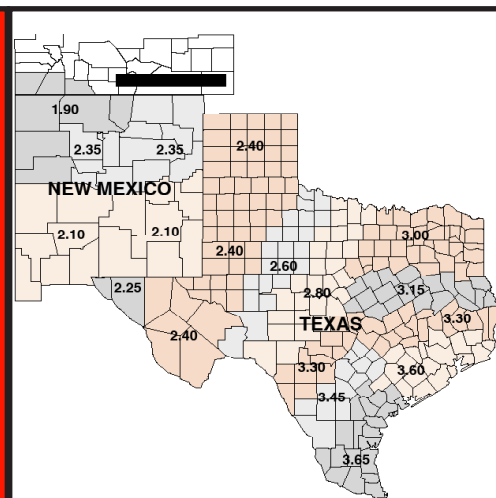


# THE MARKET ADMINISTRATOR'S REPORT



## SOUTHWEST MARKETING AREA

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## MARKET SUMMARY FOR JANUARY

The Producer Price Differential (PPD) for milk delivered to handlers located in Dallas/Tarrant counties (TX) of the Southwest Milk Market Order was \$1.25 for January. Butterfat price increased \$0.0202 per pound from \$1.7672 in December to the level of \$1.7874 in January. Protein price increased \$0.6480 per pound from \$3.5390 in December to \$4.1870 in January. December's Other Solids price increased \$0.0329 per pound from \$0.3826 in December to \$0.4155 in January. The Somatic Cell Count adjustment rate factor for December was 0.00104 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a January statistical uniform price of \$22.40 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 \$1.62 in comparison to the statistical uniform price of \$20.78 in December.

The January Class I price increased \$1.11 from \$23.37 in December to the January level of \$24.48. The Class II price for January of \$22.21 per hundredweight increased \$0.55 from \$21.66 in December. January's Class III price increased \$2.20 from \$18.95 in December to \$21.15 in January. The December Class IV price increased \$0.75 from \$21.54 in December to \$22.29 in January.

In January 472 producers delivered a total of 1,078,733,825 pounds of milk. On a daily basis this represents a increase of 7.56 percent from the producer receipts level in December and it represents a decrease of 14.28 percent when compared to the producer receipts level of January 2013.

Producer milk classified as Class I during January amounted to 36.18 percent of total producer receipts. This figure is down from 37.03 percent in December and is up from 31.13 percent in January 2013. The average butterfat test of producer milk pooled during January was 3.797 percent, average protein test was 3.252 percent, average other solids test was 5.763 percent and the average somatic cell count was 243,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Jan 14	Dec 13	Jan 14	Dec 13	Jan 14	Dec 13
Appalachian - FO 5	24.28	23.26	-----	-----	72.88	68.25
Arizona - FO 131	21.73	21.34	-----	-----	28.96	30.15
Central - FO 32	21.55	20.03	0.40	1.08	32.80	32.26
Florida - FO 6	26.18	25.28	-----	-----	84.99	83.93
Mideast - FO 33	21.90	20.58	0.75	1.63	42.80	42.60
Northeast - FO 1	22.93	21.79	1.78	2.84	37.30	38.20
Pacific Northwest - FO 124	21.73	20.31	0.58	1.36	25.12	25.61
Southeast - FO 7	24.77	23.74	-----	-----	78.12	72.50
<b>Southwest - FO 126</b>	<b>22.40</b>	<b>20.78</b>	<b>1.25</b>	<b>1.83</b>	<b>36.18</b>	<b>37.03</b>
Upper Midwest - FO 30	21.35	19.34	0.20	0.39	11.40	11.10

## STATEMENT BY SECRETARY VILSACK ON PASSAGE OF THE AGRICULTURAL ACT OF 2014

WASHINGTON, Feb. 4, 2014—Secretary Vilsack made the following statement on passage of the Agricultural Act of 2014:

"Today's action will allow the proud men and women who feed millions around the world to invest confidently in the future. Our communities will have additional support to attract new economic opportunity and create jobs. During difficult times, children, working families, seniors and people with disabilities will have access to nutritious food. The potential of new products, treatments and discoveries will be strengthened through new agricultural research. Renewed conservation efforts will protect our fields, forests and waters creating new tourism options. This legislation is important to the entire nation.

Building on the historic economic gains in rural America over the past 5 years, this bill will accomplish those goals while achieving meaningful reform and billions of dollars in savings for the taxpayer. While no legislation is perfect, this bill is a strong investment in American agriculture and supports the continued global leadership of our farmers and ranchers."

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## DAIRY PRODUCTS DECEMBER 2013 HIGHLIGHTS

**Total cheese output** (excluding cottage cheese) was 973 million pounds, 2.3 percent above December 2012 and 4.9 percent above November 2013.

**Italian type cheese** production totaled 433 million pounds, 5.6 percent above December 2012 and 8.1 percent above November 2013.

**American type cheese** production totaled 376 million pounds, 2.2 percent below December 2012 but 6.6 percent above November 2013.

**Butter** production was 161 million pounds, 6.9 percent below December 2012 but 12.9 percent above November 2013.

**Dry milk powders** (comparisons with December 2012) Nonfat dry milk, human - 125 million pounds, down 20.8 percent. Skim milk powders - 58.1 million pounds, up 52.4 percent.

**Whey products** (comparisons with December 2012) Dry whey, total - 82.1 million pounds, down 8.0 percent. Lactose, human and animal - 92.3 million pounds, up 5.0 percent. Whey protein concentrate, total - 43.2 million pounds, up 12.4 percent.

**Frozen products** (comparisons with December 2012) Ice cream, regular (hard) - 43.1 million gallons, down 11.0 percent. Ice cream, lowfat (total) - 21.7 million gallons, down 14.3 percent. Sherbet (hard) - 2.19 million gallons, down 23.8 percent. Frozen yogurt (total) - 4.40 million gallons, down 2.7 percent.

*Released February 4, 2014, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).*

**TOP TEN TEXAS COUNTIES a/ – JANUARY 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	96,746,591	+ 5.23	7. Moore	9	56,638,600	+ 15.70
2. Erath	58	87,332,252	- 5.26	8. Hale	6	45,568,917	+ 19.72
3. Parmer	14	83,941,262	+ 7.57	9. Comanche	18	44,004,714	+ 4.26
4. Deaf Smith	11	66,458,179	+ 0.74	10. Bailey	10	42,586,506	+ 1.42
5. Lamb	10	58,860,232	+ 10.26	Ten County Total	160	639,928,833	+ 5.47
6. Hartley	11	57,791,580	+ 7.00	<u>Other Counties Total</u>	<u>280</u>	<u>201,959,096</u>	<u>- 3.12</u>
<b>Texas Total</b>					440	841,887,929	+ 3.28

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>
December 2012	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
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

a/ In thousands.

**TOP NEW MEXICO COUNTIES a/ – JANUARY 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	168,079,997	- 4.93	7. Luna	3	17,608,724	+ 3.41
2. Curry	26	144,505,440	+ 2.79	8. Valencia	5	15,935,880	- 5.70
3. Roosevelt	34	137,707,394	+ 6.73				
4. Dona Ana	19	84,764,870	- 6.56				
5. Lea	13	59,426,392	+ 2.34	Top County Total	140	650,544,618	- 0.11
6. Socorro	8	22,515,921	+ 1.53	<u>Other Counties Total</u>	<u>7</u>	<u>26,563,289</u>	<u>- 22.82</u>
<b>New Mexico Total</b>					147	677,107,907	- 1.25

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 DECEMBER 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			- 2.27 *	
March	873,809,464	515	837,918,903	461			- 4.11	
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	800,171,636	470	798,498,206	441			- 0.21	
Years Total	9,562,956,681		9,576,147,464				+ 0.14	

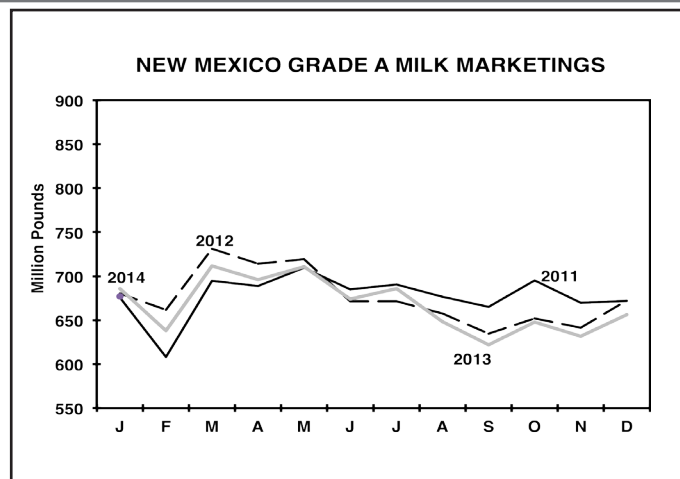
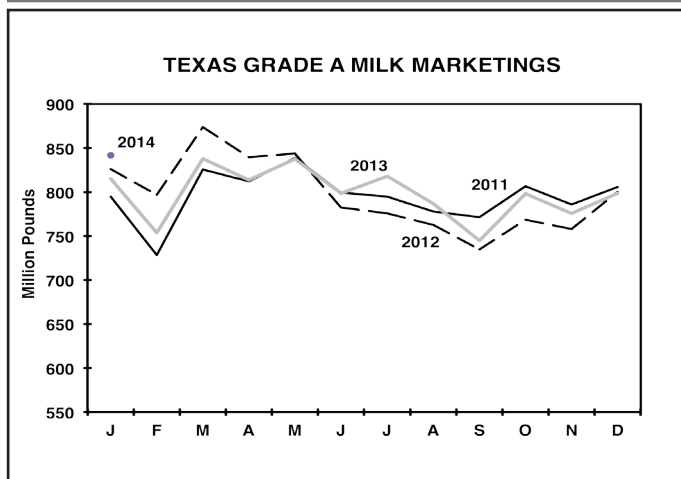
\* Based on average daily deliveries.

**POUNDS OF GRADE A MILK MARKETED BY  
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:**

**JANUARY 2012 THROUGH DECEMBER 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	<sup>1</sup> 685,707,875	148	677,107,907	147	+ 0.81 <sup>1</sup>	- 1.25
February	661,854,191	156	<sup>1</sup> 637,945,230	148			- 0.17 <sup>*1</sup>	
March	730,980,867	156	<sup>1</sup> 711,813,501	149			- 2.62 <sup>1</sup>	
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. <sup>1</sup> 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 <sup>c/</sup>			
	I <sup>a/</sup>	II	III	IV	P.P.D. <sup>a/</sup>	BF	Other Solids	True Protein	SCC <sup>b/</sup> Adj Rate	Grade AA Butter	Cheddar Cheese	NFDM Powder	Dry Whey
Month	----- Dollars Per Hundred Wt. -----					-----Cents Per Pound-----							
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 <sup>d/</sup>	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
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 <sup>d/</sup>	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

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

**JANUARY 2014**  
**COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add:	Class I Differential			\$448,338.39
	Class I Butterfat	60(a)	7,909,520	\$1.8091
	Class I Skim Per Cwt		382,322,717	\$18.8100
	Class II Butterfat	60(b)	7,963,455	\$1.7944
	Class II Nonfat Solids		6,973,065	\$1.8344
	Class III Butterfat	60(c)	22,832,786	\$1.7874
	Class III Protein		19,487,213	\$4.1870
	Class III Other Solids		34,408,697	\$0.4155
	Class IV Butterfat	60(d)	2,258,415	\$1.7874
	Class IV Nonfat Solids		636,011	\$1.8470
	Class II, III, & IV Somatic Cell Adjustment	60(e)		\$1,196,257.55
	Total Producer Milk- Product Pounds and Value		1,078,733,825	\$256,862,125.24
Add:	Value as for 60(f) thru 60(j)			\$72,765.30
Less:	Total Protein Pounds	61(b)	35,083,578	\$4.1870
	Total Other Solids Pounds		62,170,663	\$0.4155
	Total Butterfat Pounds		40,964,176	\$1.7874
	Total Value of Somatic Cell Adjustment			\$1,804,322.44
	<b>Total Milk and Value</b>		1,078,733,825	\$9,184,348.25
Add:	Location Differential Adjustments	61(c)		\$4,260,817.86
	Producer - Settlement Fund Reserve	61(d)		\$471,137.48
	<b>Total Producer Milk/URSP and Value</b>		1,078,733,825	\$1.29005
Less:	Producer - Settlement Fund Reserve	61(f)		\$0.04005
	<b>Producer Price Differential (Dallas County)</b>			<b>\$1.25</b>
				<b>\$13,484,172.81</b>

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

**SOUTHWEST MARKETING AREA**  
**CARY HUNTER, MARKET ADMINISTRATOR**  
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**JANUARY 2014**  
**PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	390,232,237	36.18	7,909,520	19.31	382,322,717	36.84
Class II	82,549,739	7.65	7,963,455	19.44	74,586,284	7.19
Class III	596,863,306	55.33	22,832,786	55.74	574,030,520	55.31
Class IV	9,088,543	0.84	2,258,415	5.51	6,830,128	0.66
Total	1,078,733,825	100.00	40,964,176	100.00	1,037,769,649	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	40,964,176	35,083,578	62,170,663	97,254,241
Percentage	3.797%	3.252%	5.763%	9.015%

Average Somatic Cell Count	243,000
Total Number of Pooled Producers	472