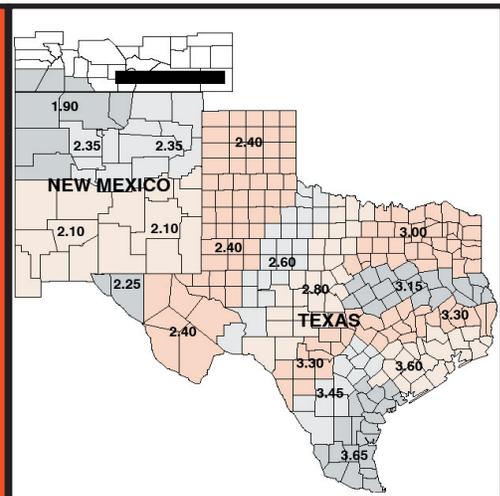


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

RICHARD FLEMING, MARKET ADMINISTRATOR
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MARKET SUMMARY FOR OCTOBER

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 \$0.20 for October. Butterfat price increased \$0.0311 per pound from \$1.8196 in September to the level of \$1.8507 in October. Protein price increased \$0.2801 per pound from \$3.2689 in September to \$3.5490 in October. October's Other Solids price decreased \$0.0281 per pound from \$0.0234 in September to (\$0.0047) in October. The Somatic Cell Count adjustment rate factor for October was 0.00095 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received an October statistical uniform price of \$17.26 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 \$1.20 in comparison to the statistical blend price of \$18.46 in September.

The October Class I price decreased \$2.12 from \$20.65 in September to the October level of \$18.53. The Class II price for October of \$16.60 per hundred-weight decreased \$0.98 from \$17.58 in September. October's Class III price increased \$0.78 from \$16.28 in September to \$17.06 in October. The Class IV price decreased \$1.83 from \$15.45 in September to \$13.62 in October.

In October 584 producers delivered a total of 558,636,429 pounds of milk. On a daily basis this represents a decrease of 39.97 percent from the producer receipts level in September and it represents a decrease of 33.26 percent when compared to the producer receipts level of October 2007.

Producer milk classified as Class I during October amounted to 67.64 percent of total producer receipts. This figure is up from 39.79 percent in September and it is up from 43.86 percent in October 2007. The average butterfat test of producer milk pooled during October was 3.705 percent, average protein test was 3.131 percent, average other solids test was 5.715 percent and the average somatic cell count was 285,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Oct 08	Sep 08	Oct 08	Sep 08	Oct 08	Sep 08
Appalachian	18.49	20.23	-----	-----	73.57	72.36
Arizona	16.59	17.66	-----	-----	37.49	38.07
Central	16.30	17.44	(0.76)	1.16	41.14	35.41
Florida	20.42	22.39	-----	-----	86.98	86.75
Mideast	16.80	18.05	(0.26)	1.77	50.70	45.20
Northeast	17.44	18.90	0.38	2.62	47.40	46.50
Pacific Northwest	15.49	17.07	(1.57)	0.79	45.55	30.10
Southeast	18.95	20.63	-----	-----	73.62	74.55
Southwest	17.26	18.46	0.20	2.18	67.64	39.79
Upper Midwest	17.02	16.85	(0.04)	0.57	18.30	14.90

JAMES E. LINK NAMED ADMINISTRATOR OF AGRICULTURAL MARKETING SERVICE

Agriculture Under Secretary for Marketing and Regulatory Programs Bruce Knight has announced the appointment of James E. Link as Administrator of the Agricultural Marketing Service (AMS), an agency within the U.S. Department of Agriculture.

Link will direct several marketing programs that facilitate the efficient marketing of U.S. agricultural products, including food, fiber and specialty crops. He also will be responsible for procuring commodities, including fruits and vegetables, meat, poultry, fish and egg products, for the national school lunch and other federal food and nutrition programs. AMS is part of USDA's Marketing and Regulatory Programs, which works to ensure a productive and competitive global marketplace for U.S. agricultural products.

Link will assume the role of Administrator on Monday, Nov. 3, 2008. Prior to this appointment, he served as administrator of USDA's Grain Inspection, Packers and Stockyards Administration (GIPSA) since 2005. As GIPSA administrator, he successfully led the Agency through reforms mandated by Congress and directed a variety of programs to facilitate the marketing of agricultural products and promote fair and competitive trading practices for the overall benefit of consumers and American agriculture.

Prior to joining GIPSA, Mr. Link was director of the Ranch Management Program at Texas Christian University. He had previously served as assistant director and associate director with the program.

He has served as a committee member for the National Cattlemen's Beef Association, director of the Texas and Southwestern Cattle Raiser's Association, on the board of directors of the Southwestern Exposition and Livestock Show, as a committee member for the State Fair of Texas, and on the Tarrant County Farm Bureau Board of Directors.

He was assistant vice president and manager of the ranch management department at Oppenheimer Industries, Inc., in Kansas City, Missouri, where he managed nine client-owned ranches located in six different states. These ranches comprised over one million acres and carried over 18,500 cows and several thousand stocker cattle. He was responsible for the property management of 22 client-owned ranches that were leased to private operators. Previously, he managed trust and estate property for the El Paso National Bank.

Mr. Link has a bachelor's degree in business with minors in economics and psychology from Emporia State University and an MBA and a Certificate of Ranch Management from Texas Christian University.

He and his wife Karin have two sons and four grandchildren. Mr. Link and his wife have been in the cattle business for most of their adult lives, most recently as owners of the Link Cattle Company of Crowley, Texas.

Link replaces former AMS Administrator Lloyd Day, who had held the position since August 2005.

USDA ANNOUNCES FINAL RULE TO ESTABLISH A DAIRY FORWARD PRICING PROGRAM

The U.S. Department of Agriculture announced a final rule on October 31, 2008, establishing the Dairy Forward Pricing Program as directed by the Food, Conservation and Energy Act of 2008. This program will allow milk producers and cooperative associations to voluntarily enter into forward price contracts with milk handlers for milk used for non-fluid purposes. The program exempts handlers regulated under the federal milk order program from paying producers and cooperative associations the minimum federal order price for milk under forward contract.

For additional information contact: John R. Mengel, Chief Economist, USDA/AMS/Dairy Programs, Office of the Chief Economist, STOP 0229-Room 2753, 1400 Independence Ave, SW., Washington, DC 20250-0229, (202) 720-4664, e mail address: john.mengel@usda.gov.

CWT ANNOUNCES HERD RETIREMENT

Cooperatives Working Together will conduct a new herd retirement program this fall, the organization has announced. This will be the second herd retirement round conducted this year; the previous one was initiated in June.

This will be the sixth herd retirement round since CWT began operations in the summer of 2003. As it did earlier this year, this round offers bidding producers the option of including all their bred heifers, for a flat fee of \$1,225 per animal. Producers must offer all of their bred heifers at that price.

Detailed information can be found at www.cwt.coop, including a bid application, a calculator to help estimate a farmer's bid, and answers to frequently-asked questions.

TOP TEN TEXAS COUNTIES a/ – OCTOBER 2008

County	Number of Producers	Pounds	% Change From 2007b/	County	Number of Producers	Pounds	% Change From 2007b/
1. Erath	90	99,594,072	+ 9.50	7. Comanche	28	38,654,906	+ 9.16
2. Parmer	13	67,733,893	+ 13.23	8. Bailey	11	38,627,737	+ 23.01
3. Deaf Smith	15	61,782,205	+ 22.51	9. Lamb	9	38,284,357	+ 3.88
4. Castro	11	56,001,690	+ 23.32	10. Hale	4	28,142,180	+ 8.33
5. Hopkins	123	40,519,926	+ 4.36	Ten County Total	313	508,964,766	+ 13.92 b/
6. Hartley	9	39,623,800	+ 25.01	Other Counties Total	335	183,432,331	+ 14.32
				Texas Total	648	692,397,097	+ 14.02

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-----						
August 2007	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
February	22.68	18.46	17.03	14.67	2.25	130.10	8.03	401.80	.00092	120.44	184.03	133.31	27.36
March	19.70	15.63	18.00	14.17	(0.68)	136.04	4.93	433.31	.00098	125.39	195.75	125.12	24.35
April	21.61	15.29	16.76	14.56	1.42	147.48	6.22	375.79	.00091	134.92	181.64	125.06	25.60
May	19.62	15.51	18.18	15.26	(0.30)	155.62	7.66	411.08	.00098	141.70	195.25	129.85	27.00
June	21.18	16.19	20.25	15.92	(1.23)	161.60	8.26	471.93	.00108	146.69	216.09	135.08	27.58
July	23.78	16.81	18.24	16.60	1.85	167.74	7.07	400.25	.00098	151.80	195.85	140.53	26.42
August	21.47	17.45	17.32	16.64	2.00	174.13	5.29	364.97	.00093	157.13	186.99	138.40	24.70
September	20.65	17.58	16.28	15.45	2.18	181.96	2.34	326.89	.00089	163.65	177.73	121.31	21.83
October	18.53	16.60	17.06	13.62	0.20	185.07	(0.47)	354.90	.00095	169.97	190.65	99.87	19.45

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

TOP NEW MEXICO COUNTIES a/ – OCTOBER 2008

County	Number of Producers	Pounds	% Change From 2007b/	County	Number of Producers	Pounds	% Change From 2007b/
1. Chaves	39	164,451,980	+ 4.09	7. Socorro	8	18,894,257	+ 7.53
2. Curry	27	137,896,023	+ 4.10	8. Valencia	5	13,557,681	+ 2.09
3. Roosevelt	43	131,831,180	+ 13.50	9. Sierra	3	6,992,344	- 5.58
4. Dona Ana	23	84,366,249	- 7.17	10. Bernalillo	4	5,222,716	- 1.45
5. Lea	13	42,385,549	+ 8.30	Ten County Total	171	627,608,312	+ 4.09 b/
6. Eddy	6	22,010,333	- 3.41	Other Counties Total	3	8,171,144	- 31.91
				New Mexico Total	174	635,779,456	+ 3.38

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 OCTOBER 2008, WITH PRODUCTION PERCENTAGE COMPARISONS**

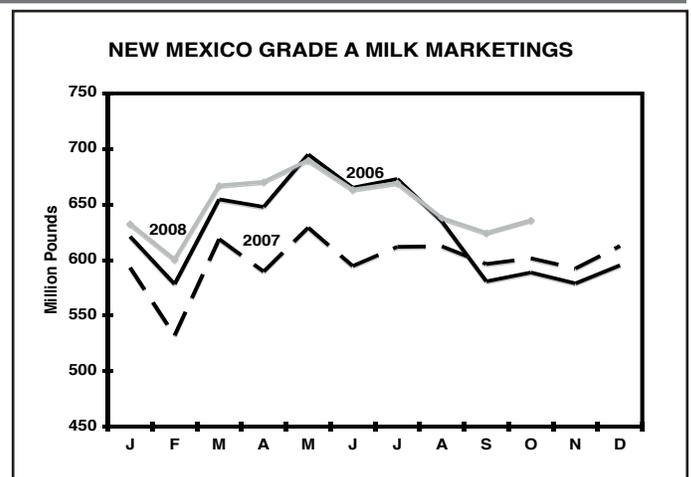
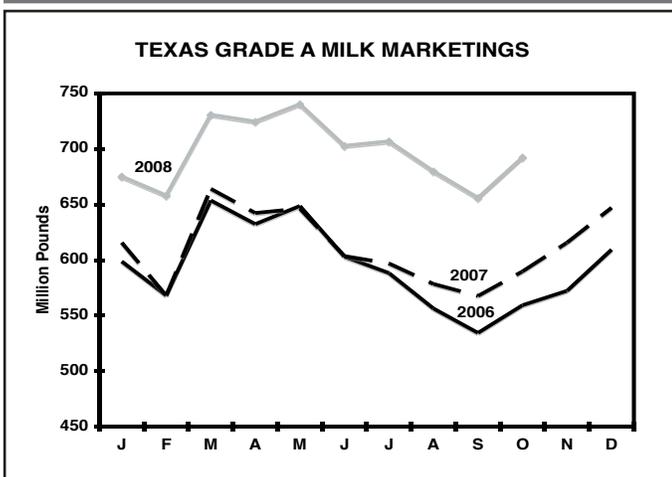
MONTH	2006 POUNDS	Number of Producers	2007 POUNDS	Number of Producers	2008 POUNDS	Number of Producers	PERCENT 2007/06	CHANGE 2008/07
January	598,770,671	746	615,854,742	697	675,265,283	654	+ 2.85	+ 9.65
February	568,127,819	740	567,905,237	692	658,108,461	658	- 0.04	+ 11.89*
March	653,677,865	740	664,126,490	694	730,859,173	659	+ 1.60	+ 10.05
April	632,332,356	741	642,444,396	689	724,651,306	659	+ 1.60	+ 12.80
May	648,575,970	739	646,347,511	676	740,427,008	659	- 0.34	+ 14.56
June	603,059,138	733	603,528,908	670	702,946,861	656	+ 0.08	+ 16.47
July	588,198,398	726	596,923,443	656	706,911,758	657	+ 1.48	+ 18.43
August	556,266,201	723	578,369,166	656	679,996,118	654	+ 3.97	+ 17.57
September	534,330,715	712	569,217,018	661	656,032,884	646	+ 6.53	+ 15.25
October	559,390,201	710	607,239,216	664	692,397,097	648	+ 8.55	+ 14.02
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	

* Based on average daily deliveries.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2006 THROUGH OCTOBER 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	600,488,935	169	- 8.01	+ 8.99*
March	654,702,022	172	618,854,728	171	667,225,545	170	- 5.48	+ 7.82
April	647,819,688	173	593,858,997	168	670,437,294	170	- 8.33	+ 12.90
May	695,061,878	175	629,220,180	166	690,007,674	173	- 9.47	+ 9.66
June	665,063,549	175	598,890,379	166	663,531,580	172	- 9.95	+ 10.79
July	672,988,089	174	611,908,294	167	669,450,030	172	- 9.08	+ 9.40
August	634,876,790	172	612,444,830	169	637,877,538	172	- 3.53	+ 4.15
September	580,816,517	173	596,639,214	173	624,527,568	172	+ 2.72	+ 4.67
October	588,810,710	171	614,972,057	172	635,779,456	174	+ 4.44	+ 3.38
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	

* Based on average daily deliveries.



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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
October 2007	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
February	3.79	3.67	3.13	3.06	5.71	5.71	8.84	8.77	260	220
March	3.76	3.63	3.10	3.02	5.72	5.72	8.82	8.75	244	202
April	3.69	3.56	3.08	3.00	5.72	5.73	8.80	8.73	241	193
May	3.64	3.51	3.04	2.96	5.74	5.75	8.78	8.71	247	197
June	3.58	3.48	2.99	2.89	5.74	5.75	8.72	8.64	261	205
July	3.59	3.48	3.00	2.90	5.71	5.73	8.71	8.63	305	262
August	3.63	3.51	3.01	2.92	5.73	5.75	8.74	8.67	327	268
September	3.70	3.55	3.08	3.00	5.72	5.74	8.80	8.74	341	281
October	3.77	3.62	3.15	3.08	5.72	5.74	8.87	8.82	313	257

a/ In thousands.

OCTOBER 2008
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$370,588.71
Class I Butterfat	60(a)	8,338,755	\$1.7751	\$14,802,124.00
Class I Skim Per Cwt		369,520,600	\$12.7600	\$47,150,828.57
Class II Butterfat	60(b)	8,458,830	\$1.8577	\$15,713,968.51
Class II Nonfat Solids		6,911,856	\$1.1622	\$8,032,959.08
Class III Butterfat	60(c)	1,405,148	\$1.8507	\$2,600,507.39
Class III Protein		363,335	\$3.5490	\$1,289,475.93
Class III Other Solids		656,764	(\$0.0047)	(\$3,086.78)
Class IV Butterfat	60(d)	2,498,488	\$1.8507	\$4,623,951.77
Class IV Nonfat Solids		7,590,410	\$0.8226	\$6,243,871.27
Class II, III & IV Somatic Cell Adj.	60(e)			\$89,641.40
Total Producer Milk-Product Lbs & Value		558,636,429		\$100,914,829.85
Add: Value as for 60(f) Thru 60(j)				\$238,538.81
Less: Total Protein Pounds	61(b)	17,496,192	\$3.5490	\$62,093,985.42
Total Other Solids Pounds		31,926,718	(\$0.0047)	(\$150,055.60)
Total Butterfat Pounds		20,701,221	\$1.8507	\$38,311,749.75
Total Value of Somatic Cell Adjustment				\$345,847.42
Total Milk and Value		558,636,429		\$551,841.67
Add: Location Differential Adjustments	61(c)			\$440,694.58
Producer-Settlement Fund	61(d)			\$397,057.27
Total Producer Milk/URSP and Value		558,636,429	\$0.24874	\$1,389,593.52
Less: Producer-Settlement Fund	61(f)		\$0.04874	\$272,320.66
Producer Price Differential (Dallas County)			\$0.20	\$1,117,272.86

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SOUTHWEST MARKETING AREA

RICHARD FLEMING, MARKET ADMINISTRATOR
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OCTOBER 2008
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	377,859,355	67.64	8,338,755	40.28	369,520,600	68.69
Class II	83,569,807	14.96	8,458,830	40.86	75,110,977	13.96
Class III	12,477,335	2.23	1,405,148	6.79	11,072,187	2.06
Class IV	84,729,932	15.17	2,498,488	12.07	82,231,444	15.29
Total	558,636,429	100.00	20,701,221	100.00	537,935,208	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	11,957,978	68.34	21,942,566	68.72	33,900,546	68.59
Class II	2,459,475	14.06	4,452,382	13.95	6,911,856	13.99
Class III	363,335	2.08	656,764	2.06	1,020,098	2.06
Class IV	2,715,404	15.52	4,875,006	15.27	7,590,410	15.36
Total	17,496,192	100.00	31,926,718	100.00	49,422,910	100.00