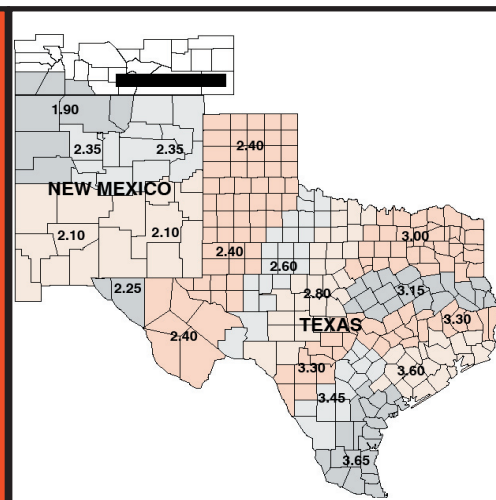


# THE MARKET ADMINISTRATOR'S REPORT



## 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 \$2.00 for February. Butterfat price decreased \$0.0143 per pound from \$1.1084 in January to the level of \$1.0941 in February. Protein price decreased \$0.4499 per pound from \$2.3638 in January to \$1.9139 in February. February's Other Solids price decreased (\$0.0133) per pound from (\$0.0304) in January to (\$0.0437) in February. The Somatic Cell Count adjustment rate factor for February was 0.00058 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 \$11.31 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 \$2.19 in comparison to the statistical uniform price of \$13.50 in January.

The February Class I price decreased \$5.02 from \$18.74 in January to the February level of \$13.72. The Class II price for February of \$10.25 per hundredweight decreased \$0.16 from \$10.41 in January. February's Class III price decreased \$1.47 from \$10.78 in January to \$9.31 in February. The Class IV price decreased \$0.14 from \$9.59 in January to \$9.45 in February.

In February 592 producers delivered a total of 990,442,013 pounds of milk. On a daily basis this represents an increase of 0.70 percent from the producer receipts level in January and it represents an increase of 36.05 percent when compared to the producer receipts level of February 2008.

Producer milk classified as Class I during February amounted to 34.36 percent of total producer receipts. This figure is down slightly from 34.82 percent in January and it is down from 45.08 percent in February 2008. The average butterfat test of producer milk pooled during February was 3.629 percent, average protein test was 3.098 percent, average other solids test was 5.737 percent and the average somatic cell count was 216,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Feb 09	Jan 09	Feb 09	Jan 09	Feb 09	Jan 09
Appalachian	12.98	16.41	-----	-----	69.00	70.29
Arizona	10.69	12.49	-----	-----	33.22	31.55
Central	10.38	12.49	1.07	1.71	31.86	34.68
Florida	15.02	18.92	-----	-----	81.37	81.64
Mideast	10.83	13.22	1.52	2.44	42.40	42.50
Northeast	11.75	14.14	2.44	3.36	43.00	44.20
Pacific Northwest	10.31	12.12	1.00	1.34	28.55	28.23
Southeast	13.22	16.62	-----	-----	67.93	68.14
<b>Southwest</b>	<b>11.31</b>	<b>13.50</b>	<b>2.00</b>	<b>2.72</b>	<b>34.36</b>	<b>34.82</b>
Upper Midwest	9.82	11.60	0.51	0.82	14.30	14.10

## USDA APPOINTS MEMBERS TO NATIONAL PROCESSOR PROMOTION BOARD

The U.S. Department of Agriculture has announced the appointment of five incumbents and two new members to the National Fluid Milk Processor Promotion Board.

Re-appointed to serve a second term is: Edward L. Mullins, Carlinville, Ill., (Region 9).

Re-appointed to serve a first term after filling a vacancy lasting less than 18 months are: Jay S. Bryant, Reston, Va., (Region 3); Charles S. Mayfield, Jr., Athens, Tenn. (Region 6); John R. Zuroweste, Dallas, Texas (Region 12); and Janey K. Thornton, Ph.D., Elizabethtown, Ky., (At-Large Public).

Newly Appointed are: Timothy Kelbel, Cincinnati, Ohio (Region 15); and Miriam E. Brown, Des Moines, Iowa (At-Large Processor).

Terms for these appointees begin July 1, 2009, and expire June 30, 2012. All appointees will be seated at the board meeting July 16-18, 2009.

The National Fluid Milk Processor Promotion Board is composed of 15 fluid milk processors from 15 geographic regions and five at-large members. At least three at-large members must be fluid milk processors and at least one must be from the general public.

The National Fluid Milk Program is financed by a mandatory 20-cent per hundredweight assessment on all fluid milk processed and marketed commercially in consumer-type packages in the contiguous 48 states and the District of Columbia. Processors who commercially process and market 3 million pounds or less per month, excluding those fluid milk products delivered to the residence of a consumer, are exempt from assessments.

## 2008 ANNUAL MILK PRODUCTION

The annual production of milk for the U.S. during 2008 was 190 billion pounds, 2.3 percent above 2007.

Production per cow in the U.S. averaged 20,396 pounds for 2008 which was 192 pounds above 2007. The average annual rate of milk production per cow has increased 12.3 percent from 2001.

The average number of milk cows on farms in the U.S. during 2008 was 9.315 million head, up 1.4 percent from 9.189 million head in 2007.

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

both tables while Texas appears in just one.

In 2008 Texas ranked as the seventh largest milk producing state with 8.4 billion pounds while it ranked eighth in 2007. New Mexico ranked eighth in 2008 with 7.9 billion pounds, moving up from its ninth place ranking in 2007. New Mexico also ranked in the top ten states with the highest milk production per cow. New Mexico ranked third in terms of milk produced per cow with 23,269 pounds. That is up from its seventh place ranking in 2007 with 21,958 pounds, an increase of 6.0 percent in milk per cow.

### TOP 10 MILK PRODUCING STATES 2008

Rank		State	Million Pounds
2007	2008		
1	1	California	41,203
2	2	Wisconsin	24,472
3	3	New York	12,432
4	4	Idaho	12,315
5	5	Pennsylvania	10,575
6	6	Minnesota	8,782
8	7	Texas	8,416
9	8	New Mexico	7,865
7	9	Michigan	7,763
10	10	Washington	5,696
U.S. Total			189,992

### TOP 10 MILK PER COW STATES 2008

Rank		State	Pounds
2007	2008		
1	1	Arizona	23,382
2	2	Washington	23,344
7	3	New Mexico	23,269
3	4	Colorado	22,930
5	5	Idaho	22,432
6	6	California	22,344
4	7	Michigan	22,180
9	8	Utah	20,894
8	9	Nevada	20,704
12	10	Kansas	20,641
U.S. Average			20,396

**TOP TEN TEXAS COUNTIES a/ – FEBRUARY 2009\***

County	Number of Producers	Pounds	% Change From 2008b/	County	Number of Producers	Pounds	% Change From 2008b/
1. Erath	88	101,409,758	+ 8.12	7. Hartley	10	38,739,720	+ 14.80
2. Parmer	12	63,668,271	+ 6.54	8. Bailey	10	38,222,063	+ 28.14
3. Deaf Smith	14	57,354,395	+ 18.19	9. Lamb	9	35,746,883	+ 2.02
4. Castro	11	53,964,456	+ 19.28	10. Hale	5	28,124,685	+ 6.05
5. Hopkins	121	47,638,347	+ 9.21	Ten County Total	306	507,887,166	+ 11.63 b/
6. Comanche	26	43,018,588	+ 10.64	Other Counties Total	325	199,899,777	+ 10.77
				Texas Total	631	707,786,943	+ 11.39

\* Based on average daily production.

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 c/ Adj Rate	Grade AA Butter	Cheddar Cheese	NFDM Powder	Dry Whey
Month	----- Dollars Per Hundred Wt. -----					-----Cents Per Pound-----							
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
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 b/	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

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

**TOP NEW MEXICO COUNTIES a/ – FEBRUARY 2009\***

County	Number of Producers	Pounds	% Change From 2008b/	County	Number of Producers	Pounds	% Change From 2008b/
1. Chaves	37	159,271,150	+ 1.96	7. Socorro	8	18,536,452	+ 8.57
2. Curry	27	133,347,762	+ 9.33	8. Valencia	5	13,431,873	+ 12.90
3. Roosevelt	41	126,886,470	+ 13.28	9. Sierra	3	6,874,203	+ 1.42
4. Dona Ana	21	81,446,498	- 2.92	10. Bernalillo	4	4,882,446	+ 10.74
5. Lea	12	43,810,945	+ 21.12	Ten County Total	164	612,241,211	+ 6.81 b/
6. Eddy	6	23,753,412	+ 4.21	Other Counties Total	3	10,297,727	+ 56.96
				New Mexico Total	167	622,538,938	+ 7.37

\* Based on average daily production.

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 FEBRUARY 2009, WITH PRODUCTION PERCENTAGE COMPARISONS**

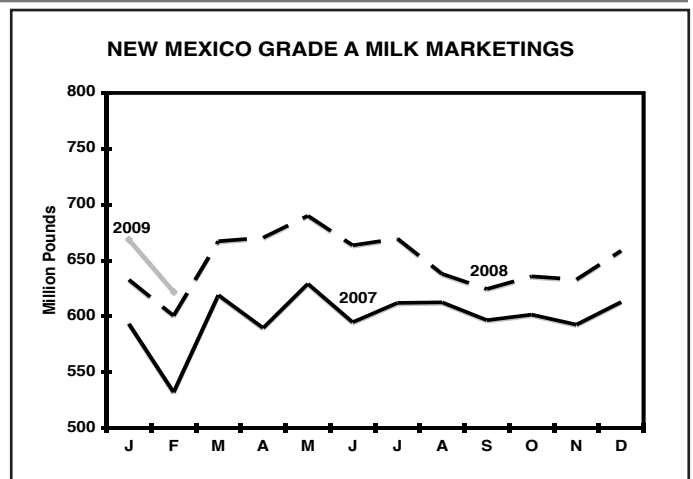
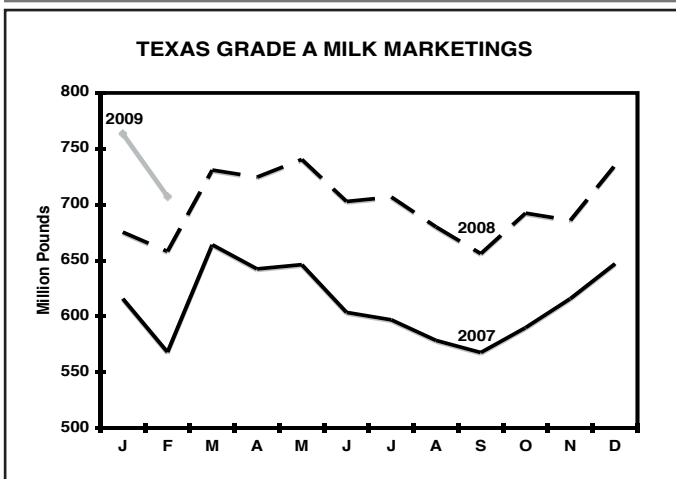
MONTH	2007 POUNDS	Number of Producers	2008 POUNDS	Number of Producers	2009 POUNDS	Number of Producers	PERCENT 2008/07	CHANGE 2009/08
January	615,854,742	697	675,265,283	654	764,064,476	636	+ 9.65	+ 13.15
February	567,905,237	692	658,108,461	658	707,786,943	631	+ 11.89*	+ 11.39*
March	664,126,490	694	730,859,173	659			+ 10.05	
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 FEBRUARY 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			+ 7.82	
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
February 2008	3.79	3.67	3.13	3.06	5.71	5.71	8.84	8.77	260	220
March	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

a/ In thousands.

### FEBRUARY 2009 COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$341,296.43
Class I Butterfat	60(a)	7,330,778	\$1.1440	\$8,386,410.05
Class I Skim Per Cwt		332,953,138	\$10.0700	\$33,528,381.01
Class II Butterfat	60(b)	8,188,057	\$1.1011	\$9,015,869.57
Class II Nonfat Solids		7,455,288	\$0.7367	\$5,492,310.68
Class III Butterfat	60(c)	12,872,492	\$1.0941	\$14,083,793.51
Class III Protein		11,904,326	\$1.9139	\$22,783,689.53
Class III Other Solids		22,111,137	(\$0.0437)	(\$966,256.69)
Class IV Butterfat	60(d)	7,560,934	\$1.0941	\$8,272,417.90
Class IV Nonfat Solids		15,544,760	\$0.6472	\$10,060,568.68
Class II, III & IV Somatic Cell Adj.	60(e)			\$515,445.83
Total Producer Milk-Product Lbs & Value		990,442,013		\$111,513,926.50
Add: Value as for 60(f) Thru 60(j)				\$98,503.41
Less: Total Protein Pounds	61(b)	30,684,629	<b>\$1.9139</b>	\$58,727,311.46
Total Other Solids Pounds		56,826,925	<b>(\$0.0437)</b>	(\$2,483,336.62)
Total Butterfat Pounds		35,952,261	<b>\$1.0941</b>	\$39,335,368.76
Total Value of Somatic Cell Adjustment				\$771,205.60
<b>Total Milk and Value</b>		990,442,013		\$15,261,880.71
Add: Location Differential Adjustments	61(c)			\$4,676,460.73
Producer-Settlement Fund	61(d)			\$329,934.08
<b>Total Producer Milk/URSP and Value</b>		990,442,013	\$2.04638	\$20,268,275.52
Less: Producer-Settlement Fund	61(f)		\$0.04638	\$459,435.26
<b>Producer Price Differential (Dallas County)</b>			<b>\$2.00</b>	<b>\$19,808,840.26</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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Carrollton, TX  
Permit No. 343

RETURN SERVICE REQUESTED

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## FEBRUARY 2009 PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	340,283,916	34.36	7,330,778	20.39	332,953,138	34.88
Class II	89,364,870	9.02	8,188,057	22.77	81,176,813	8.50
Class III	384,220,152	38.79	12,872,492	35.81	371,347,660	38.91
Class IV	176,573,075	17.83	7,560,934	21.03	169,012,141	17.71
Total	990,442,013	100.00	35,952,261	100.00	954,489,752	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	10,669,869	34.77	19,826,173	34.89	30,496,041	34.85
Class II	2,624,077	8.55	4,831,211	8.50	7,455,288	8.52
Class III	11,904,326	38.80	22,111,137	38.91	34,015,465	38.87
Class IV	5,486,357	17.88	10,058,404	17.70	15,544,760	17.76
Total	30,684,629	100.00	56,826,925	100.00	87,511,554	100.00