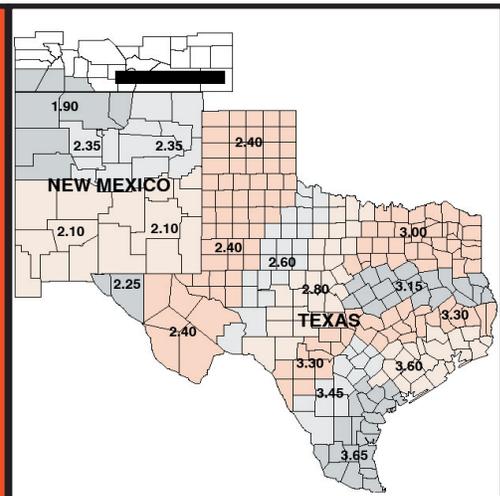


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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MARKET SUMMARY FOR MARCH

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 \$1.84 for March. Butterfat price decreased \$0.0873 per pound from \$1.3469 in February to the level of \$1.2596 in March. Protein price decreased \$0.2384 per pound from \$2.1220 in February to \$1.8836 in March. March's Other Solids price decreased \$0.0125 per pound from \$0.1999 in February to \$0.1874 in March. The Somatic Cell Count adjustment rate factor for March was .00058 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 \$12.95 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 \$0.78 in comparison to the statistical blend price of \$13.73 in February.

The March Class I price decreased \$0.89 from \$16.38 in February to the March level of \$15.49. The Class II price for March of \$11.69 per hundredweight decreased \$0.93 from \$12.62 in February. March's Class III price decreased \$1.09 from \$12.20 in February to \$11.11 in March. The Class IV price decreased \$0.42 from \$11.10 in February to \$10.68 in March.

In March 825 producers delivered a total of 1,002,035,405 pounds of milk. On a daily basis this represents an increase of 1.74 percent from the producer receipts level in February and it represents an increase of 27.75 percent when compared to the producer receipts level of March 2005.

Producer milk classified as Class I during March amounted to 36.45 percent of total producer receipts. This figure is down from 37.58 percent in February and it is down from 43.91 percent in March 2005. The average butterfat test of producer milk pooled during March was 3.725 percent, average protein test was 3.049 percent, average other solids test was 5.706 percent and the average somatic cell count was 221,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Mar 06	Feb 06	Mar 06	Feb 06	Mar 06	Feb 06
Appalachian	14.13	15.01	-----	-----	64.08	67.17
Arizona-Las Vegas	12.21	13.03	-----	-----	32.66	32.34
Central	12.00	12.91	0.89	0.71	28.03	28.16
Florida	15.41	16.34	-----	-----	80.76	82.33
Mideast	12.36	13.28	1.25	1.08	37.90	37.70
Northeast	13.43	14.25	2.32	2.05	45.30	44.30
Pacific Northwest	11.86	12.60	0.75	0.40	27.38	26.87
Southeast	13.77	14.71	-----	-----	54.11	55.64
Southwest	12.95	13.73	1.84	1.53	36.45	37.58
Upper Midwest	11.67	12.68	0.56	0.48	17.50	17.10

MILC PROGRAM SIGN-UP EXTENDED

The U.S. Department of Agriculture is reminding dairy producers to sign up for the extended Milk Income Loss Contract (MILC) program. The sign up period runs from now through May 17, 2006.

The Deficit Reduction Act of 2005 (the Act), amended the MILC program established by the Farm Security and Rural Investment Act of 2002 (the 2002 Farm Bill), which authorized the original MILC program through Sept. 30, 2005. From Oct. 1, 2005 through Aug. 31, 2007, a dairy operation's monthly payment will equal the milk quantity sold in that month multiplied by 34 percent of the difference between \$16.94 per hundredweight and that month's domestic Class I milk price. The 2002 Farm Bill originally set the payment rate factor at 45 percent.

Program payments will begin following the sign-up. Participating dairy operations must select the month they want to start receiving payments for eligible production. Producers may retroactively select any month beginning December 2005 through May 2006 for sign-up on, or before,

May 17, 2006. Sign-up will continue after May 17, 2006, throughout the duration of the program. However, after May 17, 2006, producers will not have the option to select a retroactive month for payment for which the payment rate has already been announced.

USDA's Commodity Credit Corporation (CCC) will make payments on an operation-by-operation basis, up to a maximum of 2.4 million pounds of milk produced and marketed by the dairy operation per fiscal year.

Eligible dairy producers are those who commercially produce milk in the United States. To receive program approval, producers must enter into a contract with CCC to provide monthly marketing data.

Dairy producers can apply for MILC at local FSA offices and online at: www.fsa.usda.gov/dafp/psd/ More information on MILC is available at local FSA offices and in the FSA MILC fact sheet located online at: <http://www.fsa.usda.gov/pas/publications/facts/html/milc06.htm>

FORMATION OF NEW CONGRESSIONAL DAIRY FARMER CAUCUS

The new congressional Dairy Farmer Caucus, the formation of which was announced this week on Capitol Hill, will help focus legislators' attention on major policy issues in Congress affecting dairy

producers, according to the National Milk Producers Federation.

The purpose of the Dairy Farmer Caucus is to provide a bipartisan forum, involving both House and Senate members, to collaborate on policy issues that address issues of interest to dairy producers nationwide.

The Dairy Farmer Caucus is being co-chaired by Senators Arlen Specter (R-PA) and Dianne Feinstein (D-CA) on the Senate side, and by Representatives Devin Nunes (R-CA), Collin Peterson (D-MN), Rick Larsen (D-WA), and Randy Kuhl (R-NY) on the House side. The Chairs will now be seeking other members of the Senate and House to join the caucus, to get active in dairy issues from both a producer and consumer standpoint.

MEMBERS TO NATIONAL FLUID MILK BOARD NAMED

Secretary of Agriculture Mike Johanns has announced the appointment of four incumbents and five new members to the National Fluid Milk Processor Promotion Board.

Re-appointed to serve second terms are: Michael F. Nosewicz, Cincinnati, Ohio (Region 3); William R. McCabe, Orrville, Ohio (Region 6); Paul W. Bikowitz, City of Industry, Calif. (Region 15); and Susan D. Meadows, Dallas, Texas (At-Large Processor).

Newly Appointed are: Charles L. Gaither, Jr., Asheville, N.C. (Region 4); Edward R. Mullins, Carlinville, Ill. (Region 9); Patrick R. Beaman, Dallas, Texas (Region 12); Teresa E. Webb, Wallington, N. J. (At-Large Processor); and Lisa M. Hillenbrand, Geneva, Switzerland (At-Large Public).

Terms for these appointees begin July 1, 2006, and expire June 30, 2009, except for Charles L. Gaither, Jr., and Teresa E. Webb. These two appointees are filling vacant positions with less than 18 months remaining, and their terms expire June 30, 2007. Charles L. Gaither, Jr. and Teresa E. Webb will be seated at the April 2006 board meeting. All other appointees will be seated at the July 2006 board meeting.

The National Fluid Milk Processor Promotion Board is composed of 15 fluid milk processors from 15 geographic regions and five at-large members. At least three at-large members must be fluid milk processors and at least one must be from the general public. The Board was established by the Fluid Milk Promotion Act of 1990 to develop and administer a coordinated program of advertising and promotion to increase the demand for fluid milk products.

TOP TEN TEXAS COUNTIES a/ – MARCH 2006

County	Number of Producers	Pounds	% Change From 2005b/	County	Number of Producers	Pounds	% Change From 2005b/
1. Erath	106	121,169,954	+ 4.88	7. Bailey	8	30,156,905	+ 69.59
2. Hopkins	136	56,121,966	+ 13.76	8. Hale	5	29,444,910	+ 9.73
3. Comanche	29	47,071,220	+ 1.78	9. Hartley	5	23,075,311	+ 61.68
4. Deaf Smith	9	40,246,252	+ 131.14	10. Parmer	6	22,822,869	+ 31.26
5. Lamb	8	31,910,020	+ 3.71	Ten County Total	320	433,593,142	+ 16.94 b/
6. Castro	8	31,573,735	+ 9.23	Other Counties Total	420	220,084,723	+ 11.02
				Texas Total	740	653,677,865	+ 14.88

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

Month	Class Prices & P.P.D.					BF	Component Prices			NASS Product Prices			
	I a/	II	III	IV	P.P.D.a/		Other Solids	True Protein	SCC c/ Adj Rate	Grade AA Butter	Cheddar Cheese	NFDM Powder	Dry Whey
	----- Dollars Per Hundred Wt. -----					-----Cents Per Pound-----							
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
March	18.43	13.25	14.08	12.66	1.71	172.79	9.51	250.19	.00075	155.49	150.61	90.83	25.13
April	17.13	13.24	14.61	12.61	0.67	169.64	10.20	270.55	.00078	152.87	155.90	91.56	25.80
May	17.80	12.78	13.77	12.20	1.33	154.75	10.43	259.65	.00074	140.46	147.65	92.89	26.03
June	16.62	13.06	13.92	12.33	0.95	159.32	11.39	257.41	.00074	144.27	148.45	92.59	26.96
July	16.89	13.79	14.35	13.17	1.09	180.07	12.40	245.58	.00076	161.56	151.56	93.89	27.94
August	17.44	13.95	13.60	13.44	2.10	182.46	13.17	216.19	.00072	163.55	143.22	96.01	28.69
September	16.70	14.35	14.30	13.75	1.40	188.72	14.11	230.09	.00075	168.77	149.58	97.05	29.60
October	17.27	14.25	14.35	13.61	1.23	182.56	14.91	237.80	.00075	163.63	149.96	97.94	30.38
November	17.56	13.49	13.35	12.90	1.80	161.14	16.06	227.24	.00070	145.78	139.68	98.35	31.49
December	16.57	13.22	13.37	12.57	1.23	150.36	17.02	238.46	.00070	136.80	139.64	98.99	32.42
Averages 2005 b/	17.40	13.48	14.05	12.88	1.33	171.05	12.28	246.02	.00075	154.05	148.75	94.09	27.82
January 2006	16.38	13.25	13.39	12.20	1.11	146.84	18.81	239.94	.00069	133.87	138.95	96.14	34.16
February	16.38	12.62	12.20	11.10	1.53	134.69	19.99	212.20	.00063	123.74	126.37	88.33	35.31
March	15.49	11.69	11.11	10.68	1.84	125.96	18.74	188.36	.00058	116.47	116.12	86.97	34.09

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

TOP NEW MEXICO COUNTIES a/ – MARCH 2006

County	Number of Producers	Pounds	% Change From 2005b/	County	Number of Producers	Pounds	% Change From 2005b/
1. Chaves	39	175,230,635	+ 11.70	7. Socorro	8	17,359,921	+ 52.46
2. Roosevelt	41	123,518,234	+ 18.54	8. Valencia	7	15,124,047	- 5.68
3. Curry	24	121,691,264	+ 20.01	9. Sierra	3	8,293,255	+ 4.76
4. Dona Ana	24	100,901,963	+ 10.51	10. Bernalillo	4	5,267,509	+ 4.60
5. Lea	14	48,740,497	+ 27.14	Ten County Total	169	642,154,595	+ 15.26 b/
6. Eddy	5	26,027,270	+ 5.57	Other Counties Total	3	12,547,427	+ 23.29
				New Mexico Total	172	654,702,022	+ 15.40

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 2004 THROUGH MARCH 2006, WITH PRODUCTION PERCENTAGE COMPARISONS**

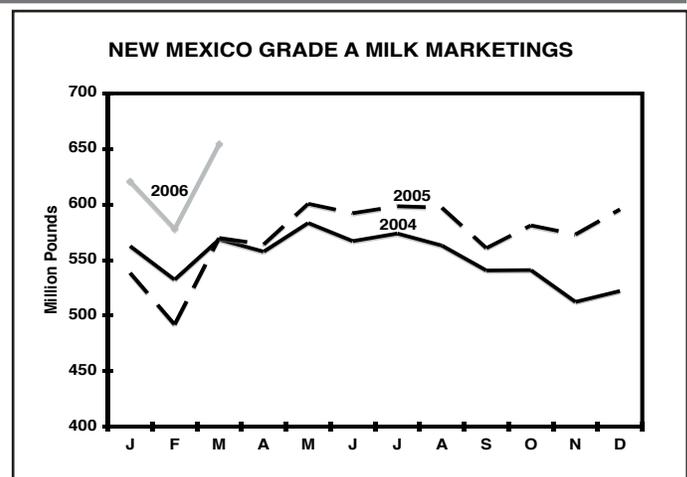
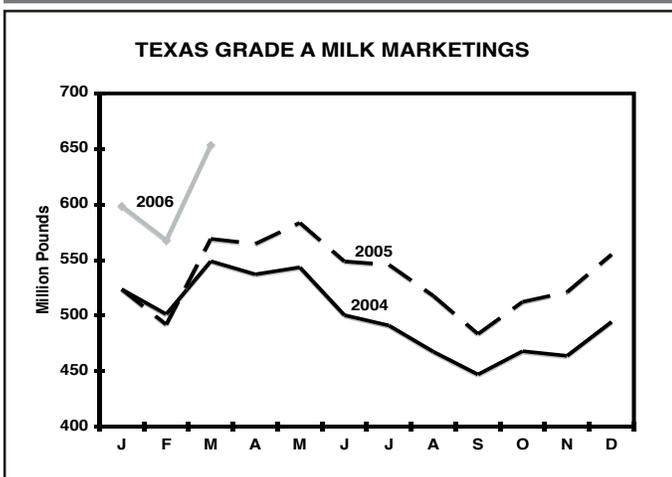
MONTH	2004 POUNDS	Number of Producers	2005 POUNDS	Number of Producers	2006 POUNDS	Number of Producers	PERCENT 2005/04	CHANGE 2006/05
January	523,723,796	816	523,680,970	778	598,770,671	746	- 0.01	+ 14.34
February	501,204,456	819	491,841,542	767	568,127,819	740	+ 1.64*	+ 15.51
March	548,941,459	814	569,021,475	771	653,677,865	740	+ 3.66	+14.88
April	537,141,283	803	564,647,522	776			+ 5.12	
May	543,408,997	801	583,519,880	774			+ 7.38	
June	500,319,580	803	548,798,029	772			+ 9.69	
July	491,018,134	799	545,665,957	774			+ 11.13	
August	467,427,900	796	517,675,814	767			+ 10.75	
September	447,166,094	796	483,172,492	772			+ 8.05	
October	467,915,409	797	512,618,370	770			+ 9.49	
November	463,696,745	793	521,233,872	758			+ 12.41	
December	<u>494,282,753</u>	793	<u>555,024,482</u>	743			<u>+ 12.29</u>	
Years Total	5,986,246,606		6,416,900,405				+ 7.19	

* Based on average daily delivery.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2004 THROUGH MARCH 2006, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2004 POUNDS	Number of Producers	2005 POUNDS	Number of Producers	2006 POUNDS	Number of Producers	PERCENT 2005/04	CHANGE 2006/05
January	560,391,851	178	538,413,955	168	621,161,722	173	- 3.92	+ 15.37
February	530,422,715	176	491,753,468	170	578,266,056	172	- 3.98*	+ 17.59
March	566,717,019	178	567,325,607	169	654,702,022	172	+ 0.09	+ 15.40
April	555,546,336	176	563,980,078	168			+ 1.52	
May	581,190,763	177	600,707,138	170			+ 3.36	
June	565,063,945	177	592,086,292	172			+ 4.78	
July	571,734,951	181	598,502,673	171			+ 4.68	
August	563,099,040	177	597,055,615	172			+ 6.03	
September	540,636,857	179	560,680,297	176			+ 3.71	
October	541,026,928	177	581,203,811	174			+ 7.43	
November	512,342,849	176	573,043,775	173			+ 11.85	
December	<u>522,218,762</u>	174	<u>595,644,281</u>	171			<u>+ 14.06</u>	
Years Total	6,610,392,016		6,860,396,990				+ 3.78	

* 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
March 2005	3.70	3.59	3.08	3.02	5.72	5.72	8.80	8.75	322	283
April	3.64	3.53	3.04	2.98	5.70	5.72	8.75	8.70	298	251
May	3.61	3.48	3.02	2.94	5.71	5.74	8.73	8.68	300	244
June	3.57	3.41	2.97	2.90	5.72	5.75	8.69	8.65	332	248
July	3.59	3.43	2.98	2.88	5.70	5.74	8.68	8.62	347	252
August	3.63	3.47	3.01	2.91	5.71	5.75	8.73	8.66	365	275
September	3.69	3.52	3.07	2.97	5.68	5.72	8.75	8.69	366	270
October	3.76	3.60	3.14	3.06	5.70	5.73	8.84	8.79	337	254
November	3.87	3.70	3.18	3.11	5.70	5.72	8.88	8.84	293	228
December	3.93	3.76	3.18	3.12	5.71	5.73	8.89	8.84	269	212
Averages 2005	3.71	3.57	3.08	3.00	5.70	5.73	8.78	8.73	325	262
January 2006	3.85	3.72	3.12	3.07	5.70	5.72	8.82	8.78	257	209
February	3.84	3.68	3.10	3.06	5.72	5.71	8.82	8.76	246	201
March	3.77	3.63	3.06	3.03	5.71	5.69	8.76	8.72	249	198

a/ In thousands.

MARCH 2006
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	Pounds	Price	Value
Add: Class I Differential			\$276,004.62
Class I Butterfat	60(a)	8,181,705	\$1.4068
Class I Skim Per Cwt		357,033,445	\$10.9500
Class II Butterfat	60(b)	9,689,874	\$1.2666
Class II Nonfat Solids		10,693,112	\$0.8356
Class III Butterfat	60(c)	10,265,960	\$1.2596
Class III Protein		8,614,470	\$1.8836
Class III Other Solids		16,085,814	\$0.1874
Class IV Butterfat	60(d)	9,188,877	\$1.2596
Class IV Nonfat Solids		19,869,731	\$0.7224
Class II, III & IV Somatic Cell Adj.	60(e)		\$496,427.93
Total Producer Milk-Product Lbs & Value		1,002,035,405	\$130,685,879.87
Add: Value as for 60(f) Thru 60(j)			\$93,845.79
Less: Total Protein Pounds	61(b)	30,554,799	\$1.8836
Total Other Solids Pounds		57,184,939	\$0.1874
Total Butterfat Pounds		37,326,416	\$1.2596
Total Value of Somatic Cell Adjustment			\$748,832.65
Total Milk and Value		1,002,035,405	\$14,745,062.43
Add: Location Differential Adjustments	61(c)		\$3,926,482.99
Producer-Settlement Fund	61(d)		\$264,070.27
Total Producer Milk/URSP and Value		1,002,035,405	\$18,935,615.69
Less: Producer-Settlement Fund	61(f)		\$0.04971
Producer Price Differential (Dallas County)			\$1.84
			\$18,437,451.45

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RICHARD FLEMING, MARKET ADMINISTRATOR
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MARCH 2006
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	365,215,150	36.45	8,181,705	21.92	357,033,445	37.01
Class II	127,376,909	12.71	9,689,874	25.96	117,687,035	12.20
Class III	282,022,332	28.14	10,265,960	27.50	271,756,372	28.17
Class IV	227,421,014	22.70	9,188,877	24.62	218,232,137	22.62
Total	1,002,035,405	100.00	37,326,416	100.00	964,708,989	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	11,297,524	36.98	21,179,086	37.04	32,476,608	37.01
Class II	3,716,357	12.16	6,976,755	12.20	10,693,111	12.19
Class III	8,614,470	28.19	16,085,814	28.13	24,700,288	28.15
Class IV	6,926,448	22.67	12,943,284	22.63	19,869,731	22.65
Total	30,554,799	100.00	57,184,939	100.00	87,739,738	100.00