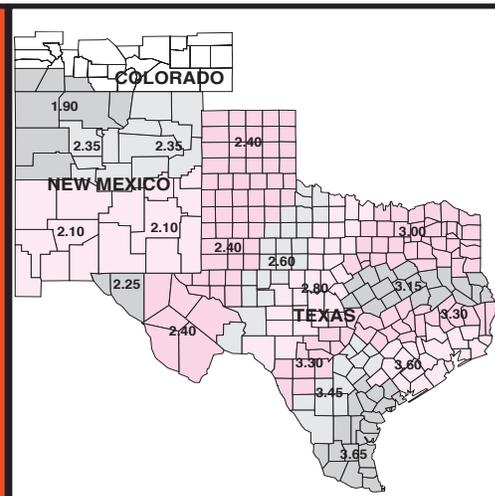


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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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 \$0.54 for February. Butterfat price increased \$0.0424 per pound from \$1.7330 in January to the level of \$1.7754 in February. Protein price increased \$0.1313 per pound from \$2.5300 in January to \$2.6613 in February. February's Other Solids price increased \$0.0016 per pound from \$0.0899 in January to \$0.0915 in February. The Somatic Cell Count adjustment rate factor for February was .00079 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 \$15.24 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 \$0.80 in comparison to the statistical blend price of \$16.04 in January.

The February Class I price decreased \$2.86 from

\$19.65 in January to the February level of \$16.79. The Class II price for February of \$13.36 per hundredweight increased \$0.32 from \$13.04 in January. February's Class III price increased \$0.56 from \$14.14 in January to \$14.70 in February. The Class IV price increased \$0.22 from \$12.52 in January to \$12.74 in February.

In February 779 producers delivered a total of 562,330,133 pounds of milk. On a daily basis this represents a decrease of 21.95 percent from the producer receipts level in January and it represents a decrease of 19.92 percent when compared to the producer receipts level of February 2004.

Producer milk classified as Class I during February amounted to 57.54 percent of total producer receipts. This figure is down from 44.28 percent in January but it is up from 44.39 percent in February 2004. The average butterfat test of producer milk pooled during February was 3.739 percent, average protein test was 3.089 percent, average other solids test was 5.710 percent and the average somatic cell count was 308,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Feb 05	Jan 05	Feb 05	Jan 05	Feb 05	Jan 05
Appalachian	15.90	17.34	-----	-----	67.30	66.06
Arizona-Las Vegas	14.73	15.09	-----	-----	33.85	33.16
Central	14.50	14.95	(0.20)	0.81	46.85	30.07
Florida	17.08	19.11	-----	-----	79.12	84.67
Mideast	14.71	15.22	0.01	1.08	43.00	35.40
Northeast	15.51	16.31	0.81	2.17	46.40	45.70
Pacific Northwest	14.04	14.73	(0.66)	0.59	41.72	32.43
Southeast	15.80	17.16	-----	-----	61.00	61.83
Southwest	15.24	16.04	0.54	1.90	57.54	44.28
Upper Midwest	14.52	14.53	(0.18)	0.39	56.00	17.00

ORGANIC PRODUCERS AND MARKETERS EXEMPTED FROM COMMODITY PROMOTION ASSESSMENTS

The U.S. Department of Agriculture's Agricultural Marketing Service has announced two rules to exempt certain organic producers and marketers from paying assessments under research and promotion programs, and for market promotion activities under marketing order programs.

The change will exempt producers and marketers operating under a National Organic Program-approved organic system plan from paying assessments, provided they produce and market only commodities eligible for a "100 percent organic" label.

The 2002 Farm Bill directed USDA to issue regulations exempting any person who produces and markets solely 100 percent organic products from paying assessments under a commodity promotion law.

Currently, 17 national research and promotion programs exist for blueberries, beef, cotton, dairy, eggs, fluid milk, Hass avocados, honey, lamb, mangos, mushrooms, peanuts, popcorn, pork, potatoes, soybeans and watermelons. Eligible producers and marketers will be exempt from all assessments under these programs.

Under the marketing order programs, eligible producers and marketers will only be exempt from assessments for market promotion activities. The 28 marketing order programs that have market promotion authority are Texas citrus; Florida avocados; California nectarines; California peaches and pears; Washington apricots; Washington sweet cherries; Washington/Oregon fresh prunes; Southeastern California grapes; Oregon/Washington winter pears; cranberries; tart cherries; Oregon/Washington Bartlett pears; California olives; Oregon/California potatoes; Colorado potatoes; Georgia Vidalia onions; Washington/Oregon Walla Walla onions; Idaho/Eastern Oregon onions; Texas onions; Florida tomatoes; Texas melons; California almonds; Oregon/Washington hazelnuts; California walnuts; Far West spearmint oil; California dates; California raisins; and California dried prunes.

Details of the exemptions, including application procedures, are available in the "Rules" section of the Jan. 14 Federal Register. Eligible persons should contact their board, council or committee for additional information. The new Final Rule to Exempt Organic Producers from Assessment by Research

and Promotion Programs, and related information is available at: <http://www.ams.usda.gov/2002farmbill/organicexempt>. The new Final Rule to Exempt Organic Producers and Marketers from Assessments for Market Promotion Activities under Marketing Order Programs, and related information is available at: <http://www.ams.usda.gov/fv/mocommodities/market-ingorderorganicexemption.htm>.

These programs are industry-funded and charged with creating and expanding markets for the agricultural commodities they represent. USDA oversees the programs, including review of budgets, plans and projects. Depending on the commodity, producers, handlers, first handlers, processors, importers, exporters, feeders and seed stock producers pay assessments to these commodity boards to fund the programs.

The effective date of this final rule was on Monday, February 14, 2005. Here are a few other noteworthy items one should be aware of.

The National Dairy Promotion and Research Board is required to respond to exemption requests within 60 days during the first 6 months after this rule's effective date. After 6 months, the timeframe will revert to 30 days. Granted exemptions are effective the next full milk marketing month and are not retroactive. Producers that are granted an organic exemption are responsible for providing paying handlers (Responsible Persons) with a copy of the National Dairy Promotion and Research Board exemption documents.

In states that have mandatory assessment laws, producers are exempt only from the Federal assessment and are still responsible for remittance of any mandatory State assessments. States with mandatory producer assessments are Alabama, California, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Michigan, Minnesota, Mississippi, Nebraska, New Jersey, New York, North Carolina, North Dakota, Oregon, South Dakota, Tennessee, Utah, Vermont, Washington, and Wisconsin.

You may also request an electronic version of the form, available in Adobe Acrobat. Send your email requests (with "Organic Exemption Request Form" in the subject line) to michael.johnson2@usda.gov. The organic exemption request form can also be obtained by contacting:

The National Dairy Promotion & Research Board
Attn: Collections and Compliance
10255 West Higgins Road, Suite 900
Rosemont, IL 60018
Telephone (847) 803-9794

TOP TEN TEXAS COUNTIES a/ – FEBRUARY 2005

<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2004b/</u>	<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2004b/</u>
1. Erath	103	101,056,004	- 1.02	7. Archer	52	17,372,157	- 1.90
2. Hopkins	144	42,281,475	- 0.38	8. Deaf Smith	5	15,423,266	- 9.01
3. Comanche	33	41,060,356	+ 10.00	9. Parmer	5	14,809,916	- 15.02
4. Lamb	8	26,438,515	- 3.87	10. Bailey	7	14,301,741	+ 52.95
5. Castro	8	25,352,433	+ 47.44	Ten County Total	369	320,686,231	+ 3.82 b/
6. Hale	4	22,590,368	+ 62.82	Other Counties Total	398	171,155,311	- 2.21
				Texas Total	767	491,841,542	+ 1.64

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

<u>Month</u>	<u>Class Prices & P.P.D.</u>					<u>Component Prices</u>				<u>NASS Product Prices</u>			
	<u>I a/</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>P.P.D.a/</u>	<u>BF</u>	<u>Other Solids</u>	<u>True Protein</u>	<u>SCC c/ Adj Rate</u>	<u>Grade AA Butter</u>	<u>Cheddar Cheese</u>	<u>NFDM Powder</u>	<u>Dry Whey</u>
	----- Dollars Per Hundred Wt. -----					-----Cents Per Pound-----							
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
July	20.95	14.00	14.85	13.31	2.23	205.43	10.48	236.25	.00078	182.69	156.95	85.13	26.07
August	17.62	13.13	14.04	12.46	1.45	179.41	6.76	246.63	.00076	161.01	151.67	85.84	22.46
September	16.94	13.66	14.72	13.00	1.03	193.54	5.89	254.31	.00079	172.78	158.67	86.39	21.62
October	17.78	13.57	14.16	12.81	1.52	190.20	6.77	238.14	.00076	170.00	152.56	85.65	22.47
November	17.29	14.09	14.89	13.34	0.99	204.89	8.00	242.97	.00079	182.24	158.86	85.70	23.67
December	17.43	13.98	16.14	13.42	- 0.47	203.66	8.58	284.86	.00086	181.22	171.46	87.13	24.23
Averages 2004 b/	17.98	13.86	15.39	13.20	0.61	205.07	7.51	260.35	.00082	182.39	164.31	84.05	23.19
January 2005	19.65	13.04	14.14	12.52	1.90	173.30	8.99	253.00	.00076	155.92	151.65	89.06	24.63
February	16.79	13.36	14.70	12.74	0.54	177.54	9.15	266.13	.00079	159.45	157.11	89.90	24.78

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

TOP NEW MEXICO COUNTIES a/ – FEBRUARY 2005

<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2004b/</u>	<u>County</u>	<u>Number of Producers</u>	<u>Pounds</u>	<u>% Change From 2004b/</u>
1. Chaves	38	136,393,718	- 4.85	7. Valencia	9	14,167,398	+ 0.03
2. Roosevelt	39	89,269,514	- 5.93	8. Socorro	7	10,153,232	- 4.05
3. Curry	22	87,810,125	+ 2.81	9. Sierra	3	6,867,975	+ 8.52
4. Dona Ana	24	79,433,551	- 0.49	10. Bernalillo	4	4,437,994	- 5.46
5. Lea	14	32,961,542	- 15.61	Ten County Total	166	483,039,037	- 4.33 b/
6. Eddy	6	21,543,988	- 19.06	Other Counties Total	4	8,714,431	- 1.99
				New Mexico Total	170	491,753,468	- 4.29

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.

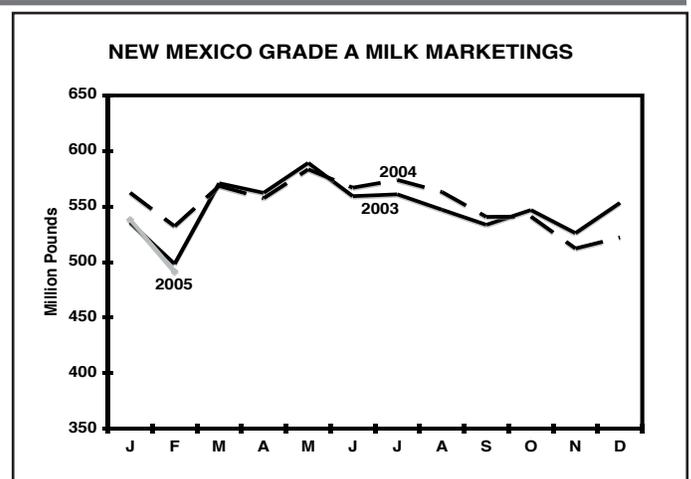
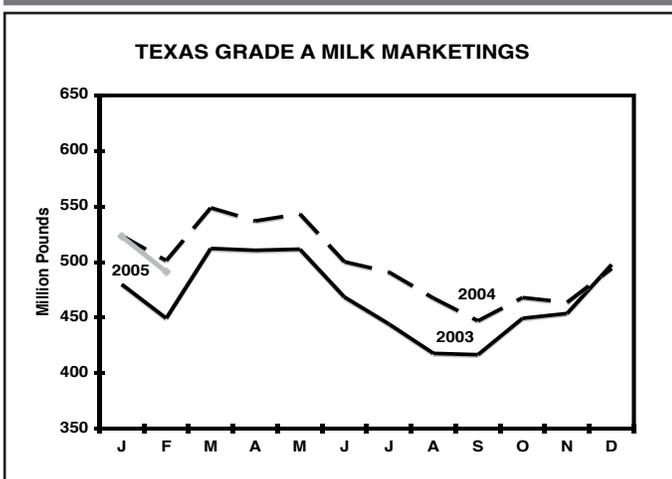
**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 2003 THROUGH FEBRUARY 2005, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2003 POUNDS	Number of Producers	2004 POUNDS	Number of Producers	2005 POUNDS	Number of Producers	PERCENT 2004/03	CHANGE 2005/04
January	480,011,354	845	523,723,796	816	523,680,970	778	+ 9.11	- 0.01
February	449,362,000	840	501,204,456	819	491,841,542	767	+ 7.69*	+ 1.64*
March	512,243,241	841	548,941,459	814			+7.16	
April	510,466,950	838	537,141,283	803			+ 5.23	
May	511,474,552	840	543,408,997	801			+ 6.24	
June	468,387,455	838	500,319,580	803			+ 6.82	
July	444,115,237	834	491,018,134	799			+ 10.56	
August	417,817,794	833	467,427,900	796			+ 11.87	
September	416,649,423	836	447,166,094	796			+ 7.32	
October	449,267,689	835	467,915,409	797			+ 4.15	
November	453,593,349	826	463,696,745	793			+ 2.23	
December	<u>497,718,548</u>	815	<u>494,282,753</u>	793			<u>-0.69</u>	
Years Total	5,611,107,592		5,986,246,606				+ 6.69	

* Based on average daily delivery.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2003 THROUGH FEBRUARY 2005, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2003 Number of POUNDS	Number of PERCENT Producers	2004 CHANGE POUNDS	Number of Producers	2005 POUNDS	Number of Producers	2004/03	2005/04
January	535,741,056	177	562,516,031	178	538,413,955	168	+ 5.00	- 4.28
February	498,218,526	176	532,156,355	176	491,753,468	170	+ 3.13*	- 4.29*
March	570,901,632	177	568,504,219	178			- 0.42	
April	562,338,380	177	557,482,116	176			- 0.86	
May	589,176,775	177	583,379,003	177			- 0.98	
June	559,442,259	177	567,036,025	177			+ 1.36	
July	560,883,275	178	573,899,551	181			+ 2.32	
August	547,114,145	178	563,099,040	177			+ 2.92	
September	533,648,709	180	540,636,857	179			+ 1.31	
October	546,904,202	178	541,026,928	177			- 1.07	
November	526,000,891	176	512,342,849	176			- 2.60	
December	<u>553,271,605</u>	179	<u>522,218,762</u>	174			<u>-5.61</u>	
Years Total	6,583,641,455		6,624,297,736				+ 0.62	



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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
February 2004	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
July	3.59	3.43	3.01	2.91	5.69	5.73	8.71	8.63	377	286
August	3.62	3.46	3.05	2.95	5.69	5.71	8.74	8.66	389	300
September	3.67	3.53	3.11	3.03	5.68	5.70	8.79	8.73	356	274
October	3.76	3.63	3.15	3.09	5.69	5.72	8.84	8.81	346	285
November	3.84	3.72	3.18	3.14	5.70	5.73	8.88	8.87	372	298
December	3.85	3.74	3.19	3.15	5.70	5.70	8.89	8.84	359	323
Averages 2004	3.70	3.56	3.09	3.02	5.70	5.72	8.79	8.74	339	280
January 2005	3.77	3.68	3.13	3.09	5.69	5.69	8.82	8.77	346	324
February	3.75	3.65	3.10	3.06	5.71	5.70	8.81	8.77	329	306

a/ In thousands.

FEBRUARY 2005
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	Pounds	Price	Value
Add: Class I Differential			\$238,090.69
Class I Butterfat	60(a) 7,334,625	\$1.7738	\$13,010,157.80
Class I Skim Per Cwt	316,204,425	\$10.9700	\$34,687,625.43
Class II Butterfat	60(b) 6,829,806	\$1.7824	\$12,173,446.23
Class II Nonfat Solids	6,789,084	\$0.8200	\$5,567,048.88
Class III Butterfat	60(c) 1,141,443	\$1.7754	\$2,026,517.91
Class III Protein	478,904	\$2.6613	\$1,274,507.23
Class III Other Solids	887,125	\$0.0915	\$81,171.96
Class IV Butterfat	60(d) 5,721,203	\$1.7754	\$10,157,423.82
Class IV Nonfat Solids	12,430,847	\$0.7514	\$9,340,538.44
Class II, III & IV Somatic Cell Adj.	60(e)		\$68,725.70
Total Producer Milk-Product Lbs & Value	562,330,133		\$88,625,254.09
Add: Value as for 60(f) Thru 60(j)			\$183,142.77
Less: Total Protein Pounds	61(b) 17,375,281	\$2.6613	\$46,240,835.38
Total Other Solids Pounds	32,114,637	\$0.0915	\$2,938,489.32
Total Butterfat Pounds	21,027,077	\$1.7754	\$37,331,472.52
Total Value of Somatic Cell Adjustment			\$185,901.08
Total Milk and Value	562,330,133		\$2,111,698.56
Add: Location Differential Adjustments	61(c)		\$862,524.56
Producer-Settlement Fund	61(d)		\$311,866.81
Total Producer Milk/URSP and Value	562,330,133	\$0.58437	\$3,286,089.93
Less: Producer-Settlement Fund	61(f)	\$0.04437	\$249,507.21
Producer Price Differential (Dallas County)		\$0.54	\$3,036,582.72

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FEBRUARY 2005
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	323,539,050	57.54	7,334,625	34.88	316,204,425	58.42
Class II	80,811,083	14.37	6,829,806	32.48	73,981,277	13.67
Class III	16,138,579	2.87	1,141,443	5.43	14,997,136	2.76
Class IV	141,841,421	25.22	5,721,203	27.21	136,120,218	25.15
Total	562,330,133	100.00	21,027,077	100.00	541,303,056	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	10,145,148	58.39	18,758,801	58.42	28,903,959	58.40
Class II	2,395,046	13.78	4,394,042	13.68	6,789,084	13.72
Class III	478,904	2.76	887,125	2.76	1,366,028	2.76
Class IV	4,356,183	25.07	8,074,669	25.14	12,430,847	25.12
Total	17,375,281	100.00	32,114,637	100.00	49,489,918	100.00