



MARKETING SERVICE

BULLETIN

How Do The Past Three Years Measure Up?

Congressionally mandated federal milk order reform became effective January 2000. Volatile marketing conditions have changed little from pre-reform as federal order dairy producers still experience a variety of price fluctuations. The graphics in this bulletin illustrate how selected 2002 Central federal order data has "measured up" over the three-year period. During the first year of reform (2000), prices were relatively stable, albeit low. Prices recovered and were higher in 2001 but price volatility returned. In 2002, prices were again down to many of the lows noted in 2000.



Producer milk marketings on the Central order totaled 18.700 billion pounds during 2002. This compares to 17.836 and 16.036 billion pounds during 2001 and 2000, respectively. Producer receipts during 2002 were 4.8% greater than 2001 and 16.6% greater than 2000. The amount of milk utilized as Class I has been relatively constant over the three years. There were 4.866 billion pounds of Class I milk in 2002 compared with 4.881 billion pounds in 2001 and 4.875 billion pounds in 2000. However, the Class I utilization percentage has decreased each year from 30.40 2000, to 27.37 in 2001, to 26.02 in 2002.

The 2002 weighted average Producer Price Differential (PPD) was \$0.84 per cwt. This compares with \$1.05 a year earlier and \$1.54 during 2000. The 2002 weighted average statistical uniform price was \$11.24 per cwt., which was down \$2.97 from the 2001 average of \$14.21. The 2002 price was also below the \$11.28 weighted average statistical uniform price during 2000. The statistical uniform price is a better measure of producer revenue than is the PPD. The March 2001, August 2001, and March 2002 issues of this bulletin provide detailed examinations of producer revenue issues. The PPD, along with component prices for butterfat, protein, and other solids, all contribute to a producer's total revenue. The average FMO producer component prices per pound during the past three years were:

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Change</u> <u>00-01</u>	<u>Change</u> <u>01-02</u>
Butterfat	\$1.2522	\$1.8480	\$1.1928	+47.6%	-35.5%
Protein	1.6938	1.9613	1.9735	+15.8%	+0.6%
Other Solids	0.0509	0.1343	0.0593	+163.9%	-55.8%

The Central FMO recorded the third highest total producer milk marketings of all orders during 2002, trailing the Northeast and Upper Midwest orders. Class III utilization on the Central order was the second highest among all FMOs at 62.4%, exceeded only by the Upper Midwest's 75.8% utilization. Class I utilization for the Central order was 26.0% which ranked it 9th among the eleven FMOs. The 2002 Central order's average statistical uniform price was 8th among all FMOs.

The graphics on page two pertain to the Central order's producer milk marketings, utilization by class, and prices including component prices and the average monthly somatic cell count. Page three illustrates the Central order's relation to the other ten orders regarding the statistical uniform price, producer receipts, and Class I and Class III percentage utilizations. The Central order data is highlighted on each graphic.

A detailed statistical summary for the Central federal milk order is available upon request. The summary contains monthly data relating to prices, marketings, utilization by product, and dispositions for 2000 through 2002. Numerous graphics and maps are also included. The summary is available at no charge by contacting this office at 913-495-9326, or via e-mail at: donald.nicholson@fmmacentral.com.

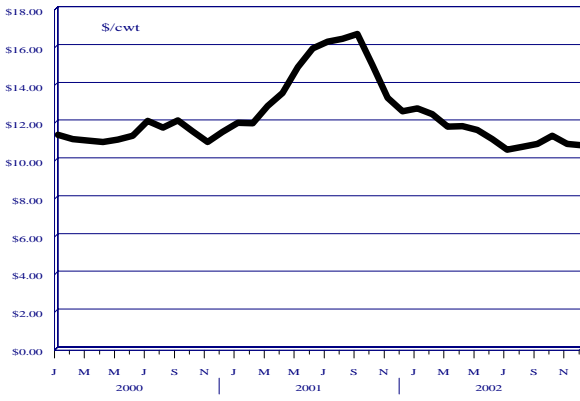
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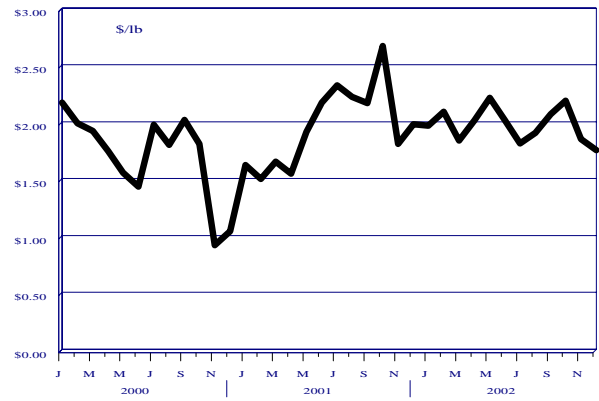


Central Order

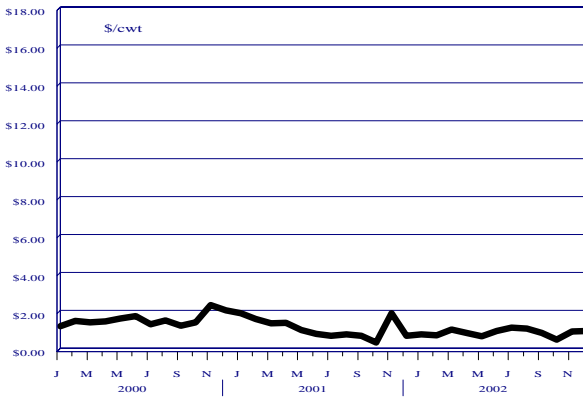
Statistical Uniform Price



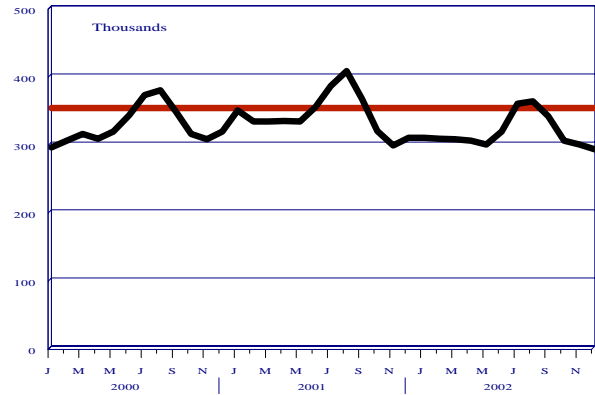
Producer Protein Price



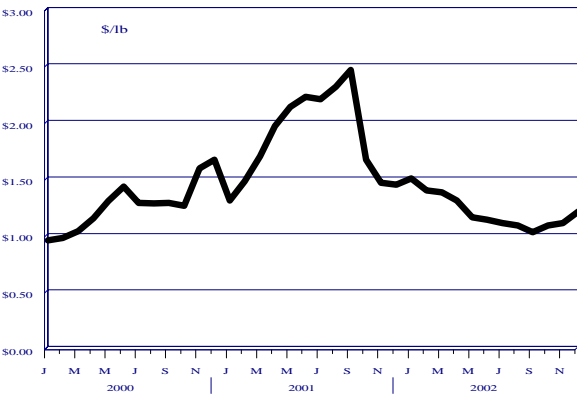
Producer Price Differential



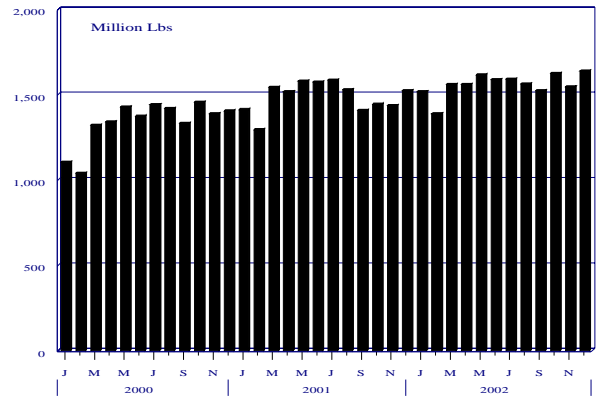
Avg. Somatic Cell Count In Producer Milk



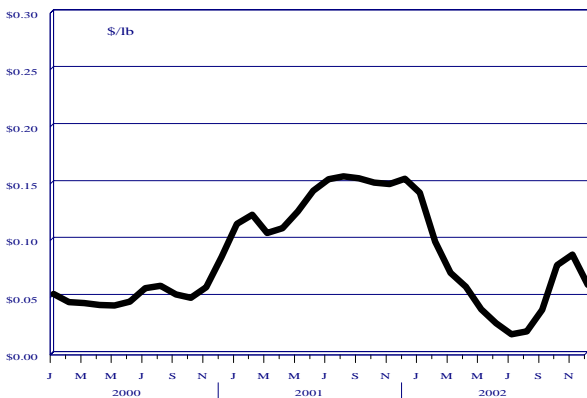
Producer Butterfat Price



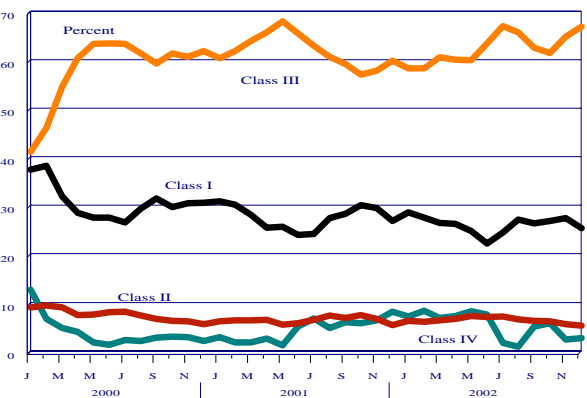
Total Producer Milk Pooled



Producer Other Solids Price

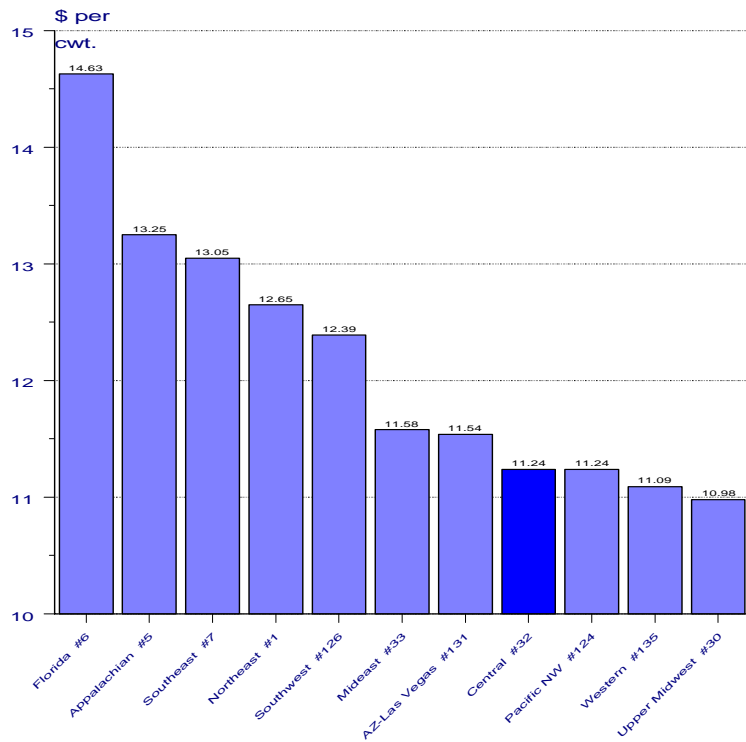


Utilization Of Producer Milk By Class



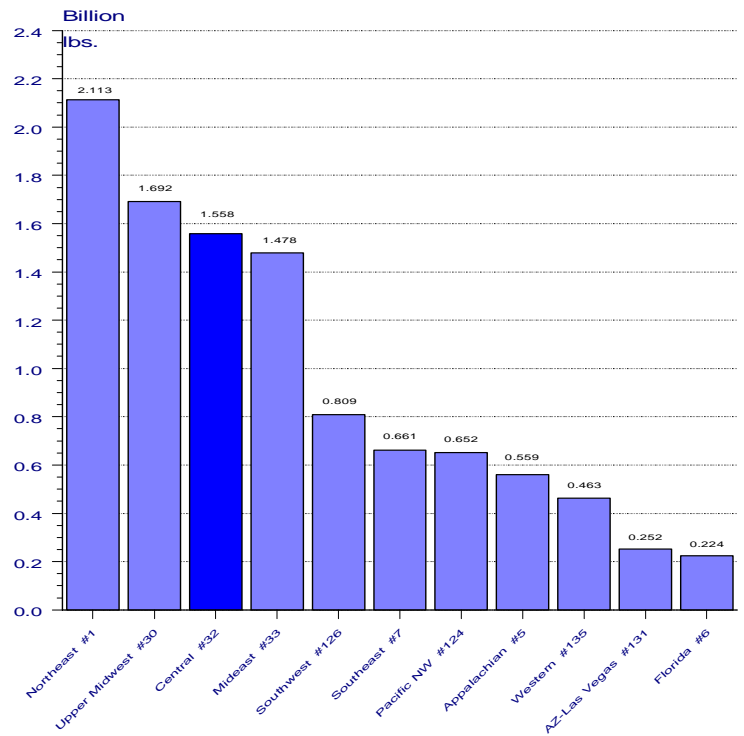
2002 Statistical Uniform Prices

Weighted Average Prices By Federal Milk Order



2002 Producer Receipts

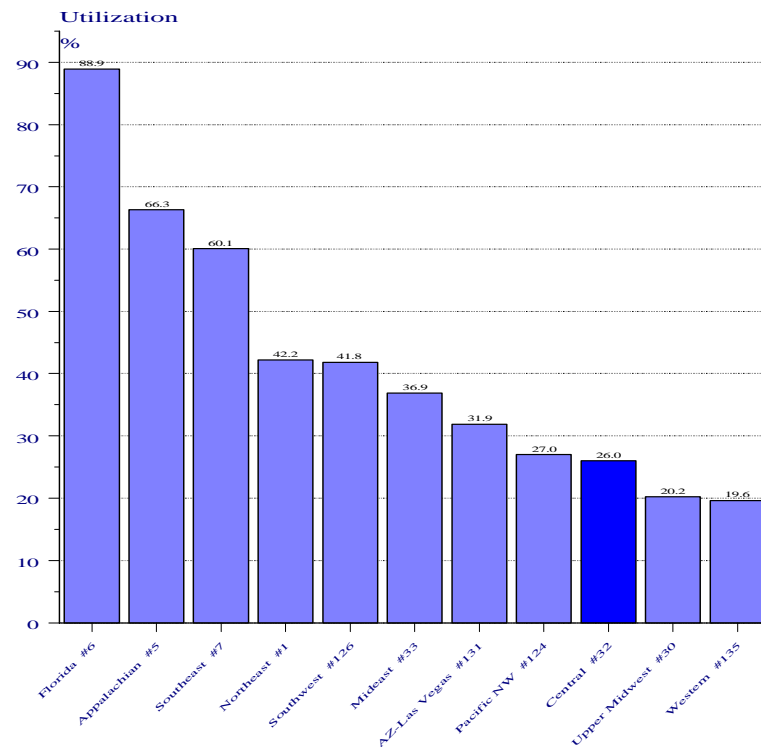
Monthly Average By Federal Milk Order



Federal Order Base Pricing Points: Northeast - Boston, MA; Appalachian - Charlotte, NC; Florida - Tampa, FL; Southeast - Atlanta, GA; Upper Midwest - Chicago, IL; Central - Kansas City, MO; Mideast - Cleveland, OH; Pacific Northwest - Seattle, WA; Southwest - Dallas, TX; Arizona-Las Vegas - Phoenix, AZ and Western - Salt Lake City, UT.

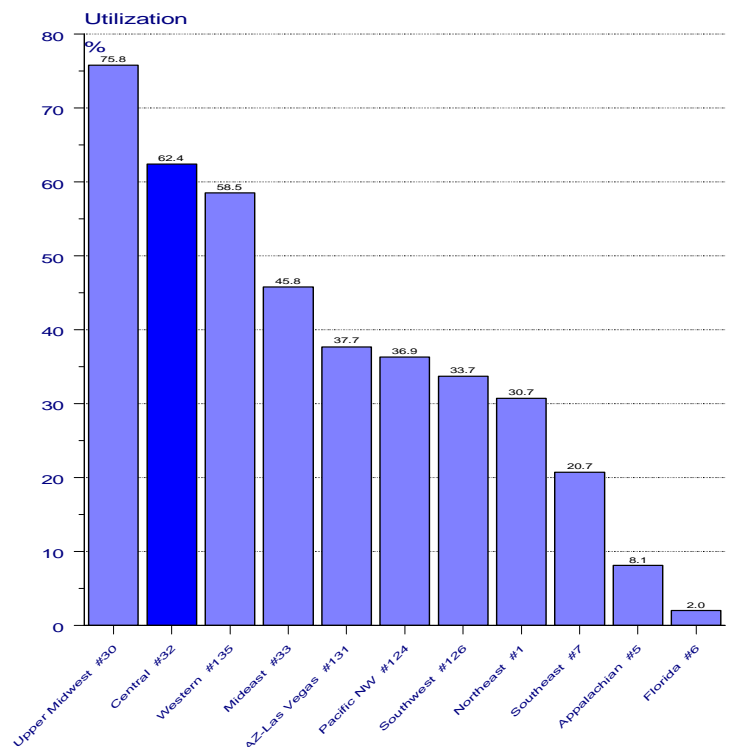
2002 Class I Utilizations

By Federal Milk Order



2002 Class III Utilizations

By Federal Milk Order



	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	<u>12/2002</u>	<u>11/2002</u>	<u>12/2002</u>	<u>11/2002</u>	<u>12/2002</u>	<u>11/2002</u>
Pacific Northwest	10.81	10.84	1.07	1.00	27.45	29.98
Western	10.50	10.65	0.76	0.81	22.94	24.24
Arizona-Las Vegas	11.07	11.14	----	----	32.53	34.52
Central	10.67	10.74	0.93	0.90	25.33	27.39
Southwest	11.92	11.97	2.18	2.13	42.26	46.59
Upper Midwest	10.33	10.43	0.59	0.59	18.79	20.94
Southeast	12.76	12.84	----	----	64.98	67.58
Mideast	11.12	11.17	1.38	1.33	40.39	43.02
Appalachian	12.96	13.06	----	----	67.20	71.63
Northeast	12.24	12.31	2.50	2.47	44.61	47.19
Florida	14.15	14.32	----	----	84.62	90.42

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