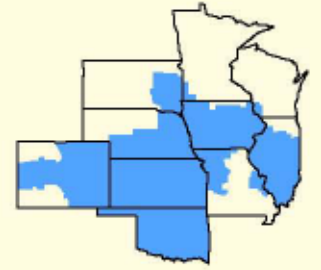


JUNE 2014

Marketing Service

Bulletin

Facilitating the efficient marketing of milk and dairy products.



CENTRAL MARKETING AREA



Where's The Milk....???

Milk production in the United States surpassed 201 billion pounds in 2013, increasing by 0.3% compared with 2012. The 201.2 billion pounds produced in 2013 represents an increase of approximately 0.7 billion pounds over the previous all-time high of 200.5 billion pounds recorded in 2012. Milk production has exceeded prior year levels in 15 of the last 17 years, with 2009 and 2001 being the two exceptions. Since 1991, U.S. milk production has decreased from prior year levels only four times -- 1993, 1996, 2001, and 2009.

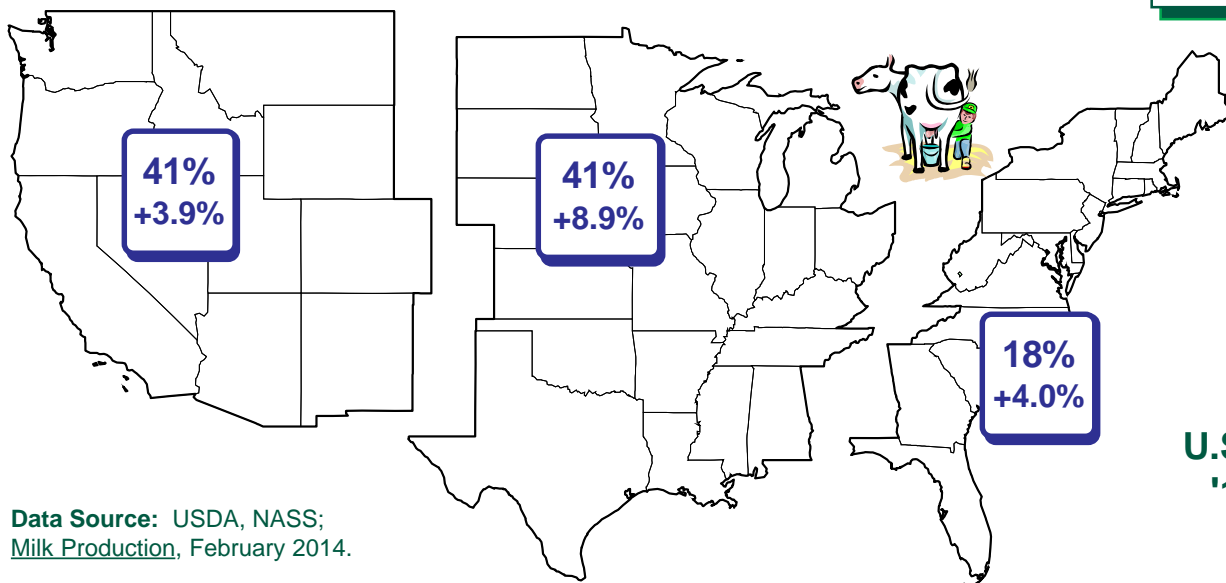


This bulletin addresses the question, "Where's The Milk ?", by examining milk production and dairy product manufacturing on a regional basis. The map graphics and data tables contained in this bulletin depict production of milk, cheese, butter, yogurt, ice cream, dry whey, and nonfat dry milk for the Atlantic, Central and West regions, as specified by the National Agricultural Statistics Service (NASS). The top number shown in each region represents the region's proportion of total 2013 production for the specified product, while the bottom number represents the percentage change in production comparing 2013 with 2008.

Comparing 2013 with 2008, the **Central, Atlantic, and West Regions increased** milk production by 8.89%, 4.00%, and 3.93%, respectively. The **West Region** accounted for 41.02% of U.S. milk production in 2013, which was down slightly compared with the proportion in 2008 (41.81%). The **Central Region** accounted for 40.91% of total U.S. production, **up** 1.12 percentage points compared with 2008 (39.79%). The **Atlantic Region** accounted for the smallest proportion of the 2013 total at 18.07%, and this proportion was **down** by approximately one-third of one percentage point compared with 2008 (18.41%). Milk production data for 2008 through 2013 is located on the back page of this bulletin.

Milk production in the United States in 2013 increased by 11.2 billion pounds compared with 2008. The additional milk required to meet increased cheese production during the same period was approximately 11.9 billion pounds.

Regional Milk Production as a Percentage of 2013 Total U.S. Milk Production with Percentage Change in Production: 2013 vs 2008

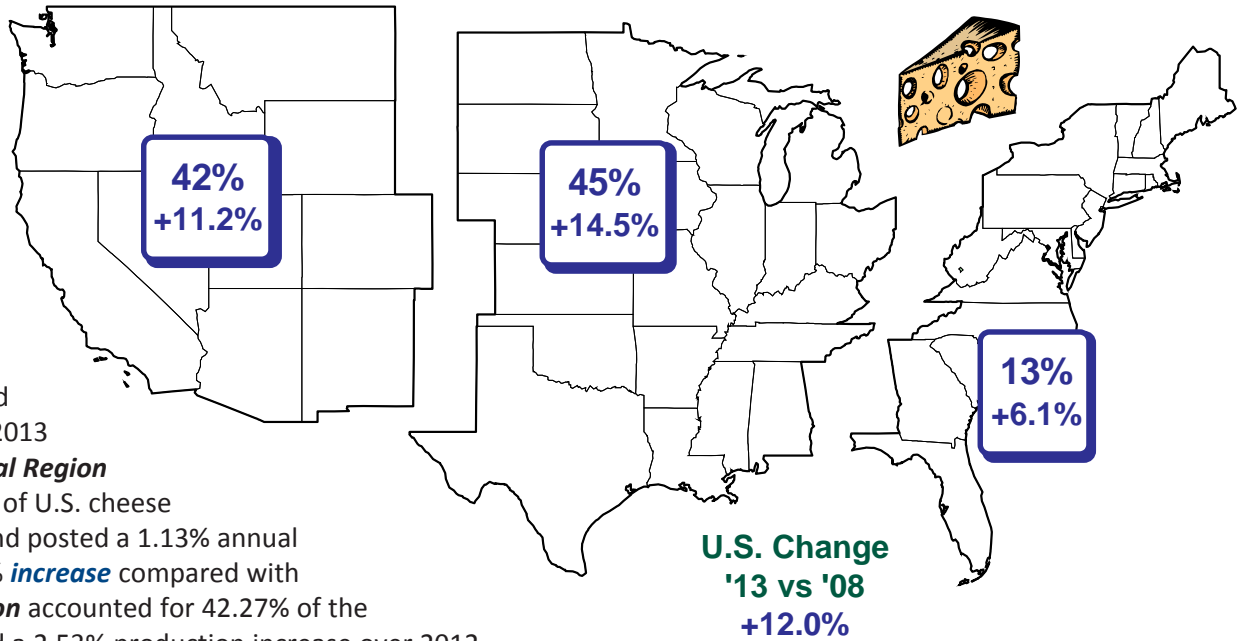


**U.S. Change
'13 vs '08
+5.9%**

Data Source: USDA, NASS;
Milk Production, February 2014.

Regional Cheese Production as a Percentage of 2013 Total U.S. Cheese Production with Percentage Change in Production: 2013 vs 2008

U.S. cheese production totaled 11.101 billion pounds during 2013. The 2013 total is an **increase** of 1.97% compared with 2012, and it is 11.99% **greater** than the amount produced in 2008.



As depicted by the map on this page, all three regions recorded **increases** comparing 2013 with 2008. The **Central Region** accounted for 44.80% of U.S. cheese production in 2013, and posted a 1.13% annual **increase** and a 14.53% **increase** compared with 2008. The **West Region** accounted for 42.27% of the 2013 total, and posted a 2.53% production increase over 2012, and a 11.24% **increase** compared with 2008. The **Atlantic Region** accounted for 12.92% of the U.S. total in 2013, and this region's cheese production **increased** by 3.11% over the previous year, and 6.14% comparing 2013 with 2008.

Data Source: USDA, NASS; [Dairy Products 2013 Summary](#), April 2014.

The 2013 increase in the Atlantic Region's share of total U.S. cheese production was only the second increase in the last fourteen years. The Central Region has accounted for the largest proportion of cheese production each year since 2008.

Total U.S. Cheese Production By Region (thousand lbs.)

	Atlantic	Central	West	Total
2008	1,351,426	4,342,613	4,218,789	9,912,828
2009	1,346,472	4,550,155	4,177,572	10,074,199
2010	1,368,359	4,621,272	4,453,766	10,443,397
2011	1,366,616	4,700,553	4,527,837	10,595,006
2012	1,391,196	4,917,954	4,577,091	10,886,241
2013	1,434,460	4,973,700	4,692,975	11,101,135

As a Percent of Total Production

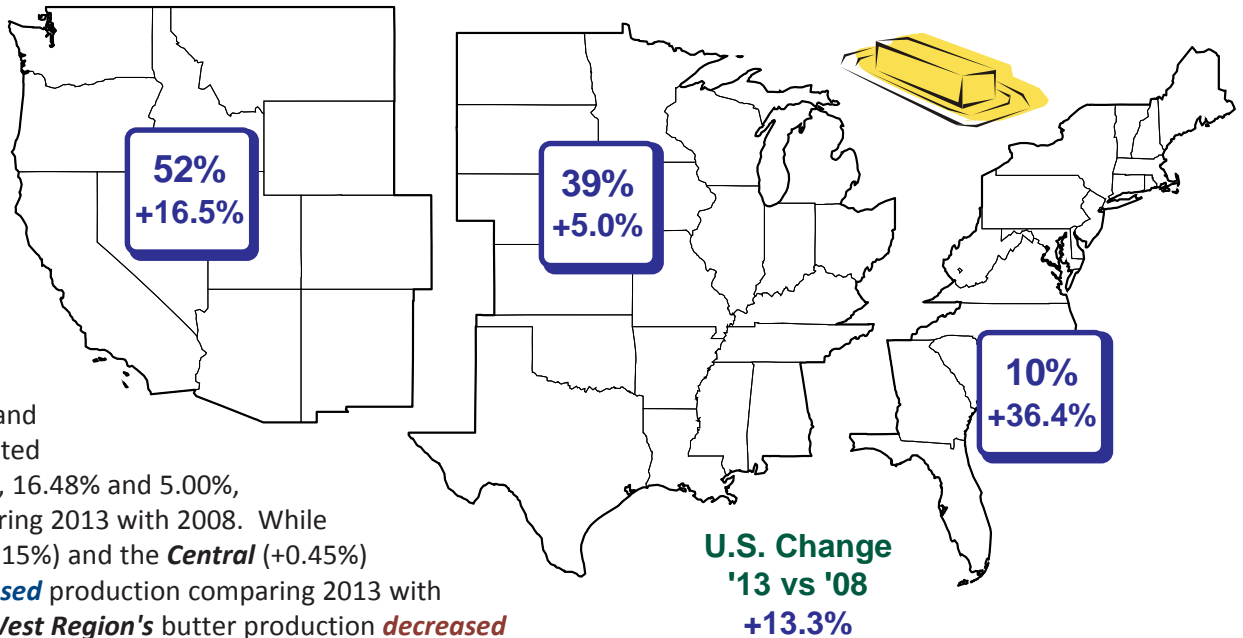
	Atlantic	Central	West
2008	13.63	43.81	42.56
2009	13.37	45.17	41.47
2010	13.10	44.25	42.65
2011	12.90	44.37	42.74
2012	12.78	45.18	42.04
2013	12.92	44.80	42.28



Regional Butter Production as a Percentage of 2013 Total U.S. Butter Production with Percentage Change in Production: 2013 vs 2008

U.S. butter production **increased** by 13.29% comparing 2013 with 2008. Butter production totaled 1.863 billion pounds during 2013 -- **up** 0.16% from 2012.

As depicted by the accompanying map, the **Atlantic**, **West**, and **Central Regions** posted **increases** of 36.37%, 16.48% and 5.00%, respectively, comparing 2013 with 2008. While the the **Atlantic** (+9.15%) and the **Central** (+0.45%) **Regions** both **increased** production comparing 2013 with previous year, the **West Region's** butter production **decreased** by 1.57%. The **West Region** was the largest butter producer in 2013 accounting for 51.63% of the U.S. total, followed by the **Central Region** with 38.70%. The **Atlantic Region** accounted for 9.67% of the 2013 U.S. total.



Data Source: USDA, NASS; [Dairy Products 2013 Summary](#), April 2014.

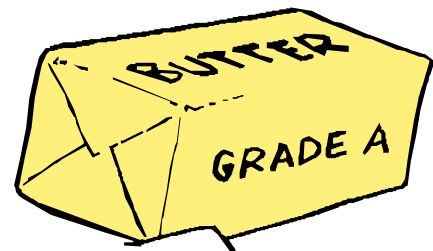
Total U.S. Butter Production By Region (thousand lbs.)

	Atlantic	Central	West	Total
2008	132,140	686,399	825,537	1,644,076
2009	143,190	651,506	777,792	1,572,488
2010	147,132	573,398	843,442	1,563,972
2011	162,305	702,652	944,794	1,809,751
2012	165,097	717,476	976,964	1,859,537
2013	180,197	720,712	961,607	1,862,516

The Central Region's share of U.S. butter production declined from 47.45% in 2002 to 38.70% in 2013. The West Region increased its proportion from 41.09% to 51.63% during the same time frame, while total U.S. butter production increased by 37.44%

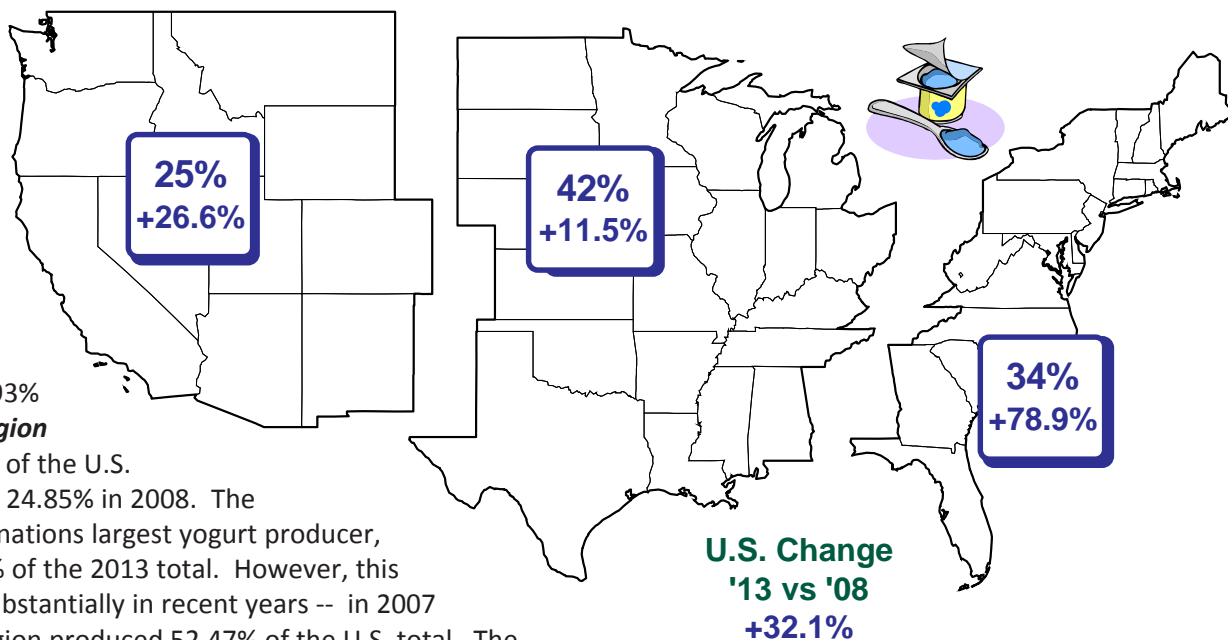
As a Percent of Total Production

	Atlantic	Central	West
2008	8.04	41.75	50.21
2009	9.11	41.43	49.46
2010	9.41	36.66	53.93
2011	8.97	38.83	52.21
2012	8.88	38.58	52.54
2013	9.67	38.70	51.63



U.S. yogurt production **increased** by 32.13% comparing 2013 with 2008. Yogurt production totaled 4.718 billion pounds during 2013 -- **up** 6.81% from 2012.

Regional Yogurt Production as a Percentage of 2013 Total U.S. Yogurt Production with Percentage Change in Production: 2013 vs 2008



All three regions **increased** yogurt production comparing 2013 with 2008, led by the **Atlantic Region's** 78.93% gain. The **Atlantic Region** accounted for 33.65% of the U.S. total in 2013, **up** from 24.85% in 2008. The **Central Region** is the nation's largest yogurt producer, accounting for 41.62% of the 2013 total. However, this proportion is **down** substantially in recent years -- in 2007 the Central Region produced 52.47% of the U.S. total. The **West Region** **increased** yogurt production by 26.62% comparing 2013 with 2008, and the 2013 total was **up** 17.12% versus 2012. This region accounted for 24.73% of total U.S. yogurt production in 2013.

Data Source: USDA, NASS; [Dairy Products 2013 Summary](#), April 2014.

The Atlantic Region's share of U.S. yogurt production increased from 23.54% in 2007 to 33.65% in 2013, while the Central Region's proportion decreased from 52.47% to 41.62% during the same time frame. The West Region's share increased in 2013, which was the second year-over-year gain in the last five years.

Total U.S. Yogurt Production By Region (thousand lbs.)

	Atlantic	Central	West	Total
2008	887,136	1,761,747	921,472	3,570,355
2009	933,959	1,916,820	987,814	3,838,593
2010	1,057,788	1,992,349	1,130,551	4,180,688
2011	1,297,576	1,913,920	1,059,899	4,271,395
2012	1,520,300	1,900,467	996,219	4,416,986
2013	1,587,349	1,963,538	1,166,748	4,717,635

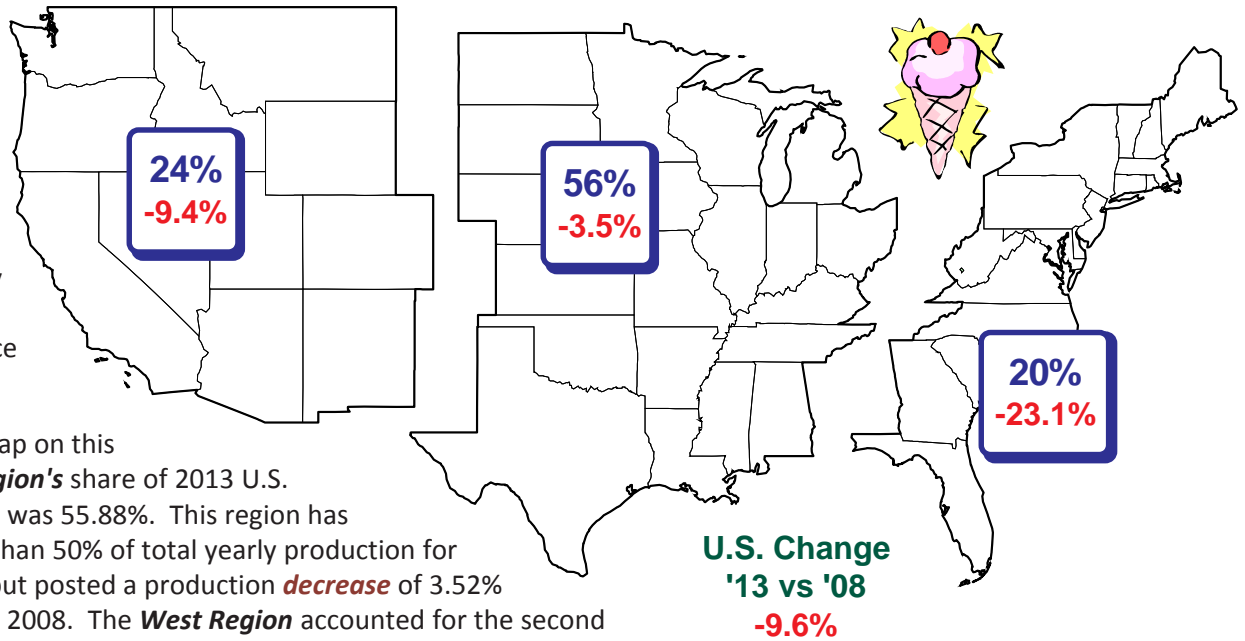
As a Percent of Total Production

	Atlantic	Central	West
2008	24.85	49.34	25.81
2009	24.33	49.94	25.73
2010	25.30	47.66	27.04
2011	30.38	44.81	24.81
2012	34.42	43.03	22.55
2013	33.65	41.62	24.73



U.S. ice cream production* **decreased** by 9.56% comparing 2013's total with the 0.876 billion gallons produced in 2008. Ice cream production totaled 0.793 billion gallons during 2013, **down** 0.95% from the previous year. Yearly ice cream production has increased only once since 2005.

Regional Ice Cream Production* as a Percentage of 2013 Total U.S. Ice Cream Production with Percentage Change in Production: 2013 vs 2008



As depicted by the map on this page, the **Central Region's** share of 2013 U.S. ice cream production was 55.88%. This region has accounted for more than 50% of total yearly production for the last eight years, but posted a production **decrease** of 3.52% comparing 2013 with 2008. The **West Region** accounted for the second largest proportion of the U.S. total at 24.06%, and registered an **decrease** of 9.41% comparing 2013 with 2008. The **Atlantic Region** posted the largest percentage **decrease**, with production **declining** 23.11% between 2008 and 2013. This region accounted for the smallest production share with 20.06% of the 2013 U.S. total.

Data Source: USDA, NASS; [Dairy Products 2013 Summary](#), April 2014.

U.S. regular (hard) ice cream production has declined in nine of the last eleven years. The Central Region's share of the 2013 total was 55.88%, and this region has accounted for more than 50% of total U.S. ice cream production each year since 2006. The Atlantic Region's proportion of total production has decreased for eleven consecutive years.

Total U.S. Ice Cream Production *

By Region (thousand gallons)

	Atlantic	Central	West	Total
2008	206,814	459,050	210,515	876,379
2009	191,682	440,952	224,106	856,740
2010	179,302	430,759	208,731	818,792
2011	171,520	416,014	212,324	799,858
2012	166,218	432,054	201,980	800,252
2013	159,017	442,902	190,715	792,634

As a Percent of Total Production

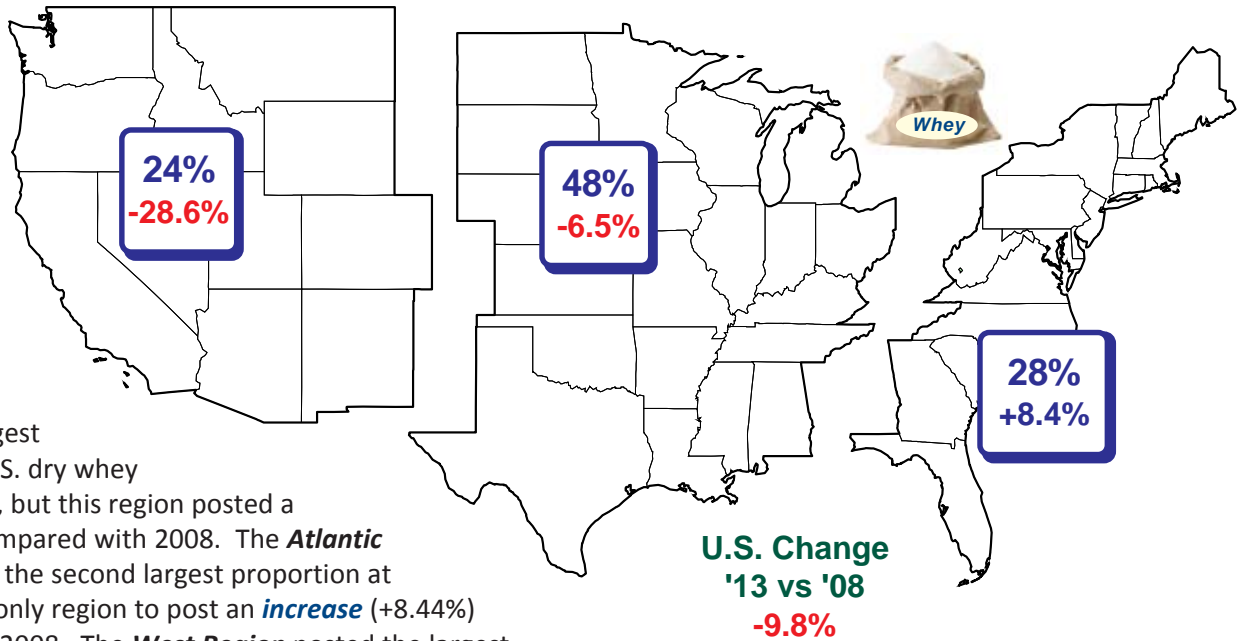
	Atlantic	Central	West
2008	23.60	52.38	24.02
2009	22.37	51.47	26.16
2010	21.90	52.61	25.49
2011	21.44	52.01	26.55
2012	20.77	53.99	25.24
2013	20.06	55.88	24.06



* Regular (hard) ice cream production.

U.S. dry whey production* **decreased** by 9.77% comparing 2013's total with the 1.024 billion pounds produced in 2008. Dry whey production totaled 0.924 billion pounds during 2013, **down** 2.31% from 2012. The 2013 **decrease** was the fourth production decline in the last five years.

Regional Dry Whey Production* as a Percentage of 2013 Total U.S. Dry Whey Production with Percentage Change in Production: 2013 vs 2008



The **Central Region** accounted for the largest proportion of 2013 U.S. dry whey production at 48.25%, but this region posted a **decrease** of 6.48% compared with 2008. The **Atlantic Region** accounted for the second largest proportion at 27.64%, and was the only region to post an **increase** (+8.44%) comparing 2013 with 2008. The **West Region** posted the largest percentage **decrease**, with production declining 28.56% between 2008 and 2013. This region accounted for 24.11% of 2013 U.S. dry whey production, the smallest proportion among the three regions.

Data Source: USDA, NASS; [Dairy Products 2013 Summary](#), April 2014.

Total U.S. Dry Whey Production* By Region (thousand lbs.)

	Atlantic	Central	West	Total
2008	235,565	476,738	311,949	1,024,252
2009	236,115	470,191	244,348	950,654
2010	232,909	472,895	254,876	960,680
2011	233,529	461,477	255,857	950,863
2012	252,480	458,604	234,927	946,011
2013	255,441	445,860	222,845	924,146

U.S. dry whey (human) production has declined in four of the last five years. Central Region production has also decreased in four of the past five years, while production from the West Region has declined in three of the last five. In contrast, the Atlantic Region has posted production increases in four of the last five years.

As a Percent of Total Production

	Atlantic	Central	West
2008	23.00	46.54	30.46
2009	24.84	49.46	25.70
2010	24.24	49.23	26.53
2011	24.56	48.53	26.91
2012	26.69	48.48	24.83
2013	27.64	48.25	24.11

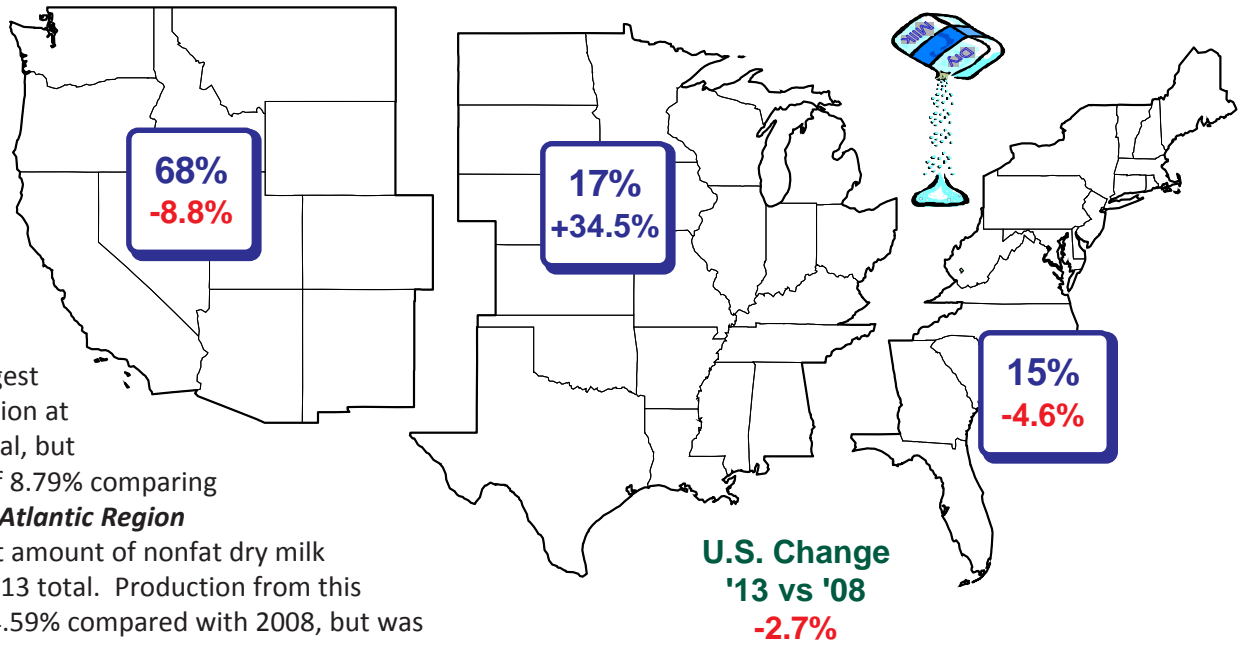


* Dry Whey (human) production.

Regional NFDM Production as a Percentage of 2013 Total U.S. NFDM Production with Percentage Change in Production: 2013 vs 2008

U.S. nonfat dry milk (NFDM) production **decreased** by 2.72%, comparing 2013 with 2008. Production totaled 1.478 billion pounds in 2013, which was a **decrease** of 16.24% compared with 2012.

The **West Region** accounted for the largest proportion of production at 67.83% of the U.S. total, but posted an **decrease** of 8.79% comparing 2013 with 2008. The **Atlantic Region** produced the smallest amount of nonfat dry milk with 14.82% of the 2013 total. Production from this region **decreased** by 4.59% compared with 2008, but was **up** 15.41% from 2012. The **Central Region** accounted for 17.35% of the U.S. total in 2013, with NFDM production **increasing** by 34.51% compared with 2008, and 3.40% versus the 2012 total.



Data Source: USDA, NASS; [Dairy Products 2013 Summary](#), April 2014.

Since the beginning of 2000, the West Region has accounted for 75.09% of total U.S. NFDM production -- in the five years preceding 2000, the West accounted for 63.70% of the U.S. total. However, the West Region's share of the U.S. total in 2013 was the smallest since 1998 (65.19%).

Total U.S. Nonfat Dry Milk Production By Region (thousand lbs.)

	Atlantic	Central	West	Total
2008	229,620	190,615	1,098,938	1,519,173
2009	212,717	161,972	1,136,833	1,511,522
2010	199,874	137,118	1,225,526	1,562,518
2011	160,324	159,744	1,179,409	1,499,477
2012	189,824	247,959	1,326,666	1,764,449
2013	219,074	256,397	1,002,393	1,477,864

As a Percent of Total Production

	Atlantic	Central	West
2008	15.11	12.55	72.34
2009	14.07	10.72	75.21
2010	12.79	8.78	78.43
2011	10.69	10.65	78.65
2012	10.76	14.05	75.19
2013	14.82	17.35	67.83





**United States
Department of
Agriculture**

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**Total U.S. Milk Production
By Region**

	----- Million Lbs. -----				----- % of Total -----		
	<u>Atlantic</u>	<u>Central</u>	<u>West</u>	<u>Total</u>	<u>Atlantic</u>	<u>Central</u>	<u>West</u>
2008	34,967	75,589	79,426	189,982	18.41	39.79	41.81
2009	34,802	77,433	77,099	189,334	18.38	40.90	40.72
2010	35,258	78,361	79,229	192,848	18.28	40.63	41.08
2011	35,381	78,859	81,924	196,164	18.04	40.20	41.76
2012	35,894	81,511	83,132	200,537	17.90	40.65	41.45
2013	36,364	82,309	82,544	201,217	18.07	40.91	41.02

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**Statistical
Uniform Price**

**Producer Price
Differential**

**Class I
Utilization**

	<u>May '14</u>		<u>Apr '14</u>			<u>May '14</u>		<u>Apr '14</u>	
Northeast	25.24	25.46	2.67	1.15		34.65	34.37		
Appalachian	26.45	26.31	-----	-----		61.31	62.26		
Florida	29.25	28.45	-----	-----		86.85	84.29		
Southeast	26.83	26.73	-----	-----		64.10	65.90		
Upper Midwest	23.00	24.41	0.43	0.10		9.91	11.34		
Central	23.58	24.20	1.01	-0.11		27.44	32.79		
Mideast	24.04	24.48	1.47	0.17		33.33	36.03		
Pacific Northwest	23.42	24.03	0.85	-0.28		21.77	29.10		
Southwest	24.43	25.12	1.86	0.81		29.06	45.80		
Arizona	23.75	24.43	-----	-----		22.32	25.55		