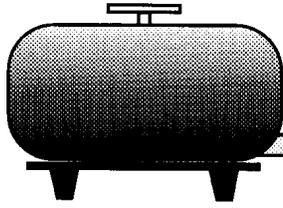
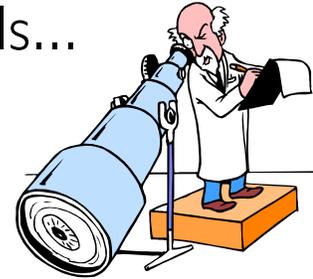


MARKETING SERVICE

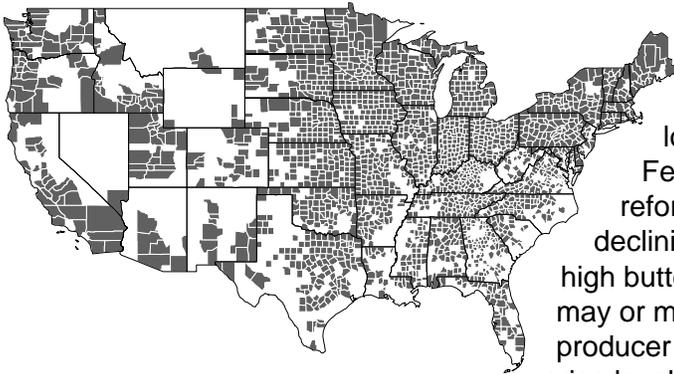
B U L L E T I N



A Closer Look At Where The Milk Is... And Where It Isn't...



Counties With CA + Federal Order Milk Marketings
During May 1998



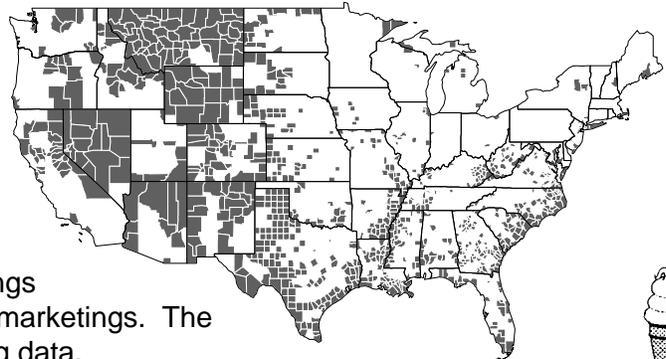
President Jimmy Carter once said, "Milk is unique." Not many would argue his point when looking at the dairy industry today. There are Federal issues such as court cases and milk order reform facing the industry . . . economic issues such as declining butter production which has resulted in record high butter prices . . . national and regional interests which may or may not align with each other . . . and competing producer and consumer issues regarding "appropriate" price levels. These and other dairy industry issues revolve

around one basic premise upon which the Federal milk order system is based. That is, the consummation of the marketing channel from producer to consumer.

This bulletin and the next issue will examine two distinct topics relating to producers and consumers. The graphics in this issue illustrate where most of the Grade "A" milk is produced in the United States. The next issue will utilize population data to show where milk is consumed and how the consumption areas correlate with production areas.

Many involved in the dairy industry assume that the production of milk is a national issue. Indeed the consumption side of the dairy industry is national in scope. A logical assumption is that every county in the United States is populated. What might surprise some is the number of counties which do not contain dairy farms. The above map depicts counties within the U.S. from which there were either Federal milk order or California milk marketings during May 1998. (All Market Administrator offices and the California Dairy Marketing Branch supplied data for this compilation.) There were 2,155 counties with milk marketings during May 1998 accounting for 69% of the total counties within the continental U.S. The lower map provides the mirror opposite of the upper map. There were 956 counties which had no Federal order or California state order milk marketings during May 1998.

Counties Without CA + Federal Order Milk Marketings
During May 1998



A closer inspection of the counties with milk marketings reveals a more accurate representation of U.S. milk marketings. The following graphics "zoom in" on this county marketing data.

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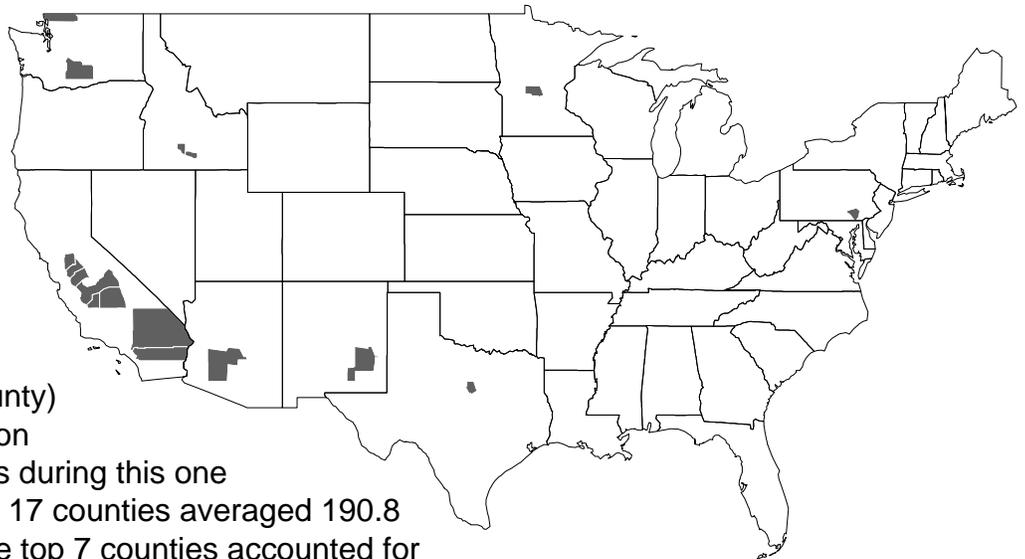


There were 12.8 billion pounds of Federal milk order and California state order milk marketed during May 1998. The following maps break this 12.8 billion pounds into quarters in an attempt to illustrate where milk is and isn't produced.

Concentrated Milk Production...

The 17 shaded counties on this map accounted for 3.2 billion pounds of the Federal milk order and California milk order marketed during May 1998. These 17 counties represent 25% of the total milk Federal order and California milk marketings. The size of these counties (ie the pounds of milk marketed from within each county) ranged from a low of 94.4 million pounds to 534.0 million pounds during this one month. Marketings from these 17 counties averaged 190.8 million pounds per county. The top 7 counties accounted for 2.0 billion pounds or 15.6% of the U.S. total. Eight of the top 17 counties are in California with seven other states accounting for the remaining 9 counties. California has greater milk marketings than the combined marketings of the lowest ranked 32 states.

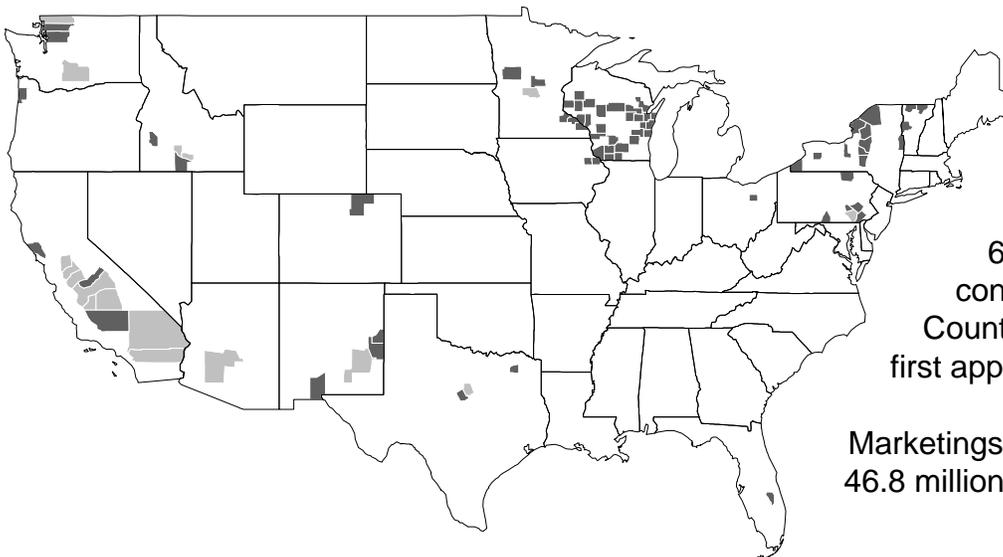
17 Counties Marketed 25% Of All CA + Federal Order Milk During May 1998



The county with the most marketings was Tulare County, California with 534.0 million pounds. The sheer size of marketings from this county is difficult to illustrate. There are only four states (WI, NY, PN, MN) other than California which have Federal order marketings larger than this one county. The milk marketings from Tulare county are greater than the combined state marketings of the lowest ranked 17 states.

The Cup Is 1/2 Full...

85 Counties Marketed 50% Of All CA + Federal Order Milk During May 1998



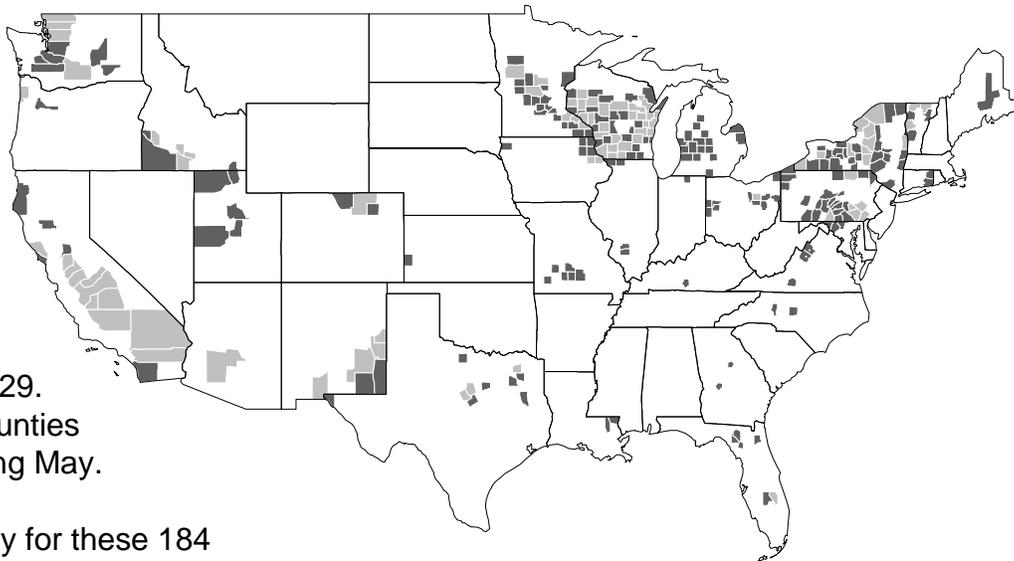
Combining the next largest 68 counties (darker gray shading) into the above map illustrates the counties which account for 50% of all the Federal milk order and California milk marketed during May 1998. These 85 counties account for 6.4 billion pounds of milk and are contained in only 16 states. Counties in Wisconsin and New York first appear in this 2nd quartile.

Marketings from the 68 counties averaged 46.8 million pounds per county.

A 3/4 Majority...

This map illustrates the addition of 184 more counties (darker gray shading) to account for 75% of the Federal milk order and California milk marketed during May 1998. At this 3rd quartile, the map depicts what many perceive as the "traditional" dairy areas. At the 75% level of marketings, the number of states containing the 269 counties increases to 29. Marketings from these 269 counties totaled 9.6 billion pounds during May.

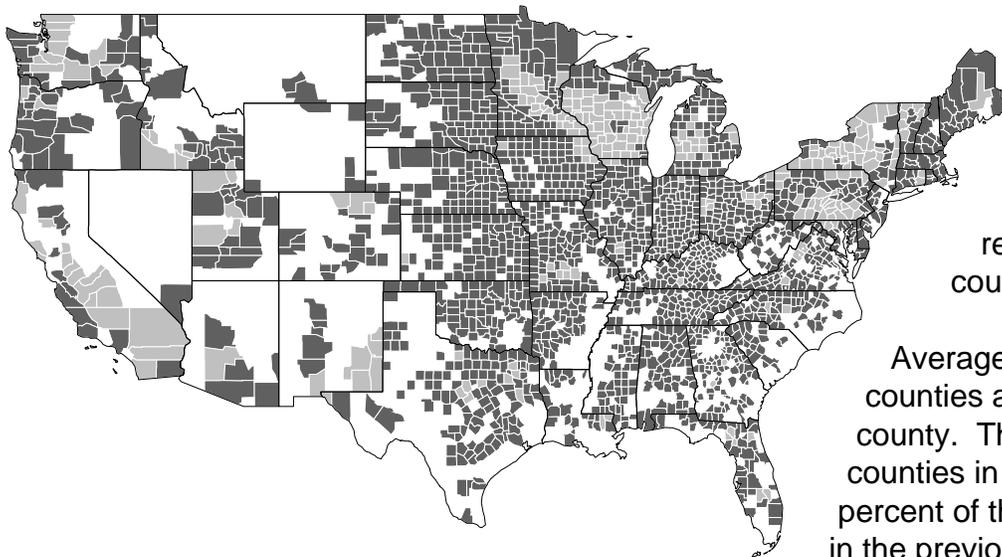
269 Counties Marketed 75% Of All
CA + Federal Order Milk During May 1998



Average marketings per county for these 184 counties were 17.4 million pounds.

Topping It Off...

2,155 Counties Marketed 100% Of All
CA + Federal Order Milk During May 1998



This quartile accounts for the last 3.2 billion pounds of the 12.8 billion pounds Federal milk order and California milk. An additional 1,886 counties (darker gray shading) and the remaining 19 states are illustrated by this map. These 1,886 counties represent 87.5% of the 2,155 counties with milk marketings.

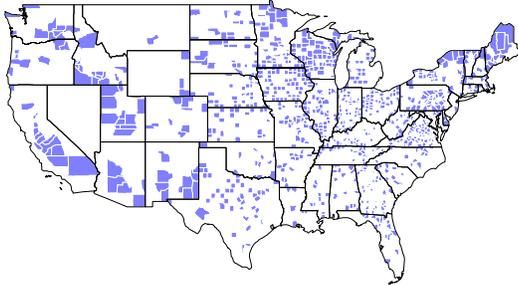
Average marketings from the 1,886 counties averaged 1.7 million pounds per county. The average marketings from counties in this quartile are only 9.7 percent of the 17.4 million pounds per day in the previous quartile.

The two maps on the back page illustrate counties which have increased and decreased over the five-year period of May 1994 to May 1998.

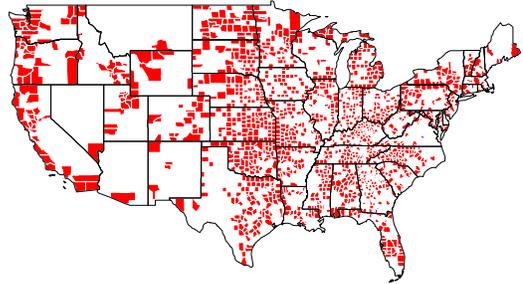
A comparison of Blend Prices for milk of 3.5% butterfat content is provided for selected Federal milk marketing orders:

| | Sep 1998 | Aug 1998 | Sep 1997 |
|--|----------|----------|----------|
| Southeast (Zone 7) | \$17.52 | \$15.86 | \$13.64 |
| Chicago Regional (Zone I) | 15.50 | 14.47 | 12.34 |
| Greater Kansas City | 16.65 | 14.94 | 12.57 |
| Indiana | 16.18 | 14.58 | 12.32 |
| Iowa (Zone I) | 15.68 | 14.63 | 12.58 |
| Southwest Plains (Zone I) | 16.58 | 15.36 | 13.17 |
| Central Illinois (Zone I) | 16.17 | 14.66 | 12.43 |
| Southern Illinois - Eastern Missouri (Base Zone) | 16.14 | 14.60 | 12.38 |

CA + Federal Order Milk Marketings By County
Increases: May 1998 vs. May 1994



CA + Federal Order Milk Marketings By County
Decreases: May 1998 vs. May 1994



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