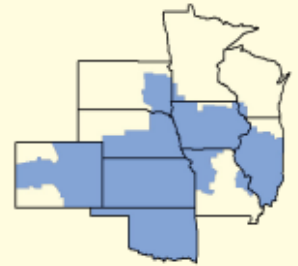


JULY 2013

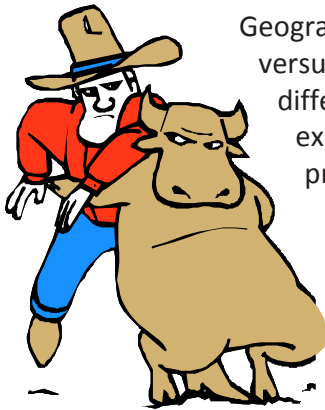
Marketing Service

Bulletin

Facilitating the efficient
marketing of milk and
dairy products.



CENTRAL MARKETING AREA

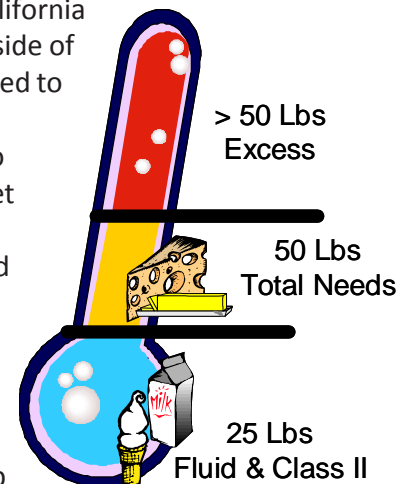


Geographic comparison of milk marketings versus population could be referred to as "Cows versus People." The "locality" of milk supply compared to dairy product demand provides a different perspective from published national supply and demand statistics. This issue examines supply and demand localities -- where raw milk is marketed versus where dairy products are consumed -- for the U.S. dairy industry during December 2012.

Combined marketings from all federal milk orders¹ plus the California state order are used in this analysis to represent the supply side of our equation. Per capita consumption of dairy products is used to represent the demand element. This analysis assumes every person requires approximately 300 pounds of milk annually to meet fluid and Class II needs, plus another 300 pounds to meet

total dairy requirements². Per capita milk production above this 600-pound level is considered excess. On a monthly basis, this breaks down to 25 pounds per person for fluid and Class II, and 50 pounds for total dairy product consumption. *The thermometer graphic reflects these assumptions.*

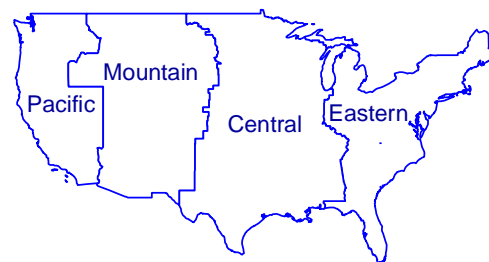
The most recent Census Bureau population estimates for each U.S. county in the contiguous 48 states were utilized to compare per capita milk marketings with estimated per capita dairy product consumption. Counties were aggregated by time zone to develop a "regional" analysis. The large variation in population among time zones along with substantial differences in milk marketings combine to provide the following results.



	Dec '07	Dec '12
<u>Marketings</u>		
Pacific	3,940,845,221	4,056,621,142
Mountain ¹	1,217,962,439	1,297,455,478
Central	4,444,192,087	4,721,626,214
Eastern	4,031,950,794	4,348,599,408
Total	13,634,950,541	14,424,302,242

	Dec '07	Dec '12
<u>Population</u>		
Pacific	49,614,174	51,888,058
Mountain	19,680,905	20,851,556
Central	86,739,076	90,794,777
Eastern	143,620,136	148,255,887
Total	299,654,291	311,790,278

	Dec '07	Dec '12
<u>Per Capita Mktgs</u>		
Pacific	79.4	78.2
Mountain ¹	61.9	62.2
Central	51.2	52.0
Eastern	28.1	29.3
Weighted Average	45.5	46.3



¹ The Western Federal Milk Order was terminated effective April 1, 2004; therefore, data for the Mountain Region does not include production from a significant portion of this region.

² USDA estimates the milk equivalent of all dairy products consumed for 2011 was 604 pounds per person. Source: **Livestock, Dairy, and Poultry Outlook**, United States Department of Agriculture, Economic Research Service.
(<http://www.ers.usda.gov/data-products/dairy-data.aspx>)

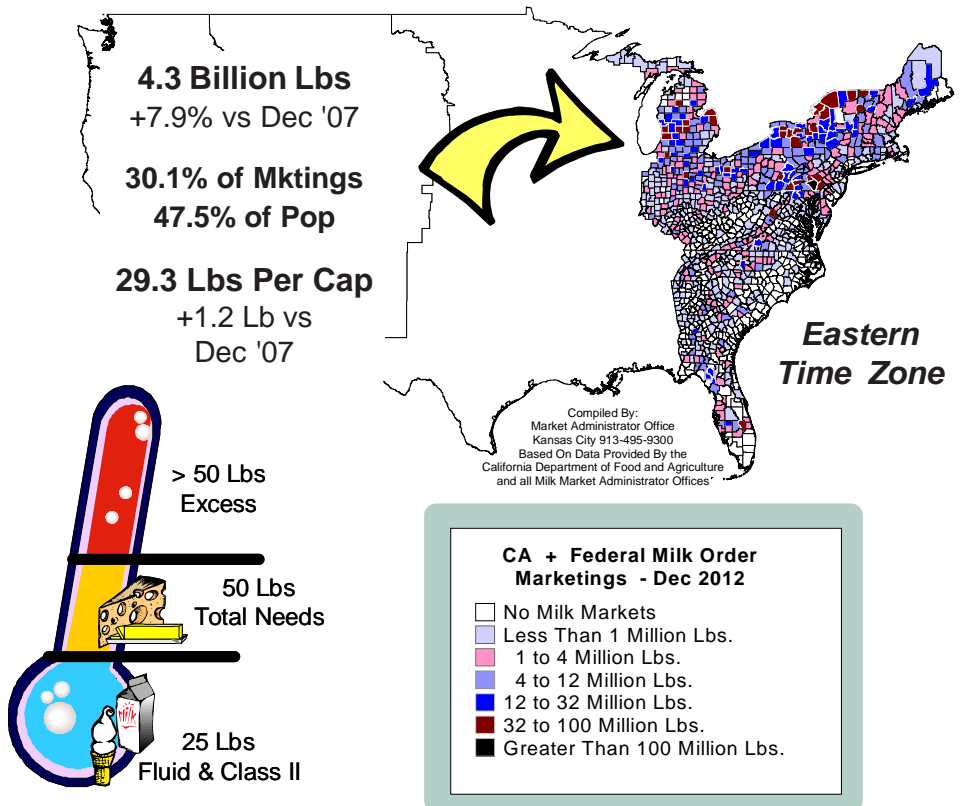
CA + Federal Order Milk Marketings By County December 2012

Milk marketings from counties in the Eastern time zone totaled **4.349** billion pounds during December 2012. These pounds accounted for **30.1%** of the combined federal order plus California milk marketing total. However, **47.5%** of the total continental U.S. population resides within this time zone -- resulting in per capita milk marketings of **29.3** pounds. This is sufficient to meet fluid and Class II needs, but falls short of meeting the total monthly consumption requirements by approximately **20.7** pounds per person. This translates into a **monthly deficit of approximately 3.1 billion pounds**.

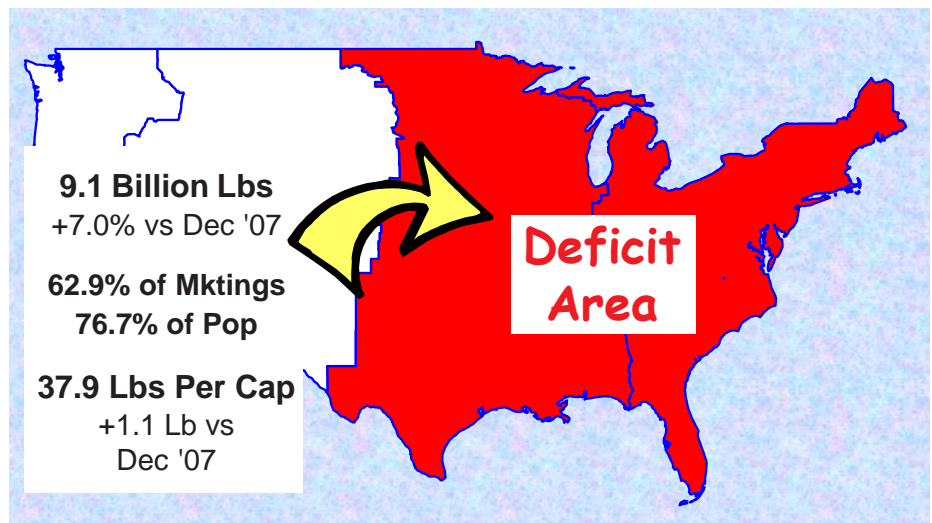
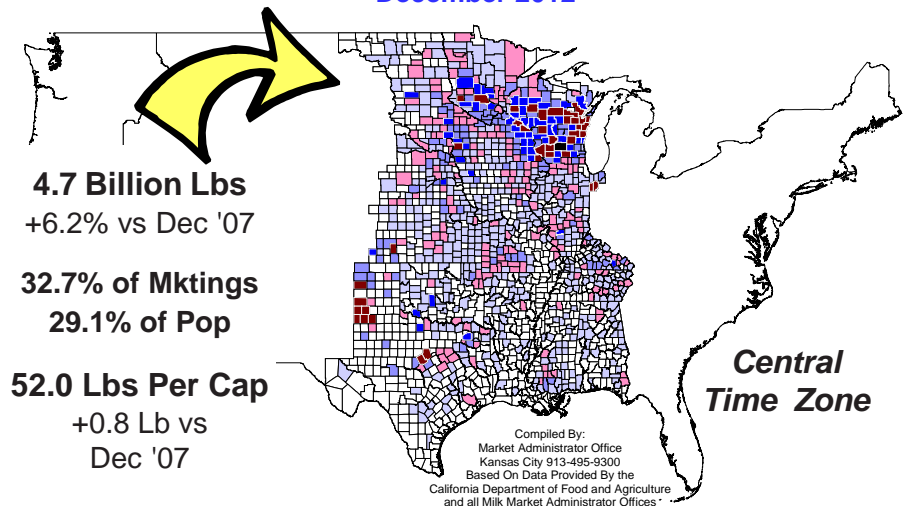
Milk marketings within the Central time zone totaled **4.722** billion pounds, or **32.7%** of total federal order and California marketings during December 2012. The Central time zone accounted for **29.1%** of the 48-state U.S. population, resulting in per capita milk marketings of **52.0** pounds. This translates into a **milk surplus of about 181.9 million pounds**.

Perspective for a large proportion of the U.S. demographic is obtained by combining these two time zones into a single marketing/procurement/consumption area. December 2012 per capita milk marketings for this combined area totaled **37.9** pounds -- **12.1** pounds **below** the 50 pounds necessary to meet total per capita needs. This results in a **monthly deficit of approximately 2.9 billion pounds** of milk for the combined Eastern and Central 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 December 2012



CA + Federal Order Milk Marketings By County December 2012

December 2012 Mountain time zone milk marketings totaled **1.297 billion pounds**³, accounting for **9.0%** of the federal order and California total. Milk marketings from this time zone increased **6.5%**, or **79.5 million pounds**, comparing December 2012 with December 2007.

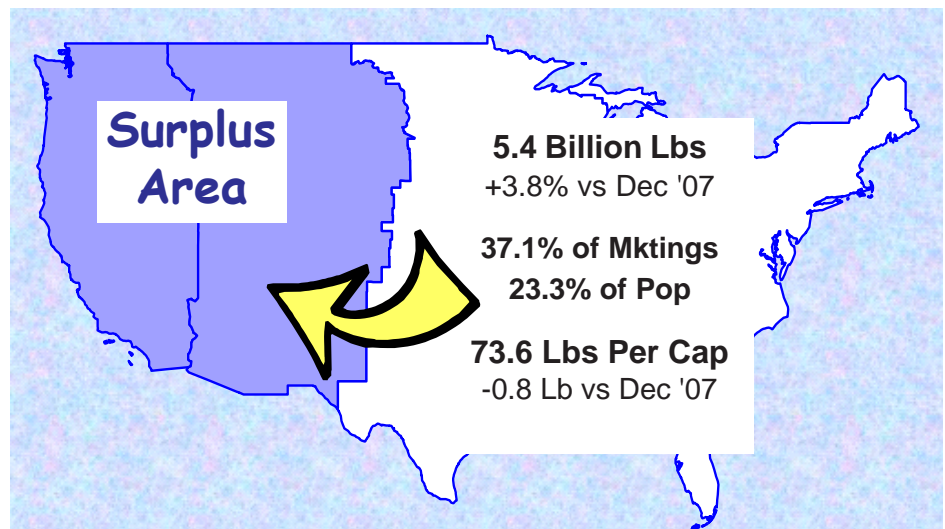
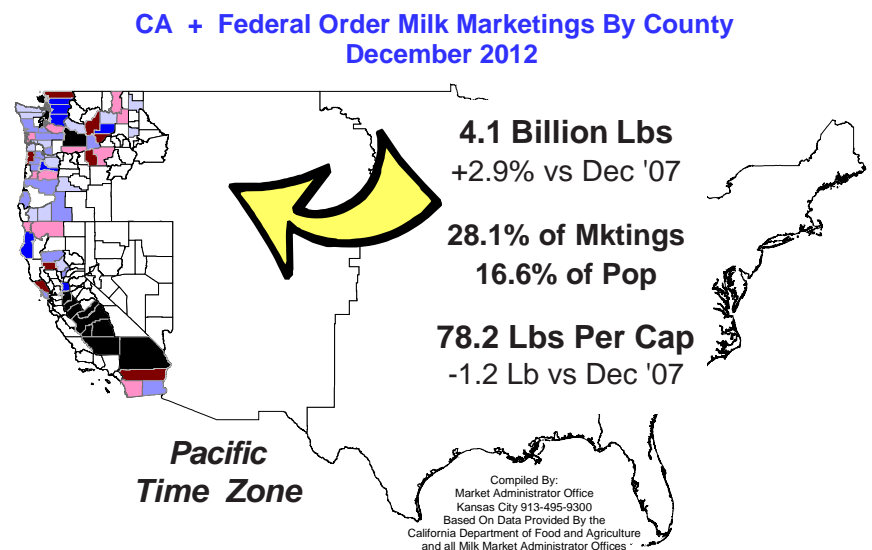
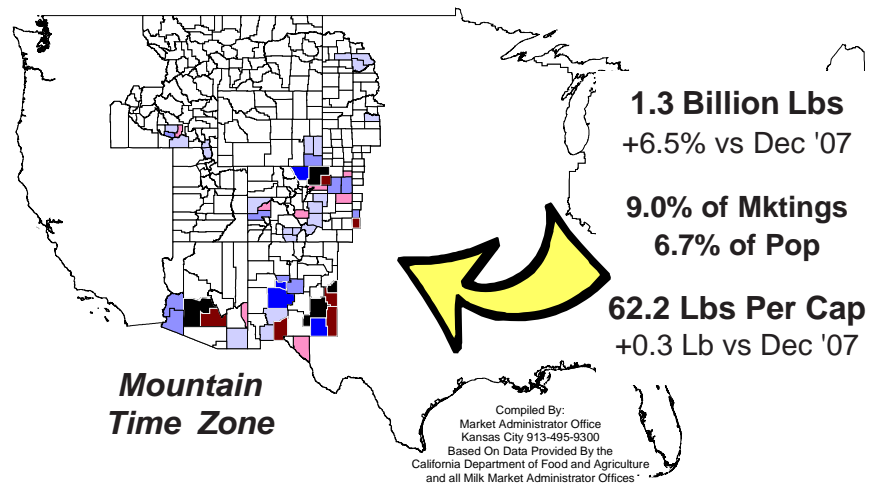
The Mountain time zone is the least populated with **6.7%** of the U.S. population (48 states). Per capita milk marketings were up approximately **0.3 pounds** from December 2007, climbing to **62.2 pounds**. The Mountain time zone's **12.2 pound** per capita excess translates into **roughly 254.9 million pounds of surplus milk**.

Milk marketings from counties within the Pacific time zone totaled **4.057 billion pounds** during December 2012. While these marketings accounted for **28.1%** of the federal order and California total, the population of the Pacific time zone represents only **16.6%** of the continental U.S. total. This computes to **78.2 pounds** per capita, which is a **28.2 pound** excess over estimated total consumption, and results in a **regional milk surplus of approximately 1.5 billion pounds**.

Combining these two time zones results in per capita milk marketings of **73.6 pounds**. This is **23.6 pounds** over the 50 pound per capita requirement. Consequently, there is a monthly **excess of approximately 1.7 billion pounds** for the combined Mountain/Pacific time zone.

³ Marketings from this time zone do not include production from a significant portion of this region due to the April 1, 2004 termination of the Western order.

*** Editor's Note:** Adding the "residual production" from Idaho, Montana, Nevada, Utah, and Wyoming to the West total results in an estimated **193.4 million pound U.S. surplus** for December 2012. "Residual production" was calculated by taking NASS total production minus federal order marketings. (MT, NV, UT, and WY December 2012 production was estimated based on 4th quarter production.)



The 1.7 billion pound "excess" from the "west" is not sufficient to satisfy the 2.9 billion pound "deficit" "east" of the Rockies.*

	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	<u>Jun '13</u>	<u>May '13</u>	<u>Jun '13</u>	<u>May '13</u>	<u>Jun '13</u>	<u>May '13</u>
Northeast	20.20	19.78	2.18	1.26	33.68	35.62
Appalachian	21.00	20.46	-----	-----	58.46	63.64
Florida	23.27	22.47	-----	-----	82.41	83.78
Southeast	21.31	20.89	-----	-----	56.24	64.25
Upper Midwest	18.32	18.63	0.30	0.11	9.45	10.97
Central	18.80	18.65	0.78	0.13	26.05	32.35
Mideast	19.22	18.89	1.20	0.37	33.43	34.38
Pacific Northwest	18.84	18.79	0.82	0.27	22.13	24.69
Southwest	19.71	19.54	1.69	1.02	31.84	34.07
Arizona	19.27	19.11	-----	-----	25.89	26.97

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 (including gender identity and expression), marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, 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 USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, D.C. 20250-9410. Or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.



**United States
Department of
Agriculture**

FIRST CLASS
U.S. POSTAGE
PAID
SHAWNEE MISSION, KS
PERMIT NO. 377

FEDERAL MILK MARKET ADMINISTRATOR
P.O. BOX 14650
SHAWNEE MISSION, KANSAS 66285-4650

FIRST CLASS

Website: www.fmmacentral.com
E-mail: market.administrator@fmmacentral.com
Phone: 913-495-9300