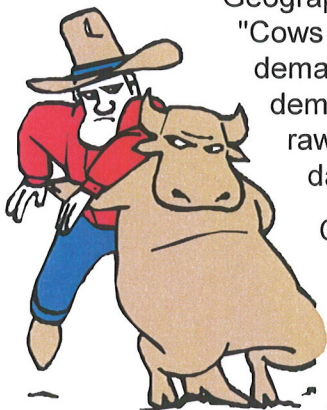


MARKETING SERVICE

B U L L E T I N

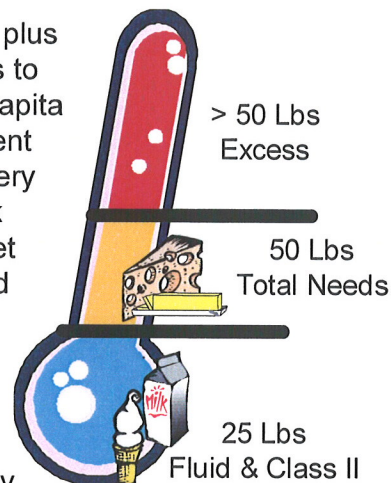
Cows Versus People . . .



Geographic comparison of milk marketings versus population could be referred to as "Cows versus People." The "locality" of milk supply compared to dairy product demand provides a different perspective from published national supply and demand statistics. This issue examines supply and demand localities -- where raw milk is marketed versus where dairy products are consumed -- for the U.S. dairy industry during December 2009.

Combined marketings from all federal milk orders¹ plus the California state order are used in this analysis to represent the supply side of our equation. Per capita consumption of dairy products is used to represent the demand element. This analysis assumes every person requires approximately 300 pounds of milk

annually to meet fluid and Class II needs, plus another 300 pounds to meet total dairy requirements². Per capita milk production above this 600-pound level is considered excess. On a monthly basis, this breaks down to 25 pounds per person for fluid and Class II, and 50 pounds for total dairy product consumption. *The thermometer graphic reflects these assumptions.*



The most recent Census Bureau population estimates for each U.S. county in the contiguous 48 states were utilized to compare per capita milk marketings with estimated per capita dairy product consumption. Counties were aggregated by time zone to develop a "regional" analysis. The large variation in population among time zones along with substantial differences in milk marketings combine to provide the following results.

	Dec '04	Dec '09
<u>Marketings</u>		
Pacific	3,637,201,843	3,743,489,224
Mountain ¹	1,157,056,990	1,282,462,115
Central ³	2,814,580,251	4,524,444,598
Eastern	3,827,526,319	4,011,350,619
Total	11,436,365,403	13,561,746,556

	Dec '04	Dec '09
<u>Population</u>		
Pacific	46,466,227	48,890,532
Mountain	19,818,867	21,868,791
Central	84,238,088	88,551,095
Eastern	140,608,206	145,702,481
Total	291,131,388	305,012,899

	Dec '04	Dec '09
<u>Per Capita Mktgs</u>		
Pacific	78.3	76.6
Mountain ¹	58.4	58.6
Central ³	33.4	51.1
Eastern	27.2	27.5
Weighted Average	39.3	44.5



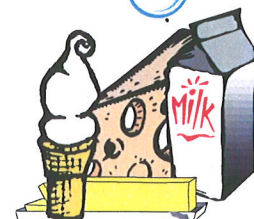
¹ The Western Federal Milk Order was terminated effective April 1, 2004; therefore, data for the Mountain Region may not include production from a significant portion of this region.

² USDA estimates the milk equivalent of all dairy products consumed for 2008 was 604 pounds per person. Source: **Livestock, Dairy, and Poultry Outlook**, United States Department of Agriculture, Economic Research Service. (<http://ers.usda.gov/publications/ldp/LDPTables.htm>)

³ December 2004 data from this region does not include a significant amount of milk that was not pooled due to a disadvantageous relationship between intraorder prices and the location adjusted statistical uniform (blend) price.

M
A
Y

2
0
1
0



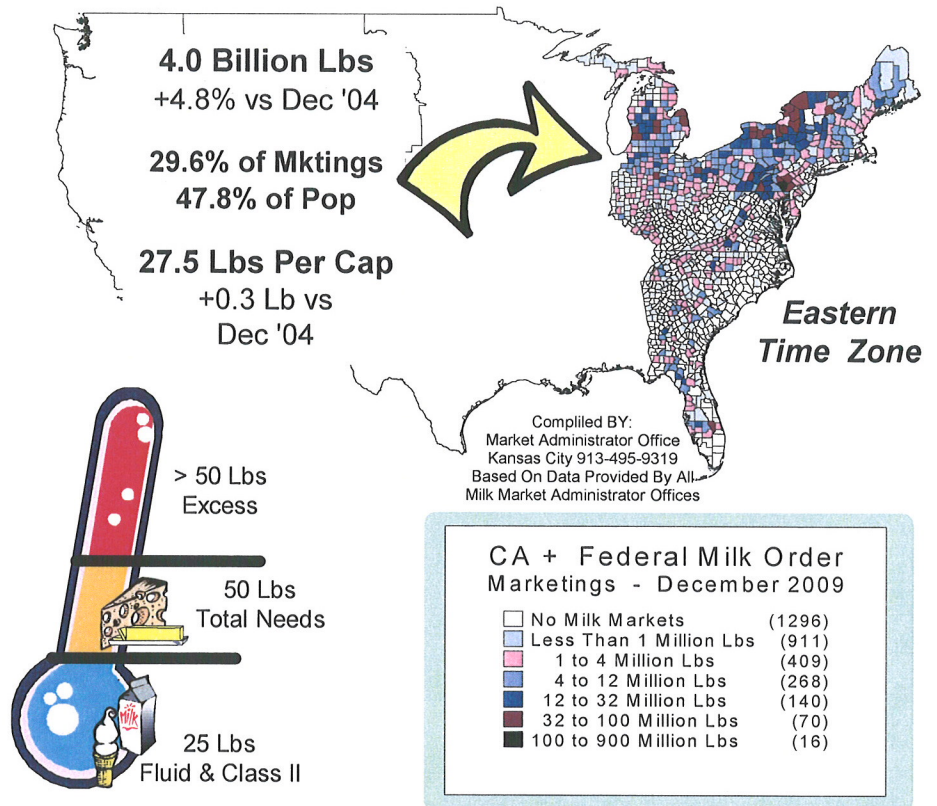
CA + Federal Order Milk Marketings By County - December 2009

Milk marketings from counties in the Eastern time zone totaled **4.011** billion pounds during December 2009. These pounds accounted for **29.6%** of the combined federal order plus California milk marketing total. However, **47.8%** of the total continental U.S. population resides within this time zone -- resulting in per capita milk marketings of **27.5** pounds. This is sufficient to meet fluid and Class II needs, but falls short of meeting the total monthly consumption requirements by approximately **22.5** pounds per person. This translates into a **monthly deficit of approximately 3.3 billion pounds**.

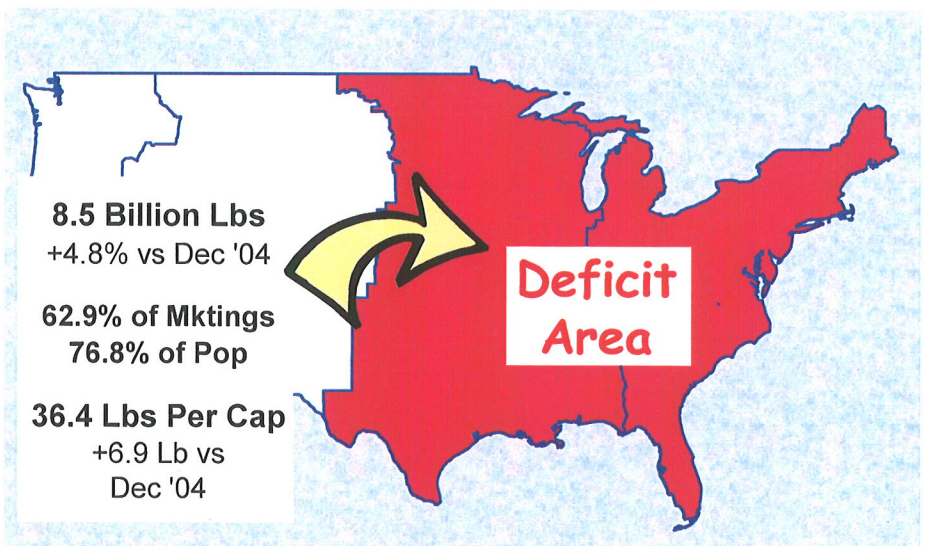
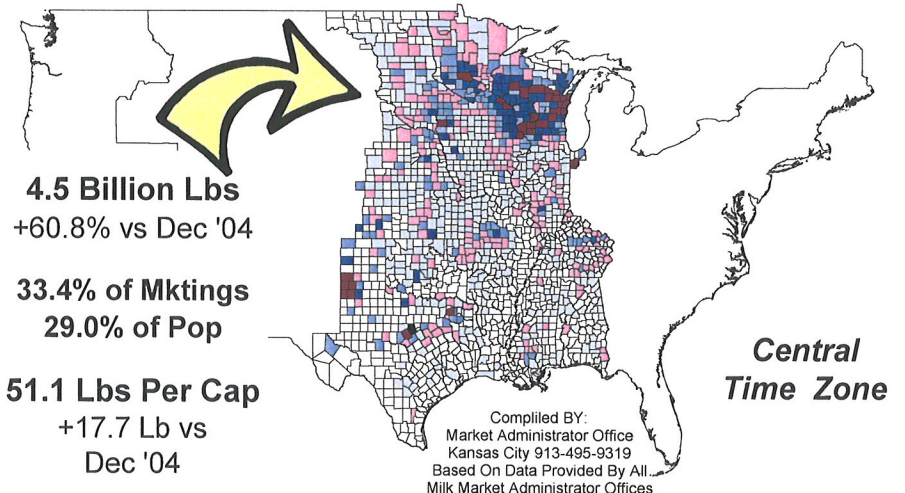
Milk marketings within the Central time zone totaled **4.524** billion pounds, or **33.4%** of total federal order and California marketings during December 2009. The Central time zone accounted for **29.0%** of the 48-state U.S. population, resulting in per capita milk marketings of **51.1** pounds. This translates into a **97.4 million pounds of surplus milk**.

Perspective for a large proportion of the U.S. demographic is obtained by combining these two time zones into a single marketing/procurement/consumption area. December 2009 per capita milk marketings for this combined area totaled **36.4** pounds -- **13.6** pounds **below** the 50 pounds necessary to meet total per capita needs. This results in a **monthly deficit of approximately 3.2 billion pounds** of milk for the combined Eastern and Central time zones.

The maps on the following page illustrate how the per capita milk marketings differ when examining the western time zones.



CA + Federal Order Milk Marketings By County - December 2009



December 2009 Mountain time zone milk marketings totaled **1.282 billion pounds**, accounting for **9.5%** of the federal order and California total. Milk marketings from this time zone increased **10.8%**, or **125.4 million pounds**, comparing December 2009 with December 2004.⁴

The Mountain time zone is the least populated with **7.2%** of the U.S. population (48 states). Per capita milk marketings were up approximately **0.3 pounds** from December 2004, climbing to **58.6 pounds**. The Mountain time zone's **8.6 pound per capita excess** translates into **189.0 million pounds of surplus milk**.

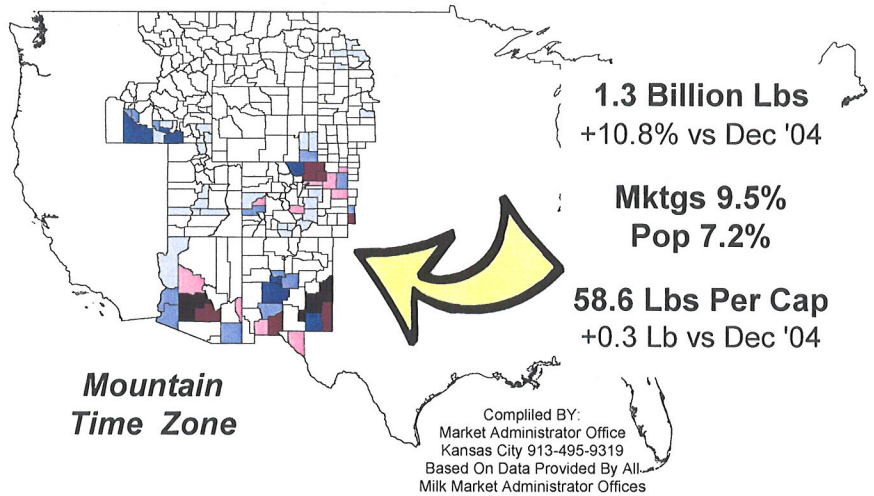
Milk marketings from counties within the Pacific time zone totaled **3.743 billion pounds** during December 2009. While these marketings accounted for **27.6%** of the Federal order and California total, the population of the Pacific time zone represents only **16.0%** of the continental U.S. total. This computes to **76.6 pounds per capita**, which is **26.6 pound excess** over estimated total consumption, and results in a **1.3 billion pound regional milk surplus**.

Combined these two time zones results in per capita milk marketings of **71.0 pounds**. This is **21.0 pounds over** the 50-pound per capita requirement. Consequently, there is a monthly **excess of approximately 1.5 billion pounds** for the combined Mountain/Pacific time zone.

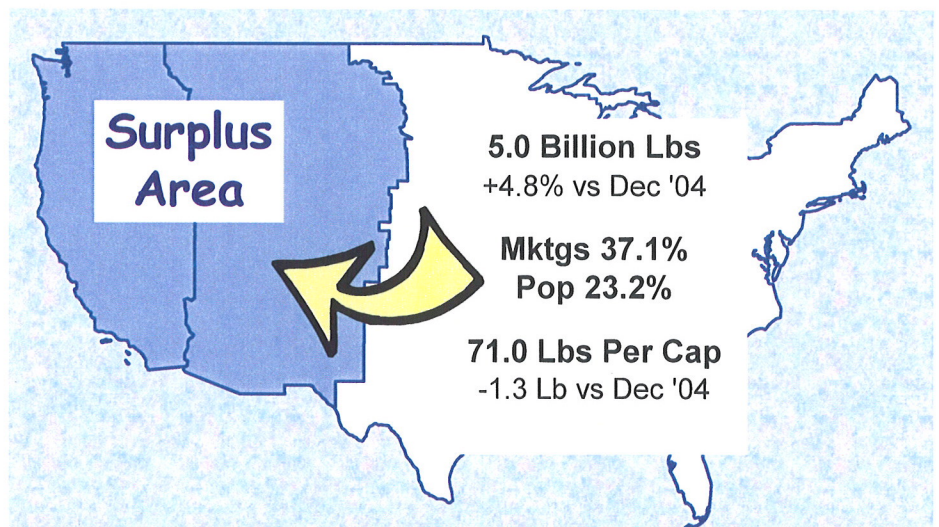
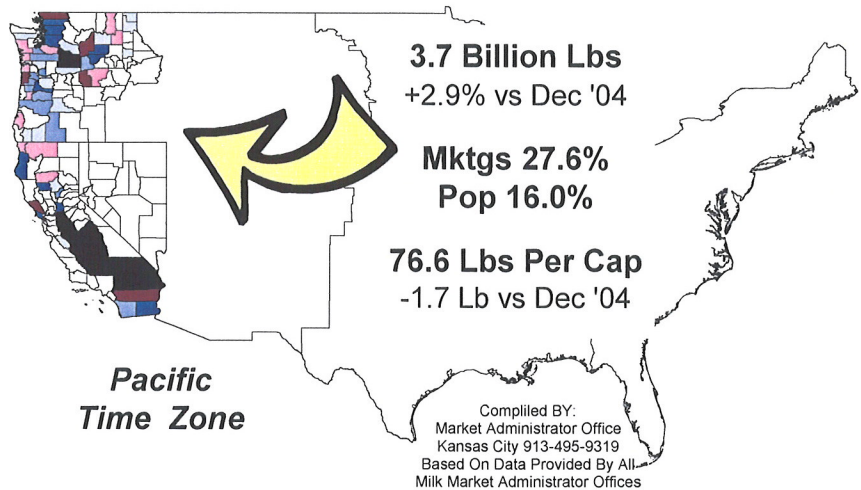
⁴ Marketings from this time zone may not include production from a significant portion of this region due to the April 1, 2004 termination of the Western order.

*** Editor's Note:** Adding the "residual production" from Idaho, Montana, Nevada, Utah, and Wyoming to the West total results in a 527million pound U.S. deficit for December 2009. "Residual production" was calculated by taking NASS total production minus federal order marketings. (MT, NV, UT, and WY December 2009 production was estimated based on 4th quarter production.)

CA + Federal Order Milk Marketings By County - December 2009



CA + Federal Order Milk Marketings By County - December 2009



The 1.5 billion pound **"excess"** from the **"west"** is not sufficient to satisfy the 3.2 billion pound **"deficit"** **"east"** of the Rockies*.

	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	<u>Apr '10</u>	<u>Mar '10</u>	<u>Apr '10</u>	<u>Mar '10</u>	<u>Apr '10</u>	<u>Mar '10</u>
Northeast	15.11	15.54	2.19	2.76	41.75	42.56
Appalachian	15.86	16.75	-----	-----	64.73	67.49
Florida	18.20	19.13	-----	-----	88.75	87.06
Southeast	16.03	16.80	-----	-----	62.18	64.01
Upper Midwest	13.28	13.32	0.36	0.54	12.78	13.05
Central	13.80	14.03	0.88	1.25	34.00	31.99
Mideast	14.03	14.52	1.11	1.74	37.10	40.13
Pacific Northwest	13.79	13.86	0.87	1.08	29.02	27.28
Southwest	14.76	15.06	1.84	2.28	38.28	39.11
Arizona	14.14	14.29	-----	-----	32.95	32.44

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.



**United States
Department of
Agriculture**

FIRST CLASS
U.S. POSTAGE
PAID
SHAWNEE MISSION, KS
PERMIT NO. 377

FEDERAL MILK MARKET ADMINISTRATOR
P.O. BOX 14650
SHAWNEE MISSION, KANSAS 66285-4650

FIRST CLASS

Website: www.fmmacentral.com
E-mail: market.administrator@fmmacentral.com
Phone: 913-495-9300