

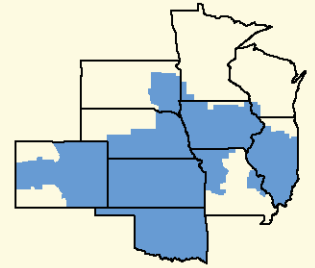
**DECEMBER 2018**

*Marketing Service*

# Bulletin



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



**CENTRAL MARKETING AREA**

## 3.20% 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 20.9% of the peak, with 2,441 farms marketing milk during October 2018. The tables on the first two pages of this bulletin provide distribution data by farm size based on October 2018 Central Order milk marketings.\*

<u>Quartiles</u>	<u># of Farms</u>	<u>Range Of Milk Marketings Per Farm*</u>
1	27	9,390,600 - 20,586,690 lbs.
2	51	4,468,284 - 9,279,060 lbs.
3	161	933,396 - 4,425,340 lbs.
4	2,202	< 930,188 lbs.

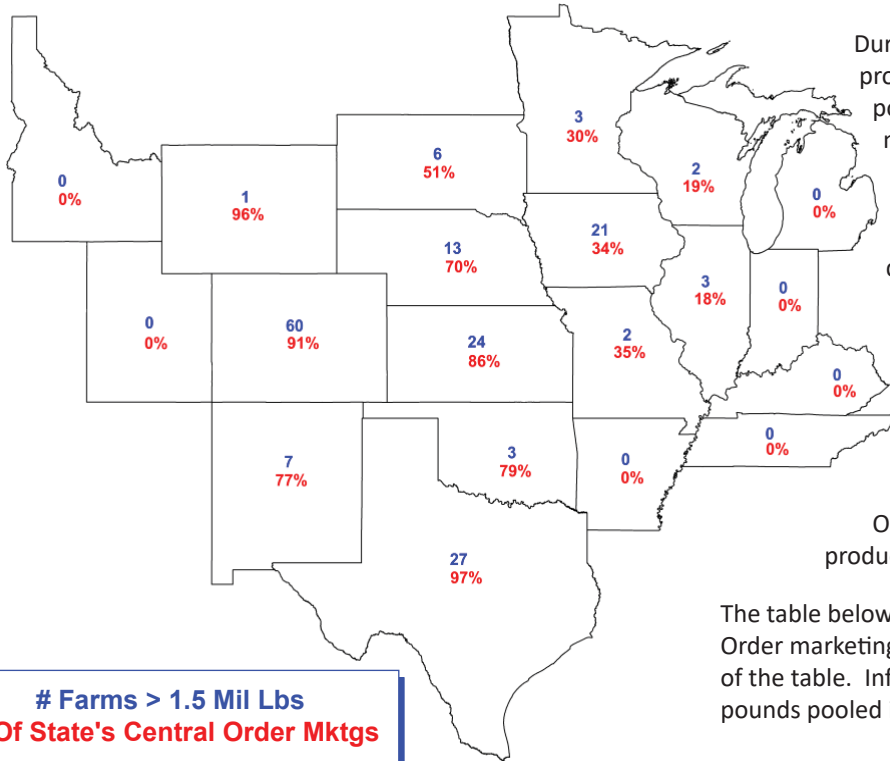
A relatively small number of farms with large milk marketings make up a disproportionate share of the Central Order total. This is also true for many of the states that have producers supplying the order, as indicated by the table on page two. Moreover, data from the table above indicates that 27 of the largest farms accounted for 25% of Central Order marketings during October 2018. Each of these farms marketed more than 9.390 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 4.468 & 9.279 million pounds. *Thus, 3.20% of the farms marketed 50% of the milk during October 2018.* 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 1,192 farms (down from 5,727 farms in October 2002) which marketed less than 100,000 pounds on the order. These producers accounted for approximately 49% of the farms but less than 4% of the milk marketed.

## Distribution of Farms by Amount of Pooled Marketings\* - October 2018

<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.	1,192	48.83	52,995,535	3.97	44,459
100,000 to 250,000 Lbs.	631	25.85	101,562,197	7.62	160,954
250,000 to 500,000 Lbs.	244	10.00	85,827,087	6.43	351,750
500,000 to 750,000 Lbs.	89	3.64	54,252,462	4.07	609,578
750,000 to 1 Million Lbs.	52	2.13	43,942,327	3.30	845,045
1 to 1.250 Million Lbs.	39	1.60	43,086,770	3.23	1,104,789
1.250 to 1.500 Million Lbs.	22	0.90	29,616,979	2.22	1,346,226
> 1.500 Million Lbs.	172	7.05	922,132,131	69.16	5,361,233
<b>Federal Order Total</b>	<b>2,441</b>	<b>100.00</b>	<b>1,333,415,488</b>	<b>100.00</b>	<b>546,258</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 2018



During October 2018 there were 172 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 172 producers accounted for only 7.05% of the total producers on the Central market, their marketings comprised 69.16% 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 '18

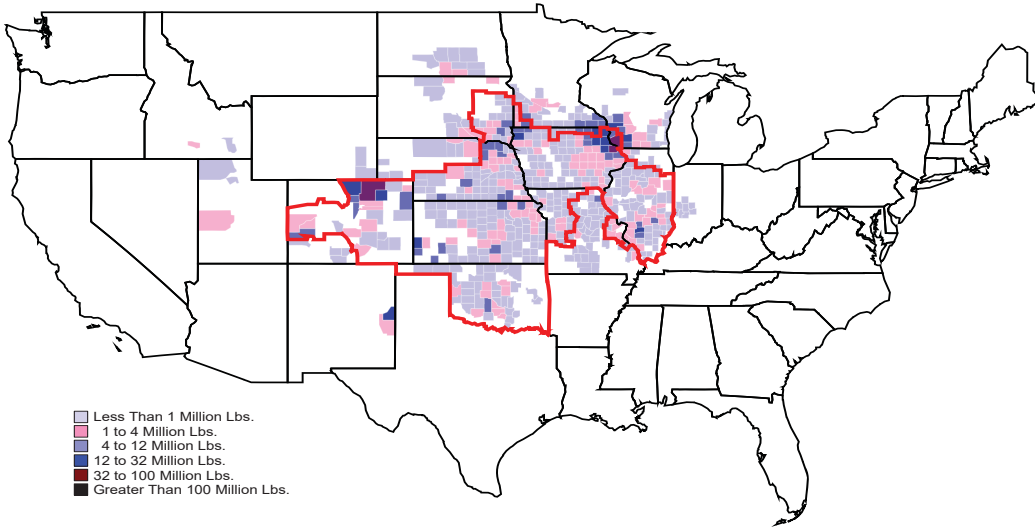
State	Pounds of Milk Pooled	# of Farms
AR	475,012	4
CO	378,704,634	107
IA	215,398,870	799
ID	2,007,404	3
IL	77,583,444	341
IN	957,039	17
KS	191,029,360	213
KY	208,668	1
MI	4,292,770	12
MN	22,450,209	87
MO	33,513,900	247
NE	92,763,203	130
NM	39,561,928	35
OK	29,605,415	54
SD	36,406,082	90
TN	624,451	5
TX	161,143,964	40
UT	46,015	1
WI	38,566,120	252
WY	8,077,000	3
<b>Total</b>	<b>1,333,415,488</b>	<b>2,441</b>

## Farms Marketing More Than 1.5 Million Pounds

Number of Farms	Oct '18 Pounds	% of State Pounds
0	0	0
60	344,546,203	90.98
21	72,240,228	33.54
0	0	0
3	13,989,567	18.03
0	0	0
24	164,019,652	85.86
0	0	0
0	0	0
3	6,627,435	29.52
2	11,709,173	34.94
13	64,843,483	69.90
7	30,326,945	76.66
3	23,370,140	78.94
6	18,718,027	51.41
0	0	0
27	156,854,788	97.34
0	0	0
2	7,160,800	18.57
1	7,725,690	95.65
<b>172</b>	<b>922,132,131</b>	<b>69.16</b>

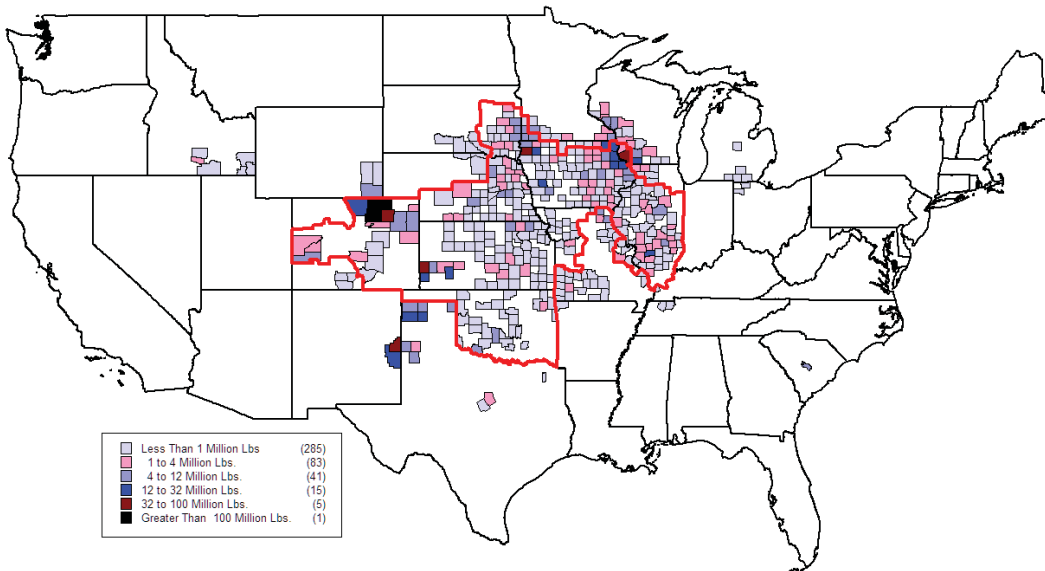
# Central Federal Order Milk Marketings

## 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 2018 are depicted to illustrate this fact. During January 2000, 79% of the milk pooled came from inside the Central Marketing Area, compared with 72% in October 2013 and 78% in October 2018.

## October 2013\*



### January 2000

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

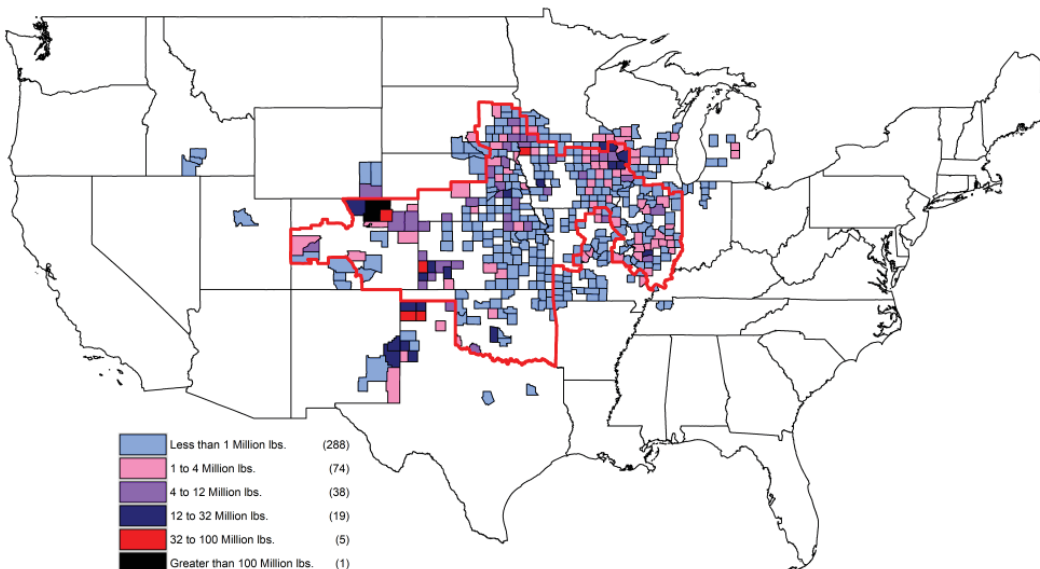
### October 2013

1.262 Billion Lbs.  
 Inside Area -- 913 Million Lbs.  
 Outside Area -- 349 Million Lbs.

### October 2018

1.333 Billion Lbs.  
 Inside Area -- 1,043 Million Lbs.  
 Outside Area -- 290 Million Lbs.

## October 2018\*



### Change: Jan '00 to Oct '18

**Up** 230 Million Lbs.  
 Inside Area -- **Up** 169 Million Lbs.  
 Outside Area -- **Up** 61 Million Lbs.

### Change: Oct '13 to Oct '18

**Up** 71 Million Lbs.  
 Inside Area -- **Up** 130 Million Lbs.  
 Outside Area -- **Down** 59 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.



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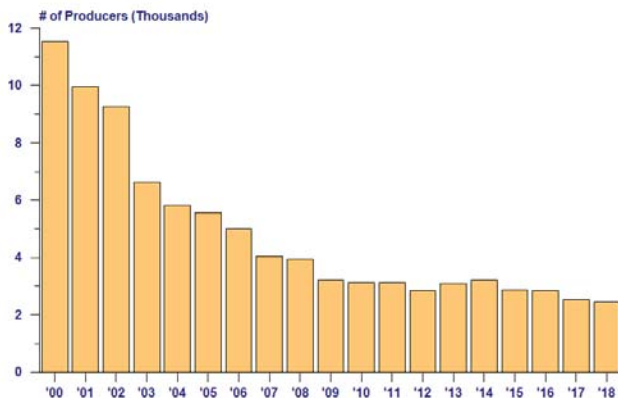
**FEDERAL MILK MARKET ADMINISTRATOR**  
P.O. BOX 14650  
SHAWNEE MISSION, KANSAS 66285-4650

**FIRST CLASS**

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

	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Nov '18	Oct '18	Nov '18	Oct '18	Nov '18	Oct '18
Northeast	16.62	17.19	2.18	1.66	35.67	34.90
Appalachian	18.12	18.76	-----	-----	74.77	74.50
Florida	20.12	20.87	-----	-----	85.35	84.23
Southeast	18.71	19.39	-----	-----	78.38	78.52
Upper Midwest	14.74	15.75	0.30	0.22	9.18	9.29
<b>Central</b>	<b>15.22</b>	<b>16.02</b>	<b>0.78</b>	<b>0.49</b>	<b>29.73</b>	<b>31.95</b>
Mideast	15.68	16.30	1.24	0.77	37.27	35.02
California	15.44	N/A	1.00	N/A	22.46	N/A
Pacific Northwest	15.22	15.77	0.78	0.24	20.69	21.91
Southwest	16.07	16.86	1.63	1.33	29.99	28.98
Arizona	15.69	16.22	-----	-----	26.12	25.79

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



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