February	17.84	15.65	14.28	12.90	1.71	144.04	19.92	270.66	.00076	136.09	151.10	108.12	39.25
March	17.34	14.46	12.78	12.92	2.28	153.47	18.23	213.11	.00068	143.88	136.32	104.54	37.61
April	16.22	13.78	12.92	13.73	1.84	158.13	17.02	214.49	.00069	147.73	138.27	112.08	36.43
May	16.80	14.90	13.38	15.29	2.07	170.58	17.04	215.23	.00071	158.01	142.57	125.20	36.45
June	18.28	16.01	13.62	15.45	2.54	172.34	17.48	220.40	.00072	159.46	144.75	126.31	36.88
July	18.66	17.10	13.74	15.75	2.79	189.64	17.00	205.15	.00073	173.75	145.67	122.77	36.41
August	18.77	16.98	15.18	15.61	2.19	203.36	16.47	237.88	.00080	185.08	160.31	115.57	35.90
September	18.50	17.60	16.26	16.76	1.69	240.44	16.73	230.57	.00085	215.70	170.16	113.83	36.15
October	19.58	17.57	16.94	17.15	1.38	244.36	17.36	247.39	.00088	218.93	176.66	116.74	36.76
November	20.24	17.21	15.44	16.68	2.25	224.22	17.97	219.81	.00081	202.30	161.52	119.53	37.36
December	19.96	15.77	13.83	15.03	2.56	179.52	18.52	217.06	.00073	165.39	146.06	118.48	37.89
Averages 2010 b/	18.35	16.02	14.41	15.09	2.08	185.35	17.77	230.91	.00076	170.20	152.26	116.87	37.16
January 2011	18.20	16.79	13.48	16.42	2.76	202.39	20.02	175.90	.00070	184.28	140.76	125.30	39.35
February	18.89	17.97	17.00	18.40	1.42	229.67	23.10	255.86	.00087	206.80	174.49	137.28	42.34

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

**FEBRUARY 2011  
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$383,287.39
Class I Butterfat	60(a)	7,439,722	\$1.9303	\$14,360,895.40
Class I Skim Per Cwt		346,863,699	\$12.5700	\$43,600,766.97
Class II Butterfat	60(b)	6,531,197	\$2.3037	\$15,045,918.55
Class II Nonfat Solids		5,290,308	\$1.1411	\$6,036,770.46
Class III Butterfat	60(c)	15,561,258	\$2.2967	\$35,739,541.26
Class III Protein		12,647,856	\$2.5586	\$32,360,804.36
Class III Other Solids		23,629,884	\$0.2310	\$5,458,503.22
Class IV Butterfat	60(d)	6,774,341	\$2.2967	\$15,558,628.98
Class IV Nonfat Solids		10,741,534	\$1.1930	\$12,814,650.06
Class II, III & IV Somatic Cell Adj.	60(e)			\$644,105.57
Total Producer Milk-Product Lbs & Value		950,956,901		\$182,003,872.22
Add: Value as for 60(f) Thru 60(j)				\$66,985.19
Less: Total Protein Pounds	61(b)	29,601,569	<b>\$2.5586</b>	\$75,738,574.47
Total Other Solids Pounds		54,841,164	<b>\$0.2310</b>	\$12,668,308.92
Total Butterfat Pounds		36,306,518	<b>\$2.2967</b>	\$83,385,179.90
Total Value of Somatic Cell Adjustment				\$965,604.58
<b>Total Milk and Value</b>		950,956,901		\$9,313,189.54
Add: Location Differential Adjustments	61(c)			\$4,183,039.18
Producer-Settlement Fund	61(d)			\$435,919.84
<b>Total Producer Milk/URSP and Value</b>		950,956,901	\$1.46506	\$13,932,148.56
Less: Producer-Settlement Fund	61(f)		\$0.04506	\$428,560.57
<b>Producer Price Differential (Dallas County)</b>			<b>\$1.42</b>	<b>\$13,503,587.99</b>

**THE MARKET ADMINISTRATOR'S**  
**REPORT**

**SOUTHWEST MARKETING AREA**  
**CARY HUNTER, MARKET ADMINISTRATOR**  
**P.O. BOX 110939, CARROLLTON, TEXAS 75011-0939**

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**FEBRUARY 2011**  
**PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	354,303,421	37.26	7,439,722	20.49	346,863,699	37.92
Class II	63,803,759	6.71	6,531,197	17.99	57,272,562	6.26
Class III	409,653,638	43.08	15,561,258	42.86	394,092,380	43.09
Class IV	123,196,083	12.95	6,774,341	18.66	116,421,742	12.73
<b>Total</b>	<b>950,956,901</b>	<b>100.00</b>	<b>36,306,518</b>	<b>100.00</b>	<b>914,650,383</b>	<b>100.00</b>

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
<b>Total Pounds</b>	<b>36,306,518</b>	<b>29,601,569</b>	<b>54,841,164</b>	<b>84,442,733</b>
<b>Percentage</b>	<b>3.817</b>	<b>3.112</b>	<b>5.766</b>	<b>8.879</b>

<b>Average Somatic Cell Count</b>	<b>233,000</b>
<b>Total Number of Pooled Producers</b>	<b>510</b>