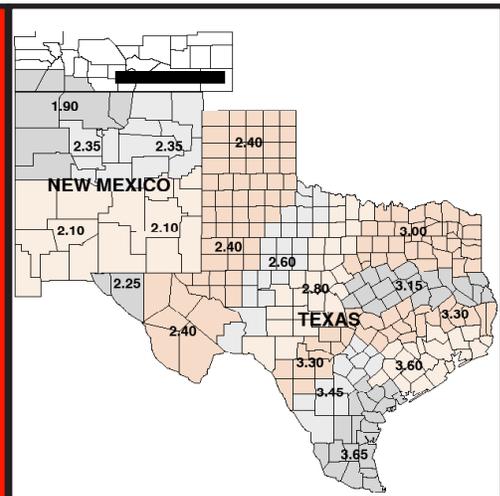


THE MARKET ADMINISTRATOR'S

REPORT



SOUTHWEST MARKETING AREA

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MARKET SUMMARY FOR AUGUST

The Producer Price Differential (PPD) for milk delivered to handlers located in Dallas/Tarrant counties (TX) of the Southwest Milk Market Order was \$2.04 for August. Butterfat price increased \$0.2099 per pound from \$2.6349 in July to the level of \$2.8448 in August. Protein price decreased \$0.0302 per pound from \$3.1798 in July to \$3.1496 in August. The Other Solids price decreased \$0.0010 per pound from \$0.5046 in July to \$0.5036 in August. The Somatic Cell Count adjustment rate factor for August was 0.00105 per thousand (difference from 350).

For comparison in hundredweights, producers who delivered milk to handlers located in Dallas/Tarrant counties (TX) received a August statistical uniform price of \$24.29 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 \$0.74 in comparison to the statistical uniform price of \$23.55 in July.

The August Class I price increased \$0.85 from

\$26.02 in July to the August level of \$26.87. The Class II price increased \$0.93 from \$24.41 per hundredweight in July to \$25.34 in August. The Class III price increased \$0.65 from \$21.60 in July to \$22.25 in August. The Class IV price increased \$0.11 from \$23.78 in July to \$23.89 in August.

In August 537 producers delivered a total of 1,129,139,976 pounds of milk. On a daily basis this represents an increase of 4.24 percent from the producer receipts level in July and it represents an increase of 14.24 percent when compared to the producer receipts level of August 2013.

Producer milk classified as Class I during August amounted to 30.84 percent of total producer receipts. This figure is up from 30.34 percent in July and is down from 36.73 percent in August 2013. The average butterfat test of producer milk pooled during August was 3.567 percent, average protein test was 3.082 percent, average other solids test was 5.736 percent and the average somatic cell count was 230,000.

Federal Order	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Aug 14	Jul 14	Aug 14	Jul 14	Aug 14	Jul 14
Appalachian - FO 5	26.73	25.95	-----	-----	68.64	70.50
Arizona - FO 131	24.28	23.73	-----	-----	27.64	26.73
Central - FO 32	23.76	23.02	1.51	1.42	30.26	29.46
Florida - FO 6	28.84	27.95	-----	-----	84.67	84.69
Mideast - FO 33	24.20	23.48	1.95	1.88	35.4	34.90
Northeast - FO 1	25.41	24.75	3.16	3.15	33.50	32.60
Pacific Northwest - FO 124	23.69	23.15	1.44	1.55	21.71	21.45
Southeast - FO 7	27.39	26.43	-----	-----	79.02	78.72
Southwest - FO 126	24.29	23.55	2.04	1.95	30.84	30.34
Upper Midwest - FO 30	22.73	22.05	0.48	0.45	9.80	9.80

ENROLLMENT FOR NEW DAIRY FARM RISK MANAGEMENT PROGRAM IN TEXAS BEGAN SEPT. 2

USDA LAUNCHES NEW WEB TOOL TO HELP PRODUCERS MANAGE UNFORESEEN ECONOMIC CHALLENGES

(COLLEGE STATION, TX), Sept. 12, 2014 - USDA Texas Farm Service Agency (FSA) Executive Director, Judith A. Canales, announced that starting Sept. 2, 2014, farmers can enroll in the new dairy Margin Protection Program. The voluntary program, established by the 2014 Farm Bill, provides financial assistance to participating farmers when the margin - the difference between the price of milk and feed costs - falls below the coverage level selected by the farmer.

The U.S. Department of Agriculture (USDA) also launched a new Web tool to help producers determine the level of coverage under the Margin Protection Program that will provide them with the strongest safety net under a variety of conditions. The online resource, available at www.fsa.usda.gov/mpptool, allows dairy farmers to quickly and easily combine unique operation data and other key variables to calculate their coverage needs based on price projections. Producers can also review historical data or estimate future coverage based on data projections. The secure site can be accessed via computer, Smartphone, tablet or any other platform, 24 hours a day, seven days a week.

Development of the online resource was led by the University of Illinois, in partnership with the USDA and the Program on Dairy Markets and Policy (DMaP). DMaP partners include the University of Illinois, the University of Wisconsin, Cornell University, Pennsylvania State University, the University of Minnesota, Ohio State University and Michigan State University.

“The Margin Protection Program is an important tool that allows dairy producers to build a safety net that fits the needs of their operation,” said Canales. “This program has the potential to assist 442 dairy producers throughout Texas where 440,000 head of cattle produce 9.6 billion pounds of milk.”

The Margin Protection Program, which replaces the Milk Income Loss Contract program, gives participating dairy producers the flexibility to select coverage levels best suited for their operation. Enrollment began Sept. 2 and ends on Nov. 28, 2014, for 2014 and 2015. Participating farmers must remain in the program through 2018 and pay a minimum \$100 administrative fee each year. Producers have the option of selecting a different coverage level during open enrollment each year.

Dairy operations enrolling in the new program must comply with conservation compliance provisions and cannot participate in the Livestock Gross Margin dairy insurance program. Farmers already participating in the Livestock Gross Margin program may register for the Margin Protection Program, but the new margin program will only begin once their Livestock Gross Margin coverage has ended.

The Margin Protection Program final rule was published in the Federal Register on Aug. 29, 2014. The Farm Service Agency (FSA), which administers the program, also will open a 60-day public comment period on the dairy program. The agency wants to hear from dairy operators to determine whether the current regulation accurately addresses management changes, such as adding new family members to the dairy operation or inter-generational transfers. Written comments must be submitted by Oct. 28, 2014, at www.fsa.usda.gov or www.regulations.gov.

The 2014 Farm Bill also established the Dairy Product Donation Program. The program authorizes USDA to purchase and donate dairy products to nonprofit organizations that provide nutrition assistance to low-income families. Purchases only occur during periods of low dairy margins. Dairy operators do not need to enroll to benefit from the Dairy Product Donation Program.

The 2014 Farm Bill builds on historic economic gains in rural America over the past five years, while achieving meaningful reform and billions of dollars in savings for the taxpayer. Since enactment, USDA has made significant progress to implement each provision of this critical legislation, including providing disaster relief to farmers and ranchers; strengthening risk management tools; expanding access to rural credit; funding critical research; establishing innovative public-private conservation partnerships; developing new markets for rural-made products; and investing in infrastructure, housing and community facilities to help improve quality of life in rural America. For more information, visit www.usda.gov/farmbill.

Visit FSA online at www.fsa.usda.gov/factsheets, or stop by a local FSA office to learn more about the Margin Protection Program or the Dairy Product Donation Program.

USDA is an equal opportunity provider and employer.

Source: United States Department of Agriculture, Farm Service Agency, Texas at www.fsa.usda.gov/tx.

TOP TEN TEXAS COUNTIES a/ – AUGUST 2014

Rank	County	Number of Producers	Pounds 2014	Pounds 2013	Percent Change 2013/2014
1.	Castro	13	95,864,142	94,556,703	+ 1.38
2.	Parmer	15	89,765,847	81,222,311	+ 10.52
3.	Erath	58	76,586,031	78,488,292	- 2.42
4.	Moore	9	75,781,609	56,306,735	+ 34.59
5.	Deaf Smith	12	71,222,275	66,260,084	+ 7.49
6.	Lamb	10	62,749,739	58,068,403	+ 8.06
7.	Hartley	12	57,842,116	54,863,495	+ 5.43
8.	Hale	6	46,341,009	45,548,957	+ 1.74
9.	Bailey	10	45,457,152	41,786,402	+ 8.78
10.	Comanche	17	36,816,469	35,005,809	+ 5.17
Ten County Total		162	658,426,389	612,107,191	+ 7.57
Other Counties		277	178,286,016	174,822,961	+ 1.98
Texas Total		439	836,712,405	786,930,152	+ 6.33

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

TOP NEW MEXICO COUNTIES a/ – AUGUST 2014

Rank	County	Number of Producers	Pounds 2014	Pounds 2013	Percent Change 2013/2014
1.	Chaves	32	159,800,285	160,541,730	- 0.46
2.	Curry	26	151,574,543	143,174,434	+ 5.87
3.	Roosevelt	36	139,977,668	128,658,364	+ 8.80
4.	Dona Ana	18	77,836,464	79,556,251	- 2.16
5.	Lea	13	59,815,451	55,043,312	+ 8.67
6.	Socorro	8	23,231,934	21,662,280	+ 7.25
7.	Luna	3	17,245,092	17,282,932	- 0.22
8.	Valencia	5	16,965,180	15,940,884	+ 6.43
Top County Total		141	646,446,617	621,860,187	+ 3.95
Other Counties		6	26,054,618	26,238,378	- 0.70
New Mexico Total		147	672,501,235	648,098,565	+ 3.77

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

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
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
January 2014	3.94	3.63	3.31	3.19	5.75	5.77	9.06	8.96	202	167
February	3.91	3.58	3.29	3.15	5.74	5.76	9.03	8.91	192	156
March	3.86	3.55	3.25	3.11	5.76	5.78	9.01	8.89	196	162
April	3.79	3.50	3.21	3.08	5.80	5.82	9.01	8.90	192	160
May	3.73	3.45	3.19	3.07	5.77	5.78	8.96	8.85	186	151
June	3.69	3.40	3.14	3.01	5.78	5.79	8.92	8.80	214	173
July	3.69	3.40	3.13	2.99	5.77	5.77	8.89	8.76	236	192
August	3.72	3.44	3.15	3.02	5.74	5.74	8.88	8.76	247	210

a/ In thousands.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN TEXAS BY MONTHS:
JANUARY 2012 THROUGH AUGUST 2014, WITH PRODUCTION PERCENTAGE COMPARISONS**

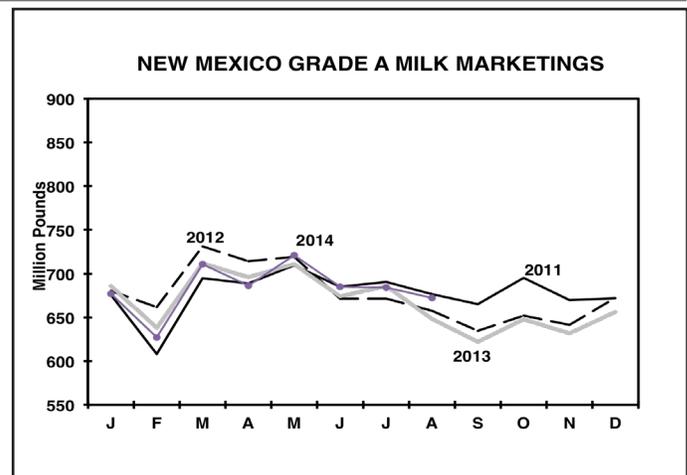
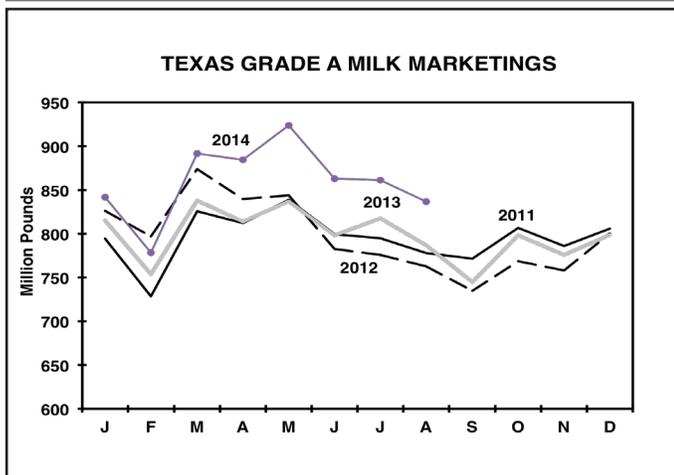
MONTH	2012 POUNDS	Number of Producers	2013 POUNDS	Number of Producers	2014 POUNDS	Number of Producers	PERCENT 2013/12	CHANGE 2014/13
January	826,060,689	525	815,186,323	468	841,887,929	440	- 1.32	+ 3.28
February	796,799,428	514	751,853,093	465	778,398,943	443	- 2.27 *	+ 3.53 *
March	873,809,464	515	837,918,903	461	891,680,232	444	- 4.11	+ 6.42
April	839,675,231	504	813,654,074	456	884,645,957	442	- 3.10	+ 8.73
May	843,983,197	495	837,276,897	457	923,706,643	443	- 0.79	+ 10.32
June	782,384,320	491	798,423,916	456	862,889,592	442	+ 2.05	+ 8.07
July	775,879,468	483	817,848,775	452	861,256,938	439	+ 5.41	+ 5.31
August	762,801,472	481	786,930,152	448	836,712,405	439	+ 3.16	+ 6.33
September	734,843,900	481	744,663,679	446			+ 1.34	
October	768,680,316	473	797,966,297	445			+ 3.81	
November	757,867,560	471	775,927,149	444			+ 2.38	
December	<u>800,171,636</u>	470	<u>798,498,206</u>	441			<u>- 0.21</u>	
Years Total	9,562,956,681		9,576,147,464				+ 0.14	

* Based on average daily deliveries.

**POUNDS OF GRADE A MILK MARKETED BY
PRODUCERS LOCATED IN NEW MEXICO BY MONTHS:
JANUARY 2012 THROUGH AUGUST 2014, WITH PRODUCTION PERCENTAGE COMPARISONS**

MONTH	2012 POUNDS	Number of Producers	2013 POUNDS	Number of Producers	2014 POUNDS	Number of Producers	PERCENT 2013/12	CHANGE 2014/13
January	680,195,569	157	685,707,875 ^u	148	677,107,907	147	+ 0.81 ^u	- 1.25
February	661,854,191	156	637,945,230 ^u	148	627,152,702 ^u	147 ^u	- 0.17 ^{*u}	- 1.69 ^{*u}
March	730,980,867	156	711,813,501 ^u	149	711,010,066	146	- 2.62 ^u	- 0.11
April	713,977,651	158	695,977,148	150	686,163,267	145	- 2.52	- 1.41
May	719,067,055	153	710,709,847	150	721,131,107	147	- 1.16	+ 1.47
June	666,236,294	152	674,240,675	149	685,138,590	147	+ 1.20	+ 1.62
July	671,552,652	149	685,672,220	149	684,168,540	144	+ 2.10	- 0.22
August	657,573,314	149	648,098,565	148	672,501,235	147	- 1.44	+ 3.77
September	634,558,129	148	621,748,466	147			- 2.02	
October	652,048,912	149	647,611,433	147			- 0.68	
November	641,151,756	148	631,922,577	147			- 1.44	
December	<u>672,437,705</u>	148	<u>656,050,459</u>	148			<u>- 2.44</u>	
Years Total	8,101,634,095		8,007,497,996				- 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 ^{c/}			
	I ^{a/}	II	III	IV	P.P.D. ^{a/}		Other Solids	True Protein	SCC ^{b/} Adj Rate	Grade AA Butter	Cheddar Cheese	NFDM Powder	Dry Whey
	----- Dollars Per Hundred Wt. -----						-----Cents Per Pound-----						
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 ^{d/}	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
January 2014	24.48	22.21	21.15	22.29	1.25	178.74	41.55	418.70	.00104	164.75	208.38	203.35	60.25
February	25.02	23.73	23.35	23.46	0.67	201.09	44.53	460.44	.00114	183.20	228.64	207.83	63.14
March	26.64	24.22	23.33	23.66	1.19	204.02	47.00	451.72	.00113	185.62	226.89	208.97	65.54
April	26.65	24.74	24.31	23.34	0.81	212.07	49.26	470.89	.00118	192.27	235.47	201.91	67.74
May	27.47	24.44	22.57	22.65	1.86	227.21	48.97	395.53	.00109	204.77	217.03	187.68	67.45
June	25.86	23.94	21.36	23.13	1.91	244.13	49.42	334.37	.00102	218.74	203.58	186.33	67.89
July	26.02	24.41	21.60	23.78	1.95	263.49	50.46	317.98	.00102	234.73	204.82	186.17	68.90
August	26.87	25.34	22.25	23.89	2.04	284.48	50.36	314.96	.00105	252.06	210.74	178.87	68.80

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

**AUGUST 2014
COMPUTATION OF PRODUCER PRICE DIFFERENTIAL**

		Pounds	Price	Value
Add:	Class I Differential			\$420,262.90
	Class I Butterfat	60(a)	7,528,618	\$2.6535
	Class I Skim Per Cwt		340,729,851	\$18.2200
	Class II Butterfat	60(b)	5,779,119	\$2.8518
	Class II Nonfat Solids		3,997,340	\$1.7689
	Class III Butterfat	60(c)	25,573,098	\$2.8448
	Class III Protein		22,116,207	\$3.1496
	Class III Other Solids		41,284,092	\$0.5036
	Class IV Butterfat	60(d)	1,395,891	\$2.8448
	Class IV Nonfat Solids		1,029,597	\$1.6047
	Class II, III, & IV Somatic Cell Adjustment	60(e)		\$1,038,171.44
	Total Producer Milk- Product Pounds and Value		1,129,139,976	\$275,889,835.98
Add:	Value as for 60(f) thru 60(j)			\$68,080.06
Less:	Total Protein Pounds	61(b)	34,800,729	\$3.1496
	Total Other Solids Pounds		64,768,169	\$0.5036
	Total Butterfat Pounds		40,276,726	\$2.8448
	Total Value of Somatic Cell Adjustment			\$1,420,462.72
	Total Milk and Value		1,129,139,976	\$17,732,597.22
Add:	Location Differential Adjustments	61(c)		\$5,320,304.63
	Producer - Settlement Fund Reserve	61(d)		\$492,488.65
	Total Producer Milk/URSP and Value		1,129,139,976	\$2.08525
Less:	Producer - Settlement Fund Reserve	61(f)		\$0.04525
	Producer Price Differential (Dallas County)			\$2.04
				\$23,034,455.51

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**AUGUST 2014
PRODUCER MILK AND COMPONENT UTILIZATION PERCENTAGES**

Producer Milk Utilization Percentages						
	Product Pounds	Percent	Butterfat Pounds	Percent	Skim Milk Pounds	Percent
Class I	348,258,469	30.84	7,528,618	18.69	340,729,851	31.29
Class II	49,514,962	4.39	5,779,119	14.35	43,735,843	4.02
Class III	718,698,382	63.65	25,573,098	63.49	693,125,284	63.65
Class IV	12,668,163	1.12	1,395,891	3.47	11,272,272	1.04
Total	1,129,139,976	100.00	40,276,726	100.00	1,088,863,250	100.00

Producer Milk Components				
	Butterfat	Protein	Other Solids	Nonfat Solids
Total Pounds	40,276,726	34,800,729	64,768,169	99,568,898
Percentage	3.567%	3.082%	5.736%	8.818%

Average Somatic Cell Count	230,000
Total Number of Pooled Producers	537