

MARKETING SERVICE

B U L L E T I N

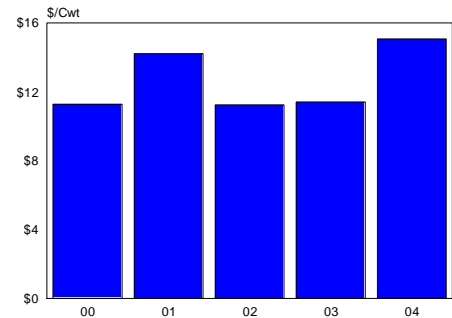


How Did 2004 Measure Up ?

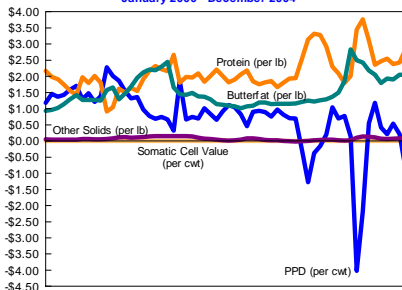


2004 ended with Central order dairy producers experiencing the highest average statistical blend price since federal milk order reform in 2000. The 2004 statistical blend priced averaged \$15.06 which was 32.11 percent higher than 2003 and 5.98 percent higher than the next highest statistical blend average of \$14.21 noted in 2001. This was good news to many Central order dairy producers. However, with the higher blend prices came some wide fluctuations in producer component prices and corresponding swings in federal order class prices which resulted in both handlers and cooperatives not pooling large quantities of producer milk.

Uniform Price



Central Order Component Values
January 2000 - December 2004



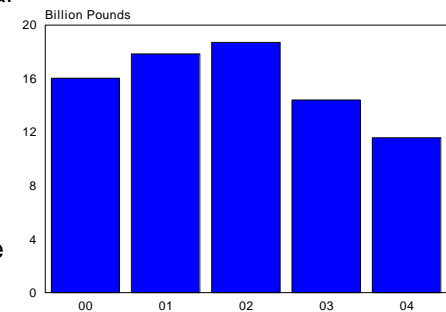
Dairy producer component prices were anything but stable and predictable. Protein prices (as measured since FO reform) reached record highs topping off at \$3.7639 per pound in May 2004. At the same time, the Central order Producer Price Differential was negative during April, May and December. It bottomed in April at a all-time low of minus \$4.02 per hundredweight. These component price swings coupled with the record high statistical blend average caused confusion to many producers. The PPD, along with component prices for butterfat, protein, and other solids, all contribute to a producer's total revenue. Average FMO producer component prices (per lb) and PPD and statistical blend prices (per cwt) are detailed here:

Producer milk marketings on the Central order totaled 11.589 billion pounds during 2004 -- down 19.80% from 2003 and down 38.19% from 2002. This compares to

	2000	2001	2002	2003	2004	Chg '03-'04
Butterfat	\$1.2522	\$1.8480	\$1.1928	\$1.2099	\$2.0882	+72.59%
Protein	1.6938	1.9613	1.9735	2.3770	2.6035	+9.53%
Other Solids	0.0509	0.1343	0.0593	0.0129	0.0751	+482.17%
PPD	1.54	1.05	0.84	0.51	0.09	-82.35%
Stat. Blend (cwt)	\$11.28	\$14.21	\$11.24	\$11.40	15.06	+32.11%

14.411, 18.700, 17.836, and 16.036 billion pounds during 2003, 2002, 2001, and 2000, respectively. The amount of milk utilized as Class I has been relatively constant over the four years. There were 4.346 billion pounds of Class I milk in 2004 compared with 4.727, 4.866, 4.881, and 4.875 billion pounds in 2003, 2002, 2001, and 2000 respectively. However, the Class I utilization percentage had decreased each year from 30.40% in 2000, to 27.37% in 2001, to 26.02% in 2002, before increasing to 32.78% in 2003 and hitting 37.50% in 2004. The 2003 and 2004 percentage increases can be attributed to the decline in the volume of milk pooled.

Producer Milk



The Central FMO recorded the 4th highest total producer milk marketings of all orders during 2004, trailing the Northeast, Upper Midwest, and Mideast orders. Class III utilization on the Central order was the 3rd highest among all FMOs exceeded by the Upper Midwest and Western utilization. Class I utilization for the Central order was 37.5% which ranked it 7th among the eleven FMOs. The 2004 Central order's average statistical uniform price was 8th among all FMOs.

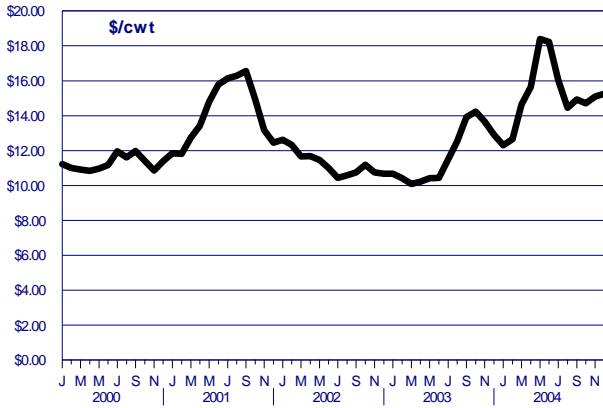
The graphics on page two pertain to the Central order's producer milk marketings, utilization by class, and prices including component prices and the average monthly somatic cell count. Page three illustrates the Central order's relation to the other ten orders regarding the statistical uniform price,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

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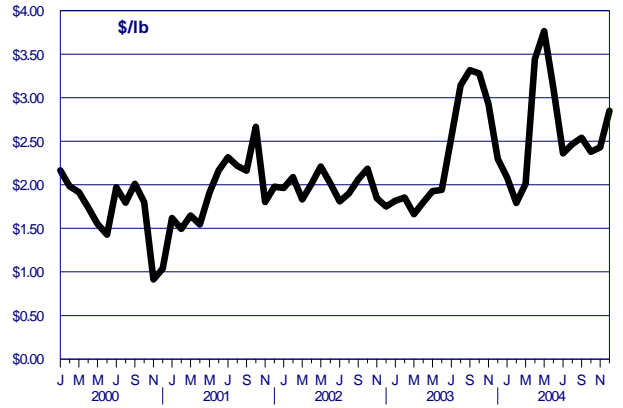
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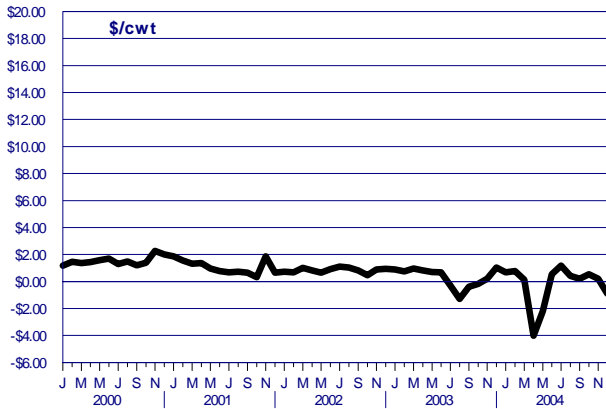
Statistical Uniform Price



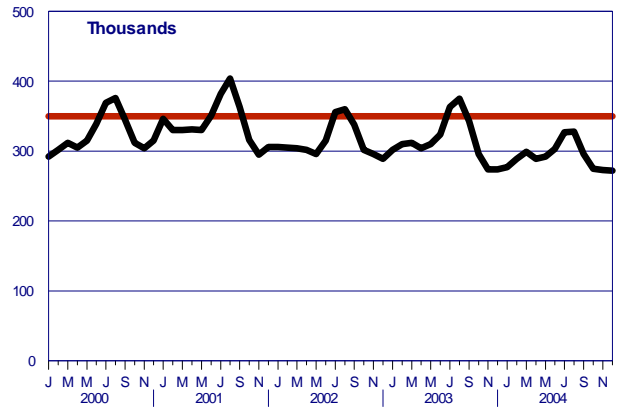
Producer Protein Price



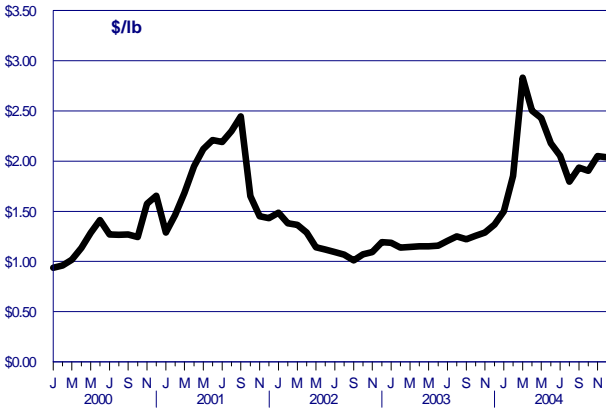
Producer Price Differential



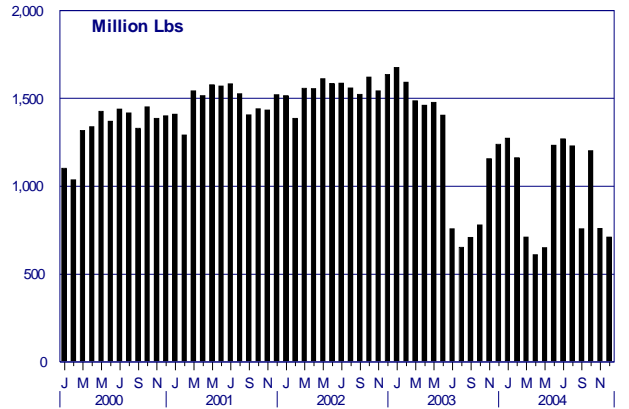
Avg. Somatic Cell Count In Producer Milk



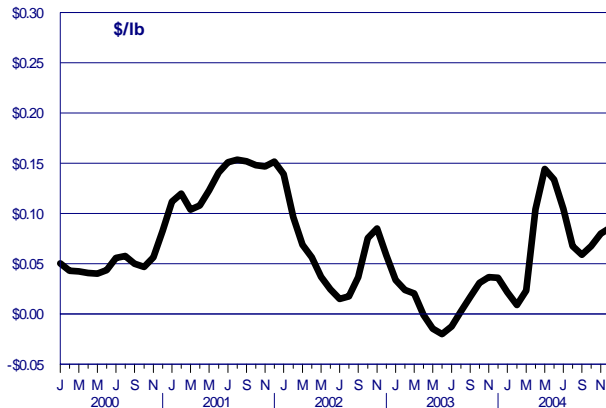
Producer Butterfat Price



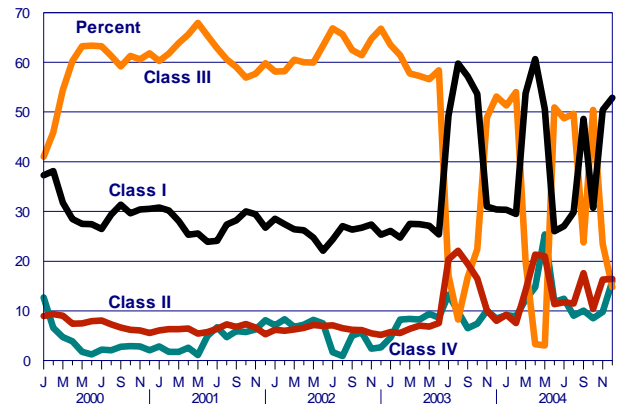
Total Producer Milk Pooled



Producer Other Solids Price

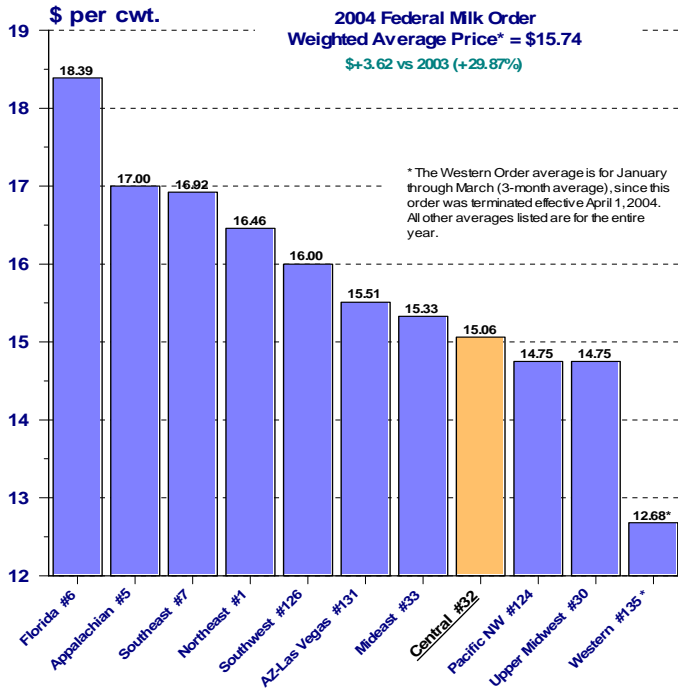


Utilization Of Producer Milk By Class



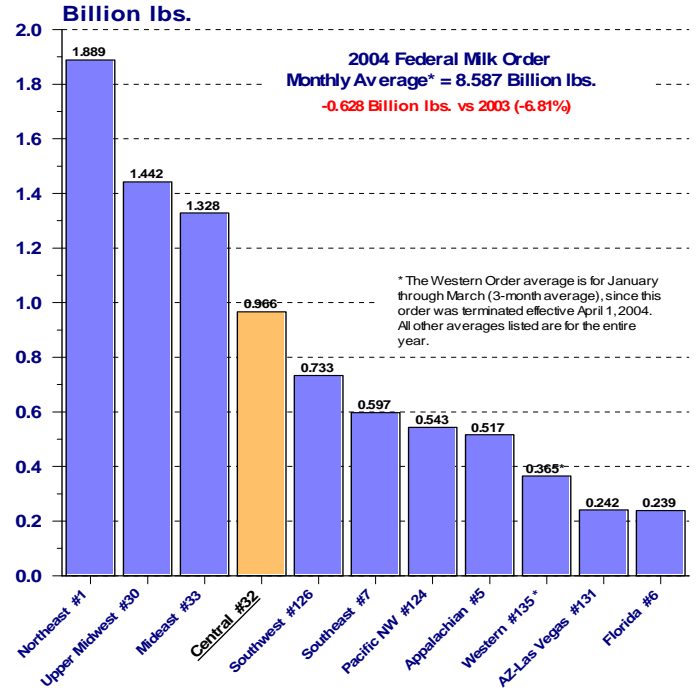
2004 Statistical Uniform Prices

Weighted Average Prices By Federal Milk Order



2004 Producer Receipts

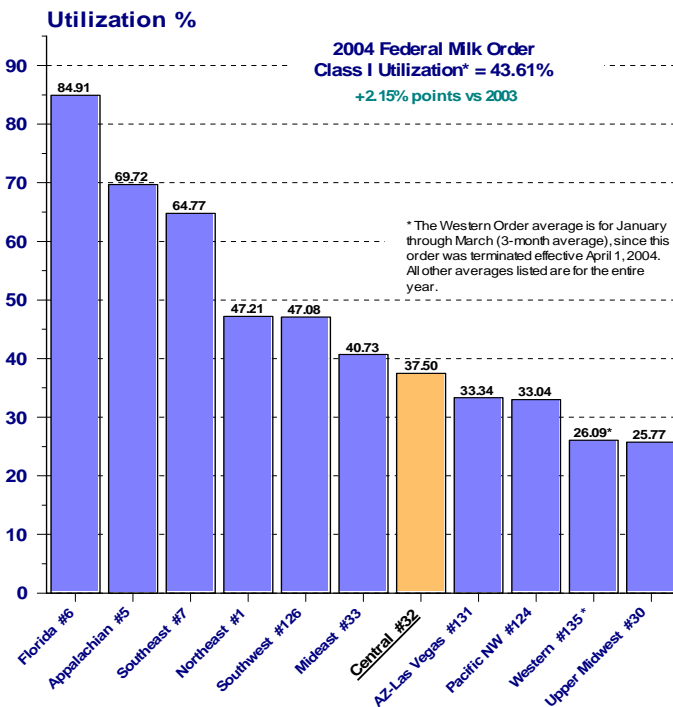
Monthly Average By Federal Milk Order



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.

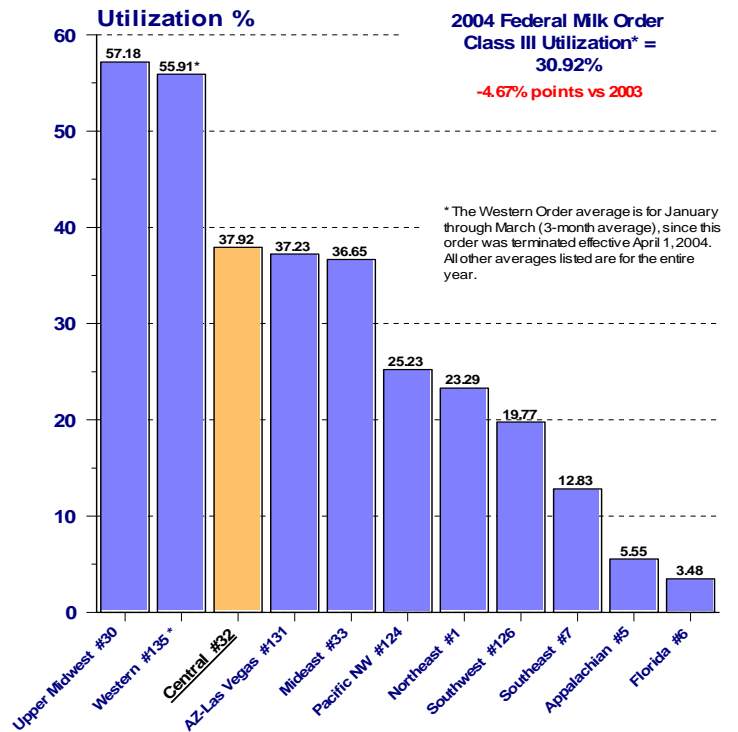
2004 Class I Utilizations

By Federal Milk Order



2004 Class III Utilizations

By Federal Milk Order



	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	2004 Wtd Avg	2003 Wtd Avg	2004 Wtd Avg	2003 Wtd Avg	2004 Wtd Avg	2003 Wtd Avg
Pacific Northwest	14.75	11.16	-0.39	0.12	33.04	33.21
Arizona-Las Vegas	15.51	11.78	-----	-----	33.34	31.88
Central	15.06	11.40	0.09	0.51	37.50	32.78
Southwest	16.00	12.37	0.73	1.32	47.08	44.35
Upper Midwest	14.75	10.93	0.06	0.22	25.77	24.27
Southeast	16.92	13.43	-----	-----	64.77	65.46
Mideast	15.33	11.83	0.28	0.65	40.73	41.56
Appalachian	17.00	13.52	-----	-----	69.72	70.36
Northeast	16.46	12.93	1.11	1.59	47.21	44.56
Florida	18.39	14.69	-----	-----	84.91	85.15

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 2004. 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: market.administrator@fmmacentral.com.

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