

CALIFORNIA Dairy Information

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Packaged Fluid Milk in California - Container Survey

Percentage of Total Fluid Milk Products Sold, by Size of Container
October of Selected Years: 2002, 2003, 2004, 2005, and 2006

Year	3, 5, 6 Gallon	1 Gallon	1/2 Gallon	Quart	1/3 Quart (10 oz.)	Pint	1/2 Pint & (8 oz. Pouch)	4 oz. (Pouch)	12, 14 oz.	Other
Percent										
2002	1.16%	68.80%	14.74%	2.45%	0.68%	2.16%	9.80%	0.06%	0.01%	0.13%
2003	1.15%	68.15%	16.18%	2.87%	0.63%	2.19%	8.75%	0.06%	0.01%	0.23%
2004	1.02%	69.49%	15.08%	2.52%	0.41%	1.97%	8.82%	0.09%	0.35%	0.26%
2005	1.06%	69.89%	14.99%	2.32%	0.41%	1.70%	9.10%	0.19%	0.35%	0.01%
2006	0.85%	69.66%	15.25%	2.08%	0.40%	1.74%	8.97%	0.09%	0.28%	0.67%

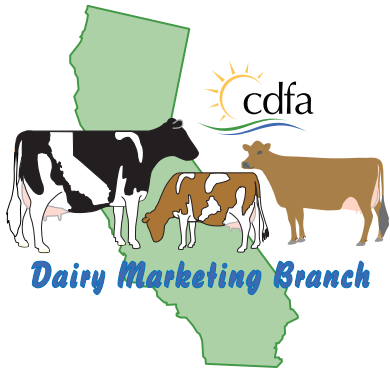
Percentage of Total Fluid Milk Products Sold, by Type of Container
October of Selected Years: 2002, 2003, 2004, 2005 and 2006

Year	Glass	Paper	Plastic	Bag
Percent				
2002	0.07%	21.12%	77.66%	1.15%
2003	0.04%	19.11%	80.11%	0.96%
2004	0.06%	17.17%	82.28%	0.47%
2005	0.06%	17.24%	82.15%	0.55%
2006	0.07%	17.70%	81.86%	0.36%

- The top three containers of fluid milk sold in California for October 2006 were: gallon plastic containers (70%); half gallon paper containers (8.1%); and half pint paper containers (7.1%).
- Sales of fluid milk in paper containers increased slightly, but still down from 2002-2003 levels.
- The proportion of fluid milk products sold in plastic containers has remained fairly constant since 2002.
- The gallon size container continued to be the most utilized size container for fluid milk products, followed by the half gallon and half pint/8 oz. pouch size containers, respectively.

(See Page 28 for detailed report)



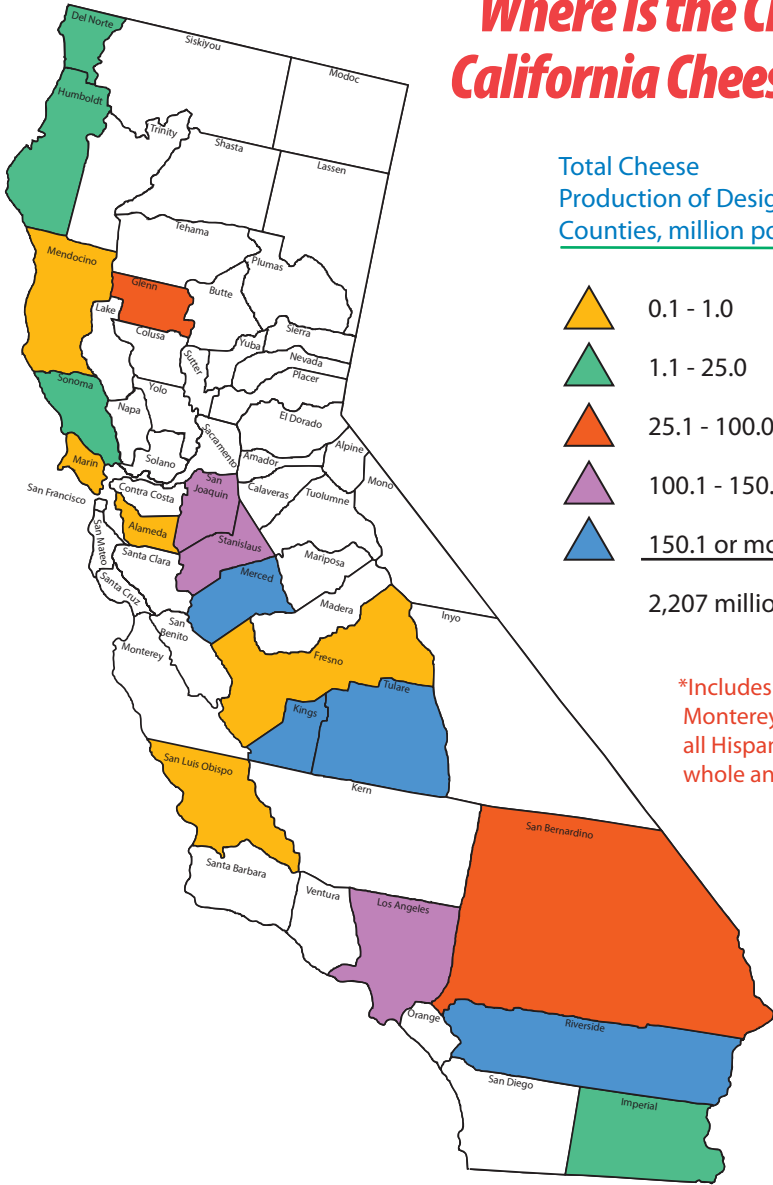


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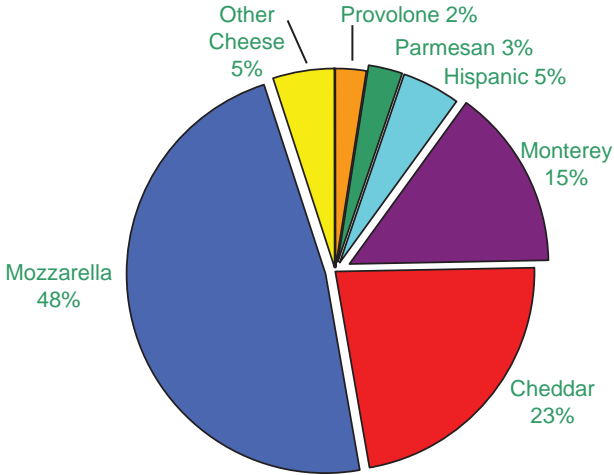
Where Is the Cheese Produced in California? California Cheese Production, by County, 2006

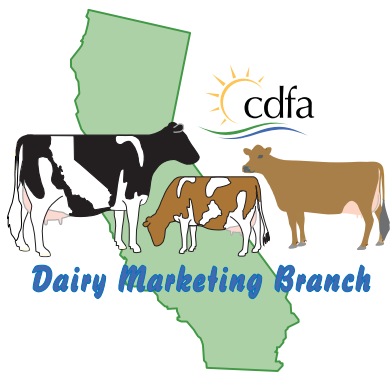


Total Cheese Production of Designated Counties, million pounds	Number of Plants	Number of Counties
0.1 - 1.0	11	5
1.1 - 25.0	9	4
25.1 - 100.0	4	2
100.1 - 150.0	20	3
150.1 or more	17	4
2,207 million pounds	61 plants	18 counties

*Includes whole milk Cheddar; whole, part and full skim milk Monterey, Mozzarella, Provolone, Parmesan, and Ricotta; all Hispanic; Farmstead; Cream Cheese; and all other whole and part skim milk cheeses.

Shares of Total Cheese Production, 2006



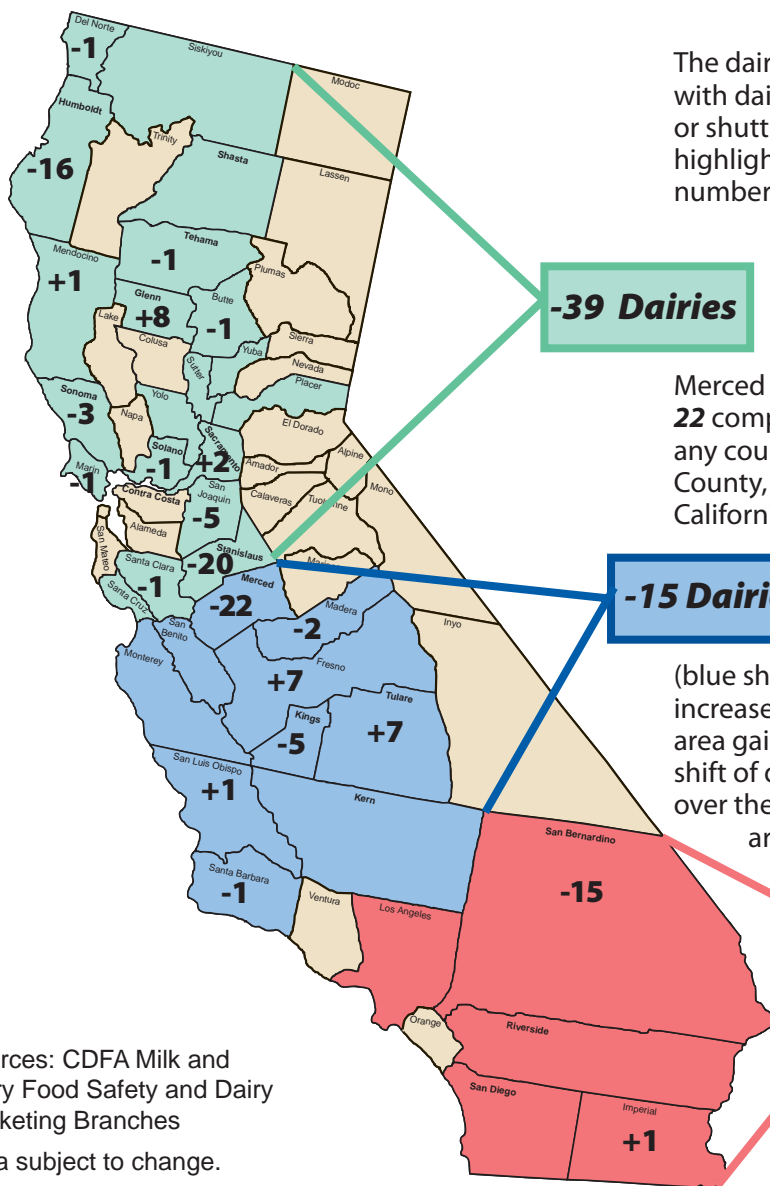


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California's Dairy Landscape Continues to Change Total Number of Dairies Continues Sharp Decline in 2006...



The dairy landscape in California continues to change with dairies relocating within California, to other states, or shutting down. In 2006 (compared to 2005), all three highlighted areas experienced a net loss in the overall number of dairies.

-39 Dairies

Overall, California recorded a net loss of **68** dairies compared to 2005. The number of dairies in San Bernadino County continued to diminish, recording a net decline of 15 dairies.

Merced County decreased its total number of dairies by **22** compared to 2005, the largest net loss recorded by any county in California (followed closely by Stanislaus County, recording a net loss of 20 dairies). The northern California region slowed down for the area's steady decline in total dairies, recording a net loss of **39** dairies compared to **49** in 2005.

-15 Dairies

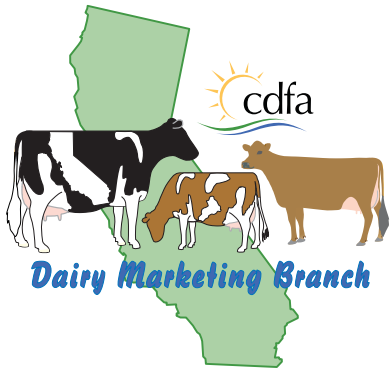
Over the past few years, the Valley region (blue shaded area) consistently recorded the largest increases in dairy operations, for example, in 2004, this area gained **36** dairies (compared to 2003). However, this shift of dairy operations relocating to the Valley region over the last few years appears to be changing as this area also recorded a loss of dairy operations in 2005 (-15 dairies).

-14 Dairies

- The numbers inside the counties indicate the change in the number of dairies, 2006 vs. 2005.
- Tan areas indicate counties recording no operating dairies in 2005.
- Blue, red, and green shaded-counties with no numbers indicate no change in the number of dairies compared to 2005.

Sources: CDFA Milk and Dairy Food Safety and Dairy Marketing Branches
Data subject to change.



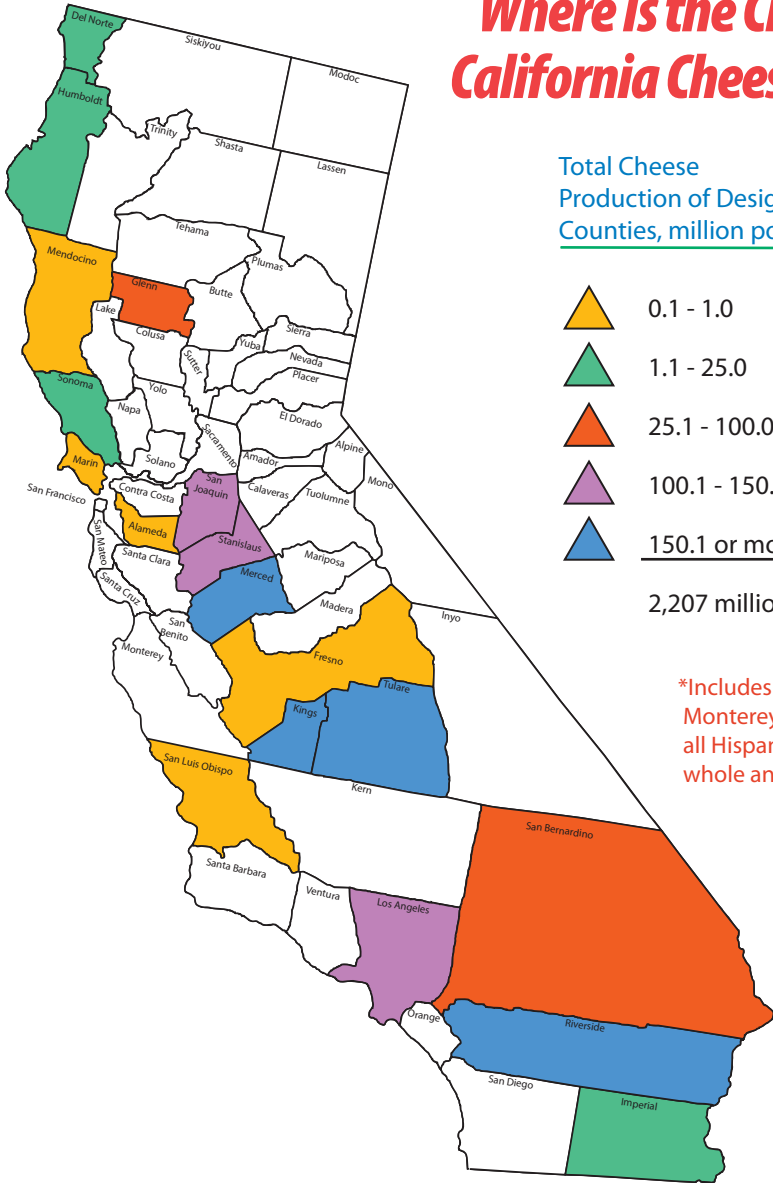


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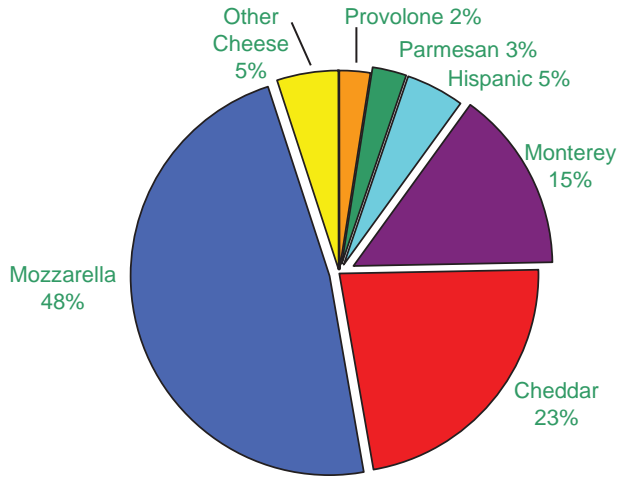
Where Is the Cheese Produced in California? California Cheese Production, by County, 2006

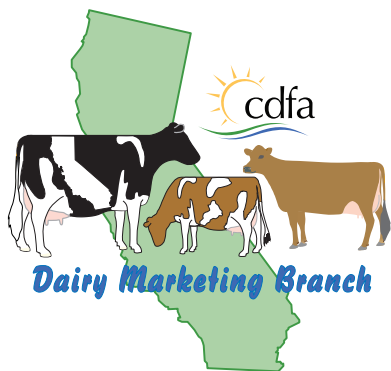


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*Includes whole milk Cheddar; whole, part and full skim milk Monterey, Mozzarella, Provolone, Parmesan, and Ricotta; all Hispanic; Farmstead; Cream Cheese; and all other whole and part skim milk cheeses.

Shares of Total Cheese Production, 2006





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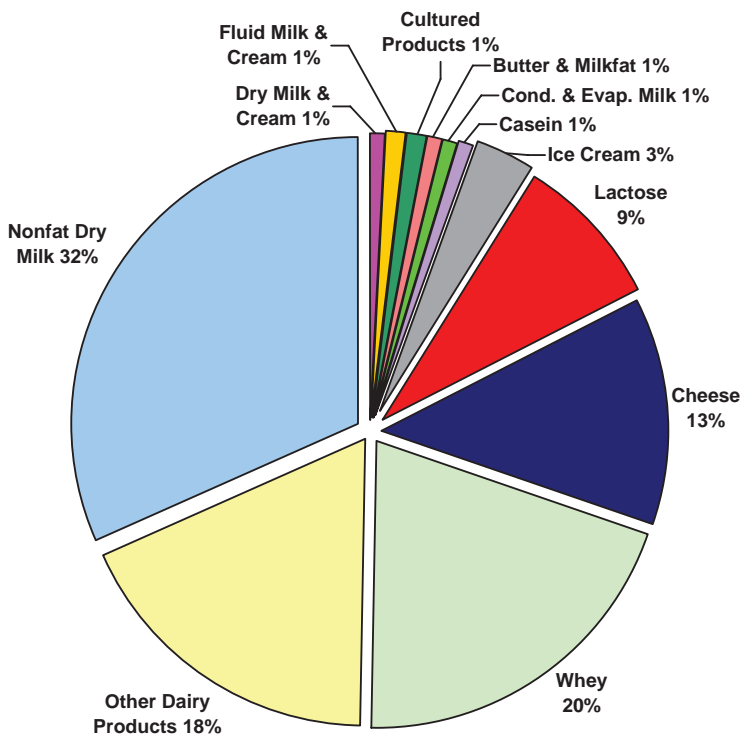
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2006 Dairy Product Exports

Percent of Total Export Value, by Export Product, 2006

Total Export Value in 2006; \$1.89 Billion, a 13.7% increase from 2005



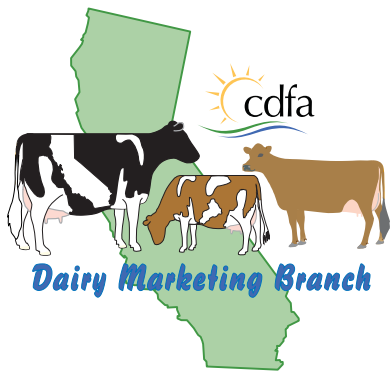
Percent Volume of Product Exported, by Destination, by Product, 2006

Export Destination	Nonfat Dry Milk	All Dry Whey	Cheese	Butter	Fluid Milk & Cream
North America	23.83%	26.29%	45.69%	19.42%	92.64%
Caribbean	2.52%	0.98%	7.42%	4.97%	3.52%
Central America	2.48%	1.86%	4.31%	13.20%	0.11%
South America	1.66%	4.20%	3.28%	0.21%	0.28%
Europe	2.60%	4.44%	3.44%	6.65%	0.02%
Middle East/N.A.	17.07%	1.85%	6.40%	46.17%	0.32%
Far East	47.70%	58.98%	29.05%	8.90%	2.71%
South Asia	0.71%	0.33%	0.13%	0.00%	0.16%
Oceania	0.18%	0.79%	0.15%	0.43%	0.12%
Sub-Saharan Africa	1.25%	0.28%	0.13%	0.05%	0.12%

Combined Areas of Destination: North America (Canada, Mexico); South America (Brazil, Colombia, Venezuela, Peru); Europe (European Union, Eastern Europe, FSU, Other Europe); Far East (China/Hong Kong, Taiwan, South Korea, Japan, Southeast Asia: Singapore, Thailand, Philippines, Indonesia, Malaysia, Vietnam)

Sources: U.S. Dairy Export Council





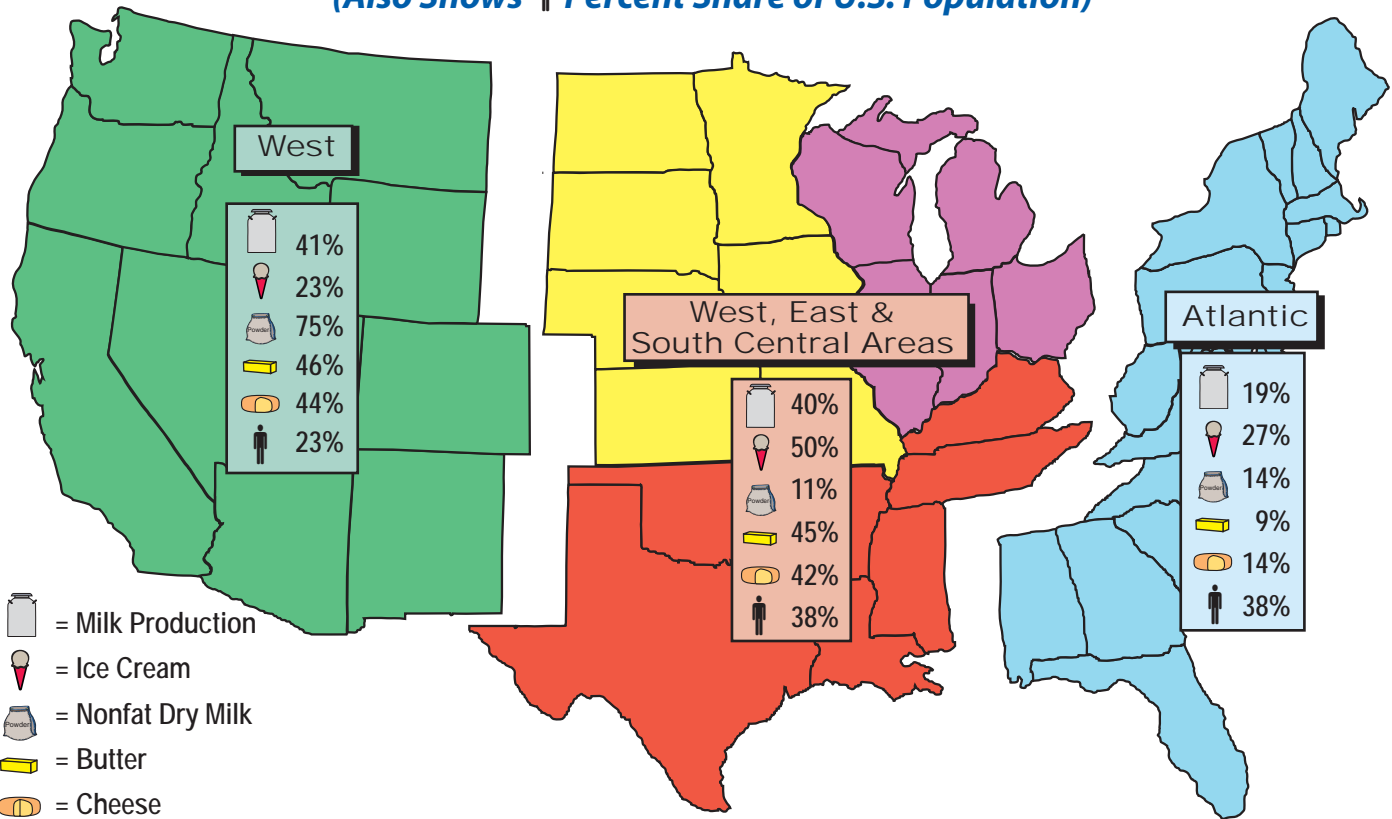
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Dairy Product Production Across the U.S.

Percent Share of U.S. Production, by Region
Milk Production, Butter, Cheese, Nonfat Dry Milk, and Ice Cream - 2006
(Also Shows Percent Share of U.S. Population)



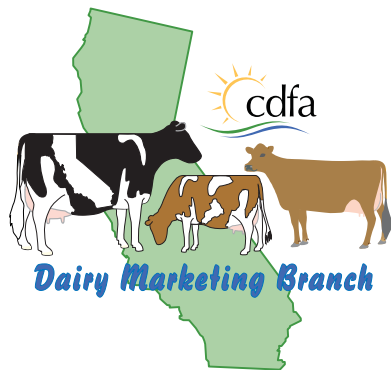
- = Milk Production
- = Ice Cream
- = Nonfat Dry Milk
- = Butter
- = Cheese
- = Population

Note: The West Central, East Central and South Central Areas were combined because fewer than three plants were reporting production of some of the products in the states in those regions.

- Even though the West region accounts for only 23 percent of the U.S. population, the region produces 41 percent of the total milk produced in the U.S.
- The Atlantic and combined All Central Areas region each represent approximately the same percent share of the U.S. population (38 percent), however the Atlantic region geographic area is much smaller in size and accounts for only 19 percent of the milk produced in the U.S.
- The West region produces the largest percent share of U.S. cheese, nonfat dry milk, butter, and milk production.

Sources: NASS Dairy Product and Milk Production Reports





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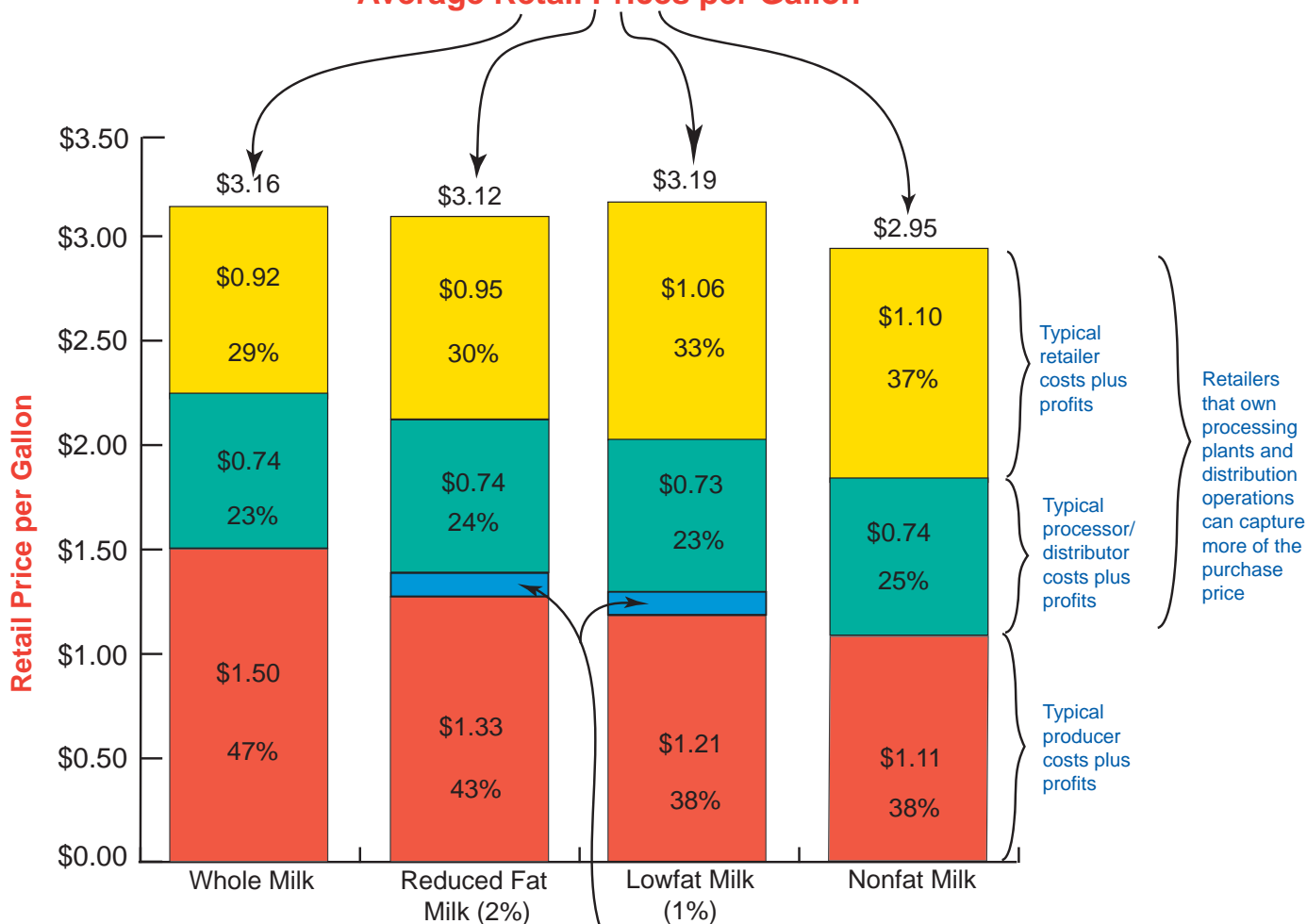
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Where Do Consumer Milk Dollars Go?

Sacramento, May 2007

Under both California and federal milk marketing orders, minimum farmgate prices are regulated, but retail prices are not. Consumers often assume that most of their milk dollar goes to dairy farmers. The chart below shows that dairy farmers receive about a third of the retail price of milk.

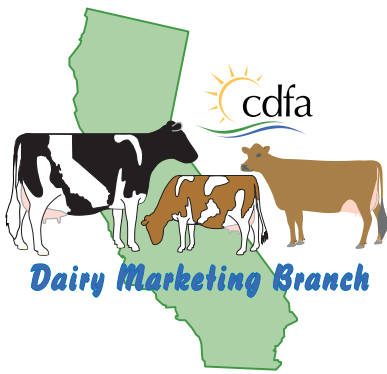
Average Retail Prices per Gallon



Costs to meet California's higher nutritional standards (\$0.10 {3%} for reduced fat milk; \$0.19 {6%} for lowfat milk)

Retail price data for Sacramento for May 2007 obtained from A.C. Nielson Company





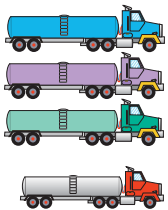
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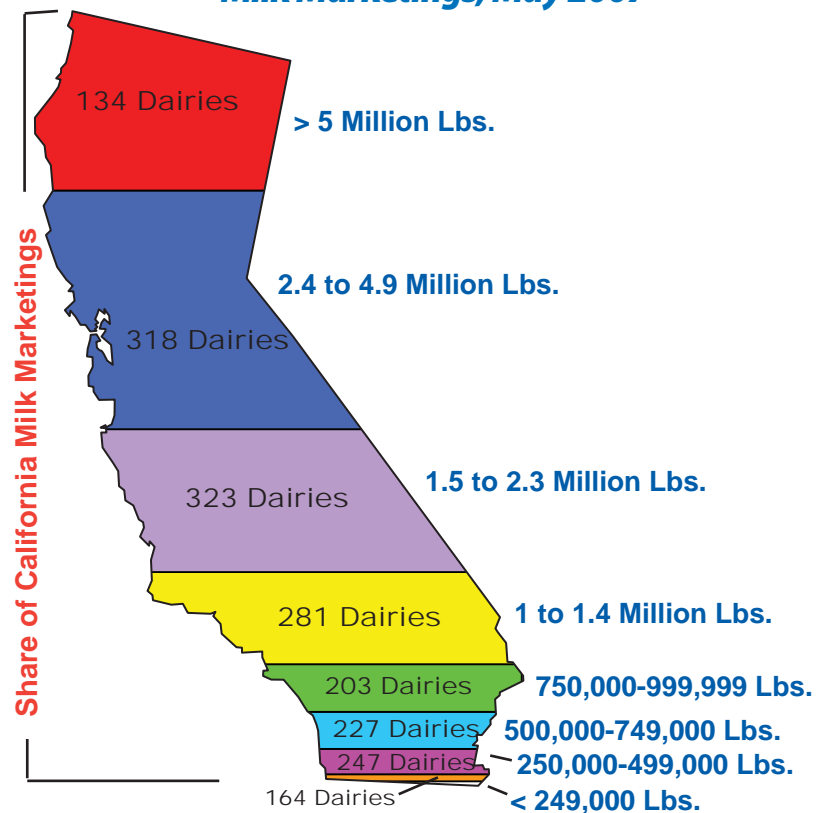
Distribution of California Milk Production by Farm Size, May 2007

Range of Milk Marketings	Number of Grade A & B Farms	Percent of Total Grade A & B Farms	Percent of Total Grade A & B Milk Marketings
< 249,000 Lbs.	164	8.69%	0.68%
250,000 to 499,000 Lbs.	247	13.01%	2.71%
500,000 to 749,000 Lbs.	227	11.96%	4.08%
750,000 to 999,999 Lbs.	203	10.70%	5.21%
1 to 1.4 Million Lbs.	281	14.81%	10.00%
1.5 to 2.3 Million Lbs.	323	17.02%	17.74%
2.4 to 4.9 Million Lbs.	318	16.75%	31.41%
> 5.0 Million Lbs.	134	7.06%	28.17%



= Farms producing at least one tanker load of milk per day

Distribution of Farms by Size of Milk Marketings, May 2007



California Farms by Size, Comparison

- The 452 top-producing dairy farms (24% of the state's dairies) produce 60% of the state's milk marketings.
- The 638 lowest-producing dairy farms (34% of the state's dairies) produce only 7% of the state's milk marketings.
- The group of dairies producing less than 249,000 pounds of milk per month (164 dairies) accounted for less than 1% of the state's milk marketings.
- In May 2007, there were 134 dairies producing greater than 5 million pounds of milk per month, 8% more dairies than in May 2006.
- Compared to May 2006, there are an additional 23 dairies producing more than one tanker load of milk per day.

Sources: CDFA Dairy Marketing and Milk Pooling Branches





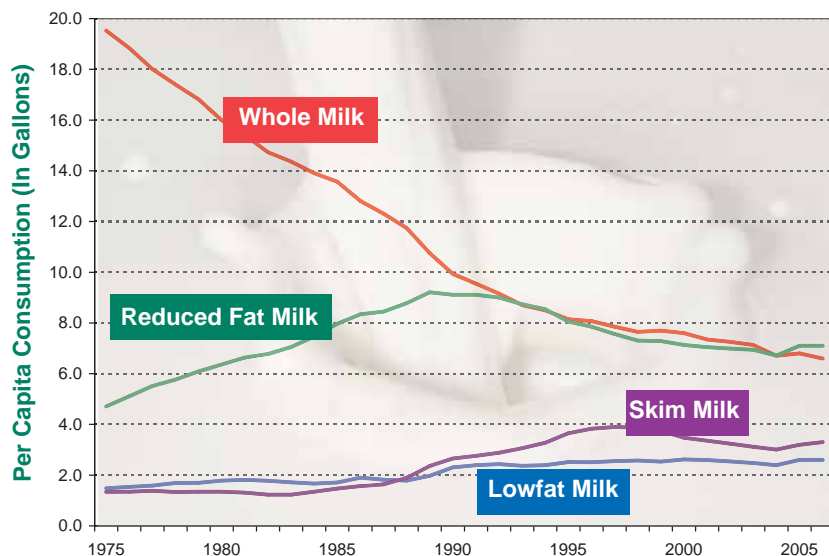
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U.S. Fluid Milk Per Capita Consumption and U.S. Fluid Milk Commercial Processing Plants

U.S. Fluid Milk, Per Capita Consumption, 1975-2006



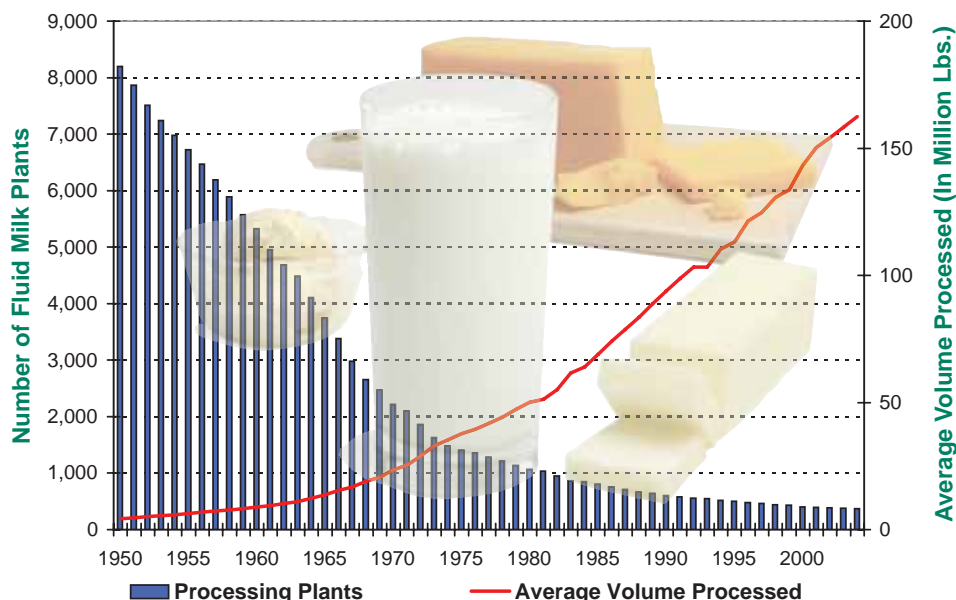
U.S. Per Capita Consumption

- From 1950 to 2006, whole milk continued to show the largest decline in per capita consumption.
- At the same time, lowfat milk has remained steady in per capita consumption and at times has been on the increase.
- Since 1990, whole milk and reduced fat milk per capita consumption levels have been relatively the same, although reduced fat milk consumption has now surpassed that of whole milk.

U.S. Fluid Milk Processing Plants

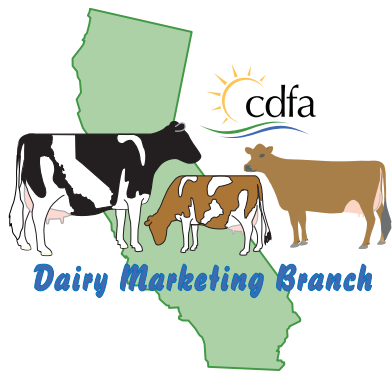
- In the U.S. today, the number of operating fluid milk processing plants only represent 4% of the number of fluid milk plants operating in 1950.
- However, the fluid milk processing plants of today are, on average, processing 43 times more fluid milk than the fluid milk plants of 1950.

U.S. Fluid Milk Commercial Processing Plants, 1950-2006



Sources: Livestock, Dairy and Poultry Outlook; USDA Economic Research Service





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Producing Milk by the Load Per Day...

Forty-Two Percent of California Dairies Produce More Than One Tanker Load of Milk Per Day

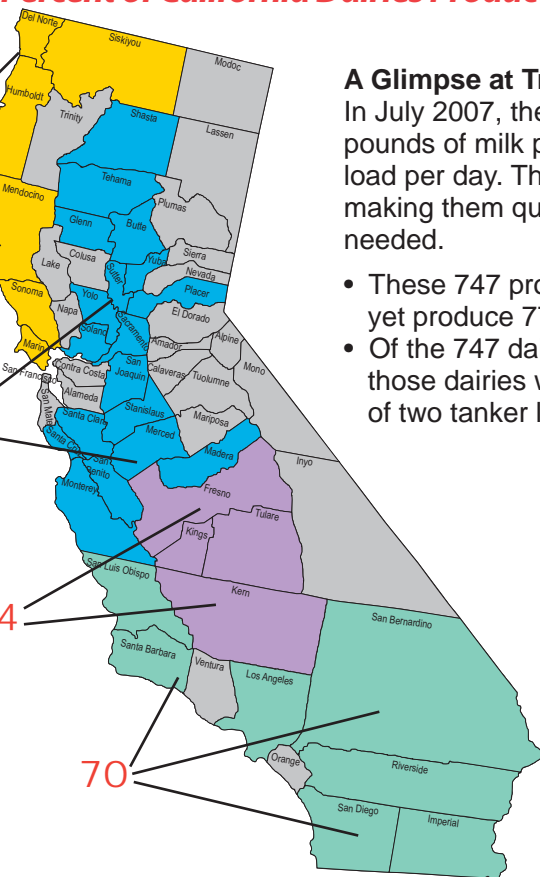
Number of Farms Producing Over 1.5 Million Lbs. Per Month:

13

260

404

70



A Glimpse at Transporting Milk in California . . .

In July 2007, there were 747 California dairies producing over 1.5 million pounds of milk per month, a volume of milk approximating one tanker load per day. These tanker loads require only one stop to be at capacity, making them quickly mobile and easily directed to various locations as needed.

- These 747 producers account for 42% of the state's dairy producers, yet produce 77% of the state's total milk production.
- Of the 747 dairies producing over 1.5 million pounds per month, 317 of those dairies were producing over 3.0 million pounds or the equivalent of two tanker loads per day.

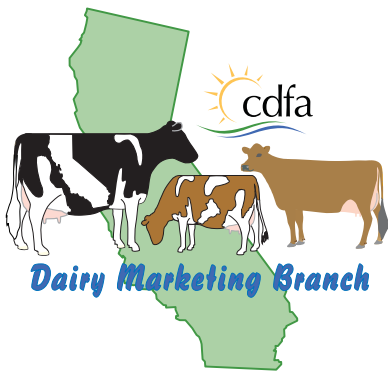
DESIGNATED REGIONS

-  = North Coast
-  = North Valley
-  = South Valley
-  = Southern California
-  = Counties With No Milk Production

California Grade A Farms Producing Over 1.5 Million Lbs. Per Month - By Region, July 2007

Region	# Grade A Farms Producing Over 1.5 Million Lbs (At Least 1 Tanker/Day)	% of Total California Grade A Milk Production	% of Total California Grade A Dairies	Of the Farms Producing Over 1.5 Million Lbs: # Farms Producing Over 3.0 Million Lbs (At Least 2 Tankers/Day)
North Coast	13	0.7%	0.7%	0
North Valley	260	24.8%	14.6%	103
South Valley	404	46.0%	22.6%	197
Southern California	70	5.6%	3.9%	17
Totals	747	77.1%	41.9%	317





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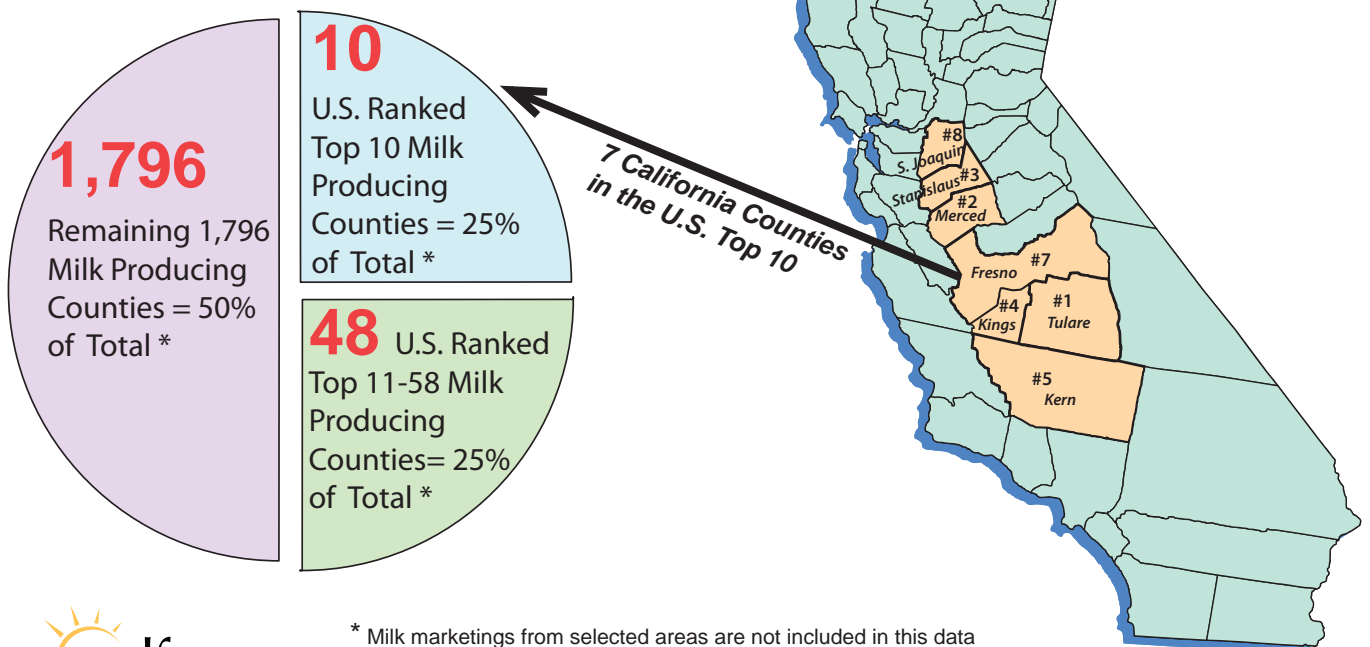
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California and Federal Order Milk Marketings, May 2007 ... California's Role in the Top 10 U.S. Milk Producing Counties*

These 10 Counties Marketed 25% of the California and Federal Order Milk, May 2007

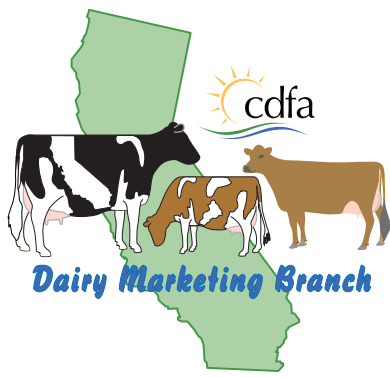
1. **Tulare, CA**
2. **Merced, CA**
3. **Stanislaus, CA**
4. **Kings, CA**
5. **Kern, CA**
6. Maricopa, AZ
7. **Fresno, CA**
8. **San Joaquin, CA**
9. Lancaster, PA
10. Yakima, WA

- The U.S. ranked top 10 milk producing counties account for 25% of the CA and federal order milk marketings - **7** of these counties are located in California.
- Tulare County milk marketings represent 6.65% of the total CA and federal order milk marketings for May 2007.
- Tulare County milk marketings for May 2007 would be the equivalent of the combined milk marketings of the 1,244 U.S. counties recording the lowest milk marketings.
- Of the 1,854 U.S. counties reporting milk marketings in May 2007, 206 of those counties represented 75% of the total California and federal order milk marketed.



* Milk marketings from selected areas are not included in this data if not pooled in California or one of the federal milk marketing orders.
Sources: CDFA Dairy Marketing Branch and the Kansas City Federal Order Market Administrator Office





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Season's Greetings



from CDFA Dairy Marketing

