

# **State of the Florida Dairy Industry**

**Calvin Covington  
Southeast Milk, Inc.**



- **Milk Production**
- **Market**
- **Prices**
- **Outlook**



# MILK PRODUCTION

	<u>1993</u>	<u>2002</u>	<u>% Change</u>
<b>Florida</b>	<b>2,558</b>	<b>2,332</b>	<b>-9%</b>
<b>Southeast</b>	<b>16,264</b>	<b>13,422</b>	<b>-17%</b>
<b>U.S.</b>	<b>150,583</b>	<b>169,758</b>	<b>+13%</b>

## FLORIDA MILK PRODUCTION BY COUNTIES

	<u>% of total production</u>	<u>cumulative %</u>
<b>Okeechobee</b>	<b>20%</b>	<b>20%</b>
<b>Gilchrist</b>	<b>11%</b>	<b>30%</b>
<b>Lafayette</b>	<b>9%</b>	<b>39%</b>
<b>Levy</b>	<b>8%</b>	<b>47%</b>
<b>Hardee</b>	<b>6%</b>	<b>53%</b>
<b>Suwannee</b>	<b>6%</b>	<b>59%</b>
<b>Highlands</b>	<b>3%</b>	<b>62%</b>
<b>Marion</b>	<b>3%</b>	<b>65%</b>
<b>Pasco</b>	<b>3%</b>	<b>68%</b>
<b>Manatee</b>	<b>3%</b>	<b>71%</b>
<b>Hillsborough</b>	<b>3%</b>	<b>74%</b>
<b>Jefferson</b>	<b>3%</b>	<b>76%</b>
<b>Duval</b>	<b>3%</b>	<b>79%</b>
<b>Clay</b>	<b>3%</b>	<b>82%</b>
<b>Glades</b>	<b>2%</b>	<b>84%</b>

## MILK PRODUCTION SEASONALITY

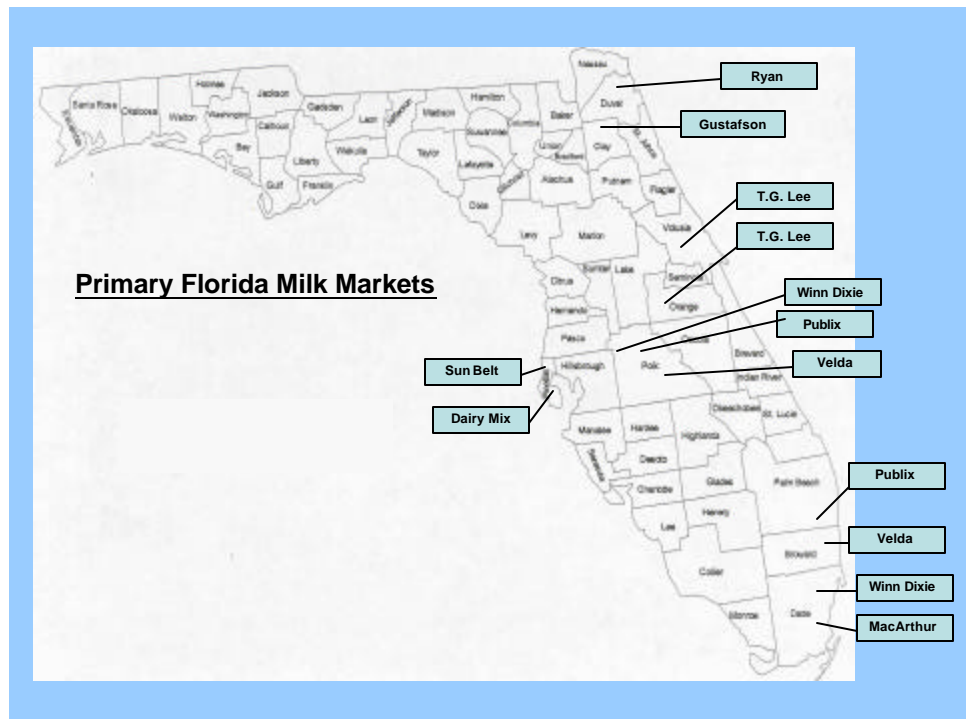
	<u>Florida</u>		<u>U.S.</u>	
	<u>1998</u>	<u>2002</u>	<u>1998</u>	<u>2002</u>
J	9%	9%	8%	8%
F	9%	9%	8%	8%
M	10%	10%	9%	9%
A	10%	9%	9%	9%
M	9%	9%	9%	9%
J	8%	9%	8%	8%
J	8%	8%	8%	8%
A	7%	8%	8%	8%
S	7%	7%	8%	8%
O	7%	7%	8%	8%
N	8%	7%	8%	8%
D	9%	8%	9%	8%

## MILK COWS

	<u>1993</u>	<u>2002</u>	<u>% Change</u>
Florida	178,000	150,000	-16%
U.S.	9,591,000	9,145,000	-5%

# MILK PER COW

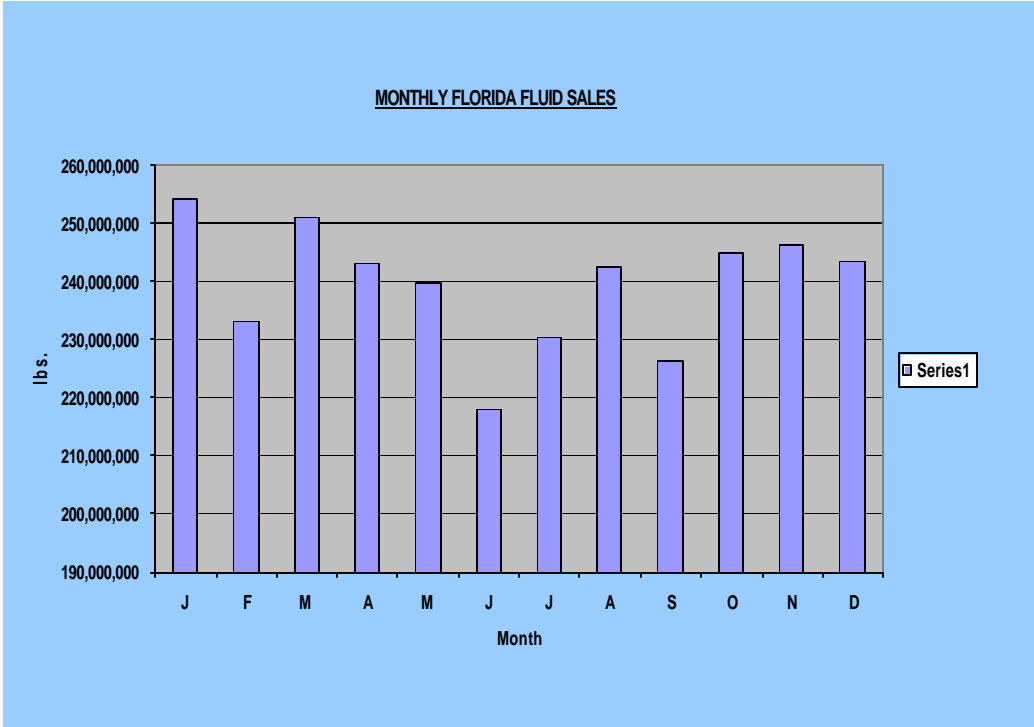
	<u>1993</u>	<u>2002</u>	<u>% Change</u>
<u>Florida</u>	14,371 lbs.	15,547 lbs.	+8%
<u>U.S.</u>	15,700 lbs.	18,571 lbs.	+18%
<u>Difference</u>	1,329	3,024	



# FLORIDA FEDERAL ORDER FLUID SALES

	<u>Total</u>	<u>Florida</u> <u>Processed</u>	<u>Out of State</u> <u>Processed</u>
	(million lbs.)		
<b>1997</b>	<b>2,693</b>	<b>2,505</b>	<b>187</b>
<b>2002</b>	<b>2,872</b>	<b>2,505</b>	<b>368</b>
<b>% Change</b>	<b>6.6%</b>	<b>0</b>	<b>97%</b>

Source: Federal Milk Market Administrator



## **PER CAPITA MILK PRODUCTION**

	<u>1997</u>	<u>2002</u>	<u>% Change</u>
		<u>LBS.</u>	
<b>Florida</b>	<b>168.7</b>	<b>139.5</b>	<b>-17%</b>
<b>U.S.</b>	<b>583.0</b>	<b>588.7</b>	<b>1%</b>

Source: Federal Milk Market Administrator

## **FLORIDA FARM MILK SALES** **GROSS CASH RECEIPTS**

<b>2001</b>	<b>\$428.5 million</b>
<b>2002</b>	<b>\$356.2 million</b>

Source: USDA

## USDA ALL MILK PRICES

	<u>Florida</u>	<u>U.S.</u>
1993	\$15.10	\$12.84
1994	\$15.60	\$13.01
1995	\$15.30	\$12.78
1996	\$18.00	\$14.75
1997	\$16.50	\$13.36
1998	\$18.20	\$15.46
1999	\$17.20	\$14.38
2000	\$15.60	\$12.40
2001	\$17.80	\$15.05
2002	\$15.30	\$12.19

Source: USDA

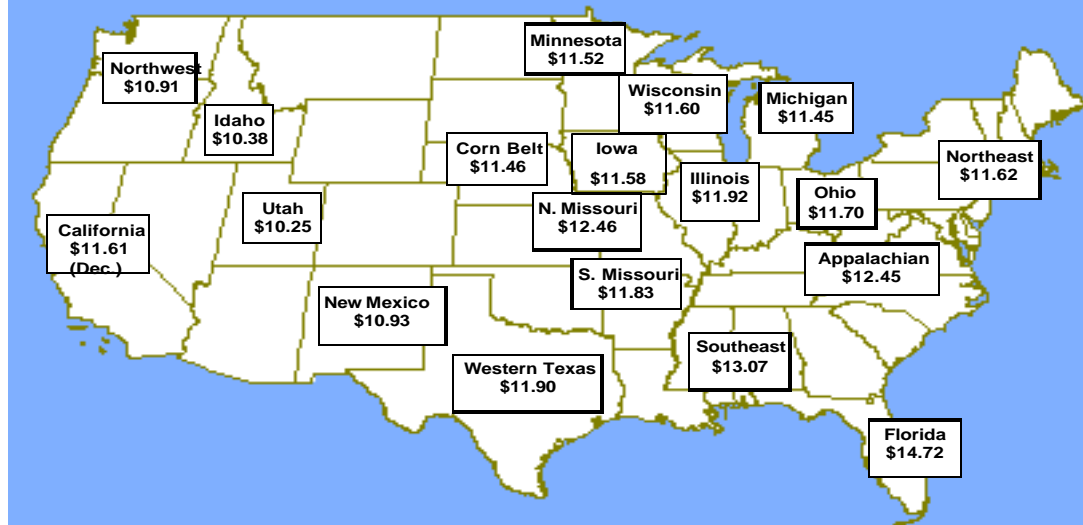
## 2003 AVERAGE MAILBOX PRICES COMPARED TO BLEND PRICE

<u>Area</u>	<u>Blend</u>	<u>Mailbox</u>	<u>Difference</u>
Florida	\$14.63	\$15.22	\$0.59
Appalachian	\$13.25	\$12.62	(\$0.63)
Southeast	\$13.05	\$13.19	\$0.14
Northeast	\$12.65	\$11.89	(\$0.76)
Mideast	\$11.58	\$11.83	\$0.25
Central	\$11.24	\$11.75	\$0.51
Upper Midwest	\$10.98	\$11.87	\$0.89
Southwest	\$12.39	\$11.47	(\$0.92)
West	\$11.09	\$10.74	(\$0.35)
California	\$10.96	\$10.98	\$0.02
All market average	\$11.91	\$11.91	

Source: Hoard's Dairyman



## JANUARY 2003 MAILBOX PRICES



## FLORIDA DAIRY INDUSTRY FACTS

1. Produced 2.3 billion lbs. of milk in 2002. 16<sup>th</sup> in nation in milk production. Largest milk producing state east of Texas and South of Mason-Dixon line.
2. 205 commercial dairy farms – July 2002. 34<sup>th</sup> in nation.
3. 150,000 cows as of December 31, 2002.
4. Average herd size about 725 cows.
5. Average production per cow 15, 547 lbs. 36<sup>th</sup> in nation.
6. Five Florida counties produce over 50% of the state's milk.
7. Gross farm cash receipts \$356.2 million in 2002. 14<sup>th</sup> in nation.
8. 2002 average mailbox price \$15.22 per cwt. Highest in the nation. Lowest since 1993.

## **DAIRY PRODUCT DISAPPEARANCE VS. MILK SUPPLY**

### **DAIRY PRODUCT DISAPPEARANCE VS. MILK SUPPLY**

(Percent Change From Previous Year)

	<u>Supply</u>	<u>Disappearance</u>
1995	1.00	3.00
1996	(1.10)	(0.20)
1997	1.90	1.10
1998	2.10	2.40
1999	3.50	3.10
2000	2.90	2.30
2001	0.20	0.50
2002	2.20	0.50

Source: Dairy Market News - Various issues

## **MILK PRICE OUTLOOK**

- **Milk Supply?**
- **Cow Numbers?**
- **Demand?**
- **Supply Management?**
- **My Forecast?**

# **FLORIDA DAIRY INDUSTRY**

## **LONG-TERM**

- **Cost of production including environmental costs**
- **Market**
- **Farm price = Milk price in surplus area plus transportation.**
- **Dairy Policy – Price Improvement**
  - **Decouple Class I Prices**
  - **Class I Base Plan**