

MARKETING SERVICE

BULLETIN

Per Capita Consumption of Selected Dairy Products: An Overview

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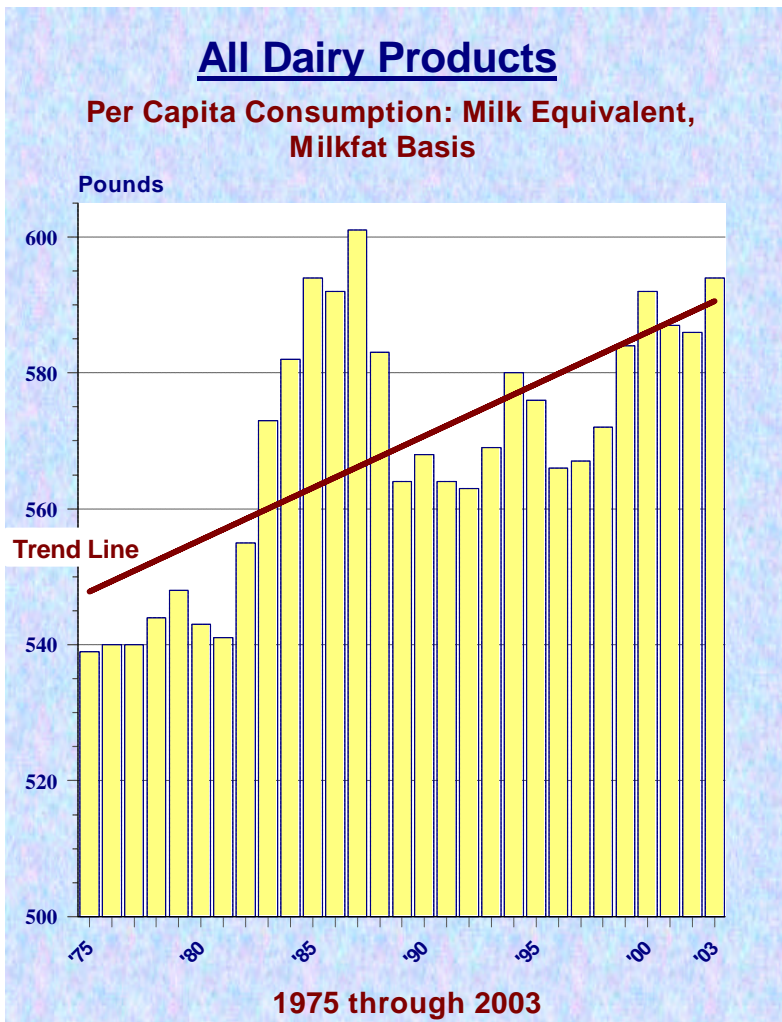
Dairy product consumption has changed substantially over the past several decades. These changes have important implications for all involved in the production, processing, and marketing of milk and milk-based

products. Particularly noteworthy are the trends in per capita consumption. The graphs in this bulletin present a general overview of per capita consumption for various dairy product categories and several individual products from 1975 through 2003*. A future bulletin will

examine per capita consumption for specific products within selected dairy product categories.

The graph on this page depicts per capita consumption of all dairy products from 1975 through 2003 on a milk equivalent, milkfat basis. Total dairy product consumption increased from 539 pounds per person in 1975 to an estimated 594 pounds in 2003, an increase of 55 pounds (+10.2%). Although the consumption trend has been predominately upward during this time period, there have been some notable ups and downs along the way. Per capita consumption increased by 60 pounds (+11.1%) from 1981 to 1987, reaching an all-time high of 601 pounds per person. A significant decline followed this high, with consumption falling to a

* 2003 data is preliminary. The source for all per capita data in this bulletin is the May 25, 2004, issue of *Livestock, Dairy, and Poultry Outlook*, United States Department of Agriculture, Economic Research Service.

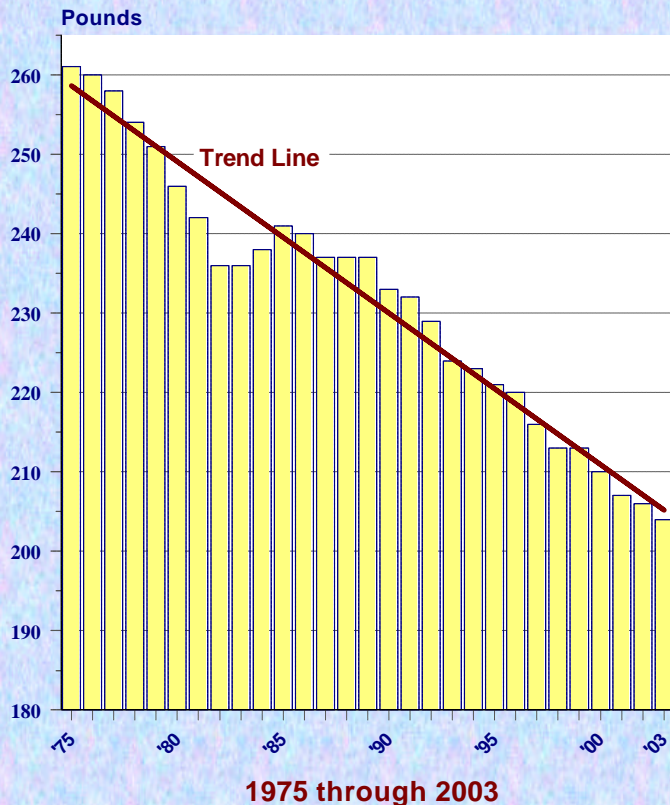


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Fluid Milk & Cream

Per Capita Consumption

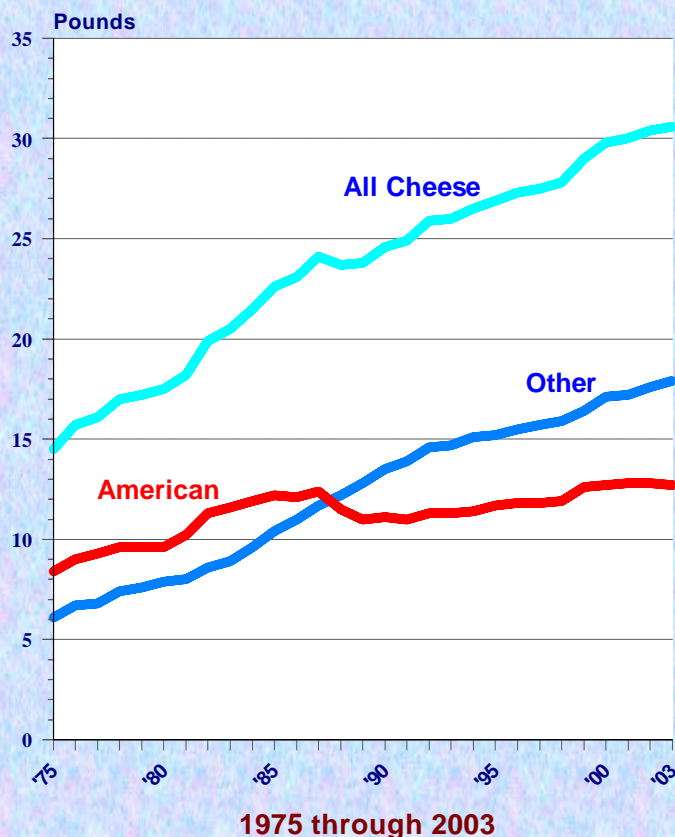


ten-year low of 563 pounds per person in 1992. Since 1992 yearly consumption changes have been positive during 7 out of 11 years, with per capita consumption increasing by 31 pounds, or 5.5%.

The first graph on this page details per capita consumption of fluid milk and cream from 1975 through 2003. The trend for this product category has been quite different than that for total dairy product consumption. Consumption of these dairy products decreased from 261 pounds per person in 1975 to an estimated 204 pounds in 2003, a decline of 57 pounds, or 21.8%. Moreover, year-to-year consumption increased only twice during this entire time frame.

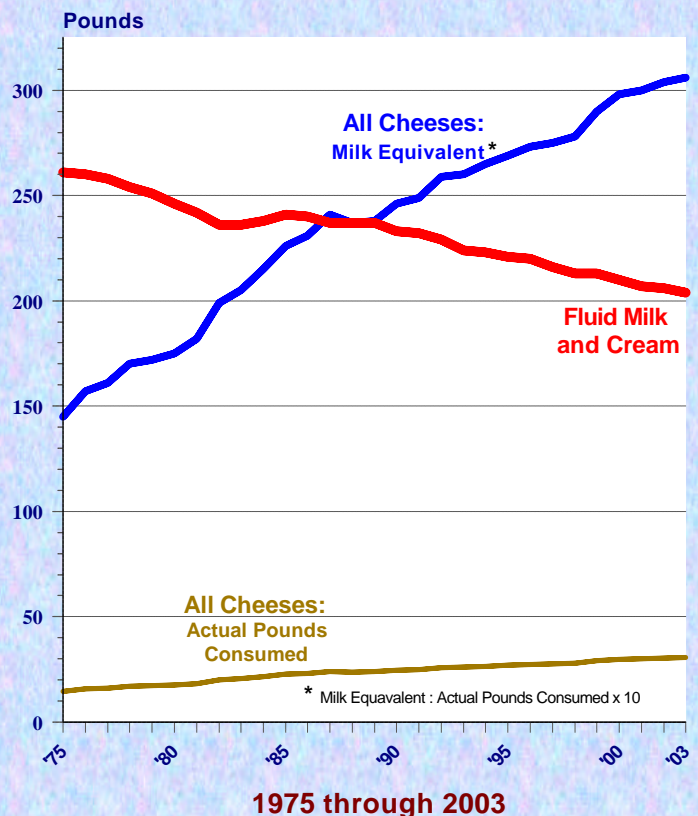
The bottom left graph depicts the per capita consumption of cheese. Cheese consumption increased from 14.5 pounds per person in 1975 to 30.6 pounds in 2003, an increase of 111.0%. While American cheese, which was the most popular cheese product in 1975, increased by 51.2%, the other cheese category increased by a whopping 193.4%. Italian cheese is the predominant product

Per Capita Consumption of Cheese



Selected Dairy Products

Per Capita Consumption

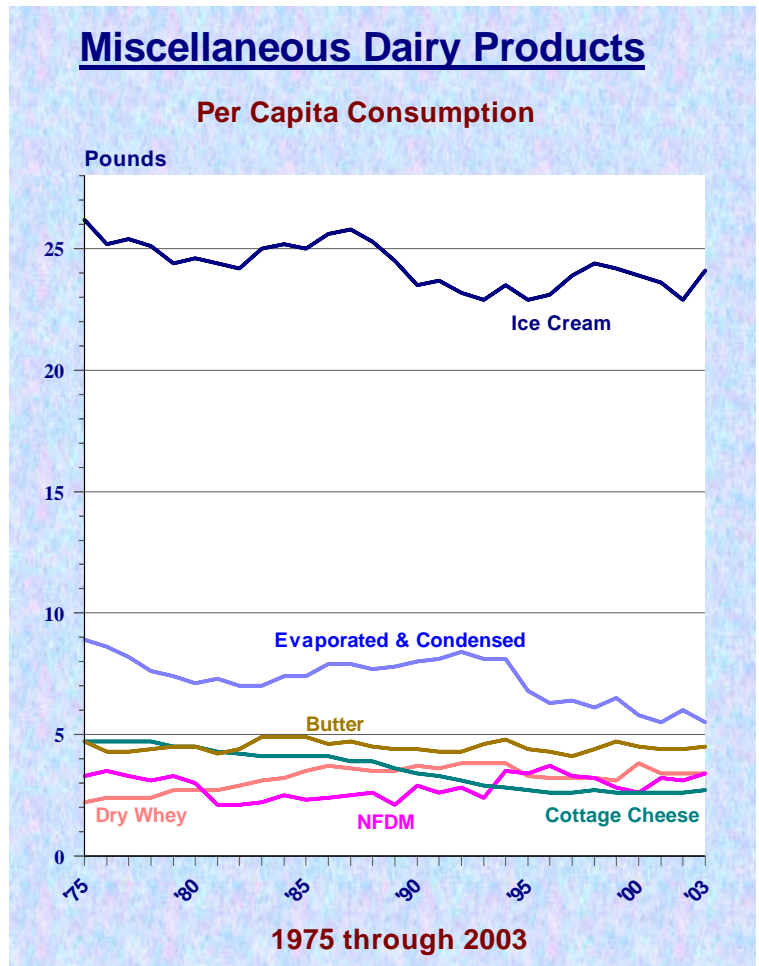


1975 through 2003

in the other cheese category, and its tremendous increase is primarily attributable to the growth in popularity of pizza.

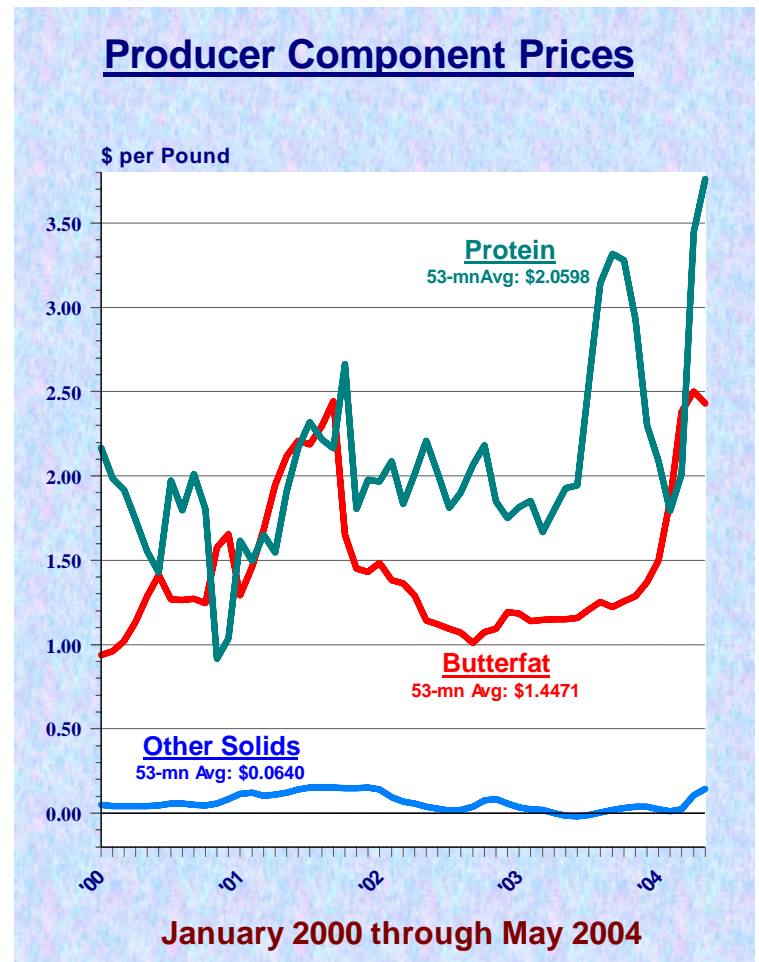
The bottom right graph on the previous page compares the per capita consumption of fluid milk and cream with the consumption of all cheeses on a milk equivalent basis. As indicated by this graph, milk consumed as cheese surpassed fluid milk and cream consumption in 1987. Cheese consumption has increased its lead over fluid milk and cheese every year since 1989.

The graph to the right displays per capita consumption patterns for ice cream, evaporated & condensed milks, butter, nonfat dry milk (NFDM), dry whey, and cottage cheese from 1975 through 2003. Ice cream consumption easily outpaces each of the other products depicted in this graph on a consumption-per-pound basis. Moreover, ice cream consumption is greater than all of these other products combined.



Producer Component Prices

The graph to the right displays minimum federal order component prices paid to producers from January 2000 through May 2004. Protein has averaged \$2.0598 per pound over the past 53 months, with a high of \$3.7639 in May of this year. The average for protein is over 42% greater than the \$1.4471 butterfat average price recorded during the same time frame. Butterfat reached its highest price during April 2004 at \$2.5013 per pound. The other solids price has averaged \$0.0640 since January 2000, with a negative price during April through July 2003. Calculating a per hundredweight price from these average per pound component prices results in a component payment of \$12.06 per hundredweight for milk containing 3.67% butterfat, 3.10% protein and 5.70% other solids. Under the federal milk order program, producers also receive a per hundredweight payment for the producer price differential (PPD), which varies by marketing area, and a per hundredweight adjustment based on the somatic cell content of each individual producer's marketings.



	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	<u>5/2004</u>	<u>4/2004</u>	<u>5/2004</u>	<u>4/2004</u>	<u>5/2004</u>	<u>4/2004</u>
Pacific Northwest	17.40	15.34	-3.18	-4.32	38.40	43.24
Arizona-Las Vegas	19.36	17.29	-----	-----	29.32	32.68
Central	18.40	15.64	-2.18	-4.02	50.62	60.62
Southwest	18.67	16.18	-1.91	-3.48	47.27	55.24
Upper Midwest	18.61	15.55	-1.97	-4.11	53.18	62.79
Southeast	20.27	16.72	-----	-----	57.62	69.46
Mideast	18.99	15.88	-1.59	-3.78	54.58	62.31
Appalachian	20.18	16.76	-----	-----	64.17	76.38
Northeast	19.84	17.28	-0.74	-2.38	44.76	48.47
Florida	22.23	17.74	-----	-----	75.70	90.58

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