

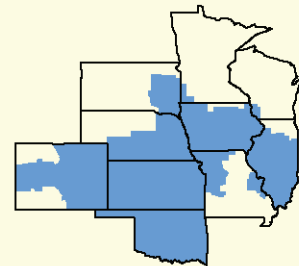
**DECEMBER 2019**

**Marketing Service**

# Bulletin



Facilitating the efficient marketing of milk and dairy products.



**CENTRAL MARKETING AREA**

## 3.16% 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 20.1% of the peak, with 2,343 farms marketing milk during October 2019. The tables on the first two pages of this bulletin provide distribution data by farm size based on October 2019 Central Order milk marketings.\*

<u>Quartiles</u>	<u># of Farms</u>	<u>Range Of Milk Marketings Per Farm*</u>
1	23	7,076,700 - 21,260,600 lbs.
2	51	3,056,216 - 7,039,060 lbs.
3	170	665,780 - 3,047,660 lbs.
4	2,099	< 663,750 lbs.

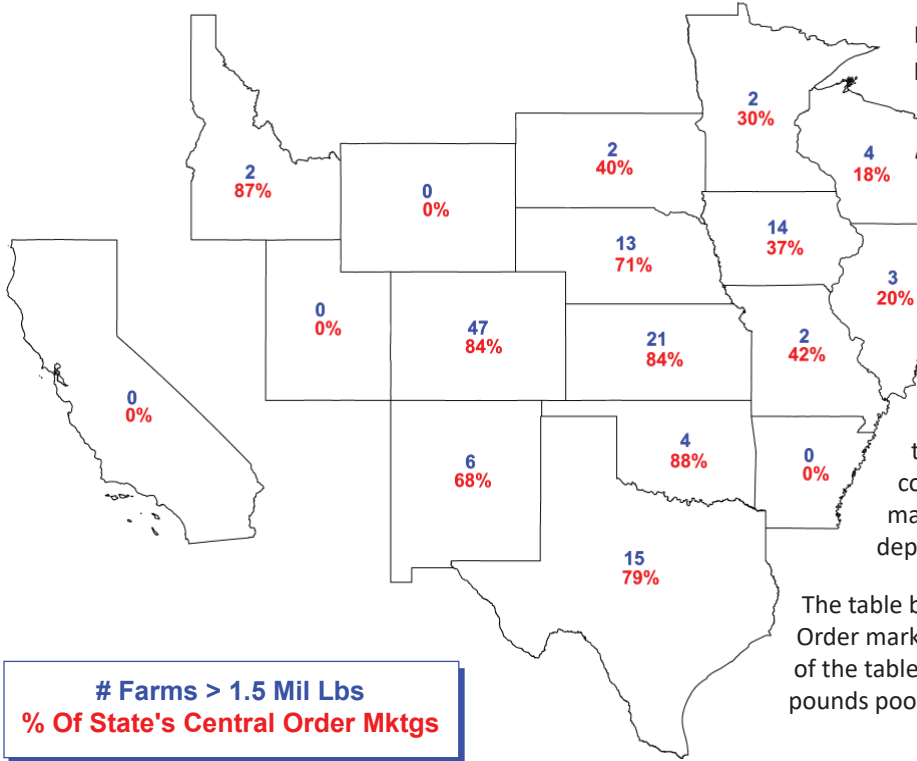
A relatively small number of farms with large milk marketings make up a disproportionate share of the Central Order total. This is also true for many of the states that have producers supplying the order, as indicated by the table on page two. Moreover, data from the table above indicates that 23 of the largest farms accounted for 25% of Central Order marketings during October 2019. Each of these farms marketed more than 7.076 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 3.056 & 7.040 million pounds. *Thus, 3.16% of the farms marketed 50% of the milk during October 2019.* 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 1,327 farms (down from 5,727 farms in October 2002) which marketed less than 100,000 pounds on the order. These producers accounted for approximately 57% of the farms but less than 6% of the milk marketed.

## Distribution of Farms by Amount of Pooled Marketings\* - October 2019

<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.	1,327	56.64	51,356,317	5.41	38,701
100,000 to 250,000 Lbs.	501	21.38	79,302,300	8.35	158,288
250,000 to 500,000 Lbs.	220	9.39	76,376,807	8.04	347,167
500,000 to 750,000 Lbs.	77	3.29	48,596,130	5.12	631,119
750,000 to 1 Million Lbs.	42	1.79	36,929,904	3.89	879,283
1 to 1.250 Million Lbs.	22	0.94	24,752,714	2.61	1,125,123
1.250 to 1.500 Million Lbs.	19	0.81	26,381,026	2.78	1,388,475
> 1.500 Million Lbs.	135	5.76	606,067,640	63.81	4,489,390
<b>Federal Order Total</b>	<b>2,343</b>	<b>100.00</b>	<b>949,762,838</b>	<b>100.00</b>	<b>405,362</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 2019



During October 2019 there were 135 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 135 producers accounted for only 5.76% of the total producers on the Central market, their marketings comprised 63.81% 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 '19

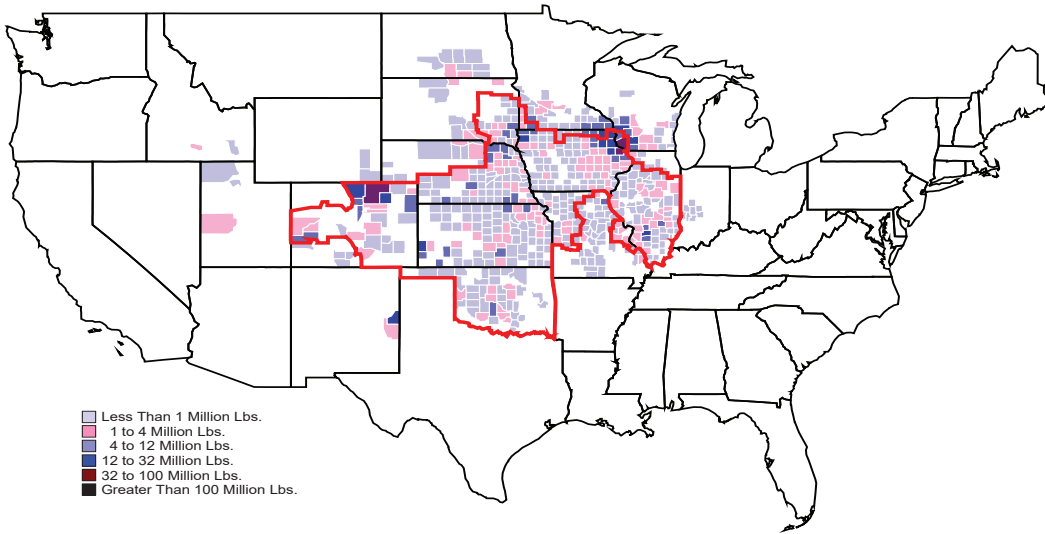
<u>State</u>	<u>Pounds of Milk Pooled</u>	<u># of Farms</u>
AR	136,954	2
CA	288,360	15
CO	236,179,729	104
IA	149,831,813	809
ID	3,986,497	5
IL	72,211,516	316
KS	178,300,238	163
MN	12,950,843	101
MO	33,318,055	202
NE	73,888,466	116
NM	27,058,227	26
OK	32,057,947	43
SD	17,678,981	79
TX	65,871,261	39
UT	565,502	6
WI	44,807,195	314
WY	631,254	3
<b>Total</b>	<b>949,762,838</b>	<b>2,343</b>

## Farms Marketing More Than 1.5 Million Pounds

<u>Number of Farms</u>	<u>Oct '18 Pounds</u>	<u>% of State Pounds</u>
0	0	0
0	0	0
47	197,631,945	83.68
14	55,828,122	37.26
2	3,450,380	86.55
3	14,220,529	19.69
21	150,491,853	84.40
2	3,849,468	29.72
2	14,038,657	42.14
13	52,704,194	71.33
6	18,517,849	68.44
4	28,320,880	88.34
2	7,028,381	39.76
15	51,952,000	78.87
0	0	0
4	8,033,382	17.93
0	0	0
<b>135</b>	<b>606,067,640</b>	<b>63.81</b>

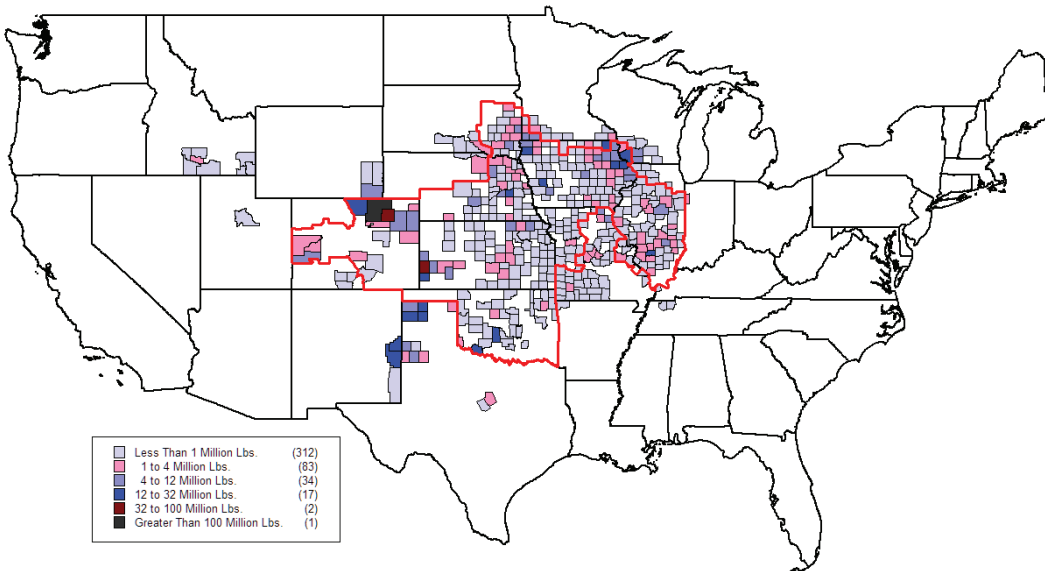
# Central Federal Order Milk Marketings

## 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 2014, and October 2019 are depicted to illustrate this fact. During January 2000, 79% of the milk pooled came from inside the Central Marketing Area, compared with 79% in October 2014 and 83% in October 2019.

## October 2014\*



### January 2000

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

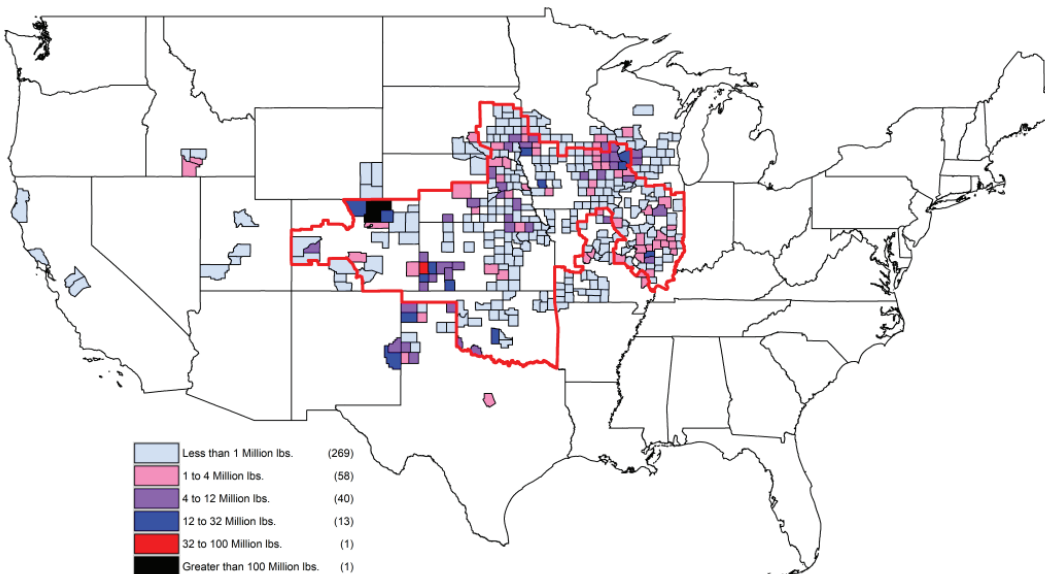
### October 2014

1.118 Billion Lbs.  
 Inside Area -- 883 Million Lbs.  
 Outside Area -- 235 Million Lbs.

### October 2019

0.950 Billion Lbs.  
 Inside Area -- 785 Million Lbs.  
 Outside Area -- 165 Million Lbs.

## October 2019\*



### Change: Jan '00 to Oct '19

**Down** 153 Million Lbs.  
 Inside Area -- **Down** 89 Million Lbs.  
 Outside Area -- **Down** 64 Million Lbs.

### Change: Oct '14 to Oct '19

**Down** 168 Million Lbs.  
 Inside Area -- **Down** 98 Million Lbs.  
 Outside Area -- **Down** 70 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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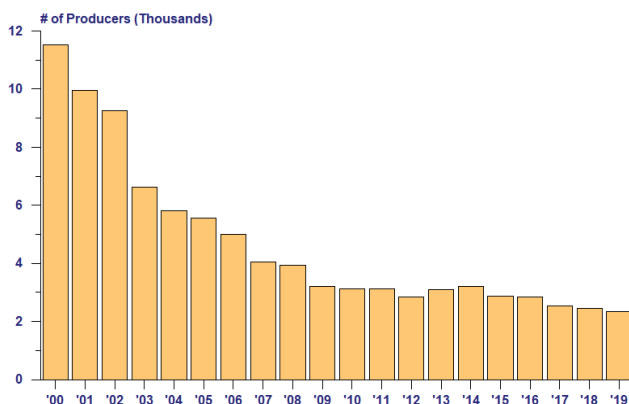
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	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Nov '19	Oct '19	Nov '19	Oct '19	Nov '19	Oct '19
Northeast	19.20	18.72	-1.25	0.00	31.84	32.86
Appalachian	20.53	20.17	-----	-----	73.92	75.33
Florida	22.33	22.00	-----	-----	82.22	83.02
Southeast	20.98	20.65	-----	-----	77.23	77.92
Upper Midwest	19.51	18.42	-0.94	-0.30	14.53	12.23
<b>Central</b>	<b>17.45</b>	<b>17.43</b>	<b>-3.00</b>	<b>-1.29</b>	<b>42.39</b>	<b>42.89</b>
Mideast	18.01	17.86	-2.44	-0.86	39.91	40.50
California	17.06	17.13	-3.39	-1.59	23.28	26.14
Pacific Northwest	17.64	17.25	-2.81	-1.47	23.76	24.28
Southwest	17.48	17.87	-2.97	-0.85	41.29	45.12
Arizona	18.53	18.11	-----	-----	28.46	29.38

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



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