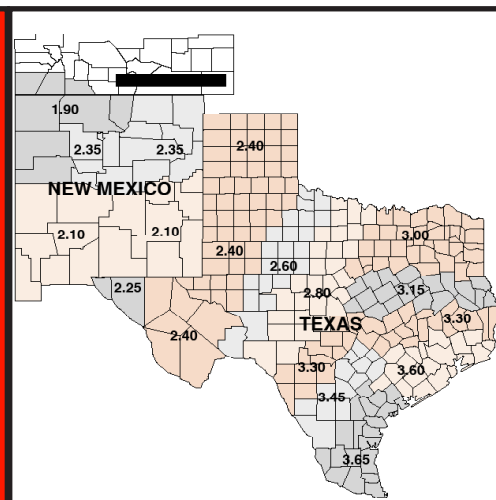


THE MARKET ADMINISTRATOR'S REPORT



SOUTHWEST MARKETING AREA

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MARKET SUMMARY FOR MARCH

The Producer Price Differential (PPD) for milk delivered to handlers located in Dallas/Tarrant counties (TX) of the Southwest Milk Market Order was \$1.19 for March. Butterfat price increased \$0.0293 per pound from \$2.0109 in February to the level of \$2.0402 in March. Protein price decreased \$0.0872 per pound from \$4.6044 in February to \$4.5172 in March. February's Other Solids price increased \$0.0247 per pound from \$0.4453 in February to \$0.4700 in March. The Somatic Cell Count adjustment rate factor for March was 0.00113 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 \$24.52 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 \$0.50 in comparison to the statistical uniform price of \$24.02 in February.

The March Class I price increased \$1.62 from \$25.02 in February to the March level of \$26.64. The Class II price for March of \$24.22 per hundredweight increased \$0.49 from \$23.73 in February. March's Class III price decreased \$0.02 from \$23.35 in February to \$23.33 in March. The March Class IV price increased \$0.20 from \$23.46 in February to \$23.66 in March.

In March 538 producers delivered a total of 1,265,629,384 pounds of milk. On a daily basis this represents a increase of 78.58 percent from the producer receipts level in February and it represents an increase of 3.70 percent when compared to the producer receipts level of March 2013.

Producer milk classified as Class I during March amounted to 28.41 percent of total producer receipts. This figure is down from 54.90 percent in February and is down from 29.25 percent in March 2013. The average butterfat test of producer milk pooled during March was 3.693 percent, average protein test was 3.174 percent, average other solids test was 5.769 percent and the average somatic cell count was 182,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Mar 14	Feb 14	Mar 14	Feb 14	Mar 14	Feb 14
Appalachian - FO 5	26.02	25.38	-----	-----	60.79	69.51
Arizona - FO 131	24.22	23.84	-----	-----	24.48	25.89
Central - FO 32	23.68	23.21	0.35	-0.14	29.66	34.73
Florida - FO 6	28.19	27.24	-----	-----	82.70	84.40
Mideast - FO 33	23.95	23.37	0.62	0.02	36.50	38.70
Northeast - FO 1	24.97	24.42	1.64	1.07	35.60	37.00
Pacific Northwest - FO 124	23.68	23.22	0.35	-0.13	22.58	36.52
Southeast - FO 7	26.56	25.81	-----	-----	66.61	73.76
Southwest - FO 126	24.52	24.02	1.19	0.67	28.41	54.90
Upper Midwest - FO 30	23.52	23.42	0.19	0.07	10.80	12.60

FEBRUARY 2014 HIGHLIGHTS

Total cheese output (excluding cottage cheese) was 851 million pounds, 0.6 percent below February 2013 and 10.7 percent below January 2014.

Italian type cheese production totaled 374 million pounds, 3.7 percent above February 2013 but 11.0 percent below January 2014.

American type cheese production totaled 341 million pounds, 1.5 percent below February 2013 and 10.3 percent below January 2014.

Butter production was 166 million pounds, 4.6 percent below February 2013 and 9.1 percent below January 2014.

Dry milk powders (comparisons with February 2013) Nonfat dry milk, human - 141 million pounds, up 2.3 percent. Skim milk powders - 34.8 million pounds, down 19.4 percent.

Whey products (comparisons with February 2013) Dry whey, total - 65.5 million pounds, down 15.1 percent. Lactose, human and animal - 90.9 million pounds, up 16.2 percent. Whey protein concentrate, total - 42.5 million pounds, up 24.1 percent.

Frozen products (comparisons with February 2013) Ice cream, regular (hard) - 57.7 million gallons, down 7.5 percent. Ice cream, lowfat (total) - 29.4 million gallons, down 8.3 percent. Sherbet (hard) - 3.29 million gallons, down slightly. Frozen yogurt (total) - 5.77 million gallons, up 0.3 percent.

Released April 3, 2014, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

EXTENSION OF DAIRY FORWARD PRICING PROGRAM UNTIL SEPTEMBER 30, 2018

The Dairy Forward Pricing Program, originally established under the 2008 Farm Bill, allowed forward price contracts between handlers and dairy farmers to be entered into through September 30, 2012. Legislation signed into law on January 2, 2013, renewed authority for the program through September 30, 2013. On February 7, 2014, President Obama signed the Agricultural Act of 2014, again renewing the program's authority through September 30, 2018. Han-

dlers may now enter into new forward price contracts with producers or cooperative associations of producers through September 30, 2018. Contracts may extend through September 30, 2021. All other provisions of the Dairy Forward Price Program remain the same. Information about the decision was published in the March 21, 2014, Federal Register.

Please keep in mind:

- All new contracts must be signed by both parties prior to the effective month. The signed contract and disclosure statement must be received by the Market Administrator prior to the 15th of the applicable month. For example, to contract for April 2014 milk, the forward contract and disclosure statement must be signed prior to April 1, 2014, and received by the Market Administrator by April 15, 2014.
- The disclosure statement must be signed on the same date as the contract.
- Producer milk that has been forward contracted under the terms of the program is not subject to minimum payment to a producer or cooperative association under a Federal Order.
- For contracts signed between September 30, 2013, and April 1, 2014, if the market administrator has already received a copy of the contract and disclosure statement or receives them by April 15, 2014, and the contract includes April milk deliveries, the first "effective" month is April. This holds true even if contract deliveries began in a prior month. However, contracts cannot be included in the program if the disclosure statement has a date other than the date on which the contract was signed. In this case, if a handler and producer would like to have a valid contract applicable under the program, another contract must be negotiated.

- For contracts signed between September 30, 2013, and April 1, 2014, there will be no allowance for payments less than the Federal order minimum for pooled milk in October 2013 through March 2014.

- Forward Contracts established under this program may not extend past September 30, 2021. Forward contracts established prior to October 1, 2013, are not impacted.

For more information visit the Agricultural Marketing Service news at www.ams.usda.gov/news.

TOP TEN TEXAS COUNTIES a/ – MARCH 2014

<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2013</u>	<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2013</u>
1. Castro	13	101,554,269	+ 10.58	7. Hartley	11	59,883,361	+ 7.86
2. Erath	61	89,413,890	- 6.67	8. Hale	6	48,009,854	+ 20.61
3. Parmer	14	86,519,969	+ 14.95	9. Comanche	18	46,134,146	+ 4.39
4. Deaf Smith	11	71,462,906	+ 7.96	10. Bailey	10	46,042,198	+ 9.02
5. Lamb	10	62,136,462	+ 12.02	Ten County Total	163	672,777,555	+ 9.23
6. Moore	9	61,620,500	+ 24.17	<u>Other Counties Total</u>	<u>281</u>	<u>218,902,677</u>	<u>- 1.38</u>
				Texas Total	444	891,680,232	+ 6.42

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>
January 2013	3.97	3.74	3.29	3.18	5.77	5.80	9.06	8.98	224	174
February	3.90	3.67	3.25	3.14	5.79	5.81	9.03	8.94	209	164
March	3.87	3.62	3.23	3.10	5.77	5.79	9.01	8.90	204	160
April	3.80	3.54	3.21	3.08	5.77	5.78	8.99	8.86	196	150
May	3.75	3.47	3.18	3.05	5.78	5.78	8.95	8.83	182	138
June	3.67	3.39	3.11	2.99	5.78	5.78	8.89	8.77	197	152
July	3.66	3.38	3.11	2.99	5.78	5.78	8.89	8.76	227	190
August	3.72	3.45	3.13	3.01	5.74	5.75	8.88	8.75	242	204
September	3.76	3.49	3.18	3.06	5.73	5.74	8.91	8.80	233	206
October	3.89	3.59	3.30	3.20	5.74	5.75	9.04	8.95	215	182
November	3.95	3.66	3.36	3.24	5.76	5.77	9.12	9.01	223	192
December	4.00	3.71	3.36	3.24	5.76	5.77	9.12	9.01	235	205
Averages 2013	3.83	3.56	3.23	3.11	5.76	5.78	8.99	8.88	216	176
January 2014	3.94	3.63	3.31	3.19	5.75	5.77	9.06	8.96	202	167
February	3.91	3.58	3.29	3.15	5.74	5.76	9.03	8.91	192	156
March	3.86	3.55	3.25	3.11	5.76	5.78	9.01	8.89	196	162

a/ In thousands.

TOP NEW MEXICO COUNTIES a/ – MARCH 2014

<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2013</u>	<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2013</u>
1. Chaves	32	177,756,366	- 3.34	7. Luna	3	18,008,963	+ 4.72
2. Curry	26	150,969,080	+ 0.98	8. Valencia	5	16,720,284	- 2.45
3. Roosevelt	33	146,473,498	+ 11.47				
4. Dona Ana	19	87,624,363	- 6.63				
5. Lea	13	61,033,356	+ 2.89	Top County Total	139	682,967,331	+ 1.10
6. Socorro	8	24,381,421	+ 5.14	<u>Other Counties Total</u>	<u>7</u>	<u>28,042,735</u>	<u>- 22.75</u>
				New Mexico Total	146	711,010,066	- 0.11

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 2012 THROUGH MARCH 2014, WITH PRODUCTION PERCENTAGE COMPARISONS**

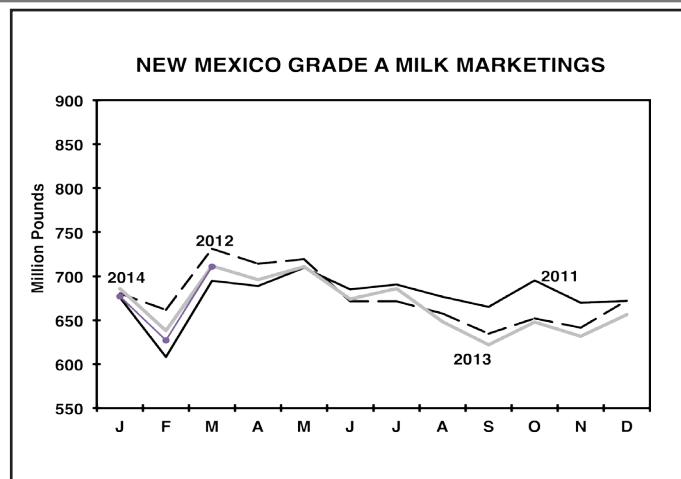
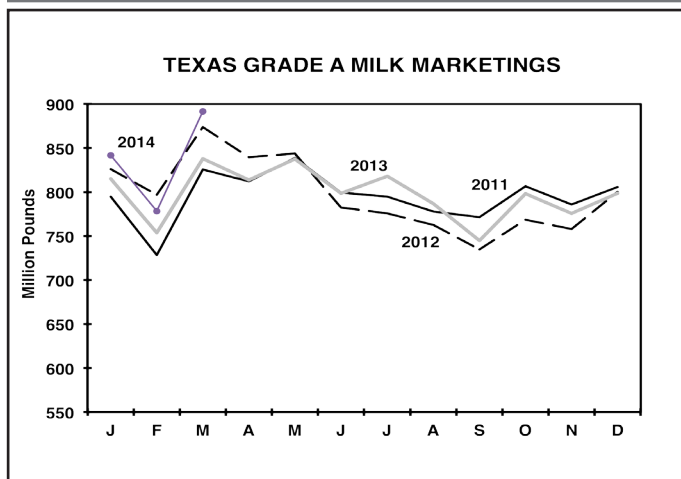
MONTH	2012 POUNDS	Number of Producers	2013 POUNDS	Number of Producers	2014 POUNDS	Number of Producers	PERCENT 2013/12	CHANGE 2014/13
January	826,060,689	525	815,186,323	468	841,887,929	440	- 1.32	+ 3.28
February	796,799,428	514	751,853,093	465	778,398,943	443	- 2.27 *	+ 3.53 *
March	873,809,464	515	837,918,903	461	891,680,232	444	- 4.11	+ 6.42
April	839,675,231	504	813,654,074	456			- 3.10	
May	843,983,197	495	837,276,897	457			- 0.79	
June	782,384,320	491	798,423,916	456			+ 2.05	
July	775,879,468	483	817,848,775	452			+ 5.41	
August	762,801,472	481	786,930,152	448			+ 3.16	
September	734,843,900	481	744,663,679	446			+ 1.34	
October	768,680,316	473	797,966,297	445			+ 3.81	
November	757,867,560	471	775,927,149	444			+ 2.38	
December	<u>800,171,636</u>	470	<u>798,498,206</u>	441			- <u>0.21</u>	
Years Total	9,562,956,681		9,576,147,464				+ 0.14	

* Based on average daily deliveries.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2012 THROUGH MARCH 2014, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2012 POUNDS	Number of Producers	2013 POUNDS	Number of Producers	2014 POUNDS	Number of Producers	PERCENT 2013/12	CHANGE 2014/13
January	680,195,569	157	685,707,875 <u>1</u>	148	677,107,907	147	+ 0.81 <u>1</u>	- 1.25
February	661,854,191	156	637,945,230 <u>1</u>	148	627,152,702 <u>1</u>	147 <u>1</u>	- 0.17 * <u>1</u>	- 1.69 * <u>1</u>
March	730,980,867	156	711,813,501 <u>1</u>	149	711,010,066	146	- 2.62 <u>1</u>	- 0.11
April	713,977,651	158	695,977,148	150			- 2.52	
May	719,067,055	153	710,709,847	150			- 1.16	
June	666,236,294	152	674,240,675	149			+ 1.20	
July	671,552,652	149	685,672,220	149			+ 2.10	
August	657,573,314	149	648,098,565	148			- 1.44	
September	634,558,129	148	621,748,466	147			- 2.02	
October	652,048,912	149	647,611,433	147			- 0.68	
November	641,151,756	148	631,922,577	147			- 1.44	
December	<u>672,437,705</u>	148	<u>656,050,459</u>	148			- <u>2.44</u>	
Years Total	8,101,634,095		8,007,497,996				- 1.16	

* Based on average daily deliveries. 1 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				AMS Product Prices ^{c/}			
	I ^{a/}	II	III	IV	P.P.D. ^{a/}	BF	Other Solids	True Protein	SCC ^{b/} Adj Rate	Grade AA Butter	Cheddar Cheese	NFDM Powder	Dry Whey
Month	----- Dollars Per Hundred Wt. -----					-----Cents Per Pound-----							
January 2013	21.97	18.19	18.14	17.63	1.23	161.68	46.47	328.62	.00087	150.66	174.85	156.01	65.03
February	21.21	18.49	17.25	17.75	1.61	166.19	45.34	296.09	.00083	154.38	166.23	155.59	63.93
March	20.80	18.82	16.93	17.75	1.71	174.76	41.79	282.04	.00082	161.46	164.67	152.08	60.48
April	20.66	18.73	17.59	18.10	1.45	182.27	38.63	301.30	.00087	167.66	173.10	153.12	57.41
May	20.76	18.43	18.52	18.89	1.02	178.84	38.87	335.97	.00091	164.83	182.74	163.74	57.65
June	21.93	19.14	18.02	18.88	1.69	165.99	38.59	334.55	.00089	154.22	178.10	168.78	57.38
July	21.91	19.22	17.38	18.90	2.02	156.93	39.27	322.57	.00086	146.74	171.42	172.72	58.04
August	21.88	19.27	17.91	19.07	1.83	151.04	39.01	347.75	.00089	141.78	177.31	177.06	57.78
September	22.16	19.78	18.14	19.43	1.83	151.96	39.14	354.19	.00090	142.63	179.61	180.85	57.91
October	22.20	20.56	18.22	20.17	1.78	166.38	38.52	341.07	.00090	154.54	180.25	183.66	57.31
November	23.20	20.76	18.83	20.52	1.67	163.36	39.55	363.16	.00093	152.05	186.12	188.92	58.31
December	23.37	21.66	18.95	21.54	1.83	176.72	38.26	353.90	.00094	163.08	187.61	195.37	57.06
Averages 2013 ^{d/}	21.84	19.42	17.99	19.05	1.64	166.34	40.29	330.10	.00088	154.50	176.83	170.66	59.02
January 2014	24.48	22.21	21.15	22.29	1.25	178.74	41.55	418.70	.00104	164.75	208.38	203.35	60.25
February	25.02	23.73	23.35	23.46	0.67	201.09	44.53	460.44	.00114	183.20	228.64	207.83	63.14
March	26.64	24.22	23.33	23.66	1.19	204.02	47.00	451.72	.00113	185.62	226.89	208.97	65.54

a/ Subject to location adjustments. b/ SCC adjustment rate is per 1,000 difference. c/ Prior to April 2012 NASS product prices were used. d/ Simple averages

MARCH 2014
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add:	Class I Differential			\$431,754.67
	Class I Butterfat	60(a)	7,424,689	\$2.0598
	Class I Skim Per Cwt		352,146,262	\$20.1400
	Class II Butterfat	60(b)	9,663,807	\$2.0472
	Class II Nonfat Solids		9,555,316	\$1.9633
	Class III Butterfat	60(c)	23,383,145	\$2.0402
	Class III Protein		19,686,508	\$4.5172
	Class III Other Solids		35,586,355	\$0.4700
	Class IV Butterfat	60(d)	6,275,423	\$2.0402
	Class IV Nonfat Solids		15,695,912	\$1.9027
	Class II, III, & IV Somatic Cell Adjustment	60(e)		\$1,749,133.24
	Total Producer Milk- Product Pounds and Value		1,265,629,384	\$322,967,720.14
Add:	Value as for 60(f) thru 60(j)			\$6,708.50
Less:	Total Protein Pounds	61(b)	40,181,581	\$4.5172
	Total Other Solids Pounds		73,021,010	\$0.4700
	Total Butterfat Pounds		46,747,064	\$2.0402
	Total Value of Somatic Cell Adjustment			\$2,400,795.85
	Total Milk and Value		1,265,629,384	\$9,372,160.37
Add:	Location Differential Adjustments	61(c)		\$5,817,807.32
	Producer - Settlement Fund Reserve	61(d)		\$384,516.41
	Total Producer Milk/URSP and Value		1,265,629,384	\$15,574,484.10
Less:	Producer - Settlement Fund Reserve	61(f)		\$513,494.43
	Producer Price Differential (Dallas County)			\$1.19
				\$15,060,989.67

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MARCH 2014**PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	359,570,951	28.41	7,424,689	15.88	352,146,262	28.89
Class II	112,849,501	8.92	9,663,807	20.67	103,185,694	8.47
Class III	617,019,181	48.75	23,383,145	50.03	593,636,036	48.70
Class IV	176,189,751	13.92	6,275,423	13.42	169,914,328	13.94
Total	1,265,629,384	100.00	46,747,064	100.00	1,218,882,320	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	46,747,064	40,181,581	73,021,010	113,202,591
Percentage	3.693%	3.174%	5.769%	8.944%

Average Somatic Cell Count	182,000
Total Number of Pooled Producers	538