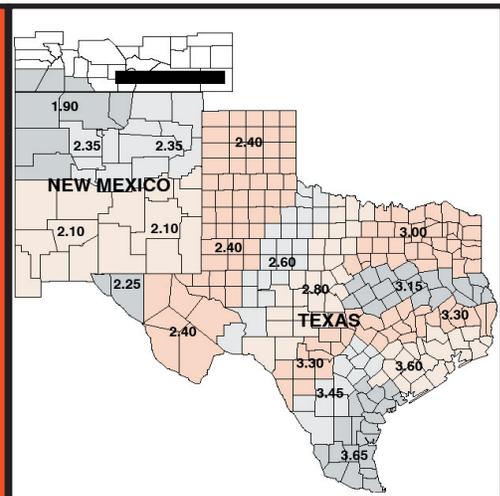


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

RICHARD FLEMING, MARKET ADMINISTRATOR
 P.O. BOX 110939, CARROLLTON, TEXAS 75011-0939
 (972) 245-6060 FAX (972) 245-3211
 e-mail: sw.order@dallasma.com
 WWW: <http://www.dallasma.com>

VOLUME XXXIII, NO. 4

APRIL 2007

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 \$0.78 for March. Butterfat price increased \$0.0657 per pound from \$1.3112 in February to the level of \$1.3769 in March. Protein price increased \$0.0204 per pound from \$2.4125 in February to \$2.4329 in March. March's Other Solids price increased \$0.1087 per pound from \$0.4170 in February to \$0.5257 in March. The Somatic Cell Count adjustment rate factor for March was 0.00069 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 \$15.87 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 \$0.89 in comparison to the statistical blend price of \$14.98 in February.

The March Class I price increased \$0.86 from \$16.39 in February to the March level of \$17.25. The Class II price for March of \$13.60 per hundredweight increased \$0.52 from \$13.08 in February. March's Class III price increased \$0.91 from \$14.18 in February to \$15.09 in March. The Class IV price increased \$1.00 from \$12.71 in February to \$13.71 in March.

In March 803 producers delivered a total of 1,038,559,652 pounds of milk. On a daily basis this represents an increase of 6.83 percent from the producer receipts level in February and it represents an increase of 3.65 percent when compared to the producer receipts level of March 2006.

Producer milk classified as Class I during March amounted to 35.01 percent of total producer receipts. This figure is down from 37.07 percent in February and it is down from 36.45 percent in March 2006. The average butterfat test of producer milk pooled during March was 3.674 percent, average protein test was 3.064 percent, average other solids test was 5.679 percent and the average somatic cell count was 282,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Mar 07	Feb 07	Mar 07	Feb 07	Mar 07	Feb 07
Appalachian	16.46	15.57	-----	-----	66.89	67.27
Arizona	15.12	14.22	-----	-----	34.49	36.82
Central	14.94	14.06	(0.15)	(0.12)	40.18	40.85
Florida	17.57	16.71	-----	-----	78.19	81.18
Mideast	15.12	14.23	0.03	0.05	41.00	41.60
Northeast	16.08	15.21	0.99	1.03	47.40	48.60
Pacific Northwest	14.84	13.81	(0.25)	(0.37)	31.80	30.03
Southeast	16.54	15.68	-----	-----	58.78	58.64
Southwest	15.87	14.98	0.78	0.80	35.01	37.07
Upper Midwest	15.14	14.23	0.05	0.05	19.60	18.40

CWT PROGRAM ACCEPTS 343 HERD RETIREMENT BIDS

The next herd retirement effort conducted by Cooperatives Working Together will remove more than one billion pounds of milk, or 0.6% of the nation's dairy supply, in an effort to help strengthen and stabilize farm-level milk prices. USDA projects a 2.3 billion pound increase in milk production for 2007 and this action by CWT effectively reduces that projection by 45 percent.

CWT has announced that it has tentatively accepting 343 bids from 39 states, representing 54,000 cows which produced 1.03 billion pounds of milk last year. Beginning the week of March 19th, CWT auditors began visiting those farms to check their milk production records, inspect the herds, and tag each of the cows for slaughter. All farmers were to be notified no later than April 15th as to whether their bids were accepted.

A total of 1,397 bids were submitted to CWT in this round, a larger sum than the combined number of bids submitted in rounds 2 in 2004 (736 bids) and 3 in 2005 (651 bids). Jerry Kozak, President and CEO of NMPF, which administers CWT, said that the response by so many bidders was an indication that the timing was right for this retirement effort. "The combination of economic indicators that we've been monitoring told us that this was the right time to act," Kozak said. "As a result of the strong response to this next round, we were able to select bids at a much lower cost per hundred pounds of milk removed, and spend less of our overall budget, than we had anticipated. This will provide more funding going forward for future herd retirements, and for our very active export assistance program."

"The next step is for our field auditors to visit each farm to verify the accuracy of the information submitted during the bidding process," said Walt Wosje, Chief Operating Officer of CWT. "On-farm audits are critical to ensure the integrity of the program as we go forward." Farmers must send their animals direct-

ly to slaughter shortly after the auditing process on their farm is complete, Wosje said.

Wosje also said that the program again applied its regional safeguard limits, so that no region of the country will suffer a disproportionate loss of milk supplies. Under CWT's guidelines, safeguard thresholds have been established for five separate regions of the country, limiting the total milk withdrawals possible in each. The only safeguard limit reached was in Region 2, the Southeast. The two Western regions will contribute 68% of the milk removed in this round – a proportion similar to previous rounds.

Kozak noted that the average herd size, and average milk output per cow, for this round's accepted bids were similar to national averages. He said that further bid information, including the average price of accepted bids, won't be released until all the on-farm visits have been completed. The total number of bids accepted by region in this round is shown below.

USDA RECONVENES NATIONAL HEARING

The U.S. Department of Agriculture reconvened a national public hearing to consider proposals seeking to amend the Class III and Class IV product price formulas applicable to all Federal milk marketing orders. The hearing began at 1:00 p.m. on April 9 at the Radisson Hotel City Centre Indianapolis, Indianapolis, Indiana .

The public hearing was originally held Feb. 26 through March 2 in Strongsville, Ohio. The purpose of reconvening this proceeding is to receive additional testimony on proposed amendments 1 through 20 as published in the original hearing notice on Feb. 9, 2007, and the supplemental notice of hearing on Feb. 20, 2007, in the Federal Register.

Copies of the hearing notice may be obtained from the USDA/AMS/Dairy Programs, STOP 0231 - Rm. 2971, 1400 Independence Avenue, SW, Washington, D.C. 20250-0231. The reconvened hearing notice is available on AMS' web site: www.ams.usda.gov/dairy.

Region	Pounds of milk	Farms accepted	% of total milk reduction	Number of cows
Northeast	138 million	48	13%	7,195
Southeast	92 million	64	9%	5,710
Midwest	101 million	122	10%	5,902
Southwest	280 million	56	27%	14,519
West	416 million	53	41%	20,611
Totals	1.03 billion	343	100%	53,937

TOP TEN TEXAS COUNTIES a/ – MARCH 2007

County	Number of Producers	Pounds	% Change From 2006b/	County	Number of Producers	Pounds	% Change From 2006b/
1. Erath	96	114,985,620	- 5.10	7. Lamb	9	34,283,217	+ 7.44
2. Hopkins	132	55,976,767	- 0.26	8. Bailey	9	28,665,170	- 4.95
3. Comanche	28	47,741,583	+ 1.42	9. Hale	6	27,813,065	- 5.54
4. Deaf Smith	12	46,322,912	+ 15.10	10. Hartley	6	24,859,076	+ 7.73
5. Parmer	11	38,427,813	+ 68.37	Ten County Total	319	455,950,115	+ 5.16 b/
6. Castro	10	36,874,892	+ 16.79	Other Counties Total	375	208,176,375	- 5.41
				Texas Total	694	664,126,490	+ 1.60

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 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
April	14.22	11.37	10.93	10.36	1.48	123.43	15.08	192.38	.00058	114.36	116.54	84.29	30.54
May	13.97	11.13	10.83	10.33	1.43	125.82	12.51	191.15	.00058	116.35	116.94	82.88	28.05
June	13.75	11.00	11.29	10.22	1.07	124.36	12.55	207.90	.00061	115.13	121.66	82.21	28.08
July	14.34	10.83	10.92	10.21	1.40	122.28	12.57	198.07	.00059	113.40	117.93	83.00	28.10
August	13.97	11.16	11.06	10.64	1.60	130.08	14.16	190.50	.00059	119.90	118.13	84.84	29.65
September	13.85	11.74	12.29	11.10	0.91	141.91	16.49	213.46	.00065	129.76	129.12	85.37	31.91
October	15.42	11.79	12.32	11.51	1.33	141.49	20.26	207.75	.00064	129.41	127.21	90.27	35.57
November	15.40	11.98	12.84	12.11	0.99	138.52	22.76	223.83	.00066	126.93	131.23	98.37	38.00
December	15.43	12.55	13.47	12.30	0.58	134.81	25.64	243.88	.00068	123.84	136.24	102.25	40.79
Averages 2006 b/	14.88	11.76	11.89	11.06	1.27	132.52	17.46	209.12	.00062	121.93	124.70	88.74	32.85
January 2007	16.59	12.85	13.56	12.53	1.21	130.09	31.83	240.53	.00067	119.91	133.66	106.77	46.80
February	16.39	13.08	14.18	12.71	0.80	131.12	41.70	241.25	.00067	121.29	134.54	110.21	60.05
March	17.25	13.60	15.09	13.71	0.78	137.69	52.57	243.29	.00069	126.76	137.32	119.02	70.60

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

TOP NEW MEXICO COUNTIES a/ – MARCH 2007

County	Number of Producers	Pounds	% Change From 2006b/	County	Number of Producers	Pounds	% Change From 2006b/
1. Chaves	37	163,646,938	- 6.61	7. Socorro	8	18,018,473	+ 3.79
2. Curry	24	122,360,980	+ 0.55	8. Valencia	7	13,570,424	- 10.27
3. Roosevelt	41	111,996,447	- 9.33	9. Sierra	3	7,803,856	- 5.90
4. Dona Ana	24	94,575,649	- 6.27	10. Bernalillo	4	4,941,555	- 6.19
5. Lea	15	45,926,533	- 5.77	Ten County Total	168	607,091,358	- 5.46 b/
6. Eddy	5	24,250,503	- 6.83	Other Counties Total	3	11,763,370	- 6.25
				New Mexico Total	171	618,854,728	- 5.48

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 2005 THROUGH MARCH 2007, WITH PRODUCTION PERCENTAGE COMPARISONS**

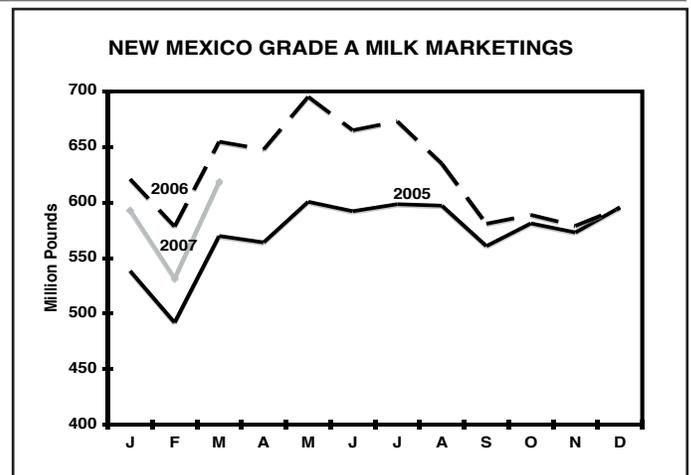
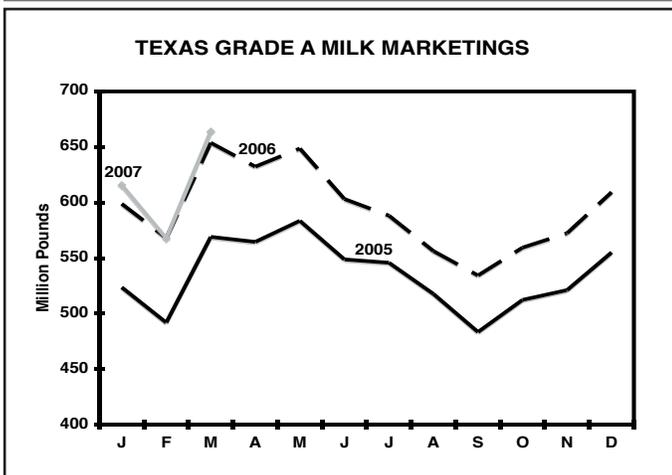
MONTH	2005 POUNDS	Number of Producers	2006 POUNDS	Number of Producers	2007 POUNDS	Number of Producers	PERCENT 2006/05	CHANGE 2007/06
January	523,680,970	778	598,770,671	746	615,842,075	697	+ 14.34	+ 2.85
February	491,841,542	767	568,127,819	740	567,905,237	692	+ 15.51	- 0.04
March	569,021,475	771	653,677,865	740	664,126,490	694	+ 14.88	+ 1.60
April	564,647,522	776	632,332,356	741			+ 11.99	
May	583,519,880	774	648,575,970	739			+ 11.15	
June	548,798,029	772	603,059,138	733			+ 9.89	
July	545,665,957	774	588,198,398	726			+ 7.79	
August	517,675,814	767	556,266,201	723			+ 7.45	
September	483,172,492	772	534,330,715	712			+ 10.59	
October	512,618,370	770	559,390,201	710			+ 9.12	
November	521,233,872	758	572,262,884	701			+ 9.79	
December	<u>555,024,482</u>	743	<u>609,404,039</u>	695			<u>+ 9.80</u>	
Years Total	6,416,900,405		7,124,396,257				+ 11.03	

* Based on average daily delivery.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2005 THROUGH MARCH 2007, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2005 POUNDS	Number of Producers	2006 POUNDS	Number of Producers	2007 POUNDS	Number of Producers	PERCENT 2006/05	CHANGE 2007/06
January	538,413,955	168	621,161,722	173	593,282,897	171	+ 15.37	- 4.49
February	491,753,468	170	578,266,056	172	531,955,021	170	+ 17.59	- 8.01
March	567,325,607	169	654,702,022	172	618,854,728	171	+ 15.40	- 5.48
April	563,980,078	168	647,819,688	173			+ 14.87	
May	600,707,138	170	695,061,878	175			+ 15.71	
June	592,086,292	172	665,063,549	175			+ 12.33	
July	598,502,673	171	672,988,089	174			+ 12.45	
August	597,055,615	172	634,876,790	172			+ 6.33	
September	560,680,297	176	580,816,517	173			+ 3.59	
October	581,203,811	174	588,810,710	171			+ 1.31	
November	573,043,775	173	578,970,652	173			+ 1.03	
December	<u>595,644,281</u>	171	<u>595,163,099</u>	175			<u>- 0.08</u>	
Years Total	6,860,396,990		7,513,700,772				+ 9.52	

* Based on average daily delivery.



The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact the USDA's TARGET Center at 202-720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

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 2006	3.77	3.63	3.06	3.03	5.71	5.69	8.76	8.72	249	198
April	3.70	3.57	3.00	2.97	5.70	5.70	8.70	8.66	254	202
May	3.65	3.52	3.02	2.97	5.73	5.74	8.76	8.71	262	196
June	3.60	3.47	3.00	2.93	5.72	5.73	8.72	8.66	272	205
July	3.62	3.48	3.00	2.92	5.69	5.71	8.69	8.63	290	226
August	3.65	3.53	3.02	2.95	5.68	5.71	8.70	8.66	323	288
September	3.74	3.61	3.11	3.04	5.70	5.73	8.81	8.77	341	302
October	3.79	3.65	3.17	3.11	5.66	5.68	8.84	8.80	302	271
November	3.83	3.70	3.22	3.17	5.66	5.67	8.88	8.83	268	231
December	3.85	3.76	3.20	3.16	5.68	5.68	8.88	8.84	284	242
Averages 2006	3.74	3.61	3.09	3.03	5.70	5.71	8.78	8.74	279	231
January 2007	3.89	3.79	3.19	3.16	5.69	5.68	8.87	8.83	349	309
February	3.87	3.75	3.15	3.10	5.69	5.69	8.84	8.79	348	316
March	3.72	3.63	3.08	3.04	5.68	5.68	8.77	8.72	306	262

a/ In thousands.

MARCH 2007
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$311,124.47
Class I Butterfat	60(a)	7,951,664	\$1.3435	\$10,683,060.61
Class I Skim Per Cwt		355,612,106	\$13.0000	\$46,229,573.78
Class II Butterfat	60(b)	9,651,736	\$1.3839	\$13,357,037.46
Class II Nonfat Solids		9,114,248	\$1.0078	\$9,185,339.13
Class III Butterfat	60(c)	14,108,826	\$1.3769	\$19,426,442.53
Class III Protein		11,975,684	\$2.4329	\$29,135,641.61
Class III Other Solids		22,289,593	\$0.5257	\$11,717,639.04
Class IV Butterfat	60(d)	6,448,251	\$1.3769	\$8,878,596.83
Class IV Nonfat Solids		15,148,234	\$1.0229	\$15,495,128.58
Class II, III & IV Somatic Cell Adj.	60(e)			\$322,856.82
Total Producer Milk-Product Lbs & Value		1,038,559,652		\$164,742,440.86
Add: Value as for 60(f) Thru 60(j)				\$151,882.05
Less: Total Protein Pounds	61(b)	31,824,221	\$2.4329	\$77,425,147.29
Total Other Solids Pounds		58,987,055	\$0.5257	\$31,009,494.85
Total Butterfat Pounds		38,160,477	\$1.3769	\$52,543,160.79
Total Value of Somatic Cell Adjustment				\$485,293.66
Total Milk and Value		1,038,559,652		\$3,431,226.32
Add: Location Differential Adjustments	61(c)			\$4,740,412.17
Producer-Settlement Fund	61(d)			\$367,397.90
Total Producer Milk/URSP and Value		1,038,559,652	\$0.82220	\$8,539,036.39
Less: Producer-Settlement Fund	61(f)		\$0.04220	\$438,271.10
Producer Price Differential (Dallas County)			\$0.78	\$8,100,765.29

THE MARKET ADMINISTRATOR'S

REPORT

SOUTHWEST MARKETING AREA

RICHARD FLEMING, MARKET ADMINISTRATOR

P.O. BOX 110939, CARROLLTON, TEXAS 75011-0939

PRSR STD
U.S. POSTAGE
PAID
Carrollton, TX
Permit No. 343

RETURN SERVICE REQUESTED

MARCH 2007
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	363,563,770	35.01	7,951,664	20.84	355,612,106	35.55
Class II	109,905,831	10.58	9,651,736	25.29	100,254,095	10.02
Class III	392,439,805	37.79	14,108,826	36.97	378,330,979	37.82
Class IV	172,650,246	16.62	6,448,251	16.90	166,201,995	16.61
Total	1,038,559,652	100.00	38,160,477	100.00	1,000,399,175	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	11,323,667	35.58	20,959,852	35.53	32,283,521	35.55
Class II	3,198,838	10.05	5,915,410	10.03	9,114,248	10.04
Class III	11,975,683	37.63	22,289,593	37.79	34,265,273	37.73
Class IV	5,326,033	16.74	9,822,200	16.65	15,148,234	16.68
Total	31,824,221	100.00	58,987,055	100.00	90,811,276	100.00