

MARKETING SERVICE

BULLETIN

6% Of Central Federal Milk Order Dairy Farms Market 50% Of Eligible Milk (Pooled & Not Pooled)

Central federal order milk marketings show dynamic changes as dairy producers, cooperatives and processors seek opportunities which maximize returns through efficient and effective milk pooling. Dramatic shifts in the location of farms that supply the order have occurred since the inception of the "reformed" order in January 2000, and also from pooling provision changes in the Central and adjacent orders. Large quantities of milk from farms located in California became associated with the order and then removed as a result of tightened pooling provisions. More recently, negative Producer Price Differentials (PPDs) resulted in substantial amounts of milk, previously associated with the order, being "Not Pooled" due to Class price alignments.

Two separate issues are addressed in this bulletin. The first, the distribution of farms by size of milk marketings. In past issues, this analysis has been relatively straight forward and has examined only the producer milk marketings "pooled" on the order. The distribution utilized in this issue includes both milk "pooled" and milk which most likely would have been "pooled" had the PPD been positive. The table at the bottom of this page and on page two provides data on this distribution of farms by size of eligible milk marketings.

Central Order Eligible Milk Marketings Ranked From Largest Producer to Smallest October 2003

Quartiles	Number Farms	Range Of Milk Marketings Per Farm
1	76	> 2,220,000 Lbs.
2	347	446,000 - 2,220,000 Lbs.
3	1,459	133,700 - 446,000 Lbs.
4	4,747	< 133,700 Lbs.

The second issue deals with the volume of this "depooled" milk. It was necessary to determine the amount of "not pooled" milk for each producer in the distribution analysis. The distribution of "not pooled" milk by both state and farm sizes is provided. Two tables illustrate the effects of the "depooling" are included on page three. The maps illustrate effects of both depooling and tighter pooling provisions

A gradual increase in the number of farms pooled on the Central order took place from January 2000 when 7,479 farms marketed milk on the order to a peak of 11,683 farms during June 2001. The number of farms pooled has since declined to 6,624 farms in October 2003. However, the expected marketings from such a large number of

-- Narrative continued on the back page --

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Distribution Of Farms By Size Of Milk Marketings* - October 2003 Based On Eligible Central Federal Order Marketings (Pooled & Not Pooled)

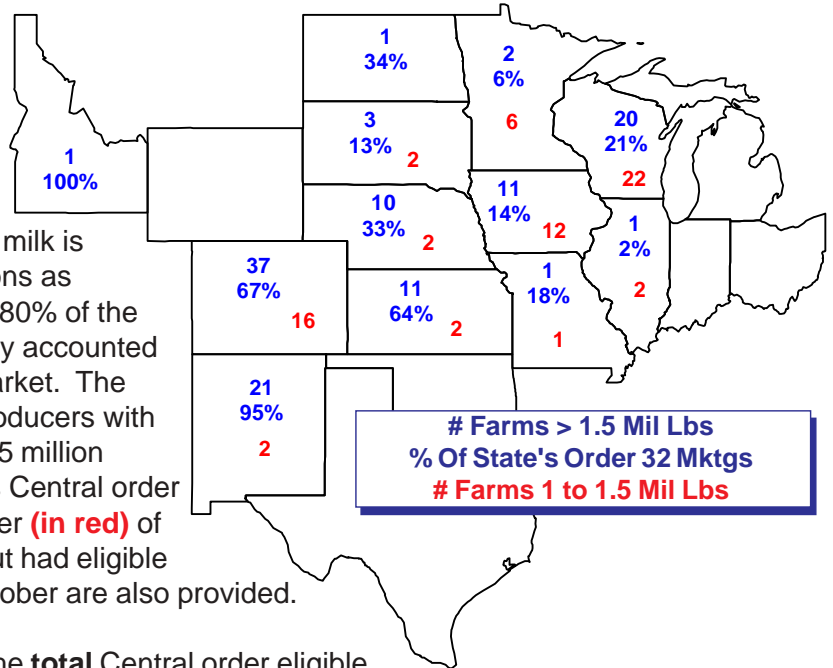
Range Of Marketings	Farms	% Of Farms	Pounds Of Milk	% Of Lbs.	Avg. Lbs. Per Farm
< 100,000 Lbs.	3,873	58.47	212,602,259	16.99	54,893
100,000 to 250,000 Lbs.	1,958	29.56	293,086,616	23.43	149,687
250,000 to 500,000 Lbs.	412	6.22	140,195,574	11.21	340,281
500,000 to 750,000 Lbs.	127	1.92	77,433,490	6.19	609,713
750,000 to 1 Million Lbs.	68	1.03	57,696,981	4.61	848,485
1 to 1.250 Million Lbs.	42	0.63	46,574,530	3.72	1,108,917
1.250 to 1.500 Million Lbs.	25	0.38	33,639,423	2.69	1,345,577
> 1.500 Million Lbs.	119	1.79	389,877,692	31.16	3,276,283
Federal Order Total	6,624	100.00	1,251,106,565	100.00	188,875

* There is no requirement that the total monthly production of a farm be pooled on the order. The data contained in this bulletin represent the pounds of milk marketed on the Central federal milk order plus the amount of milk which likely was qualified to be pooled, but may have been not pooled due to the October negative PPD.



Number Of Farms Marketing More Than 1.5 Million Pounds (About A Tanker Load Per Day For Each Farm) AND Their Portion Of Each State's Central Order Marketings -- October 2003

There were 119 producers who each had marketings of more than 1.5 million pounds of milk eligible to be pooled on the Central federal order during October 2003. This volume of milk approximates about a tanker load per day. Some have referred to this type of producer as a milk plant on wheels. With a tanker load of milk each day, this milk is very mobile and can be directed to numerous locations as needed. These 119 producers accounted for only 1.80% of the total producers on the Central market. However, they accounted for 31.16% of the milk eligible to be pooled on the market. The map at the right provides (in blue) the number of producers with eligible Central order milk marketings greater than 1.5 million pounds in each state and their percent of that state's Central order eligible marketings during October 2003. The number (in red) of producers which fell under the tanker load per day but had eligible marketings more than one million pounds during October are also provided.



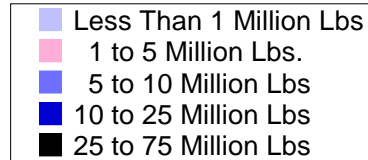
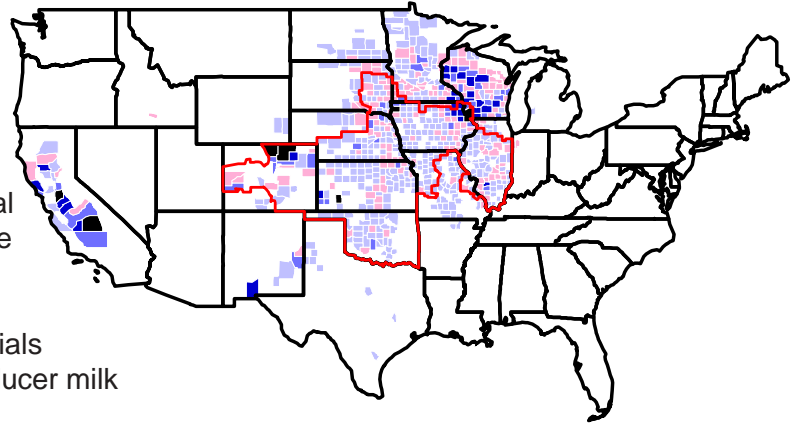
The table below provides additional data by state. The **total** Central order eligible marketings and the total number of Central order producers are listed on the left side of the table. Information on producers with more than **1.5 million** eligible pounds is listed for each state on the right side.

Oct '03 State	Pounds Of Milk Eligible Central Order	Total Farms Pooled	Farms Marketing More Than 1.5 Million Pounds		
			Number Of Farms	Oct '03 Pounds	% Of State Pounds
CO	154,008,720	149	37	102,892,926	66.81
ID	2,534,380	1	1	2,534,380	100.00
IL	87,644,779	702	1	1,793,367	2.05
IN	4,821,800	9			
IA	267,449,598	1,885	11	36,195,457	13.53
KS	104,552,403	354	11	66,526,910	63.63
MI	643,453	5			
MN	86,147,530	566	2	5,125,117	5.95
MO	31,020,954	259	1	5,682,288	18.32
NE	85,622,170	440	10	28,222,298	32.96
NM	81,666,526	27	21	77,783,517	95.25
ND	5,513,442	47	1	1,884,007	34.17
OH	50,020	1			
OK	22,601,322	171			
SD	54,793,640	411	3	7,041,186	12.85
TX	15,576	1			
WI	261,936,411	1,594	20	54,196,239	20.69
WY	83,841	2			
Total	1,251,106,565	6,624	119	389,877,692	31.16

The location of dairy producers and the volume of milk pooled on the Central federal milk order continue to change over time.

Central Federal Order Milk Marketings -- October 2002

These maps illustrate the location and density of milk marketings during October 2002 and October 2003. During this time period, the Central order pooling provisions were "tightened" by a vote of Central order dairy producers. This effectively eliminated California milk pooled on the order. In addition, recent negative Producer Price Differentials (PPDs) had the effect of removing additional producer milk from the Central order pool.



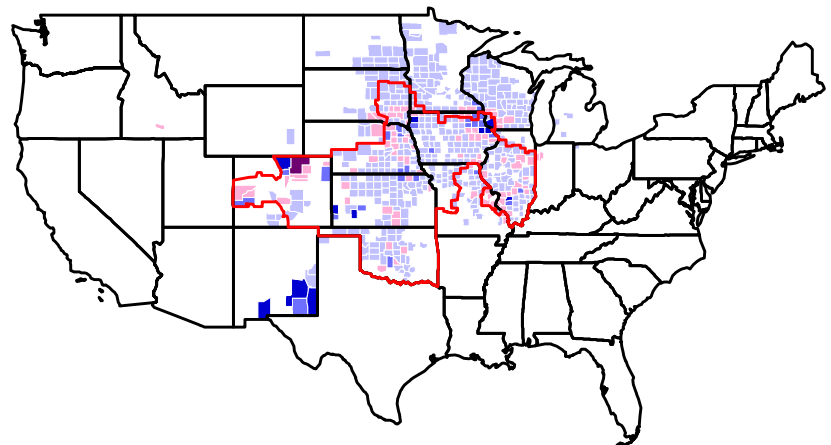
Maps Depict Actual Pounds Pooled & Illustrate Effects of Depooling on the Central Milkshed

The graphics below further depict changes in the relationships between states. The tables below provide a breakdown on the volume of "depoiled" or milk not pooled on the Central order as a result of the negative PPD during October 2003.

Central Federal Order Milk Marketings -- October 2003

Percent Of Eligible Milk Not Pooled On The Central Order By State October 2003

State	Percent
CO	9.14
ID	--
IL	1.73
IN	--
IA	37.12
KS	4.66
MI	--
MN	73.54
MO	3.56
NE	21.58
NM	--
ND	91.25
OH	--
OK	--
SD	62.79
TX	--
WI	86.80
WY	--



Eligible Milk Not Pooled On The Central Order By Farm Size - October 2003

Size Categories Based On A Producer's Total Eligible Milk (Pooled & Not Pooled)

Range Of Marketings	Pounds Of Milk Not Pooled	% Of Elg Milk Not Pooled	Avg Lbs. Per Farm Not Pooled
< 100,000 Lbs.	103,852,722	48.85	26,815
100,000 to 250,000 Lbs.	118,651,581	40.48	60,598
250,000 to 500,000 Lbs.	57,156,371	40.77	138,729
500,000 to 750,000 Lbs.	34,822,585	44.97	274,194
750,000 to 1 Million Lbs.	26,779,181	46.41	393,811
1 to 1.250 Million Lbs.	21,370,049	45.88	508,811
1.250 to 1.500 Million Lbs.	15,407,111	45.80	616,284
> 1.500 Million Lbs.	91,423,891	23.45	768,268
Federal Order Total	469,463,491		70,873

	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	10/2003	9/2003	10/2003	9/2003	10/2003	9/2003
Pacific Northwest	12.95	13.05	-0.52	-1.34	41.19	49.84
Western	13.41	13.76	-0.06	-0.63	42.01	57.54
Arizona-Las Vegas	13.74	14.31	----	----	32.29	36.67
Central	13.67	14.23	0.20	-0.16	30.98	53.62
Southwest	14.53	14.89	1.06	0.50	44.54	65.75
Upper Midwest	13.40	13.51	-0.07	-0.88	35.59	55.25
Southeast	15.72	16.07	----	----	63.57	67.35
Mideast	13.93	14.25	0.46	-0.14	37.51	54.23
Appalachian	15.76	16.09	----	----	68.90	73.91
Northeast	14.95	15.21	1.48	0.82	47.25	49.68
Florida	17.47	17.67	----	----	86.65	90.33

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farms may be deceptive. The two tables on page two illustrate how a few farms with relatively large milk marketings make up a disproportionate share of total marketings. Data from the table in red on page one, indicate that 76 of the largest farms accounted for 25% of the Central order marketings. Each of these farms marketed more than 2.2 million pounds during the month. Including the next 347 farms (with marketings between 446,000 & 2.2 million lbs.) accounted for 50% of the milk on the Central market. Thus, only 6% of the farms marketed 50% of the milk during October 2003. The table on page one provides a distribution of farms by size of milk marketings for the Central order. Notably, there were 3,873 farms (down from 5,727 farms in October 2002) which marketed less than 100,000 pounds on the order. These farms accounted for 58% of the farms but only 17% of the milk marketed.

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