

# MARKETING SERVICE

## BULLETIN

### 3.63% of Central Federal Order Farms Market 50% of Pooled Milk

Central Federal Order milk marketings have undergone dynamic changes as dairy producers, cooperatives and processors seek opportunities which maximize returns through milk pooling practices. Dramatic shifts in the location of farms that supply Central Order regulated handlers have occurred since the inception of the "reformed" order in January 2000. Many of these changes are attributable to revisions in pooling provisions for either the Central Order or adjacent federal milk orders. Milk from distant locations, such as California, became associated with the order but were later removed as pooling provisions were tightened. During several years large negative Producer Price Differentials (PPD's) resulted in substantial amounts of milk, previously associated with the order, being "depooled" due to Class price alignments. Revisions to order pooling provisions have resulted in smaller amounts of "depooled" milk in recent years, however. These order language revisions, along with changing industry pooling practices, continue to alter the footprint of the Central Order "milkshed"

The number of farms with marketings pooled on the Central Order increased from 7,479 in January 2000 to a peak of 11,683 farms during June 2001. This number has declined to less than 27% of the peak, with 3,137 farms marketing milk on the order during October 2011. The tables on the first two pages of this bulletin provide distribution data by farm size based on October 2011 Central Order milk marketings.

#### Central Order Eligible Milk Marketings Ranked From Largest Producer to Smallest October 2011

<u>Quartiles</u>	<u># of Farms</u>	<u>Range Of Milk Marketings Per Farm</u>
1	38	6,338,900 - 17,691,540 lbs.
2	76	3,056,060 - 6,287,580 lbs.
3	286	512,958 - 2,903,327 lbs.
4	2,737	< 512,958 lbs.

A relatively small number of farms with large milk marketings make up a disproportionate share of the Central Order total. This is also true for many of the states that have producers supplying the order, as indicated by the table on page two. Moreover, data from the table above indicates that 38 of the largest farms accounted for 25% of Central Order marketings during October 2011. Each of these farms marketed more than 6.339 million pounds during the month. Half of the milk on the Central Order in October was accounted for by including the next 76 farms - these farms had marketings between 3.056 & 6.288 million pounds. Thus, 3.63% of the farms marketed 50% of the milk during October 2011. The table below provides a farm distribution based on the amount of milk marketed on the Central Order. Notably, there were 1,496 farms (down from 5,727 farms in October 2002) which marketed less than 100,000 pounds on the order. These producers accounted for approximately 48% of the farms but less than 6% of the milk marketed.

### Distribution of Farms by Amount of Pooled Marketings\* - October 2011

<u>Range Of Marketings</u>	<u>Farms</u>	<u>% Of Farms</u>	<u>Pounds Of Milk</u>	<u>% Of Lbs.</u>	<u>Avg. Lbs. Per Farm</u>
< 100,000 Lbs.	1,496	47.69	78,924,157	5.92	52,757
100,000 to 250,000 Lbs.	916	29.20	142,349,654	10.68	155,404
250,000 to 500,000 Lbs.	317	10.11	107,349,232	8.06	338,641
500,000 to 750,000 Lbs.	101	3.22	61,900,792	4.65	612,879
750,000 to 1 Million Lbs.	67	2.14	58,179,335	4.37	868,348
1 to 1.250 Million Lbs.	33	1.05	36,853,433	2.77	1,116,771
1.250 to 1.500 Million Lbs.	24	0.77	32,454,256	2.44	1,352,261
> 1.500 Million Lbs.	183	5.83	814,372,853	61.12	4,450,125
<b>Federal Order Total</b>	<b>3,137</b>	<b>100.00</b>	<b>1,332,383,712</b>	<b>100.00</b>	<b>424,732</b>

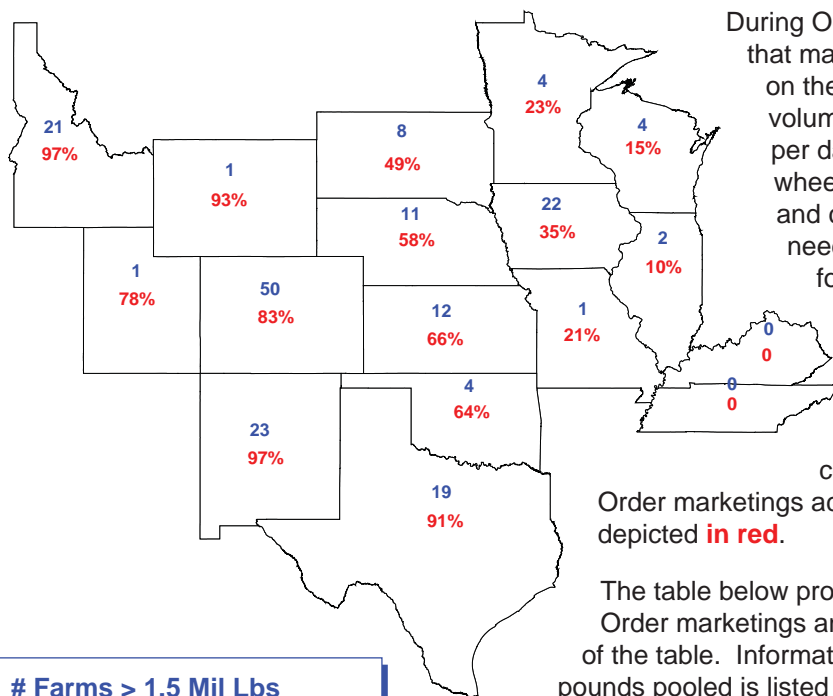
\* There is no requirement that the total monthly production of a farm be pooled on the order. The data contained in this bulletin represents the pounds of milk marketed on the Central Federal Milk Order.



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# Number Of Farms Marketing More Than 1.5 Million Pounds (About A Tanker Load Per Day For Each Farm) & Their Portion Of Each State's Central Order Marketings -- October 2011



During October 2011 there were 183 individual producers that marketed more than 1.5 million pounds of milk on the Central Federal Order. Farms marketing this volume of milk, which approximates a tanker load per day, are sometimes referred to as a milk plant on wheels. A tanker load of milk each day is very mobile and can be readily directed to different locations as needed. Although these 183 producers accounted for only 5.83% of the total producers on the Central market, their marketings comprised 61.12% of the milk pooled. The map at the left depicts the number of producers with Central Order milk marketings greater than 1.5 million pounds in each state **in blue**. The corresponding percentage of the state's Central

Order marketings accounted for by these large producers is also depicted **in red**.

The table below provides additional data by state. **Total** Central Order marketings and number of farms are listed on the left side of the table. Information for producers with more than **1.5 million** pounds pooled is listed for each state on the right side.

**# Farms > 1.5 Mil Lbs**  
**% Of State's Central Order Mktgs**

## Central Order - October '11

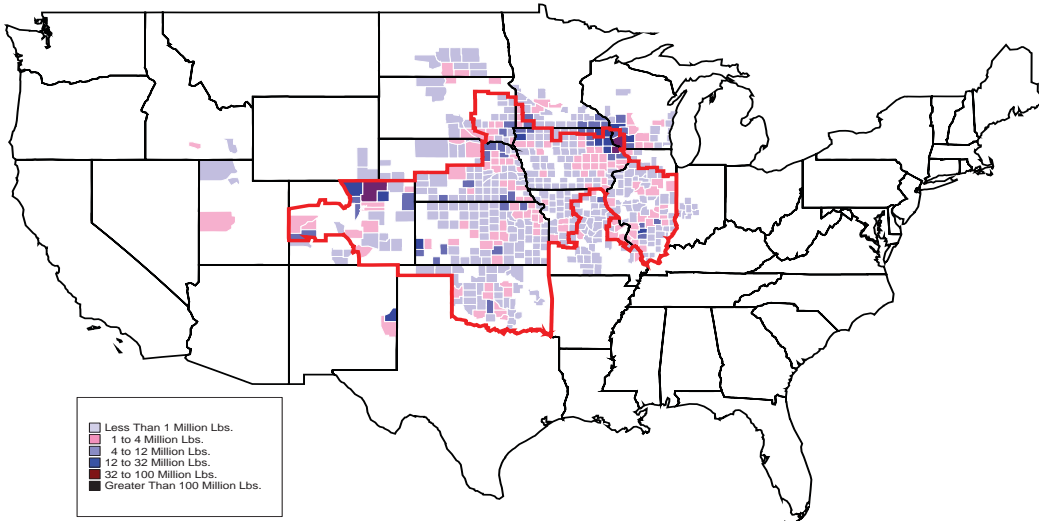
<u>State</u>	<u>Pounds of Milk Pooled</u>	<u># of Farms</u>
CO	249,211,126	121
ID	99,666,082	38
IL	72,031,153	437
IA	274,055,133	1,073
KS	113,524,766	254
KY	182,461	1
MN	37,241,581	124
MO	30,889,166	223
NE	83,213,560	205
NM	128,661,835	36
OK	40,205,638	102
SD	54,398,379	143
TN	653,347	6
TX	83,770,959	41
UT	6,049,177	8
WI	51,794,401	321
WY	6,834,948	4
<b>Total</b>	<b>1,332,383,712</b>	<b>3,137</b>

## Farms Marketing More Than 1.5 Million Pounds

<u>Number of Farms</u>	<u>Oct '11 Pounds</u>	<u>% of State Pounds</u>
50	205,823,275	82.59
21	96,334,889	96.66
2	7,456,153	10.35
22	94,931,898	34.64
12	74,392,830	65.53
0	0	0
4	8,685,287	23.32
1	6,512,494	21.08
11	48,557,208	58.35
23	124,308,943	96.62
4	25,724,841	63.98
8	26,603,476	48.90
0	0	0
19	76,212,821	90.98
1	4,727,472	78.15
4	7,762,366	14.99
1	6,338,900	92.74
<b>183</b>	<b>814,372,853</b>	<b>61.12</b>

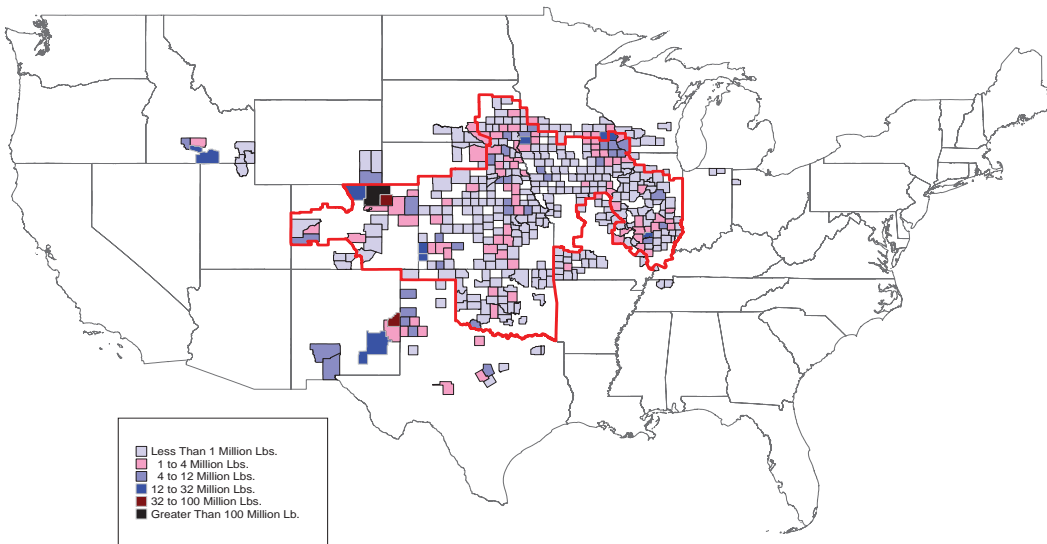
# Central Federal Order Milk Marketings

**January 2000**



The location of dairy producers and the volume of milk pooled on the Central Federal Milk Order continues to evolve over time, as indicated by the maps on this page. The location and density of milk marketings for January 2000, October 2009, and October 2011 are depicted to illustrate this fact. During January 2000, 79% of the milk pooled came from inside the Central Marketing Area, compared to 72% in October 2009 and 69% in October 2011.

**October 2009**



**January 2000**

1.103 Billion Lbs.

Inside Area -- 874 Million Lbs.

Outside Area -- 229 Million Lbs.

**October 2009**

0.940 Billion Lbs.

Inside Area -- 677 Million Lbs.

Outside Area -- 263 Million Lbs.

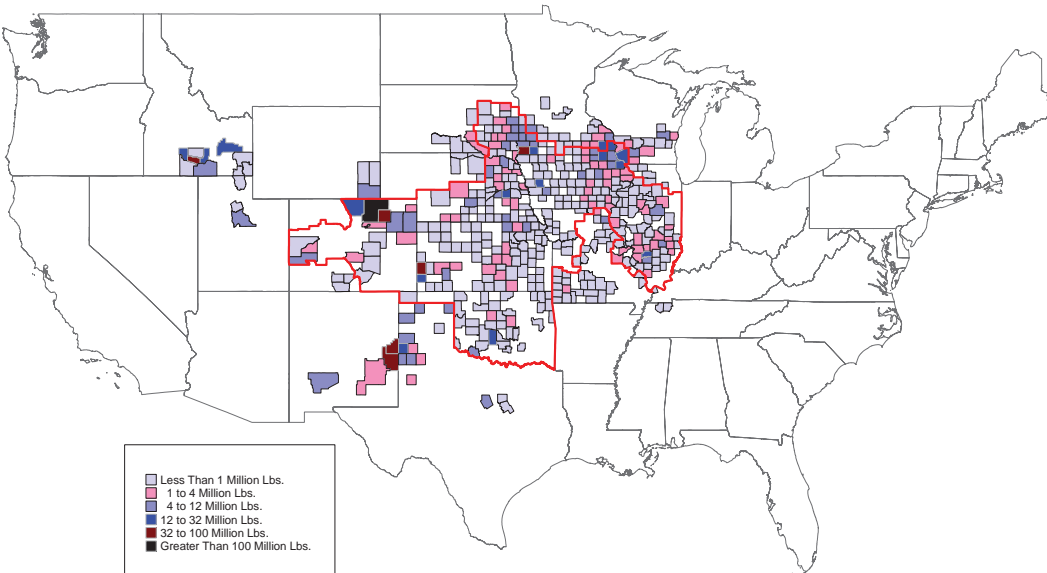
**October 2011**

1.332 Billion Lbs.

Inside Area -- 914 Million Lbs.

Outside Area -- 418 Million Lbs.

**October 2011**



**Change: Jan '00 to Oct '11**

**Up** 229 Million Lbs.

Inside Area -- **Up** 40 Million Lbs.

Outside Area -- **Up** 189 Million Lbs.

**Change: Oct '09 to Oct '11**

**Up** 392 Million Lbs.

Inside Area -- **Up** 237 Million Lbs.

Outside Area -- **Up** 155 Million Lbs.

	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	<u>Nov '11</u>	<u>Oct '11</u>	<u>Nov '11</u>	<u>Oct '11</u>	<u>Nov '11</u>	<u>Oct '11</u>
Northeast	20.23	20.42	1.16	2.39	44.32	43.53
Appalachian	21.27	21.57	-----	-----	72.28	69.20
Florida	23.15	23.77	-----	-----	85.29	85.93
Southeast	21.63	21.79	-----	-----	70.21	66.63
Upper Midwest	19.15	18.41	0.08	0.38	13.55	13.25
<b>Central</b>	<b>18.82</b>	<b>18.82</b>	<b>-0.25</b>	<b>0.79</b>	<b>36.23</b>	<b>28.83</b>
Mideast	19.18	19.23	0.11	1.20	40.18	38.12
Pacific Northwest	18.77	18.80	-0.30	0.77	29.11	27.18
Southwest	19.89	19.85	0.82	1.82	39.66	38.72
Arizona	19.31	19.39	-----	-----	33.83	33.11

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