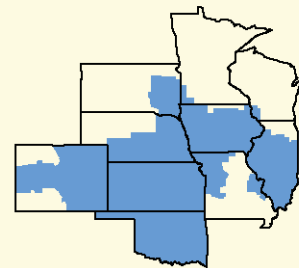


**DECEMBER 2017**

*Marketing Service*

# Bulletin

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



**CENTRAL MARKETING AREA**



## 3.04% 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 21.7% of the peak, with 2,535 farms marketing milk during October 2017. The tables on the first two pages of this bulletin provide distribution data by farm size based on October 2017 Central Order milk marketings.\*

<u>Quartiles</u>	<u># of Farms</u>	<u>Range Of Milk Marketings Per Farm*</u>
1	26	7,462,650 - 21,189,647 lbs.
2	51	3,896,440 - 7,302,440 lbs.
3	152	838,009 - 3,871,100 lbs.
4	2,306	< 830,856 lbs.

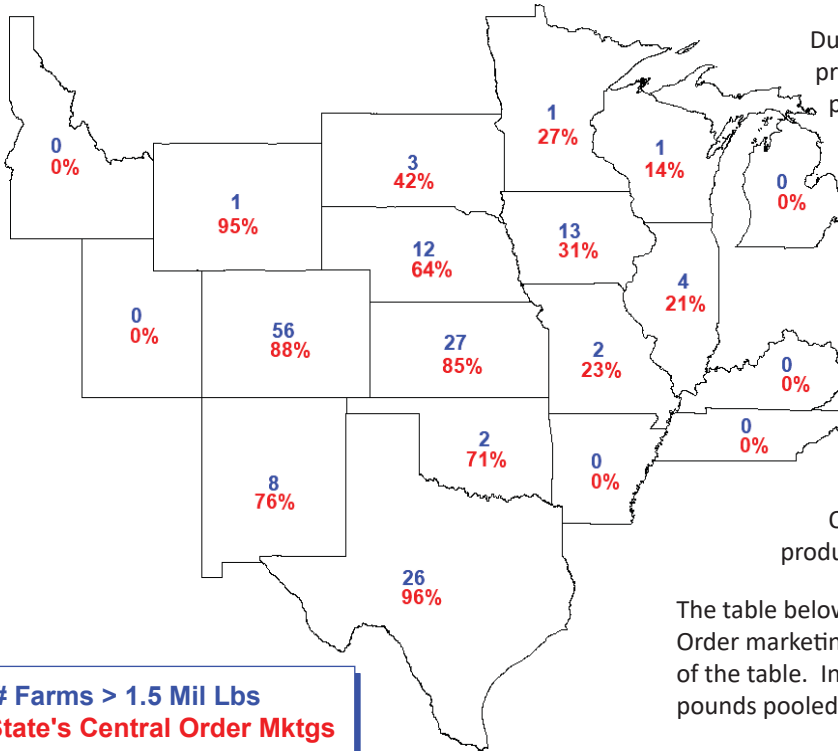
A relatively small number of farms with large milk marketings make up a disproportionate share of the Central Order total. This is also true for many of the states that have producers supplying the order, as indicated by the table on page two. Moreover, data from the table above indicates that 26 of the largest farms accounted for 25% of Central Order marketings during October 2017. Each of these farms marketed more than 7.462 million pounds during the month. Half of the milk on the Central Order in October was accounted for by including the next 51 farms - these farms had marketings between 3.896 & 7.303 million pounds. *Thus, 3.04% of the farms marketed 50% of the milk during October 2017.* 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 1,406 farms (down from 5,727 farms in October 2002) which marketed less than 100,000 pounds on the order. These producers accounted for over 55% of the farms but less than 5% of the milk marketed.

## Distribution of Farms by Amount of Pooled Marketings\* - October 2017

<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.	1,406	55.46	55,368,461	4.86	39,380
100,000 to 250,000 Lbs.	572	22.56	89,766,002	7.89	156,934
250,000 to 500,000 Lbs.	240	9.47	82,400,881	7.24	343,337
500,000 to 750,000 Lbs.	70	2.76	42,025,854	3.69	600,369
750,000 to 1 Million Lbs.	47	1.85	40,890,749	3.59	870,016
1 to 1.250 Million Lbs.	20	0.79	22,374,146	1.97	1,118,707
1.250 to 1.500 Million Lbs.	24	0.95	32,956,260	2.90	1,373,178
> 1.500 Million Lbs.	156	6.15	772,360,657	67.86	4,951,030
<b>Federal Order Total</b>	<b>2,535</b>	<b>100.00</b>	<b>1,138,143,010</b>	<b>100.00</b>	<b>448,972</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. Significant marketings during October 2017 were "depooled" due to Class price alignments.

# 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 2017



During October 2017 there were 156 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 156 producers accounted for only 6.15% of the total producers on the Central market, their marketings comprised 67.86% 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 '17

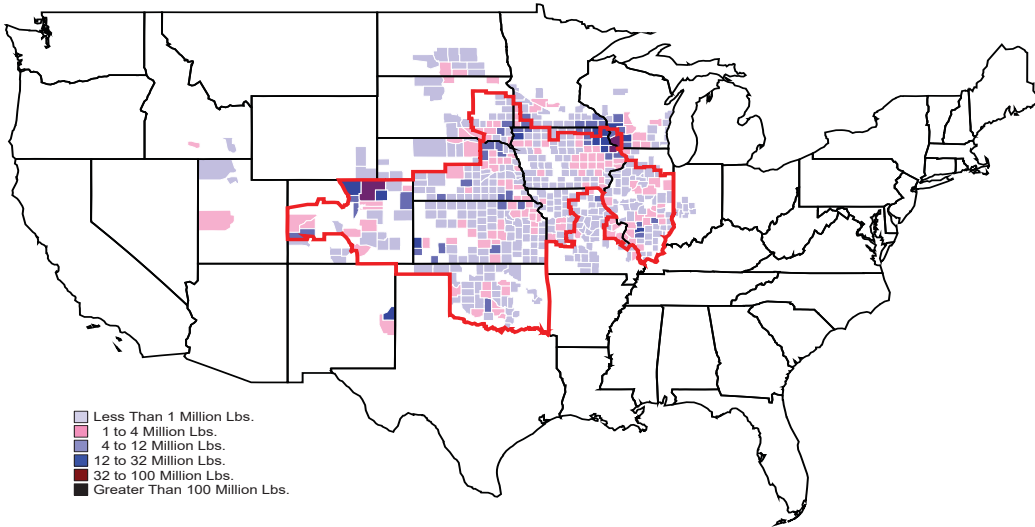
State	Pounds of Milk Pooled	# of Farms
AR	537,438	4
CO	348,829,320	109
IA	167,321,677	883
ID	4,020,447	7
IL	75,278,898	325
KS	188,746,441	233
KY	195,796	1
MI	1,098,888	9
MN	8,722,378	91
MO	36,152,513	283
NE	83,267,924	142
NM	32,485,412	28
OK	29,177,562	66
SD	22,378,312	96
TN	635,905	5
TX	111,338,236	36
UT	63,860	1
WI	20,668,144	213
WY	7,223,859	3
<b>Total</b>	<b>1,138,143,010</b>	<b>2,535</b>

## Farms Marketing More Than 1.5 Million Pounds

Number of Farms	Oct '17 Pounds	% of State Pounds
0	0	0
56	308,508,283	88.44
13	52,587,384	31.43
0	0	0
4	15,585,233	20.70
27	160,271,100	84.91
0	0	0
0	0	0
1	2,316,559	26.56
2	8,258,822	22.84
12	53,012,740	63.67
8	24,568,655	75.63
2	20,746,231	71.10
3	9,449,105	42.22
0	0	0
26	107,407,107	96.47
0	0	0
1	2,806,058	13.58
1	6,843,380	94.73
<b>156</b>	<b>772,360,657</b>	<b>67.86</b>

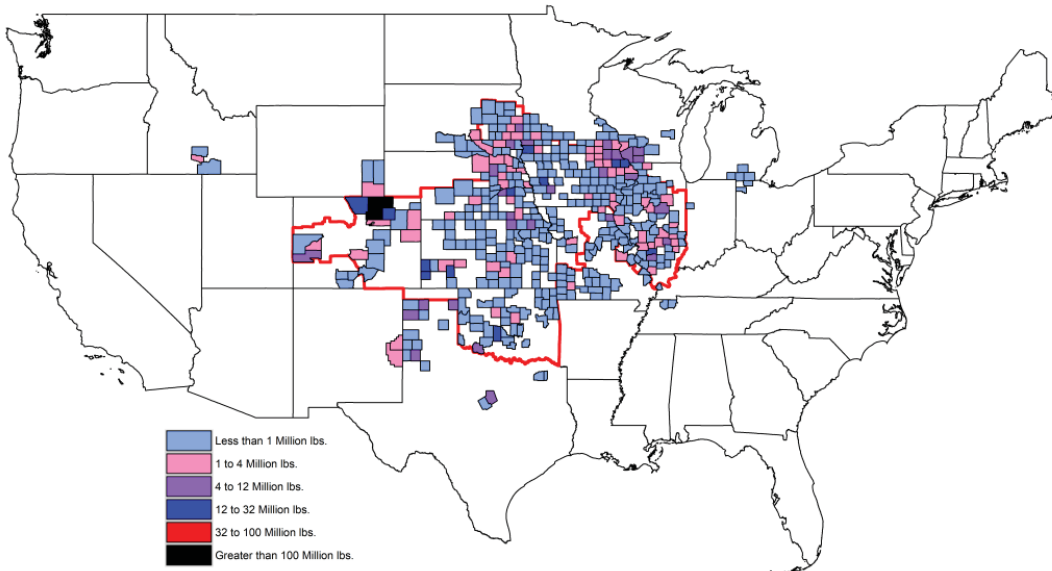
# Central Federal Order Milk Marketings

## 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 2012, and October 2017 are depicted to illustrate this fact. During January 2000, 79% of the milk pooled came from inside the Central Marketing Area, compared with 86% in October 2012\* and 81% in October 2017\*.

## October 2012\*



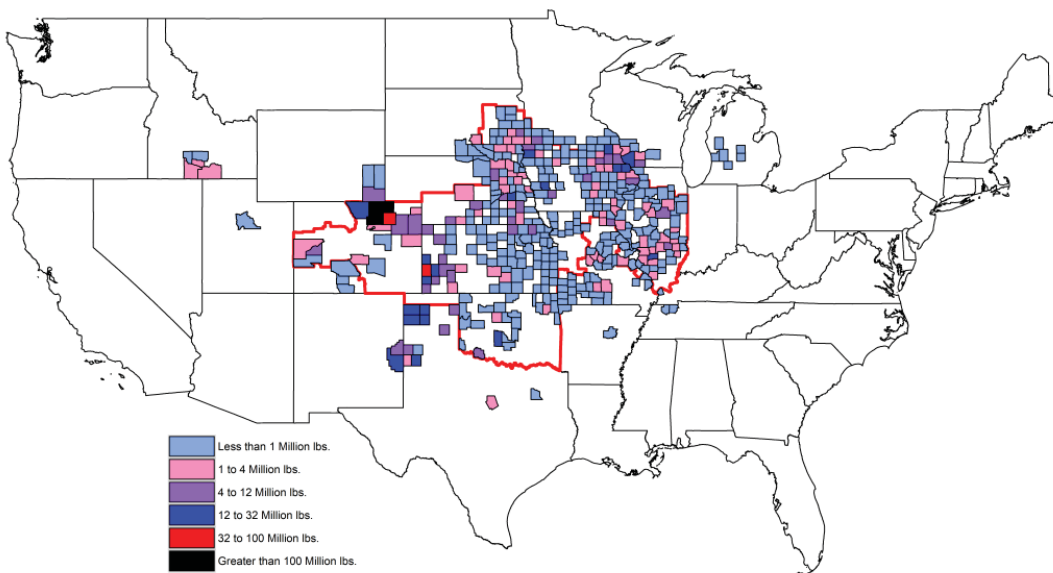
### January 2000

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

### October 2012

0.786 Billion Lbs.  
 Inside Area -- 677 Million Lbs.  
 Outside Area -- 109 Million Lbs.

## October 2017\*



### October 2017

1.138 Billion Lbs.  
 Inside Area -- 922 Million Lbs.  
 Outside Area -- 216 Million Lbs.

### Change: Jan '00 to Oct '17

**Up** 35 Million Lbs.  
 Inside Area -- **Up** 48 Million Lbs.  
 Outside Area -- **Down** 13 Million Lbs.

### Change: Oct '12 to Oct '17

**Up** 352 Million Lbs.  
 Inside Area -- **Up** 245 Million Lbs.  
 Outside Area -- **Up** 107 Million Lbs.

\*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. Significant marketings during October 2012 and 2017 were "depoiled" due to Class price alignments.



**United States  
Department of  
Agriculture**

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

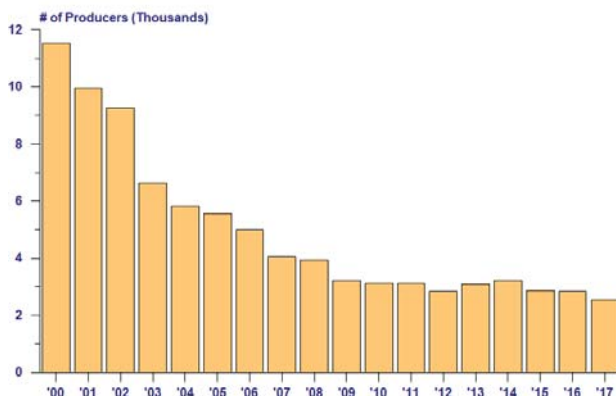
**FEDERAL MILK MARKET ADMINISTRATOR**  
P.O. BOX 14650  
SHAWNEE MISSION, KANSAS 66285-4650

Website: [www.fmmacentral.com](http://www.fmmacentral.com)  
E-mail: [market.administrator@fmmacentral.com](mailto:market.administrator@fmmacentral.com)  
Phone: 913-495-9300

**FIRST CLASS**

	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Nov '17	Oct '17	Nov '17	Oct '17	Nov '17	Oct '17
Northeast	17.14	17.44	0.26	0.75	35.14	34.26
Appalachian	18.63	18.59	-----	-----	73.95	71.23
Florida	20.66	20.62	-----	-----	84.35	83.96
Southeast	19.07	19.12	-----	-----	74.89	74.40
Upper Midwest	16.67	16.66	-0.21	-0.03	13.40	12.67
<b>Central</b>	<b>15.98</b>	<b>16.36</b>	<b>-0.90</b>	<b>-0.33</b>	<b>40.59</b>	<b>36.49</b>
Mideast	16.24	16.57	-0.64	-0.12	37.69	36.29
Pacific Northwest	15.69	16.03	-1.19	-0.66	27.29	27.50
Southwest	16.76	17.16	-0.12	0.47	53.82	49.60
Arizona	16.02	16.43	-----	-----	28.41	29.34

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



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