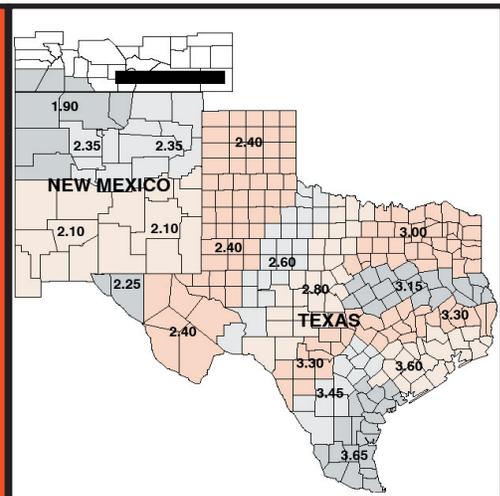


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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MARKET SUMMARY FOR JANUARY

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 \$1.38 for January. Butterfat price decreased \$0.1029 per pound from \$1.4348 in December to the level of \$1.3319 in January. Protein price decreased \$0.2067 per pound from \$4.7061 in December to \$4.4994 in January. January's Other Solids price decreased \$0.0540 per pound from \$0.2637 in December to \$0.2097 in January. The Somatic Cell Count adjustment rate factor for January was 0.00100 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a January statistical uniform price of \$20.70 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 \$0.31 in comparison to the statistical blend price of \$21.01 in December.

The January Class I price increased \$0.93 from \$23.04 in December to the January level of \$23.97. The Class II price for January of \$19.75 per hundred-weight decreased \$1.07 from \$20.82 in December. January's Class III price decreased \$1.28 from \$20.60 in December to \$19.32 in January. The Class IV price decreased \$2.89 from \$19.18 in December to \$16.29 in January.

In January 773 producers delivered a total of 834,018,368 pounds of milk. On a daily basis this represents an increase of 30.44 percent from the producer receipts level in December but it represents a decrease of 12.82 percent when compared to the producer receipts level of January 2007.

Producer milk classified as Class I during January amounted to 44.77 percent of total producer receipts. This figure is down from 54.15 percent in December but it is up from 40.57 percent in January 2007. The average butterfat test of producer milk pooled during January was 3.808 percent, average protein test was 3.162 percent, average other solids test was 5.709 percent and the average somatic cell count was 261,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Jan 08	Dec 07	Jan 08	Dec 07	Jan 08	Dec 07
Appalachian	22.60	22.37	-----	-----	72.50	68.22
Arizona	19.72	20.82	-----	-----	36.22	35.91
Central	19.71	20.36	0.39	(0.24)	34.73	40.63
Florida	23.80	23.44	-----	-----	82.61	82.22
Midwest	20.25	20.64	0.93	0.04	38.90	40.40
Northeast	21.11	21.59	1.79	0.99	44.10	45.40
Pacific Northwest	19.39	20.30	0.07	(0.30)	34.37	32.91
Southeast	22.46	22.44	-----	-----	66.56	66.17
Southwest	20.70	21.01	1.38	0.41	44.77	54.15
Upper Midwest	19.70	20.65	0.38	0.05	15.60	15.60

UNITED STATES ACHIEVES CATTLE BRUCELLOSIS CLASS FREE STATUS

The U.S. Department of Agriculture announced in February that for the first time in the 74-year history of the brucellosis program, all 50 states, Puerto Rico and the Virgin Islands have simultaneously achieved Class Free status. Texas is the last and final state to be declared brucellosis free.

Class Free status is based on a state finding no known brucellosis in cattle for the 12 months preceding designation as Class Free. A state's Class Free status, however, can change. If brucellosis is found in more than one herd of cattle in a brucellosis free state within a two-year period, the state is downgraded to Class A status.

The presence of brucellosis in free-ranging bison and elk in Yellowstone National Park and Grand Teton National Park still threatens the brucellosis status of surrounding states. In May 2007, Montana discovered brucellosis in a herd of cattle, potentially jeopardizing its free status.

The classifications for brucellosis are as follows: Class Free, Class A, Class B and Class C. Restrictions on the interstate movement of cattle become less stringent as a state approaches or achieves Class Free status. The Class C designation is for states or areas with the highest rate of brucellosis. States or areas that do not meet the minimum standards for Class C are required to be placed under federal quarantine.

In 1934, the eradication of brucellosis was elevated to a national scale with the formation of a cooperative state-federal brucellosis eradication program to eliminate brucellosis from the country. Brucellosis is a bacterial disease that causes decreased milk production, weight loss, infertility, loss of young and lameness in cattle, elk and bison. The disease is contagious and can, though rarely, affect humans. There is no known treatment for brucellosis, and depopulation of infected and exposed animals is the only effective means of disease containment and eradication.

ED SCHAFER APPOINTED NEW SECRETARY OF AGRICULTURE

Ed Schafer was sworn in as the 29th Secretary of the U.S. Department of Agriculture (USDA) on January 28, 2008.

Secretary Schafer brings a record as an innovative two-term governor of North Dakota to USDA

along with extensive private sector experience as both an entrepreneur and a business executive.

Schafer served as North Dakota's governor from 1992 to 2000 and made diversifying and expanding North Dakota's economy, reducing the cost of government and advancing agriculture his top priorities in office.

USDA ACCEPTS APPLICATIONS FOR AGRICULTURAL LOSSES

The USDA announced that eligible farmers and ranchers who suffered livestock, livestock feed and crop losses that occurred before Dec. 31, 2007, can apply to receive disaster payments starting January 25, 2008.

On Dec. 26, 2007, President Bush signed the Consolidated Appropriations Act, 2008 (2008 Act). The 2008 Act amends certain sections of the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, which allows agricultural producers who suffered losses for crops planted before Feb. 28, 2007, or eligible livestock or livestock feed losses between Jan. 1, 2005, and Feb. 28, 2007, to apply for disaster payments under the Crop Disaster Program (CDP), Livestock Compensation Program (LCP) and Livestock Indemnity Program (LIP). The 2008 Act extends CDP, LCP and LIP payments to eligible farmers and ranchers who suffered 2007 crop, livestock and livestock feed losses throughout the 2007 crop year before Dec. 31, 2007.

The Farm Service Agency (FSA) is now accepting applications and making payments for quantity losses before Dec. 31, 2007, under CDP. FSA is currently issuing LCP and LIP payments for losses up to Feb. 28, 2007, and will soon issue payments for losses incurred during the remainder of 2007. FSA will conduct sign-up and begin making payments for quality losses under CDP this spring. More information about CDP, LCP and LIP is available online at: <http://disaster.fsa.usda.gov>.

The Dairy Disaster Assistance Payment (DDAP-III) Program, which provides benefits to eligible dairy producers for production losses suffered as a result of natural disasters since Jan. 1, 2005, has also been extended by the 2008 Act to cover, in addition, any 2007 disaster occurring before Dec. 31, 2007. As a result, DDAP-III sign-up, which began Dec. 3, 2007, was temporarily suspended until automation, policy, procedure and other administrative items could be updated accordingly. DDAP-III program sign-up will resume Feb. 4, 2008.

TOP TEN TEXAS COUNTIES a/ – JANUARY 2008

County	Number of Producers	Pounds	% Change From 2007b/	County	Number of Producers	Pounds	% Change From 2007b/
1. Erath	91	100,569,070	- 7.60	7. Lamb	9	37,375,725	+ 13.61
2. Parmer	13	64,724,626	+ 89.90	8. Hartley	8	35,756,396	+ 47.84
3. Deaf Smith	12	51,390,621	+ 23.99	9. Bailey	9	32,853,041	+ 25.79
4. Castro	10	47,491,651	+ 36.96	10. Hale	5	26,961,617	+ 8.43
5. Hopkins	125	45,628,607	- 9.78	Ten County Total	310	485,380,865	+ 14.98 b/
6. Comanche	28	42,629,511	- 4.08	Other Counties Total	344	189,884,418	- 1.98
				Texas Total	654	675,265,283	+ 9.65

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-----						
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
April	18.00	14.51	16.09	16.12	0.88	146.57	60.08	252.12	.00071	134.16	142.96	143.54	77.89
May	18.92	16.62	17.60	18.48	0.91	157.06	57.91	294.24	.00080	142.90	159.46	166.70	75.78
June	20.84	18.89	20.17	20.76	0.31	164.57	58.31	370.59	.00093	149.16	185.61	190.12	76.17
July	23.91	21.40	21.38	21.64	1.31	161.10	55.34	420.68	.00100	146.27	200.02	201.80	73.29
August	24.76	22.41	19.83	21.87	2.93	158.72	43.68	394.12	.00096	144.29	191.00	205.45	61.97
September	24.91	22.16	20.07	21.61	2.36	151.01	28.90	439.29	.00101	137.86	202.50	205.57	47.62
October	24.59	21.90	18.70	21.31	2.92	140.92	22.86	416.95	.00096	129.45	192.27	206.15	41.75
November	24.45	22.07	19.22	20.40	2.36	140.77	24.61	430.81	.00098	129.33	196.52	195.62	43.45
December	23.04	20.82	20.60	19.18	0.41	143.48	26.37	470.61	.00105	131.59	209.76	180.31	45.16
Averages 2007 b/	21.14	18.36	18.04	18.36	1.43	146.93	42.01	351.21	.00087	134.41	173.80	169.27	60.04
January 2008	23.97	19.75	19.32	16.29	1.38	133.19	20.97	449.94	.00100	123.01	199.98	150.90	39.92

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

TOP NEW MEXICO COUNTIES a/ – JANUARY 2008

County	Number of Producers	Pounds	% Change From 2007b/	County	Number of Producers	Pounds	% Change From 2007b/
1. Chaves	38	166,296,686	+ 5.54	7. Socorro	8	17,731,218	+ 1.50
2. Curry	27	129,574,396	+ 11.53	8. Valencia	5	13,338,595	- 0.30
3. Roosevelt	41	123,544,490	+ 12.01	9. Sierra	3	7,760,783	+ 4.41
4. Dona Ana	24	94,768,650	+ 4.76	10. Bernalillo	5	5,165,587	+ 15.04
5. Lea	13	39,399,475	- 9.33	Ten County Total	170	621,871,187	+ 6.62 b/
6. Eddy	6	24,291,307	+ 7.75	Other Counties Total	3	10,827,964	+ 6.49
				New Mexico Total	173	632,699,151	+ 6.62

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 2006 THROUGH JANUARY 2008, WITH PRODUCTION PERCENTAGE COMPARISONS**

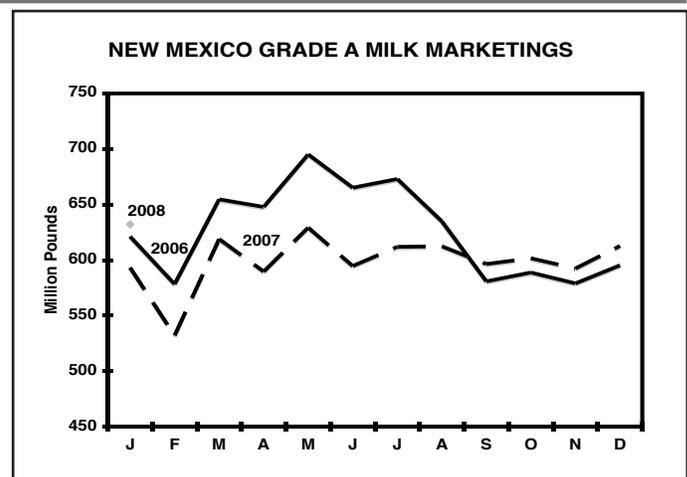
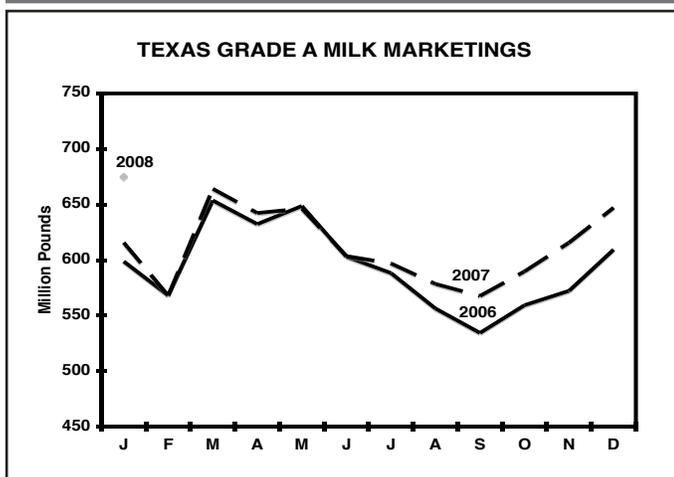
MONTH	2006 POUNDS	Number of Producers	2007 POUNDS	Number of Producers	2008 POUNDS	Number of Producers	PERCENT 2007/06	CHANGE 2008/07
January	598,770,671	746	615,854,742	697	675,265,283	654	+ 2.85	+ 9.65
February	568,127,819	740	567,905,237	692			- 0.04	
March	653,677,865	740	664,126,490	694			+ 1.60	
April	632,332,356	741	642,444,396	689			+ 1.60	
May	648,575,970	739	646,347,511	676			- 0.34	
June	603,059,138	733	603,528,908	670			+ 0.08	
July	588,198,398	726	596,923,443	656			+ 1.48	
August	556,266,201	723	578,369,166	656			+ 3.97	
September	534,330,715	712	569,217,018	661			+ 6.53	
October	559,390,201	710	607,239,216	664			+ 8.55	
November	572,262,884	701	615,810,876	660			+ 7.61	
December	<u>609,404,039</u>	695	<u>647,114,088</u>	655			<u>+ 6.19</u>	
Years Total	7,124,396,257		7,354,881,091				+ 3.23	

* Revised

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2006 THROUGH JANUARY 2008, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2006 POUNDS	Number of Producers	2007 POUNDS	Number of Producers	2008 POUNDS	Number of Producers	PERCENT 2007/06	CHANGE 2008/07
January	621,161,722	173	593,437,434	171	632,699,151	173	- 4.46	+ 6.62
February	578,266,056	172	531,955,021	170			- 8.01	
March	654,702,022	172	618,854,728	171			- 5.48	
April	647,819,688	173	593,858,997	168			- 8.33	
May	695,061,878	175	629,220,180	166			- 9.47	
June	665,063,549	175	598,890,379	166			- 9.95	
July	672,988,089	174	611,908,294	167			- 9.08	
August	634,876,790	172	612,444,830	169			- 3.53	
September	580,816,517	173	596,639,214	173			+ 2.72	
October	588,810,710	171	614,972,057	172			+ 4.44	
November	578,970,652	173	592,544,809	171			+ 2.34	
December	<u>595,163,099</u>	175	<u>612,751,685</u>	172			<u>+ 2.96</u>	
Years Total	7,513,700,772		7,207,477,628				- 4.08	

* Revised



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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
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
April	3.70	3.58	3.07	3.02	5.70	5.71	8.78	8.73	293	230
May	3.66	3.53	3.03	2.99	5.69	5.71	8.73	8.70	292	228
June	3.64	3.51	3.02	2.96	5.69	5.70	8.71	8.67	321	240
July	3.62	3.47	3.02	2.94	5.69	5.70	8.71	8.64	350	264
August	3.63	3.52	3.01	2.93	5.69	5.70	8.70	8.64	353	278
September	3.66	3.55	3.08	3.01	5.68	5.70	8.76	8.71	346	273
October	3.71	3.59	3.15	3.08	5.70	5.70	8.84	8.79	285	228
November	3.82	3.70	3.21	3.15	5.72	5.72	8.92	8.87	263	214
December	3.89	3.76	3.23	3.17	5.71	5.70	8.93	8.87	270	231
Averages 2007	3.73	3.62	3.10	3.05	5.69	5.70	8.80	8.75	315	256
January 2008	3.87	3.74	3.19	3.13	5.72	5.71	8.90	8.84	274	240

a/ In thousands.

JANUARY 2008
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$376,214.57
Class I Butterfat	60(a)	8,206,501	\$1.4633	\$12,008,572.94
Class I Skim Per Cwt		365,209,179	\$19.5300	\$71,325,352.67
Class II Butterfat	60(b)	8,075,924	\$1.3389	\$10,812,854.65
Class II Nonfat Solids		6,936,950	\$1.7344	\$12,031,446.07
Class III Butterfat	60(c)	8,230,559	\$1.3319	\$10,962,281.54
Class III Protein		7,141,128	\$4.4994	\$32,130,791.32
Class III Other Solids		12,874,322	\$0.2097	\$2,699,745.32
Class IV Butterfat	60(d)	7,247,560	\$1.3319	\$9,653,025.16
Class IV Nonfat Solids		13,402,096	\$1.3385	\$17,938,705.52
Class II, III & IV Somatic Cell Adj.	60(e)			\$402,442.46
Total Producer Milk-Product Lbs & Value		834,018,368		\$180,341,432.22
Add: Value as for 60(f) Thru 60(j)				\$196,921.76
Less: Total Protein Pounds	61(b)	26,379,168	\$4.4994	\$118,690,428.52
Total Other Solids Pounds		47,622,098	\$0.2097	\$9,986,353.94
Total Other Solids Pounds		31,760,544	\$1.3319	\$42,301,868.60
Total Value of Somatic Cell Adjustment				\$744,727.18
Total Milk and Value		834,018,368		\$8,814,975.74
Add: Location Differential Adjustments	61(c)			\$2,720,130.85
Producer-Settlement Fund	61(d)			\$363,166.94
Total Producer Milk/URSP and Value		834,018,368	\$1.42662	\$11,898,273.53
Less: Producer-Settlement Fund	61(f)		\$0.04662	\$388,820.05
Producer Price Differential (Dallas County)			\$1.38	\$11,509,453.48

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RICHARD FLEMING, MARKET ADMINISTRATOR

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JANUARY 2008
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	373,415,680	44.77	8,206,501	25.84	365,209,179	45.52
Class II	83,160,875	9.97	8,075,924	25.43	75,084,951	9.36
Class III	225,054,161	26.99	8,230,559	25.91	216,823,602	27.03
Class IV	152,387,652	18.27	7,247,560	22.82	145,140,092	18.09
Total	834,018,368	100.00	31,760,544	100.00	802,257,824	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	11,965,018	45.36	21,681,755	45.53	33,646,772	45.47
Class II	2,479,233	9.40	4,457,715	9.36	6,936,950	9.37
Class III	7,141,128	27.07	12,874,322	27.03	20,015,448	27.05
Class IV	4,793,789	18.17	8,608,306	18.08	13,402,096	18.11
Total	26,379,168	100.00	47,622,098	100.00	74,001,266	100.00