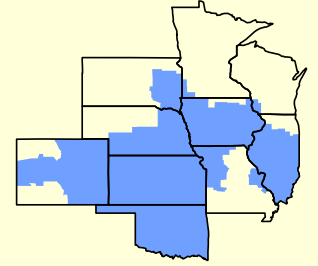


JULY 2018

Marketing Service

Bulletin



CENTRAL MARKETING AREA



Facilitating the efficient marketing of milk and dairy products.

Where's The Milk ???

Milk production in the United States surpassed 215 billion pounds in 2017, increasing by 1.4% compared with 2016. The 215.5 billion pounds produced in 2017 represents an increase of approximately 3.1 billion pounds over the previous all-time high of 212.4 billion pounds recorded in 2016. Milk production has exceeded prior year levels in 19 of the last 21 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.

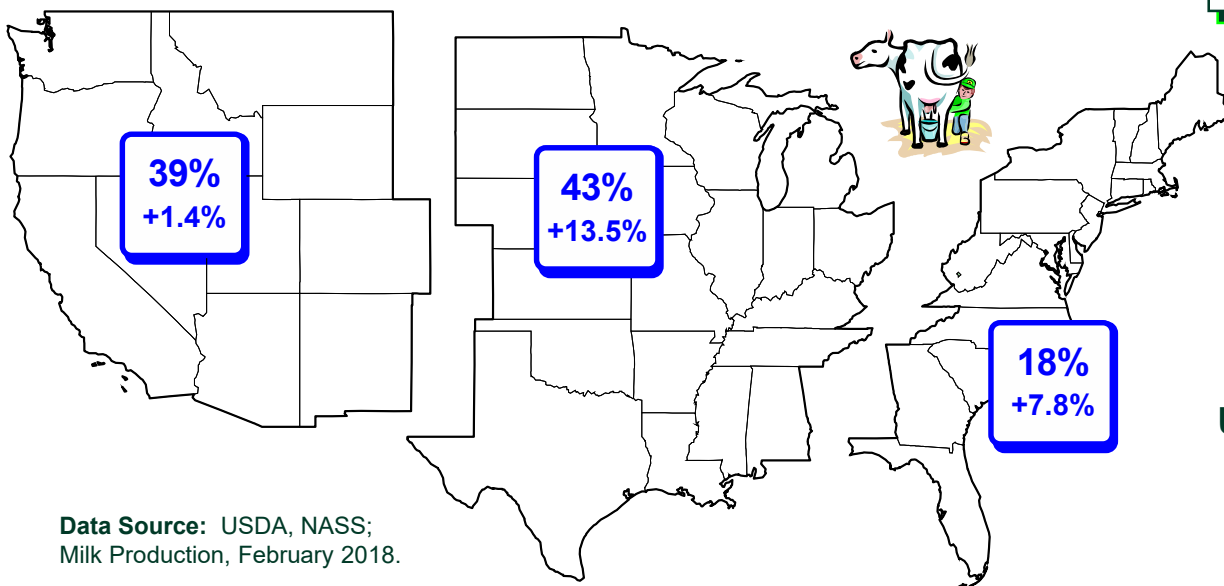


This bulletin addresses the question, "Where's The Milk ?", by examining milk production and dairy product manufacturing on a regional basis. The map graphics and data tables contained in this bulletin depict production of milk, cheese, butter, yogurt, ice cream, dry whey, and nonfat dry milk for the 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 2017 production for the specified product, while the bottom number represents the percentage change in production comparing 2017 with 2012.

Comparing 2017 with 2012, the **Central, Atlantic, and West Regions** **increased** milk production by 13.48%, 7.78%, and 1.38%, respectively. The **Central Region** accounted for 42.92% of total U.S. production, **up** 2.28 percentage points compared with 2012 (40.65%). The **West Region** accounted for 39.12% of U.S. Milk production in 2017, which was **down** 2.33 percentage points compared with the proportion in 2012 (41.45%). The **Atlantic Region** accounted for the smallest proportion of the 2017 total at 17.95%, and this proportion was **up** marginally compared with 2012 (17.90%). Milk production data for 2012 through 2017 is located on the back page of this bulletin.

Milk production in the United States in 2017 increased by 14.9 billion pounds compared with 2012. The additional milk required to meet increased cheese production during the same period was approximately 17.7 billion pounds.

Regional Milk Production as a Percentage of 2017 Total U.S. Milk Production with Percentage Change in Production: 2017 vs 2012

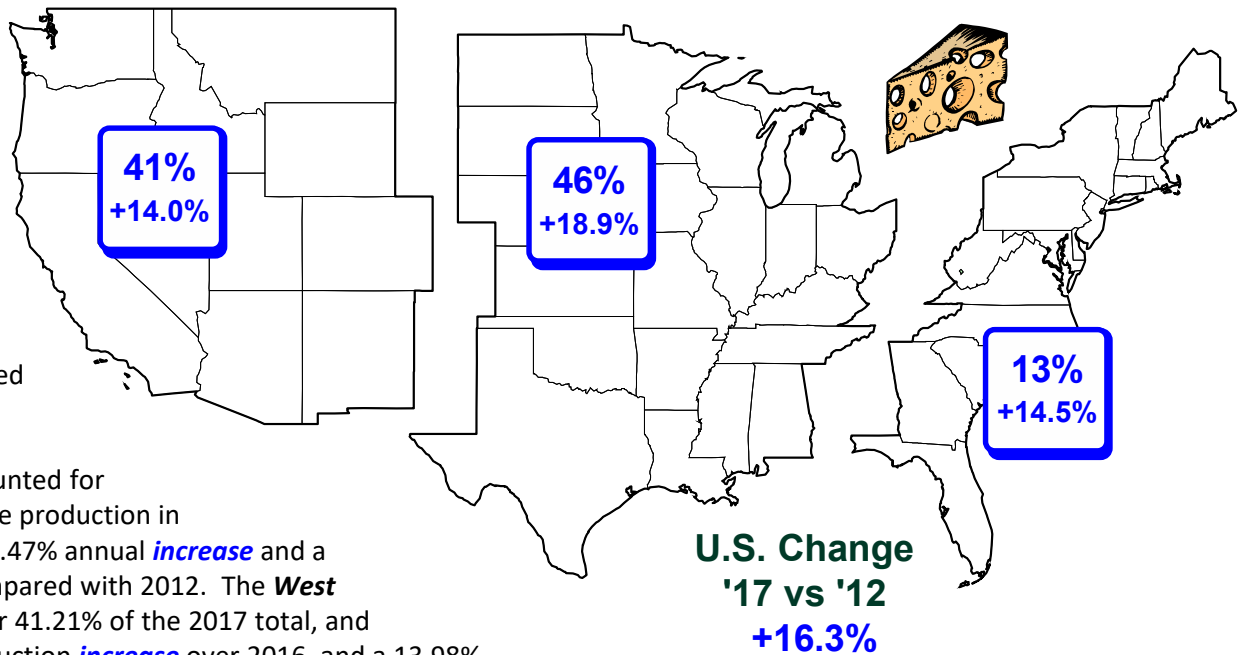


Data Source: USDA, NASS; Milk Production, February 2018.

Regional Cheese Production as a Percentage of 2017 Total U.S. Cheese Production with Percentage Change in Production: 2017 vs 2012

U.S. cheese production totaled 12.659 billion pounds during 2017. The 2017 total is an **increase** of 3.92% compared with 2016, and it is 16.29% **greater than** the amount produced in 2012.

As depicted by the map on this page, all three regions recorded **increases** comparing 2017 with 2012. The **Central Region** accounted for 46.20% of U.S. cheese production in 2017, and posted a 6.47% annual **increase** and a 18.92% **increase** compared with 2012. The **West Region** accounted for 41.21% of the 2017 total, and posted a 0.88% production **increase** over 2016, and a 13.98% **increase** compared with 2012. The **Atlantic Region** accounted for 12.59% of the U.S. total in 2017, and this region's cheese production **increased** by 5.07% versus the previous year, and **increased** 14.54% comparing 2017 with 2012.



Data Source: USDA, NASS; [Dairy Products 2015 Summary](#), April 2018.

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

	Atlantic	Central	West	Total
2012	1,391,196	4,917,954	4,577,091	10,886,241
2013	1,435,078	4,973,639	4,692,952	11,101,669
2014	1,468,081	5,064,175	4,979,849	11,512,105
2015	1,480,591	5,291,408	5,066,426	11,838,425
2016	1,516,589	5,493,291	5,171,663	12,181,543
2017	1,593,447	5,848,558	5,217,086	12,659,091

The Central Region increased its share of total U.S. cheese production in each of the last three years, and has accounted for the largest proportion of cheese production each year since 2008. The West Region's share has declined during each of the last three years, while the Atlantic Region's share has decreased in 15 of the past 18 years.

As a Percent of Total Production

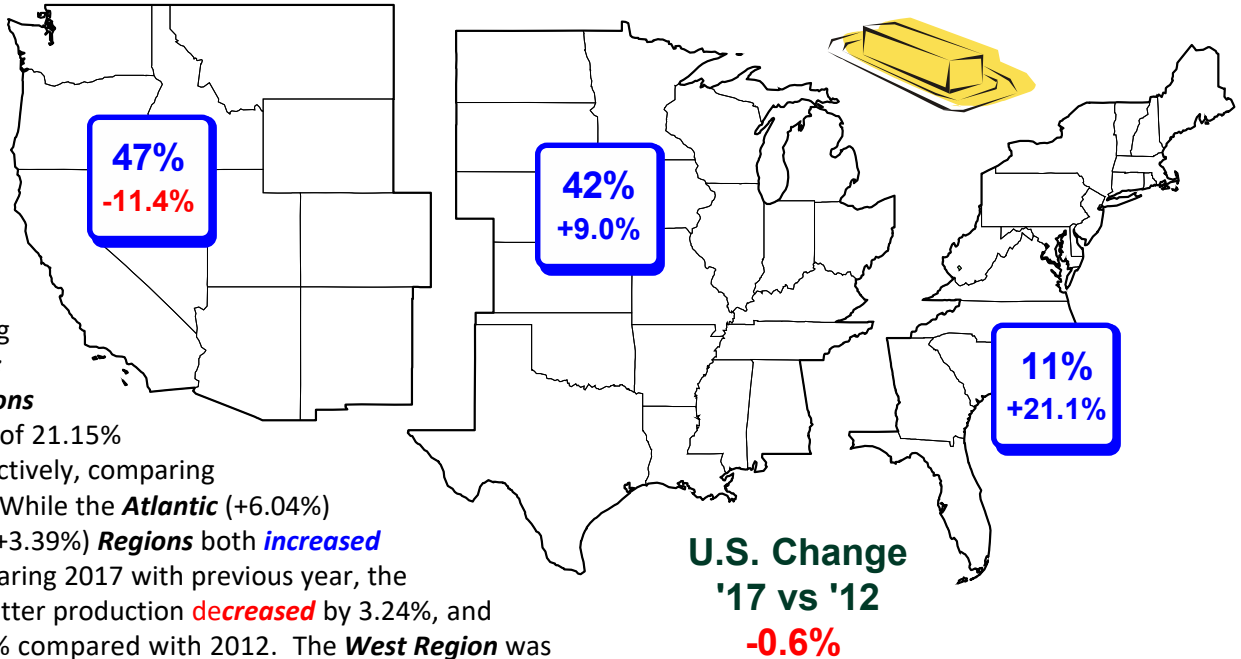
	Atlantic	Central	West
2012	12.78	45.18	42.04
2013	12.93	44.80	42.27
2014	12.75	43.99	43.26
2015	12.50	44.70	42.80
2016	12.45	45.10	42.45
2017	12.59	46.20	41.21



Regional Butter Production as a Percentage of 2017 Total U.S. Butter Production with Percentage Change in Production: 2017 vs 2012

U.S. butter production **decreased** 0.65%, comparing 2017 with 2012. Butter production totaled 1.847 billion pounds during 2017 -- **up** 0.44% from 2016.

As depicted by the accompanying map, the **Atlantic** and **Central Regions** posted **increases** of 21.15% and 8.97%, respectively, comparing 2017 with 2012. While the **Atlantic** (+6.04%) and the **Central** (+3.39%) **Regions** both **increased** production comparing 2017 with previous year, the **West Region's** butter production **decreased** by 3.24%, and was down 11.40% compared with 2012. The **West Region** was the largest butter producer in 2017, accounting for 46.85% of the U.S. total, followed by the **Central Region** with 42.32%. The **Atlantic Region** accounted for 10.83% of the 2017 U.S. total.



Data Source: USDA, NASS; *Dairy Products 2015 Summary*, April 2018.

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

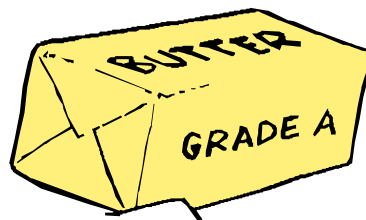
	Atlantic	Central	West	Total
2012	165,097	717,476	976,964	1,859,537
2013	180,197	720,712	961,607	1,862,516
2014	183,374	741,130	930,811	1,855,315
2015	195,657	732,622	929,719	1,857,998
2016	188,612	756,210	894,577	1,839,399
2017	200,011	781,854	865,608	1,847,473

As a Percent of Total Production

	Atlantic	Central	West
2012	8.88	38.58	52.54
2013	9.67	38.70	51.63
2014	9.88	39.95	50.17
2015	10.53	39.43	50.04
2016	10.26	41.11	48.63
2017	10.83	42.32	46.85

During the last 15 years the Central Region's share of U.S. butter production ranged from a high of 47.89% in 2002 to a low of 36.66% in 2010, and has declined in 10 of the last 15 years. However, the Central's Region's proportion has increased during each of the last two years, with a 42.32% share in 2017.

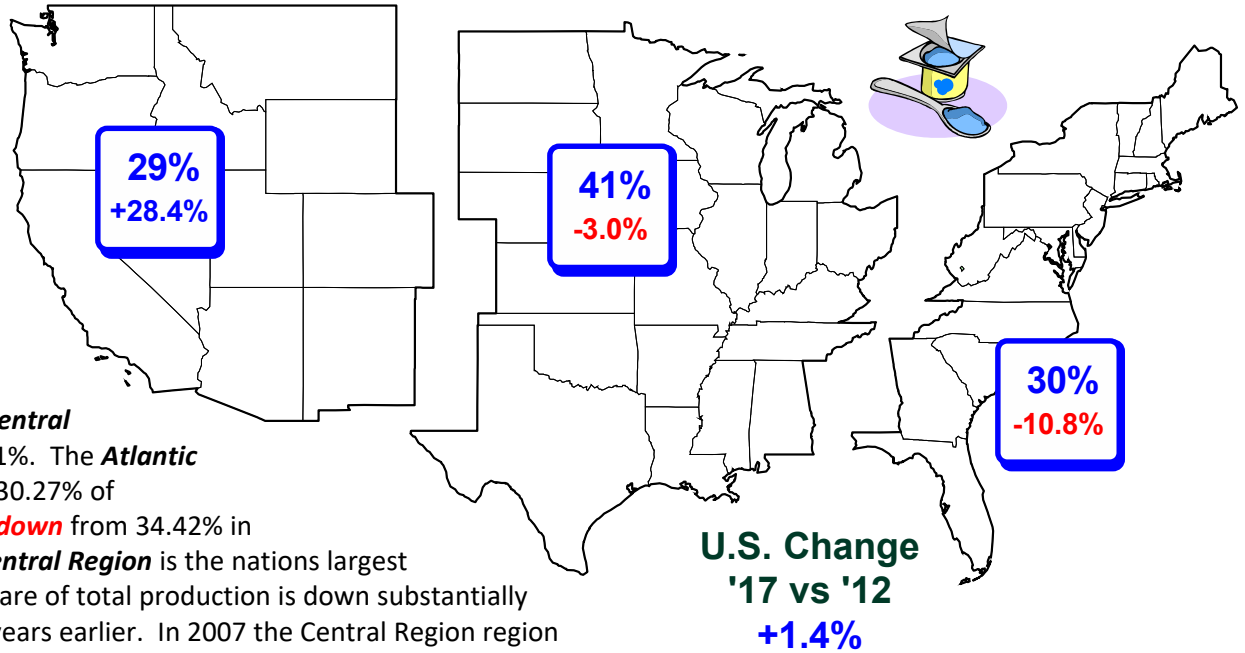
The West Region increased its proportion from 41.09% in 2002 to 53.93% in 2010, and its share has been the largest each year since 2006. However, the West Region's share has fallen in six of the last seven years.



Regional Yogurt Production as a Percentage of 2017 Total U.S. Yogurt Production with Percentage Change in Production: 2017 vs 2012

U.S. yogurt production **increased** by 1.39% comparing 2017 with 2012. Yogurt production totaled 4.478 billion pounds during 2017 -- **up** 0.45% comparing with 2015.

Two of the three regions **decreased** production comparing 2017 with 2012 - the **Atlantic** with a 10.84% loss, and the **Central** with a decrease of 3.01%. The **Atlantic Region** accounted for 30.27% of the U.S. total in 2017, **down** from 34.42% in 2012. Although the **Central Region** is the nation's largest yogurt producer, its share of total production is down substantially compared with a few years earlier. In 2007 the Central Region region produced 52.47% of the U.S. total, while it accounted for 41.16% in 2017. The **West Region** **increased** yogurt production by 28.44% comparing 2017 with 2012, and 2017 production was 6.81% greater than 2016. This Region accounted for 28.57% of total U.S. yogurt production in 2017.



Data Source: USDA, NASS; *Dairy Products 2015 Summary*, April 2018.

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

	Atlantic	Central	West	Total
2012	1,520,300	1,900,467	996,219	4,416,986
2013	1,587,097	1,963,530	1,164,449	4,715,076
2014	1,435,465	2,058,018	1,263,079	4,756,562
2015	1,455,853	2,074,078	1,212,156	4,742,087
2016	1,282,935	1,977,551	1,197,913	4,458,399
2017	1,355,491	1,843,317	1,279,500	4,478,308

The Atlantic Region's share of U.S. yogurt production increased from 23.54% in 2007 to 34.42% in 2012, but has since declined to 30.27%. The West Region's share has increased in four of the last five years, accounting for 28.57% of the 2017 U.S. total, the highest level since 2003 (30.01%). The Central Region's proportion has decreased from 52.47% in 2007 to 41.16% in 2017.

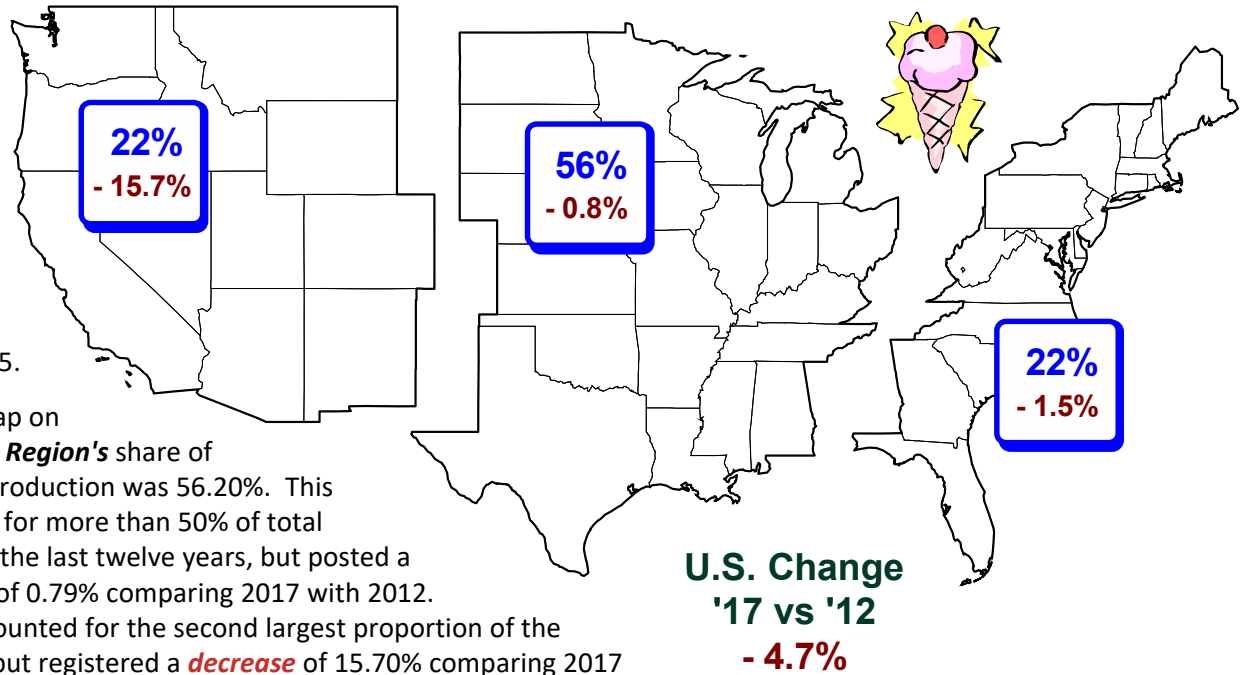
As a Percent of Total Production

	Atlantic	Central	West
2012	34.42	43.03	22.55
2013	33.66	41.64	24.70
2014	30.18	43.27	26.55
2015	30.70	43.74	25.56
2016	28.78	44.35	26.87
2017	30.27	41.16	28.57



U.S. ice cream production* **decreased** by 4.70% comparing 2017's total with the 0.800 billion gallons produced in 2012. Ice cream production totaled 0.763 billion gallons during 2017, **down** 2.37% from the previous year. Yearly ice cream production has increased only three times since 2005.

Regional Ice Cream Production* as a Percentage of 2017 Total U.S. Ice Cream Production with Percentage Change in Production: 2017 vs 2012



As depicted by the map on this page, the **Central Region's** share of 2017 U.S. ice cream production was 56.20%. This region has accounted for more than 50% of total yearly production for the last twelve years, but posted a production **decrease** of 0.79% comparing 2017 with 2012. The **West Region** accounted for the second largest proportion of the U.S. total at 22.33%, but registered a **decrease** of 15.70% comparing 2017 with 2012. The **Atlantic Region** posted the second largest percentage **decrease**, with production **declining** 1.50% between 2012 and 2017. This region accounted for the smallest production share with 21.47% of the 2017 U.S. total.

Data Source: USDA, NASS; [Dairy Products 2015 Summary](#), April 2018.

Total U.S. Ice Cream Production * By Region (thousand gallons)

	Atlantic	Central	West	Total
2012	166,218	432,054	201,980	800,252
2013	159,179	441,468	190,715	791,362
2014	153,330	424,415	189,337	767,082
2015	171,661	411,841	194,062	777,564
2016	172,032	420,463	188,668	781,163
2017	163,730	428,660	170,272	762,662

As a Percent of Total Production

	Atlantic	Central	West
2012	20.77	53.99	25.24
2013	20.11	55.79	24.10
2014	19.99	55.33	24.68
2015	22.08	52.97	24.96
2016	22.02	53.83	24.15
2017	21.47	56.20	22.33

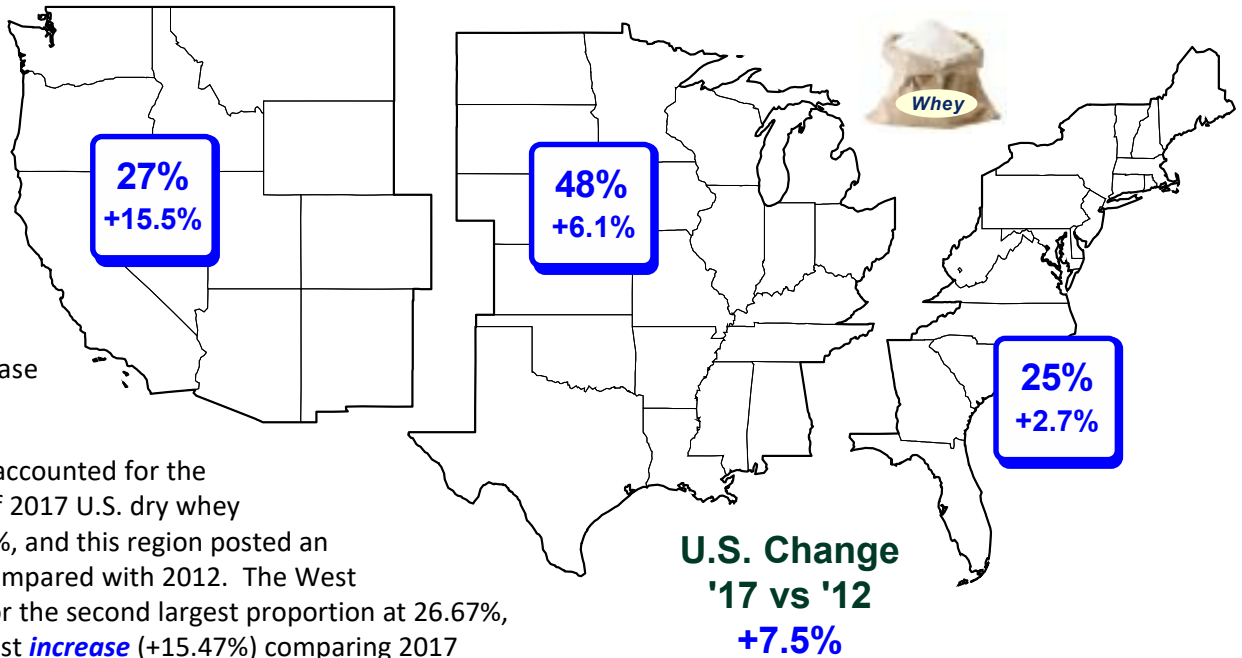
U.S. regular (hard) ice cream production has declined in 11 of the last 15 years. The Central Region's share of the 2017 total was 56.20%, and this region has accounted for more than 50% of total U.S. ice cream production each year since 2006. After decreasing for 12 consecutive years, the Atlantic Region's proportion of total production increased to 22.08% in 2015, before declining to 21.47% in 2017.



* Regular (hard) ice cream production.

Regional Whey Production as a Percentage of 2017 Total U.S. Whey Production with Percentage Change in Production: 2017 vs 2012

U.S. dry whey production* **increased** by 7.53% comparing 2017's total with the 0.946 billion pounds produced in 2012. Dry whey production totaled 1.017 billion pounds during 2017, **up** 9.09% from 2016. The 2017 **increase** was only the second year-over-year increase in the last six years.



The **Central Region** accounted for the largest proportion of 2017 U.S. dry whey production at 47.85%, and this region posted an **increase** of 6.14% compared with 2012. The **West Region** accounted for the second largest proportion at 26.67%, and posted the largest **increase** (+15.47%) comparing 2017 with 2012. The **Atlantic Region** posted the smallest percentage **increase** (+2.68%) comparing 2017 with 2012, but production has increased in five of the last seven years. This region accounted for 25.48% of 2017 U.S. dry whey production, the smallest proportion among the three regions.

Data Source: USDA, NASS; Dairy Products 2015 Summary, April 2018.

Total U.S. Dry Whey Production *

By Region (thousand lbs.)

	Atlantic	Central	West	Total
2012	252,480	458,604	234,927	946,011
2013	247,362	445,860	222,845	916,067
2014	248,959	407,254	199,771	855,984
2015	263,098	442,630	252,411	958,139
2016	252,121	450,152	230,193	932,466
2017	259,236	486,768	271,265	1,017,269

As a Percent of Total Production

	Atlantic	Central	West
2012	26.69	48.48	24.83
2013	27.00	48.67	24.33
2014	29.08	47.58	23.34
2015	27.46	46.20	26.34
2016	27.04	48.27	24.69
2017	25.48	47.85	26.67



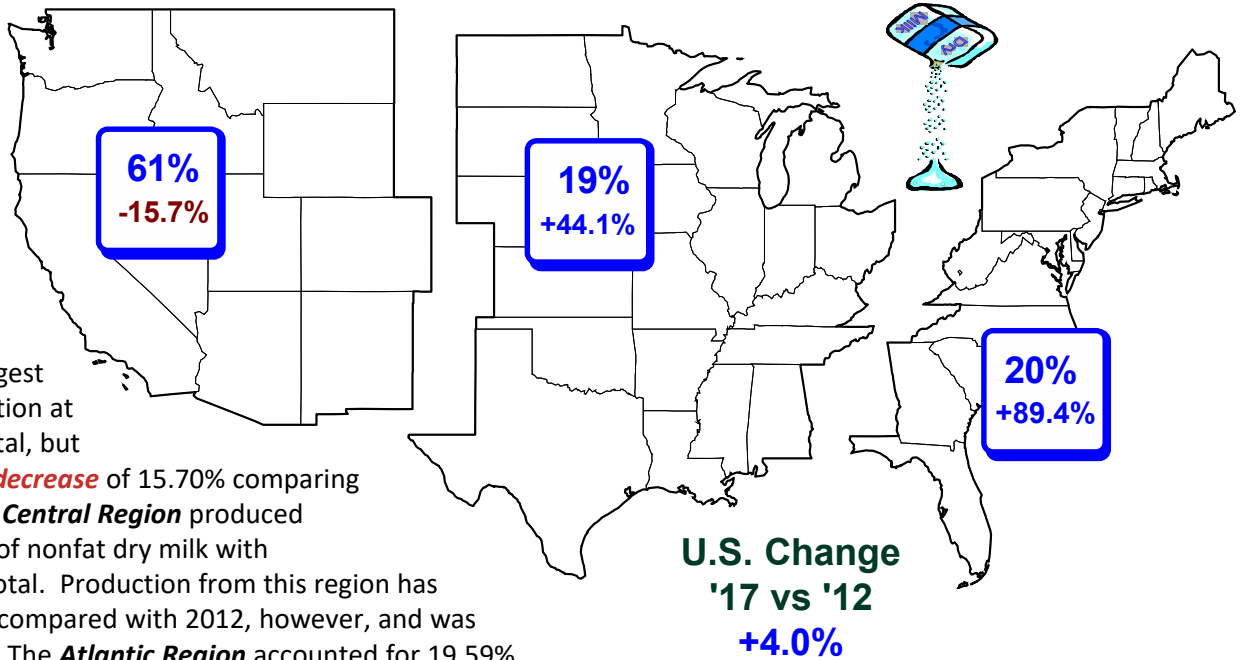
U.S. dry whey (human) production increased by 9.09% during 2017, after decreasing in five of the previous six years. Production increased in all three regions, with the West Region leading the way by posting a 17.84% year-over-year gain. Comparing 2017 with 2012, total U.S. whey production was up 7.53%, with increases in all three regions. The West had the largest gain with a 15.47% increase, followed by the Central with a 6.14% gain. The Atlantic Region posted the smallest increase with production.

* Dry Whey (Human) Production.

Regional NFDM Production as a Percentage of 2017 Total U.S. NFDM Production with Percentage Change in Production: 2017 vs 2012

U.S. nonfat dry milk (NFDM) production **increased** by 4.01%, comparing 2017 with 2012. Production totaled 1.835 billion pounds in 2017, which was a **increase** of 4.71% compared with 2016.

The **West Region** accounted for the largest proportion of production at 60.94% of the U.S. total, but posted a production **decrease** of 15.70% comparing 2017 with 2012. The **Central Region** produced the smallest amount of nonfat dry milk with 19.47% of the 2017 total. Production from this region has **increased** by 44.07% compared with 2012, however, and was **up** 4.72% from 2016. The **Atlantic Region** accounted for 19.59% of the U.S. total in 2017, with production **increasing** by 89.43% compared with 2012, and **up** 1.43% versus the 2016 total.



Data Source: USDA, NASS; *Dairy Products 2015 Summary*, April 2018.

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

	Atlantic	Central	West	Total
2012	189,824	247,959	1,326,666	1,764,449
2013	219,074	256,397	1,002,393	1,477,864
2014	288,479	283,087	1,193,066	1,764,632
2015	332,732	303,783	1,185,668	1,822,183
2016	354,520	341,128	1,056,986	1,752,534
2017	359,590	357,246	1,118,316	1,835,152

As a Percent of Total Production

	Atlantic	Central	West
2012	10.76	14.05	75.19
2013	14.82	17.35	67.83
2014	16.35	16.04	67.61
2015	18.26	16.67	65.07
2016	20.23	19.46	60.31
2017	19.59	19.47	60.94



Although the West has accounted for the largest proportion of total U.S. nonfat dry milk production for many years, its share has declined in five of the last six years. In addition, the West Region's share of the U.S. total in 2016 and 2017 was the smallest since 1995 (56.2%). The Atlantic Region's production of nonfat dry milk increased by 124.29% compared with 2011, while the Central's production has increased by 160.54% since 2010. These two region's share of total production have increased by 8.90 and 10.69 percentage points, respectively, during these time frames.



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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>
2012	35,894	81,511	83,132	200,537	17.90	40.65	41.45
2013	36,353	82,237	82,640	201,230	18.06	40.87	41.07
2014	37,127	83,851	85,077	206,055	18.02	40.69	41.29
2015	37,822	86,923	83,887	208,632	18.13	41.66	40.21
2016	38,457	89,870	84,078	212,405	18.11	42.31	39.58
2017	38,688	92,495	84,283	215,466	17.95	42.93	39.12

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**Producer Price
Differential**

**Class I
Utilization**

	<u>Jun '18</u>	<u>May '18</u>	<u>Jun '18</u>	<u>May '18</u>	<u>Jun '18</u>	<u>May '18</u>
Northeast	16.70	16.14	1.49	0.96	29.26	30.21
Appalachian	17.81	17.20	---	---	67.00	67.75
Florida	19.96	19.25	---	---	84.69	84.87
Southeast	18.12	17.46	---	---	67.83	67.74
Upper Midwest	15.40	15.25	0.19	0.07	7.68	9.96
Central	15.53	15.11	0.32	-0.07	24.20	27.65
Mideast	15.84	15.33	0.63	0.15	27.64	30.54
Pacific Northwest	15.47	15.18	0.26	0.00	18.58	20.26
Southwest	16.43	16.02	1.22	0.84	27.14	27.32
Arizona	15.70	15.28	---	---	23.26	22.98