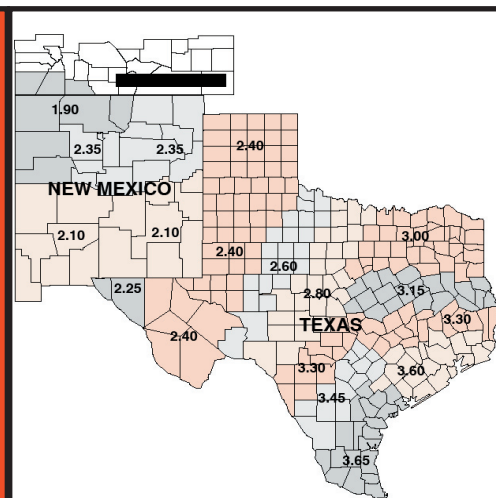


THE MARKET ADMINISTRATOR'S *REPORT*



SOUTHWEST MARKETING AREA

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MARKET SUMMARY FOR DECEMBER

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 \$1.56 for December. Butterfat price decreased \$0.2942 per pound from \$2.0218 in November to the level of \$1.7276 in December. Protein price decreased \$0.3859 per pound from \$3.7172 in November to \$3.3113 in December. December's Other Solids price increased \$0.0134 per pound from \$0.4624 in November to \$0.4758 in December. The Somatic Cell Count adjustment rate factor for December was 0.00090 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a December statistical uniform price of \$20.22 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 \$1.15 in comparison to the statistical uniform price of \$21.37 in November.

The December Class I price increased \$0.69 from \$23.70 in November to the December level of \$24.39. The Class II price for December of \$18.30 per hundredweight decreased \$0.51 from \$18.81 in November. December's Class III price decreased \$2.17 from \$20.83 in November to \$18.66 in December. The Class IV price decreased \$0.83 from \$18.66 in November to \$17.83 in December.

In December 484 producers delivered a total of 1,177,312,597 pounds of milk. On a daily basis this represents an increase of 106.64 percent from the producer receipts level in November and it represents an increase of 41.80 percent when compared to the producer receipts level of December 2011.

Producer milk classified as Class I during December amounted to 30.01 percent of total producer receipts. This figure is down from 67.24 percent in November and it is down from 45.32 percent in December 2011. The average butterfat test of producer milk pooled during December was 3.799 percent, average protein test was 3.230 percent, average other solids test was 5.781 percent and the average somatic cell count was 180,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Dec 12	Nov 12	Dec 12	Nov 12	Dec 12	Nov 12
Appalachian - FO 5	22.28	22.88	-----	-----	64.52	73.00
Arizona - FO 131	19.67	20.67	-----	-----	30.08	34.21
Central - FO 32	19.56	20.23	0.90	(0.60)	37.97	49.23
Florida - FO 6	24.90	25.12	-----	-----	81.87	87.67
Mideast - FO 33	19.72	20.38	1.06	(0.45)	37.40	42.80
Northeast - FO 1	20.65	21.35	1.99	0.52	38.70	42.90
Pacific Northwest - FO 124	19.17	19.98	0.51	(0.85)	25.91	45.10
Southeast - FO 7	22.72	23.47	-----	-----	63.23	74.08
Southwest - FO 126	20.22	21.37	1.56	0.54	30.01	67.24
Upper Midwest - FO 30	18.98	20.68	0.32	(0.15)	11.60	14.80

USDA ISSUES FINAL RULE FOR ANIMAL DISEASE TRACEABILITY

The U.S. Department of Agriculture (USDA) announced on December 20, 2012, a final rule establishing general regulations for improving the traceability of U.S. livestock moving interstate.

Under the final rule, unless specifically exempted, livestock moved interstate would have to be officially identified and accompanied by an interstate certificate of veterinary inspection or other documentation, such as owner-shipper statements or brand certificates.

After considering the public comments received, the final rule has several differences from the proposed rule issued in August 2011. These include:

- Accepting the use of brands, tattoos and brand registration as official identification when accepted by the shipping and receiving States or Tribes
- Permanently maintaining the use of backtags as an alternative to official eartags for cattle and bison moved directly to slaughter
- Accepting movement documentation other than an Interstate Certificate of Veterinary Inspection (ICVI) for all ages and classes of cattle when accepted by the shipping and receiving States or Tribes

- Clarifying that all livestock moved interstate to a custom slaughter facility are exempt from the regulations

- Exempting chicks moved interstate from a hatchery from the official identification requirements

Beef cattle under 18 months of age, unless they are moved interstate for shows, exhibitions, rodeos, or recreational events, are exempt from the official identification requirement in this rule. These specific traceability requirements for this group will be addressed in separate rulemaking, allowing APHIS to work closely with industry to ensure the effective implementation of the identification requirements.

For more specific details about the regulation and how it will affect producers, visit www.aphis.usda.gov/traceability.

Animal disease traceability, or knowing where diseased and at-risk animals are, where they've been, and when, is very important to ensure a rapid response when animal disease events take place. An efficient and accurate animal disease traceability system helps reduce the number of animals involved in an investigation, reduces the time needed to respond, and decreases the cost to producers and the government.

2012 ANNUAL PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES*

2012 Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	4,282,805,627	42.85	88,884,776	24.36	4,193,920,851	43.55
Class II	1,193,907,018	11.95	93,278,272	25.56	1,100,628,746	11.43
Class III	3,252,231,020	32.54	129,105,330	35.38	3,123,125,690	32.43
Class IV	1,265,292,841	12.66	53,601,042	14.69	1,211,691,799	12.58
Total	9,994,236,506	100.00	364,869,420	100.00	9,629,367,086	100.00

2012 Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	364,869,420	313,202,189	576,576,307	889,778,496
Percentage	3.651	3.134	5.769	8.903

Average Somatic Cell Count**	210,000
Average Number of Pooled Producers**	459

* Percentages may not add down due to rounding. ** Simple average.

TOP TEN TEXAS COUNTIES a/ – DECEMBER 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	90,719,669	+ 1.79	7. Moore	7	48,514,340	+ 22.15
2. Erath	60	88,295,539	- 6.19	8. Bailey	9	41,448,099	- 6.49
3. Parmer	14	78,263,173	- 8.51	9. Comanche	17	39,721,133	- 1.00
4. Deaf Smith	11	65,543,916	+ 4.68	10. Hale	5	37,822,378	- 0.66
5. Lamb	10	53,727,806	+ 4.72	Ten County Total	157	597,507,511	+ 0.49
6. Hartley	11	53,451,458	+ 7.66	<u>Other Counties Total</u>	<u>313</u>	<u>202,664,125</u>	<u>- 4.06</u>
Texas Total					470	800,171,636	- 0.70

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>
November 2011	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
December	3.95	3.73	3.29	3.20	5.77	5.78	9.06	8.98	202	162
Averages 2012	3.79	3.57	3.20	3.09	5.76	5.77	8.95	8.86	223	185

a/ In thousands.

TOP NEW MEXICO COUNTIES a/ – DECEMBER 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	172,565,713	+ 2.70	7. Eddy	3	16,972,660	+ 1.57
2. Curry	26	143,520,347	- 3.01	8. Valencia	5	16,541,629	+ 7.70
3. Roosevelt	32	125,753,034	- 6.46	9. Luna	3	15,937,376	- 4.20
4. Dona Ana	19	89,249,029	+ 4.99	10. Bernalillo	3	5,895,121	+ 16.35
5. Lea	13	54,426,917	+ 4.73	Ten County Total	146	662,463,791	+ 0.18
6. Socorro	8	21,601,965	+ 7.70	<u>Other Counties Total</u>	<u>2</u>	<u>9,973,914</u>	<u>- 7.17</u>
New Mexico Total					148	672,437,705	+ 0.07

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 DECEMBER 2012, WITH PRODUCTION PERCENTAGE COMPARISONS**

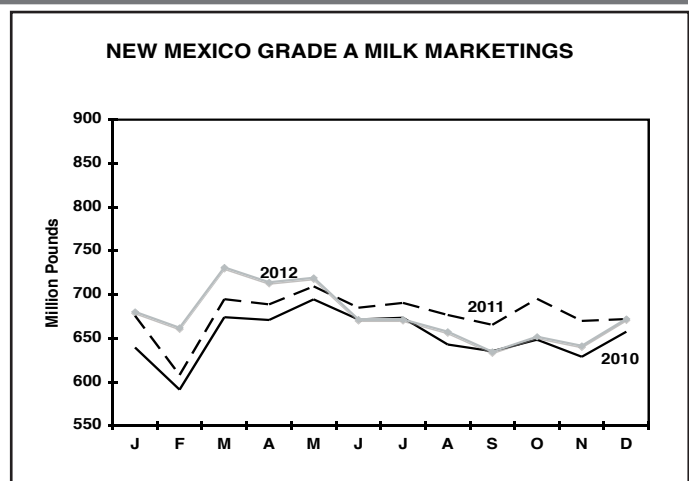
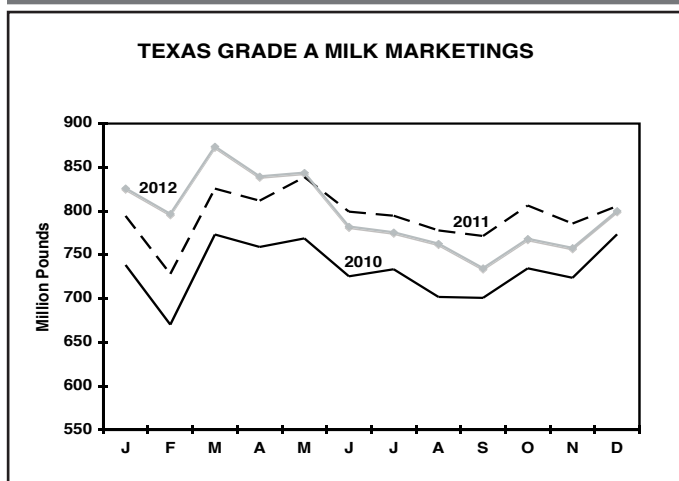
MONTH	2010 POUNDS	Number of Producers	2011 POUNDS	Number of Producers	2012 POUNDS	Number of Producers	PERCENT 2011/10	CHANGE 2012/11
January	738,538,899	582	794,574,299	555	826,060,689	525	+ 7.59	+ 3.96
February	672,168,487	578	728,226,604	554	796,799,428	514	+ 8.34	+ 5.62
March	773,286,159	577	831,714,685	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	768,680,316	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>800,171,636</u>	470	<u>+ 4.19</u>	<u>- 0.70</u>
Years Total	8,810,251,800		9,552,010,884		9,562,956,681		+ 8.42	+ 0.11

* Revised.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2010 THROUGH DECEMBER 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>672,437,705</u>	148	<u>+ 2.18</u>	<u>+ 0.04</u>
Years Total	7,832,411,467		8,131,926,494		8,101,634,095		+ 3.82	- 0.37

* 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-----							
November 2011	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
December	24.39	18.30	18.66	17.83	1.56	172.76	47.58	331.13	.00090	159.81	179.25	153.84	66.10
Averages 2012 b/	20.46	16.64	17.44	16.01	0.95	172.30	40.63	304.26	.00085	159.43	170.76	132.79	59.35

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

**DECEMBER 2012
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add: Class I Differential				\$374,288.77
Class I Butterfat	60(a)	7,558,069	\$2.1063	\$15,919,560.73
Class I Skim Per Cwt		345,792,604	\$17.6300	\$60,963,236.09
Class II Butterfat	60(b)	7,676,893	\$1.7346	\$13,316,338.61
Class II Nonfat Solids		8,220,378	\$1.4078	\$11,572,648.16
Class III Butterfat	60(c)	22,722,266	\$1.7276	\$39,254,986.76
Class III Protein		19,152,179	\$3.3113	\$63,418,610.33
Class III Other Solids		34,140,036	\$0.4758	\$16,243,829.13
Class IV Butterfat	60(d)	6,770,040	\$1.7276	\$11,695,921.10
Class IV Nonfat Solids		12,197,388	\$1.3569	\$16,550,635.78
Class II, III & IV Somatic Cell Adj.	60(e)			\$1,298,717.38
Total Producer Milk-Product Lbs & Value		1,177,312,597		\$250,608,772.84
Add: Value as for 60(f) Thru 60(j)				(\$18,182.53)
Less: Total Protein Pounds	61(b)	38,031,364	\$3.3113	\$125,933,255.63
Total Other Solids Pounds		68,065,128	\$0.4758	\$32,385,387.93
Total Butterfat Pounds		44,727,268	\$1.7276	\$77,270,828.19
Total Value of Somatic Cell Adjustment				\$1,811,871.94
Total Milk and Value		1,177,312,597		\$13,189,246.62
Add: Location Differential Adjustments	61(c)			\$5,641,986.46
Producer-Settlement Fund	61(d)			\$103,034.47
Total Producer Milk/URSP and Value		1,177,312,597	\$1.60826	\$18,934,267.55
Less: Producer-Settlement Fund	61(f)		\$0.04826	\$568,191.04
Producer Price Differential (Dallas County)			\$1.56	\$18,366,076.51

THE MARKET ADMINISTRATOR'S

REPORT

SOUTHWEST MARKETING AREA

CARY HUNTER, MARKET ADMINISTRATOR

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DECEMBER 2012 PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	353,350,673	30.01	7,558,069	16.90	345,792,604	30.53
Class II	95,748,189	8.13	7,676,893	17.16	88,071,296	7.78
Class III	590,803,876	50.19	22,722,266	50.80	568,081,610	50.16
Class IV	137,409,859	11.67	6,770,040	15.14	130,639,819	11.53
Total	1,177,312,597	100.00	44,727,268	100.00	1,132,585,329	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	44,727,268	38,031,364	68,065,128	106,096,492
Percentage	3.799	3.230	5.781	9.011

Average Somatic Cell Count	180,000
Total Number of Pooled Producers	484