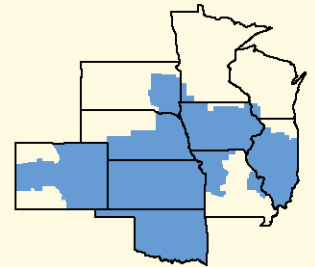


DECEMBER 2016

Marketing Service

Bulletin

Facilitating the efficient marketing of milk and dairy products.



CENTRAL MARKETING AREA



3.52% 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 24.3% of the peak, with 2,839 farms marketing milk during October 2016. The tables on the first two pages of this bulletin provide distribution data by farm size based on October 2016 Central Order milk marketings.*

<u>Quartiles</u>	<u># of Farms</u>	<u>Range Of Milk Marketings Per Farm*</u>
1	32	7,403,596 - 20,959,858 lbs.
2	68	3,386,889 - 7,279,300 lbs.
3	243	601,089 - 3,380,460 lbs.
4	2,496	< 599,510 lbs.

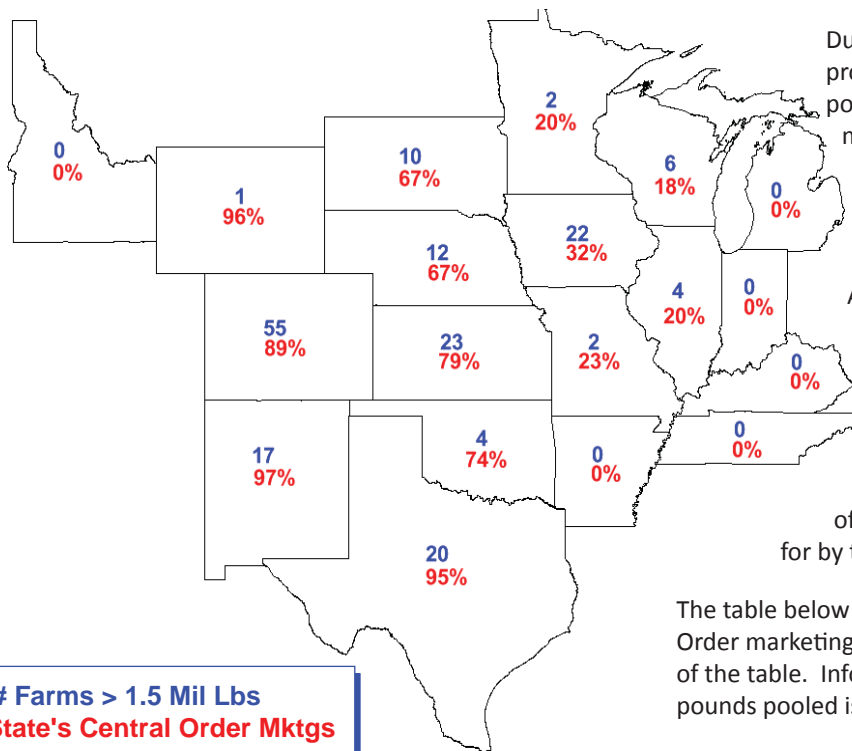
A relatively small number of farms with large milk marketings make up a disproportionate share of the Central Order total. This is also true for many of the states that have producers supplying the order, as indicated by the table on page two. Moreover, data from the table above indicates that 32 of the largest farms accounted for 25% of Central Order marketings during October 2016. Each of these farms marketed more than 7.403 million pounds during the month. Half of the milk on the Central Order in October was accounted for by including the next 68 farms - these farms had marketings between 3.386 & 7.280 million pounds. Thus, 3.52% of the farms marketed 50% of the milk during October 2016. 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 1,321 farms (down from 5,727 farms in October 2002) which marketed less than 100,000 pounds on the order. These producers accounted for over 46% of the farms but less than 5% of the milk marketed.

Distribution of Farms by Amount of Pooled Marketings* - October 2016

<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.	1,321	46.53	64,105,401	4.76	48,528
100,000 to 250,000 Lbs.	773	27.23	122,538,017	9.10	158,523
250,000 to 500,000 Lbs.	351	12.36	121,220,933	9.01	345,359
500,000 to 750,000 Lbs.	109	3.84	66,991,478	4.98	614,601
750,000 to 1 Million Lbs.	48	1.69	41,209,209	3.06	858,525
1 to 1.250 Million Lbs.	39	1.37	43,580,555	3.24	1,117,450
1.250 to 1.500 Million Lbs.	20	0.71	27,588,763	2.05	1,379,438
> 1.500 Million Lbs.	178	6.27	858,615,373	63.80	4,823,682
Federal Order Total	2,839	100.00	1,345,849,729	100.00	474,058

* 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 2016



During October 2016 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 6.27% of the total producers on the Central market, their marketings comprised 63.80% 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 '16

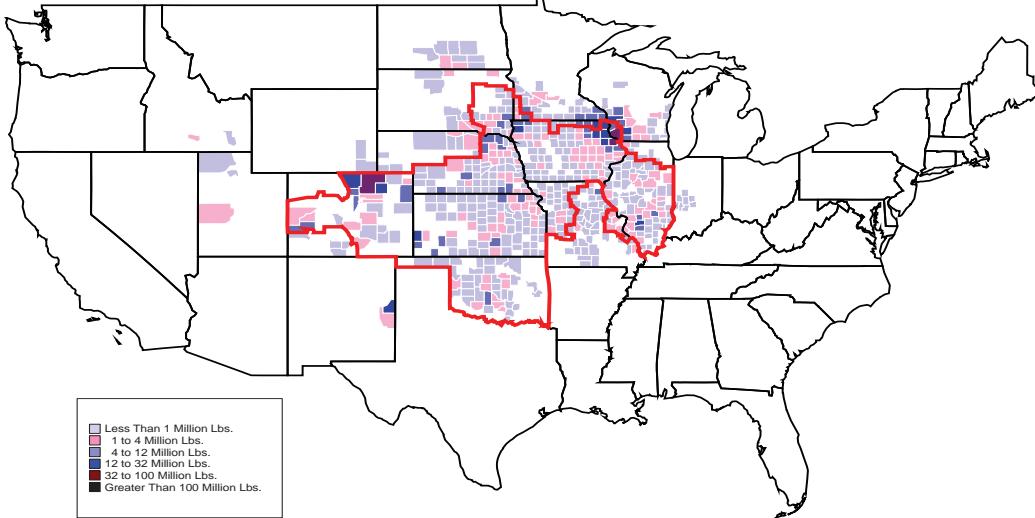
State	Pounds of Milk Pooled	# of Farms
AR	610,233	3
CO	321,938,397	105
ID	2,974,900	6
IL	74,852,116	355
IN	1,800,902	10
IA	262,983,341	957
KS	176,210,975	241
KY	181,306	1
MI	2,534,956	9
MN	23,444,259	112
MO	37,551,066	305
NE	93,128,995	146
NM	95,330,739	27
OK	34,217,194	73
SD	55,352,814	99
TN	587,773	6
TX	87,873,478	29
WI	66,359,013	352
WY	7,917,272	3
Total	1,345,849,729	2,839

Farms Marketing More Than 1.5 Million Pounds

Number of Farms	Oct '15 Pounds	% of State Pounds
0	0	0
55	287,163,718	89.20
0	0	0
4	15,218,439	20.33
0	0	0
22	83,076,233	31.59
23	139,476,346	79.15
0	0	0
0	0	0
2	4,593,157	19.59
2	8,433,071	22.46
12	62,582,787	67.20
17	92,514,041	97.05
4	25,385,365	74.19
10	37,059,974	66.95
0	0	0
20	83,264,770	94.76
6	12,250,836	18.46
1	7,596,636	95.95
178	858,615,373	63.80

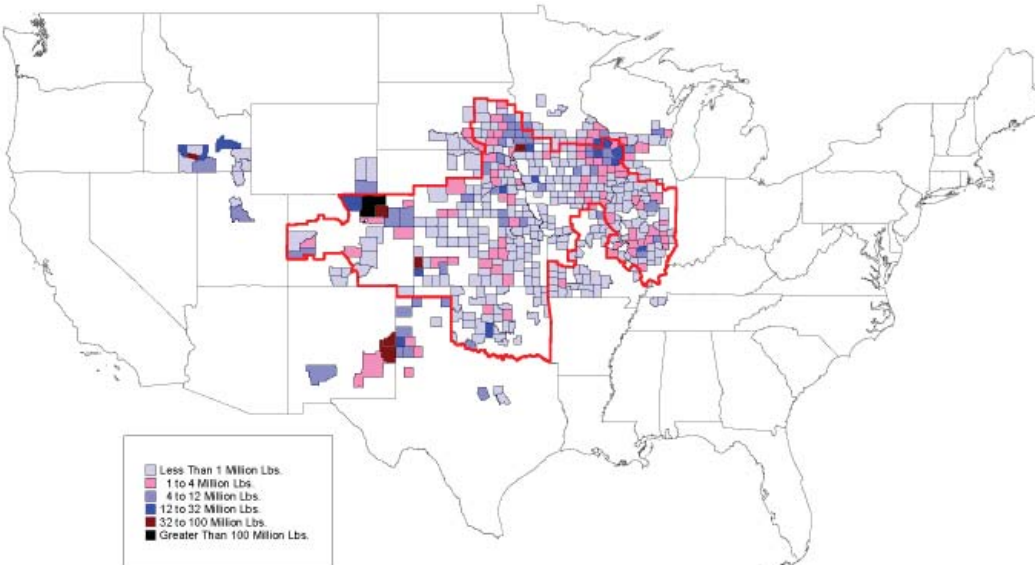
Central Federal Order Milk Marketings

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 2011, and October 2016 are depicted to illustrate this fact. During January 2000, 79% of the milk pooled came from inside the Central Marketing Area, compared with 69% in October 2011 and 78% in October 2016.

October 2011



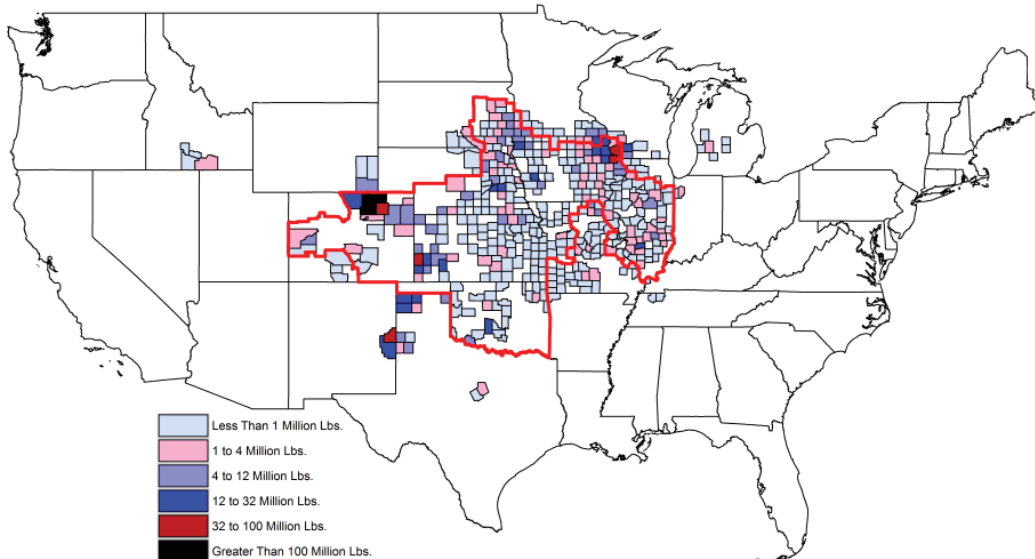
January 2000

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

October 2011

1.332 Billion Lbs.
 Inside Area -- 914 Million Lbs.
 Outside Area -- 418 Million Lbs.

October 2016



October 2016

1.346 Billion Lbs.
 Inside Area -- 1,047 Million Lbs.
 Outside Area -- 299 Million Lbs.

Change: Jan '00 to Oct '16

Up 243 Million Lbs.
 Inside Area -- **Up** 173 Million Lbs.
 Outside Area -- **Up** 70 Million Lbs.

Change: Oct '11 to Oct '16

Up 14 Million Lbs.
 Inside Area -- **Up** 133 Million Lbs.
 Outside Area -- **Down** 119 Million Lbs.



**United States
Department of
Agriculture**

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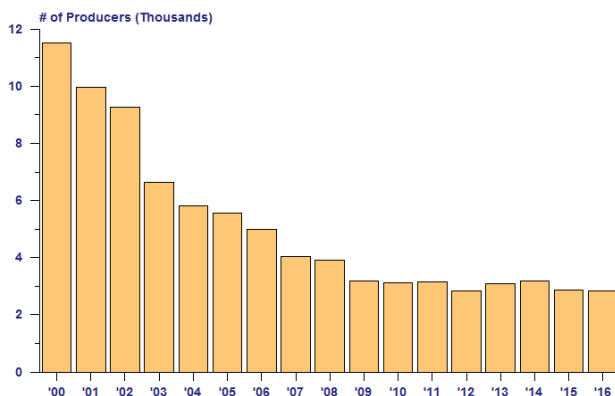
FEDERAL MILK MARKET ADMINISTRATOR
P.O. BOX 14650
SHAWNEE MISSION, KANSAS 66285-4650

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

FIRST CLASS

	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Nov '16	Oct '16	Nov '16	Oct '16	Nov '16	Oct '16
Northeast	16.34	16.23	-0.42	1.41	34.62	33.78
Appalachian	17.48	18.10	-----	-----	75.09	70.57
Florida	19.43	20.39	-----	-----	83.14	83.09
Southeast	18.02	18.72	-----	-----	78.81	74.29
Upper Midwest	16.24	15.01	-0.52	0.19	15.74	10.24
Central	15.40	15.35	-1.36	0.53	43.76	30.76
Mideast	15.38	15.41	-1.38	0.59	38.94	33.06
Pacific Northwest	15.07	14.96	-1.69	0.14	29.29	27.46
Southwest	15.96	16.13	-0.80	1.31	64.13	29.32
Arizona	15.52	15.39	-----	-----	29.65	27.83

Central Order -- Number of Producers
October Data



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