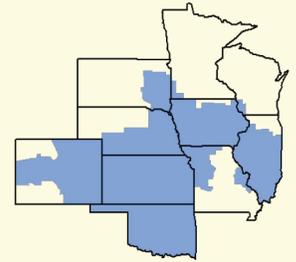
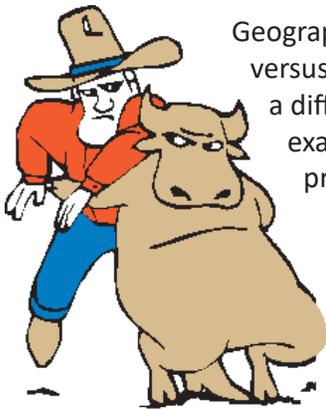


Bulletin

Facilitating the efficient marketing of milk and dairy products.



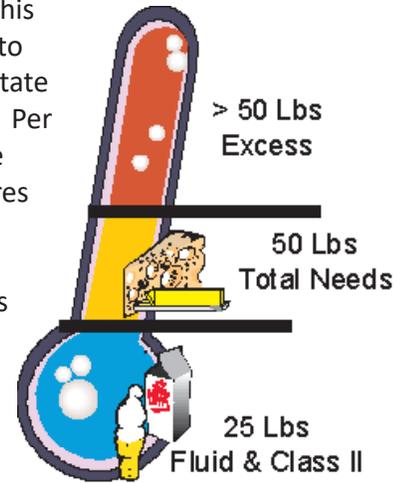
CENTRAL MARKETING AREA



Geographic comparison of milk marketings versus population could be referred to as "Cows versus People." The "locality" of milk supply compared to dairy product demand provides a different perspective from published national supply and demand statistics. This issue examines supply and demand localities -- where raw milk is marketed versus where dairy products are consumed -- for the U.S. dairy industry during December 2018.

Combined marketings from all federal milk orders¹ are used in this analysis to represent the supply side of our equation. (Prior to November 2018 California had a state order, and California state order marketings are included in the December 2013 totals.) Per capita consumption of dairy products is used to represent the demand element. This analysis assumes every person requires

approximately 300 pounds of milk annually to meet fluid and Class II needs, plus another 300 pounds to meet total dairy requirements². Per capita milk production above this 600-pound level is considered excess. On a monthly basis, this breaks down to 25 pounds per person for fluid and Class II, and 50 pounds for total dairy product consumption. *The thermometer graphic reflects these assumptions.*



The most recent Census Bureau population estimates for each U.S. county in the contiguous 48 states were utilized to compare per capita milk marketings with estimated per capita dairy product consumption. Counties were aggregated by time zone to develop a "regional" analysis. The large variation in population among time zones along with substantial differences in milk marketings combine to provide the following results.

	Dec '18	Dec '13
Marketings		
Pacific	4,126,060,329	4,098,029,004
Mountain ¹	1,628,440,619	1,375,844,263
Central	6,004,038,715	4,928,196,971
Eastern	4,587,170,664	4,330,981,416
Total	16,345,710,327	14,733,051,654

	Dec '18	Dec '13
Population		
Pacific	52,969,038	50,396,926
Mountain ¹	24,171,480	22,930,299
Central	94,621,906	91,496,574
Eastern	153,232,772	149,074,303
Total	324,995,196	313,898,102

	Dec '18	Dec '13
Per Capita Mktgs		
Pacific	77.9	81.3
Mountain ¹	67.4	60.0
Central	63.5	53.9
Eastern	29.9	29.1
Weighted Average	50.3	46.9

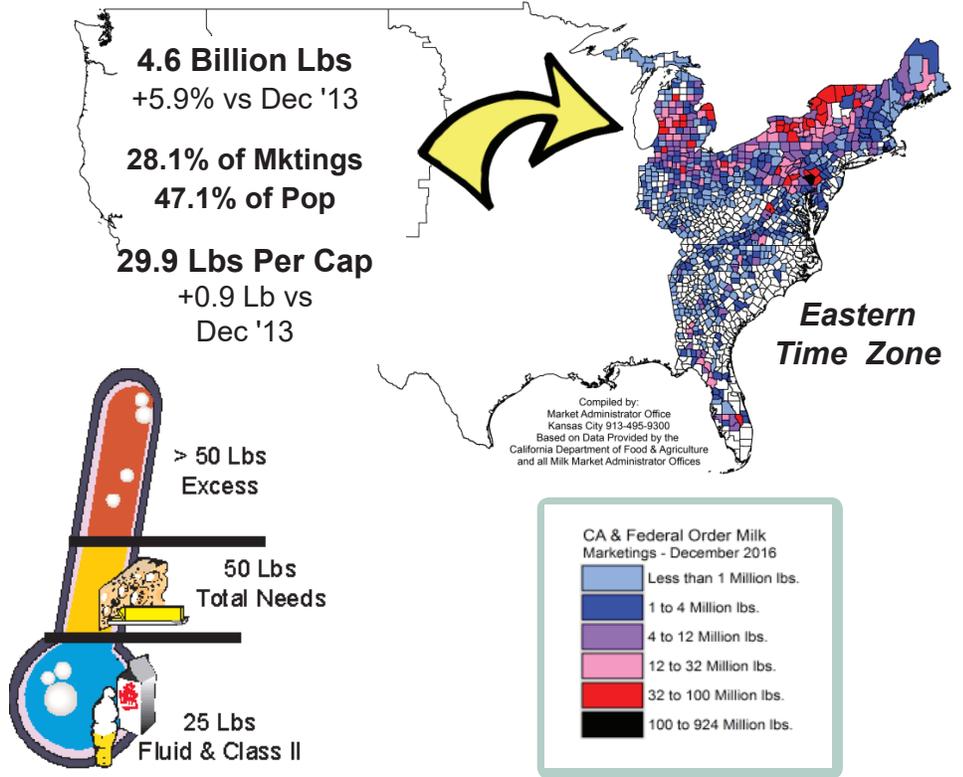


¹ The Western Federal Milk Order was terminated effective April 1, 2004; therefore, data for the Mountain Region does not include production from a significant portion of this region. (See "Editor's Note" on page 3.)

² USDA estimates the milk equivalent of all dairy products consumed for 2018 was 646 pounds per person. Source: USDA, ERS, Dairy Data Overview. (<http://www.ers.usda.gov/data-products/dairy-data.aspx>).

**CA & Federal Order Milk Marketings by County
December 2018**

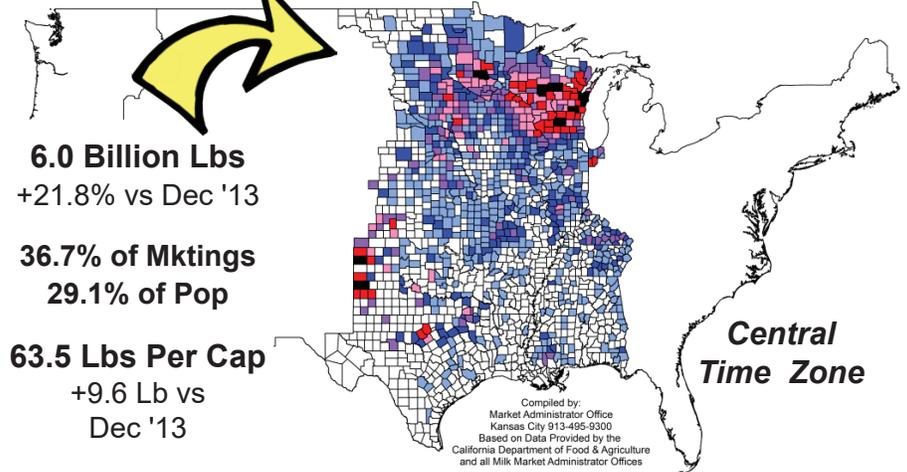
Milk marketings from counties in the Eastern time zone totaled **4.587** billion pounds during December 2018. These pounds accounted for **28.1%** of the combined federal order milk marketing total. However, **47.1%** of the total continental U.S. population resides within this time zone -- resulting in per capita milk marketings of **29.9** pounds. This is sufficient to meet fluid and Class II needs, but falls short of meeting the total monthly consumption requirements by approximately **20.1** pounds per person. This translates into a **monthly deficit of approximately 3.1 billion pounds**.



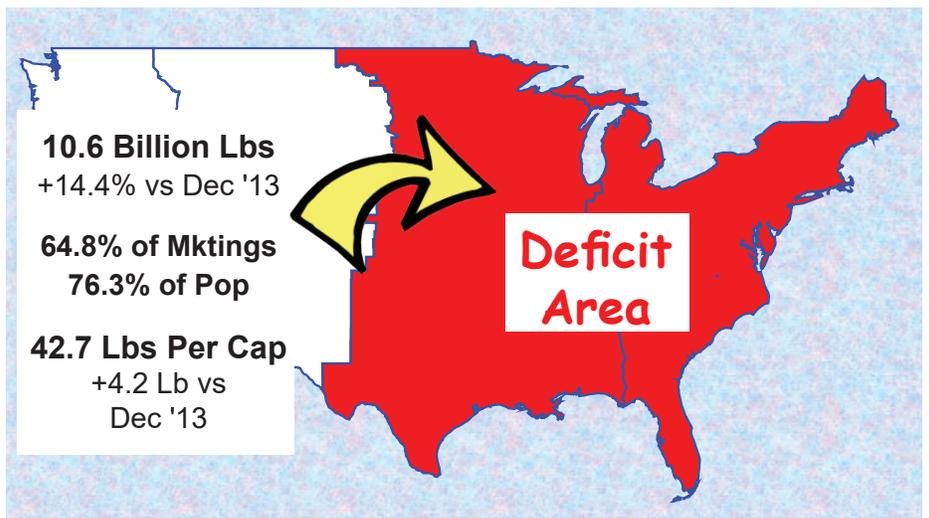
Milk marketings within the Central time zone totaled **6.004** billion pounds, or **36.7%** of total federal order marketings during December 2018. The Central time zone accounted for **29.1%** of the 48-state U.S. population, resulting in per capita milk marketings of **63.5** pounds. This translates into a **monthly milk surplus of about 1.3 billion pounds**.

**CA & Federal Order Milk Marketings by County
December 2018**

Perspective for a large proportion of the U.S. demographic is obtained by combining these two time zones into a single marketing/procurement/consumption area. December 2018 per capita milk marketings for this combined area totaled **42.7** pounds -- **7.3** pounds **below** the 50 pounds necessary to meet total per capita needs. This results in a **monthly deficit of approximately 1.8 billion pounds** of milk for the combined Eastern and Central time zones.



The maps on the following page illustrate how the per capita milk marketings differ when examining the western time zones.



December 2018 Mountain time zone milk marketings totaled **1.628 billion pounds³**, accounting for **10.0%** of the federal order total. Milk marketings from this time zone increased **18.4%**, or **252.6 million pounds**, comparing December 2018 with December 2013.

The Mountain time zone is the least populated with **7.4%** of the U.S. population (48 states). Per capita milk marketings were up approximately **7.4 pounds** from December 2013, increasing to **67.4 pounds**. The Mountain time zone's **17.4 pound per capita excess** translates into a **monthly 419.9 million pounds of surplus milk**.

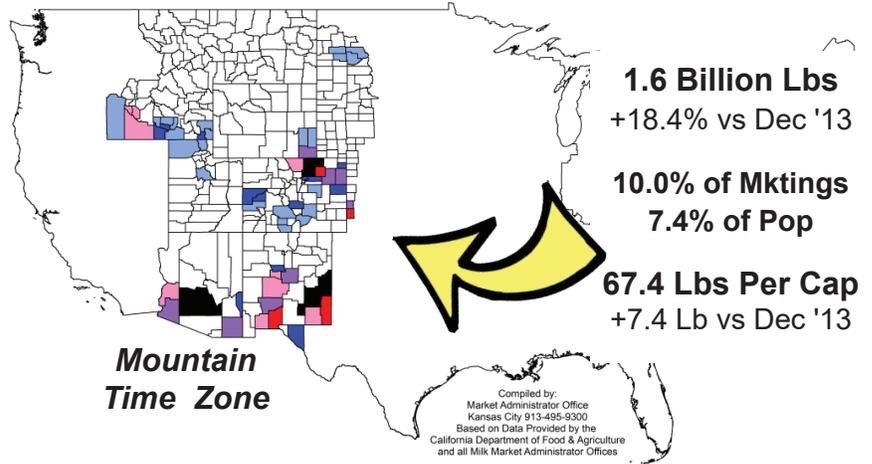
Milk marketings from counties within the Pacific time zone totaled **4.126 billion pounds** during December 2018. While these marketings accounted for **25.2%** of the federal order total, the population of the Pacific time zone represents only **16.3%** of the continental U.S. total. This computes to **77.9 pounds per capita**, which is a **27.9 pound excess** over estimated total consumption, and results in a **monthly regional milk surplus of approximately 1.5 billion pounds**.

Combining these two time zones results in per capita milk marketings of **74.6 pounds**. This is **24.6 pounds** over the 50 pound per capita requirement. Consequently, there is a **monthly excess of approximately 1.9 billion pounds** for the combined Mountain/Pacific time zone.

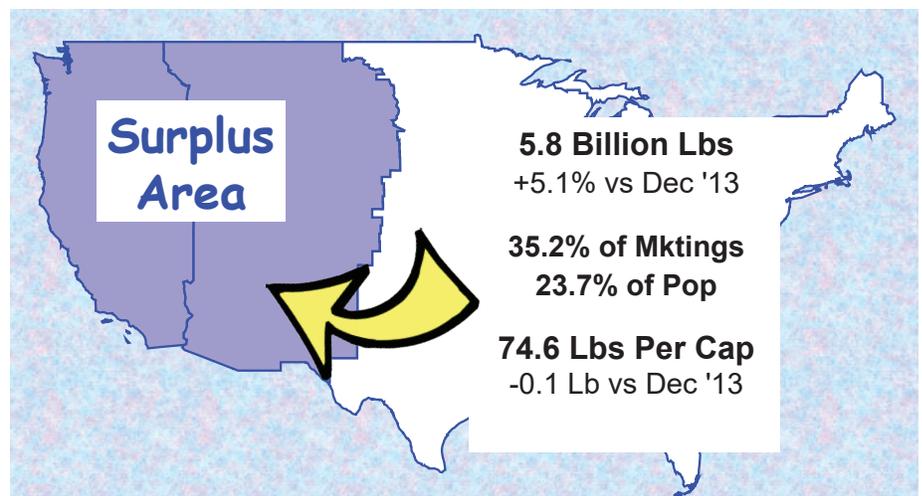
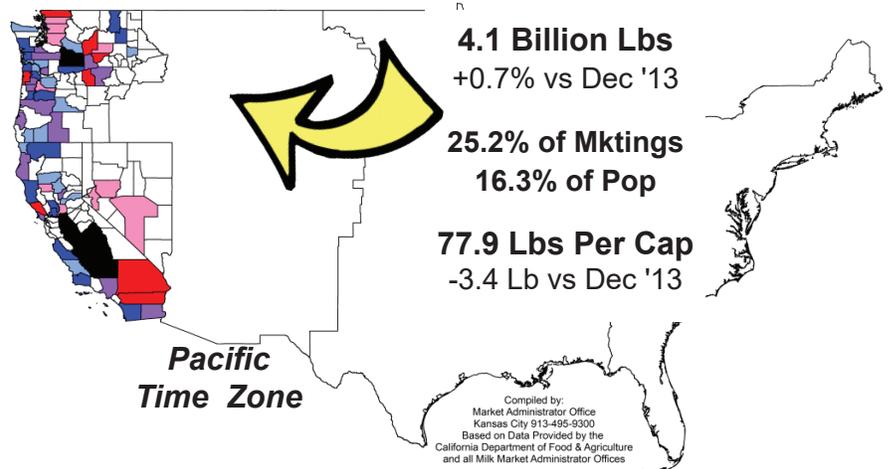
³ Marketings from this time zone do not include production from a significant portion of this region due to the April 1, 2004 termination of the Western order.

*** Editor's Note:** Adding the "residual production" from Idaho, Montana, Nevada, Utah, and Wyoming to the West total results in an estimated **1.5 billion pound U.S. surplus** for December 2018. "Residual production" was calculated by taking NASS total production minus federal order marketings. (MT, NV, UT, and WY December 2018 production was estimated based on 4th quarter production.)

CA & Federal Order Milk Marketings by County December 2018



CA & Federal Order Milk Marketings by County December 2018



The 1.9 billion pound "excess" from the "west" is sufficient to satisfy the 1.8 billion pound "deficit" "east" of the Rockies.*



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	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Oct '19	Sep '19	Oct '19	Sep '19	Oct '19	Sep '19
Northeast	18.72	18.78	0.00	0.47	32.86	31.81
Appalachian	20.17	20.04	-----	-----	75.33	72.57
Florida	22.00	21.85	-----	-----	83.02	80.00
Southeast	20.65	20.52	-----	-----	77.92	73.01
Upper Midwest	18.42	18.23	-0.30	-0.08	12.23	9.67
Central	17.43	17.71	-1.29	-0.60	42.90	35.92
Mideast	17.86	18.00	-0.86	-0.31	40.50	36.77
California	17.13	17.37	-1.59	-0.94	26.14	25.77
Pacific Northwest	17.25	17.43	-1.47	-0.88	24.28	22.83
Southwest	17.87	18.21	-0.85	-0.10	45.12	44.30
Arizona	18.11	18.08	-----	-----	29.38	30.39

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