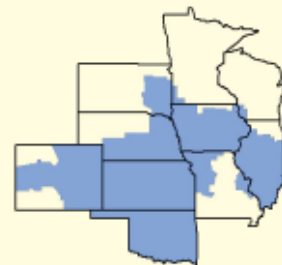


**JULY 2014**

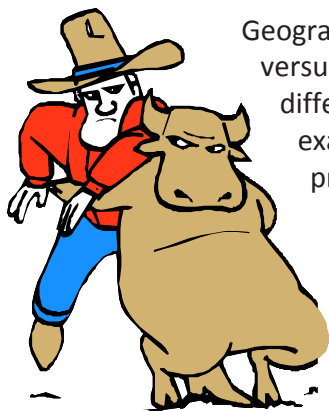
Marketing Service

# Bulletin

Facilitating the efficient  
marketing of milk and  
dairy products.



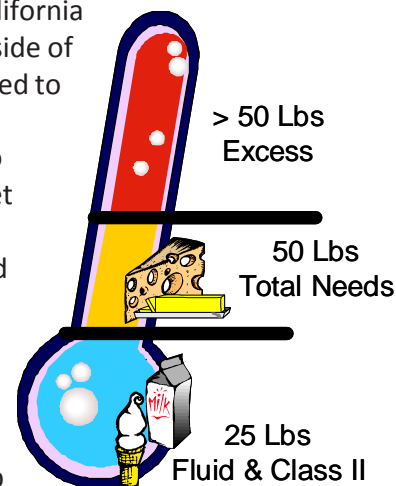
**CENTRAL MARKETING AREA**



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 2013.

Combined marketings from all federal milk orders<sup>1</sup> 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 requirements<sup>2</sup>. 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 '08               | Dec '13               |
|--------------------------|-----------------------|-----------------------|
| <b><u>Marketings</u></b> |                       |                       |
| Pacific                  | 3,932,198,179         | 4,098,029,004         |
| Mountain <sup>1</sup>    | 1,387,957,757         | 1,375,844,263         |
| Central                  | 4,256,888,693         | 4,928,196,971         |
| Eastern                  | 4,091,352,353         | 4,330,981,416         |
| <b>Total</b>             | <b>13,668,396,982</b> | <b>14,733,051,654</b> |

|                          | Dec '08            | Dec '13            |
|--------------------------|--------------------|--------------------|
| <b><u>Population</u></b> |                    |                    |
| Pacific                  | 49,979,179         | 52,332,353         |
| Mountain                 | 20,075,002         | 21,404,260         |
| Central                  | 87,606,418         | 92,608,864         |
| Eastern                  | 144,424,634        | 147,644,176        |
| <b>Total</b>             | <b>302,085,233</b> | <b>313,989,653</b> |

|                                | Dec '08     | Dec '13     |
|--------------------------------|-------------|-------------|
| <b><u>Per Capita Mktgs</u></b> |             |             |
| Pacific                        | 78.7        | 78.3        |
| Mountain <sup>1</sup>          | 69.1        | 64.3        |
| Central                        | 48.6        | 53.2        |
| Eastern                        | 28.3        | 29.3        |
| <b>Weighted Average</b>        | <b>45.2</b> | <b>46.9</b> |



<sup>1</sup> 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.

<sup>2</sup> USDA estimates the milk equivalent of all dairy products consumed for 2012 was 612 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>)

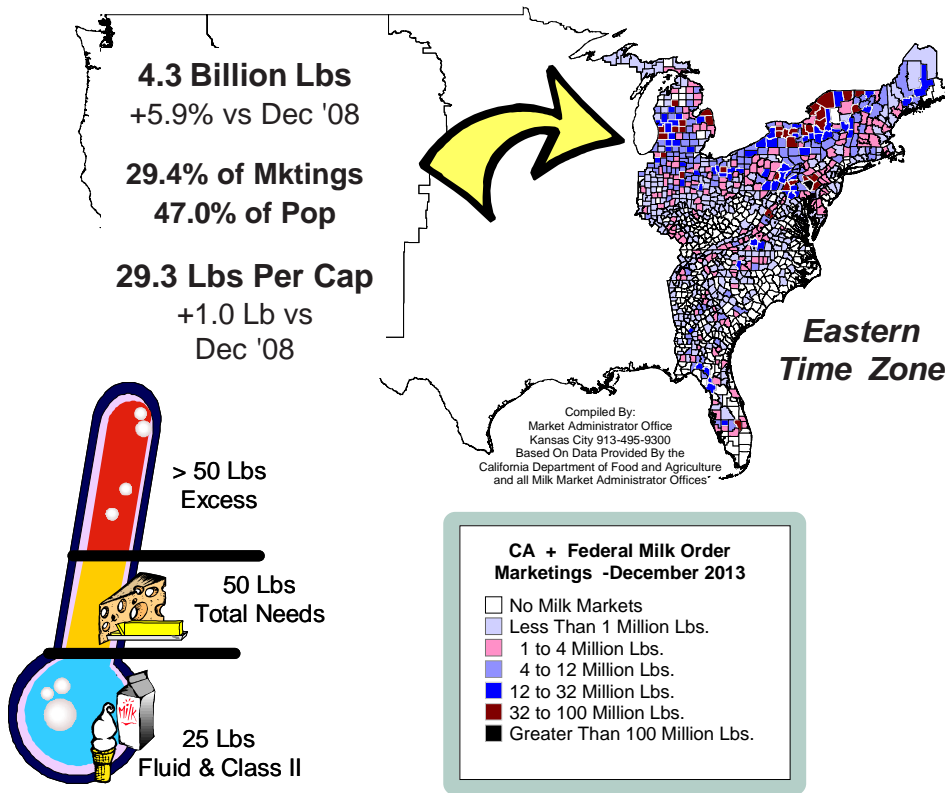
## CA + Federal Order Milk Marketings By County December 2013

Milk marketings from counties in the Eastern time zone totaled **4.331** billion pounds during December 2013. These pounds accounted for **29.4%** of the combined federal order plus California milk marketing total. However, **47.0%** 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**.

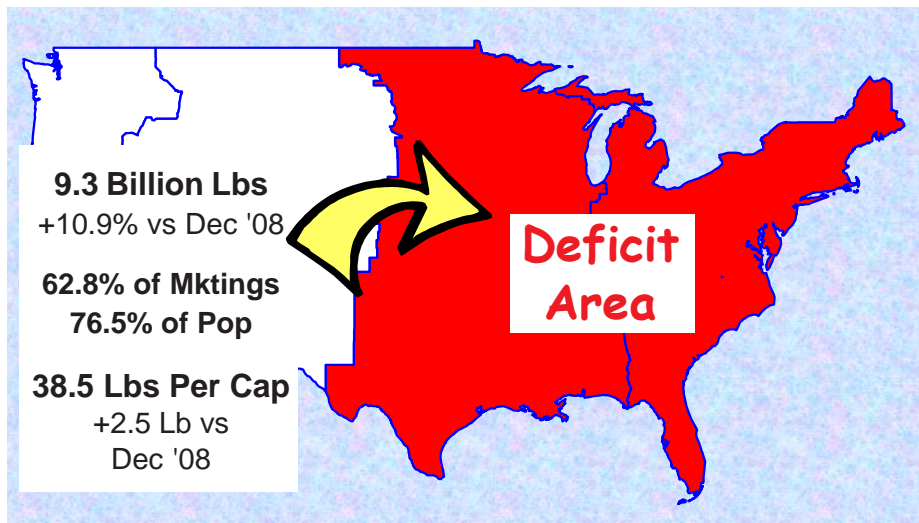
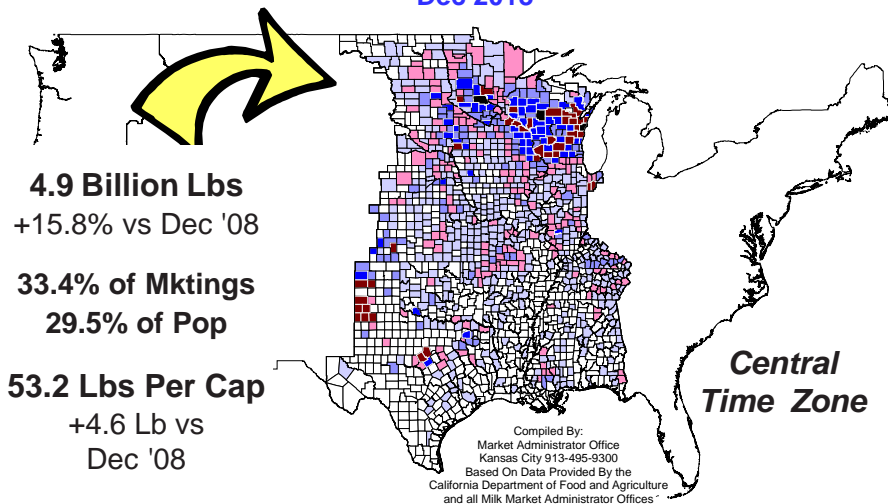
Milk marketings within the Central time zone totaled **4.928** billion pounds, or **33.4%** of total federal order and California marketings during December 2013. The Central time zone accounted for **29.5%** of the 48-state U.S. population, resulting in per capita milk marketings of **53.2** pounds. This translates into a **milk surplus of about 296.3 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 2013 per capita milk marketings for this combined area totaled **38.5** pounds -- **11.5** pounds **below** the 50 pounds necessary to meet total per capita needs. This results in a **monthly deficit of approximately 2.8 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 Dec 2013



December 2013 Mountain time zone milk marketings totaled **1.376 billion pounds**<sup>3</sup>, accounting for **9.3%** of the federal order and California total. Milk marketings from this time zone decreased **0.9%**, or **12.1 million pounds**, comparing December 2013 with December 2008.

The Mountain time zone is the least populated with **6.8%** of the U.S. population (48 states). Per capita milk marketings were down approximately **4.8** pounds from December 2008, declining to **64.3** pounds. The Mountain time zone's **14.3** pound per capita excess translates into **roughly 306.1 million pounds of surplus milk**.

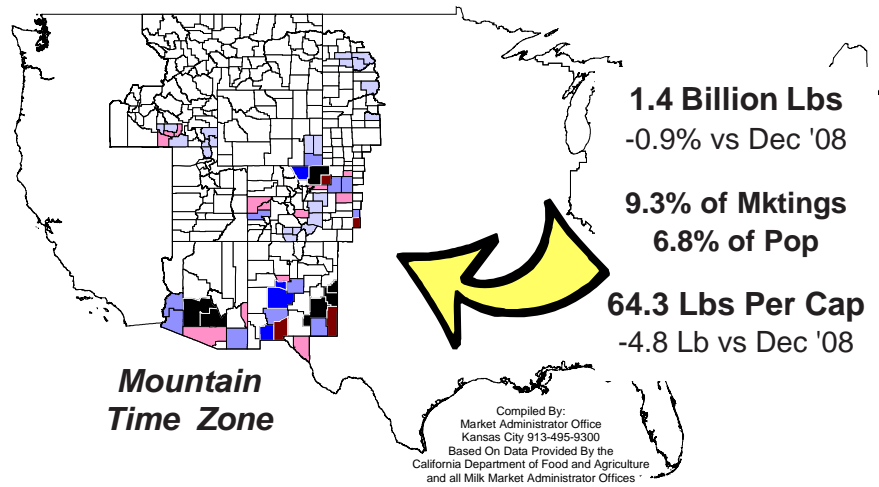
Milk marketings from counties within the Pacific time zone totaled **4.098 billion pounds** during December 2013. While these marketings accounted for **27.8%** of the federal order and California total, the population of the Pacific time zone represents only **16.7%** of the continental U.S. total. This computes to **78.3** pounds per capita, which is a **28.3** 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 **74.2** pounds. This is **24.2** pounds over the 50 pound per capita requirement. Consequently, there is a monthly **excess of approximately 1.8 billion pounds** for the combined Mountain/Pacific time zone.

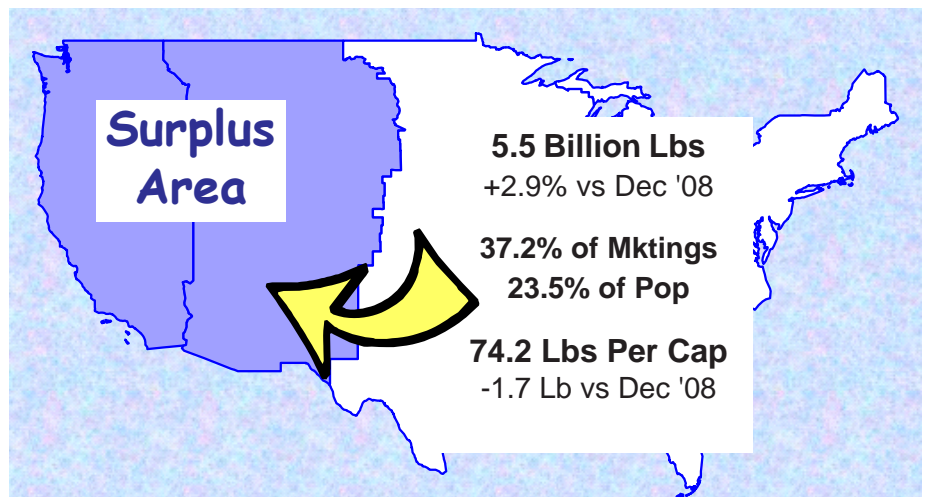
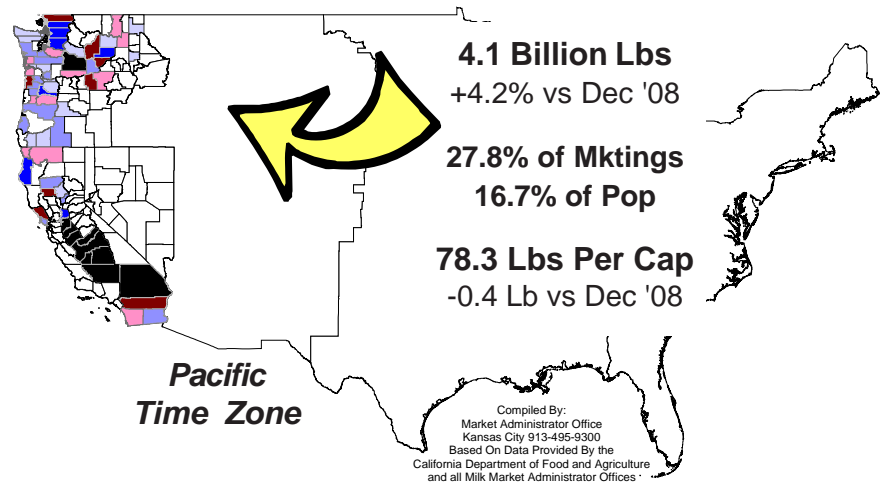
<sup>3</sup> Marketings from this time zone do not include production from a significant portion of this region due to the April 1, 2004 termination of the Western order.

**\* Editor's Note:** Adding the "residual production" from Idaho, Montana, Nevada, Utah, and Wyoming to the West total results in an estimated **382.6 million pound U.S. surplus** for December 2013. "Residual production" was calculated by taking NASS total production minus federal order marketings. (MT, NV, UT, and WY December 2013 production was estimated based on 4th quarter production.)

## CA + Federal Order Milk Marketings By County December 2013



## CA + Federal Order Milk Marketings By County December 2013



The 1.8 billion pound "excess" from the "west" is not sufficient to satisfy the 2.8 billion pound "deficit" "east" of the Rockies.\*



**United States  
Department of  
Agriculture**

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|                   | Statistical<br>Uniform Price |                | Producer Price<br>Differential |                | Class I<br>Utilization |                |
|-------------------|------------------------------|----------------|--------------------------------|----------------|------------------------|----------------|
|                   | <u>Jun '14</u>               | <u>May '14</u> | <u>Jun '14</u>                 | <u>May '14</u> | <u>Jun '14</u>         | <u>May '14</u> |
| Northeast         | 24.38                        | 25.24          | 3.02                           | 2.67           | 31.95                  | 34.65          |
| Appalachian       | 25.48                        | 26.45          | -----                          | -----          | 61.86                  | 61.31          |
| Florida           | 27.53                        | 29.25          | -----                          | -----          | 80.59                  | 86.85          |
| Southeast         | 25.88                        | 26.83          | -----                          | -----          | 68.64                  | 64.10          |
| Upper Midwest     | 21.79                        | 23.00          | 0.43                           | 0.43           | 09.12                  | 09.91          |
| <b>Central</b>    | <b>22.75</b>                 | <b>23.58</b>   | <b>1.39</b>                    | <b>1.01</b>    | <b>29.36</b>           | <b>27.44</b>   |
| Mideast           | 23.21                        | 24.04          | 1.85                           | 1.47           | 33.63                  | 33.33          |
| Pacific Northwest | 22.76                        | 23.42          | 1.40                           | 0.85           | 20.96                  | 21.77          |
| Southwest         | 23.27                        | 24.43          | 1.91                           | 1.86           | 28.58                  | 29.06          |
| Arizona           | 23.33                        | 23.75          | -----                          | -----          | 24.91                  | 22.32          |

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