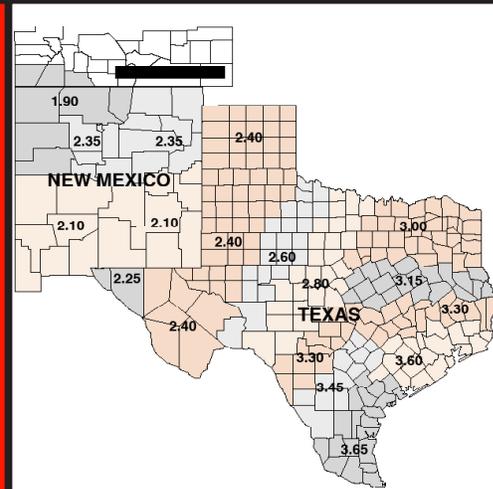


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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MARKET SUMMARY FOR DECEMBER

The Producer Price Differential (PPD) for milk delivered to handlers located in Dallas/Tarrant counties (TX) of the Southwest Milk Market Order was \$1.83 for December. Butterfat price increased \$0.1336 per pound from \$1.6336 in November to the level of \$1.7672 in December. Protein price decreased \$0.0926 per pound from \$3.6316 in November to \$3.5390 in December. December's Other Solids price decreased \$0.0129 per pound from \$0.3955 in November to \$0.3826 in December. The Somatic Cell Count adjustment rate factor for December was 0.00094 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a December statistical uniform price of \$20.78 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 \$0.28 in comparison to the statistical uniform price of \$20.50 in November.

The December Class I price increased \$0.17 from \$23.20 in November to the December level of \$23.37. The Class II price for December of \$21.66 per hundredweight increased \$0.90 from \$20.76 in November. December's Class III price increased \$0.73 from \$18.22 in November to \$18.95 in December. The December Class IV price increased \$1.02 from \$20.52 in November to \$21.54 in December.

In December 456 producers delivered a total of 1,002,928,300 pounds of milk. On a daily basis this represents a decrease of 4.72 percent from the producer receipts level in November and it represents a decrease of 14.81 percent when compared to the producer receipts level of December 2012.

Producer milk classified as Class I during December amounted to 37.03 percent of total producer receipts. This figure is up from 36.60 percent in November and is up from 30.01 percent in December 2012. The average butterfat test of producer milk pooled during December was 3.853 percent, average protein test was 3.292 percent, average other solids test was 5.771 percent and the average somatic cell count was 223,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Dec 13	Nov 13	Dec 13	Nov 13	Dec 13	Nov 13
Appalachian - FO 5	23.26	22.72	-----	-----	68.25	72.01
Arizona - FO 131	21.34	20.70	-----	-----	30.15	31.71
Central - FO 32	20.03	19.68	1.08	0.85	32.26	34.02
Florida - FO 6	25.28	24.92	-----	-----	83.93	87.38
Mideast - FO 33	20.58	20.12	1.63	1.29	42.60	42.60
Northeast - FO 1	21.79	21.28	2.84	2.45	38.20	41.00
Pacific Northwest - FO 124	20.31	19.77	1.36	0.94	25.61	26.55
Southeast - FO 7	23.74	23.36	-----	-----	72.50	77.13
Southwest - FO 126	20.78	20.50	1.83	1.67	37.03	36.60
Upper Midwest - FO 30	19.34	19.16	0.39	0.33	11.10	11.50

DAIRY PRODUCTS NOVEMBER 2013 HIGHLIGHTS

Total cheese output (excluding cottage cheese) was 941 million pounds, 2.9 percent above November 2012 but 3.1 percent below October 2013.

Italian type cheese production totaled 415 million pounds, 7.8 percent above November 2012 but 4.0 percent below October 2013.

American type cheese production totaled 355 million pounds, 2.7 percent below November 2012 and 3.7 percent below October 2013.

Butter production was 143 million pounds, 0.1 percent below November 2012 and 2.3 percent below October 2013.

Dry milk powders (comparisons with Novem-

ber 2012) Nonfat dry milk, human - 100 million pounds, down 13.6 percent. Skim milk powders - 56.4 million pounds, up 26.1 percent.

Whey products (comparisons with November 2012) Dry whey, total - 75.1 million pounds, up 3.1 percent. Lactose, human and animal - 83.6 million pounds, up 4.2 percent. Whey protein concentrate, total - 42.1 million pounds, up 17.5 percent.

Frozen products (comparisons with November 2012) Ice cream, regular (hard) - 52.3 million gallons, down 3.3 percent. Ice cream, lowfat (total) - 24.8 million gallons, down 9.9 percent. Sherbet (hard) - 2.53 million gallons, up 2.7 percent. Frozen yogurt (total) - 4.43 million gallons, down 8.5 percent.

Released January 3, 2014, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

2013 ANNUAL PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES*

2013 Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	4,323,697,769	33.51%	90,428,105	18.98%	4,233,269,664	34.07%
Class II	1,029,555,932	7.98%	86,349,060	18.13%	943,206,872	7.59%
Class III	6,922,879,844	53.66%	259,295,719	54.44%	6,663,584,125	53.63%
Class IV	624,888,552	4.84%	40,241,913	8.45%	584,646,639	4.71%
Total	12,901,022,097	100.00%	476,314,797	100.00%	12,424,707,300	100.00%

2013 Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	476,314,797	407,581,137	744,695,934	1,152,277,071
Average Test	3.692%	3.159%	5.772%	8.932%

Average Somatic Cell Count**	196,500
Average Number of Pooled Producers**	487

* Percentages may not add down due to rounding. ** Simple average.

TOP TEN TEXAS COUNTIES a/ – DECEMBER 2013

County	Number of Producers	Pounds	% Change From 2012	County	Number of Producers	Pounds	% Change From 2012
1. Castro	13	91,549,908	+ 0.92	7. Moore	9	53,513,740	+ 10.30
2. Erath	58	82,902,661	- 6.11	8. Hale	6	43,710,729	+ 15.57
3. Parmer	14	79,559,285	+ 1.66	9. Bailey	9	40,756,807	- 1.67
4. Deaf Smith	11	64,396,188	- 1.75	10. Comanche	18	40,234,297	+ 1.29
5. Lamb	10	56,672,773	+ 5.48	Ten County Total	159	608,602,178	+ 1.86
6. Hartley	11	55,305,790	+ 3.47	<u>Other Counties Total</u>	<u>282</u>	<u>180,896,028</u>	<u>- 6.30</u>
				Texas Total	441	798,498,206	- 0.21

a/ Includes all known Grade "A" milk produced on farms located in Texas.

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
November	3.93	3.73	3.30	3.21	5.75	5.76	9.05	8.97	197	157
December	3.95	3.73	3.29	3.20	5.77	5.78	9.06	8.98	202	162
Averages 2012	3.79	3.57	3.20	3.09	5.76	5.77	8.95	8.86	223	185
January 2013	3.97	3.74	3.29	3.18	5.77	5.80	9.06	8.98	224	174
February	3.90	3.67	3.25	3.14	5.79	5.81	9.03	8.94	209	164
March	3.87	3.62	3.23	3.10	5.77	5.79	9.01	8.90	204	160
April	3.80	3.54	3.21	3.08	5.77	5.78	8.99	8.86	196	150
May	3.75	3.47	3.18	3.05	5.78	5.78	8.95	8.83	182	138
June	3.67	3.39	3.11	2.99	5.78	5.78	8.89	8.77	197	152
July	3.66	3.38	3.11	2.99	5.78	5.78	8.89	8.76	227	190
August	3.72	3.45	3.13	3.01	5.74	5.75	8.88	8.75	242	204
September	3.76	3.49	3.18	3.06	5.73	5.74	8.91	8.80	233	206
October	3.89	3.59	3.30	3.20	5.74	5.75	9.04	8.95	215	182
November	3.95	3.66	3.36	3.24	5.76	5.77	9.12	9.01	223	192
December	4.00	3.71	3.36	3.24	5.76	5.77	9.12	9.01	235	205
Averages 2013	3.83	3.56	3.23	3.11	5.76	5.78	8.99	8.88	216	176

a/ In thousands.

TOP NEW MEXICO COUNTIES a/ – DECEMBER 2013

County	Number of Producers	Pounds	% Change From 2012	County	Number of Producers	Pounds	% Change From 2012
1. Chaves	32	168,922,714	- 2.11	7. Luna	3	16,959,002	+ 6.41
2. Curry	26	136,470,537	- 4.91	8. Valencia	5	15,431,128	- 6.71
3. Roosevelt	35	130,104,375	+ 3.46				
4. Dona Ana	19	81,765,516	- 8.38				
5. Lea	13	59,190,447	+ 8.75	Top County Total	141	630,146,052	- 1.48
6. Socorro	8	21,302,333	- 1.39	<u>Other Counties Total</u>	<u>7</u>	<u>25,904,407</u>	<u>- 21.12</u>
				New Mexico Total	148	656,050,459	- 2.44

a/ All known Grade "A" milk produced on farms located in New Mexico.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 2011 THROUGH DECEMBER 2013, WITH PRODUCTION PERCENTAGE COMPARISONS**

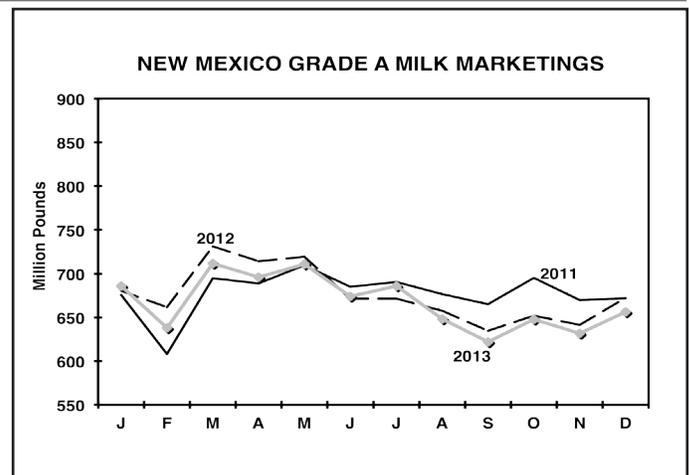
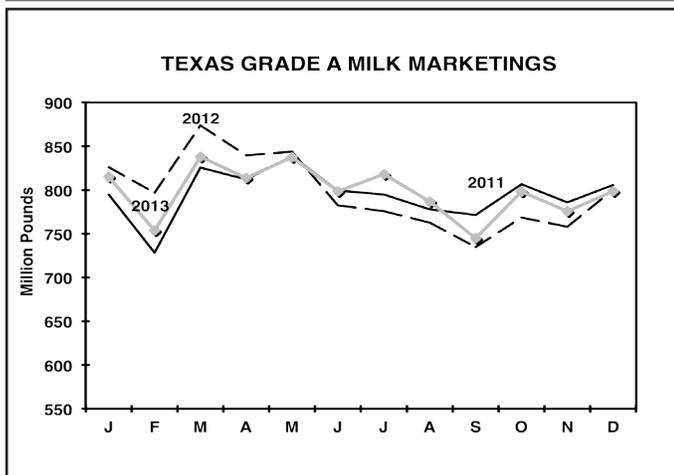
MONTH	2011 POUNDS	Number of Producers	2012 POUNDS	Number of Producers	2013 POUNDS	Number of Producers	PERCENT 2012/11	CHANGE 2013/12
January	794,574,299	555	826,060,689	525	815,186,323	468	+ 3.96	- 1.32
February	728,226,604	554	796,799,428	514	751,853,093	465	^u + 5.62	- 2.27 *
March	831,714,685	552	873,809,464	515	837,918,903	461	+ 5.06	- 4.11
April	812,060,148	549	839,675,231	504	813,654,074	456	+ 3.40	- 3.10
May	837,599,963	544	843,983,197	495	837,276,897	457	+ 0.76	- 0.79
June	799,434,977	543	782,384,320	491	798,423,916	456	- 2.13	+ 2.05
July	794,768,069	541	775,879,468	483	817,848,775	452	- 2.38	+ 5.41
August	779,356,886	540	762,801,472	481	786,930,152	448	- 2.12	+ 3.16
September	771,537,770	538	734,843,900	481	744,663,679	446	- 4.76	+ 1.34
October	811,052,943	536	768,680,316	473	797,966,297	445	- 5.26	+ 3.81
November	785,855,360	533	757,867,560	471	775,927,149	444	- 3.56	+ 2.38
December	805,829,180	531	800,171,636	470	798,498,206	441	- 0.70	- 0.21
Years Total	9,552,010,884		9,562,956,681		9,576,147,464		+ 0.11	+ 0.14

* Based on average daily deliveries.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2011 THROUGH DECEMBER 2013, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2011 POUNDS	Number of Producers	2012 POUNDS	Number of Producers	2013 POUNDS	Number of Producers	PERCENT 2012/11	CHANGE 2013/12
January	675,834,553	157	680,195,569	157	^u 685,707,875	148	+ 0.65	+ 0.81 ^u
February	608,071,702	159	661,854,191	156	^u 637,945,230	148	+ 5.09	- 0.17 ^{*u}
March	694,817,453	159	730,980,867	156	^u 711,813,501	149	+ 5.20	- 2.62 ^u
April	688,673,031	158	713,977,651	158	695,977,148	150	+ 3.67	- 2.52
May	709,391,501	157	719,067,055	153	710,709,847	150	+ 1.36	- 1.16
June	684,767,801	157	666,236,294	152	674,240,675	149	- 2.71	+ 1.20
July	690,350,883	157	671,552,652	149	685,672,220	149	- 2.72	+ 2.10
August	676,720,593	158	657,573,314	149	648,098,565	148	- 2.83	- 1.44
September	666,022,373	159	634,558,129	148	621,748,466	147	- 4.72	- 2.02
October	695,365,627	157	652,048,912	149	647,611,433	147	- 6.23	- 0.68
November	669,926,275	157	641,151,756	148	631,922,577	147	- 4.30	- 1.44
December	671,984,702	158	672,437,705	148	656,050,459	148	^u + 0.07	- 2.44
Years Total	8,131,926,494		8,101,634,095		8,007,497,996		- 0.37	- 1.16

* Based on average daily deliveries. ^u Revised



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Class Prices at 3.5%, for Federal Orders 126 Formula Prices and Price Quotations

Month	Class Prices & P.P.D.					BF	Component Prices			AMS Product Prices <i>c/</i>			
	I <i>a/</i>	II	III	IV	P.P.D. <i>a/</i>		Other Solids	True Protein	SCC <i>b/</i> Adj Rate	Grade AA Butter	Cheddar Cheese	NFDM Powder	Dry Whey
November	23.70	18.81	20.83	18.66	0.54	202.18	46.24	371.72	.00101	184.10	201.46	151.43	64.80
December	24.39	18.30	18.66	17.83	1.56	172.76	47.58	331.13	.00090	159.81	179.25	153.84	66.10
Averages 2012 <i>d/</i>	20.46	16.64	17.44	16.01	0.95	172.30	40.63	304.26	.00085	159.43	170.76	132.79	59.35
January 2013	21.97	18.19	18.14	17.63	1.23	161.68	46.47	328.62	.00087	150.66	174.85	156.01	65.03
February	21.21	18.49	17.25	17.75	1.61	166.19	45.34	296.09	.00083	154.38	166.23	155.59	63.93
March	20.80	18.82	16.93	17.75	1.71	174.76	41.79	282.04	.00082	161.46	164.67	152.08	60.48
April	20.66	18.73	17.59	18.10	1.45	182.27	38.63	301.30	.00087	167.66	173.10	153.12	57.41
May	20.76	18.43	18.52	18.89	1.02	178.84	38.87	335.97	.00091	164.83	182.74	163.74	57.65
June	21.93	19.14	18.02	18.88	1.69	165.99	38.59	334.55	.00089	154.22	178.10	168.78	57.38
July	21.91	19.22	17.38	18.90	2.02	156.93	39.27	322.57	.00086	146.74	171.42	172.72	58.04
August	21.88	19.27	17.91	19.07	1.83	151.04	39.01	347.75	.00089	141.78	177.31	177.06	57.78
September	22.16	19.78	18.14	19.43	1.83	151.96	39.14	354.19	.00090	142.63	179.61	180.85	57.91
October	22.20	20.56	18.22	20.17	1.78	166.38	38.52	341.07	.00090	154.54	180.25	183.66	57.31
November	23.20	20.76	18.83	20.52	1.67	163.36	39.55	363.16	.00093	152.05	186.12	188.92	58.31
December	23.37	21.66	18.95	21.54	1.83	176.72	38.26	353.90	.00094	163.08	187.61	195.37	57.06
Averages 2013 <i>d/</i>	21.84	19.42	17.99	19.05	1.64	166.34	40.29	330.10	.00088	154.50	176.83	170.66	59.02

a/ Subject to location adjustments. *b/* SCC adjustment rate is per 1,000 difference. *c/* Prior to April 2012 NASS product prices were used. *d/* Simple averages

**DECEMBER 2013
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add:	Class I Differential			\$449,681.90
	Class I Butterfat	60(a)	8,311,801	\$1.6286
	Class I Skim Per Cwt		363,105,473	\$18.3100
	Class II Butterfat	60(b)	5,705,021	\$1.7742
	Class II Nonfat Solids		3,176,577	\$1.7789
	Class III Butterfat	60(c)	22,730,285	\$1.7672
	Class III Protein		19,054,757	\$3.5390
	Class III Other Solids		33,346,546	\$0.3826
	Class IV Butterfat	60(d)	1,897,012	\$1.7672
	Class IV Nonfat Solids		1,140,714	\$1.7680
	Class II, III, & IV Somatic Cell Adjustment	60(e)		\$803,574.27
	Total Producer Milk- Product Pounds and Value		1,002,928,300	\$222,778,443.64
Add:	Value as for 60(f) thru 60(j)			\$17,955.75-
Less:	Total Protein Pounds	61(b)	33,025,901	\$3.5390
	Total Other Solids Pounds		57,881,780	\$0.3826
	Total Butterfat Pounds		38,644,119	\$1.7672
	Total Value of Somatic Cell Adjustment			\$1,199,952.79
	Total Milk and Value		1,002,928,300	\$14,244,415.30
Add:	Location Differential Adjustments	61(c)		\$4,151,561.22
	Producer - Settlement Fund Reserve	61(d)		\$449,637.76
	Total Producer Milk/URSP and Value		1,002,928,300	\$18,845,614.28
Less:	Producer - Settlement Fund Reserve	61(f)		\$0.04905
	Producer Price Differential (Dallas County)			\$1.83
				\$18,353,587.89

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REPORT**

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

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**DECEMBER 2013
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	371,417,274	37.03	8,311,801	21.51	363,105,473	37.66
Class II	39,496,311	3.94	5,705,021	14.76	33,791,290	3.50
Class III	577,971,943	57.63	22,730,285	58.82	555,241,658	57.58
Class IV	14,042,772	1.40	1,897,012	4.91	12,145,760	1.26
Total	1,002,928,300	100.00	38,644,119	100.00	964,284,181	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	38,644,119	33,025,901	57,881,780	90,907,681
Percentage	3.853%	3.292%	5.771%	9.064%

Average Somatic Cell Count	223,000
Total Number of Pooled Producers	456