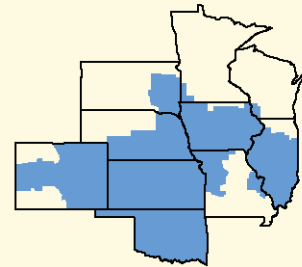


**DECEMBER 2015**

*Marketing Service*

# Bulletin

*Facilitating the efficient marketing of milk and dairy products.*



**CENTRAL MARKETING AREA**



## 3.41% 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 24.6% of the peak, with 2,874 farms marketing milk during October 2015. The tables on the first two pages of this bulletin provide distribution data by farm size based on October 2015 Central Order milk marketings.\*

<u>Quartiles</u>	<u># of Farms</u>	<u>Range Of Milk Marketings Per Farm*</u>
1	28	7,309,899 - 19,514,026 lbs.
2	70	3,125,980 - 7,304,000 lbs.
3	230	631,947 - 3,106,180 lbs.
4	2,546	< 630,467 lbs.

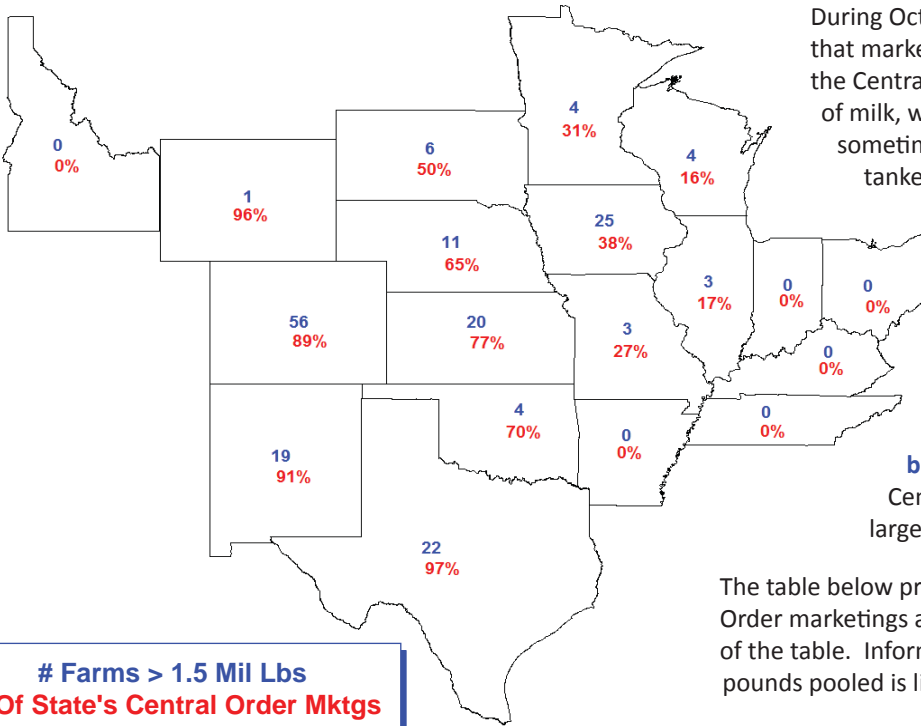
A relatively small number of farms with large milk marketings make up a disproportionate share of the Central Order total. This is also true for many of the states that have producers supplying the order, as indicated by the table on page two. Moreover, data from the table above indicates that 28 of the largest farms accounted for 25% of Central Order marketings during October 2015. Each of these farms marketed more than 7.309 million pounds during the month. Half of the milk on the Central Order in October was accounted for by including the next 70 farms - these farms had marketings between 3.125 & 7.304 million pounds. *Thus, 3.41% of the farms marketed 50% of the milk during October 2015.* 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 1,451 farms (down from 5,727 farms in October 2002) which marketed less than 100,000 pounds on the order. These producers accounted for over 50% of the farms but only a little more than 5% of the milk marketed.

## Distribution of Farms by Amount of Pooled Marketings\* - October 2015

<u>Range Of Marketings</u>	<u>Farms</u>	<u>% Of Farms</u>	<u>Pounds Of Milk</u>	<u>% Of Lbs.</u>	<u>Avg. Lbs. Per Farm</u>
< 100,000 Lbs.	1,451	50.49	64,713,798	5.13	44,599
100,000 to 250,000 Lbs.	730	25.40	115,742,897	9.17	158,552
250,000 to 500,000 Lbs.	319	11.10	109,229,088	8.66	342,411
500,000 to 750,000 Lbs.	89	3.10	55,699,064	4.42	625,832
750,000 to 1 Million Lbs.	55	1.91	47,144,488	3.74	857,173
1 to 1.250 Million Lbs.	35	1.22	39,093,777	3.10	1,116,965
1.250 to 1.500 Million Lbs.	17	0.59	23,033,997	1.83	1,354,941
> 1.500 Million Lbs.	178	6.19	806,890,456	63.96	4,533,092
<b>Federal Order Total</b>	<b>2,874</b>	<b>100.00</b>	<b>1,261,547,565</b>	<b>100.00</b>	<b>438,952</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 2015



During October 2015 there were 178 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 178 producers accounted for only 6.19% of the total producers on the Central market, their marketings comprised 63.96% 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.

**# Farms > 1.5 Mil Lbs  
% Of State's Central Order Mktgs**

## Central Order - October '15

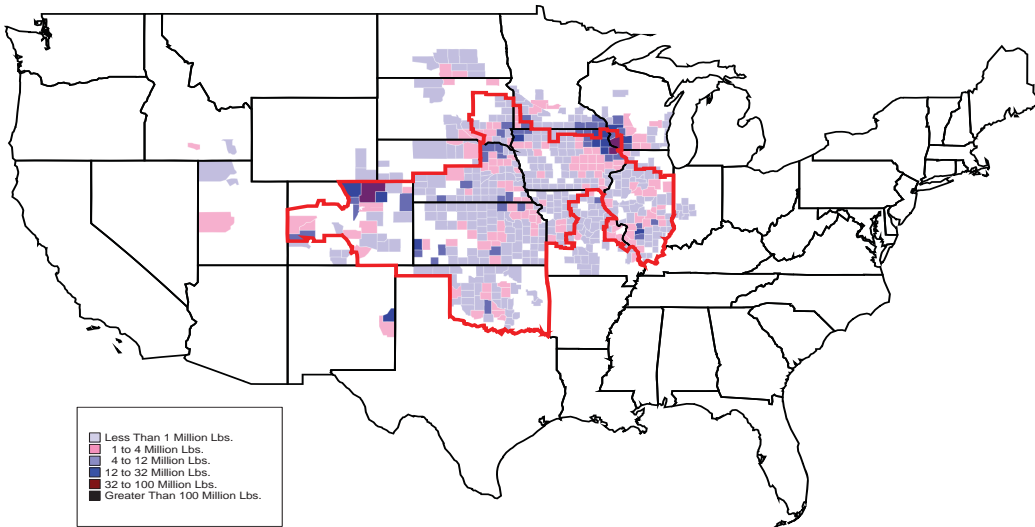
<u>State</u>	<u>Pounds of Milk Pooled</u>	<u># of Farms</u>
AR	540,631	3
CO	315,075,559	107
ID	1,589,430	5
IL	76,712,119	383
IN	3,242,639	16
IA	257,010,918	990
KS	146,834,824	247
KY	182,983	1
MN	31,070,393	88
MO	40,242,591	330
NE	77,084,991	162
NM	61,701,568	29
OH	167,103	25
OK	37,760,915	84
SD	31,586,935	97
TN	569,836	6
TX	121,249,767	31
WI	51,282,059	267
WY	7,642,304	3
<b>Total</b>	<b>1,261,547,565</b>	<b>2,874</b>

## Farms Marketing More Than 1.5 Million Pounds

<u>Number of Farms</u>	<u>Oct '15 Pounds</u>	<u>% of State Pounds</u>
0	0	0
56	279,389,710	88.67
0	0	0
3	13,355,803	17.41
0	0	0
25	98,830,384	38.45
20	112,809,968	76.83
0	0	0
4	9,746,149	31.37
3	10,893,810	27.07
11	50,121,034	65.02
19	56,205,464	91.09
0	0	0
4	26,602,950	70.45
6	15,849,043	50.18
0	0	0
22	117,583,668	96.98
4	8,198,473	15.99
1	7,304,000	95.57
<b>178</b>	<b>806,890,456</b>	<b>63.96</b>

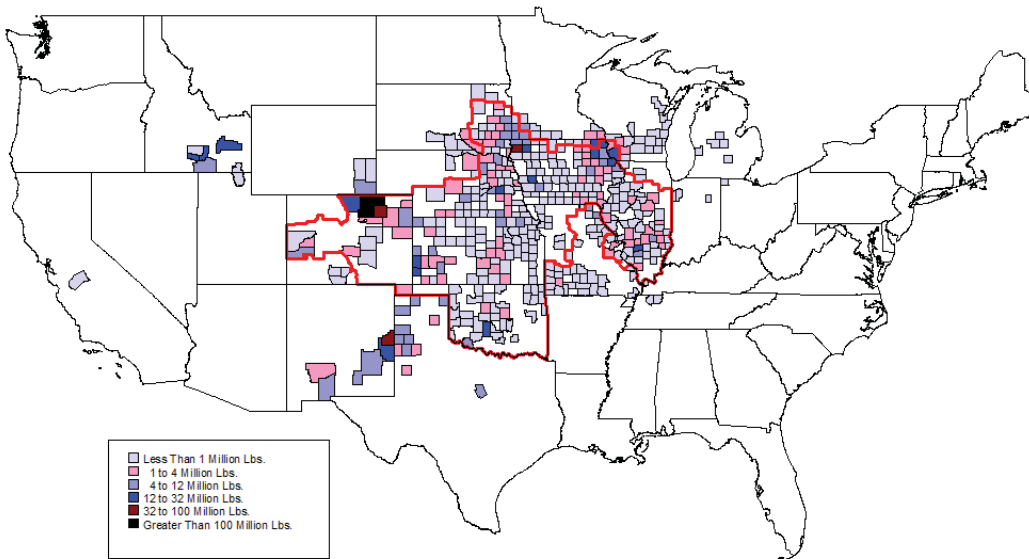
# Central Federal Order Milk Marketings

## 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 2013, and October 2015 are depicted to illustrate this fact. During January 2000, 79% of the milk pooled came from inside the Central Marketing Area, compared to 72% in October 2013 and 79% in October 2015.

## October 2010



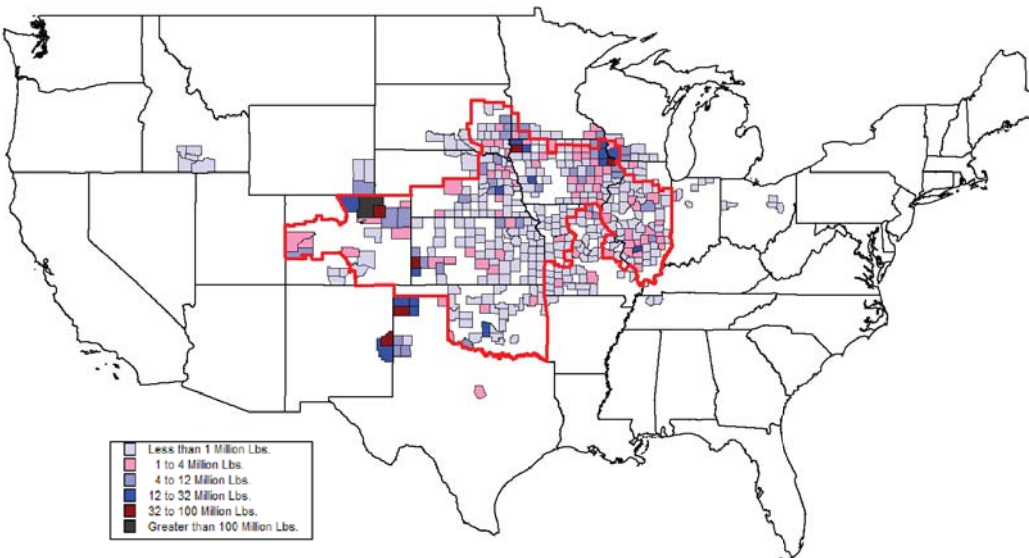
### January 2000

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

### October 2010

1.164 Billion Lbs.  
Inside Area -- 857 Million Lbs.  
Outside Area -- 307 Million Lbs.

## October 2015



### October 2015

1.262 Billion Lbs.  
Inside Area -- 987 Million Lbs.  
Outside Area -- 275 Million Lbs.

### Change: Jan '00 to Oct '15

**Up** 159 Million Lbs.  
Inside Area -- **Up** 113 Million Lbs.  
Outside Area -- **Up** 46 Million Lbs.

### Change: Oct '10 to Oct '15

**Up** 98 Million Lbs.  
Inside Area -- **Up** 130 Million Lbs.  
Outside Area -- **Down** 32 Million Lbs.



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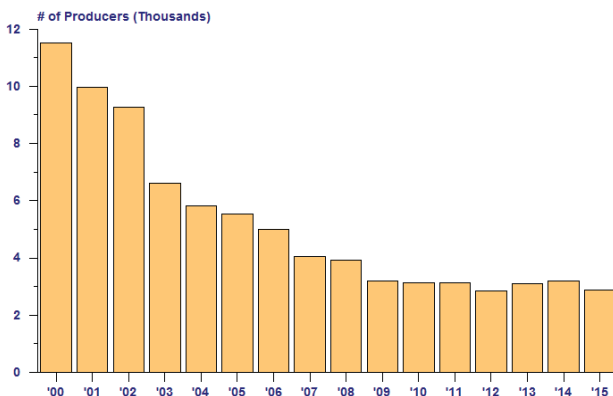
**FEDERAL MILK MARKET ADMINISTRATOR**  
P.O. BOX 14650  
SHAWNEE MISSION, KANSAS 66285-4650

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	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	<u>Nov '15</u>	<u>Oct '15</u>	<u>Nov '15</u>	<u>Oct '15</u>	<u>Nov '15</u>	<u>Oct '15</u>
Northeast	18.32	17.60	3.02	2.14	36.28	37.64
Appalachian	19.65	18.82	-----	-----	71.66	73.29
Florida	21.59	20.89	-----	-----	83.88	87.02
Southeast	20.21	19.43	-----	-----	78.62	80.53
Upper Midwest	15.75	15.77	0.45	0.31	10.32	11.13
<b>Central</b>	<b>16.60</b>	<b>16.28</b>	<b>1.30</b>	<b>0.82</b>	<b>32.42</b>	<b>33.71</b>
Mideast	17.15	16.59	1.85	1.13	36.09	34.01
Pacific Northwest	16.68	16.28	1.38	0.82	23.44	23.54
Southwest	17.31	17.06	2.01	1.60	33.71	31.16
Arizona	17.28	16.80	-----	-----	28.44	28.94

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



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