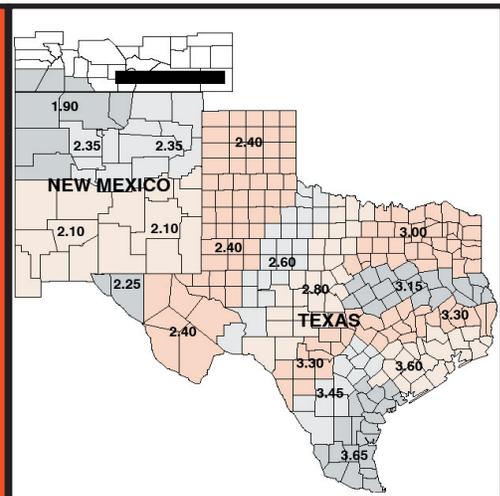


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

CARY HUNTER, 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 XXXV, NO. 9

SEPTEMBER 2009

MARKET SUMMARY FOR AUGUST

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 \$1.14 for August. Butterfat price increased \$0.0053 per pound from \$1.2438 in July to the level of \$1.2491 in August. Protein price increased \$0.4039 per pound from \$1.6970 in July to \$2.1009 in August. August's Other Solids price increased \$0.0013 per pound from \$0.0949 in July to \$0.0962 in August. The Somatic Cell Count adjustment rate factor for August was 0.00063 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received an August statistical uniform price of \$12.34 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 \$0.57 in comparison to the statistical uniform price of \$11.77 in July.

The August Class I price decreased \$0.22 from \$13.26 in July to the August level of \$13.04. The Class II price for August of \$10.86 per hundredweight decreased \$0.01 from \$10.87 in July. August's Class III price increased \$1.23 from \$9.97 in July to \$11.20 in August. The Class IV price increased \$0.23 from \$10.15 in July to \$10.38 in August.

In August 489 producers delivered a total of 866,505,781 pounds of milk. On a daily basis this represents a decrease of 8.61 percent from the producer receipts level in July and it represents a decrease of 6.49 percent when compared to the producer receipts level of August 2008.

Producer milk classified as Class I during August amounted to 41.01 percent of total producer receipts. This figure is up from 35.30 percent in July and it is up from 37.04 percent in August 2008. The average butterfat test of producer milk pooled during August was 3.477 percent, average protein test was 2.956 percent, average other solids test was 5.719 percent and the average somatic cell count was 269,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Aug 09	Jul 09	Aug 09	Jul 09	Aug 09	Jul 09
Appalachian	12.86	12.92	-----	-----	71.94	69.81
Arizona	11.55	11.10	-----	-----	39.51	38.47
Central	11.24	10.76	0.04	0.79	35.28	28.32
Florida	14.88	15.08	-----	-----	87.05	88.91
Mideast	11.47	11.07	0.27	1.10	40.50	37.90
Northeast	12.35	11.99	1.15	2.02	42.60	40.80
Pacific Northwest	11.25	10.74	0.05	0.77	29.00	27.39
Southeast	13.30	13.07	-----	-----	70.79	66.92
Southwest	12.34	11.77	1.14	1.80	41.01	35.30
Upper Midwest	11.32	10.30	0.12	0.33	13.40	12.30

JULY FLUID MILK SALES

During July, about 4.4 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 2.7 percent higher than July 2008. After adjusting for calendar composition, sales in July 2009 were 2.2 percent higher than July 2008. On an individual product basis, after adjusting for calendar composition, sales of whole milk, organic whole milk, reduced fat milk (2%), low fat milk (1%), fat-free (skim) milk, flavored fat-reduced milk, organic fat-reduced milk, and buttermilk increased from July 2008, while sales of flavored whole milk decreased from a year earlier.

Editor's Note: Additional data can be found at <http://www.ams.usda.gov/AMSV1.0/FluidMilkSalesDataMonthlyandYeartoDate>. Some data for 2008 and January-March 2009 have been revised due to changes in the information from some reporting areas.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS JULY 2009, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	July	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,279	8,724	1.8	- 0.6
Flavored Whole Milk	47	334	- 1.3	- 1.9
Organic Whole Milk	31	214	7.1	- 0.4
Reduced Fat Milk (2%)	1,554	10,716	3.7	1.8
Low Fat Milk (1%)	527	3,933	3.8	2.5
Fat-Free Milk (Skim)	665	4,723	1.0	- 0.4
Flavored Fat-Reduced Milk	149	2,147	4.6	3.6
Organic Fat-Reduced Milk	102	707	5.6	- 3.4
Buttermilk	41	378	2.0	17.3
Total Fluid Milk Products 3/	4,403	31,931	2.7	0.9
Total Fluid Milk Products Adjusted 3/ 4/	4,368	31,881	2.2	1.3

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see 4/. 3/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 4/ Sales volumes and percent changes have been adjusted for calendar composition; see <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3023272>

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS AND CALIFORNIA, JULY 2009, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: 2/	
	July	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Northeast (001)	759	5,463	1.0	0.1
Appalachian (005)	290	2,068	1.6	- 0.2
Southeast (007)	405	2,938	2.1	0.2
Florida (006)	234	1,720	5.9	3.0
Mideast (033)	497	3,569	6.0	2.4
Upper Midwest (030)	348	2,506	2.0	- 2.0
Central (032)	364	2,695	1.6	0.4
Southwest (126)	356	2,582	5.1	2.9
Arizona-Las Vegas (131)	97	692	9.5	1.1
Pacific Northwest (124)	180	1,272	4.7	1.4
California (---)	522	3,871	- 0.2	1.9

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 3/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis; see 2/ above.

SOURCE: Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and California Dairy Information Bulletin, California Agricultural Statistics Service and Milk Stabilization Branch.

TOP TEN TEXAS COUNTIES a/ – AUGUST 2009

County	Number of Producers	Pounds	% Change From 2008b/	County	Number of Producers	Pounds	% Change From 2008b/
1. Erath	85	95,395,490	- 0.43	7. Bailey	9	40,474,523	+ 7.59
2. Parmer	13	68,172,587	+ 2.82	8. Hopkins	113	39,104,222	+ 0.72
3. Deaf Smith	14	61,758,467	+ 0.77	9. Hale	5	31,824,550	+ 5.81
4. Castro	11	59,308,579	+ 3.36	10. Comanche	19	31,476,264	- 12.75
5. Lamb	10	46,451,944	+ 17.87	Ten County Total	289	518,083,426	+ 2.95 b/
6. Hartley	10	44,116,800	+ 9.02	Other Counties Total	308	186,184,524	+ 5.34
				Texas Total	597	704,267,950	+ 3.57

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.					Component Prices				NASS Product Prices			
	I a/	II	III	IV	P.P.D.a/	BF	Other Solids	True Protein	SCC c/ Adj Rate	Grade AA Butter	Cheddar Cheese	NFDM Powder	Dry Whey
	Dollars Per Hundred Wt. -----					Cents Per Pound-----							
June 2008	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
November	20.33	14.45	15.51	12.25	1.38	177.30	(0.99)	313.01	.00088	163.56	175.11	87.01	18.95
December	18.43	11.21	15.28	10.35	(0.53)	129.98	(2.69)	363.90	.00088	124.48	175.44	84.25	17.30
Averages 2008 b/	21.00	16.24	17.44	14.65	0.83	156.68	5.55	388.98	.00095	143.56	189.54	122.56	25.04
January 2009	18.74	10.41	10.78	9.59	2.72	110.84	(3.04)	236.38	.00065	108.68	129.61	83.18	16.96
February	13.72	10.25	9.31	9.45	2.00	109.41	(4.37)	191.39	.00058	107.50	115.18	82.15	15.67
March	12.43	10.36	10.44	9.64	1.01	115.94	(3.39)	219.73	.00063	112.89	126.11	81.66	16.62
April	13.36	10.49	10.78	9.82	1.11	120.49	(0.43)	220.09	.00064	116.65	127.71	81.95	19.49
May	13.97	10.71	9.84	10.14	2.00	126.48	3.36	174.54	.00058	121.59	115.53	83.18	23.17
June	13.08	10.79	9.97	10.22	1.67	125.44	7.23	172.83	.00057	120.73	114.66	84.61	26.93
July	13.26	10.87	9.97	10.15	1.80	124.38	9.49	169.70	.00057	119.86	113.34	84.22	29.12
August	13.04	10.86	11.20	10.38	1.14	124.91	9.62	210.09	.00063	120.30	126.05	86.66	29.25

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

TOP NEW MEXICO COUNTIES a/ – AUGUST 2009

County	Number of Producers	Pounds	% Change From 2008b/	County	Number of Producers	Pounds	% Change From 2008b/
1. Chaves	35	161,575,975	- 2.43	7. Eddy	4	15,897,028	- 27.59
2. Curry	27	144,312,851	+ 2.53	8. Valencia	5	14,043,243	+ 3.88
3. Roosevelt	38	128,151,410	- 5.69	9. Bernalillo	4	5,838,345	+ 8.23
4. Dona Ana	20	81,698,471	+ 1.92				
5. Lea	12	43,477,637	+ 3.90	Nine County Total	153	614,561,312	- 1.50 b/
6. Socorro	8	19,566,352	+ 3.91	Other Counties Total	4	20,696,937	+ 48.37
				New Mexico Total	157	635,258,249	- 0.41

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 2007 THROUGH AUGUST 2009, WITH PRODUCTION PERCENTAGE COMPARISONS**

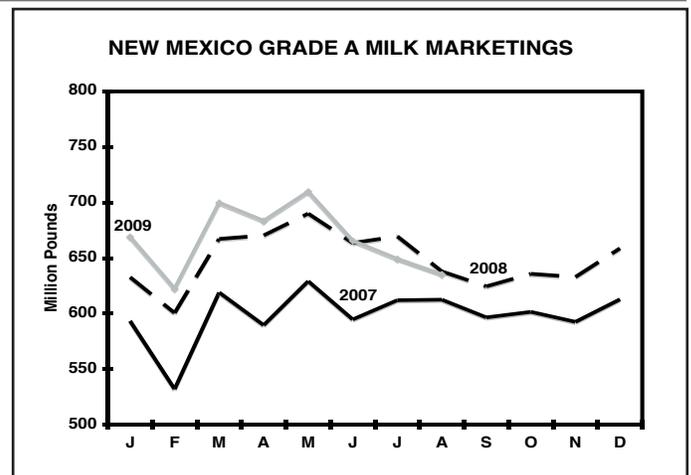
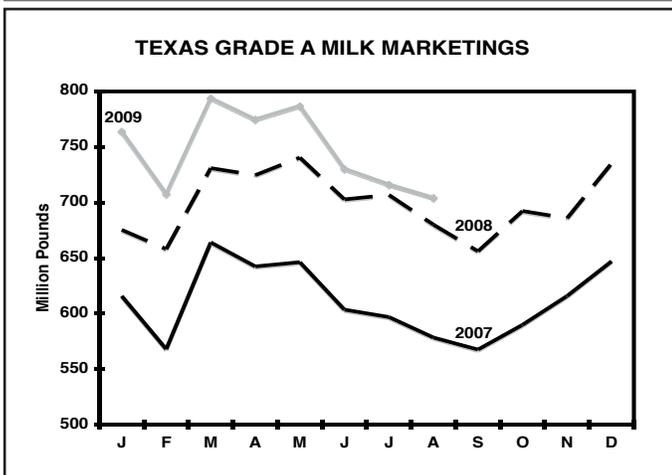
MONTH	2007 POUNDS	Number of Producers	2008 POUNDS	Number of Producers	2009 POUNDS	Number of Producers	PERCENT 2008/07	CHANGE 2009/08
January	615,854,742	697	675,265,283	654	764,064,476	636	+ 9.65	+ 13.15
February	567,905,237	692	658,108,461	658	707,786,943	631	+ 11.89*	+ 11.39*
March	664,126,490	694	730,859,173	659	793,989,726	635	+ 10.05	+ 8.64
April	642,444,396	689	724,651,306	659	774,795,518	631	+ 12.80	+ 6.92
May	646,347,511	676	740,427,008	659	787,077,681	629	+ 14.56	+ 6.30
June	603,528,908	670	702,946,861	656	730,380,337	622	+ 16.47	+ 3.90
July	596,923,443	656	706,911,758	657	716,344,326	598	+ 18.43	+ 1.33
August	578,369,166	656	679,996,118	654	704,267,950	597	+ 17.57	+ 3.57
September	569,217,018	661	656,032,884	646			+ 15.25	
October	607,239,216	664	692,397,097	648			+ 14.02	
November	615,810,876	660	685,894,611	646			+ 11.38	
December	<u>647,114,088</u>	655	<u>735,262,255</u>	640			<u>+ 13.62</u>	
Years Total	7,354,881,091		8,388,752,815				+ 14.06	

* Based on average daily deliveries.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2007 THROUGH AUGUST 2009, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2007 POUNDS	Number of Producers	2008 POUNDS	Number of Producers	2009 POUNDS	Number of Producers	PERCENT 2008/07	CHANGE 2009/08
January	593,437,434	171	632,699,151	173	669,161,661	170	+ 6.62	+ 5.76
February	531,955,021	170	600,488,935	169	622,538,938	167	+ 8.99*	+ 7.37*
March	618,854,728	171	667,225,545	170	699,808,110	168	+ 7.82	+ 4.88
April	593,858,997	168	670,437,294	170	683,575,106	164	+ 12.90	+ 1.96
May	629,220,180	166	690,007,674	173	709,872,347	165	+ 9.66	+ 2.88
June	598,890,379	166	663,052,878	172	665,627,017	166	+ 10.79	+ 0.39
July	611,908,294	167	669,450,030	172	649,187,109	158	+ 9.40	- 3.03
August	612,444,830	169	637,877,538	172	635,258,249	157	+ 4.15	- 0.41
September	596,639,214	173	624,527,568	172			+ 4.67	
October	614,972,057	172	635,779,456	174			+ 3.38	
November	592,544,809	171	632,916,136	175			+ 6.81	
December	<u>612,751,685</u>	172	<u>658,804,868</u>	173			<u>+ 7.52</u>	
Years Total	7,207,477,628		7,783,267,073				+ 7.99	

* Based on average daily deliveries.



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
August 2008	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
November	3.81	3.62	3.18	3.13	5.73	5.74	8.91	8.87	277	226
December	3.83	3.64	3.19	3.12	5.74	5.74	8.93	8.86	268	222
Averages 2008	3.72	3.58	3.10	3.02	5.73	5.73	8.82	8.75	280	231
January 2009	3.81	3.63	3.16	3.11	5.72	5.72	8.87	8.83	252	211
February	3.75	3.58	3.12	3.08	5.73	5.74	8.84	8.82	247	204
March	3.69	3.51	3.09	3.04	5.74	5.78	8.83	8.81	236	192
April	3.67	3.50	3.09	3.03	5.72	5.75	8.81	8.78	238	193
May	3.60	3.42	3.06	2.99	5.74	5.77	8.81	8.76	246	183
June	3.59	3.41	3.03	2.95	5.73	5.76	8.76	8.72	260	191
July	3.58	3.40	3.00	2.91	5.73	5.76	8.73	8.67	297	225
August	3.61	3.43	3.03	2.93	5.71	5.74	8.74	8.67	313	240

a/ In thousands.

AUGUST 2009
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

		Pounds	Price	Value
Add: Class I Differential				\$419,636.34
Class I Butterfat	60(a)	8,015,057	\$1.2449	\$9,977,944.48
Class I Skim Per Cwt		347,303,483	\$9.0000	\$31,257,313.47
Class II Butterfat	60(b)	7,585,866	\$1.2561	\$9,528,606.30
Class II Nonfat Solids		8,864,058	\$0.7444	\$6,598,404.79
Class III Butterfat	60(c)	13,087,065	\$1.2491	\$16,347,052.89
Class III Protein		10,690,648	\$2.1009	\$22,459,982.39
Class III Other Solids		20,903,016	\$0.0962	\$2,010,870.15
Class IV Butterfat	60(d)	1,447,501	\$1.2491	\$1,808,073.50
Class IV Nonfat Solids		3,441,328	\$0.6918	\$2,380,710.73
Class II, III & IV Somatic Cell Adj.	60(e)			\$306,727.29
Total Producer Milk-Product Lbs & Value		866,505,781		\$103,095,322.33
Add: Value as for 60(f) Thru 60(j)				\$49,496.03
Less: Total Protein Pounds	61(b)	25,618,121	\$2.1009	\$53,821,110.45
Total Other Solids Pounds		49,562,887	\$0.0962	\$4,767,949.72
Total Butterfat Pounds		30,135,489	\$1.2491	\$37,642,239.35
Total Value of Somatic Cell Adjustment				\$440,435.46
Total Milk and Value		866,505,781		\$6,473,083.38
Add: Location Differential Adjustments	61(c)			\$3,297,895.98
Producer-Settlement Fund	61(d)			\$458,476.60
Total Producer Milk/URSP and Value		866,505,781	\$1.18054	\$10,229,455.96
Less: Producer-Settlement Fund	61(f)		\$0.04054	\$351,290.06
Producer Price Differential (Dallas County)			\$1.14	\$9,878,165.90

**THE MARKET ADMINISTRATOR'S
REPORT**

SOUTHWEST MARKETING AREA
CARY HUNTER, MARKET ADMINISTRATOR
P.O. BOX 110939, CARROLLTON, TEXAS 75011-0939

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

RETURN SERVICE REQUESTED

**AUGUST 2009
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	355,318,540	41.01	8,015,057	26.60	347,303,483	41.53
Class II	106,101,722	12.24	7,585,866	25.17	98,515,856	11.78
Class III	365,383,542	42.17	13,087,065	43.43	352,296,477	42.12
Class IV	39,701,977	4.58	1,447,501	4.80	38,254,476	4.57
Total	866,505,781	100.00	30,135,489	100.00	836,370,292	100.00

Producer Milk Component Utilization Percentages						
	Protein Pounds	Percent	Other Solids Pounds	Percent	Nonfat Solids Pounds	Percent
Class I	10,736,359	41.91	20,545,598	41.45	31,281,958	41.61
Class II	3,017,694	11.78	5,846,365	11.80	8,864,058	11.79
Class III	10,690,648	41.73	20,903,016	42.17	31,593,664	42.02
Class IV	1,173,420	4.58	2,267,908	4.58	3,441,328	4.58
Total	25,618,121	100.00	49,562,887	100.00	75,181,008	100.00