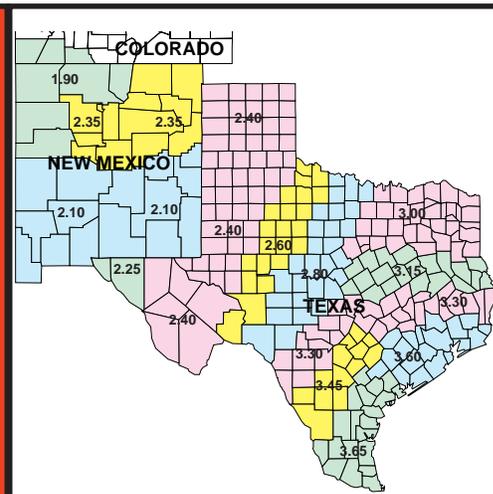


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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JULY 2004

MARKET SUMMARY FOR JUNE

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 \$1.72 for June. Butterfat price decreased \$0.2514 per pound from \$2.4282 in May to the level of \$2.1768 in June. Protein price decreased \$0.6553 per pound from \$3.7639 in May to \$3.1068 in June. June's Other Solids price decreased \$0.0105 per pound from \$0.1444 in May to \$0.1339 in June. The Somatic Cell Count adjustment rate factor for June was .00092 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a June statistical uniform price of \$19.40 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 \$0.73 in comparison to the statistical blend price of \$18.67 in May.

The June Class I price increased \$1.48 from \$22.65 in May to the June level of \$24.13. The Class II price for June of \$14.31 per hundredweight decreased \$0.72 from \$15.03 in May. June's Class III price decreased \$2.90 from \$20.58 in May to \$17.68 in June. The Class IV price decreased \$0.78 from \$14.50 in May to \$13.72 in June.

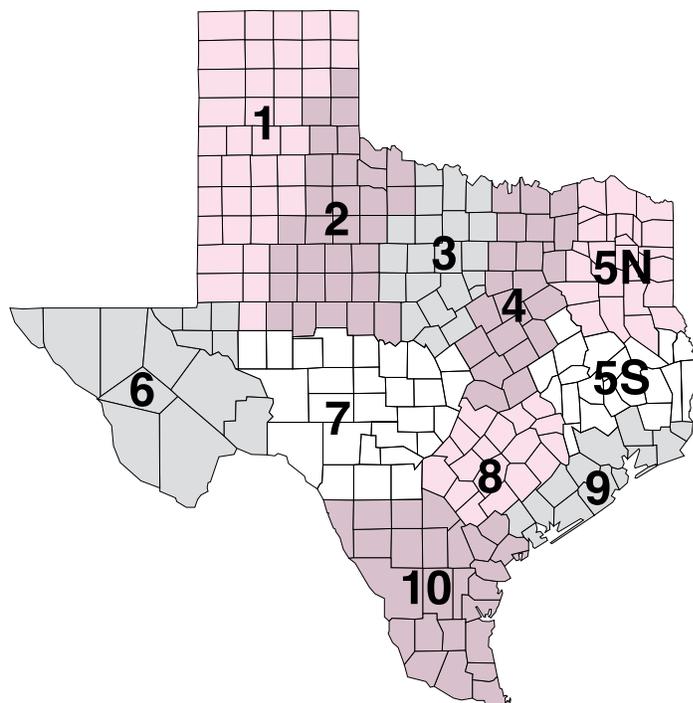
In June 909 producers delivered a total of 777,930,240 pounds of milk. On a daily basis this represents an increase of 19.63 percent from the producer receipts level in May but it represents a decrease of 12.06 percent when compared to the producer receipts level of June 2003.

Producer milk classified as Class I during June amounted to 40.37 percent of total producer receipts. This figure is down from 47.27 percent in May but it is up from 34.87 percent in June 2003. The average butterfat test of producer milk pooled during June was 3.496 percent, average protein test was 2.961 percent, average other solids test was 5.710 percent and the average somatic cell count was 279,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Jun 04	May 04	Jun 04	May 04	Jun 04	May 04
Appalachian	20.54	20.18	-----	-----	60.87	64.17
Arizona-Las Vegas	17.97	19.36	-----	-----	28.74	29.32
Central	18.23	18.40	0.55	(2.18)	26.00	50.62
Florida	22.93	22.23	-----	-----	78.42	75.70
Mideast	18.56	18.99	0.88	(1.59)	30.50	54.60
Northeast	19.70	19.84	2.02	(0.74)	45.80	44.80
Pacific Northwest	17.45	17.40	(0.23)	(3.18)	27.70	38.40
Southeast	20.11	20.27	-----	-----	53.56	57.62
Southwest	19.40	18.67	1.72	(1.91)	40.37	47.27
Upper Midwest	17.98	18.61	0.30	(1.97)	15.90	53.20

TEXAS GEOGRAPHIC REGIONS

AREA	REGION NAME
1	HIGH PLAINS
2	LOW PLAINS
3	CROSSTIMBERS
4	BLACKLANDS
5N	NORTHEAST
5S	SOUTHEAST
6	TRANS-PECOS
7	EDWARDS PLATEAU
8	SOUTH CENTRAL
9	UPPER COAST
10	SOUTH



TEXAS DAIRY MILK COMPONENTS FOR GEOGRAPHIC REGIONS - MAY 2004

REGION	NUMBER OF PRODUCER'S	% OF MILK MARKETED	PERCENT BUTTERFAT	% TRUE PROTEIN	PERCENT OTHER SOLIDS	PERCENT S-N-F	SCC (1,000)
1	42	26.18	3.56	2.99	5.72	8.71	256
2	12	1.90	3.46	2.97	5.71	8.68	372
3	270	38.50	3.59	3.02	5.70	8.72	313
4	88	5.26	3.62	3.06	5.69	8.75	346
5N	311	19.15	3.63	3.04	5.68	8.73	386
5S	7	0.24	3.61	3.01	5.62	8.63	405
6	10	4.54	3.48	3.00	5.68	8.69	267
7	13	1.98	3.53	2.95	5.66	8.61	330
8	38	1.38	3.63	2.99	5.67	8.67	424
9	4	0.11	3.49	2.99	5.58	8.56	509
10	6	0.75	4.40	3.38	5.66	9.04	463
TOTAL	801	100.00	3.59	3.02	5.70	8.72	316

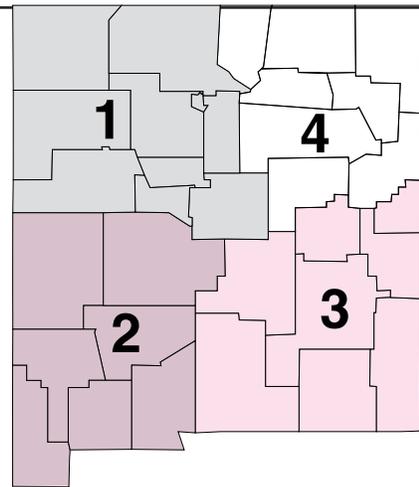
TEXAS DAIRY MILKING HERD SIZE ARRAY FOR GEOGRAPHIC REGIONS* - MAY 2004

REGION	NUMBER OF FARMS PER HERD SIZE GROUP (MILKING COW NUMBERS)						Total # Milking Cows
	0-100	101-250	251-500	501-750	751-1000	1001->	
1	1	4	4	0	2	31	83,430
2	4	2	2	2	0	2	6,059
3	63	80	53	28	14	32	122,717
4	36	32	13	5	1	1	16,764
5N	130	107	50	15	5	4	61,038
5S	4	2	1	0	0	0	778
6	1	0	1	1	0	7	14,477
7	5	2	3	0	0	3	6,314
8	23	9	5	1	0	0	4,384
9	3	1	0	0	0	0	366
10	0	4	0	0	2	0	2,387
TOTAL	270	243	132	52	24	80	318,715

*ESTIMATED BASED ON A 55 LB/DAY/COW AVERAGE

**NEW MEXICO
GEOGRAPHIC REGIONS**

AREA	REGION NAME
1	NORTHWEST
2	SOUTHWEST
3	SOUTHEAST
4	NORTHEAST



NEW MEXICO DAIRY MILK COMPONENTS FOR GEOGRAPHIC REGIONS - MAY 2004

REGION	NUMBER OF PRODUCER'S	% OF MILK MARKETED	PERCENT BUTTERFAT	% TRUE PROTEIN	PERCENT OTHER SOLIDS	PERCENT S-N-F	SCC (1,000)
1	14	4.46	3.48	2.97	5.73	8.70	250
2	35	19.97	3.43	2.92	5.73	8.65	208
3	128	75.57	3.43	2.95	5.71	8.66	278
4	0	0	0	0	0	0	0
TOTAL	177	100.00	3.43	2.94	5.71	8.66	262

NEW MEXICO DAIRY MILKING HERD SIZE FOR GEOGRAPHIC REGIONS* - MAY 2004

REGION	NUMBER OF FARMS PER HERD SIZE GROUP (MILKING COW NUMBERS)						Total # Milking Cows
	0-250	251-500	501-1000	1001-2000	2001-3000	3001->	
1	5	1	4	1	3	0	12,912
2	0	5	4	15	9	2	57,823
3	15	4	17	43	34	15	218,783
4	0	0	0	0	0	0	0
TOTAL	20	10	25	59	46	17	289,518

*ESTIMATED BASED ON A 65 LB/DAY/COW AVERAGE

Class Prices at 3.5%, for Federal Orders 126 Formula Prices and Price Quotations

Month	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
	Dollars Per Hundred Wt. -----					Cents Per Pound-----							
April	12.64	10.44	9.41	9.73	1.78	115.03	- 0.08	180.06	.00055	107.36	109.97	80.30	15.82
May	12.71	10.43	9.71	9.74	1.59	115.12	- 1.44	192.75	.00057	107.43	113.94	80.40	14.50
June	12.74	10.46	9.75	9.76	1.58	115.76	- 2.00	194.34	.00057	107.97	114.64	80.40	13.96
July	12.77	10.63	11.78	9.95	0.23	120.55	- 1.24	254.80	.00067	111.96	134.97	80.72	14.70
August	13.97	10.81	13.80	10.14	- 0.87	125.14	0.26	314.38	.00077	115.78	154.96	81.05	16.15
September	16.71	10.76	14.30	10.05	0.18	122.18	1.70	331.80	.00080	113.32	159.40	81.11	17.55
October	17.27	10.84	14.39	10.16	0.50	125.53	3.11	328.15	.00080	116.11	159.36	81.09	18.92
November	17.37	10.99	13.47	10.30	1.06	128.77	3.68	292.67	.00075	118.81	149.41	81.30	19.47
December	16.84	11.30	11.87	10.52	1.99	136.88	3.62	229.97	.00066	125.57	132.60	80.70	19.41
Averages 2003 b/	14.39	10.76	11.42	10.00	1.16	120.99	1.29	237.70	.00065	111.94	130.31	80.90	16.67
January 2004	14.85	11.67	11.61	10.97	1.68	149.78	2.17	208.75	.00065	136.32	130.23	80.62	18.01
February	14.59	12.90	11.89	12.21	1.78	185.18	0.90	179.11	.00066	165.82	132.60	80.64	16.77
March	14.94	14.79	14.49	14.10	0.73	238.13	2.34	201.33	.00078	209.94	156.80	81.01	18.17
April	16.64	15.21	19.66	14.57	- 3.48	250.13	10.42	344.65	.00103	219.94	205.20	81.71	26.02
May	22.65	15.03	20.58	14.50	- 1.91	242.82	14.44	376.39	.00106	213.85	212.66	83.83	29.92
June	24.13	14.31	17.68	13.72	1.72	217.68	13.39	310.86	.00092	192.90	184.11	84.97	28.90

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

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 2002 THROUGH JUNE 2004, WITH PRODUCTION PERCENTAGE COMPARISONS**

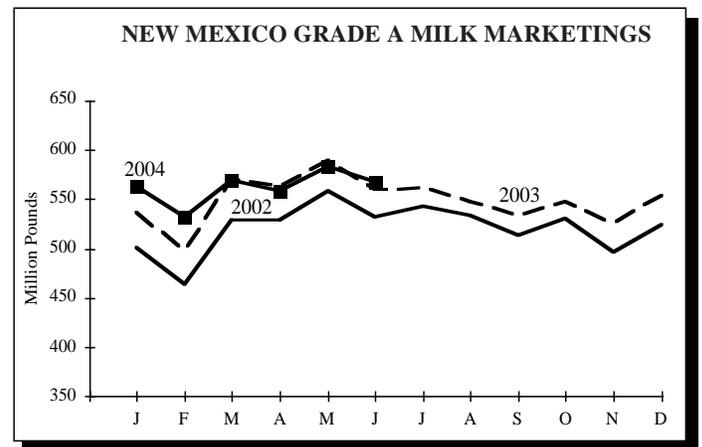
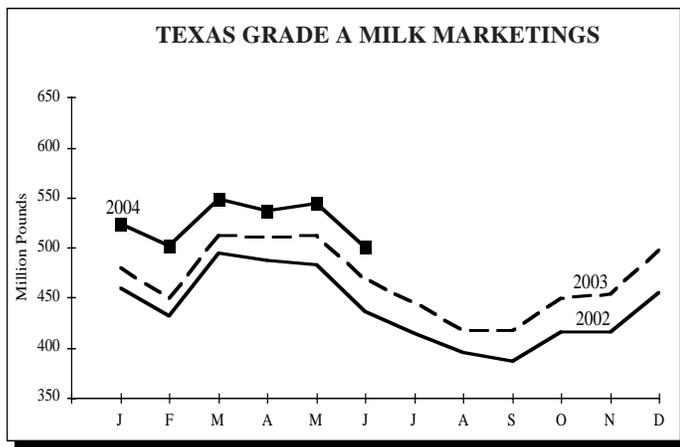
MONTH	2002 POUNDS	Number of Producers	2003 POUNDS	Number of Producers	2004 POUNDS	Number of Producers	PERCENT CHANGE 2003/02	2004/03
January	459,850,238	897	480,011,354	845	523,723,796	816	+ 4.38	+ 9.11
February	431,807,361	894	449,362,000	840	501,204,456	819	+ 4.07	+ 7.69*
March	494,608,931	893	512,243,241	841	548,941,459	814	+ 3.57	+ 7.16
April	487,475,741	889	510,466,950	838	537,141,283	803	+ 4.72	+ 5.23
May	482,994,330	875	511,474,552	840	543,408,997	801	+ 5.90	+ 6.24
June	435,698,971	872	468,387,455	838	500,319,580	803	+ 7.50	+ 6.82
July	414,700,943	862	444,115,237	834			+ 7.09	
August	395,468,644	851	417,817,794	833			+ 5.65	
September	386,732,687	859	416,649,423	836			+ 7.74	
October	415,984,319	846	449,267,689	835			+ 8.00	
November	415,537,665	847	453,593,349	826			+ 9.16	
December	<u>454,863,992</u>	843	<u>497,718,548</u>	815			<u>+ 9.42</u>	
Years Total	5,275,723,822		5,611,107,592				+ 6.36	

* Based on average daily delivery.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2002 THROUGH JUNE 2004, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2002 POUNDS	Number of Producers	2003 POUNDS	Number of Producers	2004 POUNDS	Number of Producers	PERCENT CHANGE 2003/02	2004/03
January	501,275,998	174	535,741,056	177	562,516,031	178	+ 6.66	+ 5.00
February	463,667,936	173	498,218,526	176	532,156,355	176	+ 7.45	+ 3.13*
March	528,830,087	175	570,901,632	177	568,504,219	178	+ 7.96	- 0.42
April	528,467,048	175	562,338,380	177	557,482,116	176	+ 6.41	- 0.86
May	557,746,887	176	589,176,775	177	583,379,003	177	+ 5.64	- 0.98
June	532,178,000	178	559,442,259	177	567,036,025	177	+ 5.12	+ 1.36
July	542,546,821	176	560,883,275	178			+ 3.38	
August	532,685,705	176	547,114,145	178			+ 2.71	
September	513,773,496	178	533,648,709	180			+ 3.87	
October	529,524,800	178	546,904,202	178			+ 3.28	
November	496,802,059	178	526,000,891	176			+ 5.88	
December	<u>523,409,272</u>	178	<u>553,271,605</u>	179			<u>+ 5.71</u>	
Years Total	6,250,908,109		6,583,641,455				+ 5.32	

* Based on average daily delivery.



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TEXAS AND NEW MEXICO MARKET COMPONENT TEST

Month	Butterfat		Protein		Other Solids		S-N-F		SCC ^{a/}	
	TX	NM	TX	NM	TX	NM	TX	NM	TX	NM
June 2003	3.57	3.45	2.98	2.92	5.71	5.74	8.69	8.65	368	273
July	3.56	3.44	2.98	2.90	5.69	5.73	8.67	8.63	395	290
August	3.58	3.44	3.01	2.92	5.67	5.70	8.67	8.62	406	306
September	3.65	3.50	3.09	3.01	5.68	5.72	8.77	8.72	389	278
October	3.73	3.58	3.13	3.07	5.67	5.70	8.81	8.78	366	272
November	3.75	3.64	3.15	3.11	5.69	5.71	8.83	8.82	333	248
December	3.78	3.68	3.15	3.10	5.72	5.72	8.87	8.83	305	246
Averages 2003	3.66	3.57	3.06	3.00	5.70	5.72	8.76	8.72	351	275
January 2004	3.77	3.66	3.11	3.06	5.72	5.72	8.83	8.78	300	253
February	3.76	3.64	3.11	3.05	5.73	5.74	8.84	8.79	302	262
March	3.68	3.58	3.06	3.02	5.72	5.72	8.78	8.74	318	280
April	3.64	3.53	3.05	2.99	5.73	5.74	8.77	8.73	311	292
May	3.59	3.43	3.02	2.94	5.70	5.71	8.72	8.66	316	262
June	3.57	3.40	3.00	2.92	5.70	5.72	8.70	8.64	326	247

a/ In thousands.

JUNE 2004
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$243,411.93
Class I Butterfat	60(a)	7,543,181	\$2.4880	\$18,767,434.34
Class I Skim Per Cwt		306,539,716	\$15.9800	\$48,985,046.65
Class II Butterfat	60(b)	8,944,592	\$2.1838	\$19,533,200.03
Class II Nonfat Solids		9,595,134	\$0.7678	\$7,367,143.90
Class III Butterfat	60(c)	8,205,779	\$2.1768	\$17,862,339.72
Class III Protein		6,204,947	\$3.1086	\$19,288,698.25
Class III Other Solids		12,053,384	\$0.1339	\$1,613,948.11
Class IV Butterfat	60(d)	2,508,116	\$2.1768	\$5,459,666.90
Class IV Nonfat Solids		12,014,318	\$0.7026	\$8,441,259.82
Class II, III & IV Somatic Cell Adj.	60(e)			\$356,561.35
Total Producer Milk-Product Lbs & Value		777,930,240		\$147,918,711.00
Add: Value as for 60(f) Thru 60(j)				\$238,228.43
Less: Total Protein Pounds	61(b)	23,038,410	\$3.1086	\$71,617,201.34
Total Other Solids Pounds		44,423,971	\$0.1339	\$5,948,369.69
Total Butterfat Pounds		27,201,668	\$2.1768	\$59,212,590.90
Total Value of Somatic Cell Adjustment				\$503,870.50
Total Milk and Value		777,930,240		\$10,874,907.00
Add: Location Differential Adjustments	61(c)			\$2,574,565.05
Producer-Settlement Fund	61(d)			\$265,924.70
Total Producer Milk/URSP and Value		777,930,240	\$1.76306	\$13,715,396.75
Less: Producer-Settlement Fund	61(f)		\$0.04306	\$334,996.62
Producer Price Differential (Dallas County)			\$1.72	\$13,380,400.13

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SOUTHWEST MARKETING AREA
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JUNE 2004
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	314,082,897	40.37	7,543,181	27.73	306,539,716	40.83
Class II	115,406,712	14.84	8,944,592	32.88	106,462,120	14.18
Class III	212,310,639	27.29	8,205,779	30.17	204,104,860	27.19
Class IV	136,129,992	17.50	2,508,116	9.22	133,621,876	17.80
Total	777,930,240	100.00	27,201,668	100.00	750,728,572	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	9,461,888	41.08	18,132,703	40.82	27,594,596	40.91
Class II	3,295,634	14.30	6,299,506	14.18	9,595,134	14.22
Class III	6,204,947	26.93	12,053,384	27.13	18,258,333	27.06
Class IV	4,075,941	17.69	7,938,378	17.87	12,014,318	17.81
Total	23,038,410	100.00	44,423,971	100.00	67,462,381	100.00