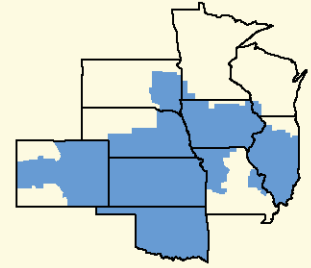


DECEMBER 2014

Marketing Service

# Bulletin

Facilitating the efficient marketing of milk and dairy products.



CENTRAL MARKETING AREA



## 3.10% of Central Federal Order Farms Market 50% of Pooled Milk

Central Federal Order milk marketings have undergone dynamic changes as dairy producers, cooperatives and processors seek opportunities which maximize returns through milk pooling practices. Dramatic shifts in the location of farms that supply Central Order regulated handlers have occurred since the inception of the "reformed" order in January 2000. Many of these changes are attributable to revisions in pooling provisions for either the Central Order or adjacent milk orders. Milk from distant locations, such as California, became associated with the order but were later removed as pooling provisions were tightened. During several years, large negative Producer Price Differentials (PPD's) resulted in substantial amounts of milk, previously associated with the order, being "depooled" due to Class price alignments. Revisions to order pooling provisions have resulted in smaller amounts of "depooled" milk in recent years. These order language revisions, along with changing industry pooling practices, continue to alter the footprint of the Central Order "milkshed".

The number of farms with marketings on the Central Order increased from 7,479 in January 2000 to a peak of 11,683 farms during June 2001. This number has declined to 27.4% of the peak, with 3,198 farms marketing milk during October 2014. The tables on the first two pages of this bulletin provide distribution data by farm size based on October 2014 Central Order milk marketings.\*

Quartiles	# of Farms	Range Of Milk Marketings Per Farm
1	28	6,866,460 - 18,197,466 lbs.
2	71	2,527,000 - 6,854,660 lbs.
3	277	429,217 - 2,524,809 lbs.
4	2,822	< 429,076 lbs.

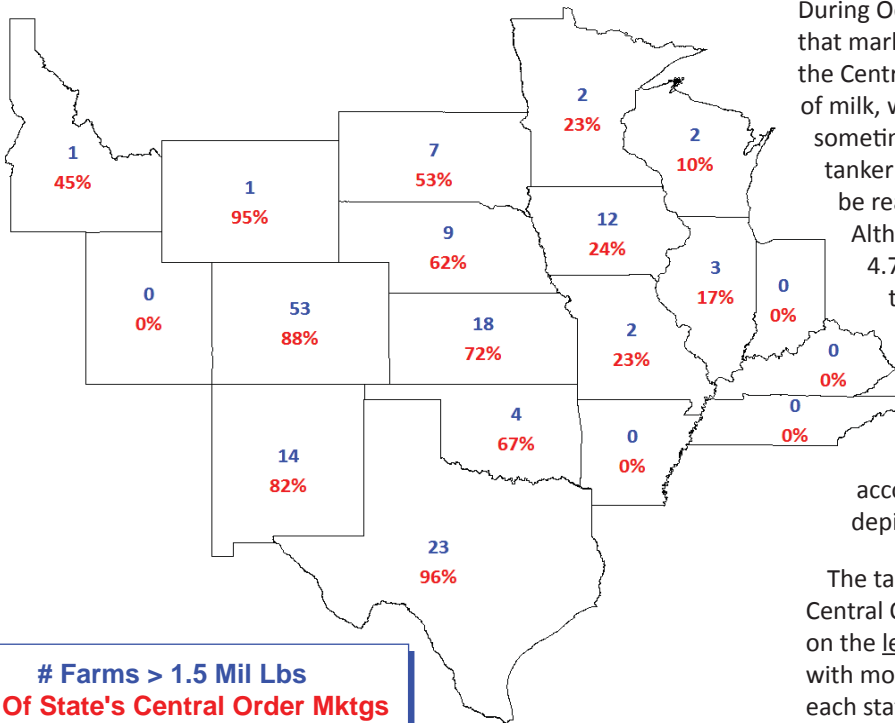
A relatively small number of farms with large milk marketings make up a disproportionate share of the Central Order total. This is also true for many of the states that have producers supplying the order, as indicated by the table on page two. Moreover, data from the table above indicates that 28 of the largest farms accounted for 25% of Central Order marketings during October 2014. Each of these farms marketed more than 6.866 million pounds during the month. Half of the milk on the Central Order in October was accounted for by including the next 71 farms - these farms had marketings between 2.527 & 6.855 million pounds. Thus, 3.10% of the farms marketed 50% of the milk during October 2014. This proportion has dropped significantly since the inception of the Central Order in 2000 when approximately 10% of the farms marketed 50% of the milk. The table below provides a farm distribution based on pounds of milk marketed on the Central Order. Notably, there were 1,813 farms (down from 5,727 farms in October 2002) which marketed less than 100,000 pounds on the order. These producers accounted for approximately 57% of the farms but less than 7% of the milk marketed.

## Distribution of Farms by Amount of Pooled Marketings\* - October 2014

Range Of Marketings	Farms	% Of Farms	Pounds Of Milk	% Of Lbs.	Avg. Lbs. Per Farm
< 100,000 Lbs.	1,813	56.68	78,314,692	7.01	43,196
100,000 to 250,000 Lbs.	753	23.55	117,835,833	10.54	156,488
250,000 to 500,000 Lbs.	300	9.38	103,284,831	9.24	344,283
500,000 to 750,000 Lbs.	84	2.63	51,250,087	4.58	610,120
750,000 to 1 Million Lbs.	44	1.38	38,139,312	3.41	866,803
1 to 1.250 Million Lbs.	32	1.00	36,012,742	3.22	1,125,398
1.250 to 1.500 Million Lbs.	21	0.66	29,225,172	2.61	1,391,675
> 1.500 Million Lbs.	151	4.72	663,792,586	59.39	4,395,977
<b>Federal Order Total</b>	<b>3,198</b>	<b>100.00</b>	<b>1,117,855,255</b>	<b>100.00</b>	<b>349,438</b>

\*There is no requirement that total monthly production of a farm be pooled on the order. The data contained in this bulletin represents pounds of milk marketed on the Central Federal Milk Order.

## Number Of Farms Marketing More Than 1.5 Million Pounds (About A Tanker Load Per Day For Each Farm) & Their Portion Of Each State's Central Order Marketings -- October 2014



During October 2014 there were 151 individual producers that marketed more than 1.5 million pounds of milk on the Central Federal Order. Farms marketing this volume of milk, which approximates a tanker load per day, are sometimes referred to as a milk plant on wheels. A tanker load of milk each day is very mobile and can be readily directed to different locations as needed. Although these 151 producers accounted for only 4.72% of the total producers on the Central market, their marketings comprised 59.38% of the milk pooled. The map at the left depicts the number of producers with Central Order milk marketings greater than 1.5 million pounds in each state **in blue**. The corresponding percentage of the state's Central Order marketings accounted for by these large producers is also depicted **in red**.

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

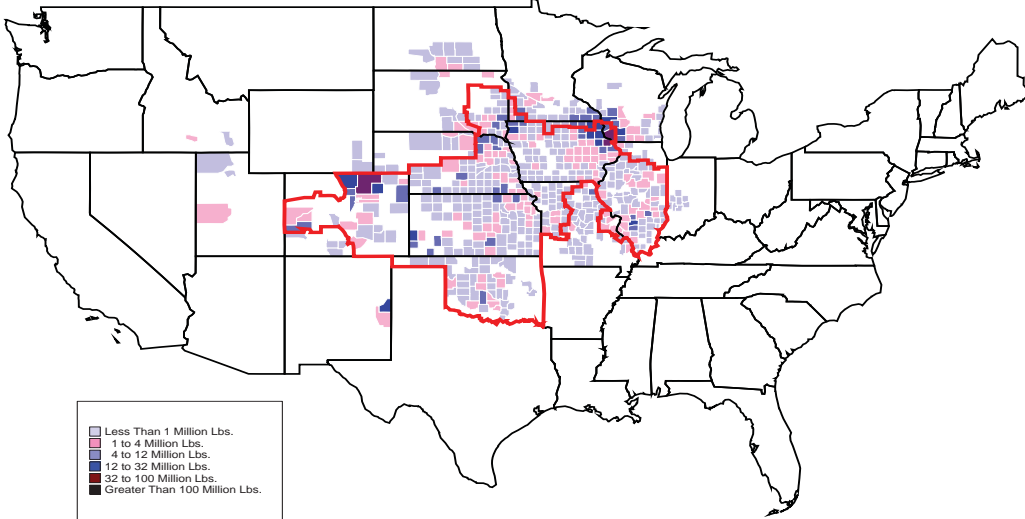
### Central Order - October '14

### Farms Marketing More Than 1.5 Million Pounds

<u>State</u>	<u>Pounds of Milk Pooled</u>	<u># of Farms</u>	<u>Number of Farms</u>	<u>Oct '14 Pounds</u>	<u>% of State Pounds</u>
AR	676,418	3	0	0	0
CO	297,139,691	105	53	260,655,757	87.72
ID	3,821,493	16	1	1,725,540	45.15
IL	76,420,089	395	3	12,629,668	16.53
IN	1,186,497	3	0	0	0
IA	196,825,047	1,115	12	46,887,005	23.82
KS	137,977,825	254	18	99,504,044	72.12
KY	Restricted		0	0	0
MN	20,852,437	103	2	4,723,875	22.65
MO	42,523,240	365	2	9,769,078	22.97
NE	70,460,932	165	9	43,949,764	62.37
NM	45,292,672	34	14	36,947,751	81.58
OK	35,657,594	93	4	23,735,306	66.56
SD	31,877,903	117	7	16,759,674	52.57
TN	572,426	6	0	0	0
TX	98,888,401	35	23	94,855,616	95.92
UT	Restricted		0	0	0
WI	50,145,942	384	2	4,794,848	9.56
WY	7,248,106	3	1	6,854,660	94.57
<b>Total</b>	<b>1,117,855,255</b>	<b>3,198</b>	<b>151</b>	<b>663,792,586</b>	<b>59.38</b>

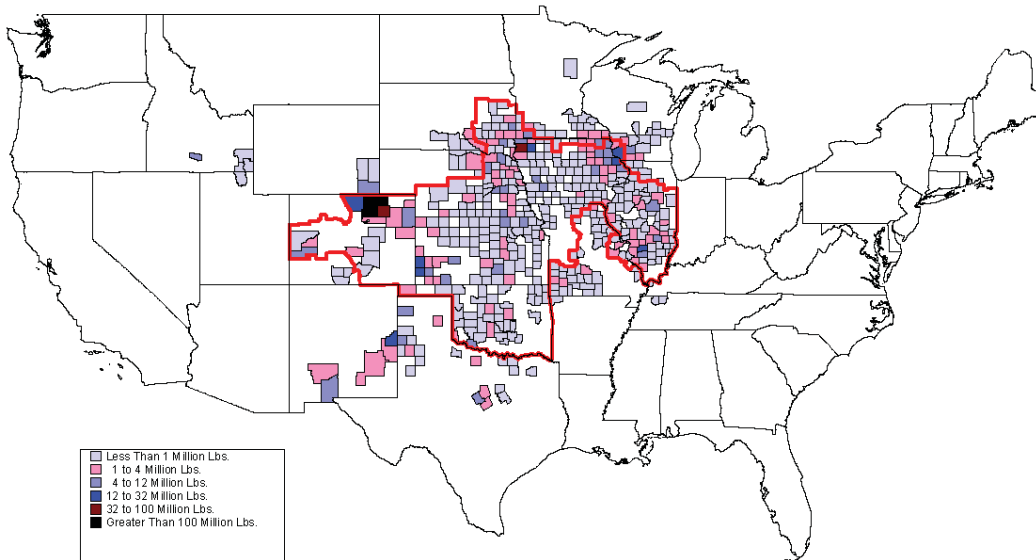
# Central Federal Order Milk Marketings

## January 2000



The location of dairy producers and the volume of milk pooled on the Central Federal Milk Order continues to evolve over time, as indicated by the maps on this page. The location and density of milk marketings for January 2000, October 2008, and October 2014 are depicted to illustrate this fact. During January 2000, 79% of the milk pooled came from inside the Central Marketing Area, compared to 83% in October 2008 and 79% in October 2014.

## October 2008



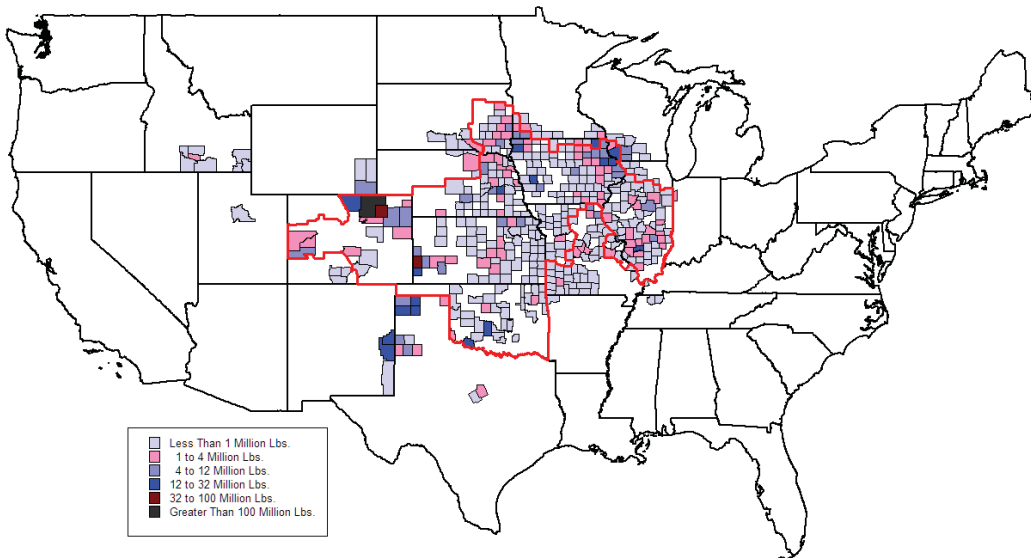
### January 2000

1.103 Billion Lbs.  
Inside Area -- 874 Million Lbs.  
Outside Area -- 229 Million Lbs.

### October 2008

0.927 Billion Lbs.  
Inside Area -- 769 Million Lbs.  
Outside Area -- 158 Million Lbs.

## October 2014



### October 2014

1.118 Billion Lbs.  
Inside Area -- 883 Million Lbs.  
Outside Area -- 235 Million Lbs.

### Change: Jan '00 to Oct '14

**Up** 15 Million Lbs.  
Inside Area -- **Up** 9 Million Lbs.  
Outside Area -- **Up** 6 Million Lbs.

### Change: Oct '08 to Oct '14

**Up** 191 Million Lbs.  
Inside Area -- **Up** 114 Million Lbs.  
Outside Area -- **Up** 77 Million Lbs.



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Agriculture**

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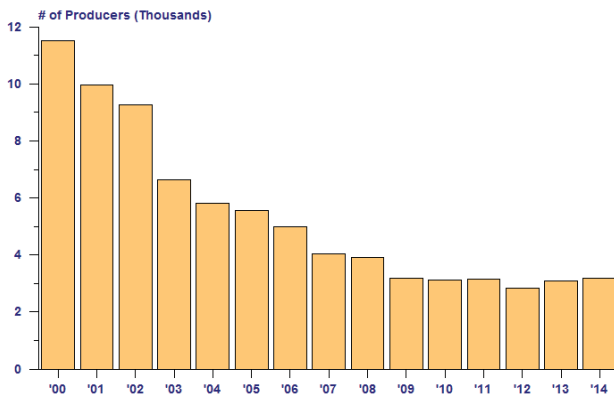
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	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Nov '14	Oct '14	Nov '14	Oct '14	Nov '14	Oct '14
Northeast	22.26	24.35	0.32	0.53	36.30	37.85
Appalachian	24.16	25.97	-----	-----	70.61	73.50
Florida	26.64	28.10	-----	-----	84.51	85.47
Southeast	24.85	26.73	-----	-----	75.13	81.02
Upper Midwest	21.75	23.71	-0.19	-0.11	12.39	13.74
<b>Central</b>	<b>21.38</b>	<b>23.46</b>	<b>-0.56</b>	<b>-0.36</b>	<b>36.83</b>	<b>38.49</b>
Mideast	21.20	23.31	-0.74	-0.51	36.17	38.69
Pacific Northwest	20.18	22.83	-1.76	-0.99	37.99	35.79
Southwest	22.28	24.50	0.34	0.68	54.27	53.10
Arizona	21.19	23.45	-----	-----	27.89	30.87

**Central Order -- Number of Producers**  
October Data



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