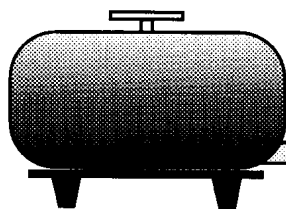
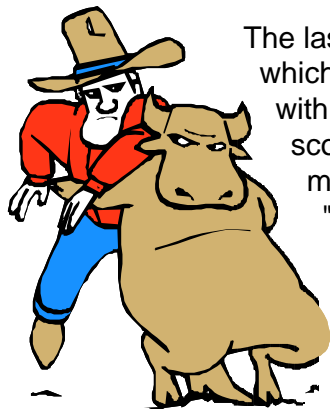


MARKETING SERVICE

B U L L E T I N



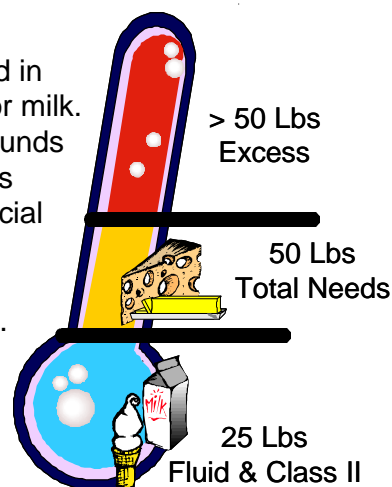
Cows Versus People . . .



The last issue of this bulletin examined "The Balancing Act" in relation to the manner in which Central federal order handlers and cooperatives balanced daily milk supplies with bottling and processing requirements. This "Balancing Act" is also national in scope when examining where the milk supplies are located (data include all federal milk order plus California state milk marketings) and where the milk is needed or "cows vs. people." This issue will further examine these data and illustrate the alignment between the geographic density of milk marketings and population - i.e. a look at supply and demand localities.

Per capita consumption of dairy products is used in this analysis to represent the demand element for milk.

This assumes every person requires about 300 pounds of milk annually to meet fluid and Class II needs plus another 300 pounds (600-lb total) to meet total dairy requirements. USDA estimates commercial milk disappearance for 2000 at 169 billion pounds (USDA Agricultural Outlook, 11/01). This 169 billion pound estimate divided by the U.S. population of 281 million supports the 600 pound total consumption level. Per capita milk production above the 600 pound per level could be considered excess. On a monthly basis, this breaks down to a 25-pound requirement for fluid and Class II and a 50-pound requirement for total dairy product consumption. This thermometer graphic reflects these assumptions.

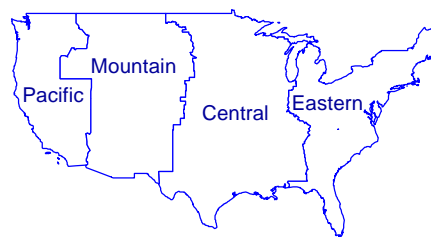


The population of each US county (48 states) was utilized to compare per capita milk marketings with estimated per capita milk consumption. Counties were separated by time zone to develop a somewhat arbitrary "regional" analysis. Major differences in population between time zones, differences in milk marketings by time zone, and geographic features such as the Rocky Mountains (seen as a barrier to economical west-east movements of milk) all combine to provide the results on the following pages.

	5/96	5/01
Marketings		
Pacific	2,683,490,149	3,484,554,570
Mountain	1,153,278,914	1,438,963,788
Central	4,431,237,068	4,421,760,090
Eastern	3,826,500,645	4,116,354,439
Total	12,094,506,776	13,461,632,887

	5/96	5/01
Population		
Pacific	42,308,216	45,432,676
Mountain	15,392,806	17,036,461
Central	77,044,481	81,393,138
Eastern	128,651,796	135,721,162
Total	263,397,299	279,583,437

	5/96	5/01
Per Capita Mktgs		
Pacific	63.4	76.7
Mountain	74.9	84.5
Central	57.5	54.3
Eastern	29.7	30.3
Average	45.9	48.1



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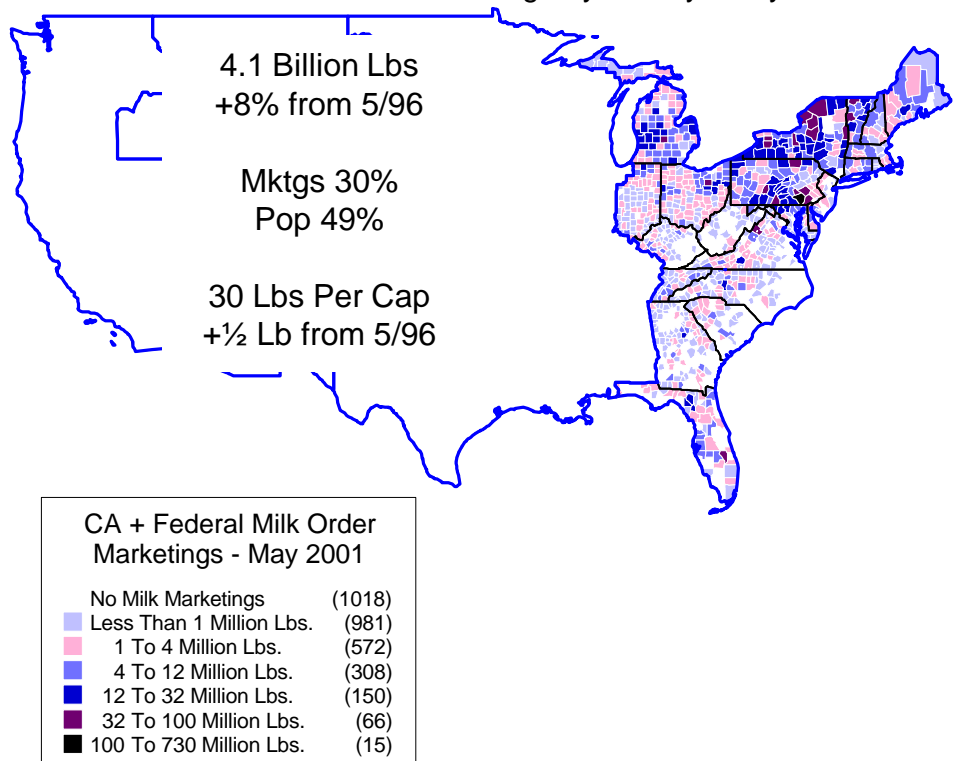
Milk marketings from counties located in the Eastern time zone totaled **4.116** billion pounds during May 2001. These **4.1** billion pounds accounted for **30%** of the total U.S. federal order and California milk marketings. However, **49%** percent of the total (48 states) U.S. population resides within this time zone -- resulting in per capita milk marketings of **30** pounds. As indicated by the thermometer graphic on the front page this meets the fluid and Class II needs but falls short of meeting the total milk "use" needs on a monthly basis by **20** pounds per person. This results in a **2.7** billion pound monthly deficit.

Milk marketings within the Central time zone totaled **4.422** billion pounds which accounted for **33%** of the total federal order and California milk marketings during May 2001. **Twenty-nine** percent of the U.S. population resides within the Central time zone resulting in per capita milk marketings of **54** pounds. These extra four pounds create a **352** million pound excess during May 2001.

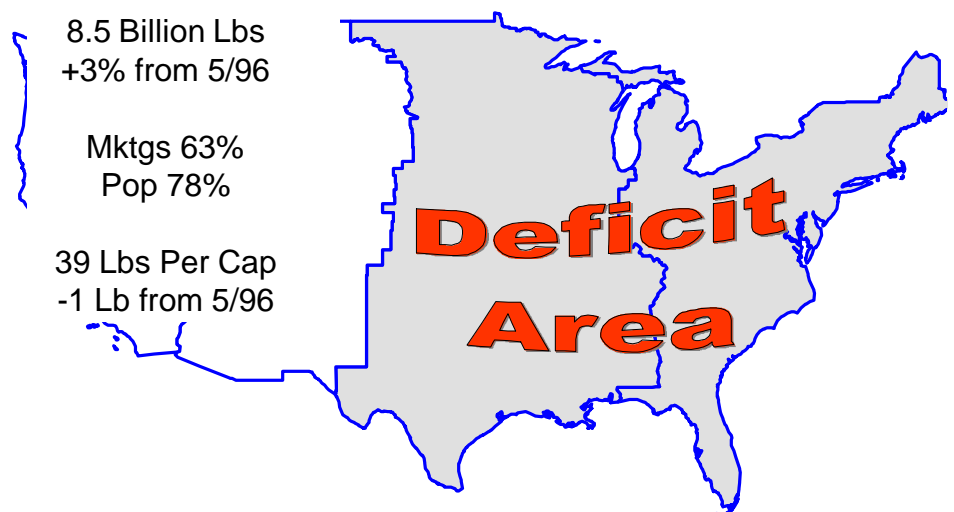
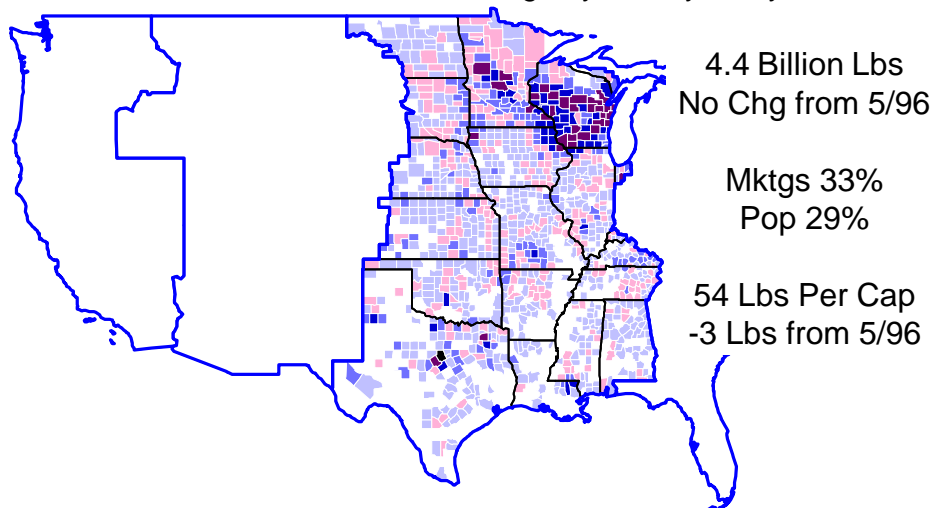
Combining these two time zones into a single marketing/procurement/ consumption area east of the Rocky Mountains provides another perspective. Per capita milk marketings total **39** pounds -- **11** pounds **below** the 50 pounds necessary to meet the total per capita needs. This translates into a monthly deficit of **2.3** billion pounds of milk for the combined two eastern "half" time zones.

The maps on the following page illustrate how the per capita milk marketings differ when examining the western time zones.

CA + Federal Order Milk Marketings By County - May 2001



CA + Federal Order Milk Marketings By County - May 2001



Counties located within the Mountain time zone had milk marketings totaling **1.439** billion pounds which accounted for **11%** of the total U.S. federal order and California milk marketed during May 2001. Milk marketings from this time zone increased **25%** or **286** million pounds from May 1996 to May 2001.

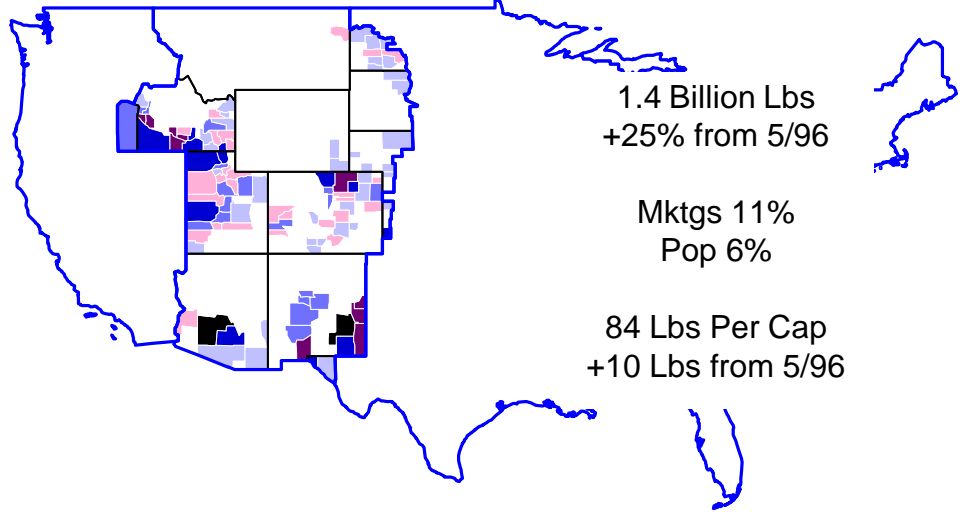
The Mountain time zone is the least populated with **6%** of the U.S. population (48 states). Reflecting the increased marketings and smaller population, the per capita milk marketings were up **10** pounds from May 1996 to **84** pounds during May 2001. This time zone's **34**-pound per capita excess translates into **587** million pounds of milk.

Milk marketings within the Pacific time zone totaled **3.485** billion pounds which accounted for **26%** of the total federal order and California milk marketings during May 2001.

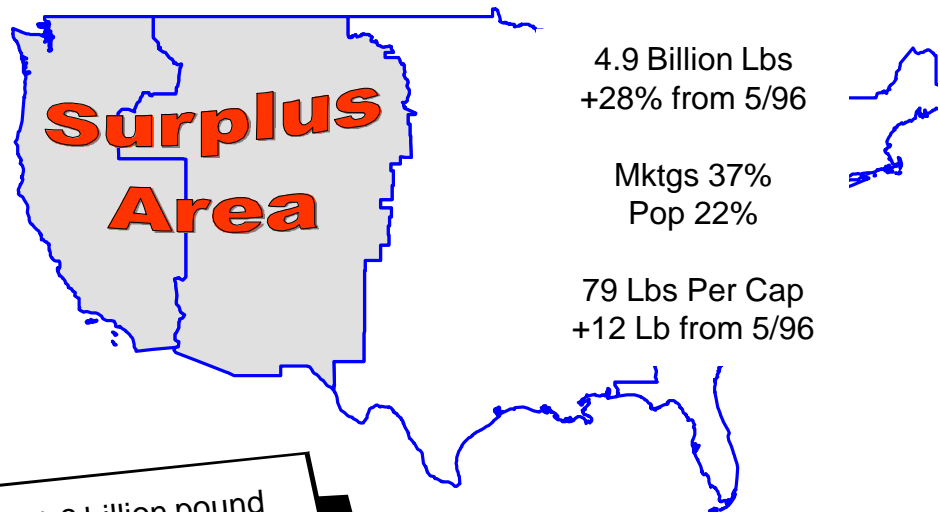
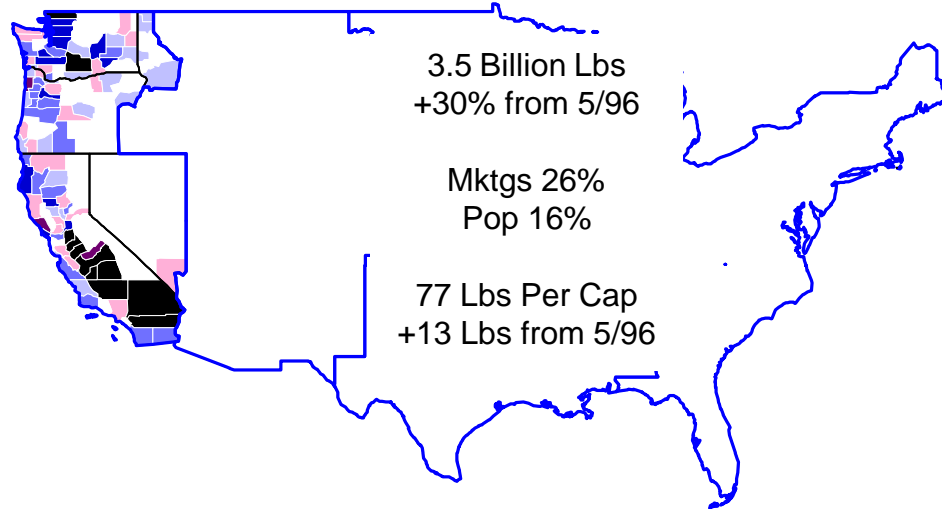
Sixteen percent of the 48-state U.S. population resides within the Pacific time zone. Per capita milk marketings totaled **77** pounds -- a **27** pound per capita excess or **1.2** billion pounds during May 2001.

If these two time zones were combined into a single marketing/procurement/consumption area the per capita milk marketings would total **79** pounds. This is **29** pounds over the 50 pounds necessary to meet the total per capita needs. As a result, there is a monthly excess of **1.8** billion pounds for the combined western two time zones.

CA + Federal Order Milk Marketings By County - May 2001



CA + Federal Order Milk Marketings By County - May 2001



Interestingly, this 1.8 billion pound excess from "the west" is not sufficient to satisfy the 2.3 billion pound deficit of the two eastern time zones.

	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	<u>11/2001</u>	<u>10/2001</u>	<u>11/2001</u>	<u>10/2001</u>	<u>11/2001</u>	<u>10/2001</u>
Pacific Northwest	13.30	14.38	1.99	(0.22)	30.66	33.40
Western	12.87	14.35	1.56	(0.25)	20.15	31.20
Arizona-Las Vegas	13.73	15.01	-----	-----	35.06	34.89
Central	13.17	14.92	1.86	0.32	29.41	29.99
Southwest	15.08	16.05	3.77	1.45	48.77	49.37
Upper Midwest	12.45	14.75	1.14	0.15	19.75	19.93
Southeast	16.20	16.70	-----	-----	63.91	66.19
Mideast	13.79	15.03	2.48	0.43	39.46	41.58
Appalachian	16.76	16.73	-----	-----	72.82	73.38
Northeast	15.28	16.04	3.97	1.44	47.78	47.76
Florida	18.59	18.30	-----	-----	90.17	91.96

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