THE MARKET ADMINISTRATOR'S REPORT

SOUTHWEST MARKETING AREA

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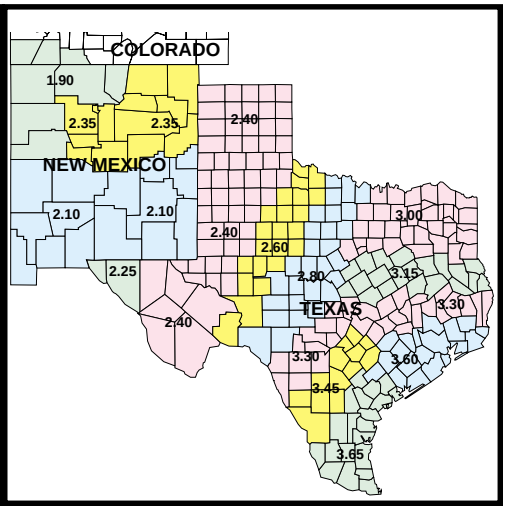

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MARKET SUMMARY FOR FEBRUARY

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 $2.97 for February. Butterfat price increased $0.1730 per pound from $1.2896 in January to the level of $1.4626 for February. Protein price decreased $0.1230 cents per pound to $1.4951 in February from $1.6181 in January. February's Other Solids price increased $0.0079 per pound from the previous month to $0.1199. The Somatic Cell Count adjustment rate factor for February was .00057 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 $13.24 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 38 cents in comparison to the statistical blend price of $13.62 in January.

The February Class I price decreased $2.05 from $16.99 in January to the February level of $14.94. The Class II price for February of $13.43 per hundredweight increased 61 cents from $12.82 in January. February's Class III price increased 28 cents from $9.99 in January to $10.27 in February. The Class IV price increased 57 cents from $12.13 in January to $12.70 in February.

In February 817 producers delivered a total of 628,721,443 pounds of milk. On a daily basis this represents a decrease of 6.94 percent from the producer receipts level in January and it represents a decrease of 17.57 percent when compared to the producer receipts level of February 2000.

Producer milk classified as Class I during February amounted to 49.51 percent of total producer receipts. This figure is up from 47.83 percent in January and it is up from 40.64 percent in February 2000. The average butterfat test of producer milk pooled during February was 3.711 percent, average protein test was 3.069 percent, average other solids test was 5.690 percent and the average somatic cell count was 406,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Feb 01	Jan 01	Feb 01	Jan 01	Feb 01	Jan 01
Appalachian	14.48	15.00	-----	-----	64.73	68.19
Arizona-Las Vegas	12.48	12.37	-----	-----	31.57	31.67
Central	11.82	11.85	1.55	1.86	30.18	30.81
Florida	15.91	16.75	-----	-----	89.57	89.91
Mideast	12.28	12.54	2.01	2.55	43.40	42.50
Northeast	13.62	13.76	3.35	3.77	43.30	43.30
Pacific Northwest	12.35	12.34	2.08	2.35	31.90	31.22
Southeast	14.15	14.73	-----	-----	61.23	64.74
Southwest	**13.24**	**13.62**	**2.97**	**3.63**	**49.51**	**47.83**
Upper Midwest	11.15	11.02	0.88	1.03	19.70	19.90
Western	11.79	11.70	1.52	1.71	27.65	27.04

PROPER BULK TANK MEASUREMENT

Milk weights for most dairymen are determined by measuring the milk in their farm bulk tank and then converting the milk measurement into pounds. Several factors may affect the accuracy of the weight of the milk recorded for each producer. Some of these are as follows:

(a) **Tank Calibration:** Each farm milk tank is calibrated to give correct milk measurements when properly installed. Tanks may be calibrated at the factory or they may be calibrated in the field. In any event, dairymen should make sure that their farm milk tanks are properly calibrated. When new tanks are initially installed, or if existing tanks are moved, they should be checked for accuracy of milk measurement.

Experience has shown that farm tank measuring accuracy should be checked at least once every three years. If it is observed that the floor on which the tank is located has cracked or shifted in any way, the tank needs to be checked immediately. Many milking barns were erected years ago and designed for much smaller tanks than are currently being used. This fact, along with the foundation stresses caused by extreme weather conditions has caused foundation shifts in many dairy barns. A small change in the position of a farm milk tank can cause sizable differences in milk measurements. So, the first thing that dairy farmers can do to assure themselves of accurate milk weights is to always have their farm tanks properly calibrated and installed, to yield accurate milk measurements.

Producers that are members of cooperatives should contact their coops for calibration checks. The Market Administrator's office checks farm tank calibration accuracy for nonmember, or independent producers. When requested by cooperatives and when time permits, we check the tanks of cooperative members.

(b) **Accurate Calibration Charts:** On occasion incorrect charts have been found to be in use on some farms. Usually this is due to the wrong chart being placed in a barn for use with a tank. The serial number of the chart and tank should always match. Other incorrect charts were caused by errors in preparation or typing of the charts. Many such errors can be detected by carefully scanning the numbers on the chart to see that the pounds per unit change in rod measurements are occurring in a fairly constant and gradual manner.

Many charts have been in use for long periods of time and have become difficult to read. Producers having incorrect charts, or charts that need to be replaced because of wear, should contact the Market Administrator's office or the cooperative that is marketing their milk.

(c) **Dip Stick Readings:** Most farm milk tanks are equipped with stainless steel measuring rods. In order to obtain a correct measurement of the milk in a tank, certain precautions must be taken at the time of each milk measurement.

(1) The milk in the tank must be settled; that is, the surface of the milk must not be moving at the time the measurement is made.

(2) The dip stick should be heated using hot water in the milk room and then cleaned thoroughly. The dip stick then should be dried and slowly inserted into the tank to measure the milk. The milk level line will be registered on the stick in a clear, sharply defined line which can be read easily.

(3) Most of the larger tanks today are equipped with outside gauge rods. To obtain correct readings from this type of gauge, the tube should be clean and free of water. Also, the tubes should be clear in appearance and constructed from a Pyrex-type material. Milk hoses will sag and become discolored, making it very difficult to see the milk line.

This measuring procedure is required pursuant to regulations issued by both State and Federal authorities.

Dairy farmers are in a position to assure themselves of accurate weights by: (1) making sure that their tanks are properly calibrated, (2) that they have accurate and readable conversion charts, and (3) that their milk haulers properly read the dip sticks or outside gauge rods and record the milk weights properly.

Very few agricultural enterprises have the ability to know how much of their production is being marketed daily as do dairy farmers.

TOP TEN TEXAS COUNTIES a/ – FEBRUARY 2001

County	Number of Producers	Pounds	% Change From 2000b/	County	Number of Producers	Pounds	% Change From 2000b/
1. Erath	138	111,664,252	- 13.84	7. Hamilton	18	12,750,712	- 9.67
2. Hopkins	189	46,072,638	- 8.82	8. Johnson	27	11,737,667	- 24.64
3. Comanche	47	40,946,438	- 8.72	9. Lamb	3	11,597,141	+ 20.20
4. El Paso	8	21,217,215	- 2.04	10. Tom Green	9	9,323,830	- 0.02
5. Archer	58	19,263,024	- 15.10	Ten County Total	546	297,608,218	- 11.14 b/
6. Wood	49	13,035,301	- 17.79	Other Counties Total	460	134,547,888	- 18.10
				Texas Total	1,006	432,156,106	- 13.43

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 1999b/	16.82	13.96	12.43	12.14		136.02	5.15	247.16	.00070	122.94	139.84	101.78	18.69
January 2000	13.90	11.43	10.05	10.73	1.96	93.66	5.03	216.77	.00058	88.20	115.17	101.15	18.57
February	13.71	11.51	9.54	10.80	2.28	95.88	4.32	198.49	.00055	90.02	110.67	101.06	17.88
March	13.84	11.71	9.54	11.00	2.36	101.91	4.24	191.66	.00055	94.97	110.93	100.94	17.80
April	13.93	12.10	9.41	11.38	2.64	113.52	4.08	173.99	.00055	104.49	110.11	100.78	17.65
May	14.48	12.63	9.37	11.91	3.06	128.54	4.03	155.14	.00055	116.80	110.22	100.71	17.60
June	14.70	13.08	9.46	12.38	3.29	141.28	4.38	142.78	.00056	127.25	111.37	100.97	17.94
July	15.46	12.58	10.66	11.87	2.70	126.91	5.57	197.26	.00061	115.47	121.89	101.02	19.09
August	14.95	12.56	10.13	11.87	3.03	126.59	5.77	179.52	.00058	115.20	116.60	101.08	19.29
September	14.84	12.58	10.76	11.94	2.52	127.07	5.02	201.37	.00062	115.60	123.15	101.66	18.56
October	14.89	12.54	10.02	11.81	2.87	124.44	4.71	180.28	.00058	113.44	116.02	101.27	18.26
November	14.82	13.68	8.57	13.00	4.02	157.45	5.65	91.49	.00051	140.51	102.45	101.59	19.17
December	15.13	13.97	9.37	13.27	3.54	165.34	8.29	103.78	.00054	146.98	108.98	101.58	21.72
Averages 2000b/	14.55	12.53	9.74	11.83	2.86	125.22	5.09	169.38	.00057	114.08	113.13	101.15	18.63
January 2001	16.99	12.82	9.99	12.13	3.63	128.96	11.20	161.81	.00056	117.25	111.80	101.65	24.84
February	14.94	13.43	10.27	12.70	2.97	146.26	11.99	149.51	.00057	131.43	114.67	101.37	25.61

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

TOP NEW MEXICO COUNTIES a/ – FEBRUARY 2001

County	Number of Producers	Pounds	% Change From 2000b/	County	Number of Producers	Pounds	% Change From 2000b/
1. Chaves	41	130,454,877	+ 1.69	7. Socorro	7	9,406,513	- 3.18
2. Dona Ana	25	68,852,401	+ 5.47	8. Valencia	10	8,778,810	- 2.42
3. Roosevelt	37	57,802,885	+ 17.76	9. Bernalillo	5	5,104,145	- 12.16
4. Curry	16	56,842,081	+ 6.13				
5. Lea	14	31,501,158	- 3.39	Nine County Total	161	391,440,309	+ 2.83 b/
6. Eddy	6	22,697,439	- 0.98	Other Counties Total	5	9,103,325	- 3.87
				New Mexico Total	166	400,543,634	+ 2.66

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 1999 THROUGH FEBRUARY 2001, WITH PERCENTAGE COMPARISONS

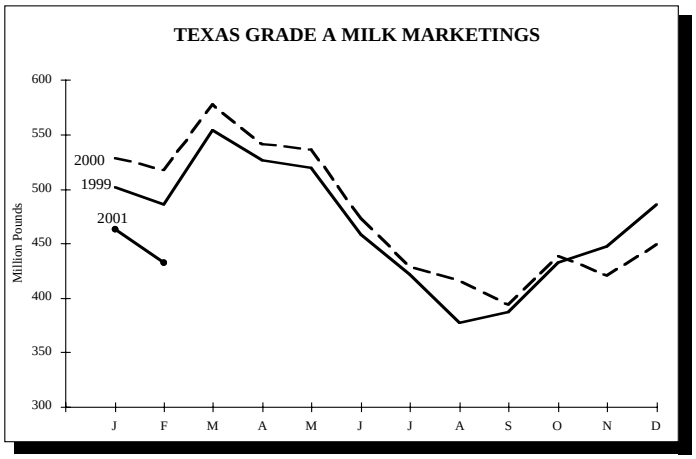
MONTH	1999 POUNDS	Number of Producers	2000 POUNDS	Number of Producers	2001 POUNDS	Number of Producers	PERCENT CHANGE 2000/99	PERCENT CHANGE 2001/00
January	501,754,729	1,251	528,032,131	1,156	463,431,654	1,026	+5.24	-12.23
February	486,044,271	1,245	517,023,791	1,141	432,156,106	1,006	+6.37	-13.43*
March	553,983,640	1,241	577,134,609	1,134			+4.18	
April	525,773,380	1,233	540,903,763	1,121			+2.88	
May	519,613,189	1,219	536,505,477	1,112			+3.25	
June	458,247,406	1,216	472,478,168	1,103			+3.11	
July	421,397,795	1,206	428,683,700	1,089			+1.73	
August	377,392,147	1,197	415,788,563	1,082			+10.17	
September	386,931,407	1,189	393,642,034	1,066			+1.73	
October	432,175,585	1,181	437,963,207	1,058			+1.34	
November	447,062,545	1,166	420,274,058	1,041			-5.99	
December	485,682,323	1,160	448,671,268	1,033			-7.62	
Years Total	5,596,058,417		5,717,100,769				+2.16	

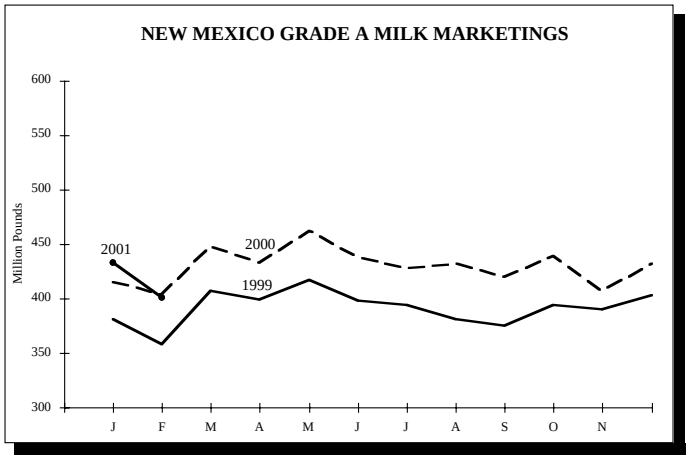
*Based on average daily delivery.

POUNDS OF GRADE A MILK MARKETED BY PRODUCERS LOCATED IN NEW MEXICO BY MONTHS: JANUARY 1999 THROUGH FEBRUARY 2001, WITH PERCENTAGE COMPARISONS

MONTH	1999 POUNDS	Number of Producers	2000 POUNDS	Number of Producers	2001 POUNDS	Number of Producers	PERCENT CHANGE 2000/99	PERCENT CHANGE 2001/00
January	381,115,401	156	414,930,653	158	432,749,978	166	+8.87	+4.29
February	358,049,940	157	404,085,655	158	400,543,634	166	+12.86	+2.66*
March	406,789,374	156	447,971,781	158			+10.12	
April	399,229,362	157	433,303,618	159			+8.54	
May	416,852,251	157	461,526,991	159			+10.72	
June	397,483,877	159	437,718,050	159			+10.12	
July	393,796,366	158	427,456,503	159			+8.55	
August	380,628,318	158	431,815,797	160			+13.45	
September	374,886,452	160	419,669,872	161			+11.95	
October	394,366,657	162	438,410,599	163			+11.17	
November	389,857,074	159	407,114,759	167			+4.43	
December	403,101,846	158	431,351,678	166			+7.01	
Years Total	4,696,156,918		5,155,355,956				+9.78	

*Based on average daily delivery.





TEXAS AND NEW MEXICO MARKET COMPONENT TEST

	Butterfat		Protein b/		Other Solids b/		S-N-F		SCC a/	
Month	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
February 2000	3.68	3.62	3.06	3.06	5.70	5.69	8.76	8.75	318	252
March	3.62	3.59	3.05	3.04	5.71	5.70	8.76	8.74	318	253
April	3.59	3.55	3.06	3.03	5.71	5.70	8.76	8.73	343	257
May	3.56	3.49	3.03	2.99	5.69	5.70	8.72	8.70	369	253
June	3.55	3.44	3.03	2.96	5.67	5.67	8.70	8.63	415	272
July	3.54	3.42	3.01	2.91	5.62	5.63	8.63	8.54	419	287
August	3.55	3.44	3.05	2.95	5.60	5.62	8.65	8.57	420	287
September	3.59	3.48	3.10	3.01	5.61	5.63	8.71	8.64	419	278
October	3.72	3.59	3.16	3.10	5.67	5.67	8.82	8.77	369	258
November	3.81	3.73	3.19	3.15	5.69	5.68	8.87	8.83	406	313
December	3.84	3.73	3.21	3.14	5.68	5.65	8.88	8.79	378	312
Averages 2000	3.65	3.56	3.09	3.04	5.67	5.67	8.75	8.71	374	273
January 2001	3.81	3.72	3.13	3.10	5.69	5.67	8.81	8.76	422	366
February	3.72	3.69	3.08	3.06	5.69	5.68	8.76	8.74	421	388

a/ In thousands. b/ Estimated for 1999: True Protein = Crude Protein - .19 and Other Solids = SNF - True Protein

FEBRUARY 2001
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

			Pounds	Price	Value
Add:	Class I Differential				$377,653.99
	Class I Butterfat	60(a)	7,232,263	$1.2652	$9,150,259.18
	Class I Skim Per Cwt		304,021,827	$10.8900	$33,107,976.97
	Class II Butterfat	60(b)	4,256,583	$1.4696	$6,255,474.37
	Class II Nonfat Solids		2,981,219	$0.9544	$2,845,275.42
	Class III Butterfat	60(c)	9,495,489	$1.4626	$13,888,102.25
	Class III Protein		8,379,270	$1.4951	$12,527,846.61
	Class III Other Solids		15,547,422	$0.1199	$1,864,135.89
	Class IV Butterfat	60(d)	2,347,700	$1.4626	$3,433,746.03
	Class IV Nonfat Solids		413,576	$0.8737	$361,341.36
	Class II, III & IV Somatic Cell Adj.	60(e)			($89,795.57)
	Total Producer Milk-Product Lbs & Value		628,721,443		$83,722,016.50
Add:	Value as for 60(f) Thru 60(j)				$21,361.46
Less:	Total Protein Pounds	61(b)	19,294,155	**$1.4951**	$28,846,691.13
	Total Other Solids Pounds		35,772,861	**$0.1199**	$4,289,166.02
	Total Butterfat Pounds		23,332,035	**$1.4626**	$34,125,434.42
	Total Value of Somatic Cell Adjustment				($202,182.65)
	Total Milk and Value		628,721,443		$16,684,269.04
Add:	Location Differential Adjustments	61(c)			$1,885,600.82
	Producer-Settlement Fund	61(d)			$377,862.99
	Total Producer Milk/URSP and Value		629,143,466	$3.01167	$18,947,732.85
Less:	Producer-Settlement Fund	61(f)		$0.04167	$262,171.91
	Producer Price Differential (Dallas County)			**$2.97**	$18,685,560.94

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RETURN SERVICE REQUESTED

FEBRUARY 2001
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	311,254,090	49.51	7,232,263	31.00	304,021,827	50.22
Class II	36,985,174	5.88	4,256,583	18.24	32,728,591	5.41
Class III	273,590,921	43.51	9,495,489	40.70	264,095,432	43.62
Class IV	6,891,258	1.10	2,347,700	10.06	4,543,558	0.75
Total	628,721,443	100.00	23,332,035	100.00	605,389,408	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	9,727,655	50.42	18,017,879	50.37	27,745,529	50.39
Class II	1,042,482	5.40	1,938,732	5.42	2,981,219	5.41
Class III	8,379,270	43.43	15,547,422	43.46	23,926,692	43.45
Class IV	144,748	0.75	268,828	0.75	413,576	0.75
Total	19,294,155	100.00	35,772,861	100.00	55,067,016	100.00