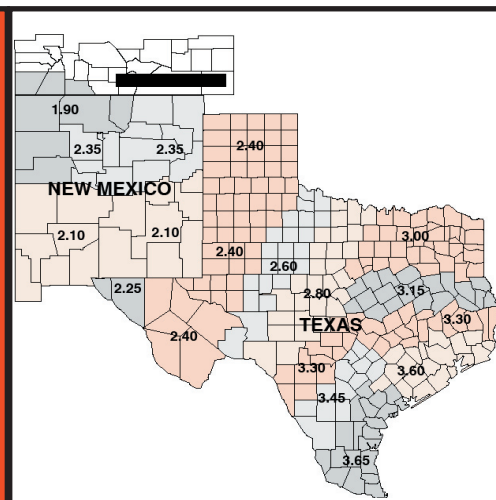


THE MARKET ADMINISTRATOR'S REPORT



SOUTHWEST MARKETING AREA

CARY HUNTER, MARKET ADMINISTRATOR
P.O. BOX 110939, CARROLLTON, TEXAS 75011-0939
(972) 245-6060 FAX (972) 245-3211
e-mail: sw.order@dallasma.com
WWW: <http://www.dallasma.com>



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MARKET SUMMARY FOR NOVEMBER

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 \$0.54 for November. Butterfat price decreased \$0.0918 per pound from \$2.1136 in October to the level of \$2.0218 in November. Protein price decreased \$0.0106 per pound from \$3.7278 in October to \$3.7172 in November. November's Other Solids price increased \$0.0284 per pound from \$0.4340 in October to \$0.4624 in November. The Somatic Cell Count adjustment rate factor for November was 0.00101 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a November statistical uniform price of \$21.37 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 \$1.02 in comparison to the statistical uniform price of \$20.35 in October.

The November Class I price increased \$1.82 from \$21.88 in October to the November level of \$23.70. The Class II price for November of \$18.81 per hundredweight increased \$0.37 from \$18.44 in October. November's Class III price decreased \$0.19 from \$21.02 in October to \$20.83 in November. The Class IV price increased \$0.12 from \$18.54 in October to \$18.66 in November.

In November 403 producers delivered a total of 551,366,564 pounds of milk. On a daily basis this represents an increase of 7.57 percent from the producer receipts level in October but it represents a decrease of 41.33 percent when compared to the producer receipts level of November 2011.

Producer milk classified as Class I during November amounted to 67.24 percent of total producer receipts. This figure is down from 72.46 percent in October and it is up from 39.66 percent in November 2011. The average butterfat test of producer milk pooled during November was 3.767 percent, average protein test was 3.222 percent, average other solids test was 5.762 percent and the average somatic cell count was 187,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Nov 12	Oct 12	Nov 12	Oct 12	Nov 12	Oct 12
Appalachian - FO 5	22.88	21.85	-----	-----	73.00	76.53
Arizona - FO 131	20.67	20.23	-----	-----	34.21	35.90
Central - FO 32	20.23	19.45	(0.60)	(1.57)	49.23	55.80
Florida - FO 6	25.12	23.70	-----	-----	87.67	86.17
Mideast - FO 33	20.38	19.67	(0.45)	(1.35)	42.80	47.40
Northeast - FO 1	21.35	20.78	0.52	(0.24)	42.90	42.80
Pacific Northwest - FO 124	19.98	19.18	(0.85)	(1.84)	45.10	45.64
Southeast - FO 7	23.47	22.35	-----	-----	74.08	75.05
Southwest - FO 126	21.37	20.35	0.54	(0.67)	67.24	72.46
Upper Midwest - FO 30	20.68	20.53	(0.15)	(0.49)	14.80	16.70

BE COUNTED IN THE 2012 CENSUS OF AGRICULTURE

The Census of Agriculture is the leading source of facts and figures about American agriculture. Conducted every five years, the Census provides a detailed picture of U.S. farms and ranches and the people who operate them. The Census looks at land use and ownership, operator characteristics, production practices, income and expenditures. For America's farmers and ranchers, the Census of Agriculture is their voice, their future and their responsibility.

USDA will mail forms for the 2012 Census in late December 2012 and asks that farmers and ranchers respond by mail or online by February 4, 2013. Participation by every farmer and rancher, regardless of the size or type of operation, is vitally important. By responding to the Census, producers help themselves, their communities, and all of U.S. agriculture.

U.S. FARM INCOME TO BE LESS THAN 2011 RECORD

The USDA Economic Research Service has issued the 2012 Farm Income Forecast, which projects a \$4 billion decline from last year's all-time high and a nearly \$2 billion decline in net cash income, though value of production is expected to increase.

Farm equity is also expected to increase in 2012 as farm assets should top the increase in farm debt, reports FarmFutures. Overall, net farm income is forecast to be \$114 billion, with net cash income at \$132.8 billion.

USDA Ag Secretary Tom Vilsack called the forecast "heartening," and added that the forecast confirms the resiliency of American farmers and ranchers.

"Thanks to its ability to remain competitive through thick and thin, U.S. agriculture is stronger today than at any time in our nation's history, supporting and creating good-paying American jobs for millions," Vilsack said. "While down slightly from the August forecast, today's estimates for net farm income are the second-highest since the 1970s, while total farm household income is expected to rise. At the same time, the positive trend of falling debt ratios continue."

Vilsack said the forecast suggests that strong farm income should remain a positive factor in carry-

ing farmers and ranchers into the 2013 growing season, but additional help and assistance is needed for the next growing season through a new farm bill.

Information released incorporates data from harvest, sales and inventory, updating the August estimates. A final forecast of 2012 farm income data will be released in February 2013.

OCTOBER 2012 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 145.7 million pounds, slightly above October 2011 and 6.8 percent above September 2012. **AMERICAN TYPE CHEESE** production totaled 370.6 million pounds, 5.1 percent above October 2011 and 6.1 percent above September 2012. **TOTAL CHEESE** output (excluding cottage cheese) was 927.9 million pounds, 3.2 percent above October 2011 and 6.3 percent above September 2012. **NONFAT DRY MILK** production, for human food, totaled 95.0 million pounds, 5.6 percent below October 2011 but 12.4 percent above September 2012. **DRY WHEY** production, for human food, was 72.3 million pounds, 1.4 percent above October 2011 and 3.3 percent above September 2012. **ICE CREAM** (hard) production totaled 64.0 million gallons, 6.1 percent above October 2011 and 11.3 percent above September 2012.

NOVEMBER AGRICULTURAL PRICES HIGHLIGHTS

The All Milk price received by farmers was \$22.10 in November, up \$0.60 from October 2012 and up \$1.60 from November 2011. Alfalfa hay price was \$215.00 in November, up \$22.00 from November 2011. Corn price was \$6.71 in November, up \$0.88 from November 2011. Soybean price was \$13.80 in November, up \$2.10 from November 2011. The milk-feed price ratio was 1.79 in November, down 0.10 from November 2011.

The index of prices received by farmers for dairy products during the month of November 2012 was up 4 points to 169. Compared with November 2011, the index was up 12 points (7.6 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in November 2012 was down 1 point to 217. Compared with November 2011, the index was up 11 points (5.3 percent).

TOP TEN TEXAS COUNTIES a/ – NOVEMBER 2012

<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2011</u>	<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2011</u>
1. Castro	13	87,127,507	- 2.06	7. Moore	7	47,320,861	+ 15.60
2. Erath	61	81,864,525	- 7.66	8. Bailey	9	40,120,014	- 10.59
3. Parmer	15	77,973,604	- 10.21	9. Hale	5	37,595,357	- 1.23
4. Deaf Smith	11	62,954,927	- 0.29	10. Comanche	17	36,371,849	- 3.23
5. Lamb	10	51,795,393	+ 1.50	Ten County Total	159	573,339,008	- 2.35
6. Hartley	11	50,214,971	+ 6.72	<u>Other Counties Total</u>	<u>312</u>	<u>184,528,552</u>	<u>- 7.13</u>
Texas Total					471	757,867,560	- 3.56

a/ Includes all known Grade "A" milk produced on farms located in Texas.

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>
September 2011	3.73	3.48	3.17	3.07	5.71	5.72	8.88	8.79	246	194
October	3.82	3.58	3.26	3.18	5.73	5.74	8.99	8.92	227	176
November	3.88	3.63	3.31	3.23	5.74	5.75	9.05	8.97	206	159
December	3.93	3.71	3.33	3.25	5.75	5.76	9.08	9.02	249	223
Averages 2011	3.80	3.58	3.17	3.07	5.75	5.75	8.92	8.82	231	178
January 2012	3.87	3.67	3.26	3.18	5.74	5.74	9.00	8.92	247	252
February	3.81	3.58	3.24	3.15	5.77	5.78	9.01	8.93	235	211
March	3.75	3.53	3.18	3.09	5.79	5.81	8.97	8.90	222	184
April	3.69	3.46	3.14	3.04	5.77	5.78	8.91	8.82	213	164
May	3.70	3.45	3.14	3.03	5.77	5.79	8.91	8.82	218	166
June	3.69	3.46	3.12	2.99	5.77	5.79	8.89	8.79	227	171
July	3.68	3.47	3.10	2.97	5.74	5.77	8.85	8.74	237	192
August	3.72	3.51	3.11	2.98	5.71	5.74	8.82	8.72	239	199
September	3.80	3.60	3.20	3.08	5.73	5.75	8.92	8.83	225	185
October	3.89	3.70	3.29	3.18	5.75	5.76	9.03	8.95	214	173
November	3.93	3.73	3.30	3.21	5.75	5.76	9.05	8.97	197	157

a/ In thousands.

TOP NEW MEXICO COUNTIES a/ – NOVEMBER 2012

<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2011</u>	<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2011</u>
1. Chaves	34	159,470,897	- 3.98	7. Eddy	3	16,064,180	- 2.11
2. Curry	26	140,838,056	- 4.05	8. Valencia	5	15,814,268	+ 1.73
3. Roosevelt	32	122,262,974	- 9.13	9. Luna	3	15,177,980	- 12.26
4. Dona Ana	19	82,657,646	- 3.15	10. Bernalillo	3	5,444,998	+ 2.58
5. Lea	13	52,854,287	+ 4.18	Ten County Total	146	631,520,636	- 4.12
6. Socorro	8	20,935,350	+ 1.44	<u>Other Counties Total</u>	<u>2</u>	<u>9,631,120</u>	<u>- 14.40</u>
New Mexico Total					148	641,151,756	- 4.30

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

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 2010 THROUGH NOVEMBER 2012, WITH PRODUCTION PERCENTAGE COMPARISONS**

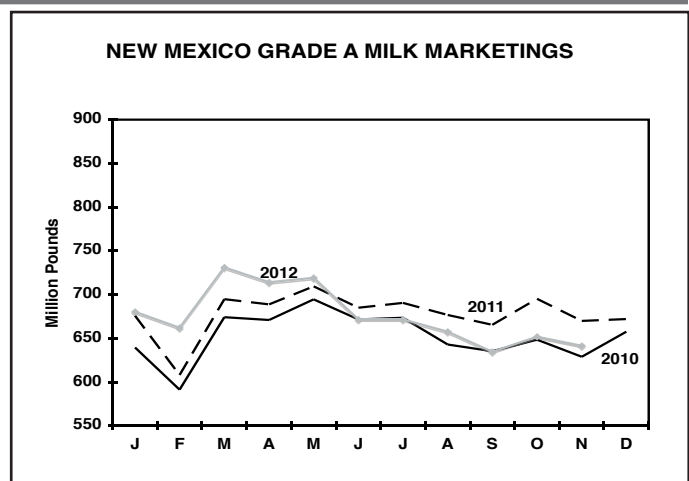
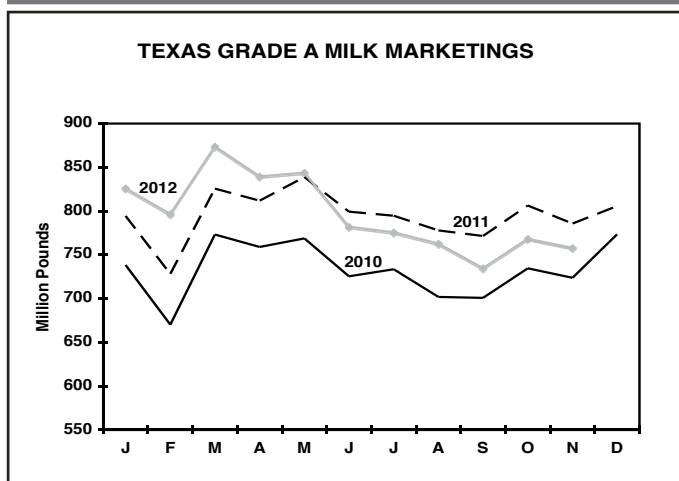
MONTH	2010 POUNDS	Number of Producers	2011 POUNDS	Number of Producers	2012 POUNDS	Number of Producers	PERCENT 2011/10	CHANGE 2012/11
January	738,538,899	582	794,574,299	555	826,060,239	525	+ 7.59	+ 3.96
February	672,168,487	578	728,226,604	554	796,585,464	514	+ 8.34	+ 5.62
March	773,286,159	577	831,714,685	552	873,809,464	515	+ 7.49	+ 5.06
April	759,203,798	576	812,060,148	549	839,675,231	504	+ 6.96	+ 3.40
May	768,833,368	571	837,599,963	544	843,983,197	495	+ 8.94	+ 0.76
June	725,500,766	565	799,434,977	543	782,384,320	491	+ 10.19	- 2.13*
July	733,719,075	568	794,768,069	541	775,879,468	483	+ 8.32	- 2.38
August	702,002,272	559	779,356,886	540	762,801,472	481	+ 11.02	- 2.12
September	701,066,340	558	771,537,770	538	734,843,900	481	+ 10.05	- 4.76
October	738,609,251	554	811,052,943	536	768,408,276	473	+ 9.81	- 5.26
November	723,908,057	555	785,855,360	533	757,867,560	471	+ 8.56	- 3.56
December	<u>773,415,328</u>	557	<u>805,829,180</u>	531			<u>+ 4.19</u>	
Years Total	8,810,251,800		9,552,010,884				+ 8.42	

* Revised.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2010 THROUGH NOVEMBER 2012, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2010 POUNDS	Number of Producers	2011 POUNDS	Number of Producers	2012 POUNDS	Number of Producers	PERCENT 2011/10	CHANGE 2012/11
January	639,771,307	157	675,834,553	157	680,195,569	157	+ 5.64	+ 0.65
February	591,156,278	158	608,071,702	159	661,854,191	156	+ 2.86	+ 5.09
March	674,287,000	159	694,817,453	159	730,980,867	156	+ 3.04	+ 5.20
April	670,976,253	159	688,673,031	158	713,977,651	158	+ 2.64	+ 3.67
May	694,638,948	160	709,391,501	157	719,067,055	153	+ 2.12	+ 1.36
June	671,649,637	159	684,767,801	157	666,236,294	152	+ 1.95	- 2.71*
July	676,898,057	159	690,350,883	157	671,552,652	149	+ 1.99	- 2.72
August	642,846,047	159	676,720,593	158	657,573,314	149	+ 5.27	- 2.83
September	635,203,468	156	666,022,373	159	634,558,129	148	+ 4.85	- 4.72
October	648,369,979	156	695,365,627	157	652,048,912	149	+ 7.25	- 6.23
November	628,936,968	156	669,926,275	157	641,151,756	148	+ 6.52	- 4.30
December	<u>657,677,525</u>	156	<u>671,984,702</u>	158			<u>+ 2.18</u>	
Years Total	7,832,411,467		8,131,926,494				+ 3.82	

* Revised.



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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-----							
September 2011	24.78	20.55	19.07	19.53	2.59	220.05	40.53	302.82	.00093	198.86	185.92	154.39	59.26
October	22.56	19.41	18.03	18.41	1.82	195.92	42.86	292.11	.00087	178.93	174.71	151.09	61.52
November	21.45	19.26	19.07	17.87	0.82	195.08	45.21	323.41	.00092	178.24	184.15	145.22	63.80
December	21.47	18.08	18.77	16.87	0.48	174.43	46.83	334.04	.00090	161.19	180.70	142.01	65.38
Averages 2011 b/	22.13	19.62	18.37	19.04	1.85	215.35	34.34	296.63	.00091	194.98	182.46	150.58	53.25
January 2012	21.80	17.67	17.05	16.56	1.83	171.78	50.32	273.26	.00080	159.00	160.97	139.42	68.76
February	20.03	16.94	16.06	15.92	1.52	157.39	45.41	266.27	.00077	147.12	154.10	137.92	64.00
March	19.30	16.59	15.72	15.35	1.46	152.97	42.39	265.71	.00076	143.47	152.48	133.10	61.07
April	18.66	16.20	15.72	14.80	1.18	156.45	40.48	265.68	.00077	146.34	153.61	125.14	59.21
May	18.85	15.19	15.23	13.55	1.27	144.62	35.00	273.44	.00076	136.57	152.15	115.51	53.89
June	18.24	14.32	15.63	13.24	1.04	148.66	31.13	289.52	.00079	139.91	158.46	110.23	50.13
July	18.51	14.51	16.68	14.45	0.51	165.56	31.23	304.30	.00084	153.86	168.57	117.44	50.23
August	19.55	15.64	17.73	15.76	0.81	183.39	34.62	312.11	.00088	168.59	176.82	125.43	53.52
September	20.59	17.04	19.00	17.41	0.38	200.47	39.71	325.21	.00093	182.69	186.47	137.68	58.46
October	21.88	18.44	21.02	18.54	(0.67)	211.36	43.40	372.78	.00102	191.68	204.79	146.36	62.05
November	23.70	18.81	20.83	18.66	0.54	202.18	46.24	371.72	.00101	184.10	201.46	151.43	64.80

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

**NOVEMBER 2012
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$368,567.39
Class I Butterfat	60(a)	7,871,607	\$2.1471	\$16,901,127.38
Class I Skim Per Cwt		362,849,380	\$16.7700	\$60,849,841.03
Class II Butterfat	60(b)	7,485,459	\$2.0288	\$15,186,499.24
Class II Nonfat Solids		7,518,135	\$1.3478	\$10,132,942.35
Class III Butterfat	60(c)	2,340,209	\$2.0218	\$4,731,434.57
Class III Protein		986,960	\$3.7172	\$3,668,727.74
Class III Other Solids		1,771,519	\$0.4624	\$819,150.40
Class IV Butterfat	60(d)	3,076,684	\$2.0218	\$6,220,439.73
Class IV Nonfat Solids		5,380,932	\$1.3330	\$7,172,782.35
Class II, III & IV Somatic Cell Adj.	60(e)			\$287,017.83
Total Producer Milk-Product Lbs & Value		551,366,564		\$126,338,530.01
Add: Value as for 60(f) Thru 60(j)				\$101,056.80
Less: Total Protein Pounds	61(b)	17,769,804	\$3.7172	\$66,053,915.40
Total Other Solids Pounds		31,771,108	\$0.4624	\$14,690,960.36
Total Butterfat Pounds		20,773,959	\$2.0218	\$42,000,790.34
Total Value of Somatic Cell Adjustment				\$905,703.45
Total Milk and Value		551,366,564		\$2,788,217.26
Add: Location Differential Adjustments	61(c)			\$219,895.00
Producer-Settlement Fund	61(d)			\$229,004.71
Total Producer Milk/URSP and Value		551,366,564	\$0.58710	\$3,237,116.97
Less: Producer-Settlement Fund	61(f)		\$0.04710	\$259,737.52
Producer Price Differential (Dallas County)			\$0.54	\$2,977,379.45

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NOVEMBER 2012
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	370,720,987	67.24	7,871,607	37.89	362,849,380	68.39
Class II	87,954,703	15.95	7,485,459	36.03	80,469,244	15.17
Class III	31,968,688	5.80	2,340,209	11.27	29,628,479	5.58
Class IV	60,722,186	11.01	3,076,684	14.81	57,645,502	10.86
Total	551,366,564	100.00	20,773,959	100.00	530,592,605	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	20,773,959	17,769,804	31,771,108	49,540,912
Percentage	3.767	3.222	5.762	8.985

Average Somatic Cell Count	187,000
Total Number of Pooled Producers	403