

MARKETING SERVICE

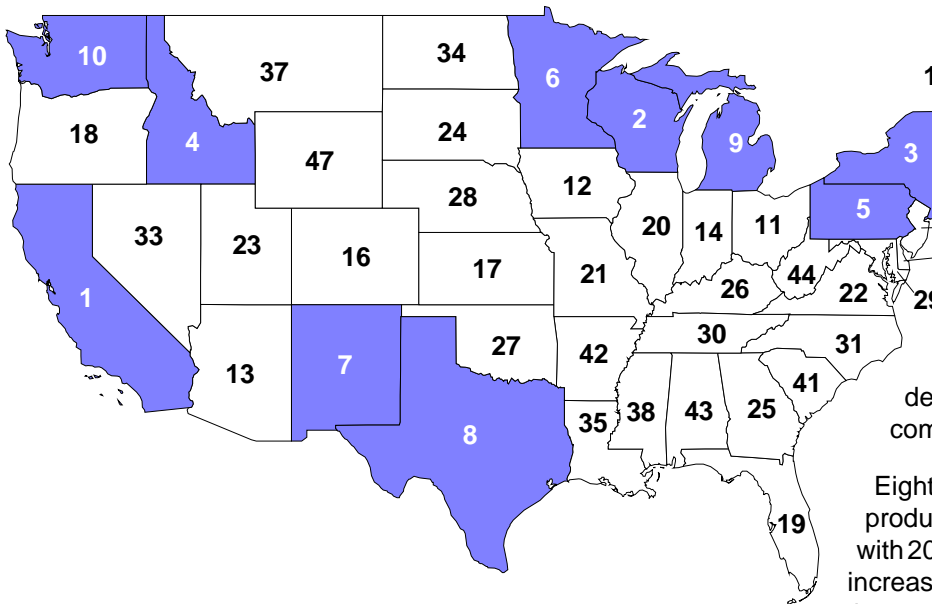
B U L L E T I N

2006 Milk Production

U.S. milk production during 2006 increased 2.8% compared with 2005, climbing to a record 181.8 billion pounds. The 2006 total is 4.9 billion pounds greater than the previous record of 176.9 billion pounds produced during 2005. Milk production has exceeded year earlier levels during nine of the last ten years, with the lone exception occurring during 2001. Production in the U.S. has increased by 16.3 billion pounds over the past five years (2006 versus 2001), a gain of 9.9%.

Twenty-four states registered annual milk production increases during 2006, with the percentage increases averaging 6.4% compared with 2005. Wyoming recorded the largest percentage gain for the third consecutive year, with milk production increasing by 61.9%. Texas (+10.9%) was the only other state that registered a double-digit percentage increase in annual milk production. Six additional states recorded increases of five percent or more: New Mexico (+9.9%); Colorado (+8.5%); Idaho (+7.2%); Arizona (+5.7%); Michigan (+5.2%); and Utah (+5.1%). Conversely, nine states reported annual decreases of five percent or more, with Alaska's 27.4% decrease being the largest. Other states posting declines of more than five percent were Hawaii (-18.1%), Arkansas (-11.1%), Mississippi (-10.7%), Alabama (-9.4%), Louisiana (-8.8%), New Jersey (-7.3%), North Carolina (-6.7%), and Delaware (-6.7%).

2006 Milk Production Ranking Top Ten States Highlighted



In total, 26 states posted production decreases during 2006, with the percentage decreases averaging 6.1%.

The map on this page ranks milk production by state for 2006, with the top ten milk producing states shaded. The graphics on page 4 depict states with the largest percentage increases and decreases in milk production comparing 2006 with 2001.

Eighteen states recorded milk production increases comparing 2006 with 2001. The average percentage increase for these states was 25.5%, with nine states posted increases larger than

the 18-state percentage average. These nine were Wyoming (+87.3%), Kansas (+45.5%), Idaho (+40.5%), Texas (+39.9%), New Mexico (+37.4%), Oregon (+30.6%), Colorado (+29.3%), Arizona (+28.7%), and Indiana (+28.5%). The only other states to post double digit increases compared with 2001 were Michigan (+21.0%), California (+16.9%), Nevada (+15.1%), and Ohio (+13.2%).

Thirty-two states recorded production decreases between 2001 and 2006, with an average percentage decline of 16.9%. Seventeen of these states recorded decreases greater than the average percentage loss. These were:

| | | | | | | | |
|---------------|--------|---------------|--------|--------------|--------|----------------|--------|
| Hawaii | -46.1% | Arkansas | -38.7% | Louisiana | -37.3% | Alabama | -32.3% |
| Alaska | -31.8% | Mississippi | -31.4% | North Dakota | -27.0% | South Carolina | -24.3% |
| New Jersey | -23.6% | Massachusetts | -22.1% | Kentucky | -21.6% | Tennessee | -21.4% |
| West Virginia | -19.7% | Connecticut | -19.5% | Delaware | -18.7% | North Carolina | -18.2% |
| Rhode Island | -18.1% | | | | | | |

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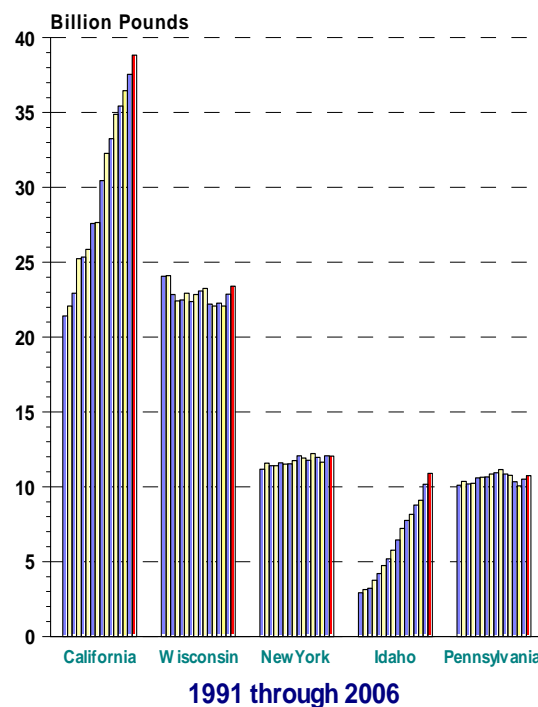


The graph at the right depicts annual milk production since 1991 for the nation's top five milk producing states. Four of these five recorded increases comparing 2006 with 2005, led by Idaho with a 7.2% gain. California (+3.4%) reported the second largest increase followed by Wisconsin (+2.3%), and Pennsylvania (+2.3%). New York (-0.3%) was the lone top five state to record a decrease during 2006. California and Idaho recorded production increases each year during this 15-year period. Comparing 2006 with 1991, California milk production increased by 81.4%, while Idaho's increased by 273.2%. New York (+7.7%) and Pennsylvania (+6.3%) also posted increases compared with 1991, while Wisconsin (-2.8%) recorded the lone decrease in milk production.

The map on page 6 provides a ranking of states based on 2006 milk production per cow. California, Idaho, Michigan, New Mexico, Texas, and Washington are states ranked in the top ten in both total milk production and production per cow. Idaho (22,326 lbs./cow) and California (21,815 lbs./cow) were the only top five milk producing states with production per cow above the 2006 national average of 19,951 pounds.

Annual Milk Production

Top Five Dairy States



2006 Per Capita Milk Production

Per capita milk production is a data series presented annually in this Bulletin. A comparison of this series to per capita consumption data may reflect

the aggregate supply and demand balance for individual states and regions throughout the U.S. The table on page 7 details and compares per capita milk production by state for 2006, 2005, and 2001. This table lists the states in descending order based on 2006 per capita production. The states with per capita production of more than 600 pounds are inside the shaded area of the table. Seven of the top ten states in total production are also in the top ten in per capita production. These seven are California, Idaho, Minnesota, New Mexico, Pennsylvania, Washington, and Wisconsin.

Data used in these calculations indicates that per capita production for 2006 was up 10.5 pounds (+1.8%) compared with 2005. Twenty-two states reported annual per capita increases during 2006, the largest being Wyoming with a gain of 59.9%. New Mexico (+8.3%), Texas (+8.2%), Colorado (+6.4%), and Michigan (+5.2%) were other states with an increase of five percent or greater. Alaska recorded the largest per capita production decline during 2006, with a loss of 28.1%. Twelve other states recorded decreases of five percent or more compared with 2005, with Hawaii (-18.9%), Arkansas (-12.2%), Mississippi (-10.8%), and Alabama (-10.4%) posting losses of more than 10%.

Per capita production for the U.S. increased by 27.0 pounds (+4.7%) between 2001 and 2006. Fifteen states recorded increases in per capita milk production, led by Wyoming's 79.7% gain. Eleven other states increased per capita production by more than 10%, with Kansas (+42.3%), New Mexico (+28.8%) Texas (+27.1%), and Idaho (+26.6%) posting per capita increases of 25% or more, comparing 2006 with 2001. Hawaii and Arkansas recorded the largest decreases, with per capita production falling by 48.8% and 41.3%, respectively. Fourteen additional states posted declines of more than 20%, while seven states reported decreases between 10 and 20%.

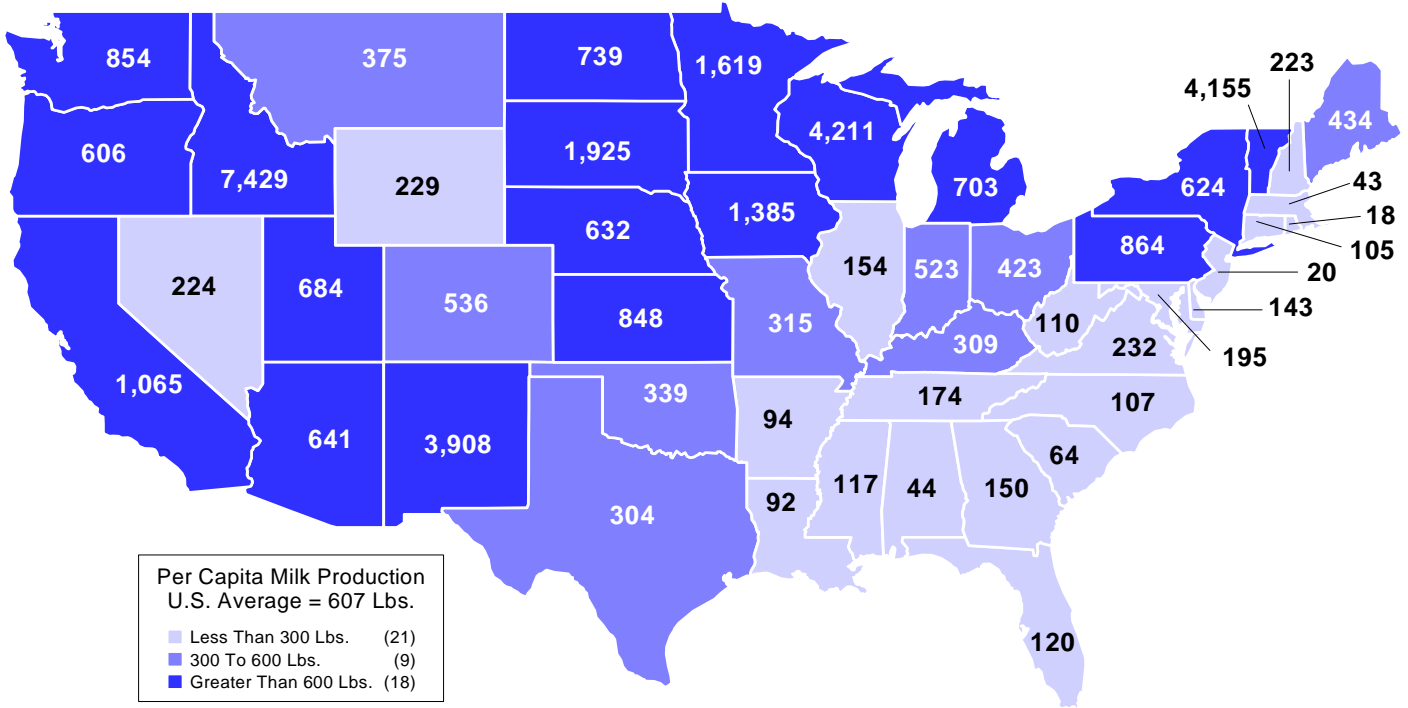
The map on the top of page 3 depicts per capita milk production by state for 2006. The 300 and 600 pound levels of per capita production are arbitrary divisions selected for this map. The 600 pound level approximates total annual per capita dairy consumption on a milk equivalent basis, while the 300 pound level reflects average annual consumption of Class I and Class II products (fluid and soft manufactured products), plus reserve requirements. A cursory analysis of regional milk supply conditions can be performed by examining the shading patterns prevalent in the individual regions.

The map at the bottom of page 3 displays the percentage change in per capita milk production by state between 2001 and 2006. The data represented by this map reflects changes in production combined with population changes. The graphics on page 5 depict the states with the largest percentage increases and decreases from 2001 to 2006.

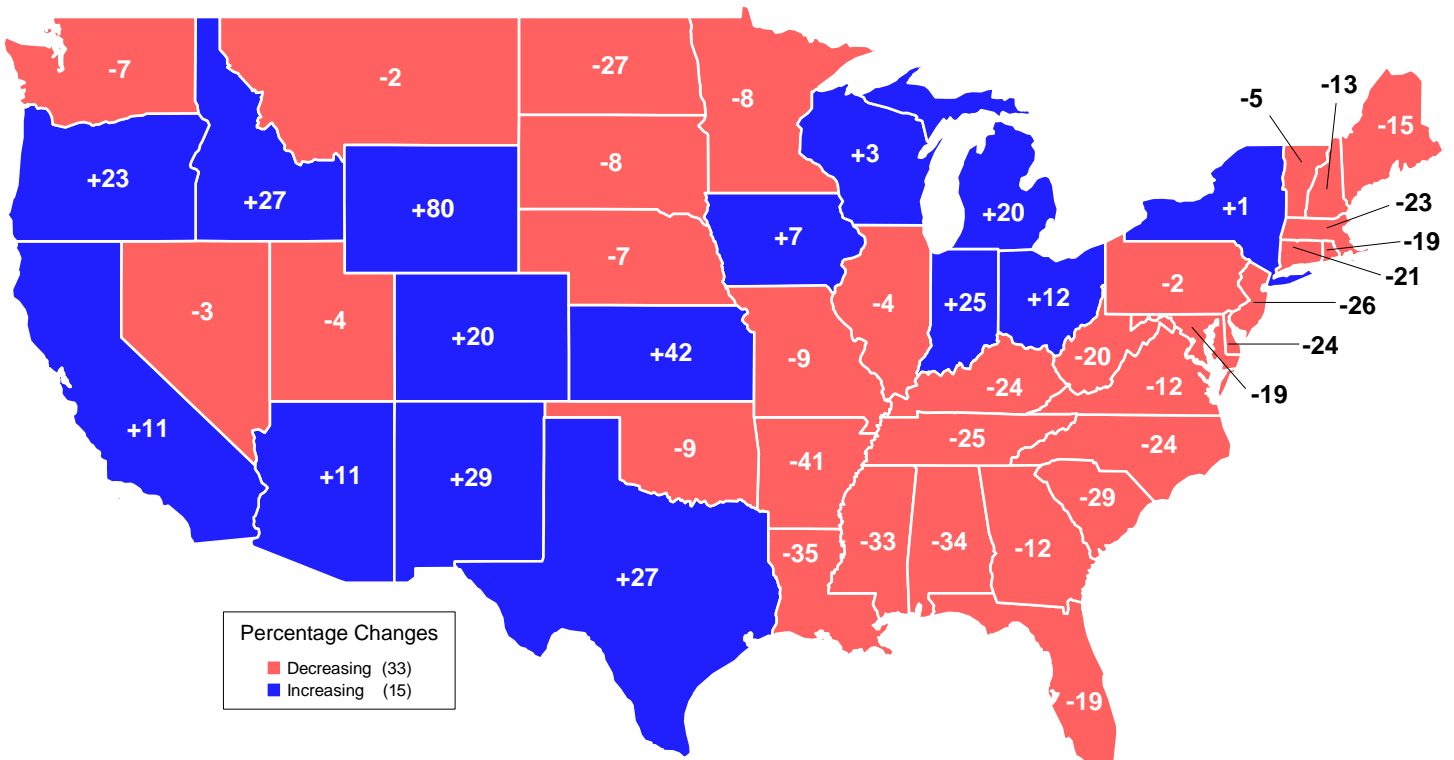
The graph on page 6 provides a ranking of the top five milk producing states in total milk production, production per cow, and production per capita. The graph on the last page of this Bulletin depicts milk production per capita for the U.S. over the last 27 years.

| Percentage of 2006 U.S. Totals | | |
|--------------------------------|----------------------|--------------------------|
| | U.S. Milk Production | U.S. Population Estimate |
| California | 21.36 | 12.18 |
| Wisconsin | 12.87 | 1.86 |
| New York | 6.63 | 6.45 |
| Idaho | 5.99 | 0.49 |
| Pennsylvania | 5.91 | 4.16 |
| 5-State Total | 52.76 | 25.14 |

2006 Per Capita Milk Production



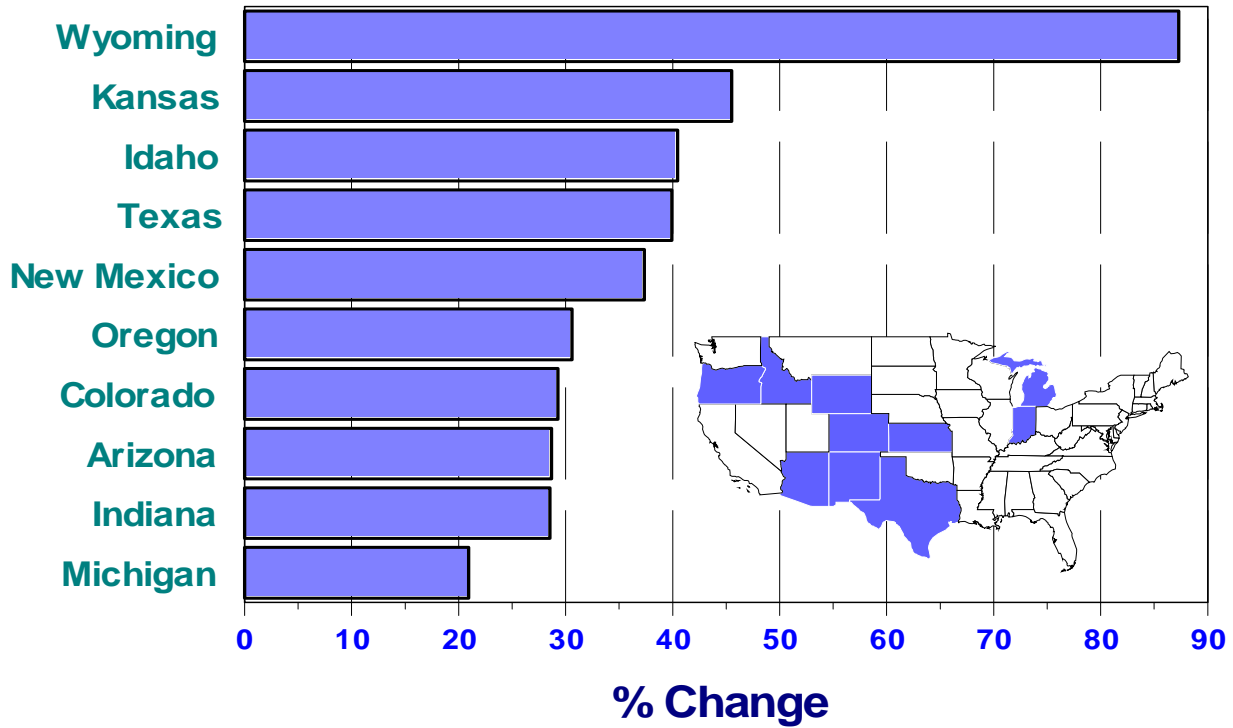
Percent Change In Per Capita Milk Production 2006 vs 2001



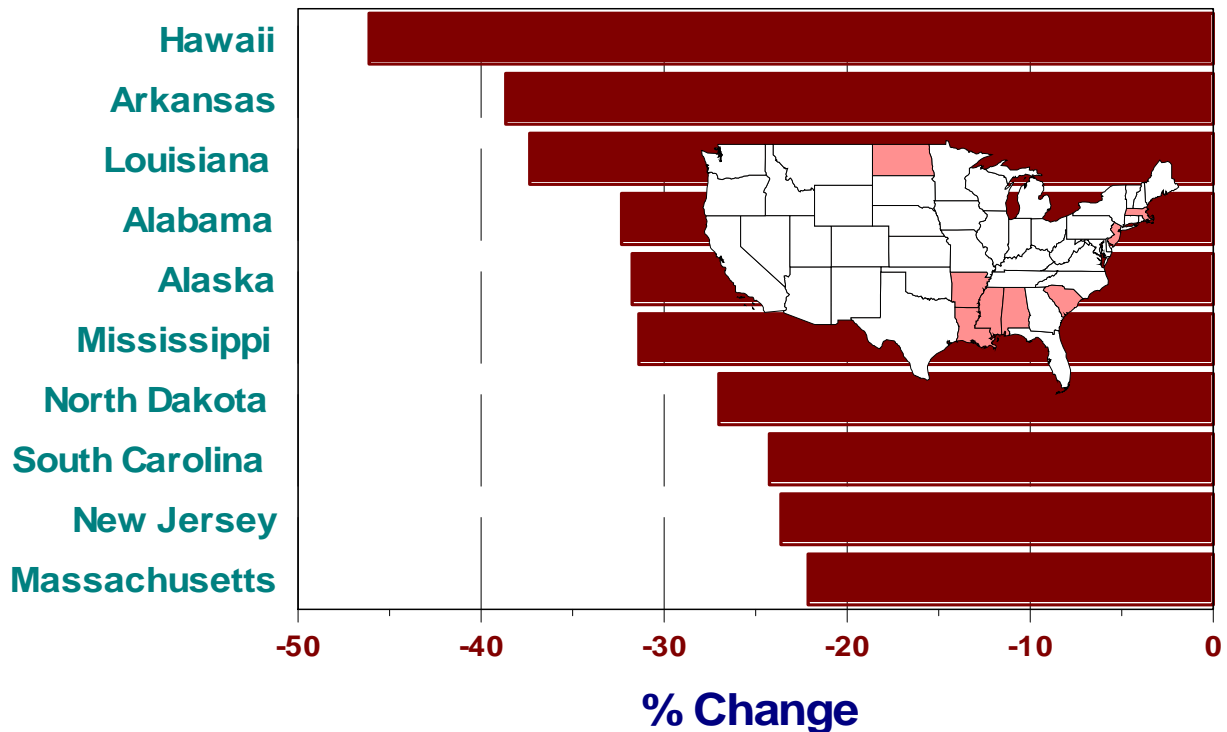
Milk Production: 2006 vs 2001

U.S. Average = +9.9%

Largest Production Increases



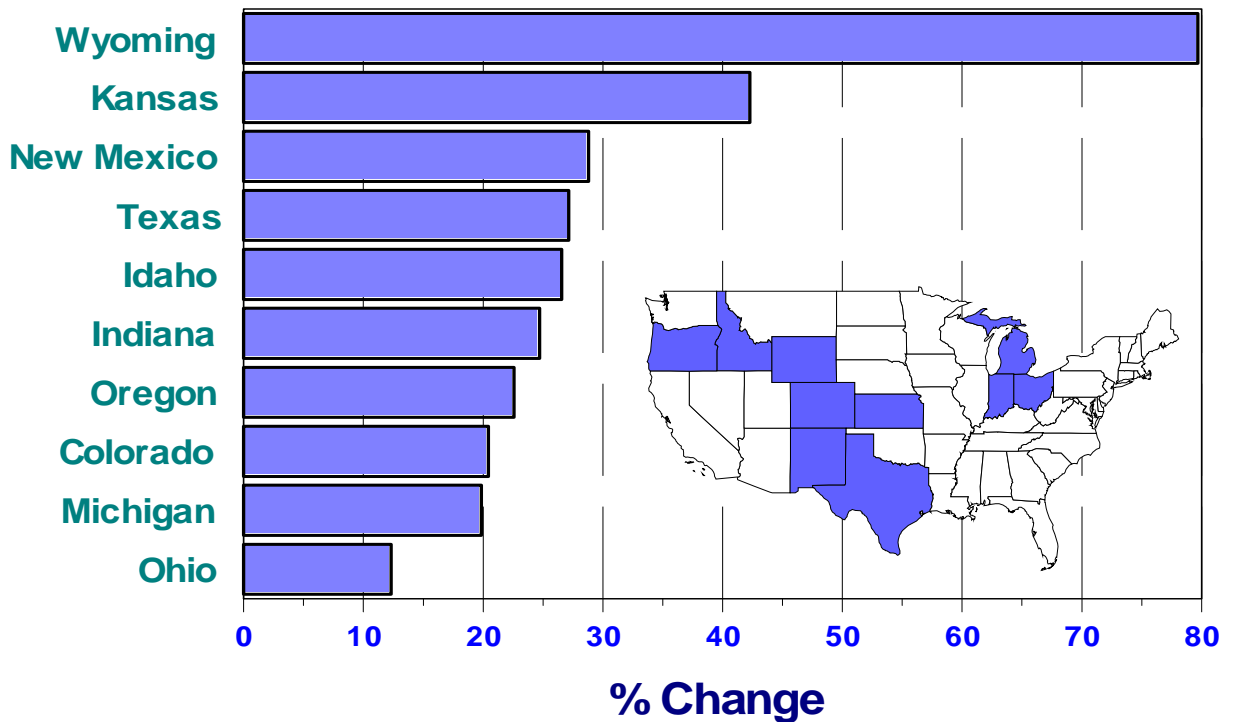
Largest Production Decreases



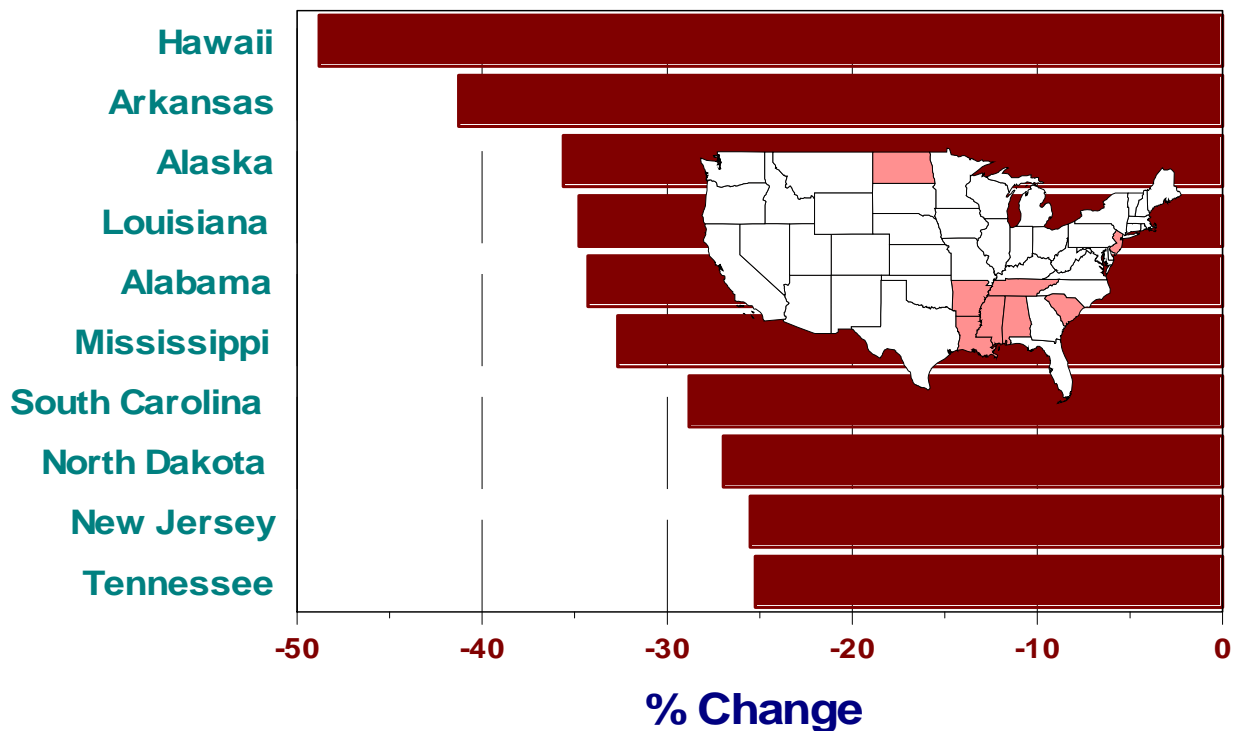
Per Capita Milk Production: 2006 vs 2001

U.S. Average = +4.7%

Largest Per Capita Increases

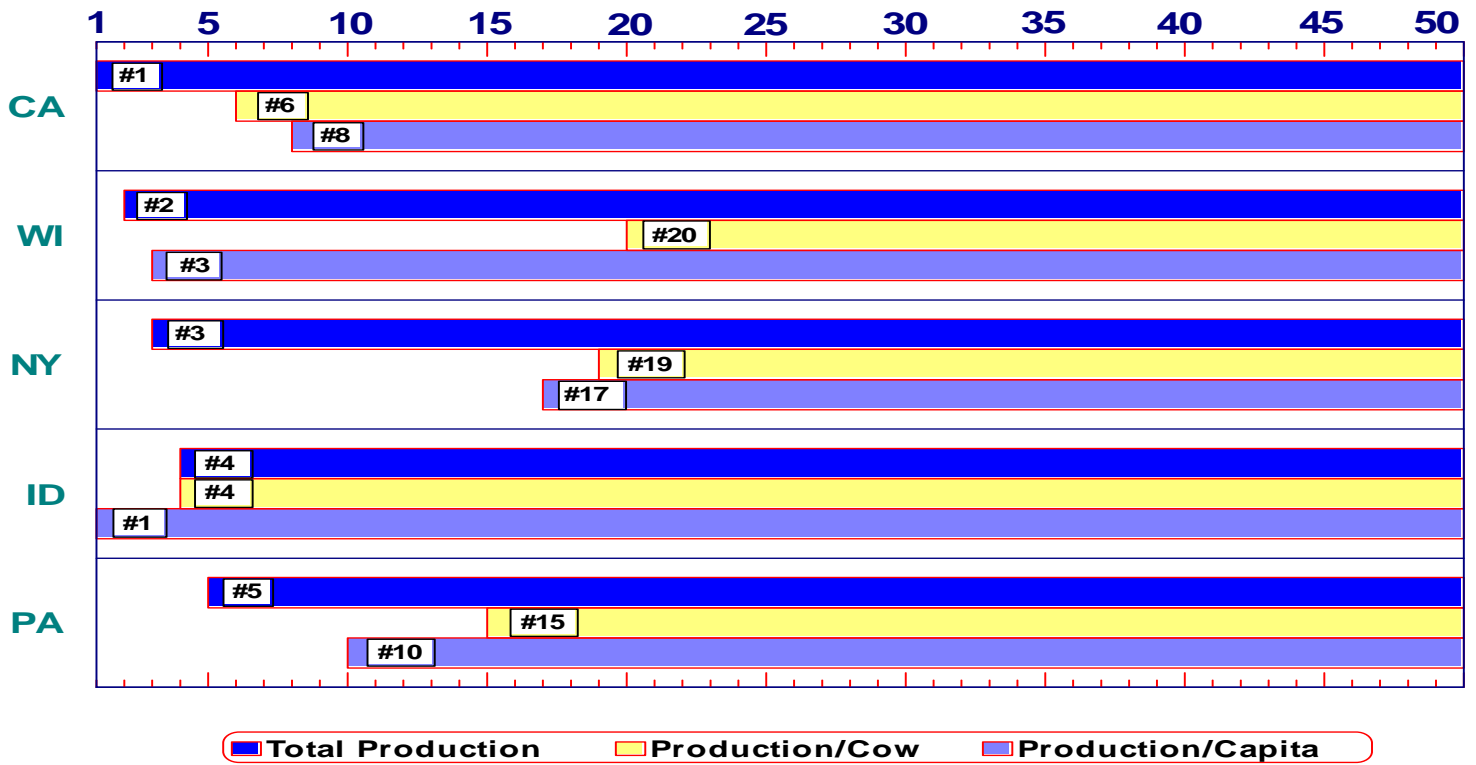


Largest Per Capita Decreases

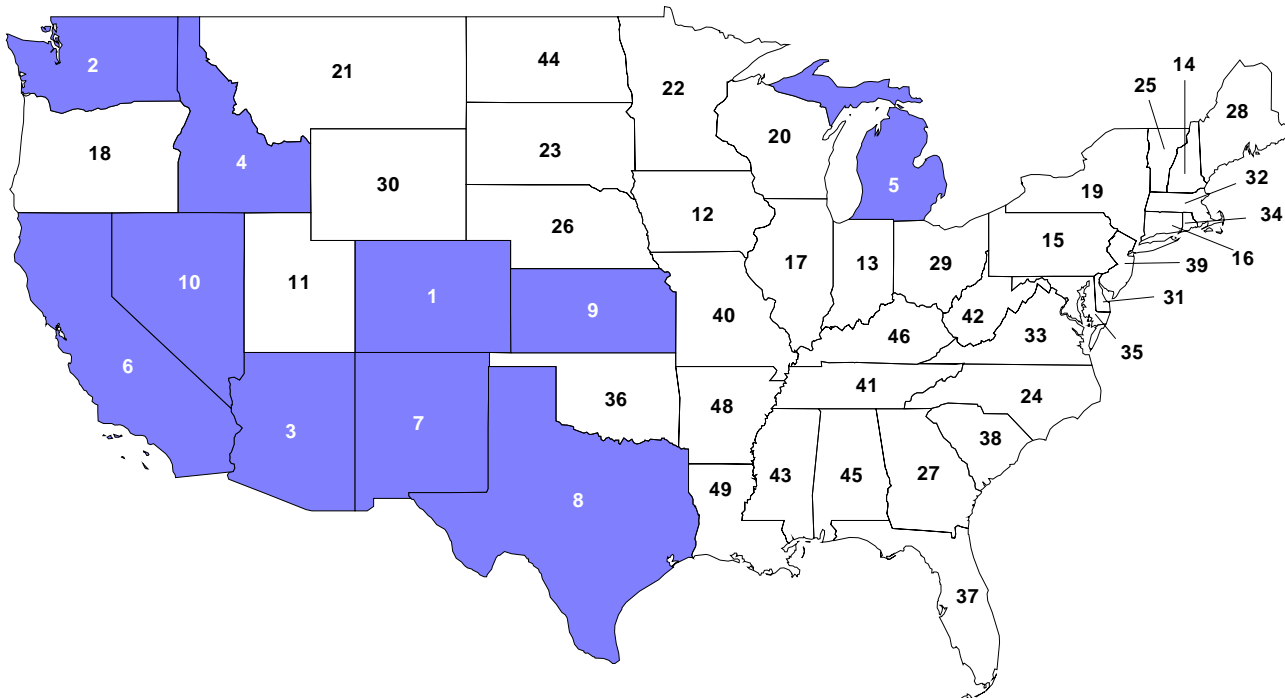


2006 Milk Production: Top Five States

State Rankings



2006 Milk Production Per Cow Ranking Top Ten States Highlighted



Per Capita Milk Production

2006 versus 2005 & 2001 - By State

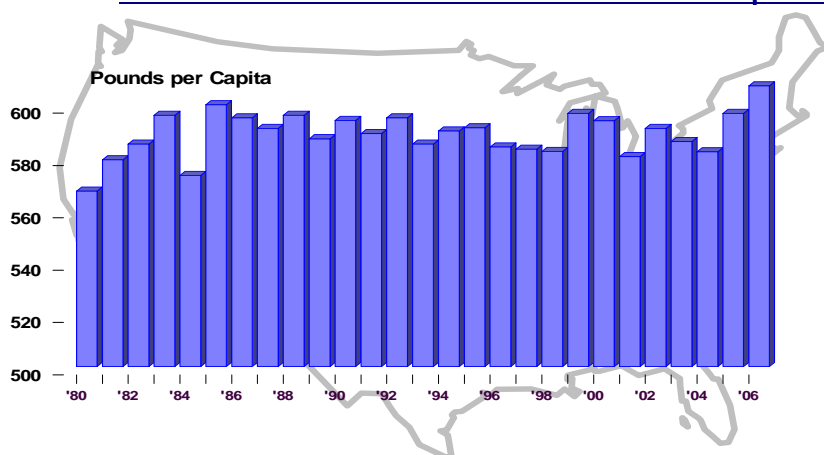
| States | Per Capita Milk Production | | | Change In Per Capita Milk Production | | | |
|--------------------|----------------------------|--------------|--------------|--------------------------------------|------------|--------------|------------|
| | 2006 | 2005 | 2001 | 2006 vs 2005 | | 2006 vs 2001 | |
| | | | | Pounds | Percent | Pounds | Percent |
| 1 Idaho | 7,429.4 | 7,108.7 | 5,870.1 | 320.7 | 4.5 | 1,559.3 | 26.6 |
| 2 Wisconsin | 4,210.9 | 4,136.7 | 4,107.3 | 74.2 | 1.8 | 103.6 | 2.5 |
| 3 Vermont | 4,154.5 | 4,243.3 | 4,354.8 | -88.8 | -2.1 | -200.3 | -4.6 |
| 4 New Mexico | 3,907.7 | 3,609.1 | 3,034.2 | 298.6 | 8.3 | 873.5 | 28.8 |
| 5 South Dakota | 1,924.8 | 1,854.5 | 2,084.1 | 70.3 | 3.8 | -159.3 | -7.6 |
| 6 Minnesota | 1,618.7 | 1,598.5 | 1,767.4 | -0.2 | -0.0 | -148.7 | -8.4 |
| 7 Iowa | 1,384.9 | 1,357.3 | 1,290.9 | 0.0 | 0.0 | 94.0 | 7.3 |
| 8 California | 1,065.1 | 1,039.0 | 961.4 | 0.1 | 0.0 | 103.7 | 10.8 |
| 9 Pennsylvania | 863.5 | 846.7 | 882.3 | -0.0 | -0.0 | -18.8 | -2.1 |
| 10 Washington | 854.3 | 891.3 | 919.7 | -0.1 | -0.0 | -65.4 | -7.1 |
| 11 Kansas | 847.7 | 828.2 | 595.8 | 0.5 | 0.1 | 251.9 | 42.3 |
| 12 North Dakota | 739.1 | 737.5 | 1,012.0 | -0.3 | -0.0 | -272.9 | -27.0 |
| 13 Michigan | 703.3 | 668.3 | 586.8 | 0.2 | 0.0 | 116.5 | 19.9 |
| 14 Utah | 684.3 | 667.0 | 714.5 | -0.1 | -0.0 | -30.2 | -4.2 |
| 15 Arizona | 641.2 | 628.6 | 579.8 | 0.1 | 0.0 | 61.4 | 10.6 |
| 16 Nebraska | 632.2 | 612.6 | 678.2 | -0.1 | -0.0 | -46.0 | -6.8 |
| 17 New York | 623.9 | 625.3 | 616.9 | 0.0 | 0.0 | 7.0 | 1.1 |
| 18 Oregon | 605.8 | 627.7 | 494.2 | 0.2 | 0.0 | 111.6 | 22.6 |
| 19 Colorado | 535.8 | 503.5 | 444.8 | 0.2 | 0.0 | 91.0 | 20.5 |
| 20 Indiana | 522.5 | 505.3 | 419.0 | 0.2 | 0.0 | 103.5 | 24.7 |
| 21 Maine | 434.3 | 451.4 | 508.4 | -0.2 | -0.0 | -74.1 | -14.6 |
| 22 Ohio | 423.4 | 413.5 | 377.0 | 0.1 | 0.0 | 46.4 | 12.3 |
| 23 Montana | 374.7 | 398.0 | 381.8 | 0.0 | 0.0 | -7.1 | -1.9 |
| 24 Oklahoma | 339.2 | 348.8 | 373.0 | -0.1 | -0.0 | -33.8 | -9.1 |
| 25 Missouri | 314.9 | 323.4 | 345.4 | -0.2 | -0.1 | -30.5 | -8.8 |
| 26 Kentucky | 309.3 | 327.6 | 408.1 | -0.3 | -0.1 | -98.8 | -24.2 |
| 27 Texas | 303.9 | 281.0 | 239.1 | 0.1 | 0.0 | 64.8 | 27.1 |
| 28 Virginia | 231.7 | 235.8 | 262.1 | -0.1 | -0.1 | -30.4 | -11.6 |
| 29 Wyoming | 229.1 | 143.3 | 127.5 | 0.5 | 0.3 | 101.6 | 79.7 |
| 30 Nevada | 223.6 | 224.7 | 231.4 | -0.1 | -0.0 | -7.8 | -3.4 |
| 31 New Hampshire | 222.8 | 231.1 | 255.9 | -0.1 | -0.0 | -33.1 | -12.9 |
| 32 Maryland | 194.6 | 203.1 | 240.5 | -0.2 | -0.1 | -45.9 | -19.1 |
| 33 Tennessee | 173.7 | 185.0 | 232.3 | -0.3 | -0.2 | -58.6 | -25.2 |
| 34 Illinois | 154.1 | 153.4 | 161.3 | -0.1 | -0.1 | -7.2 | -4.5 |
| 35 Georgia | 149.9 | 153.1 | 170.1 | -0.1 | -0.1 | -20.2 | -11.9 |
| 36 Delaware | 142.9 | 155.3 | 188.6 | -0.3 | -0.2 | -45.7 | -24.2 |
| 37 Florida | 119.8 | 127.9 | 147.4 | -0.2 | -0.2 | -27.6 | -18.7 |
| 38 Mississippi | 117.2 | 131.3 | 174.0 | -0.4 | -0.3 | -56.8 | -32.6 |
| 39 West Virginia | 110.0 | 106.9 | 138.2 | -0.2 | -0.2 | -28.2 | -20.4 |
| 40 North Carolina | 106.6 | 116.7 | 140.7 | -0.3 | -0.2 | -34.1 | -24.2 |
| 41 Connecticut | 104.7 | 109.7 | 132.8 | -0.3 | -0.2 | -28.1 | -21.2 |
| 42 Arkansas | 94.3 | 107.4 | 160.5 | -0.5 | -0.4 | -66.2 | -41.2 |
| 43 Louisiana | 92.4 | 96.3 | 141.6 | -0.4 | -0.4 | -49.2 | -34.7 |
| 44 South Carolina | 64.3 | 67.8 | 90.4 | -0.3 | -0.4 | -26.1 | -28.9 |
| 45 Hawaii | 44.3 | 54.7 | 86.6 | -0.5 | -1.0 | -42.3 | -48.8 |
| 46 Alabama | 44.1 | 49.2 | 67.2 | -0.4 | -0.9 | -23.1 | -34.4 |
| 47 Massachusetts | 43.2 | 45.1 | 55.7 | -0.3 | -0.6 | -12.5 | -22.4 |
| 48 New Jersey | 20.4 | 22.1 | 27.4 | -0.3 | -1.3 | -7.0 | -25.6 |
| 49 Rhode Island | 17.8 | 17.4 | 21.9 | -0.3 | -1.9 | -4.1 | -18.7 |
| 50 Alaska | 14.6 | 20.4 | 22.7 | -0.3 | -1.5 | -8.1 | -35.7 |
| U.S. Totals | 607.2 | 596.7 | 580.2 | 10.5 | 1.8 | 27.0 | 4.7 |

Data Sources:

Milk Production : Milk Production, February 2007, National Agricultural Statistics Service, Agriculture Statistics Board, USDA.
Population : U.S. Census Bureau, Department of Commerce. (July 1st population estimates for each year.)

| | Statistical Uniform Price | | Producer Price Differential | | Class I Utilization | |
|-------------------|---------------------------|--------------|-----------------------------|--------------|---------------------|--------------|
| | 1/2007 | 12/2006 | 1/2007 | 12/2006 | 1/2007 | 12/2006 |
| Northeast | 15.09 | 14.42 | 1.53 | 0.95 | 48.62 | 49.04 |
| Appalachian | 15.60 | 14.62 | ----- | ----- | 68.92 | 64.99 |
| Florida | 16.77 | 15.88 | ----- | ----- | 82.92 | 85.11 |
| Southeast | 15.49 | 14.81 | ----- | ----- | 59.00 | 65.53 |
| Upper Midwest | 13.75 | 13.47 | 0.19 | 0.00 | 14.96 | 17.14 |
| Central | 13.92 | 13.32 | 0.36 | -0.15 | 38.16 | 41.38 |
| Mideast | 14.03 | 13.41 | 0.47 | -0.06 | 39.92 | 40.69 |
| Pacific Northwest | 13.63 | 12.99 | 0.07 | -0.48 | 31.69 | 43.16 |
| Southwest | 14.77 | 14.05 | 1.21 | 0.58 | 40.57 | 32.53 |
| Arizona | 14.12 | 13.71 | ----- | ----- | 39.26 | 39.12 |

U.S. Milk Production Per Capita



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