

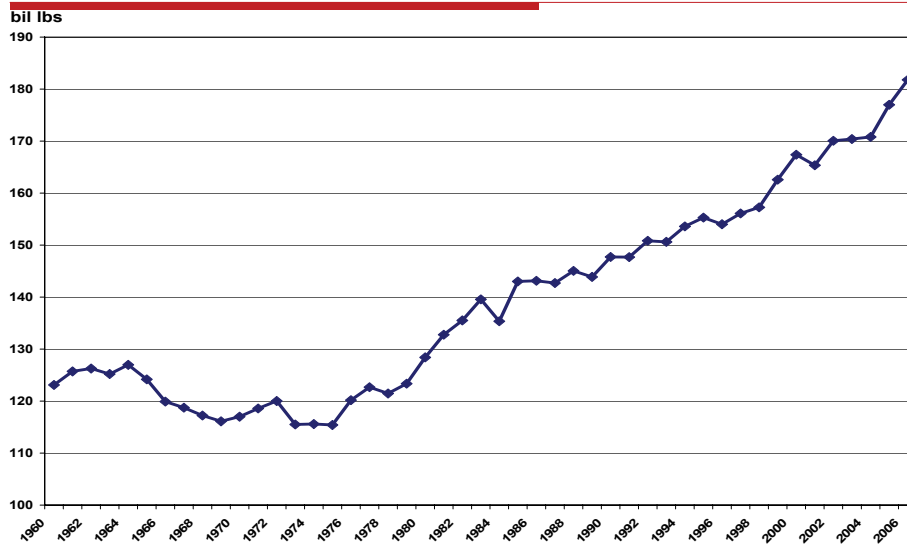


Extension Livestock Outlook: Dairy and Trade

Bob Yonkers
Chief Economist
International Dairy Foods Association



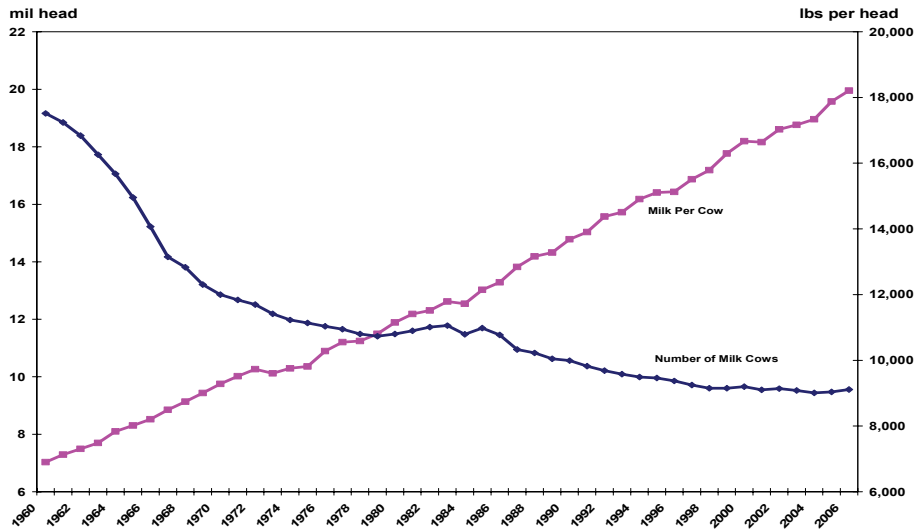
Total U.S. Milk Production: 50% increase in 30 years



Source: USDA, NASS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 2

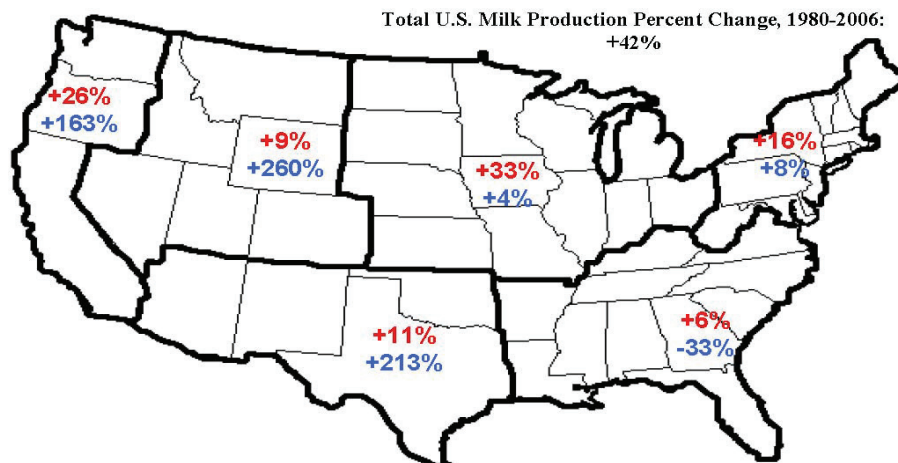
Increase in Output per Cow More Than Offset Declining Number of Milk Cows



Source: USDA, NASS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 3

Farm Milk is produced in every state, but most of the growth in milk production is occurring in the West.



Red: Share of U.S. Milk Production, 2006

Blue: Percent Change Milk Production, 1980-2006

Source: USDA, NASS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 4



Top Ten Milk Producing States

		2006 Prod. (bil lbs)	1975 Rank
1	California	38.8	2
2	Wisconsin	23.4	1
3	New York	12.0	3
4	Idaho	10.9	19
5	Pennsylvania	10.7	5
6	Minnesota	8.4	4
7	New Mexico	7.6	42
8	Texas	7.2	8
9	Michigan	7.1	6
10	Washington	5.5	11

Source: USDA, NASS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 5



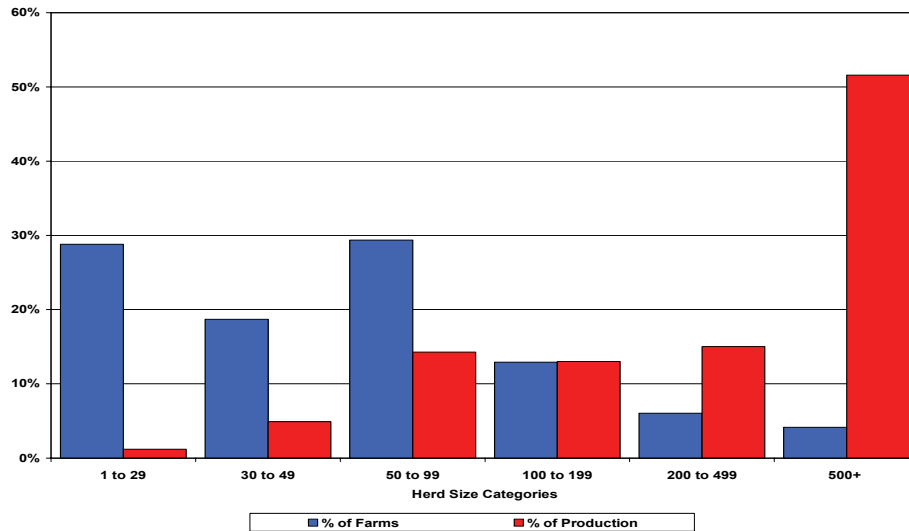
Ten Fastest Growing Dairy States, percent change 1980 - 2006

New Mexico	1,169%
Idaho	460%
Arizona	284%
Colorado	197%
California	186%
Nevada	154%
Texas	97%
Oregon	92%
Washington	86%
Kansas	76%

Source: USDA, NASS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 6

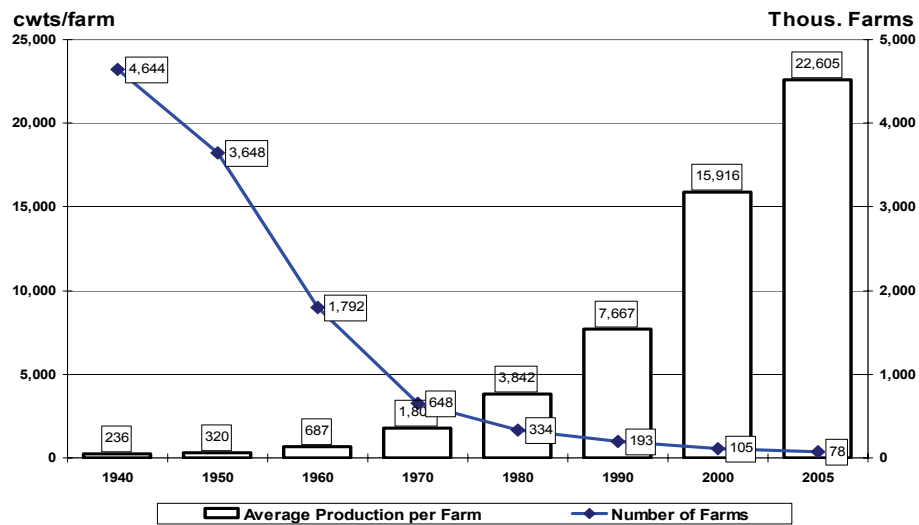
More than 50% of U.S. Milk Production Comes from the 4% of Herds with 500+ Cows



Source: USDA, NASS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 7

Since 1980, the average milk production per farm increased 488% while the number of operations with milk cows in the U.S. has declined by 77%

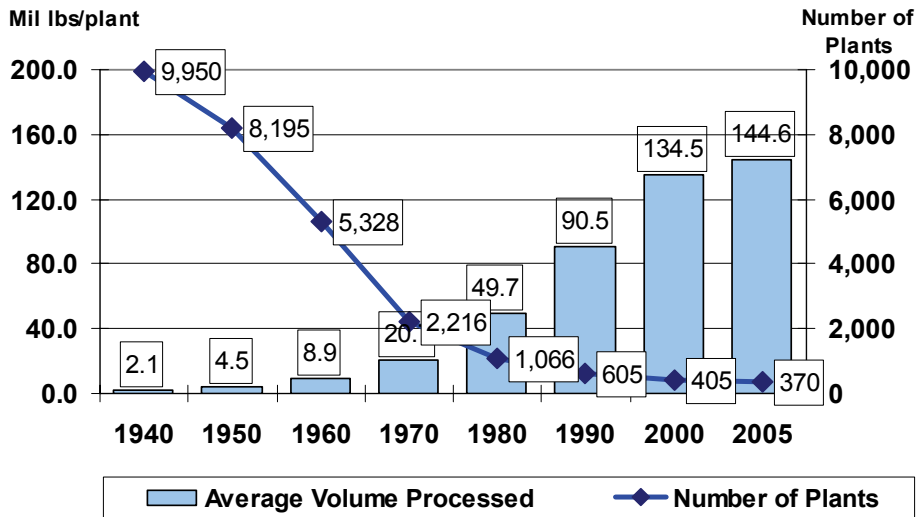


Source: USDA, NASS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 8



Number of Fluid Milk Plants and Annual Average Volume per Plant, 1940-Present

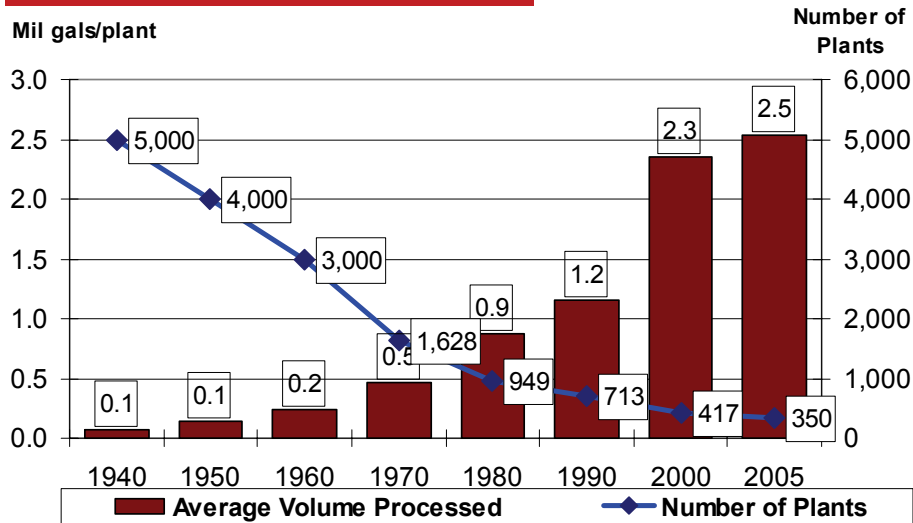


Source: USDA, NASS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 9



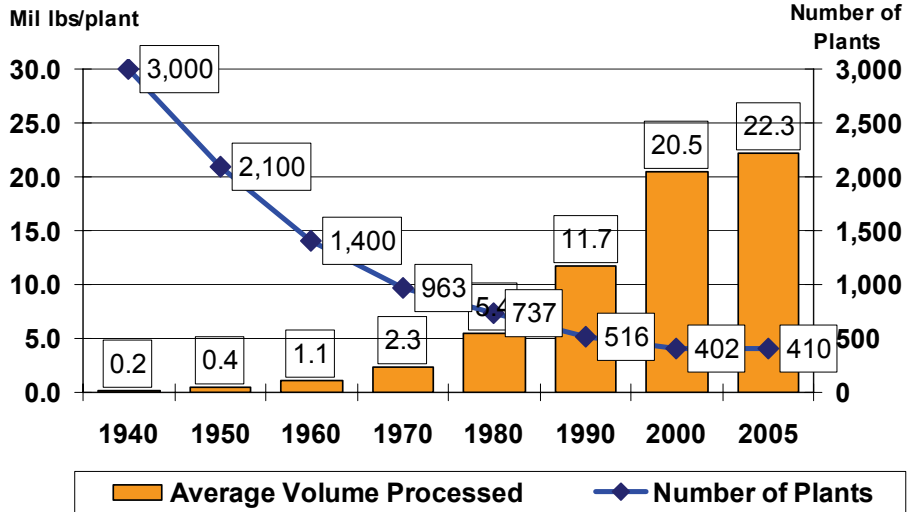
Number of Ice Cream Plants and Annual Average Volume per Plant, 1940-Present



Source: USDA, NASS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 10

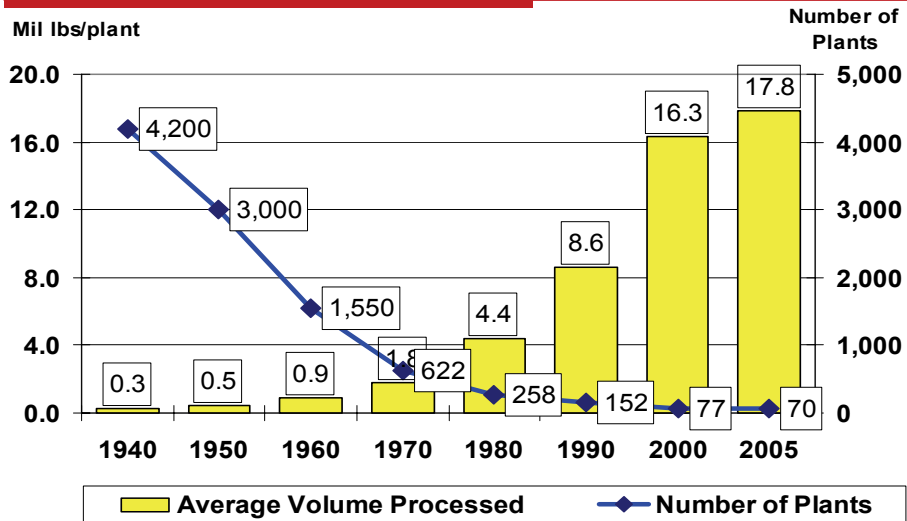
Number of Cheese Plants and Annual Average Volume per Plant, 1940-Present



Source: USDA, NASS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 11

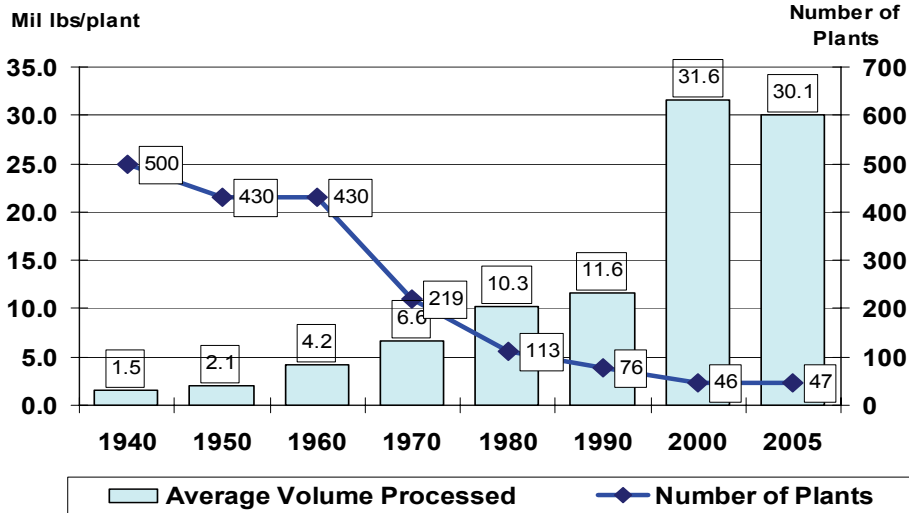
Number of Butter Plants and Annual Average Volume per Plant, 1940-Present



Source: USDA, NASS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 12

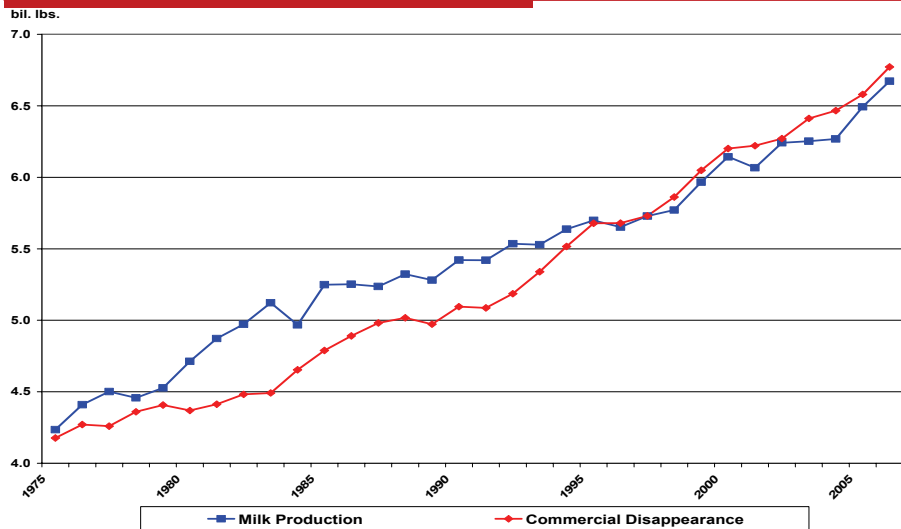
Number of NFDM Plants and Annual Average Volume per Plant, 1940-Present



Source: USDA, NASS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 13

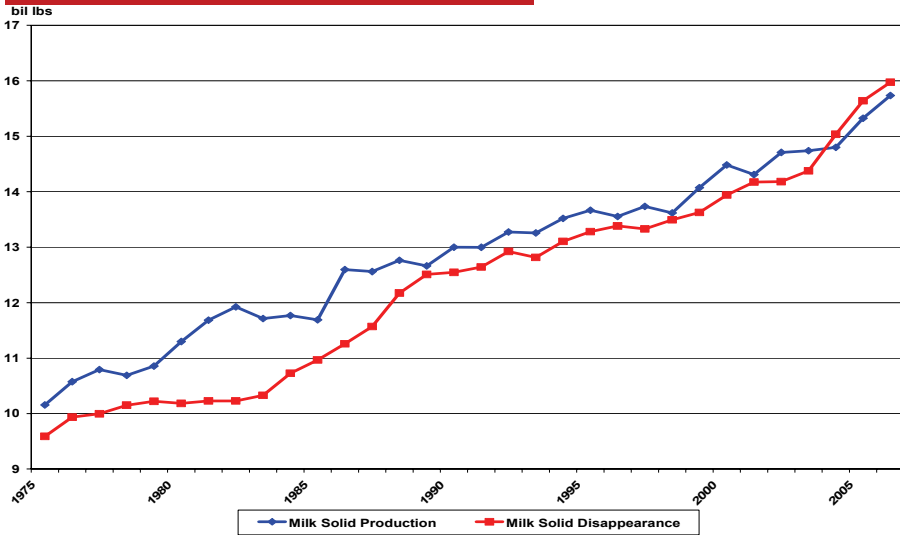
U.S. Farm Production and Commercial Use of Milkfat



Source: USDA, ERS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 14

U.S. Farm Production and Commercial Use of Solids Nonfat



Source: USDA, ERS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 15

Accounting for 2006 Component Use

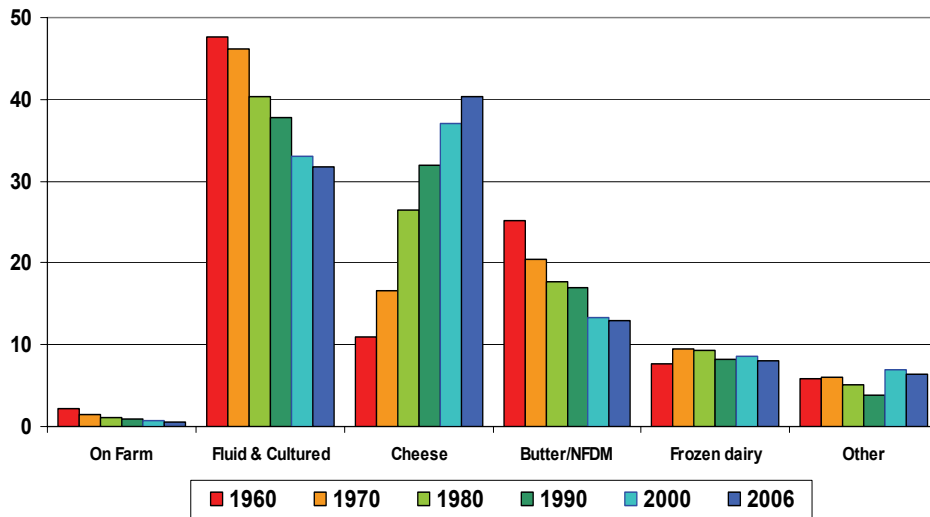


	Milkfat	Skim Solids	Total
Supply	Million pounds		
Farm Marketings	6,662	15,642	22,304
Beginning Stocks	294	769	1,063
Imports	167	408	575
Total Supply	7,123	16,819	23,942
Use			
Ending Stocks	351	785	1,136
USDA Net Removals	0	62	62
Comm. Disappearance	6,772	15,972	22,744

Source: USDA, ERS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 16

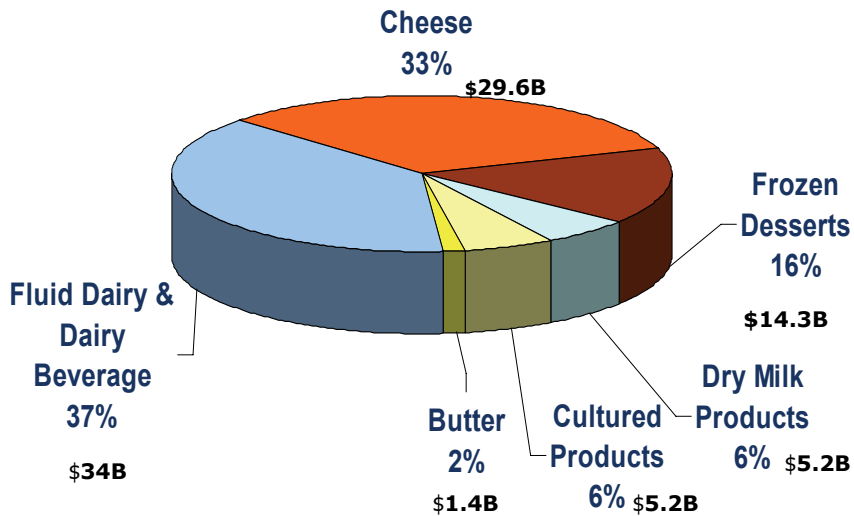
Percent of U.S. Milk Production by Product End Use Category



Source: USDA, NASS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 17

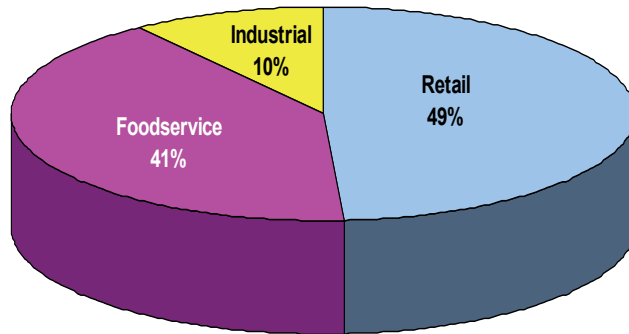
Estimated \$90 Bil. Retail Value for the U.S. Dairy Industry



Source: IDFA estimates

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 18

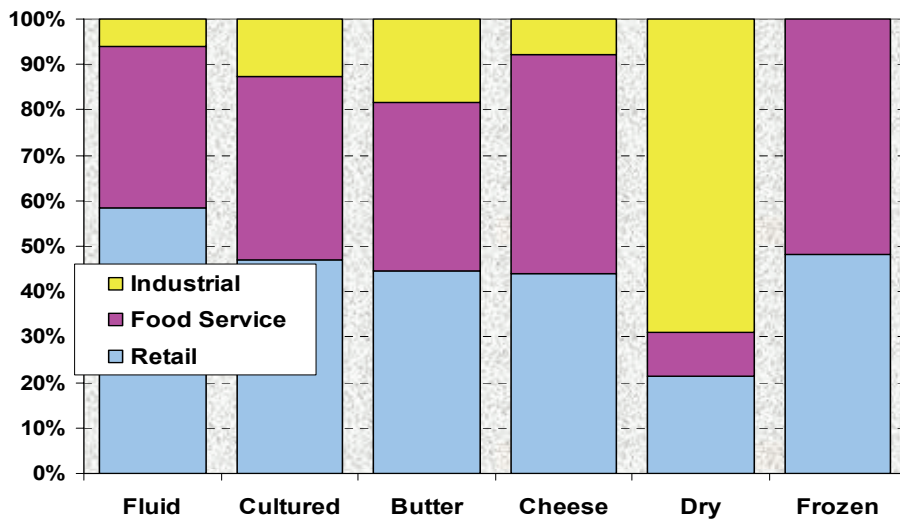
Estimated Dairy Market Value Shares by Channel



Source: IDFA estimates

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 19

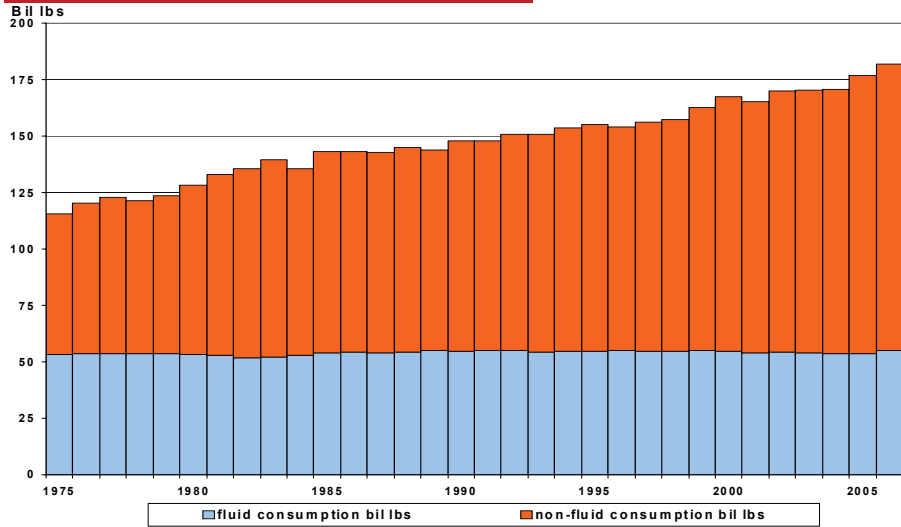
Market Value Shares by Dairy Product



Source: IDFA estimates

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 20

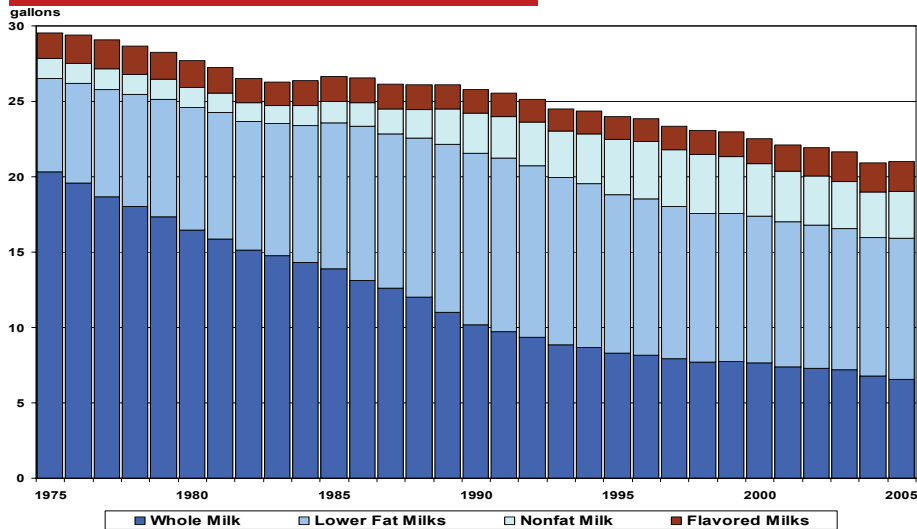
Milk Production Continues to Grow While Fluid Use Does Not



Source: USDA, NASS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 21

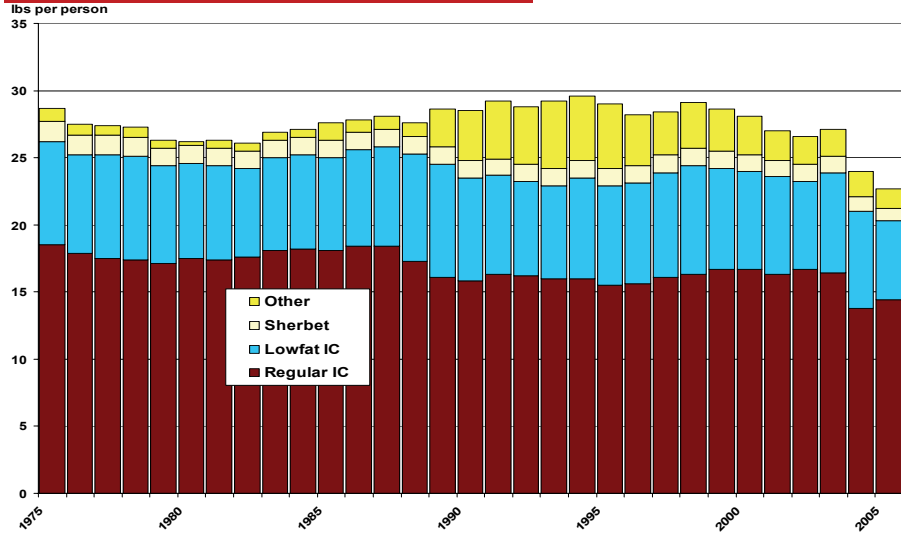
Per Capita Consumption of Fluid Milks in Long Term Decline



Source: USDA, ERS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 22

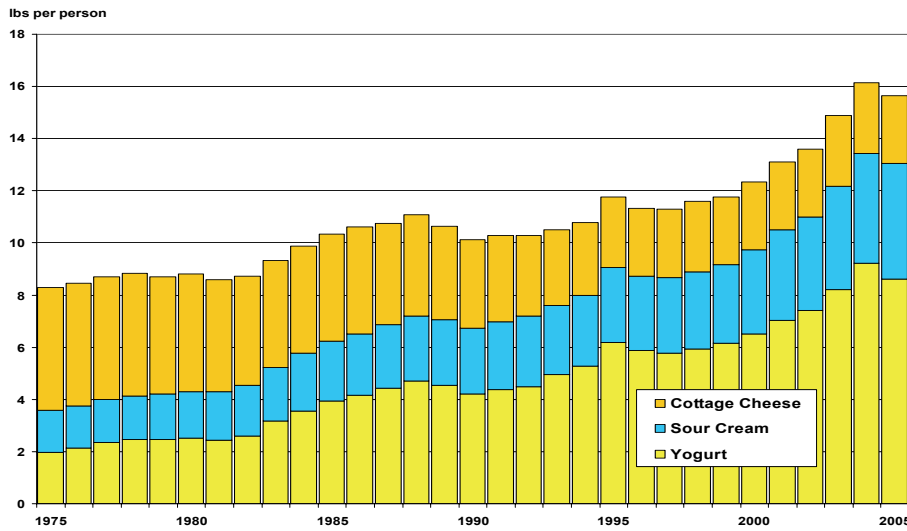
Per Capita Consumption of Frozen Dairy Products – Uneven Trend



Source: USDA, ERS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 23

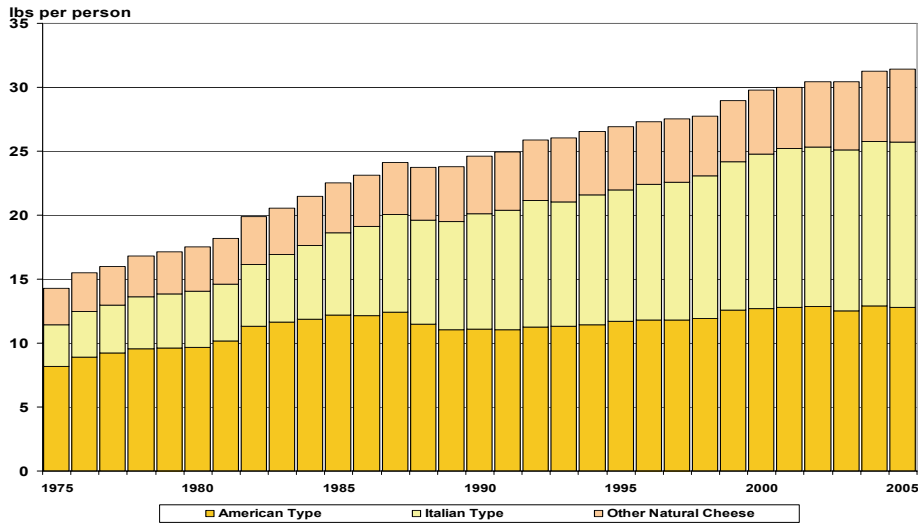
Thanks To Yogurt, Per Capita Consumption of Cultured Products Up



Source: USDA, ERS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 24

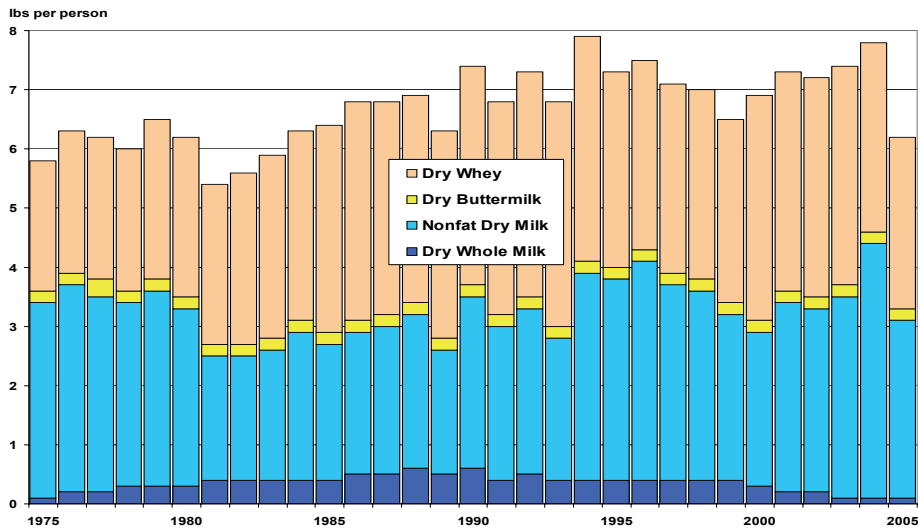
Per Capita Cheese Consumption Growing, Mostly for Non-American Types



Source: USDA, ERS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 25

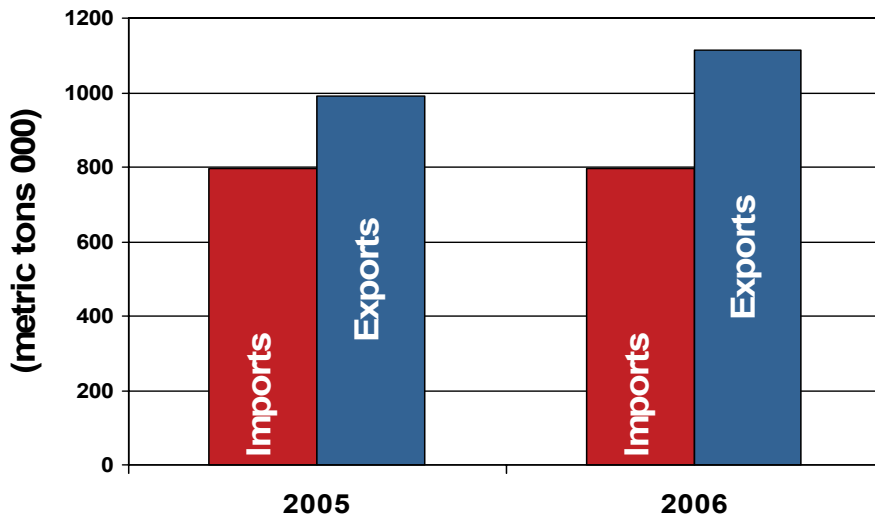
Per Capita Consumption of Dry Products – Uneven Trend



Source: USDA, ERS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 26

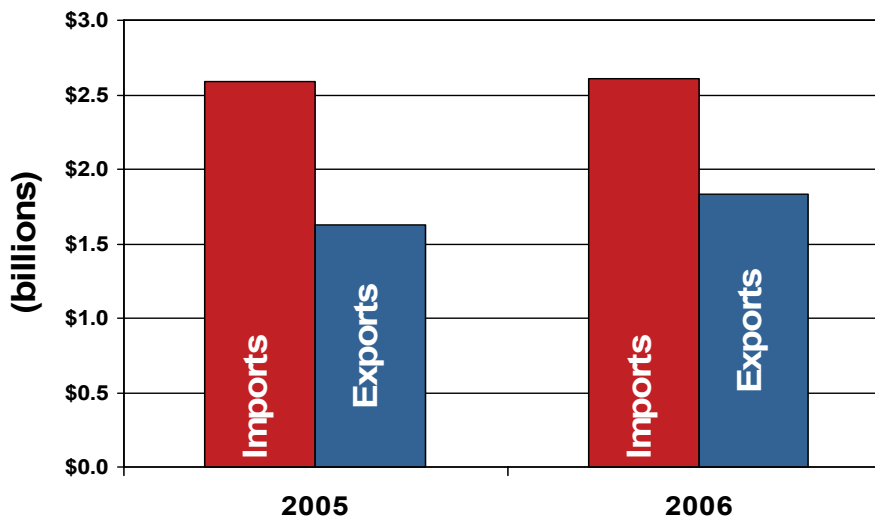
U.S. Dairy Imports and Exports by Quantity



Source: USDA, FAS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 27

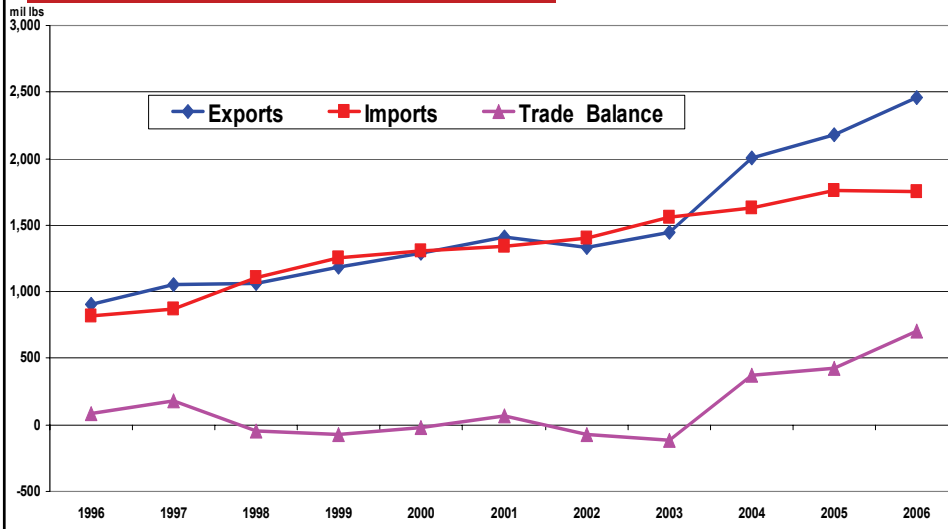
U.S. Dairy Imports and Exports by Product Value



Source: USDA, FAS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 28

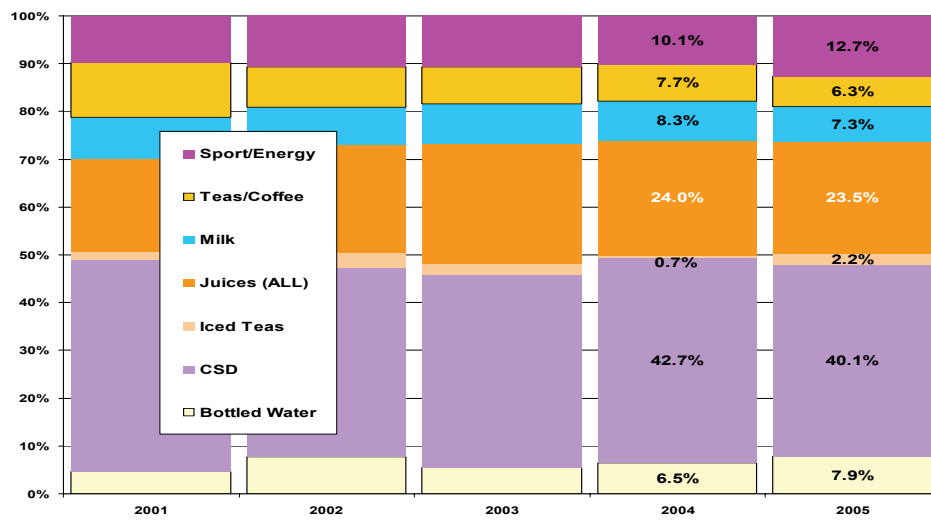
US Dairy Exports, Imports and Dairy Trade Balance (volume)



Source: USDA, FAS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 29

Share of Advertising Voice – All Beverages

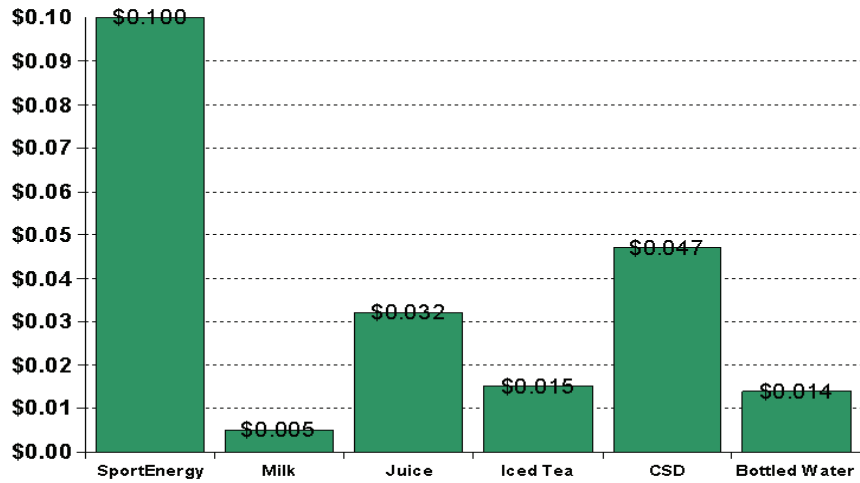


Source: Information Resources, Inc.

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 30



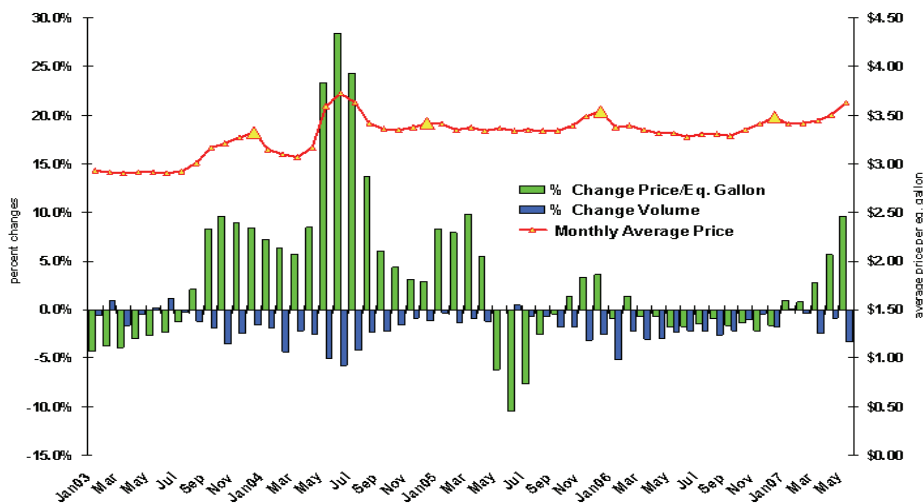
Retail Advertising Spending per Gallon



Source: Ad Spending from Nielsen Advviews courtesy of Lowe Worldwide and Total volume estimates from Beverage Marketing Corp. AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 31



Retail Milk Price and Volume Changes

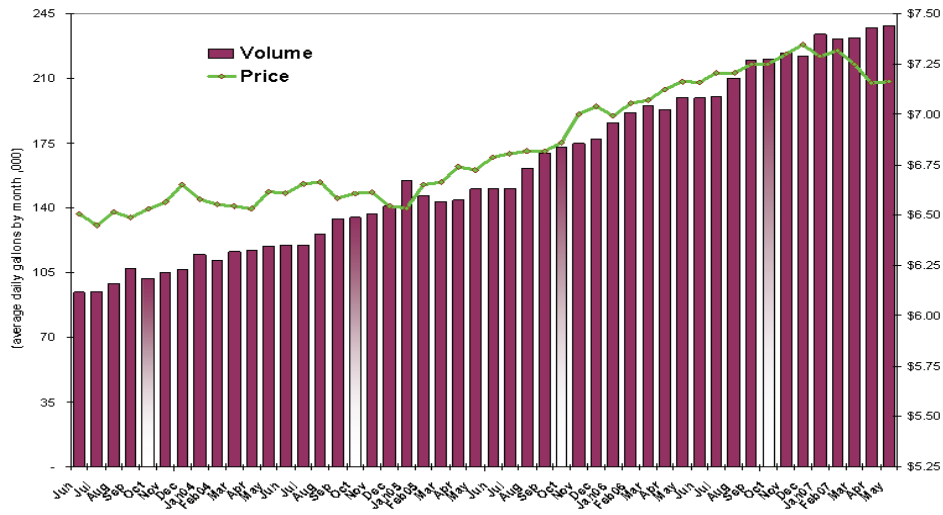


Data Source: Information Resources, Inc.

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 32



Retail Volume and Price of Organic Milk



Source: Information Resources, Inc.

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 33



Consumer Perceptions of "Organic"

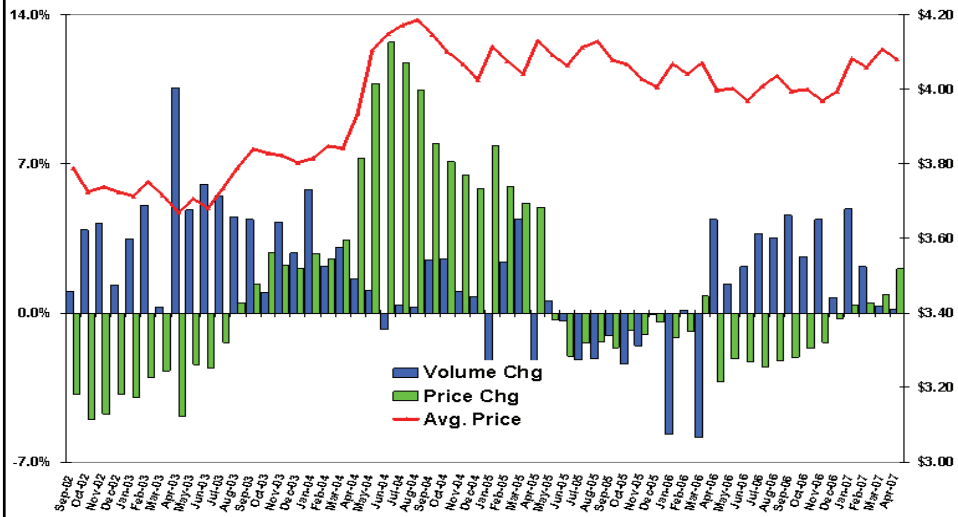


Source: Milk PEP

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 34



Retail Cheese Price and Volume Changes

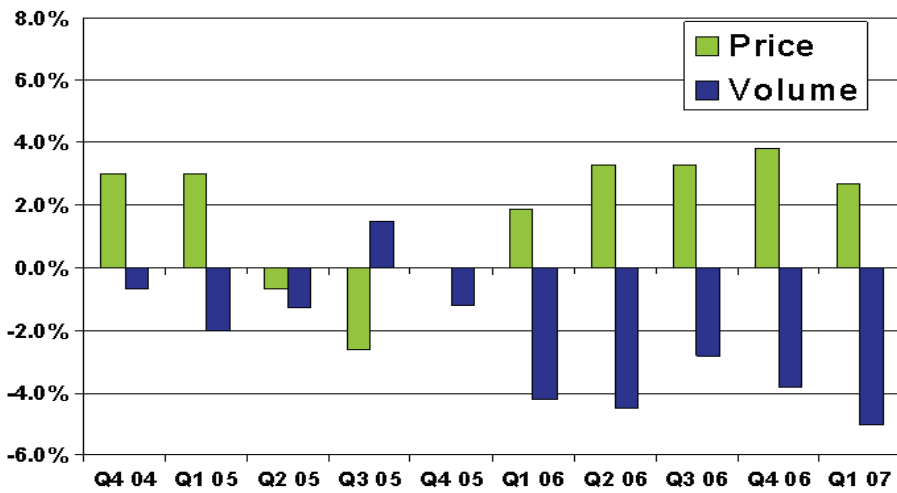


Source: IDFA Cheese Market Research Project

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 35



Retail Ice Cream Price and Volume Changes

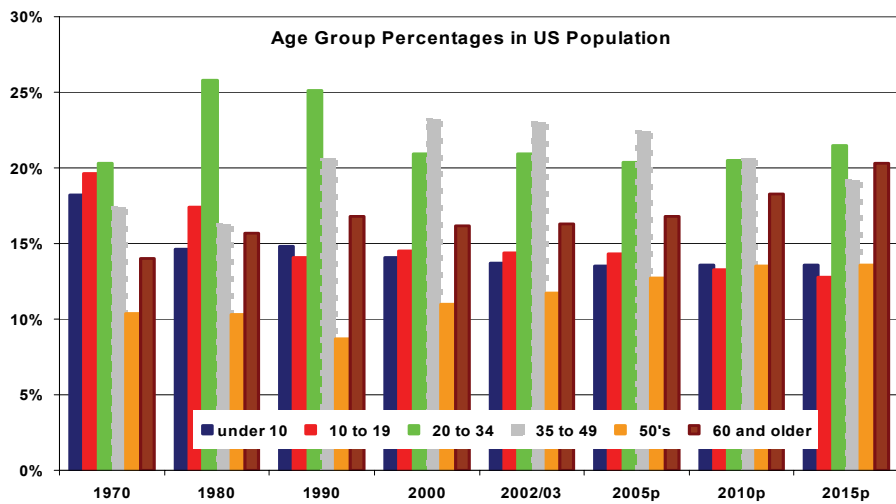


Source: IDFA Cultured and Ice Cream Products report

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 36



Age Group Shares of Population

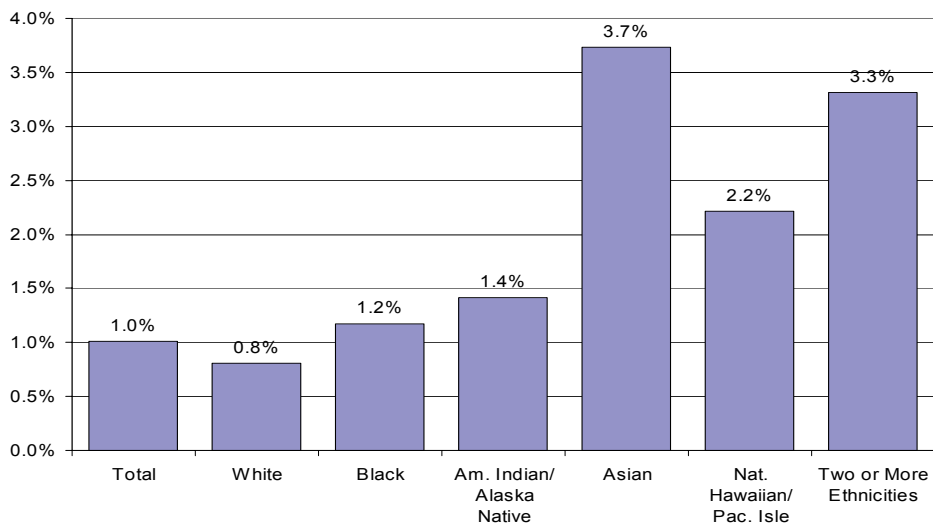


Source: US Bureau of Census

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 37



Population Growth by Ethnicity

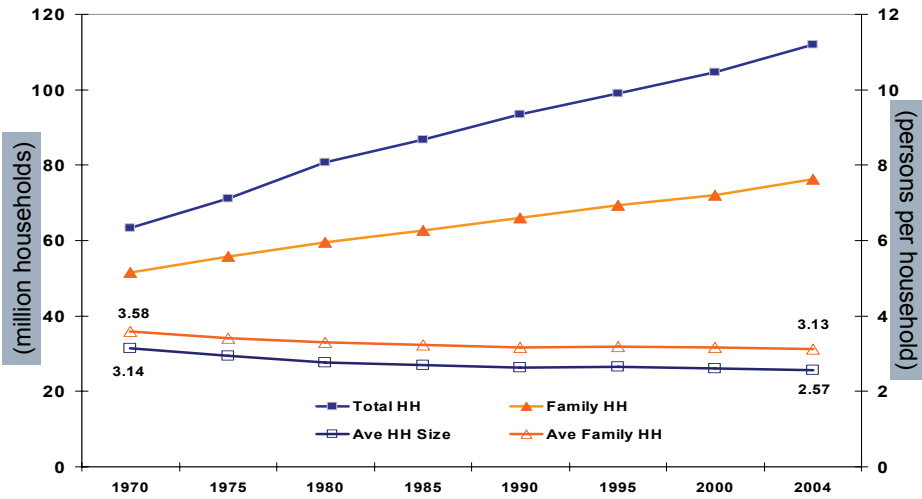


Source: US Bureau of Census

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 38



Household and Family Size Changes

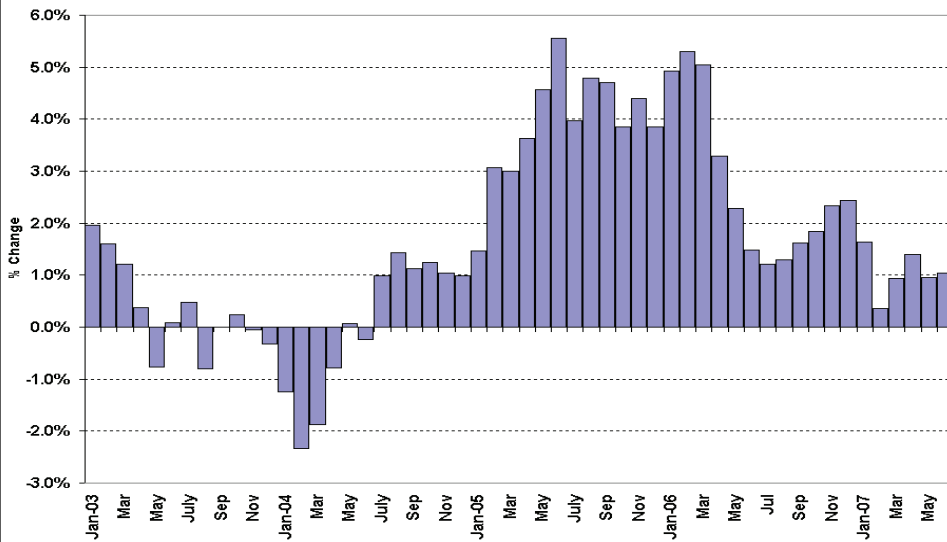


Source: US Bureau of Census

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 39



Changes in Monthly Milk Production

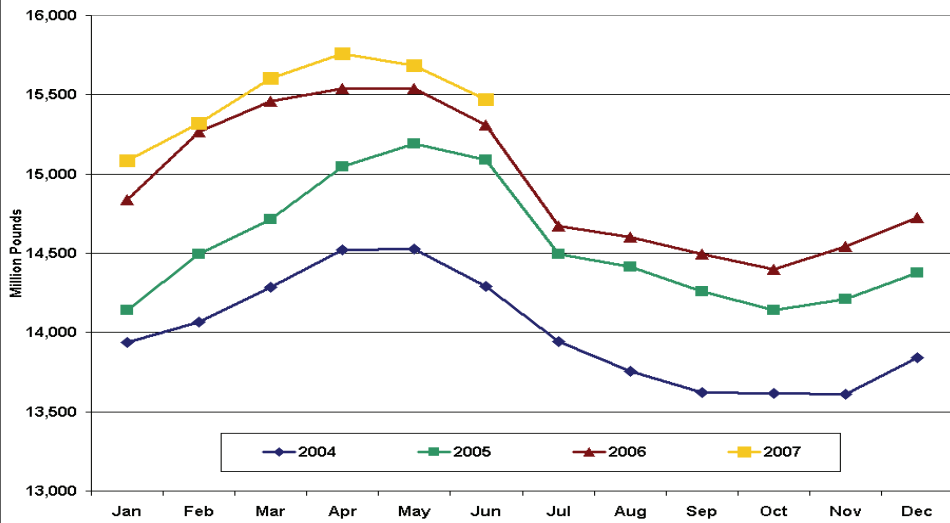


Source: USDA, NASS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 40



Monthly Total US Milk Production

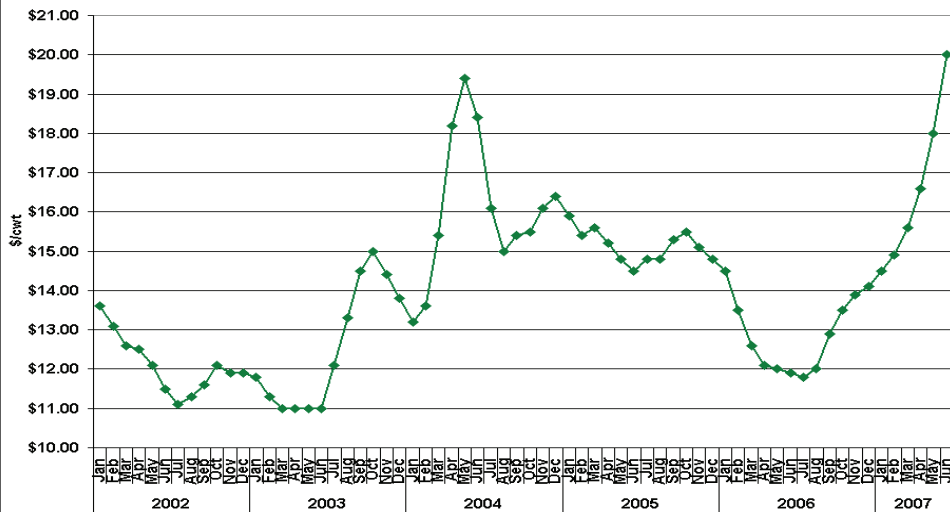


Source: USDA, NASS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 41



Monthly Average All-Milk Price

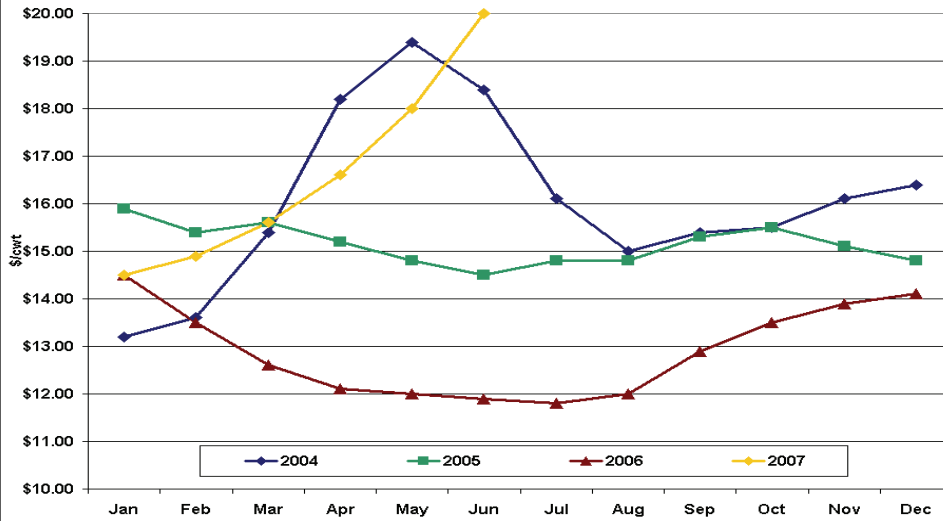


Source: USDA, NASS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 42



Monthly All Milk Price

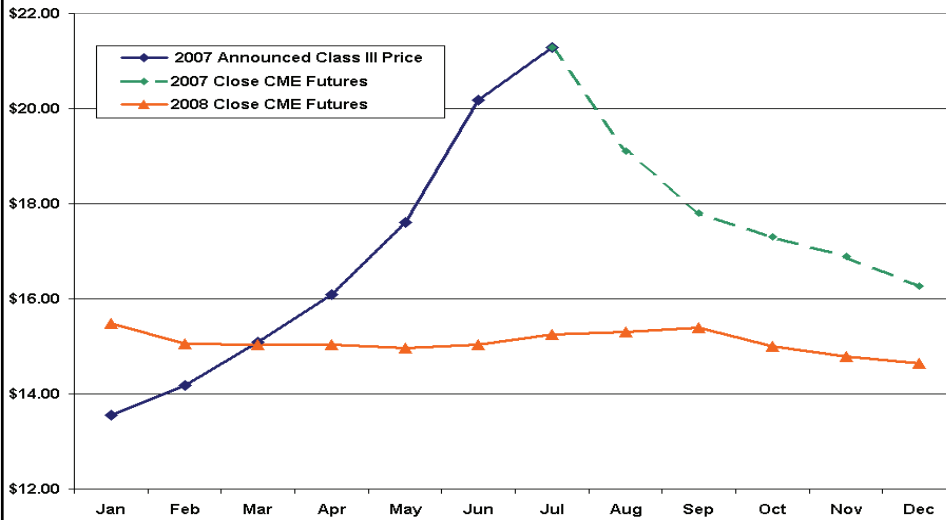


Source: USDA, NASS

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 43



Announced Class III Prices and CME Futures Prices, 2007 & 2008



Source: USDA & CME

AAEA Extension Dairy Outlook, Portland OR, July 30, 2007 44



Extension Livestock Outlook: Dairy and Trade

***Bob Yonkers
Chief Economist
International Dairy Foods Association***