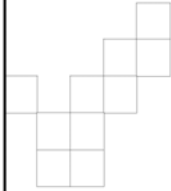


# Supply of Milk to Southeast Markets

**Calvin Covington**  
 Southeast Milk, Inc.  
 Belleview, FL



**Supply of Milk to  
 Southeast Markets**

Florida Dairy Production  
 Conference  
 May 2, 2006  
 Calvin Covington  
 Southeast Milk, Inc.

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**Outline**

1. Overview of Southeast Milk Production.
2. Florida Market – Milk Demand and Supply.
3. Suggestions on meeting the demand for milk in the Florida market.

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
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**SE Milk Production 1980-2005**

	1980 (million lbs.) % of total		2005 (million lbs.) % of total	
AL	600	4%	224	2%
FL	2,028	13%	2,271	20%
GA	1,367	9%	1,398	13%
KY	2,219	14%	1,371	12%
MD	1,520	10%	1,161	10%
MS	817	5%	381	3%
NC	1,631	11%	1,005	9%
SC	537	4%	290	3%
TN	2,241	15%	1,102	10%
VA	1,999	13%	1,784	16%
WV	350	2%	194	2%
<b>Total</b>	<b>15,309</b>	<b>12%</b>	<b>11,181</b>	<b>6%</b>
US	128,425		176,989	

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### Southeast Dairy Cows 1980-2005

	1980 (1,000 head)		2005 (1,000 head)	
AL	68		16	
FL	187		137	
GA	130		81	
KY	242		106	
MD	123		72	
MS	98		25	
NC	134		54	
SC	48		18	
TN	214		70	
VA	171		105	
WV	37		13	
Total	1,452	13%	697	8%
US	10,814		9,041	

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### Number of Dairy Farms

	1992	2000	2005	% change 2005 vs. 1992	% change 2005 vs. 2000
Southeast	11,010	6,597	4,940	-55%	-25%
Florida	288	231	180	-38%	-22%
Georgia	593	404	320	-46%	-21%
U.S.	131,509	82,937	64,555	-51%	-22%

Source: Hoard's Dairyman

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### Observations – SE Milk Supply

- 1980 – 2005 SE milk production declined 27% while U.S. milk production increased 38%.
- Florida and Georgia only two SE states that increased milk production.
- Florida and Georgia share of SE milk production increased from 22 to 33%.

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## Observations – SE Milk Supply

- From 1980-2005 SE milk per cow increased 5,500 lbs. while national milk per cow increased 7,700 lbs.
- Decline in dairy farm numbers in SE not much different than national average.
- Average SE herd size from 1980-2005, no change – 141 cows. U.S. average increased from 82 to 131 cows.

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## Florida Fluid Milk Demand

	Packaged Sales	Produced in Florida
	(billion lbs.)	
2000	2.81	2.57
2001	2.83	2.56
2002	2.87	2.50
2003	2.88	2.50
2004	2.94	2.54
2005	2.98	2.62
2006	3.00	2.64
2007	3.03	2.67
2008	3.05	2.68
2009	3.07	2.70
2010	3.09	2.72

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## Raw Milk Needed to Meet Demand

	Milk Demand	Milk Needed
	(billion lbs.)	
2006	2.64	3.11
2007	2.67	3.14
2008	2.68	3.15
2009	2.70	3.18
2010	2.72	3.20

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## Milk Needed by Quarter

	Total	1st. Qtr.	2nd. Qtr.	3rd. Qtr.	4th. Qtr.
		25.8%	24.3%	24.9%	25.0%
	(billion lbs.)				
2006	3.11	0.80	0.76	0.77	0.78
2007	3.14	0.81	0.76	0.78	0.79
2008	3.15	0.81	0.77	0.78	0.79
2009	3.18	0.82	0.77	0.79	0.80
2010	3.20	0.83	0.78	0.80	0.80

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## Milk Supply for Florida Market

	Florida	Georgia	Total (Ga. 60%)
	(billion lbs.)		
2000	2,463	1,433	
2001	2,411	1,433	
2002	2,308	1,470	
2003	2,161	1,444	
2004	2,253	1,416	
2005	2,271	1,398	
2006	2,243	1,392	3,078
2007	2,215	1,387	3,047
2008	2,187	1,381	3,016
2009	2,160	1,376	2,985
2010	2,133	1,370	2,955

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## Milk Supply by Quarter

	Total	1st. Qtr.	2nd. Qtr.	3rd. Qtr.	4th. Qtr.
		28.3%	27.8%	21.7%	22.2%
	(billion lbs.)				
2006	3.08	0.87	0.86	0.67	0.68
2007	3.05	0.86	0.85	0.66	0.68
2008	3.02	0.85	0.84	0.66	0.67
2009	2.99	0.85	0.83	0.65	0.66
2010	2.96	0.84	0.82	0.64	0.66

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## Milk Supply-Demand

Total	First Qtr.	Second Qtr.	Third Qtr.	Fourth Qtr.	
(million lbs.)					
2006	-30	70	101	-106	-95
2007	-90	53	86	-120	-109
2008	-130	42	75	-129	-119
2009	-190	26	59	-143	-133
2010	-240	12	46	-154	-144

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## Observations – Supply and Demand 2006-2010

- Milk supply for Florida market continue decline annually: 1.25% FL and 0.4 % GA
- Milk demand in Florida market increase annually: 0.75%

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## Observations – Supply and Demand 2006-2010

- Supply continue to exceed demand first and second quarters of each year.
- Demand continue to exceed supply last two quarters of each year from a deficit of 201 million lbs. in 2006 to 298 million lbs. in 2010.

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### Calvin's Suggestions for Better Supplying the Florida Market

1. New method to calculate the Class I milk price – less volatility and more stability in milk prices. Take out the “low” lows.
2. Base and seasonal production plan.
3. Attract new dairy farms and expansion of current farms.
4. More milk per cow when the market needs it.
5. Expand the Florida milk shed.

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