

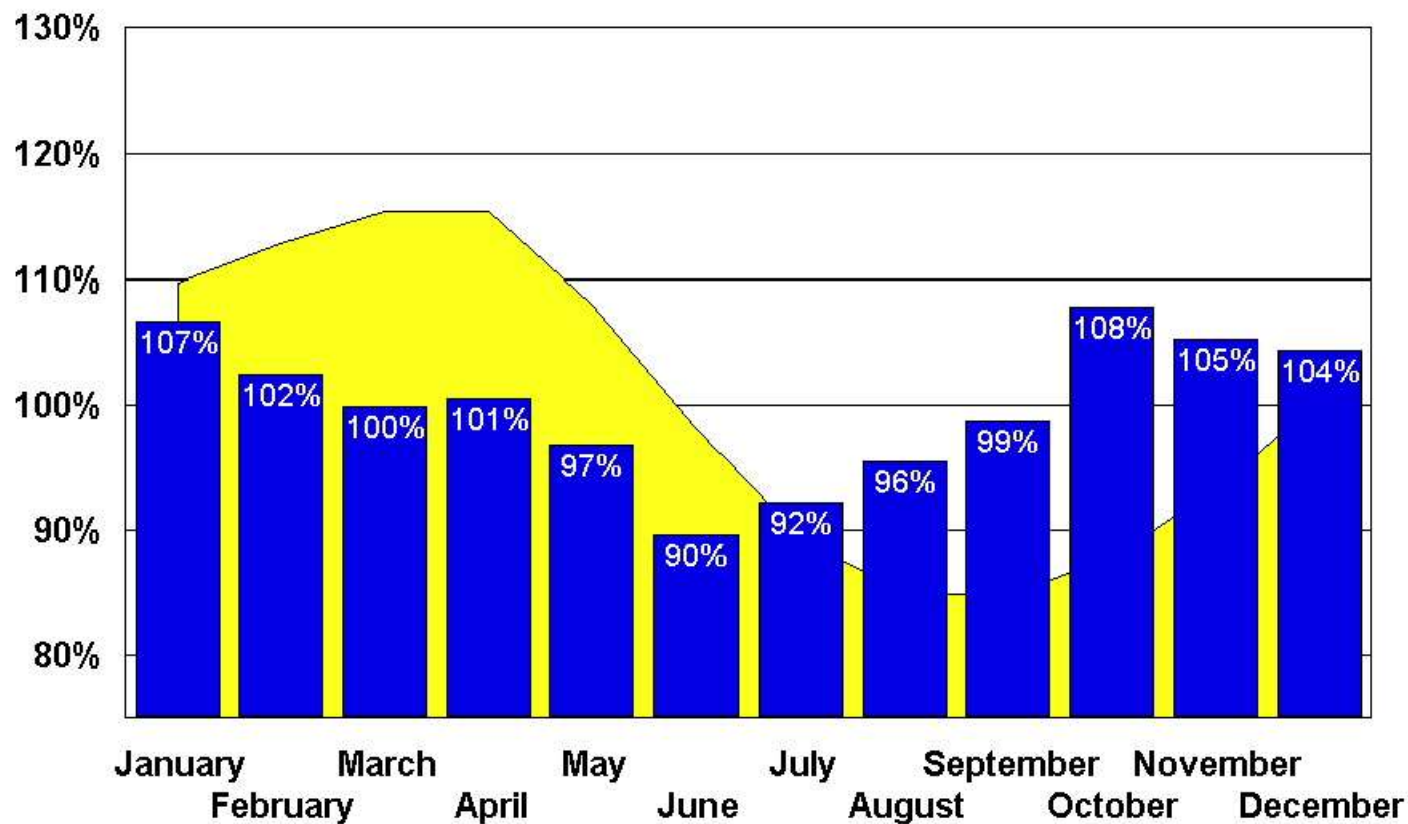
Seasonally in Supply & Demand: Implications for the South



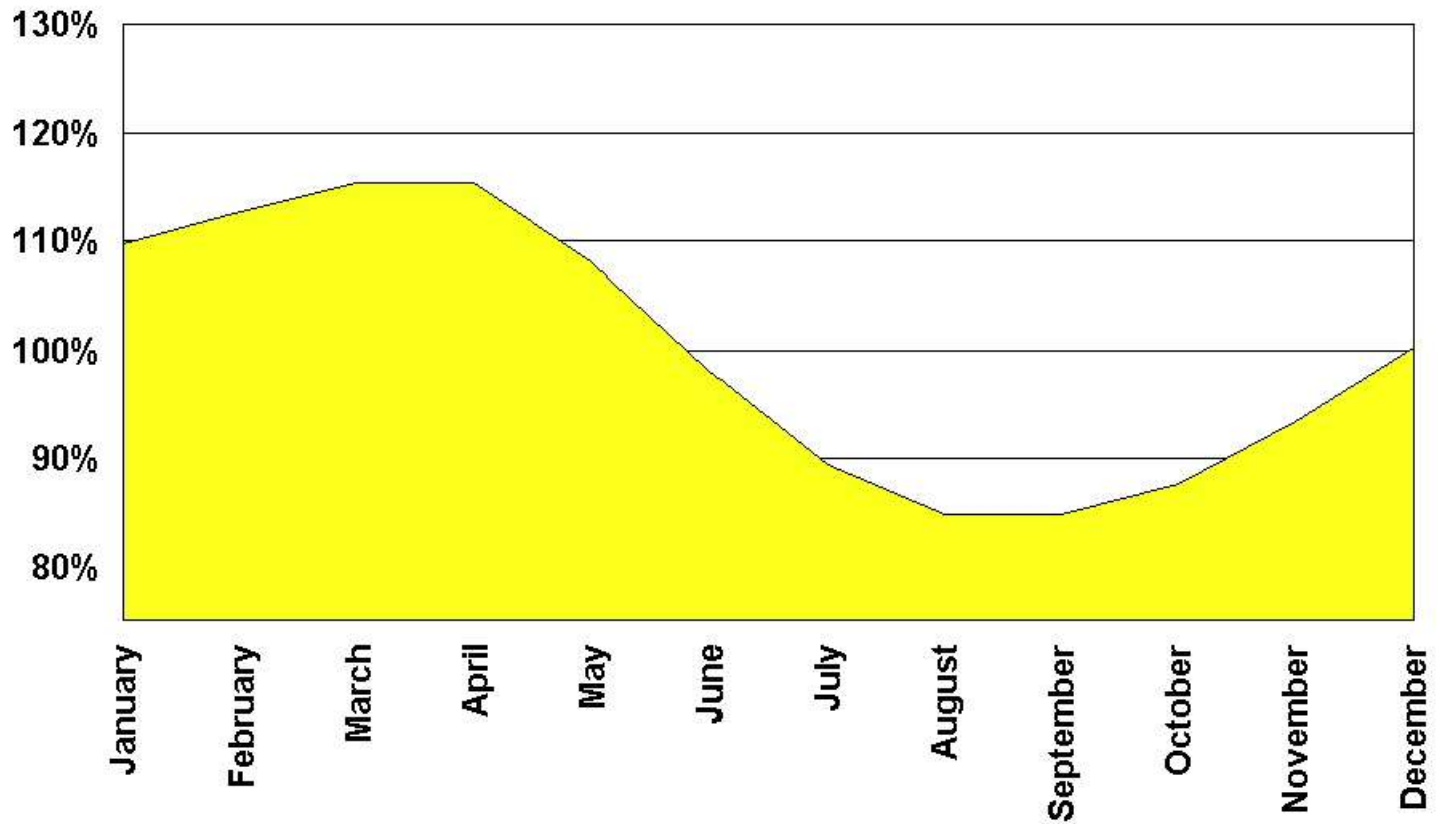
John Wilson

Dairy Farmers of America

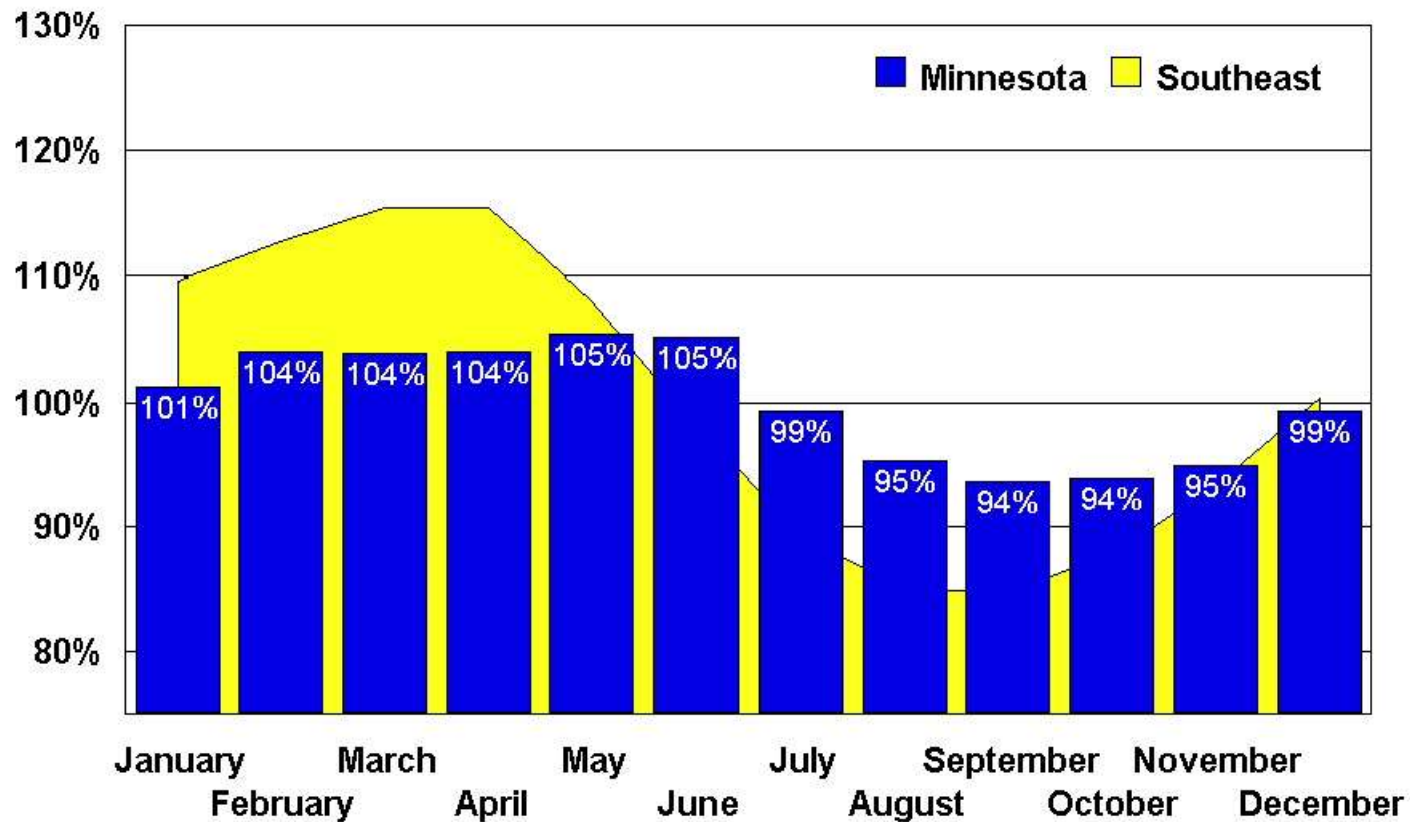
Federal Order 1007 Daily Class I Sales and Southeast Milk Production as a Percent of Annual Average 1996-1998



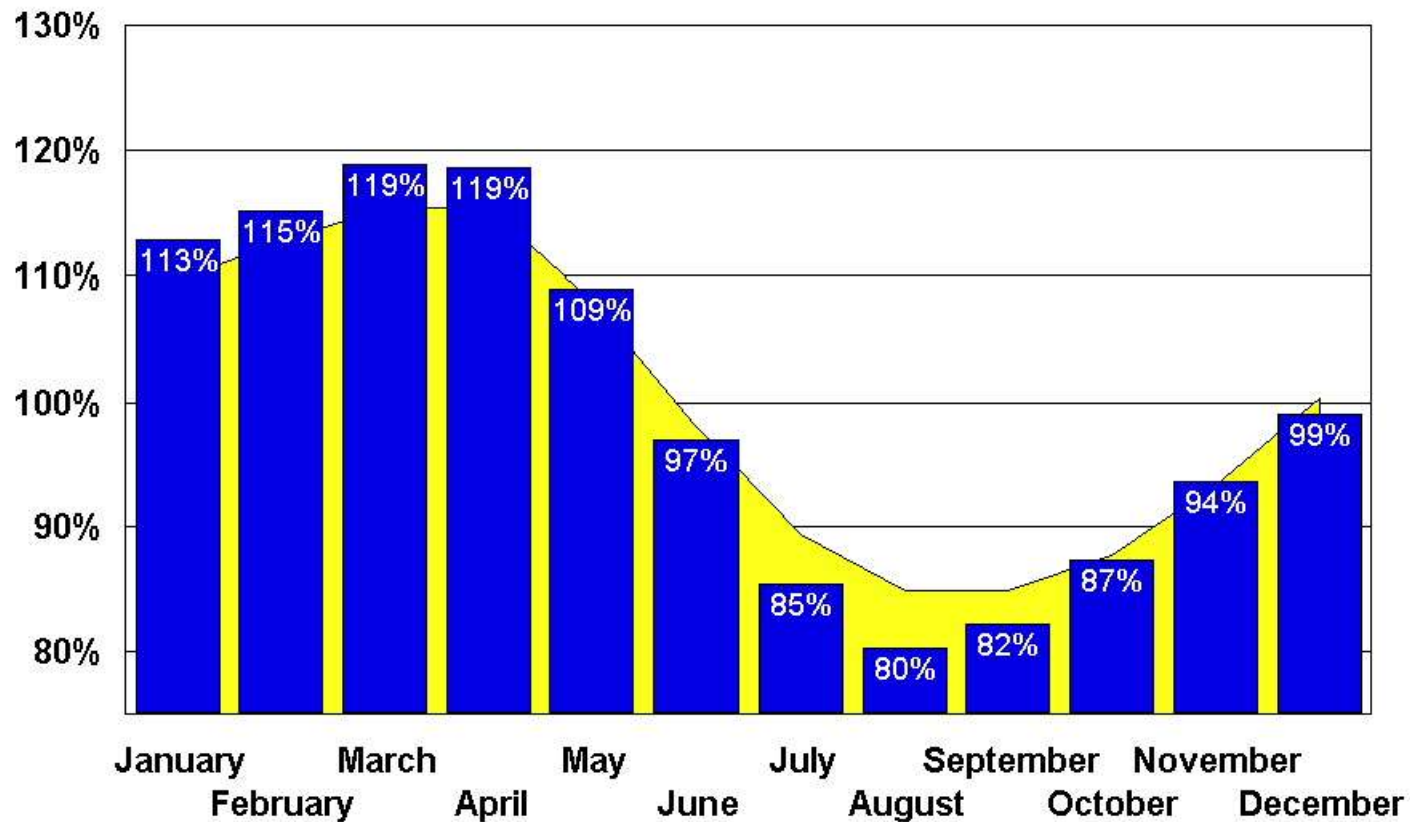
Southeast Milk Production as a Percent of Annual Average 1995-1998



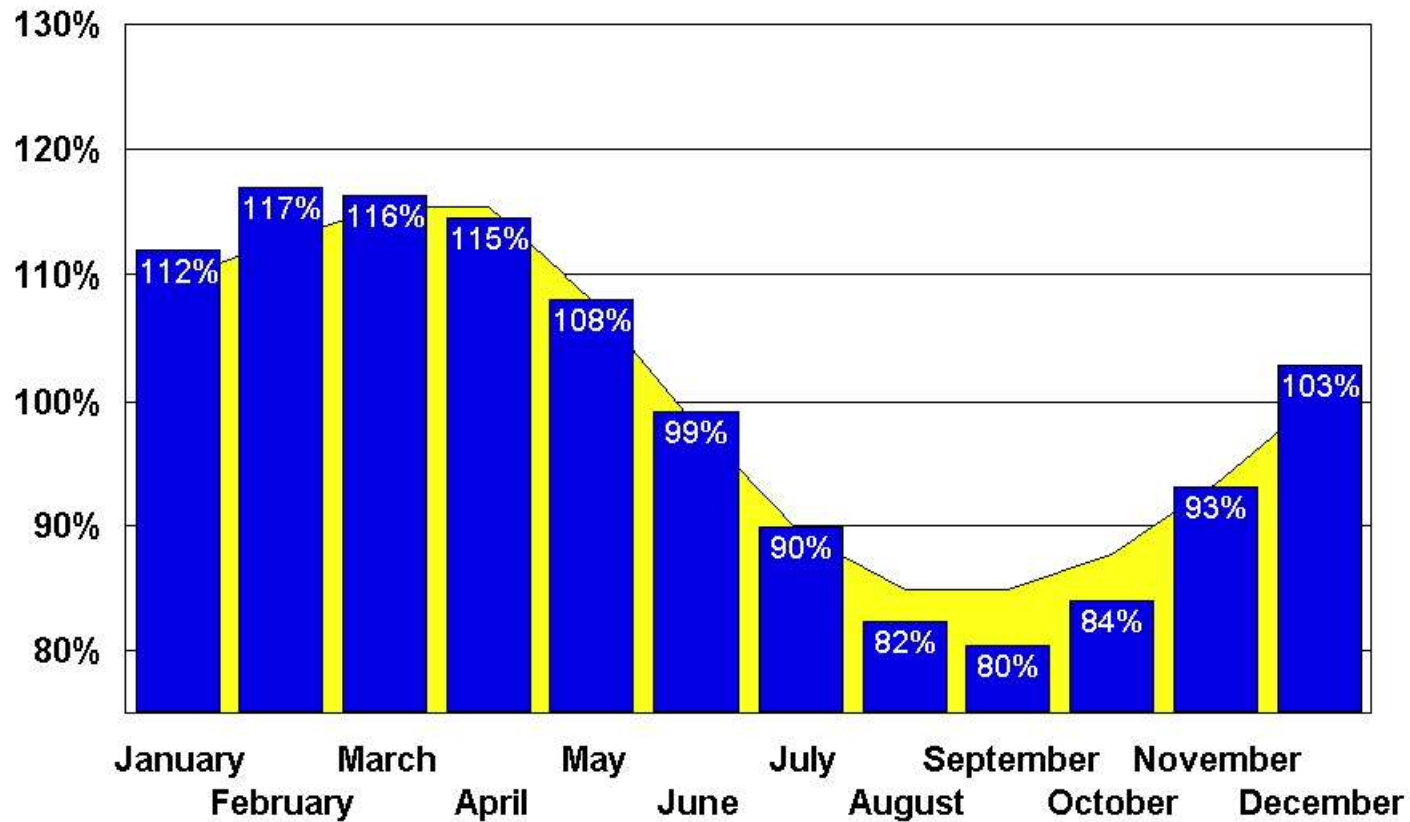
Daily Milk Production as a Percent of Annual Average 1995-1998



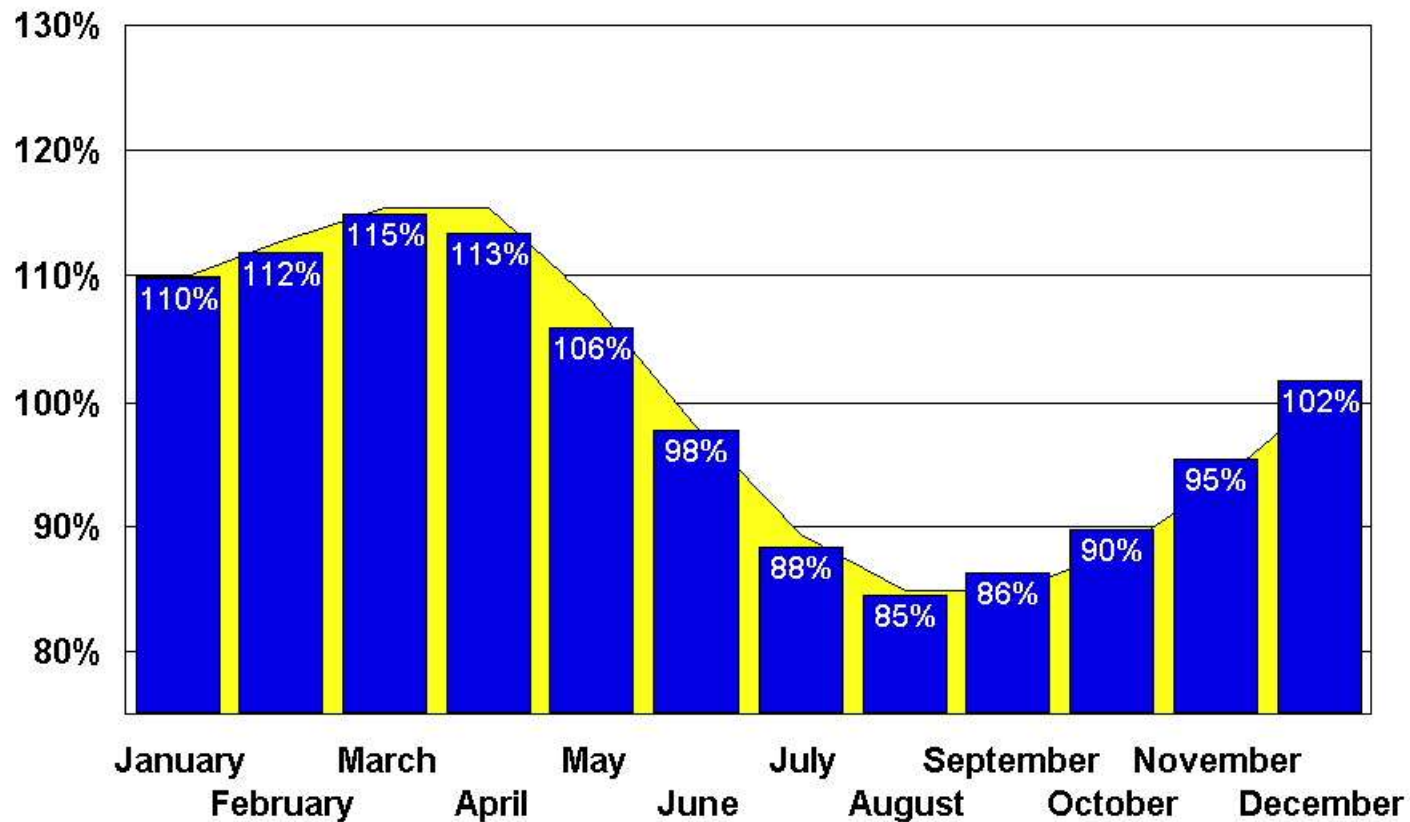
Alabama Daily Milk Production as a Percent of Annual Average 1995-1998



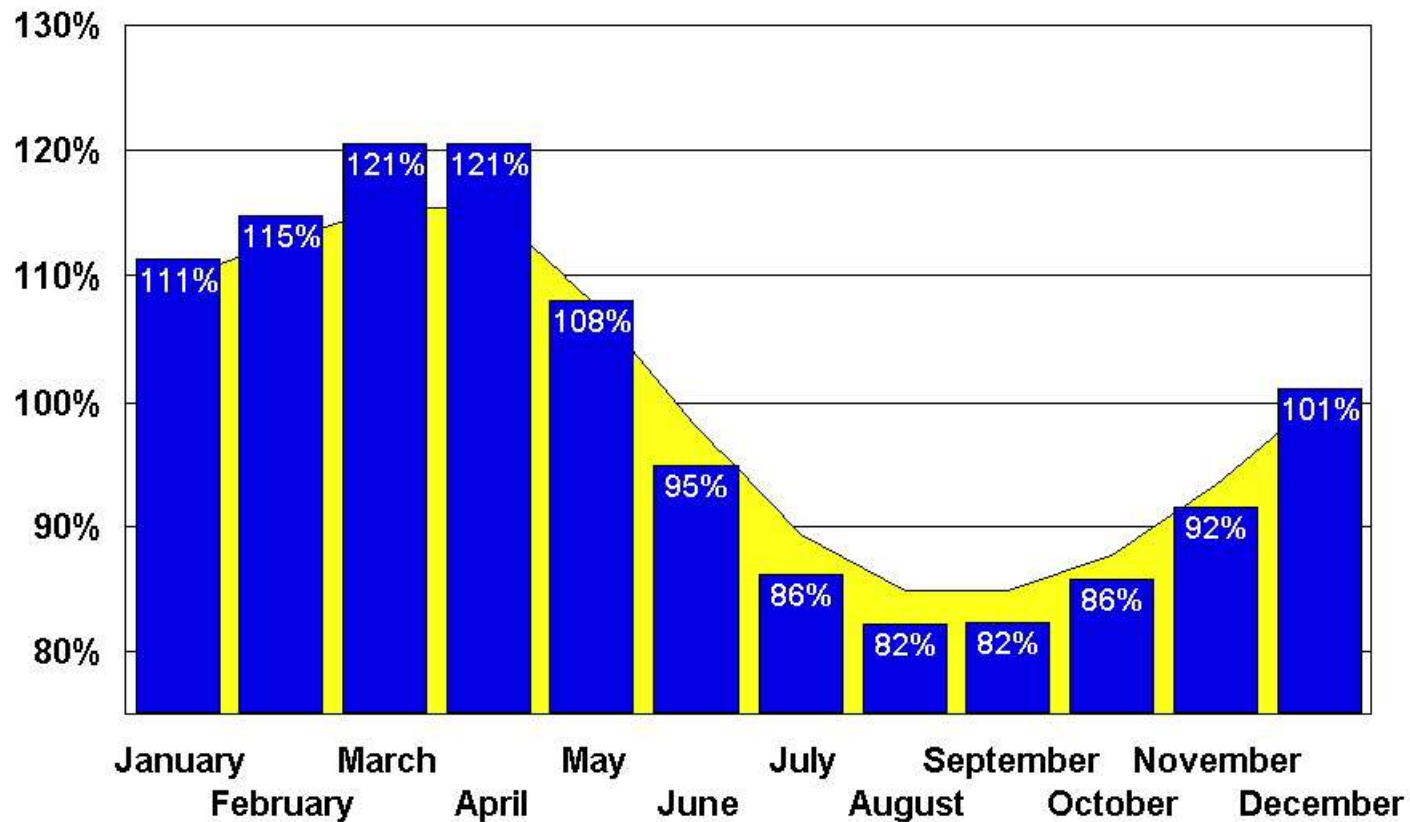
Florida Daily Milk Production as a Percent of Annual Average 1995-1998



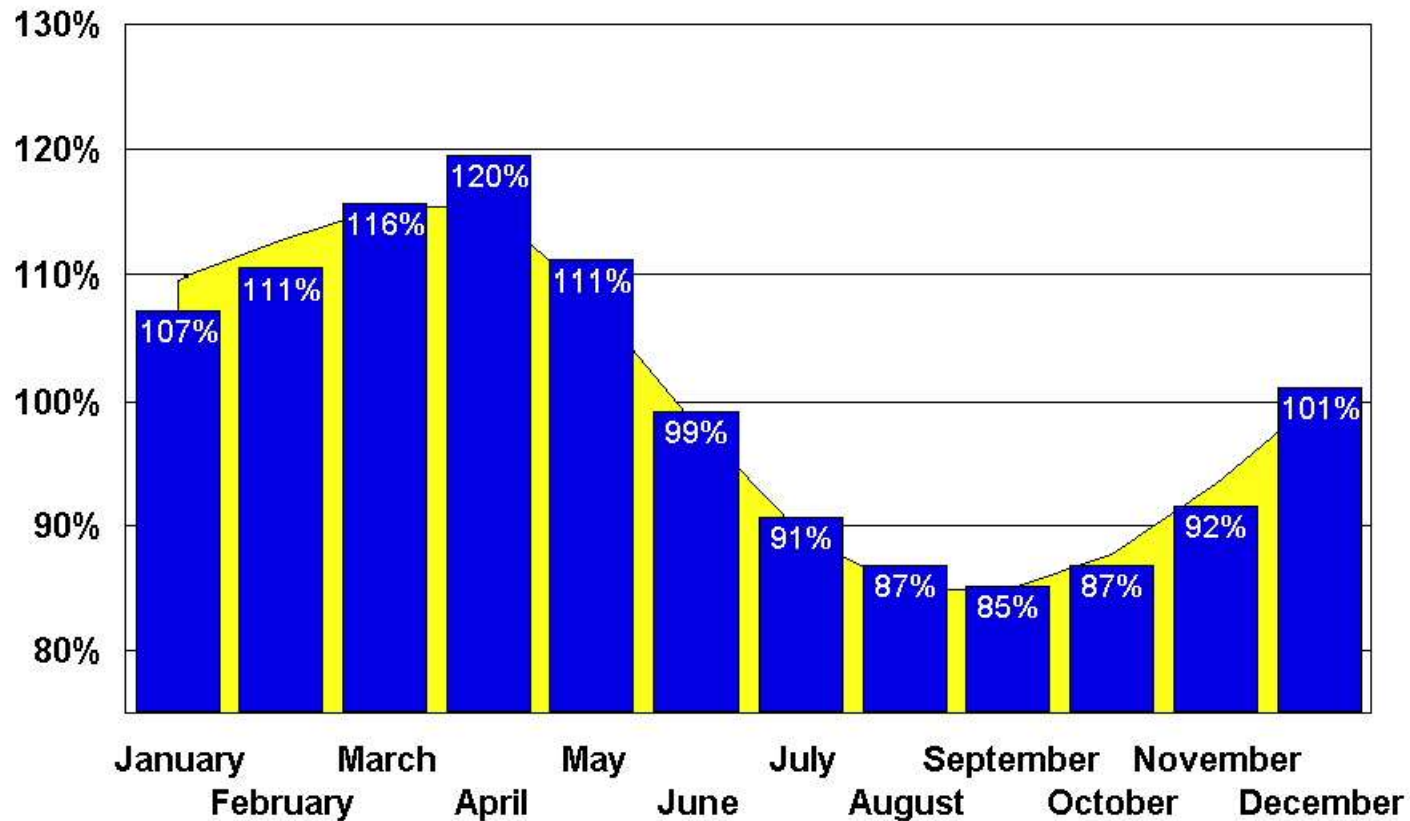
Georgia Daily Milk Production as a Percent of Annual Average 1995-1998



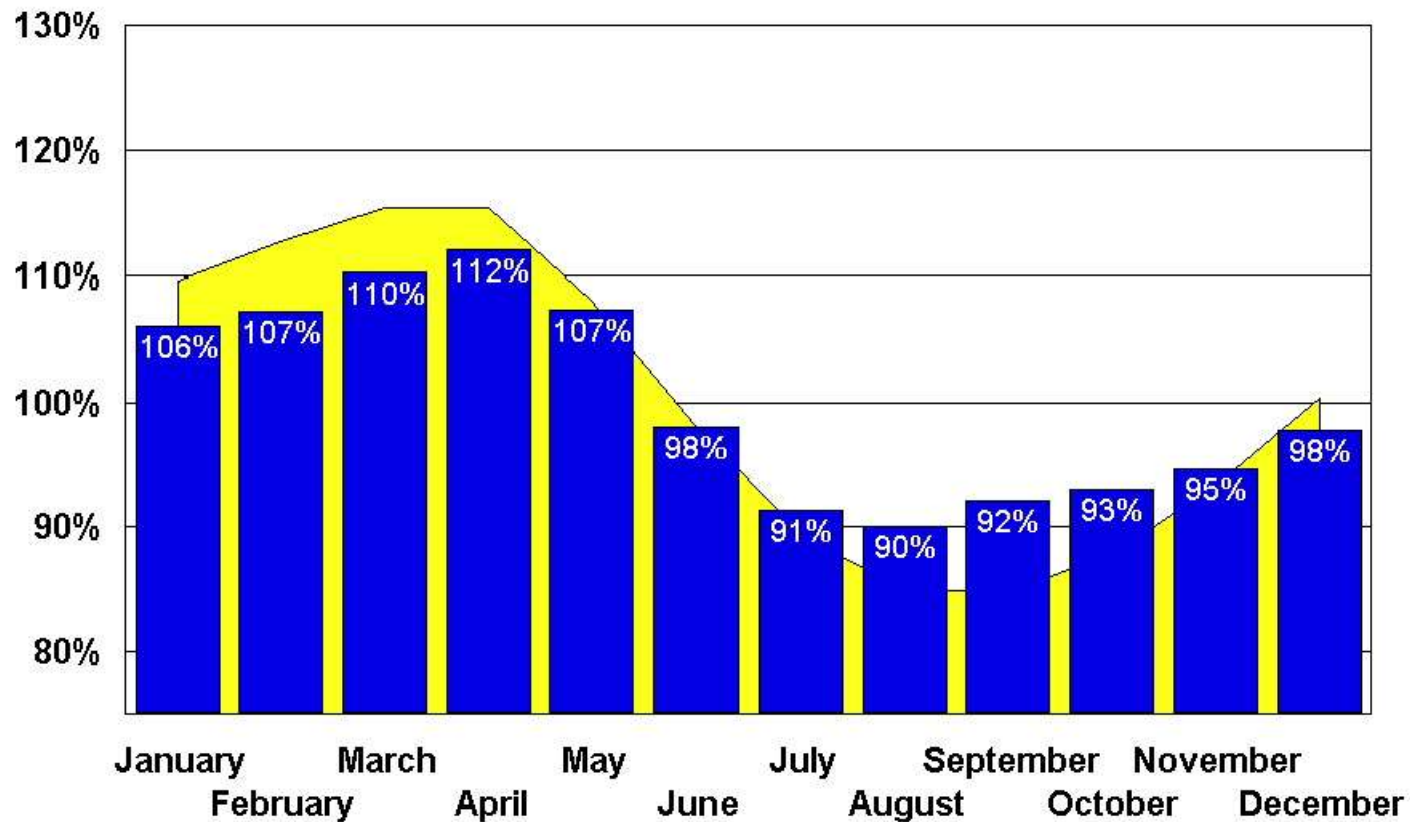
Louisiana Daily Milk Production as a Percent of Annual Average 1995-1998



Ark. / Miss. Daily Milk Production as a Percent of Annual Average 1995-1998



Tennessee Daily Milk Production as a Percent of Annual Average 1995-1998



Balancing Southeast Milk Markets

- Sales
 - ▶ Class I Sales
 - Schools
 - Seasonal Temperature
 - Holidays
 - Vacations
 - Less home cooking

Balancing Southeast Milk Markets

- Production
 - Feeding
 - Grass based Spring flush
 - Management Practices
 - Must manage cow comfort
 - Heat stress
 - Weather
 - Temperature
 - Humidity

Balancing Southeast Milk Markets

■ Implications

- ▶ Balancing plants and supplies become located farther away as production declines
 - Local plants close
- ▶ Powder is the cheapest way to balance from a cost standpoint
- ▶ It's hard to build a powder marketing program that generates margins (Least loser)
- ▶ We need plants that can handle large capacity over short time periods

Balancing Plant Locations for the Southeast



Southeast Hauling Credit

Federal Order 5

	1997			1998		
	Credit Pounds	Class I Pounds	Percent of Total	Credit Pounds	Class I Pounds	Percent of Total
July	19,007,748	184,659,806	10.3%	30,510,164	207,181,523	14.7%
August	27,298,864	176,223,336	15.5%	42,588,484	201,386,622	21.1%
September	28,998,951	184,474,267	15.7%	40,318,766	203,036,298	19.9%
October	29,866,813	205,182,481	14.6%	42,758,130	208,399,022	20.5%
November	26,575,885	181,546,520	14.6%	34,576,281	198,167,829	17.4%
December	18,654,844	203,804,951	9.2%	27,943,418	209,939,647	13.3%

Federal Order 46

	1997			1998		
	Credit Pounds	Class I Pounds	Percent of Total	Credit Pounds	Class I Pounds	Percent of Total
July	2,727,386	74,316,953	3.7%	7,135,075	88,864,246	8.0%
August	7,276,426	70,588,030	10.3%	10,734,386	82,431,187	13.0%
September	7,790,534	70,938,283	11.0%	12,446,163	81,963,743	15.2%
October	9,284,268	88,210,809	10.5%	12,508,804	84,052,362	14.9%
November	9,885,220	81,313,607	12.2%	10,477,761	81,482,641	12.9%
December	7,690,741	90,457,008	8.5%	5,852,548	90,207,158	6.5%

Southeast Hauling Credit

Federal Order 7

	1997			1998		
	Credit Pounds	Class I 000 Pounds	Percent of Total	Credit Pounds	Class I 000 Pounds	Percent of Total
July	60,532	378,277	16.0%	60,133	327,151	18.4%
August	75,318	385,734	19.5%	77,644	343,834	22.6%
September	56,620	377,477	15.0%	91,049	357,230	25.5%
October	68,956	409,143	16.9%	73,524	426,785	17.2%
November	61,773	387,210	16.0%	66,288	391,785	16.9%
December	47,992	406,518	11.8%	39,695	413,172	9.6%

Combined

	1997			1998		
	Credit Pounds	Class I 000 Pounds	Percent of Total	Credit Pounds	Class I 000 Pounds	Percent of Total
July	82,267,434	637,253,759	12.9%	97,777,939	622,996,769	15.7%
August	109,892,990	632,545,366	17.4%	130,867,170	627,651,809	20.9%
September	93,409,085	632,889,550	14.8%	143,813,929	642,230,041	22.4%
October	108,106,781	702,536,290	15.4%	128,790,934	719,236,384	17.9%
November	98,234,305	650,070,127	15.1%	111,342,042	671,435,470	16.6%
December	74,337,485	700,779,959	10.6%	73,490,966	713,318,805	10.3%

DFA Southeast Council Supplemental Milk Purchases

July	\$2.47	on	46,318,000 lbs.
Aug.	\$2.62	on	79,796,000 lbs.
Sept.	\$3.25	on	113,637,000 lbs.
Oct.	\$3.13	on	103,829,000 lbs.
Nov.	\$2.57	on	74,884,000 lbs.
Dec.	<u>\$2.00</u>	on	<u>39,158,000</u> lbs.
Avg/Tota	\$2.82	on	457,622,000 lbs.

I

Balancing Southeast Milk Markets

- Due to the seasonal nature of the balancing problem it is expensive to balance with cheese
- The nature of cheese processing requires a more qualified employee
 - ▶ More expensive to train and lose
- Less expensive methods of moving supplemental milk will be investigated
- Concentrated milk?

Southeastern Area Milk Production Deficit

