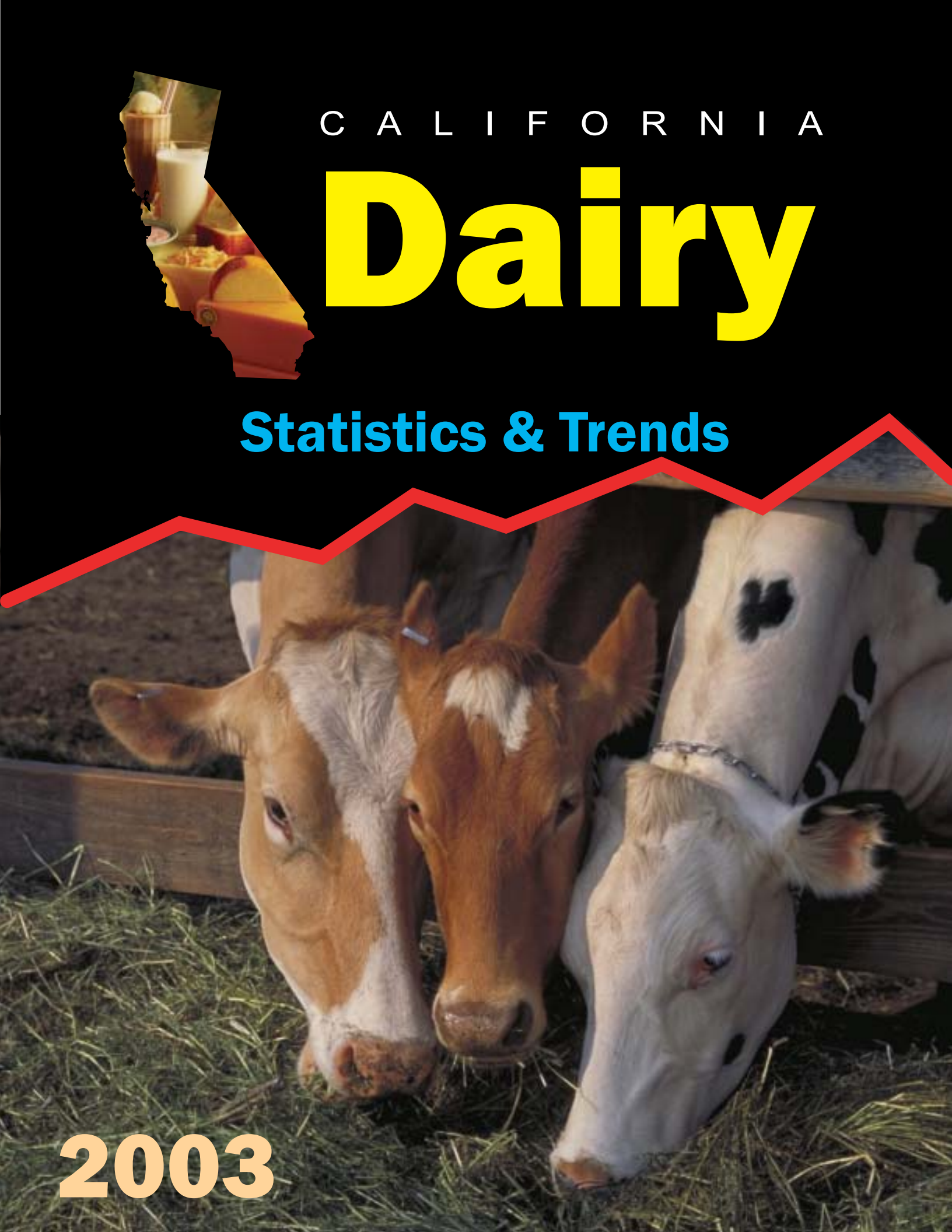


C A L I F O R N I A

Dairy

Statistics & Trends

2003



C A L I F Dairy Statistics

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O R N I A & Trends 2003

Dairy Industry 2003

California Dairy Landscape Recap	2
Facts, Ranking, & Highlights	4
California Leading Agricultural Commodities 2002	5
Cows, Production, Receipts, California and U.S	6
U.S. Cows, Production, Milk Per Cow, Table/Maps	7

Commercial Milk Production

Commercial Milk Production, Overview	9
Top Counties Profile and Map	10
California Counties: Cows, Dairies, Cows Per Dairy	11
Bulk Milk Production, Fat Test, SNF, by Year/Month	12
Bulk Milk Production, Fat Test, SNF, by County	13
Production of All Milk, by County, by Month	14
Production of Market Milk, by County, by Month	16
Production of Manufacturing Milk, by County, by Month	18

Pooled Milk Utilization

Pooled Milk Utilization	20
Pooled Milk and Net Milk Available in California	22
Quota in California, Quota Transfers	23

Sales of Class 1 Market Milk Products

Sales of Market Milk Products, Overview	24
Sales of Class 1 Market Milk Products, by Month	25
Fluid Milk Container Survey, October 2003	26
Class 1 Sales, by Marketing Areas, Flavored Milk Graph	28

Manufacture of Dairy Products

Production of Dairy Products, Overview	29
Class 2 Production	30
California Dairy Processing Plant Locations	32
Class 3 Production	33
Class 4a Production	34
Class 4b Production	35

Pricing/Costs

Pricing/Costs Overview	36
Minimum Class 1 Prices	37
A.C. Nielsen 50-U.S. City Price Averages	38
Minimum Class 2 Prices	40
Minimum Class 3 Prices	41
Minimum Class 4a/4b Prices	42
Quota, Base, Overbase Prices	43
Average Prices Paid Producers, Farms vs. Production Chart	44
U.S. Mailbox Prices	45
Production Cost Summary	46
Manufacturing Cost Summary	47

Other Information

Classification of Dairy Products, Historic Timeline	48
Key Department Contacts	52



Recap

California's Dairy Landscape in 2003

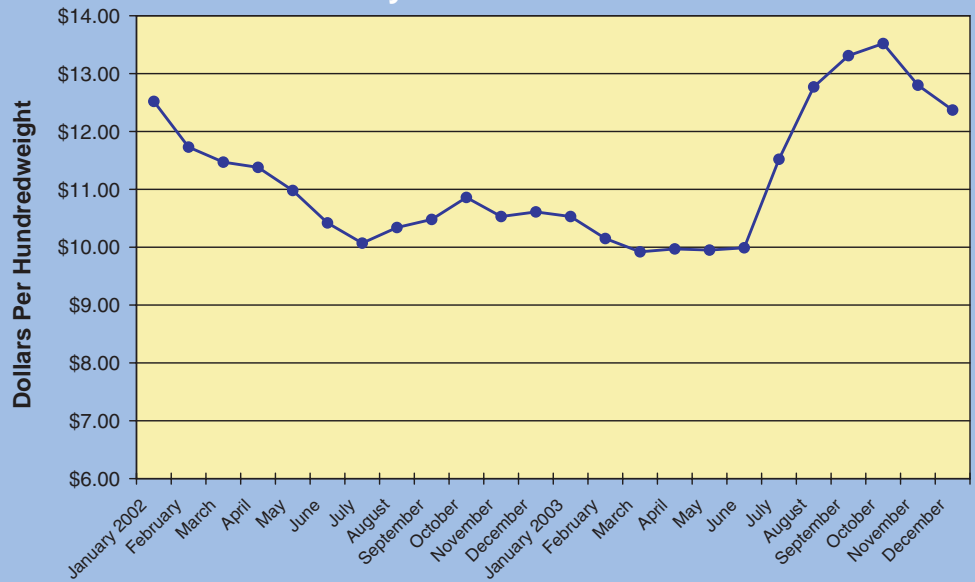


A return to higher milk prices was the most identifiable characteristic in the California dairy industry during 2003, but the manner in which prices returned to higher levels was more unusual than the increase itself. The first six months of 2003 continued the trend of lower milk prices that began in mid-2002 and averaged \$10.09 per hundredweight (see chart at right). However, the trend of low and flat milk prices established in the first half of 2003 was undone in July. From June to July, the milk price paid to producers increased by 15 percent. For the last six months of 2003, the milk price paid to producers averaged \$12.72 per hundredweight, an increase of 26 percent from the first six months of 2003. The convergence of two related market forces may help to explain why milk prices increased so dramatically in just one month. First, increases in milk production were starting to slow down in May, in part the result of low milk prices over the previous 12 months. Second, idle capacity at

cheese plants, stemming from business decisions to reduce production and a reduction in the milk supply, tightened cheese markets. Consequently, some cheese suppliers were forced to buy product from the Chicago Mercantile Exchange to meet their contractual commitments. The

introduction of Cooperatives Working Together (CWT) represents another event that may help to explain higher prices in 2003. The farmer-funded program was conceived as a means for dairy farmers to address actively the growing milk supply. Launched in July 2003, CWT expects to reduce the milk supply by 1.2 billion pounds

Average Prices Paid to Producers
January 2002 - December 2003





in a 12-month period by herd retirements, reduced milk marketings and export assistance.

Production of Milk and Dairy Products

On-farm milk production fell back during 2003, losing the momentum that it had gained in the latter months of 2002.

Milk production increased by over 5 percent in 2002 relative to 2001 and averaged 2.92 billion pounds per month. By the end of 2003, milk production had increased by only 1 percent, averaging 2.95 billion pounds per month. Although 37 counties in California contributed to the state's total milk production, the bulk of the milk produced in California continued to be concentrated in just a handful of counties. In 2003, Tulare, Merced, Stanislaus, San Bernardino, and Kings counties accounted for 68 percent of the milk produced. Milk utilization during 2003 reflected California's position as a powerful manufacturing state.

Utilization of milk components in Class 4a and 4b products, namely butter, nonfat powder and cheese, were indicative in how plants converted the increasing milk supply into manufactured dairy products. In total, Class 4a and 4b accounted for nearly three-quarters

of all milk available on a total solids basis (see chart at right). Class 4b (cheese) led all classes in utilization; over 45% of all milk solids available were used to produce cheese. While Class 4a production (butter and dried milk products) slipped by 5 percent in 2003, it represented over 28 percent of all milk solids available.

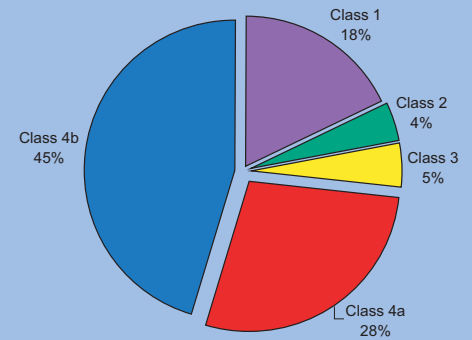
Class 1 (milk used for fluid purposes) sales have increased for the second consecutive year. In 2003, Class 1 sales increased by 0.4 percent on gallon basis, relative to 2002. Sales of Class 1 products have generally been higher every year for the past five years with a total increase by over 2 percent since 1999.

Situation in 2003 and Hearing Results

Unfortunately, in the early part of 2003, low farm milk prices were being experienced concurrent with surging milk production. The low farm prices reflected the imbalance between the milk supply and commercial demand for milk and dairy products nationwide. Class 4a and 4b prices hovered near and occasionally dipped below \$10 per hundredweight. A public hearing was held in January 2003 to consider amendments to the pricing formulas that would result in higher prices for milk. The hearing focused on adjustments to manufacturing cost allowances, product yields, f.o.b. California price adjusters and

the inclusion of a whey pricing component in the Class 4b formula. A number of changes were made to the Class 4a and 4b pricing formulas, and in sum total, the changes increased prices paid to producers by \$0.10 per

California Utilization of Milk by Class, 2003



hundredweight. However, the changes implemented did not negate the underlying market forces nor neutralize their effects. A review of the available commercial dairy product sales data suggested the imbalance of milk supply with dairy product demand would not improve quickly. Furthermore, the accumulation of surplus dairy products by the federal government's Commodity Credit Corporation indicated that the national market imbalance and associated low milk prices would be difficult to correct in a short period of time. Not surprisingly, the market indicators turned out to be correct, and milk prices remained flat through June with price recovery being initiated by a surge in cheese prices (see earlier discussion in *Recap of the Dairy Landscape in 2003*).



While low milk prices remained a huge concern for dairy producers, other non-price related events were becoming more pressing and demanded attention. A second public hearing was held in June 2004 to consider proposed changes to the milk movement incentives provided for in California, namely transportation allowances and transportation credits. The purpose of the hearing was to review proposals submitted to address the

(Continued next page)



C A L I F O R N I A

Dairy Landscape, Facts, Highlights

competitiveness of milk movement costs in light of the structural changes in the dairy industry. Transportation allowances are used to encourage milk to move from supply regions to higher use plants that are typically located near urban centers. Transportation credits serve a similar function, but are used to encourage milk to move from receiving plants located in supply areas to the higher use plants. The results of the hearing essentially liberalized both transportation allowances and credits. New transportation allowances were established for producers in Southern California shipping to local higher use plants. Furthermore, transportation credits were increased for milk shipped from Northern California plants to Southern California plants, and condensed skim became eligible to receive transportation credits.

Milk Pooling Plan

Recently, much has been made about the ability of manufacturing plants to depool. The surge in cheese prices while butter and powder prices were stagnant brought forth the issue again in 2003. A third hearing was held to consider changes to the Milk Pooling Plan that would introduce restrictions on the depooling of plants and of producer milk. Previously, milk pooling regulations permitted certain plants to exercise the option to depool on a monthly basis. Even with these permissive

rules, depooling was not widespread in California because of other regulations. A few plants had shown the ability to comply with the requirements for a change in pool plant status and were not precluded from depooling by the other regulations. As a result of the hearing, the ability of plants and of producer milk to depool and repool on a monthly basis was restricted. Currently, any plant that does not process Class 1 or Class 2 products may change its pool status but its status must be adhered to for a minimum of twelve consecutive months. Insofar as producer milk is concerned, any milk originating from a farm that had been depooled can only be repooled within a twelve-month period if it is physically shipped to a plant with Class 1 or Class 2 usage.

Facts, Highlights, Rankings

California has been the leading state in agricultural production for over 50 years and the sales of milk and cream continue to be an important agricultural commodity for California, generating \$4.0 billion in 2003.

Rankings

- California ranked first in milk production in the U.S., followed by Wisconsin, New York, Pennsylvania, and Idaho.
- California continues to lead the nation in the production of butter,



nonfat dry milk, ice cream, cottage cheese, Mozzarella and American cheeses, and whey protein concentrate.

- California led the nation in the total number of dairy cows at 1.7 million cows and had the highest average herd size at 806 cows per dairy.

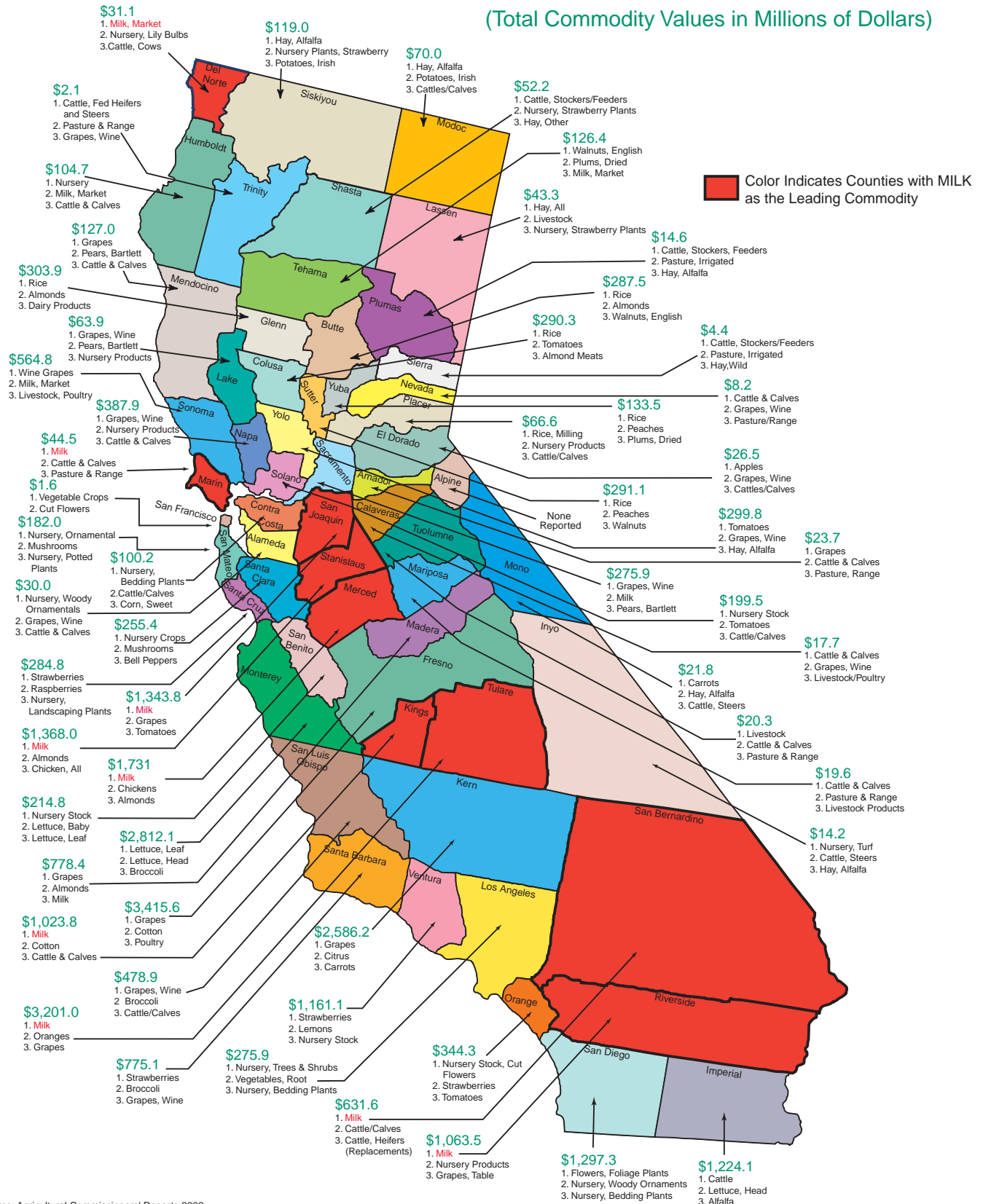
Facts, Tidbits, Highlights

- California produces one out of every five glasses of milk and one out of every five pounds of cheese in the U.S.
- Approximately 19 percent of all dairy cows in the U.S. live in California, where the average dairy herd size is 806 cows.
- Approximately 45 percent of the milk produced in California is used to make cheese.
- California's total milk production was 35.4 billion pounds, 21 percent of the nation's total milk production.
- Sales of fluid milk in California averaged 40 percent whole milk, 32 percent reduced fat milk, 14 percent lowfat milk, and 14 percent skim milk.



California's Leading Agricultural Commodities by County, for the Year 2002

(Total Commodity Values in Millions of Dollars)

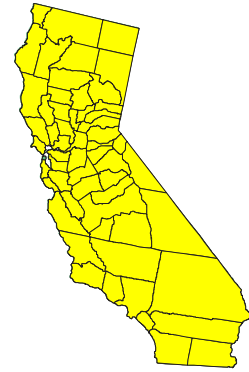


Source: Agricultural Commissioners' Reports 2002, California Agricultural Statistics Service



C A L I F O R N I A

Cows, Production, Receipts



California, Estimated Number of Milk Cows on Farms, Average Production Per Milk Cow, Total Production on Farms, and Cash Receipts from Farm Marketing of Dairy Products, 1998-2003 ^{1/}

Year	Milk Cows & Heifers That Have Calved, On Farms		Average Production Per Milk Cow		Total Production On Farms		Cash Receipts From Farm Marketings Of Dairy Products ^{2/}
	Jan. 1 Total	Annual Average	Milk	Milk Fat Test	Milk	Milk Fat Test	
	<i>Thousands</i>		<i>Pounds</i>	<i>Percent</i>	<i>Million Pounds</i>	<i>Percent</i>	<i>Thousand Dollars</i>
1998	1,400	1,420	19,475	3.67	27,654	3.67	4,140,659
1999	1,440	1,466	20,777	3.66	30,453	3.66	4,090,952
2000	1,490	1,526	21,149	3.68	32,273	3.68	3,703,920
2001	1,560	1,589	20,913	3.68	33,217	3.68	4,631,864
2002	1,624	1,648	21,277	3.69	35,026	3.69	3,835,347
2003 ^{3/}	1,681	1,688	20,993	3.67	35,437	3.67	4,039,818

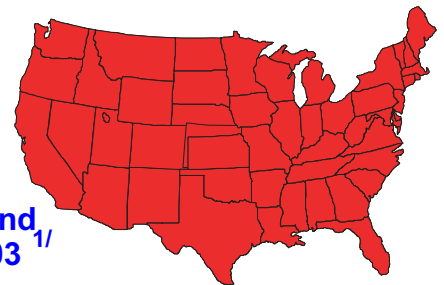
^{1/} USDA/NASS data.

^{2/} All milk and cream.

^{3/} Figures for 2003 are preliminary.

U N I T E D S T A T E S

Cows, Production, Receipts



United States, Estimated Number of Milk Cows on Farms, Average Production Per Milk Cow, Total Production on Farms, and Cash Receipts from Farm Marketings of Dairy Products, 1998-2003 ^{1/}

Year	Milk Cows & Heifers That Have Calved, On Farms		Average Production Per Milk Cow		Total Production On Farms		Cash Receipts From Farm Marketings Of Dairy Products ^{2/}
	Jan. 1 Total	Annual Average	Milk	Milk Fat Test	Milk	Milk Fat Test	
	<i>Thousands</i>		<i>Pounds</i>	<i>Percent</i>	<i>Million Pounds</i>	<i>Percent</i>	<i>Thousand Dollars</i>
1998	9,199	9,154	17,189	3.66	157,348	3.66	24,114,036
1999	9,133	9,156	17,772	3.67	162,716	3.67	23,207,099
2000	9,190	9,206	18,201	3.68	167,559	3.68	20,621,983
2001	9,183	9,114	18,159	3.67	165,497	3.67	24,709,749
2002	9,117	9,141	18,571	3.67	170,063	3.67	20,546,980
2003 ^{3/}	9,139	9,085	18,749	N/A	170,312	N/A	N/A

^{1/} USDA/NASS data.

^{2/} All milk and cream.

^{3/} Figures for 2003 are preliminary.

N/A – Unavailable at time of release.

Tables are derived from USDA/NASS statistics.

Total milk production figures on all farms includes all milk produced on the farm.



Cows, Production, Receipts, by State

Total Production on Farms, Estimated Number of Milk Cows on Farms, Average Production Per Milk Cow, by State, 2003 ^{1/2/}

State	Total Production on Farms		Milk cows on farms ^{2/}	Average production per milk cow Milk	Rank in United States Production	Percent of United States Production
	Milk	% Change from 2002				
	<i>Million Pounds</i>		<i>Thousands</i>	<i>Pounds</i>		<i>Percent</i>
Alabama	252	-9.0	18	14,000	43	0.1
Alaska	17	-5.5	1	12,846	50	0.0
Arizona	3,454	0.7	155	22,284	13	2.0
Arkansas	352	-10.4	29	12,138	38	0.2
California	35,437	1.1	1,688	20,993	1	20.8
Colorado	2,177	0.8	100	21,770	16	1.3
Connecticut	413	-7.6	22	18,773	37	0.2
Delaware	136	-9.3	8	16,386	46	0.1
Florida	2,161	-6.4	142	15,218	18	1.3
Georgia	1,444	-1.8	85	16,988	25	0.8
Hawaii	92	-5.0	7	14,154	47	0.1
Idaho	8,774	7.6	404	21,718	5	5.2
Illinois	2,047	-0.2	111	18,441	20	1.2
Indiana	2,944	10.8	149	19,758	14	1.7
Iowa	3,780	-0.6	201	18,806	12	2.2
Kansas	2,115	4.2	111	19,054	19	1.2
Kentucky	1,464	-9.3	116	12,621	24	0.9
Louisiana	519	-10.4	43	12,070	34	0.3
Maine	624	-4.9	35	17,829	32	0.4
Maryland	1,232	-5.3	78	15,795	28	0.7
Massachusetts	332	-8.0	19	17,474	40	0.2
Michigan	6,360	3.9	302	21,060	8	3.7
Minnesota	8,258	-2.4	473	17,459	6	4.8
Mississippi	423	-11.5	31	13,645	36	0.2
Missouri	1,886	-3.1	129	14,620	21	1.1
Montana	346	1.5	18	19,222	39	0.2
Nebraska	1,129	-3.3	64	17,641	30	0.7
Nevada	485	-3.2	26	18,654	35	0.3
New Hampshire	305	-7.0	16	19,063	42	0.2
New Jersey	216	-8.5	13	16,615	45	0.1
New Mexico	6,666	5.5	317	21,028	7	3.9
New York	11,952	-2.2	671	17,812	3	7.0
North Carolina	1,044	-8.2	61	17,115	31	0.6
North Dakota	554	-6.6	36	15,389	33	0.3
Ohio	4,490	0.3	260	17,269	11	2.6
Oklahoma	1,312	0.4	82	16,000	27	0.8
Oregon	2,176	4.0	119	18,294	17	1.3
Pennsylvania	10,338	-4.1	575	17,979	4	6.1
Rhode Island	22	-3.9	1	16,923	49	0.0
South Carolina	318	-12.6	19	16,737	41	0.2
South Dakota	1,325	2.8	82	16,159	26	0.8
Tennessee	1,205	-8.4	79	15,253	29	0.7
Texas	5,630	6.2	319	17,649	9	3.3
Utah	1,615	-3.1	91	17,747	23	0.9
Vermont	2,637	-2.4	149	17,698	15	1.5
Virginia	1,731	-8.5	113	15,319	22	1.0
Washington	5,581	-0.7	245	22,780	10	3.3
West Virginia	222	-8.6	15	14,800	44	0.1
Wisconsin	22,266	0.9	1,256	17,728	2	13.1
Wyoming	54	-14.8	4	14,211	48	0.0
United States ^{3/}	170,312	0.1	9,084	18,749		

^{1/} USDA/NASS data.

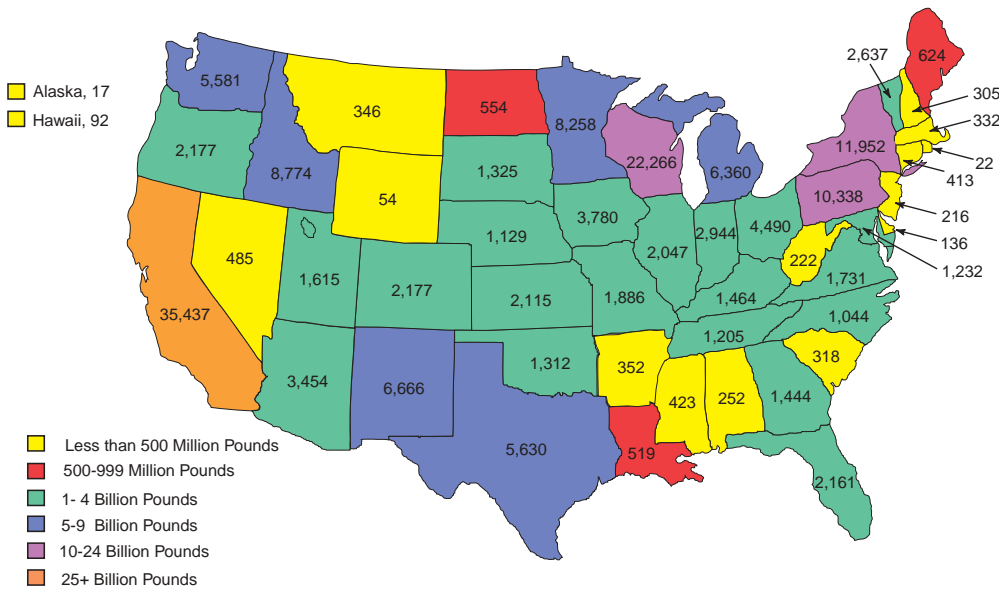
^{2/} Average number during year, heifers that have not freshened excluded.

^{3/} State totals may not add to U.S. totals because of rounding.



Milk Production, Milk Per Cow, by State

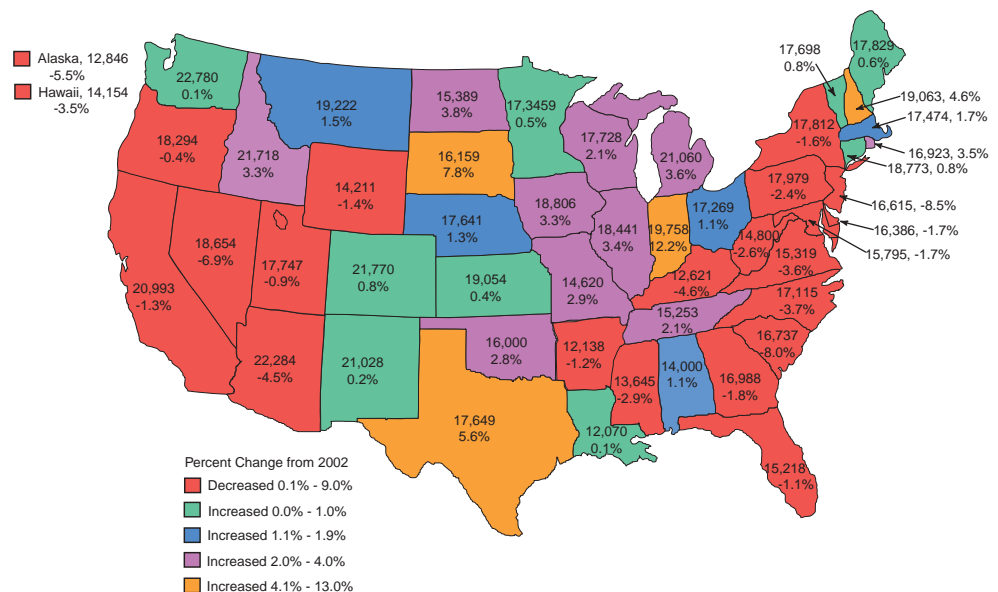
U.S. Milk Production, 2003 (Million Pounds)



- The strongest increase in milk production was recorded by Idaho (up 7.6%), while the largest decline in milk production was experienced by Wyoming (down 14.8%).
- California continues to lead the nation in total milk production at 35.4 billion pounds, 13 billion pounds more than the second ranking milk producing state of Wisconsin (22 billion pounds).
- U.S. milk production for 2003 showed an overall 0.1% increase over 2002 production.

Milk Production Per Cow, 2003 Percent Change from 2002

- Overall U.S. milk production per cow for 2003 showed a slight increase of 0.8% over 2002.
- As indicated by the numerous red-shaded states, almost half (22) of all states reported decreases in milk production per cow for 2003.
- Indiana reported the largest increase in milk production per cow (up 12.2%), while New Jersey reported the largest decrease in milk production per cow (down 8.5%).



C A L I F O R N I A Commercial Milk Production



California commercial milk production increased 1.1 percent in 2003 to 35.4 billion pounds, in contrast to decreasing milk production in many parts of the country. The majority of the milk was market grade (Grade A), with less than one percent manufacturing grade (Grade B). A portion of the manufacturing grade milk was produced by traditionally market grade dairies that opted to operate as manufacturing grade facilities.

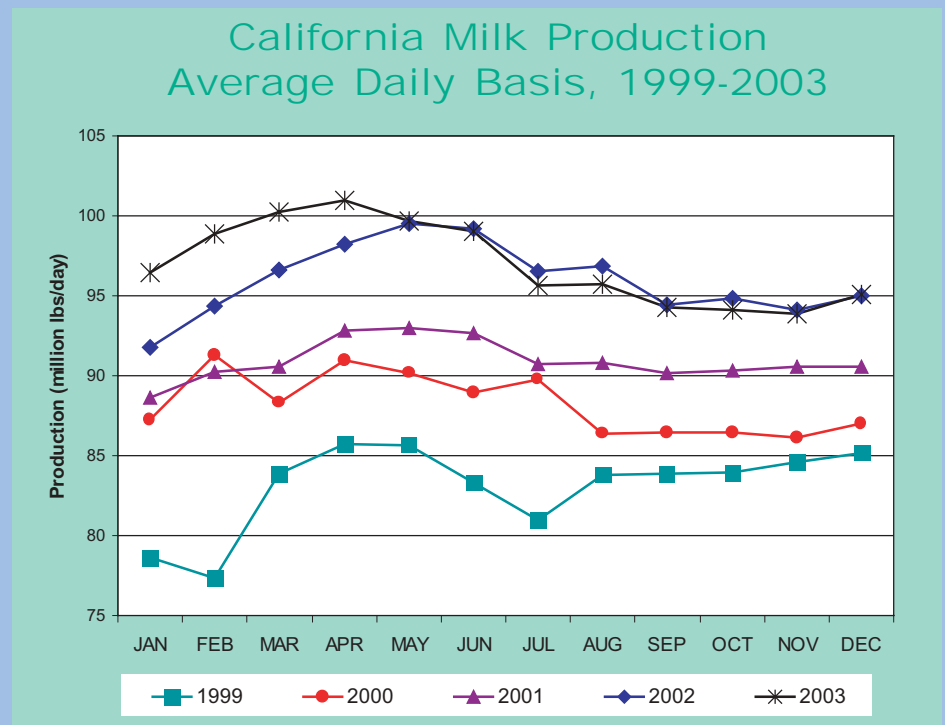
The 47 counties of the northern California region accounted for 85 percent of the market milk and 92 percent of the manufacturing milk produced commercially during 2003.

The five leading counties in total milk production for 2003, in ranking order, were: Tulare (26 percent), Merced (14 percent); Stanislaus (10 percent); San Bernardino (9 percent); and Kings (8 percent). These five counties accounted for 67 percent of California's total market milk production.

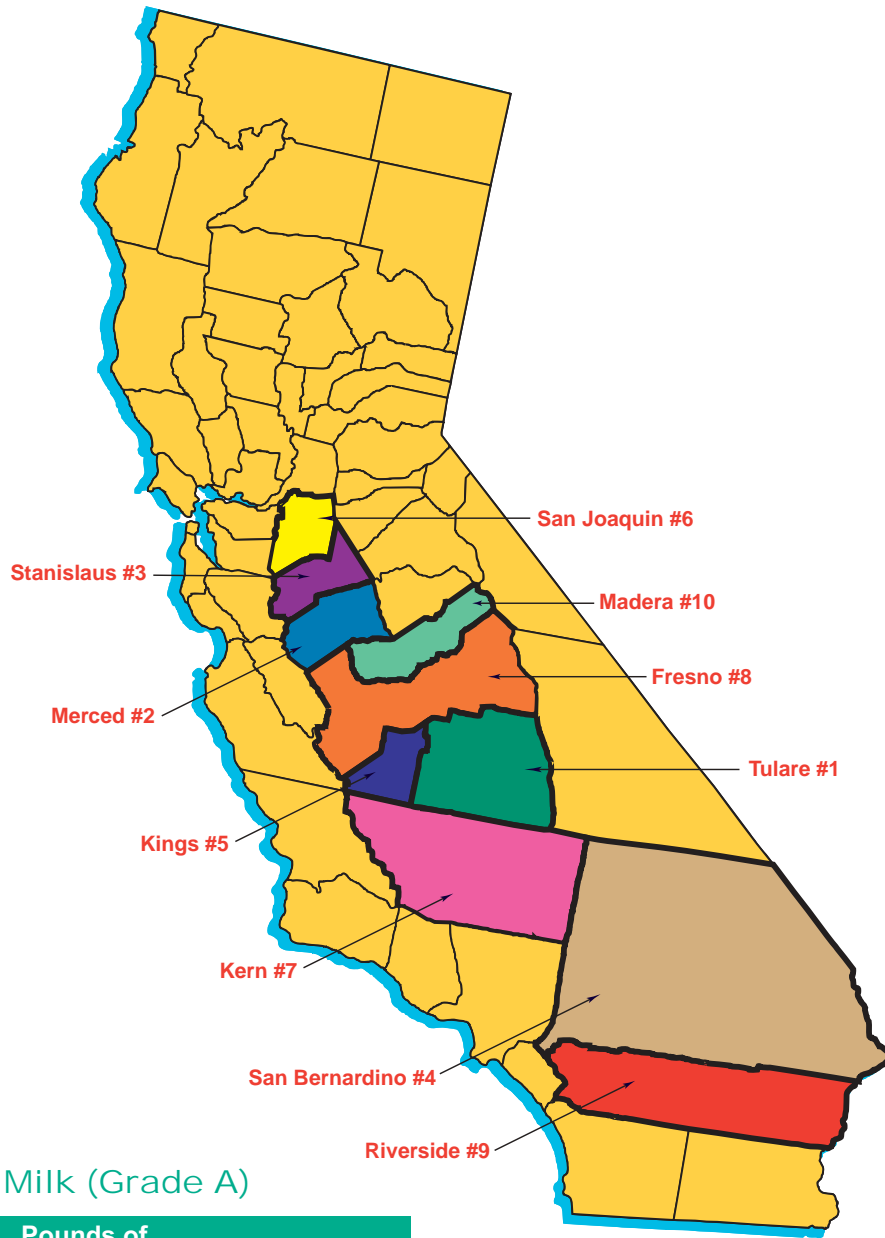
The five leading counties in manufacturing milk production, in ranking order, were: Humboldt (26 percent); Glenn (11 percent); Merced (11 percent); Stanislaus (9 percent); and Tulare (8 percent). These five counties accounted for 66 percent of California's total manufacturing milk production.

The following chart represents the production of milk, in millions of

pounds per day, on a monthly basis from January 1999 through December 2003.



Top 10 Milk Producing Counties in 2003



Market Milk (Grade A)

County (by rank)	Pounds of Milk Produced in 2003 (in thousand pounds)	% Change from 2002
Tulare	9,167,506	2.99%
Merced	4,824,361	3.22%
Stanislaus	3,557,624	1.74%
San Bernardino	3,266,487	-1.58%
Kings	2,899,338	2.83%
San Joaquin	2,139,782	-0.09%
Kern	2,011,662	14.63%
Fresno	1,917,611	4.07%
Riverside	1,669,241	-18.47%
Madera	1,137,050	12.88%

Manufacturing Milk (Grade B)

County (by rank)	Pounds of Milk Produced in 2003 (in thousand pounds)	% Change from 2002
Humboldt	82,376	-7.64%
Glenn	36,143	8.25%
Merced	35,899	-34.98%
Stanislaus	28,765	-39.10%
Tulare	26,452	-2.76%



Cows, Dairies, Cows Per Dairy, by County

Number of Milk Cows and Heifers that have Calved on Farms,
Number of Dairies, and Average Number of Cows per Dairy
in California, by County and Region, 2002 and 2003

County and Region ^{1/}	2002			2003		
	Number Cows	Number Dairies ^{2/}	Average Number Cows/Dairy	Number Cows	Number Dairies ^{2/}	Average Number Cows/Dairy
Butte	709	5	142	712	5	142
Colusa ^{3/}		1			1	
Contra Costa ^{3/}		2			1	
Del Norte	2,099	10	210	2,540	10	254
Fresno	86,115	109	790	90,345	109	829
Glenn	17,830	66	270	19,398	73	266
Humboldt	18,087	94	192	16,242	93	175
Kern	85,830	41	2,093	98,478	46	2,141
Kings	146,545	148	990	153,475	155	990
Madera	49,899	56	891	57,099	56	1,020
Marin	9,583	29	330	10,145	29	350
Mendocino ^{3/}		2			2	
Merced	224,895	331	679	224,734	316	711
Monterey	1,531	4	383	1,632	4	408
Placer ^{3/}		1			1	
Sacramento	17,239	51	338	16,247	48	338
San Benito	751	3	250	774	3	258
San Joaquin	99,828	151	661	106,162	151	703
Santa Clara ^{3/}		2			2	
Santa Cruz ^{3/}		1			1	
Shasta ^{3/}		1			2	
Siskiyou	1,732	5	346	1,677	5	335
Solano	1,518	4	380	3,643	5	729
Sonoma	30,975	84	369	31,192	81	385
Stanislaus	164,558	309	533	177,432	313	567
Sutter ^{3/}		1			1	
Tehama	5,361	24	223	5,103	23	222
Tulare	424,643	314	1,352	437,476	323	1,354
Yolo	2,087	3	696	2,048	3	683
Yuba	3,279	4	820	3,302	4	825
Northern California	1,401,462	1,856	755	1,465,440	1,866	785
Imperial ^{3/}		2			2	
Los Angeles ^{3/}		2			2	
Riverside	97,275	96	1,013	82,213	74	1,111
San Bernardino	158,010	184	859	152,333	169	901
San Diego	5,763	9	640	5,500	8	688
San Luis Obispo ^{3/}		1			1	
Santa Barbara	2,473	3	824	2,296	3	765
Southern California	268,310	297	903	247,295	259	955
STATE TOTALS	1,669,772	2,153	776	1,712,735	2,125	806

^{1/} Counties omitted have no reported milk production.

^{2/} Number of dairies source is Milk and Dairy Foods Control.

^{3/} Not published, but included in total.



Commercial Production of Bulk

Commercial Production of Bulk Milk, Average Milk Fat and Solids-Not-Fat Test in California, by Year, 1999-2003 ^{1/}

Year and Month	Bulk Milk			Average Milk Fat Test			Average Solids-not-Fat Test			Total Bulk Milk Change From Prior Year
	Market	Manufacturing	Total ^{2/}	Market	Manufacturing	Total	Market	Manufacturing	Total	Percent
	Thousand Pounds			Percent			Percent			Percent
1999	30,032,734	377,162	30,409,896	3.66	4.03	3.66	8.76	8.95	8.76	10.2
2000	31,826,556	381,023	32,207,579	3.68	4.02	3.68	8.76	8.94	8.76	5.9
2001	32,849,558	333,834	33,183,392	3.68	3.99	3.68	8.76	8.94	8.76	3.0
2002	34,693,734	332,607	35,026,341	3.67	3.99	3.67	8.71	8.91	8.71	5.6
2003	35,079,708	317,145	35,396,854	3.67	3.98	3.67	8.75	8.91	8.75	1.1
2000										
January	2,675,387	30,472	2,705,859	3.78	4.09	3.78	8.79	8.99	8.79	11.0
February	2,532,143	23,688	2,555,830	3.75	4.10	3.75	8.77	8.97	8.77	14.0
March	2,699,327	37,097	2,736,425	3.75	4.03	3.75	8.76	8.94	8.77	5.2
April	2,694,556	34,332	2,728,888	3.64	3.94	3.64	8.75	8.96	8.75	6.1
May	2,760,890	35,328	2,796,218	3.61	3.94	3.61	8.73	8.97	8.73	5.3
June	2,631,735	37,581	2,669,316	3.55	3.86	3.56	8.69	8.88	8.70	6.8
July	2,745,053	36,394	2,781,447	3.56	3.90	3.56	8.69	8.88	8.69	10.9
August	2,645,520	33,167	2,678,687	3.59	3.97	3.59	8.69	8.88	8.69	3.1
September	2,562,894	29,938	2,592,832	3.64	4.04	3.65	8.74	8.90	8.74	3.1
October	2,647,305	31,780	2,679,084	3.70	4.11	3.71	8.79	8.97	8.80	2.9
November	2,558,462	26,443	2,584,905	3.79	4.25	3.80	8.84	9.02	8.84	1.8
December	2,673,283	24,802	2,698,086	3.79	4.22	3.79	8.82	8.98	8.82	2.2
2001										
January	2,725,280	22,849	2,748,129	3.81	4.15	3.81	8.83	8.97	8.83	1.6
February	2,505,698	20,092	2,525,791	3.77	4.10	3.77	8.81	8.96	8.81	-1.2
March	2,780,611	25,908	2,806,519	3.71	3.95	3.71	8.76	8.93	8.76	2.6
April	2,758,191	25,370	2,783,561	3.66	3.91	3.66	8.75	8.94	8.76	2.0
May	2,851,446	31,365	2,882,811	3.60	3.85	3.60	8.69	8.90	8.70	3.1
June	2,746,912	33,752	2,780,664	3.57	3.83	3.57	8.67	8.85	8.68	4.2
July	2,780,829	32,555	2,813,384	3.57	3.84	3.58	8.67	9.05	8.67	1.1
August	2,784,151	29,730	2,813,881	3.59	3.92	3.59	8.70	8.87	8.70	5.0
September	2,677,954	27,214	2,705,167	3.63	3.99	3.63	8.75	8.93	8.76	4.3
October	2,772,649	27,138	2,799,787	3.69	4.11	3.69	8.79	8.98	8.79	4.5
November	2,687,003	28,831	2,715,834	3.76	4.12	3.77	8.82	8.94	8.82	5.1
December	2,778,834	29,031	2,807,865	3.85	4.24	3.85	8.85	9.01	8.85	4.1
2002										
January	2,822,643	22,974	2,845,616	3.84	4.17	3.84	8.81	8.97	8.81	3.5
February	2,620,921	21,827	2,642,748	3.79	4.07	3.79	8.79	8.96	8.80	4.6
March	2,970,602	25,504	2,996,107	3.72	3.94	3.72	8.79	8.92	8.79	6.8
April	2,915,169	31,910	2,947,079	3.66	3.87	3.66	8.75	8.90	8.75	5.9
May	3,055,054	29,291	3,084,345	3.62	3.90	3.63	8.75	8.93	8.75	7.0
June	2,939,250	35,613	2,974,863	3.57	3.83	3.58	8.71	8.84	8.71	7.0
July	2,961,605	31,649	2,993,255	3.55	3.87	3.56	8.68	8.85	8.68	6.4
August	2,972,336	29,336	3,001,672	3.58	3.97	3.58	8.70	8.88	8.70	6.7
September	2,804,397	28,052	2,832,449	3.64	4.02	3.64	8.71	8.90	8.71	4.7
October	2,910,994	28,629	2,939,623	3.70	4.08	3.70	8.75	8.92	8.76	5.0
November	2,796,223	26,348	2,822,571	3.78	4.16	3.78	8.80	8.97	8.80	3.9
December	2,924,539	21,473	2,946,012	3.80	4.24	3.80	8.79	8.98	8.80	4.9
2003										
January	2,966,537	22,299	2,988,837	3.78	4.19	3.78	8.75	8.91	8.76	5.0
February	2,748,948	18,592	2,767,540	3.74	4.13	3.74	8.74	8.95	8.74	4.7
March	3,082,279	25,387	3,107,666	3.71	3.98	3.72	8.73	8.86	8.73	3.7
April	3,004,747	23,649	3,028,396	3.68	3.98	3.68	8.74	8.93	8.74	2.8
May	3,064,138	25,685	3,089,822	3.64	3.94	3.64	8.71	8.93	8.72	0.2
June	2,943,488	27,615	2,971,103	3.55	3.84	3.55	8.68	8.86	8.68	-0.1
July	2,940,225	24,436	2,964,661	3.54	3.88	3.55	8.64	8.80	8.64	-1.0
August	2,940,130	26,590	2,966,719	3.54	3.82	3.55	8.69	8.83	8.69	-1.2
September	2,801,449	27,727	2,829,176	3.61	3.97	3.61	8.75	8.91	8.75	-0.1
October	2,884,783	32,548	2,917,331	3.66	3.97	3.66	8.80	8.95	8.80	-0.8
November	2,787,383	29,930	2,817,313	3.75	4.07	3.76	8.87	9.01	8.87	-0.2
December	2,915,604	32,687	2,948,290	3.79	4.08	3.79	8.86	8.97	8.86	0.1

^{1/} Includes total milk sold. Excludes milk used on ranch.^{2/} Monthly totals may not add up to annual totals due to rounding.

Commercial Production of Bulk Milk, by County

Commercial Production of Bulk Milk, Average Milk Fat, and Solids-Not-Fat Test in California, by County and Region, 2003 ^{1/}

County and Region ^{2/}	Bulk Milk			Average Milk Fat Test ^{3/}			Average Solids-not-Fat Test ^{3/}			State Rank
	Market	Manufacturing	Total	Market	Manufacturing	Total	Market	Manufacturing	Total	
	Thousand Pounds			Percent			Percent			
Butte	13,793	599	14,393	4.02	3.83	4.02	9.07	8.43	9.04	31
Colusa ^{4/}										36
Contra Costa ^{4/}										25
Del Norte	31,076	13,182	44,257	3.80	4.67	4.06	8.88	9.37	9.03	22
Fresno	1,917,611	6,642	1,924,253	3.65	3.61	3.65	8.76	8.70	8.76	8
Glenn	355,950	36,143	392,093	3.69	3.74	3.69	8.73	8.77	8.73	12
Humboldt	200,979	82,376	283,355	3.95	4.40	4.08	8.85	9.10	8.92	14
Kern	2,011,662	3,104	2,014,766	3.65	3.66	3.65	8.72	8.70	8.72	7
Kings	2,899,338	6,904	2,906,242	3.66	3.61	3.66	8.73	8.61	8.73	5
Madera	1,137,050	17,080	1,154,130	3.67	4.07	3.67	8.74	8.94	8.75	10
Marin	210,823	97	210,920	3.62	3.66	3.62	8.83	8.70	8.83	15
Mendocino ^{4/}										26
Merced	4,824,361	35,899	4,860,260	3.72	3.82	3.72	8.78	8.79	8.78	2
Monterey	32,985	0	32,985	3.65		3.65	8.77		8.77	28
Placer ^{4/}										29
Sacramento	319,889	8,498	328,388	3.78	3.81	3.78	8.70	8.65	8.70	13
San Benito	15,613	35	15,649	3.75	3.87	3.75	8.73	8.83	8.73	30
San Joaquin	2,139,782	6,049	2,145,831	3.69	3.61	3.69	8.73	8.80	8.73	6
Santa Clara ^{4/}										33
Santa Cruz ^{4/}										37
Shasta ^{4/}										35
Siskiyou	33,892	0	33,892	3.76		3.76	8.82		8.82	27
Solano	73,455	183	73,638	3.59	3.36	3.59	8.80	8.89	8.80	18
Sonoma	644,693	1,249	645,942	3.68	3.72	3.68	8.80	8.82	8.80	11
Stanislaus	3,557,624	28,765	3,586,389	3.71	3.88	3.71	8.76	8.81	8.76	3
Sutter ^{4/}										32
Tehama	92,017	11,135	103,152	4.05	4.30	4.08	8.95	9.24	8.99	17
Tulare	9,167,506	26,452	9,193,958	3.67	3.70	3.67	8.75	8.80	8.75	1
Yolo	34,939	6,466	41,405	3.82	3.70	3.80	8.87	8.88	8.87	23
Yuba	66,740	0	66,740	3.87		3.87	8.77		8.77	19
Northern California	29,892,929	290,873	30,183,802	3.68	4.02	3.69	8.75	8.92	8.76	
Imperial ^{4/}										20
Los Angeles ^{4/}										24
Riverside	1,669,241	16,542	1,685,783	3.57	3.47	3.57	8.69	8.82	8.69	9
San Bernardino	3,266,487	9,464	3,275,951	3.54	3.76	3.54	8.69	8.78	8.69	4
San Diego	112,782	0	112,782	3.39		3.39	8.69		8.69	16
San Luis Obispo ^{4/}										34
Santa Barbara	44,588	189	44,777	3.63	3.50	3.63	8.75	8.93	8.75	21
Southern California	5,186,780	26,272	5,213,052	3.56	3.57	3.56	8.69	8.81	8.69	
STATE TOTALS	35,079,708	317,145	35,396,854	3.67	3.98	3.67	8.75	8.91	8.75	

^{1/} Includes total milk sold. Excludes milk used on ranch.^{2/} Counties omitted have no reported milk production.^{3/} Tests were computed from unrounded data.^{4/} Not published, but included in total.

Commercial Production of All Milk in California,
by Counties and Regions, 2003 ^{1/}

County and Region ^{2/}	January	February	March	April	May	June
	<i>Pounds</i>					
Butte	1,197,207	1,123,057	1,268,248	1,215,918	1,230,784	1,212,515
Colusa ^{3/}						
Contra Costa ^{3/}						
Del Norte	2,258,107	2,157,531	2,553,968	2,885,344	3,192,505	5,055,685
Fresno	159,249,710	149,120,591	169,000,456	163,524,028	165,772,391	159,636,359
Glenn	32,627,061	30,509,989	34,905,002	35,042,340	36,135,966	33,169,183
Humboldt	22,321,349	20,592,358	24,278,545	25,133,772	27,326,533	25,425,973
Kern	162,455,437	154,144,490	175,423,603	171,891,685	172,627,329	161,722,274
Kings	244,909,345	229,409,655	256,990,257	251,575,876	254,588,342	244,125,633
Madera	89,242,149	82,682,198	93,878,292	93,638,497	96,641,859	93,701,661
Marin	17,465,842	16,024,152	17,988,035	17,360,231	18,191,513	17,746,607
Mendocino ^{3/}						
Merced	399,223,438	368,526,898	417,518,530	408,000,746	423,868,468	411,955,374
Monterey	2,731,580	2,519,429	2,796,041	2,770,217	2,843,031	2,728,010
Placer ^{3/}						
Sacramento	28,801,010	26,308,153	28,340,096	27,095,759	27,101,701	27,331,170
San Benito	1,432,554	1,277,229	1,135,220	1,170,673	1,371,229	1,356,849
San Joaquin	179,324,949	164,807,720	185,465,273	178,966,329	185,181,552	180,656,184
Santa Clara ^{3/}						
Santa Cruz ^{3/}						
Shasta ^{3/}						
Siskiyou	2,945,291	2,688,690	3,015,904	2,883,735	2,852,303	2,749,184
Solano	2,467,698	2,285,217	6,280,790	6,527,512	7,193,272	6,819,164
Sonoma	54,208,321	49,166,133	54,885,559	53,890,849	55,263,848	53,214,802
Stanislaus	297,463,326	273,479,003	306,738,194	299,085,873	310,868,432	304,821,038
Sutter ^{3/}						
Tehama	8,910,993	8,404,114	9,563,688	8,704,739	8,932,343	8,569,618
Tulare	782,066,521	728,211,458	823,530,793	796,089,748	801,299,755	762,248,421
Yolo	3,735,022	3,250,355	3,578,536	3,562,508	3,763,173	3,484,621
Yuba	5,886,412	5,511,892	6,015,568	5,691,530	5,653,254	5,370,585
Northern California	2,511,246,735	2,331,948,905	2,636,316,129	2,568,178,626	2,623,517,782	2,524,071,668
Imperial ^{3/}						
Los Angeles ^{3/}						
Riverside	158,500,726	139,471,129	151,950,622	147,204,230	147,536,546	140,873,126
San Bernardino	296,909,496	276,081,022	295,605,107	291,591,345	296,838,572	285,218,712
San Diego	9,944,712	8,851,513	11,692,570	9,453,412	9,684,352	9,368,340
San Luis Obispo ^{3/}						
Santa Barbara	3,850,952	3,387,304	3,316,642	3,585,976	3,731,666	3,750,177
Southern California	477,589,876	435,591,304	471,349,693	460,217,346	466,304,454	447,031,192
STATE TOTALS	2,988,836,611	2,767,540,209	3,107,665,822	3,028,395,972	3,089,822,236	2,971,102,860

^{1/} Includes total milk sold. Excludes milk left on ranch.^{2/} Counties omitted have no reported milk production.^{3/} Not published, but included in total.

Commercial Milk Production, by County, by Month

Commercial Production of All Milk in California, by Counties and Regions, 2003^{1/} - Continued

July	August	September	October	November	December	Total
<i>Pounds</i>						
1,223,430	1,248,574	1,183,004	1,215,013	1,136,982	1,137,807	14,392,539
4,964,524	4,856,403	4,560,352	4,304,951	3,768,594	3,699,427	44,257,391
159,421,357	159,613,950	154,901,378	159,057,807	158,169,263	166,785,675	1,924,252,965
32,455,965	32,380,827	30,705,518	31,526,276	30,724,230	31,910,582	392,092,939
26,422,369	25,019,742	23,049,413	23,113,047	19,871,896	20,800,022	283,355,019
162,673,225	162,827,043	158,643,120	175,143,328	172,710,808	184,503,464	2,014,765,806
242,586,301	240,699,350	230,168,477	238,349,761	230,969,952	241,869,162	2,906,242,111
94,612,902	98,175,096	98,985,971	103,515,248	100,445,046	108,611,286	1,154,130,205
18,353,963	18,174,132	17,228,725	17,623,967	17,029,116	17,733,615	210,919,898
417,060,937	422,615,627	401,104,677	407,713,602	382,650,762	400,020,743	4,860,259,802
2,822,917	2,820,324	2,712,615	2,786,672	2,666,264	2,787,849	32,984,949
27,977,269	28,025,595	26,298,665	27,419,595	26,372,659	27,315,839	328,387,511
1,412,292	1,348,517	1,260,623	1,283,408	1,273,166	1,326,818	15,648,578
182,980,313	184,603,849	174,804,347	177,749,824	171,772,913	179,517,817	2,145,831,070
2,875,619	2,873,989	2,731,869	2,782,868	2,686,098	2,806,644	33,892,194
7,131,582	7,404,557	6,952,268	7,042,597	6,627,723	6,905,842	73,638,222
55,624,648	55,508,753	51,497,991	51,954,165	54,223,607	56,503,716	645,942,392
305,700,449	309,222,088	292,384,705	299,544,806	289,847,095	297,234,097	3,586,389,106
8,465,610	8,636,142	8,358,608	8,603,849	8,022,691	7,979,368	103,151,763
756,524,609	754,739,299	720,456,317	752,277,903	738,581,238	777,932,370	9,193,958,432
3,345,802	3,515,908	3,371,390	3,313,406	3,162,652	3,321,524	41,404,897
5,256,445	5,416,906	5,239,004	5,574,126	5,381,086	5,742,828	66,739,636
2,530,595,863	2,541,221,051	2,422,380,839	2,507,974,439	2,433,851,576	2,552,498,364	30,183,801,977
138,960,412	136,754,658	132,735,341	138,116,798	125,429,422	128,249,577	1,685,782,587
274,160,157	269,057,741	254,561,960	251,013,486	238,045,548	246,867,466	3,275,950,612
9,351,659	9,032,177	8,713,834	9,002,819	8,648,954	9,037,520	112,781,862
4,015,953	3,875,038	3,755,623	3,888,360	3,826,321	3,792,962	44,776,974
434,064,886	425,498,252	406,794,838	409,356,758	383,461,199	395,791,846	5,213,051,644
2,964,660,749	2,966,719,303	2,829,175,677	2,917,331,197	2,817,312,775	2,948,290,210	35,396,853,621



Market Milk Production, by County, by Month

Commercial Production of All Market Milk in California,
by Counties and Regions, 2003 ^{1/}

County and Region ^{2/}	January	February	March	April	May	June
	<i>Pounds</i>					
Butte	1,132,238	1,086,572	1,220,685	1,112,404	1,174,696	1,161,583
Colusa ^{3/}						
Contra Costa ^{3/}						
Del Norte	1,574,026	1,534,137	1,672,536	1,660,029	1,763,050	3,522,779
Fresno	159,100,008	149,050,821	167,072,348	162,861,784	165,231,219	159,154,105
Glenn	29,893,282	27,682,974	31,027,778	30,293,822	32,912,165	29,880,409
Humboldt	16,272,158	15,052,715	17,574,975	17,831,591	19,493,914	17,387,116
Kern	162,455,437	153,981,737	175,373,819	171,709,174	172,596,276	161,412,819
Kings	244,684,355	229,035,736	256,307,275	250,857,305	254,020,476	243,679,206
Madera	88,387,962	82,011,883	93,401,050	93,072,410	95,767,223	93,212,158
Marin	17,465,842	16,024,152	17,988,035	17,360,231	18,182,376	17,746,607
Mendocino ^{3/}						
Merced	395,055,031	366,351,074	414,987,205	405,898,088	421,821,867	409,395,485
Monterey	2,731,580	2,519,429	2,796,041	2,770,217	2,843,031	2,728,010
Placer ^{3/}						
Sacramento	28,055,257	25,684,211	27,889,381	26,402,348	26,492,256	26,720,504
San Benito	1,432,554	1,277,229	1,099,814	1,170,673	1,371,229	1,356,849
San Joaquin	178,825,712	164,135,577	185,192,060	178,464,752	185,009,780	180,389,111
Santa Clara ^{3/}						
Santa Cruz ^{3/}						
Shasta ^{3/}						
Siskiyou	2,945,291	2,688,690	3,015,904	2,883,735	2,852,303	2,749,184
Solano	2,467,698	2,285,217	6,280,790	6,472,028	7,123,722	6,761,393
Sonoma	53,991,591	49,127,949	54,783,265	53,850,049	55,221,688	53,173,522
Stanislaus	296,112,469	271,819,797	304,602,202	297,602,334	307,892,914	300,641,621
Sutter ^{3/}						
Tehama	8,142,136	7,658,720	8,698,166	7,830,090	8,023,475	7,713,788
Tulare	779,320,722	726,667,176	820,136,947	795,115,065	799,843,444	760,305,279
Yolo	3,735,022	2,864,156	3,492,261	3,562,508	1,327,739	1,506,863
Yuba	5,886,412	5,511,892	6,015,568	5,691,530	5,653,254	5,370,585
Northern California	2,489,975,874	2,313,800,437	2,611,793,636	2,545,942,884	2,598,236,296	2,496,939,734
Imperial ^{3/}						
Los Angeles ^{3/}						
Riverside	157,935,514	139,437,636	151,660,142	146,597,654	147,536,546	140,792,516
San Bernardino	296,446,149	275,670,800	295,030,776	291,050,945	296,435,323	284,815,991
San Diego	9,944,712	8,851,513	11,692,570	9,453,412	9,684,352	9,368,340
San Luis Obispo ^{3/}						
Santa Barbara	3,850,952	3,387,304	3,316,642	3,396,580	3,731,666	3,750,177
Southern California	476,561,317	435,147,589	470,484,882	458,803,890	465,901,205	446,547,861
STATE TOTALS	2,966,537,191	2,748,948,026	3,082,278,518	3,004,746,774	3,064,137,501	2,943,487,595

^{1/} Includes total milk sold. Excludes milk left on ranch.^{2/} Counties omitted have no reported milk production.^{3/} Not published, but included in total.

Market Milk Production, by County, by Month

Commercial Production of All Market Milk in California,
by Counties and Regions, 2003 ^{1/} - Continued

July	August	September	October	November	December	Total
<i>Pounds</i>						
1,175,194	1,203,867	1,140,781	1,176,149	1,103,136	1,105,780	13,793,085
3,615,933	3,507,837	3,330,946	3,197,227	2,897,978	2,799,267	31,075,745
158,750,382	158,731,730	154,342,395	158,927,051	157,928,360	166,460,987	1,917,611,190
29,152,390	29,565,130	28,337,384	29,081,095	28,520,514	29,602,841	355,949,784
18,173,266	17,628,918	16,124,378	15,854,206	14,665,650	14,919,811	200,978,698
162,500,180	162,699,346	158,439,261	175,095,885	172,686,412	182,711,860	2,011,662,206
242,097,371	239,555,903	229,622,203	237,567,076	230,512,632	241,398,907	2,899,338,445
93,518,744	97,041,294	97,162,052	100,202,436	98,827,602	104,444,974	1,137,049,788
18,331,437	18,163,006	17,207,111	17,623,967	17,007,651	17,722,453	210,822,868
414,808,240	419,020,371	398,136,702	402,810,725	377,873,816	398,202,021	4,824,360,625
2,822,917	2,820,324	2,712,615	2,786,672	2,666,264	2,787,849	32,984,949
27,263,408	27,219,560	25,410,502	26,467,030	25,778,421	26,506,461	319,889,339
1,412,292	1,348,517	1,260,623	1,283,408	1,273,166	1,326,818	15,613,172
182,738,969	184,263,405	174,685,347	176,998,263	170,716,875	178,361,929	2,139,781,780
2,875,619	2,873,989	2,731,869	2,782,868	2,686,098	2,806,644	33,892,194
7,131,582	7,404,557	6,952,268	7,042,597	6,627,723	6,905,842	73,455,417
55,531,805	55,095,819	51,423,298	51,889,254	54,163,853	56,441,134	644,693,227
302,717,020	307,073,066	290,341,560	296,498,821	287,229,225	295,093,195	3,557,624,224
7,459,169	7,722,670	7,303,688	7,605,420	7,077,358	6,782,484	92,017,164
755,480,718	752,504,446	717,269,340	750,188,286	735,439,739	775,235,038	9,167,506,200
3,345,802	3,426,247	1,880,563	3,313,406	3,162,652	3,321,524	34,938,743
5,256,445	5,416,906	5,239,004	5,574,126	5,381,086	5,742,828	66,739,636
2,506,862,218	2,515,781,288	2,396,835,692	2,480,044,188	2,409,983,946	2,526,732,516	29,892,928,709
138,733,829	136,083,490	131,043,394	134,958,275	121,237,819	123,223,860	1,669,240,675
273,684,426	268,578,946	254,072,202	249,554,230	236,174,790	244,972,480	3,266,487,058
9,351,659	9,032,177	8,713,834	9,002,819	8,648,954	9,037,520	112,781,862
4,015,953	3,875,038	3,755,623	3,888,360	3,826,321	3,792,962	44,587,578
433,362,572	424,348,289	404,613,133	404,738,979	377,398,838	388,871,143	5,186,779,698
2,940,224,790	2,940,129,577	2,801,448,825	2,884,783,167	2,787,382,784	2,915,603,659	35,079,708,407



Manufacturing Milk, by County, by Month

Commercial Production of All Manufacturing Milk in California,
by Counties and Regions, 2003 ^{1/}

County and Region ^{2/}	January	February	March	April	May	June
	<i>Pounds</i>					
Butte	64,969	36,485	47,563	103,514	56,088	50,932
Colusa ^{3/}						
Contra Costa ^{3/}						
Del Norte	684,081	623,394	881,432	1,225,315	1,429,455	1,532,906
Fresno	149,702	69,770	1,928,108	662,244	541,172	482,254
Glenn	2,733,779	2,827,015	3,877,224	4,748,518	3,223,801	3,288,774
Humboldt	6,049,191	5,539,643	6,703,570	7,302,181	7,832,619	8,038,857
Kern		162,753	49,784	182,511	31,053	309,455
Kings	224,990	373,919	682,982	718,571	567,866	446,427
Madera	854,187	670,315	477,242	566,087	874,636	489,503
Marin					9,137	
Mendocino ^{3/}						
Merced	4,168,407	2,175,824	2,531,325	2,102,658	2,046,601	2,559,889
Monterey						
Placer ^{3/}						
Sacramento	745,753	623,942	450,715	693,411	609,445	610,666
San Benito			35,406			
San Joaquin	499,237	672,143	273,213	501,577	171,772	267,073
Santa Clara ^{3/}						
Santa Cruz ^{3/}						
Solano				55,484	69,550	57,771
Sonoma	216,730	38,184	102,294	40,800	42,160	41,280
Stanislaus	1,350,857	1,659,206	2,135,992	1,483,539	2,975,518	4,179,417
Sutter ^{3/}						
Tehama	768,857	745,394	865,522	874,649	908,868	855,830
Tulare	2,745,799	1,544,282	3,393,846	974,683	1,456,311	1,943,142
Yolo		386,199	86,275		2,435,434	1,977,758
Yuba						
Northern California	21,270,861	18,148,468	24,522,493	22,235,742	25,281,486	27,131,934
Imperial ^{3/}						
Los Angeles ^{3/}						
Riverside	565,212	33,493	290,480	606,576		80,610
San Bernardino	463,347	410,222	574,331	540,400	403,249	402,721
San Diego						
San Luis Obispo ^{3/}						
Santa Barbara				189,396		
Southern California	1,028,559	443,715	864,811	1,413,456	403,249	483,331
STATE TOTALS	22,299,420	18,592,183	25,387,304	23,649,198	25,684,735	27,615,265

^{1/} Includes total milk sold. Excludes milk left on ranch.^{2/} Counties omitted have no reported milk production.^{3/} Not published, but included in total.

Manufacturing Milk, by County, by Month

Commercial Production of All Manufacturing Milk in California
by Counties and Regions, 2003 ^{1/} - Continued

July	August	September	October	November	December	Total
<i>Pounds</i>						
48,236	44,707	42,223	38,864	33,846	32,027	599,454
1,348,591	1,348,566	1,229,406	1,107,724	870,616	900,160	13,181,646
670,975	882,220	558,983	130,756	240,903	324,688	6,641,775
3,303,575	2,815,697	2,368,134	2,445,181	2,203,716	2,307,741	36,143,155
8,249,103	7,390,824	6,925,035	7,258,841	5,206,246	5,880,211	82,376,321
173,045	127,697	203,859	47,443	24,396	1,791,604	3,103,600
488,930	1,143,447	546,274	782,685	457,320	470,255	6,903,666
1,094,158	1,133,802	1,823,919	3,312,812	1,617,444	4,166,312	17,080,417
22,526	11,126	21,614		21,465	11,162	97,030
2,252,697	3,595,256	2,967,975	4,902,877	4,776,946	1,818,722	35,899,177
713,861	806,035	888,163	952,565	594,238	809,378	8,498,172
						35,406
241,344	340,444	119,000	751,561	1,056,038	1,155,888	6,049,290
						182,805
92,843	412,934	74,693	64,911	59,754	62,582	1,249,165
2,983,429	2,149,022	2,043,145	3,045,985	2,617,870	2,140,902	28,764,882
1,006,441	913,472	1,054,920	998,429	945,333	1,196,884	11,134,599
1,043,891	2,234,853	3,186,977	2,089,617	3,141,499	2,697,332	26,452,232
	89,661	1,490,827				6,466,154
23,733,645	25,439,763	25,545,147	27,930,251	23,867,630	25,765,848	290,873,268
226,583	671,168	1,691,947	3,158,523	4,191,603	5,025,717	16,541,912
475,731	478,795	489,758	1,459,256	1,870,758	1,894,986	9,463,554
						189,396
702,314	1,149,963	2,181,705	4,617,779	6,062,361	6,920,703	26,271,946
24,435,959	26,589,726	27,726,852	32,548,030	29,929,991	32,686,551	317,145,214



CALIFORNIA Pooled Milk Utilization

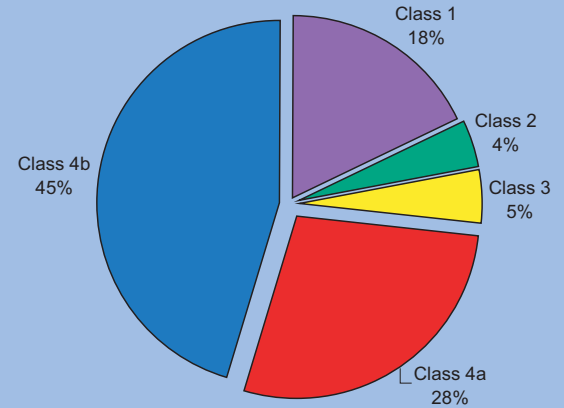


In 2003, utilization of pooled Grade A milkfat pounds increased 0.3 percent and solids-not-fat (SNF) pounds increased 0.8 percent, as compared to the previous year. In addition, as compared to 2002, the breakdown of the utilization of the following classes of milk pounds on a total solids basis were as follows: Class 1, fluid dairy products (decreased 0.08%); Class 2, soft dairy products (increased 8.1%); Class 3, frozen dairy products (increased 3.0%); Class 4a, butter and powder (decreased

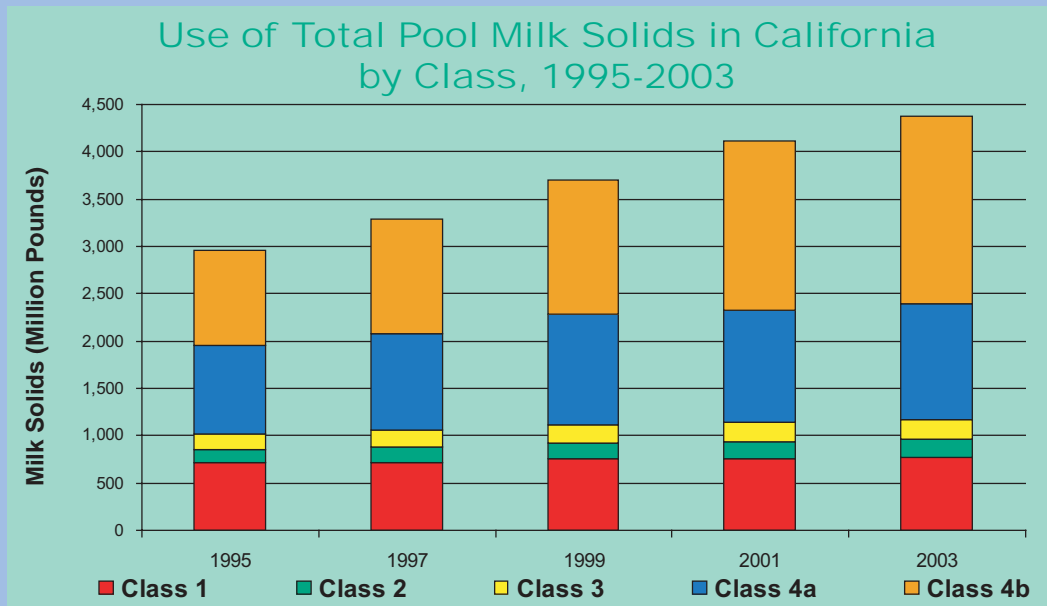
4.8%); and Class 4b, cheese (increased 3.7%).

In total, Class 4a and 4b accounted for nearly 75% of all milk available on a total solids basis.

Utilization of Milk in California by Class, 2003



Use of Total Pool Milk Solids in California by Class, 1995-2003



Pooled Milk Utilization

Utilization of Pooled Milk Fat, in California by Class, by Year, 1999-2003 1/ 2/ 3/

Year	Class 1	Class 2	Class 3	Class 4a	Class 4b	Fat Total	Fat \$ Value	Quota ^{4/}	Non-Quota
<i>Thousand Pounds</i>									
1999	141,418	56,923	106,939	385,187	400,301	1,090,769	\$1,448,145,114	346,073	744,695
2000	146,495	60,418	125,855	384,092	445,695	1,162,554	\$1,428,110,493	345,693	816,862
2001	145,359	63,274	126,854	369,661	512,567	1,217,716	\$2,221,965,889	353,386	864,329
2002	149,627	64,262	103,043	428,231	543,425	1,288,589	\$1,514,847,606	364,584	924,005
2003	150,342	68,580	112,329	395,048	565,803	1,292,101	\$1,533,135,001	363,647	928,454

^{1/} Data are subject to revision.

^{2/} Includes pooled milk only. Excludes exempt, non-pool, grade B milk and bulk milk shipped out-of-California.

^{3/} Class usage has been adjusted for plant gain and inventory variance.

^{4/} Includes other source milk, effective July 1, 1997.

Utilization of Pooled Milk Solids-Not-Fat, in California by Class, by Year, 1999-2003 1/ 2/ 3/

Year	Class 1	Class 2	Class 3	Class 4a	Class 4b	SNF Total	SNF \$ Value	Quota ^{4/}	Non-Quota
<i>Thousand Pounds</i>									
1999	610,396	109,337	88,420	781,071	1,017,703	2,606,926	\$2,606,926,225	837,470	1,769,456
2000	619,363	114,992	87,204	821,340	1,120,843	2,763,740	\$2,214,494,836	837,899	1,925,876
2001	617,076	110,026	88,959	805,123	1,273,808	2,894,992	\$2,401,731,486	859,272	2,035,720
2002	626,958	108,973	92,435	866,546	1,367,722	3,062,633	\$2,329,631,660	889,973	2,172,660
2003	624,665	118,706	89,012	837,916	1,415,882	3,086,180	\$2,480,019,107	888,373	2,197,857

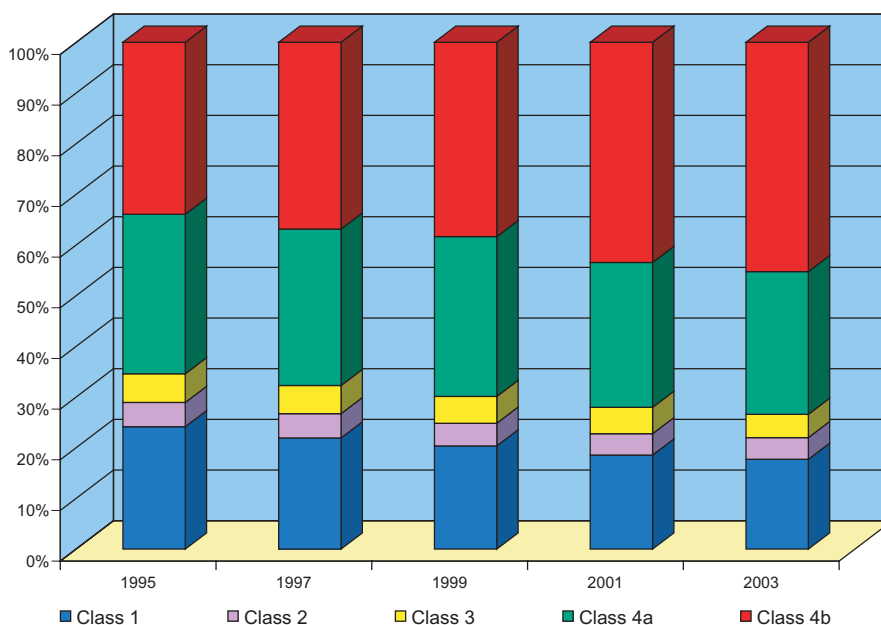
^{1/} Data are subject to revision.

^{2/} Includes pooled milk only. Excludes exempt, non-pool, grade B milk and bulk milk shipped out-of-California.

^{3/} Class usage has been adjusted for plant gain and inventory variance.

^{4/} Includes other source milk, effective July 1, 1997.

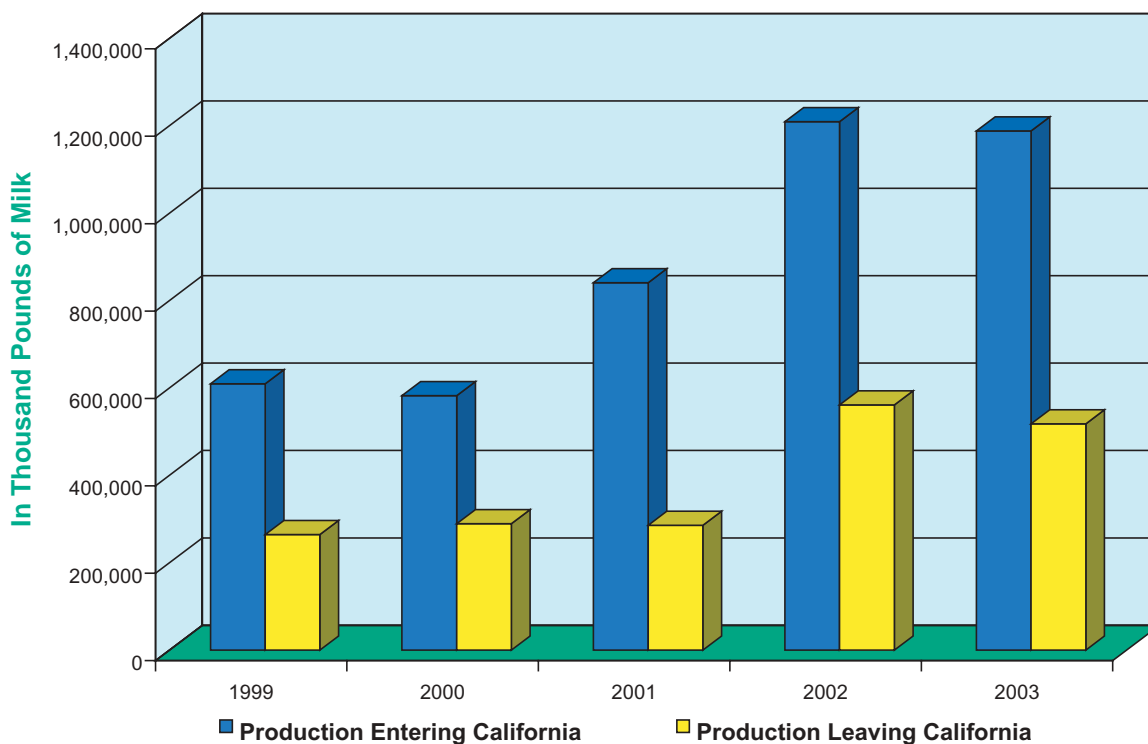
Utilization of Milk in California, by Class, 1995-2003



Net Milk Available in California
California Commercial Milk Production, Production Entering, Production Leaving, Net Milk Available, in Thousand Pounds, 1999-2003

Year	California Milk Production	Production Entering California	Production Leaving California	Net Milk Available in California
1999	30,409,896	609,224	264,414	30,754,706
2000	32,207,577	582,026	289,187	32,500,416
2001	33,183,393	840,655	285,282	33,738,766
2002	35,026,340	1,208,973	560,900	35,674,413
2003	35,396,854	1,187,717	517,750	36,066,821

California Milk Production
 Entering California, Leaving California, 1999-2003



Where Is the Quota in California?
 California Pounds of Solids-Not-Fat Quota
 On A Daily Basis, December 2003



Quota Transfer Summary

Summary of Quota Transfers and Sales, Based on Solids-Not-Fat, 1999-2003

	Number of Sellers	Number of Buyers	Average Price 1/ <i>(dollars)</i>	SNF Transferred <i>(pounds)</i>	Average Ratio
1999	63	93	\$386	77,278	2.44
2000	73	110	\$410	71,276	2.41
2001	58	92	\$421	54,321	2.44
2002	53	64	\$488	42,938	2.40
2003	80	103	\$455	93,151	2.41

^{1/} Sales without cows.



C A L I F O R N I A

Class 1 Sales



for 2003, overall Class 1 sales were up 0.4%, with sales of reduced fat, fat free, and half-and-half showing increases, while whole and lowfat sales showed a decrease.

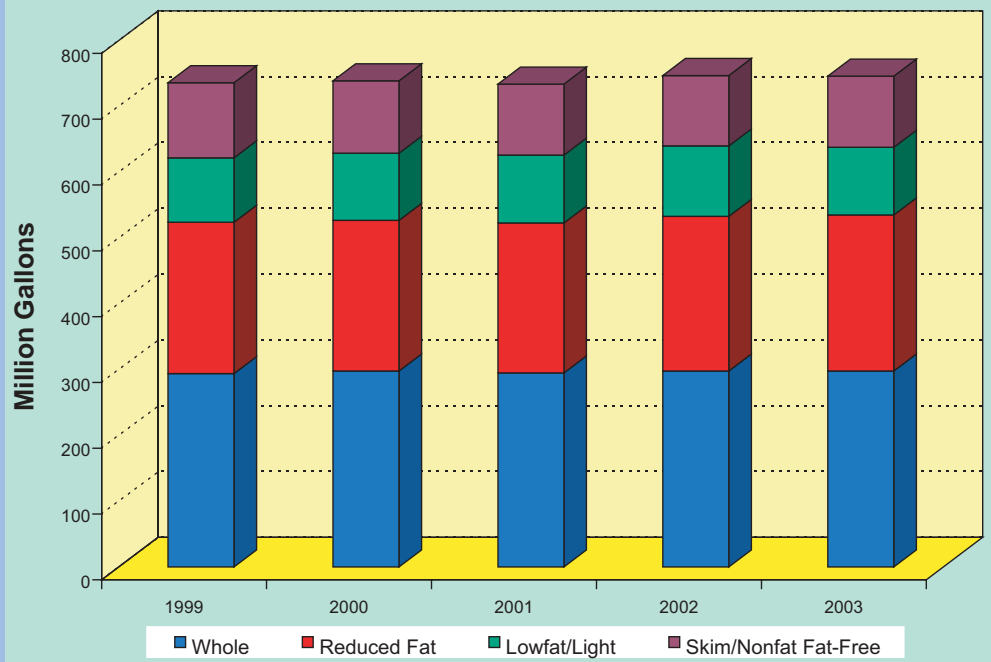
sales: 40 percent whole, 32 percent reduced fat, 14 percent lowfat, and 14 percent skim. Half-and-half sales accounted for 2.3% of all Class 1 Sales.

Sales of fluid Class 1 products made up 98 percent of all Class 1

Fluid Milk Composition

	Fat	SNF
Whole	3.5	8.7
Reduced Fat	2.0	10.0
Lowfat	1.0	11.0
Skim	0.1	9.0

Sales of Fluid Class 1 Market Milk Products California, 1999-2003



Class 1 Sales

Sales of Class 1 Market Milk Products in California, by Year, 1999-2003¹

Year	Whole Milk	Reduced Fat Milk	Lowfat Light Milk	Skim/Nonfat Fat-Free Milk	Subtotal Beverage Milks	Half and Half	Total Class 1 ^{2/}	Total Class 1 Milk Change From Prior Year
	<i>Thousand Gallons</i>					<i>Percent</i>		
1999	294,421	229,583	97,948	113,677	735,629	12,768	748,682	0.3
2000	297,815	229,453	102,128	110,540	739,936	13,002	753,217	0.6
2001	294,777	227,821	103,897	107,892	734,386	13,318	747,708	-0.7
2002	298,109	234,507	106,755	106,946	746,316	14,904	761,224	1.8
2003	297,683	237,045	103,952	108,310	746,992	17,425	764,424	0.4
2000								
January	24,553	19,102	8,661	9,609	61,924	1,035	63,002	1.5
February	24,003	18,412	8,276	9,368	60,059	1,041	61,118	5.2
March	25,923	20,077	9,189	10,139	65,328	1,113	66,461	1.4
April	23,365	18,187	8,015	8,883	58,449	989	59,456	-4.2
May	24,683	19,321	8,891	9,750	62,645	1,029	63,695	1.4
June	24,582	18,840	7,952	8,941	60,315	1,049	61,378	2.1
July	24,570	18,890	7,656	8,161	59,277	1,019	60,316	-2.3
August	25,256	19,212	8,116	8,538	61,121	1,079	62,227	-0.9
September	25,378	19,569	9,157	9,568	63,672	1,061	64,772	1.7
October	25,095	19,426	9,231	9,489	63,241	1,137	64,400	1.4
November	24,877	18,994	8,627	9,191	61,690	1,250	62,964	1.1
December	25,530	19,425	8,357	8,902	62,215	1,201	63,428	-0.9
2001								
January	24,935	19,260	8,764	9,425	62,384	1,098	63,482	0.8
February	22,898	17,780	8,372	8,535	57,585	1,060	58,645	-4.0
March	26,190	20,158	9,582	10,064	65,993	1,183	67,177	1.1
April	23,946	18,323	8,537	8,857	59,663	1,093	60,757	2.2
May	24,335	18,842	9,176	9,414	61,767	1,115	62,883	-1.3
June	24,679	18,848	8,212	8,811	60,550	1,063	61,613	0.4
July	24,275	18,684	7,552	8,034	58,544	1,079	59,623	-1.1
August	25,176	19,362	8,079	8,418	61,035	1,108	62,144	-0.1
September	24,019	18,970	8,817	9,218	61,024	1,023	62,048	-4.2
October	24,864	19,495	9,464	9,870	63,692	1,099	64,792	0.6
November	24,443	18,931	8,845	8,825	61,044	1,143	62,187	-1.2
December	25,017	19,168	8,497	8,422	61,104	1,253	62,357	-1.7
2002								
January	24,816	19,280	8,855	8,920	61,871	1,093	62,964	-0.8
February	22,408	17,964	8,287	8,491	57,151	1,065	58,217	-0.7
March	24,978	20,049	9,165	9,318	63,510	1,174	64,685	-3.7
April	24,240	19,200	9,070	8,909	61,419	1,135	62,555	3.0
May	25,156	19,686	9,539	9,401	63,782	1,173	64,955	3.3
June	24,146	19,011	8,190	8,358	59,705	1,210	60,915	-1.1
July	25,162	19,649	7,938	7,965	60,714	1,249	61,963	3.9
August	26,027	20,406	8,531	8,281	63,246	1,270	64,517	3.8
September	24,647	19,635	9,900	9,084	63,266	1,264	64,530	4.0
October	25,859	20,198	9,583	10,006	65,646	1,362	67,009	3.4
November	24,962	19,604	8,984	9,332	62,882	1,448	64,330	3.4
December	25,707	19,824	8,713	8,879	63,122	1,461	64,584	3.6
2003								
January	25,118	19,839	9,145	9,522	63,623	1,312	64,936	3.1
February	23,026	18,340	8,363	8,871	58,599	1,300	59,900	2.9
March	25,496	20,404	9,416	9,852	65,168	1,377	66,545	2.9
April	24,391	19,360	8,578	9,016	61,345	1,341	62,686	0.2
May	25,291	20,257	9,247	9,707	64,502	1,403	65,906	1.5
June	24,314	19,368	7,965	8,402	60,049	1,387	61,436	0.9
July	24,684	19,829	7,634	7,883	60,031	1,385	61,416	-0.9
August	24,682	19,874	7,988	8,134	60,678	1,410	62,088	-3.8
September	24,502	19,714	9,197	9,477	62,890	1,520	64,411	-0.2
October	25,612	20,508	9,274	9,839	65,233	1,547	66,780	-0.3
November	24,208	19,062	8,434	8,748	60,453	1,623	62,076	-3.5
December	26,360	20,492	8,711	8,860	64,423	1,820	66,244	2.6

^{1/} Monthly totals may not add up to annual totals due to rounding.^{2/} Miscellaneous Class 1 Products are included in the total.

Fluid Milk Sales Container Survey for October 2003
Sales of Market Whole, Reduced Fat, Lowfat, and Skim Milks - October 2003

**Reported by Number of Individual Units Sold
With A Percent Comparison of Total Class 1 Sales**

In October 2003, the Department requested all market milk handlers in California to supply data regarding sales of whole, reduced fat, lowfat, and skim milk, categorized by container size and composition, for the month of October 2003. The annual gathering of this data was initiated by the Department in 1951 and continued yearly until 1997, when the survey was put on hold due to a statistical database installation. The Department will now continue to request the collection of this data on an annual basis for the month of October.

The following chart summary was provided for each California market milk handler in addition to being published in the Dairy Information Bulletin and the 2004 Statistics Annual. The summary includes all container sizes and their characteristic, the number of units sold for each size container, and the percentage of October 2003 Class 1 sales represented by each size container. For this summary, all sales were expressed in the number of units sold in each particular container size - not in gallons of milk sold in that size container. However, the percentages are reported as an approximate percentage of the total gallons sold for each size container. For example, the half gallon plastic containers totaled 10.5 million containers sold, which represented 8.05% of the reported Class 1 sales totals for October 2003.

The top three containers reported in this survey for market milk sold in California were:

- Gallon plastic containers (68%)
- Half gallon paper containers (8%)
- Half gallon plastic containers (8%)

Container Size & Characteristic	WHOLE	2% REDUCED FAT	1% LOWFAT	SKIM	TOTAL NUMBER OF UNITS	PERCENT OF OCTOBER 2003 CLASS 1 SALES
	IN NUMBER OF UNITS SOLD					PERCENT
6 Gallon						6 Gallon
Bag	24,383	32,301	12,268	4,197	73,149	0.67%
Plastic	*	*	*	*	20,616	0.19%
TOTAL 6 GALLON UNITS					93,765	0.86%
5 Gallon						5 Gallon
Bag	7,039	15,206	10,697	4,482	37,424	0.29%
Plastic	0	0	0	0	0	0.00%
TOTAL 5 GALLON UNITS					37,424	0.29%
3 Gallon						3 Gallon
Bag	765	292	35	74	1,166	0.01%
Plastic	0	0	0	0	0	0.00%
TOTAL 3 GALLON UNITS					1,166	0.01%
1 Gallon						1 Gallon
Glass	*	*	*	*	4	0.00%/trace
Paper	0	15,392	0	0	15,392	0.02%
Plastic	20,332,494	15,064,708	4,351,276	4,846,886	44,595,364	68.13%
TOTAL 1 GALLON UNITS					44,610,760	68.15%

Fluid Milk Sales Container Survey, October 2003

Container Size & Characteristic	WHOLE	2% REDUCED FAT	1% LOWFAT	SKIM	TOTAL NUMBER OF UNITS	PERCENT OF OCTOBER 2003 CLASS 1 SALES
	IN NUMBER OF UNITS SOLD					PERCENT
1/2 Gallon						1/2 Gallon
Glass	6,836	4,652	0	5,007	16,495	0.01%
Paper	2,908,377	3,261,786	1,912,133	2,544,591	10,626,887	8.12%
Plastic	3,735,721	3,633,289	1,352,410	1,815,126	10,536,546	8.05%
TOTAL 1/2 GALLON UNITS					21,179,928	16.18%
Quart						Quart
Glass	40,206	22,519	1,526	16,036	80,287	0.03%
Paper	1,520,037	1,590,516	1,339,873	1,274,037	5,724,463	2.19%
Plastic	967,747	288,605	240,327	207,470	1,704,049	0.65%
TOTAL 1 QUART UNITS					7,508,799	2.87%
Pint						Pint
Paper	1,160,712	530,567	713,680	31,508	2,436,467	0.47%
Plastic	6,204,903	1,377,259	1,211,060	257,933	9,051,155	1.73%
TOTAL 1 PINT UNITS					11,487,622	2.19%
1/3 Quart						1/3 Quart
Paper	1,169,717	1,323,901	2,032,822	183,071	4,709,511	0.60%
Plastic	126,435	84,669	61,890	0	272,994	0.03%
TOTAL 1/3 QUART UNITS					4,982,505	0.63%
1/2 Pint						1/2 Pint
Paper	4,815,516	13,326,505	28,510,185	23,305,214	69,957,420	6.68%
Plastic	48,322	16	50,930	0	99,268	0.01%
TOTAL 1/2 PINT UNITS					70,056,688	6.69%
4 Oz. Pouch						4 Oz.
Paper	383,767	730,070	0	246,716	1,360,553	0.06%
Plastic	0	0	0	0	0	0.00%
TOTAL 4 OZ. UNITS					1,360,553	0.06%
8 Oz. Pouch						4 Oz.
Paper	*	*	*	*	10,150,315	0.97%
Plastic	41,947	46,179	5,547,510	5,788,695	11,424,331	1.09%
TOTAL 8 OZ. UNITS					21,574,646	2.06%
12 Oz.						4 Oz.
Paper	0	0	0	0	0	0.00%
Plastic	*	*	*	*	9,595	0.00%/trace
TOTAL 12 OZ. UNITS					9,595	0.00%
14 Oz.						4 Oz.
Paper	0	0	0	0	0	0.00%
Plastic	*	*	*	*	27,680	0.00%/trace
TOTAL 14 OZ. UNITS					27,680	0.00%
Other Sizes/Types of Container						Other Sizes
250 Gal 6 Oz. Glass Pint 40 Oz Plastic	268,725	146,456	0	84,579	499,760	0.23%
TOTAL OTHER SIZE UNITS					499,760	0.23%

* Data not shown when fewer than three plants reported this size container, but units reported are included in totals. Survey data was collected from California market milk handlers at the request of the California Department of Food and Agriculture. While data is submitted from reliable sources, no representation is made as to the complete accuracy of the data reported. Data is published subject to errors, revisions, or withdrawals without notice.

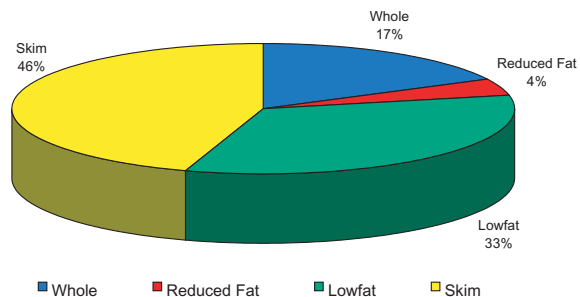


Class 1 Sales by Marketing Area

Sales of Selected Class 1 Products in California, by Marketing Area, 1999-2003

Products & Marketing Areas	SALES				
	1999	2000	2001	2002	2003
	<i>Gallons</i>				
Whole Milk					
Northern California	111,175,937	112,947,792	109,094,532	111,380,397	111,431,541
Southern California	183,245,299	184,867,122	185,682,127	186,728,249	186,252,049
State Total	294,421,236	297,814,914	294,776,659	298,108,646	297,683,590
Reduced Fat Milk					
Northern California	97,614,576	97,036,423	93,346,942	95,174,621	94,155,775
Southern California	131,968,040	132,416,984	134,473,805	139,332,305	142,889,248
State Total	229,582,616	229,453,407	227,820,747	234,506,926	237,045,023
Lowfat/Light Milk					
Northern California	48,881,636	51,171,432	51,830,532	51,043,931	48,923,344
Southern California	49,066,163	50,956,587	52,066,034	55,710,944	55,029,563
State Total	97,947,799	102,128,019	103,896,566	106,754,875	103,952,907
Skim/Nonfat/Fat Free Milk					
Northern California	46,769,535	44,854,948	42,469,526	38,933,104	40,866,395
Southern California	66,907,663	65,684,742	65,422,657	68,012,423	67,444,199
State Total	113,677,198	110,539,690	107,892,183	106,945,527	108,310,594
Beverage Milks Subtotal					
Northern California	304,441,684	306,010,595	296,741,532	296,532,053	295,377,055
Southern California	431,187,165	433,925,435	437,644,623	449,783,921	451,615,059
State Total	735,628,849	739,936,030	734,386,155	746,315,974	746,992,114
Half-and-Half					
Northern California	6,590,954	6,974,895	6,788,978	7,612,521	8,502,366
Southern California	6,177,145	6,027,565	6,528,812	7,291,485	8,923,612
State Total	12,768,099	13,002,460	13,317,790	14,904,006	17,425,978
Miscellaneous Class 1					
Northern California	275,699	265,034	3,943	3,692	5,380
Southern California	9,077	13,793	475	611	1,094
State Total	284,776	278,827	4,418	4,303	6,474
TOTAL CLASS 1					
Northern California	311,308,337	313,250,524	303,534,453	304,148,266	303,884,801
Southern California	437,373,387	439,966,793	444,173,910	457,076,017	460,539,765
STATE TOTALS	748,681,724	753,217,317	747,708,363	761,224,283	764,424,566

Class 1 Flavored Milk Products in California, 2003



C A L I F O R N I A Manufacture of Dairy Products



California continues to lead the nation in the production of many manufactured dairy products, such as: butter, nonfat dry milk (NFDM), dry buttermilk, Mozzarella and American cheeses, and whey protein concentrate.

Class 2 (Soft Dairy Products):

Total cottage cheese production increased 0.2 percent to 96.6 million pounds. Yogurt production continued to grow with an increase of 5.8 percent over 2002. Sour cream and sour cream dressing production decreased 0.8 percent, while buttermilk showed a 0.9 percent increase in production over last year. Other cream production increased 17.4 percent and manufacturing cream decreased 9.8 percent compared to 2002.

Class 3 (Frozen Dairy Products):

For 2003, total frozen production decreased 3.7 percent to 163.9 million gallons. The shares of the total frozen product production were as follows: 74 percent ice cream, 19 percent ice milk, 4 percent sherbet, and 3 percent frozen yogurt.

Class 4a (Butter and Nonfat Dry Milk):

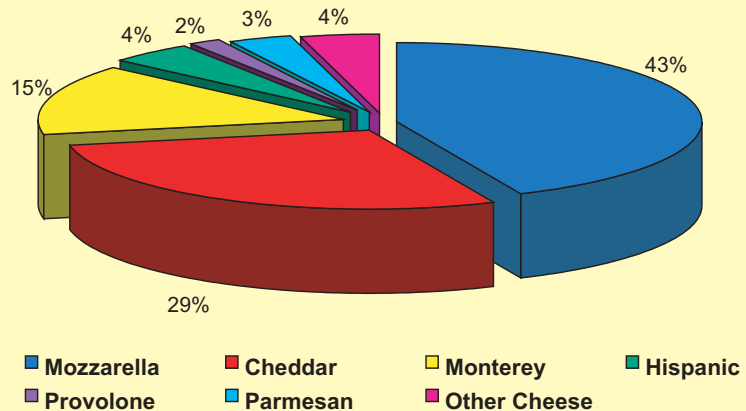
The trend of increasing butter production stopped in 2003 with a 4.8 decrease in production to 363 million pounds. The steady growth in NFDM production also came to a halt with 2003 showing a decrease of 1.7 percent. However, whey protein concentrate production continued steady growth, increasing 14 percent compared to 2002.

Class 4b (Cheese and Whey Byproducts):

The year 2003 showed a 6.3 percent increase in total cheese

production to a record 1.83 billion pounds. The shares of total cheese production were: Mozzarella at 43 percent (up 3 percent), Cheddar at 29 percent (down 5.6 percent), Monterey at 15 percent (up 1.5 percent), Hispanic at 5 percent (up slightly). Provolone and Parmesan cheeses accounted for 5 percent of total cheese production.

2003 Class 4b Production
Percent of Total, by Type of Cheese



Class 2 Production

Production of Class 2 Products in California, 1999-2003

Month	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
Dry Curd Cottage Cheese						Cottage Cheese				
	<i>Pounds</i>					<i>Pounds</i>				
Jan	4,891,776	4,068,976	3,199,940	3,687,512	3,335,208	2,611,311	2,820,982	2,571,161	2,657,924	2,641,103
Feb	3,937,163	4,083,180	3,338,967	3,161,800	3,075,575	2,533,273	2,793,239	2,501,869	2,322,574	2,476,992
Mar	5,009,274	4,440,481	3,551,157	3,389,443	3,217,620	3,162,680	2,972,432	2,657,663	2,571,881	2,499,508
Apr	4,403,351	3,999,603	3,348,254	3,452,496	3,386,313	2,920,229	2,708,378	2,554,865	2,594,946	2,598,285
May	4,438,328	4,397,510	3,820,842	3,572,288	3,224,219	2,754,099	2,950,305	3,023,637	2,742,945	2,622,271
Jun	4,820,840	4,348,146	3,235,261	3,347,707	3,386,050	3,103,636	3,035,702	2,565,171	2,467,921	2,640,844
Jul	4,623,984	3,828,581	3,590,079	3,940,424	3,541,053	2,950,478	2,658,627	2,951,259	2,881,578	2,794,467
Aug	4,672,257	4,619,148	3,639,714	3,758,389	3,311,925	2,992,818	2,993,890	2,835,958	2,709,742	2,556,979
Sep	4,457,869	4,258,920	3,185,898	3,604,864	3,413,717	2,874,106	2,745,089	2,512,816	2,648,582	2,719,553
Oct	4,540,695	4,156,141	3,518,159	3,773,039	3,714,608	2,942,017	2,785,358	2,777,301	2,820,862	2,806,436
Nov	4,129,912	3,006,737	3,076,941	2,926,073	3,096,578	2,734,132	2,602,800	2,481,179	2,227,451	2,409,389
Dec	3,595,210	3,476,264	2,752,427	3,144,501	3,188,002	2,486,653	2,429,192	2,257,206	2,439,375	2,523,272
Total	53,520,659	48,683,687	40,257,639	41,758,536	39,890,868	34,065,432	33,495,994	31,690,085	31,085,781	31,289,099
Lowfat Cottage Cheese						Nonfat Cottage Cheese				
	<i>Pounds</i>					<i>Pounds</i>				
Jan	3,769,481	4,215,353	4,364,521	4,516,606	4,485,980	1,340,170	1,149,489	1,031,904	1,107,425	983,702
Feb	3,632,721	4,401,917	4,354,491	3,983,953	4,150,433	1,233,811	1,229,703	991,764	970,893	901,591
Mar	4,581,976	4,634,141	4,568,775	4,371,831	4,366,557	1,622,884	1,260,617	1,132,537	1,023,747	914,755
Apr	4,092,427	4,354,979	4,431,332	4,446,253	4,603,116	1,364,953	1,171,203	1,087,924	1,127,935	956,943
May	3,951,522	4,950,314	5,096,812	4,625,192	4,447,923	1,270,195	1,259,637	1,282,756	1,085,842	918,657
Jun	4,519,436	4,648,516	4,426,629	4,169,644	4,600,029	1,472,444	1,186,840	1,035,860	978,550	976,460
Jul	4,648,671	4,302,965	4,735,840	4,922,741	4,843,516	1,480,001	1,040,388	1,182,501	1,134,065	964,507
Aug	4,711,042	4,984,704	4,836,160	4,684,970	4,594,123	1,506,962	1,267,568	1,228,158	1,111,291	865,838
Sep	4,571,445	4,543,588	4,313,876	4,621,407	4,653,449	1,450,810	1,127,848	1,024,185	1,074,884	1,000,485
Oct	4,661,779	4,596,042	4,789,110	4,722,739	4,930,104	1,400,701	1,132,905	1,173,854	1,118,194	1,073,074
Nov	4,259,848	4,142,126	4,071,515	3,897,914	4,162,206	1,251,568	1,057,336	941,348	831,077	863,125
Dec	3,685,255	3,693,698	3,700,711	3,875,961	4,239,657	1,101,318	921,437	917,310	926,909	860,978
Total	51,085,603	53,468,343	53,689,772	52,839,211	54,077,093	16,495,817	13,804,971	13,030,101	12,490,812	11,280,115
Total Cottage Cheese						Buttermilk				
	<i>Pounds</i>					<i>Gallons</i>				
Jan	7,720,962	8,185,824	7,967,586	8,281,955	8,110,785	621,974	655,557	667,528	771,799	665,961
Feb	7,399,805	8,424,859	7,848,124	7,277,420	7,529,016	602,524	658,934	551,774	599,810	634,533
Mar	9,367,540	8,867,190	8,358,975	7,967,459	7,780,820	690,137	744,874	724,323	712,743	729,331
Apr	8,377,609	8,234,560	8,074,121	8,169,134	8,158,344	640,651	690,987	689,630	677,235	675,832
May	7,975,816	9,160,256	9,403,205	8,453,979	7,988,851	649,492	695,672	718,919	701,411	686,520
Jun	9,095,516	8,871,058	8,027,660	7,616,115	8,217,333	655,422	698,834	681,433	676,167	704,800
Jul	9,079,150	8,001,980	8,869,600	8,938,384	8,602,490	640,946	674,367	679,750	677,590	681,730
Aug	9,210,822	9,246,162	8,900,276	8,506,003	8,016,940	649,888	728,231	698,150	658,514	682,712
Sep	8,896,361	8,416,525	7,850,877	8,344,873	8,373,487	636,568	657,843	662,210	693,369	686,797
Oct	9,004,497	8,514,305	8,740,265	8,661,795	8,809,614	660,142	711,213	674,472	705,204	704,503
Nov	8,245,548	7,802,262	7,494,042	6,956,442	7,434,720	672,303	708,372	719,909	637,091	693,766
Dec	7,273,226	7,044,327	6,875,227	7,242,245	7,623,907	685,315	717,460	695,706	700,851	741,514
Total	101,646,852	100,769,308	98,409,958	96,415,804	96,646,307	7,805,362	8,342,344	8,163,804	8,211,784	8,287,999

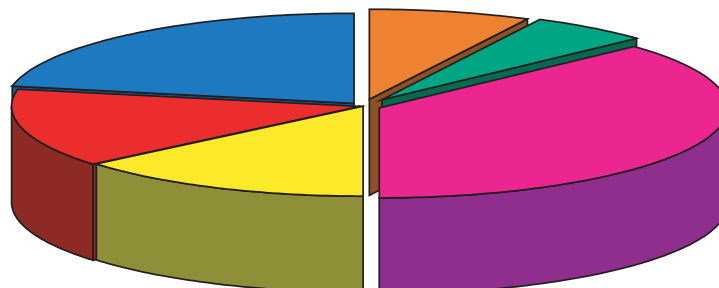
Class 2 Production - Continued

Production of Class 2 Products in California, 1999-2003 - Continued

Month	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
Manufacturing Cream						Yogurt Production ^{1/}				
	<i>Gallons</i>					<i>Gallons</i>			<i>Pounds</i>	
Jan				2,980,214	2,849,133	2,095,977	2,337,756	2,328,900	39,114,350	42,581,317
Feb				3,155,560	2,796,450	2,059,444	2,581,825	2,176,315	38,263,765	42,579,333
Mar				3,313,169	2,811,267	2,453,484	2,653,961	2,611,364	40,603,031	44,534,967
Apr				3,256,049	2,803,150	2,099,854	2,373,395	2,590,920	37,020,508	38,116,467
May				2,994,755	2,742,515	2,329,072	2,641,122	2,837,074	41,436,644	42,207,409
Jun				3,021,227	2,496,348	2,225,384	2,456,243	2,561,124	32,306,082	35,143,715
Jul				3,164,192	2,503,758	2,106,504	2,174,418	2,614,971	36,559,231	37,457,809
Aug				2,735,954	2,559,751	2,459,776	2,649,323	2,419,673	39,904,266	42,249,947
Sep				2,632,667	2,233,019	2,363,433	2,513,232	2,589,796	41,145,630	48,084,794
Oct				2,580,866	2,448,227	2,287,914	2,248,768	2,545,236	39,497,002	39,677,041
Nov				2,619,155	2,293,280	2,014,297	1,957,911	2,033,751	33,514,057	35,519,087
Dec				2,713,761	3,179,389	1,976,348	1,988,830	2,083,314	35,118,153	32,621,419
Total	0	0	0	35,167,569	31,716,287	26,471,487	28,576,784	29,392,438	454,482,719	480,773,305
Sour Cream & Sour Cream Dressing						Other Cream				
	<i>Gallons</i>					<i>Gallons</i>				
Jan	1,241,644	1,464,176	1,591,628	1,585,155	1,769,144	1,666,946	1,652,704	1,705,122	1,046,899	1,401,636
Feb	1,276,637	1,344,120	1,343,212	1,537,993	1,455,945	1,692,374	1,731,289	1,622,424	1,134,352	1,301,676
Mar	1,596,376	1,526,809	1,651,207	1,733,171	1,692,586	1,979,584	1,919,674	1,754,682	1,183,765	1,501,759
Apr	1,379,766	1,550,882	1,675,252	1,601,188	1,744,350	1,954,569	1,829,788	1,601,893	1,308,088	1,817,613
May	1,509,812	1,659,034	1,775,985	1,852,195	1,635,354	1,878,669	1,914,200	1,677,379	1,693,132	1,635,631
Jun	1,580,088	1,621,458	2,024,357	1,704,598	1,686,374	1,845,780	1,936,977	1,685,620	1,576,077	1,652,729
Jul	1,427,768	1,409,288	1,530,427	1,685,571	1,636,223	1,851,074	1,755,234	1,618,062	1,558,507	1,828,657
Aug	1,581,337	1,734,355	1,672,888	1,683,432	1,645,375	1,859,085	1,885,127	1,713,744	1,364,650	1,582,713
Sep	1,530,815	1,516,973	1,822,643	1,559,469	1,630,292	1,769,105	1,704,542	1,526,372	1,480,830	1,692,896
Oct	1,521,949	1,634,416	2,418,035	1,805,672	1,775,309	1,862,280	1,812,726	1,828,738	1,530,672	1,862,840
Nov	1,801,492	1,946,348	2,599,834	1,879,305	1,801,789	2,103,560	2,238,506	2,442,229	1,872,439	2,125,780
Dec	1,741,117	1,796,607	1,921,962	1,892,251	1,887,113	1,795,593	1,821,529	2,245,413	1,731,974	2,128,962
Total	18,188,801	19,204,466	22,027,430	20,520,000	20,359,854	22,258,619	22,202,296	21,421,678	17,481,385	20,532,892

^{1/} Previous year figures reported in gallons.

Class 2 Products in 2003

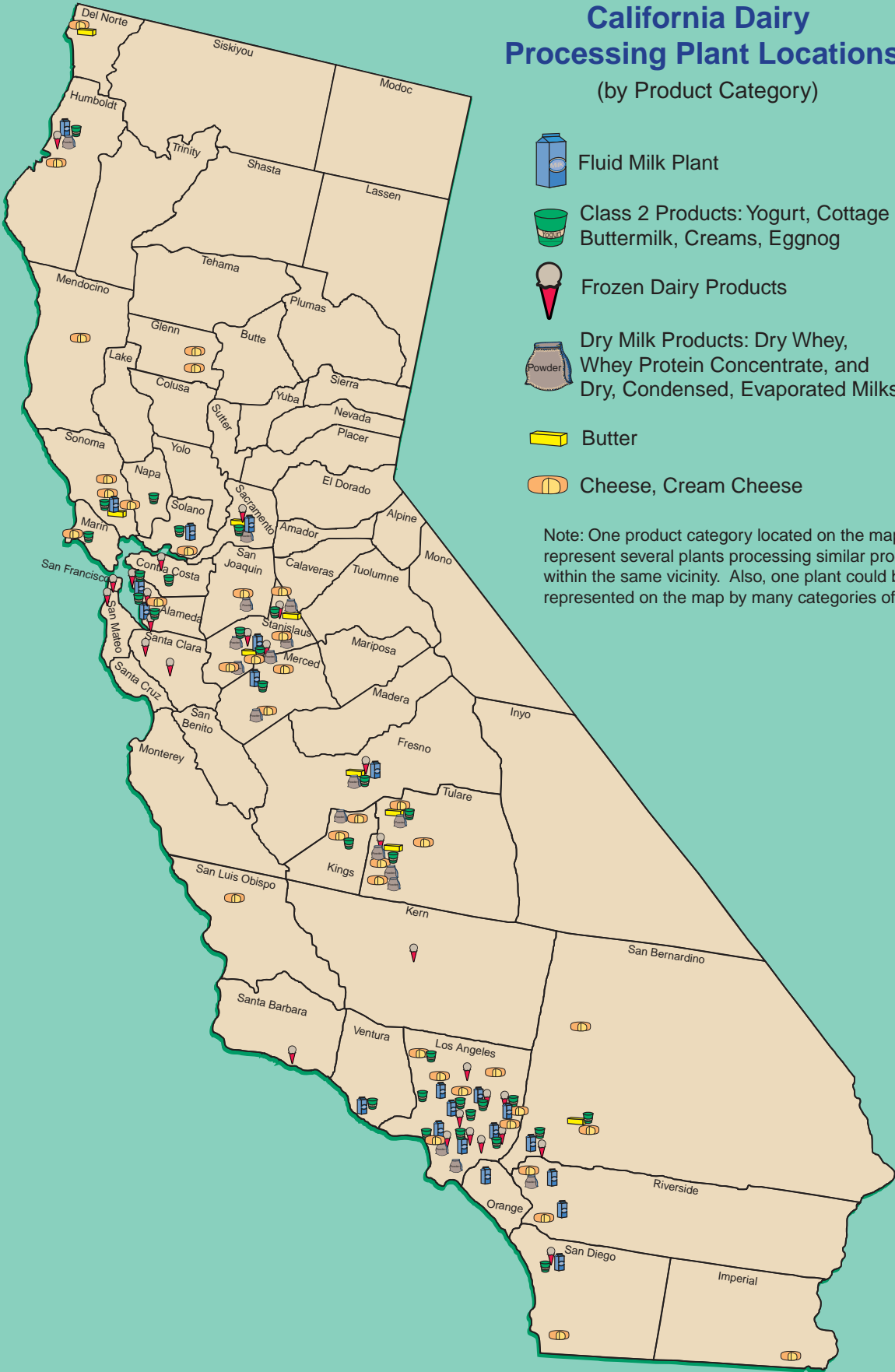


- Total Cottage Cheese
- Buttermilk
- Yogurt
- Sour Cream
- Other Cream
- Manufacturing Cream



California Dairy Processing Plant Locations

(by Product Category)



Note: One product category located on the map may represent several plants processing similar products within the same vicinity. Also, one plant could be represented on the map by many categories of products.

Class 3 Production

Production of Class 3 Products in California, 1999-2003

Month	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
Ice Cream						Ice Milk ^{1/}				
	<i>Gallons</i>					<i>Gallons</i>				
Jan	6,699,006	6,256,583	8,178,988	8,207,325	7,830,808	1,947,467	1,940,035	2,037,135	2,426,217	2,255,752
Feb	8,274,693	9,181,476	8,838,827	9,375,092	9,092,266	2,024,195	2,119,082	2,074,568	2,343,469	2,121,337
Mar	10,110,694	10,735,985	12,156,413	12,096,037	10,697,273	2,667,290	2,660,509	2,612,607	2,880,657	2,102,387
Apr	10,812,213	10,882,246	11,448,912	11,540,287	11,236,086	2,600,226	2,823,492	2,893,399	2,684,144	2,790,182
May	11,548,117	11,988,851	12,366,647	12,801,718	11,249,690	2,874,893	3,049,063	3,019,615	2,715,434	2,876,657
Jun	14,208,437	12,851,834	13,568,068	13,204,516	13,323,661	3,498,290	3,393,441	3,293,783	3,327,584	3,156,812
Jul	13,265,859	11,817,934	11,598,900	12,466,101	11,491,340	3,322,150	3,007,784	2,968,007	3,292,316	3,160,369
Aug	12,027,289	11,844,433	12,584,928	11,642,564	11,211,824	2,733,620	3,178,474	3,001,724	2,953,478	2,875,896
Sep	9,603,135	10,718,609	10,609,713	10,507,723	10,785,922	2,770,217	2,474,820	2,361,011	2,640,847	2,911,671
Oct	8,448,320	8,947,819	9,379,516	8,832,147	9,275,876	2,425,654	2,382,419	2,319,530	2,464,073	2,418,027
Nov	8,037,029	7,219,481	7,626,568	7,624,816	8,369,462	2,012,498	1,864,039	1,892,926	1,687,546	2,007,827
Dec	6,573,065	6,196,948	6,343,752	6,673,571	6,864,096	2,167,657	1,925,675	1,809,039	2,228,472	1,921,412
Total	119,607,855	118,642,199	124,701,232	124,971,897	121,428,304	31,044,159	30,818,832	30,283,345	31,644,238	30,598,329

Sherbet						Frozen Yogurt ^{2/}				
	<i>Gallons</i>					<i>Gallons</i>				
Jan	504,542	479,942	403,203	406,891	363,983	496,880	291,251	511,477	377,432	413,184
Feb	623,477	619,643	516,680	651,662	529,839	425,114	402,664	547,368	371,634	391,819
Mar	799,381	856,001	686,401	868,935	768,724	639,014	623,598	645,355	544,826	441,186
Apr	731,192	685,648	605,809	748,753	718,800	670,550	540,792	669,605	498,690	468,096
May	845,916	713,405	773,536	748,227	708,399	646,488	796,499	677,754	533,373	504,821
Jun	941,591	825,459	778,075	950,868	869,168	728,422	700,918	662,742	591,541	546,725
Jul	854,176	708,622	797,464	758,143	693,033	696,238	679,730	685,030	552,402	486,813
Aug	888,934	818,519	674,907	821,288	585,847	548,134	755,168	658,461	699,438	437,525
Sep	594,940	615,229	591,507	631,547	476,701	457,320	611,174	470,378	493,739	430,592
Oct	573,191	466,649	466,670	626,693	547,842	412,142	476,509	494,685	417,451	394,467
Nov	521,157	259,971	398,721	259,844	286,625	355,104	438,154	417,912	342,126	353,429
Dec	217,086	250,256	260,945	357,998	206,863	307,080	353,094	290,106	294,194	277,594
Total	8,095,583	7,299,344	6,953,918	7,830,849	6,755,824	6,382,488	6,669,552	6,730,872	5,716,845	5,146,250

Total Frozen Products					
	<i>Gallons</i>				
Jan	9,647,895	8,967,812	11,130,803	11,417,866	10,863,727
Feb	11,347,479	12,322,865	11,977,443	12,741,857	12,135,262
Mar	14,216,379	14,876,093	16,100,777	16,390,455	14,009,569
Apr	14,814,182	14,932,177	15,617,725	15,471,874	15,213,164
May	15,915,414	16,547,819	16,837,551	16,798,753	15,339,568
Jun	19,376,740	17,771,653	18,302,668	18,074,508	17,896,365
Jul	18,138,423	16,214,070	16,049,402	17,068,962	15,831,555
Aug	16,197,978	16,596,595	16,920,020	16,116,768	15,111,091
Sep	13,425,612	14,419,832	14,032,608	14,273,856	14,604,887
Oct	11,859,308	12,273,396	12,660,401	12,340,363	12,636,212
Nov	10,925,788	9,781,644	10,336,128	9,914,332	11,017,343
Dec	9,264,888	8,725,973	8,703,841	9,554,235	9,269,965
Total	165,130,085	163,429,927	168,669,367	170,163,828	163,928,707

^{1/} Includes Light Dairy Dessert and Nonfat Ice Cream.

^{2/} Includes nonfat and reduced fat yogurts.



Class 4a Production

Production of Class 4a Products in California, 1999-2003

Month	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
Butter						Nonfat Dry Milk for Human Consumption				
	<i>Pounds</i>					<i>Pounds</i>				
Jan	33,502,564	37,961,355	35,428,036	34,575,020	39,524,507	52,372,596	64,688,853	59,171,765	59,502,320	61,730,064
Feb	30,856,350	34,983,266	31,915,132	31,955,847	33,639,838	46,622,594	59,591,802	54,361,886	54,494,089	62,608,144
Mar	33,313,731	34,852,626	30,157,259	35,826,443	34,791,012	57,108,002	59,338,263	58,591,525	67,244,162	69,557,819
Apr	31,749,069	31,272,401	28,768,712	35,024,117	34,344,342	60,575,269	62,879,474	60,317,112	68,216,615	69,456,014
May	30,775,161	30,821,795	26,867,027	35,149,886	32,883,888	60,673,485	60,636,502	61,772,603	71,840,478	67,483,213
Jun	21,452,978	23,088,248	23,176,681	28,587,021	23,008,647	52,800,820	57,496,620	59,235,508	68,278,434	59,693,307
Jul	17,797,187	22,868,521	23,516,102	27,864,668	22,695,694	49,652,818	58,795,556	57,043,820	63,833,850	55,994,299
Aug	22,795,746	23,515,480	22,977,605	30,045,599	22,841,989	52,381,665	50,380,206	54,838,286	60,704,521	57,108,640
Sep	25,482,050	27,112,795	23,153,873	28,548,596	25,141,306	49,830,503	51,971,818	52,961,734	54,980,683	50,939,079
Oct	29,089,780	29,947,209	30,191,579	27,252,077	30,483,057	50,983,164	53,916,497	55,292,096	59,328,705	57,227,595
Nov	30,589,389	30,100,823	29,136,065	28,794,264	30,591,432	54,760,663	54,458,312	57,298,180	56,183,927	60,447,925
Dec	35,985,006	33,488,022	35,815,198	35,838,013	33,887,383	64,276,917	58,800,133	63,574,804	66,112,753	66,057,173
Total	343,389,011	360,012,541	341,103,269	379,461,551	363,833,095	652,038,496	692,954,036	694,459,319	750,720,537	738,303,272
Nonfat Dry Milk for Animal Consumption						Condensed Skim Bulk				
	<i>Pounds</i>					<i>Pounds</i>				
Jan	178,997	288,364	261,757	225,983	213,970	76,247,125	68,192,556	61,495,927	100,737,967	92,331,811
Feb	119,160	264,238	132,197	204,421	167,550	72,922,091	65,061,827	51,687,923	95,276,956	85,743,632
Mar	209,801	265,239	161,550	381,523	175,266	84,996,200	70,981,642	54,549,196	114,319,566	106,459,184
Apr	206,452	250,673	176,163	228,657	223,951	79,767,413	56,491,072	75,622,568	104,096,048	110,416,044
May	265,376	334,838	211,233	321,421	195,580	81,812,649	61,939,306	78,494,454	114,096,820	121,391,284
Jun	279,120	319,772	181,872	270,289	215,624	75,751,572	64,217,205	85,097,873	116,028,741	117,085,064
Jul	225,604	371,375	152,009	271,866	204,717	76,845,460	63,193,611	82,654,592	118,445,073	120,330,993
Aug	227,303	279,443	253,244	293,568	273,169	86,189,583	75,838,322	112,931,060	123,955,988	126,924,497
Sep	278,548	195,740	180,224	182,728	244,536	78,506,098	68,800,677	102,113,991	111,265,648	123,876,744
Oct	220,299	158,163	185,196	269,300	225,832	77,764,792	70,098,027	107,774,421	111,829,811	124,928,764
Nov	280,391	194,788	101,593	173,855	173,948	80,915,329	72,048,665	109,070,665	117,487,929	107,183,728
Dec	240,957	211,257	234,523	181,566	127,622	72,675,001	63,602,157	98,294,987	105,773,819	97,103,228
Total	2,732,008	3,133,890	2,231,561	3,005,177	2,441,765	944,393,313	800,465,067	1,019,787,657	1,333,314,366	1,333,774,973
Whey Protein Concentrate										
	<i>Pounds</i>									
Jan	7,127,275	7,521,633	8,190,261	7,460,450	10,533,521					
Feb	6,777,280	7,336,276	7,348,862	7,448,481	9,671,641					
Mar	7,809,643	7,807,351	8,389,632	7,563,080	9,437,340					
Apr	7,525,943	7,982,507	7,901,300	7,931,290	10,219,822					
May	7,085,121	8,073,988	8,010,683	7,990,085	10,084,098					
Jun	7,096,701	8,227,897	7,999,466	8,140,750	9,166,048					
Jul	6,782,910	8,387,643	7,948,456	8,849,847	9,612,127					
Aug	7,359,535	8,081,404	7,934,003	9,091,394	10,030,360					
Sep	7,586,426	8,031,476	7,544,681	8,540,712	10,021,768					
Oct	7,765,712	7,853,973	7,518,212	9,526,660	9,205,126					
Nov	7,290,714	7,730,373	7,287,739	9,457,730	8,910,963					
Dec	7,482,989	8,215,856	7,739,714	10,589,306	10,102,902					
Total	87,690,249	95,250,377	93,813,009	102,589,785	116,995,716					





California saw increases in both total milk production and commercial milk production in the year 2003. In addition, in response to increasing milk production nationwide, producer prices were only slightly improved from the record lows of 2002 until July 2003 when milk production slowed down and producer prices began to rise. The cost of producing milk decreased slightly when compared to 2002, partly attributed to lower replacement heifer prices.

Traditionally, milk prices follow seasonal patterns, such as: prices are usually highest in the fall, peaking with the holiday use of butter, and cheese sales typically remain strong through Super Bowl Sunday in late January. Usually milk prices decline as demand tapers off in mid-winter and the seasonal milk production flush comes on in the

spring. The year 2003 was a more typical year than 2002 and followed these patterns of fluctuating milk prices.

Wholesale prices for butter, nonfat dry milk (NFDM), whey powder, and Cheddar cheese form the basis for California's regulated milk prices. Except for cheese, the overall average commodity markets were unchanged from 2002. Overall, Cheddar cheese averaged 14¢ per pound higher than 2002 for the twelve months ending December 2003. The unregulated price for most manufacturing grade milk continued to be tied to the price of cheese.

Selected Monthly Commodity Prices Used in the Calculation of California Class 4a & 4b Prices, 2003

Month	Chicago Mercantile Exchange			California Manufacturing Plants
	Grade AA Butter	Block Cheddar Cheese	Western Dry Whey	Nonfat Dry Milk
	<i>Dollars Per Pound</i>			
January	1.0982	1.1443	0.1933	0.8122
February	1.0471	1.1229	0.1616	0.8035
March	1.0823	1.0694	0.1528	0.8030
April	1.0917	1.1136	0.1460	0.8021
May	1.0888	1.1431	0.1360	0.8008
June	1.1104	1.1649	0.1366	0.8023
July	1.1833	1.4655	0.1468	0.8031
August	1.1835	1.5958	0.1685	0.8016
September	1.1652	1.6000	0.1803	0.8034
October	1.1829	1.6000	0.1913	0.8053
November	1.1998	1.4288	0.1950	0.8093
December	1.2956	1.3453	0.1848	0.8055



Minimum Class 1 Prices

Minimum Prices in California for Market Milk Used to Produce Class 1 Products, by Marketing Area, 1999-2003

Year & Month	Northern California				Southern California				Wtd. Avg. Basis ^{2/}
	Fat	SNF	Fluid	Equivalent	Fat	SNF	Fluid	Equivalent	
	<i>Dollars Per Pound</i>		<i>Per Cwt. ^{1/}</i>		<i>Dollars Per Pound</i>		<i>Per Cwt. ^{1/}</i>		<i>Per Cwt. ^{1/}</i>
1999									
Jan	1.7015	1.1430	0.0370	19.15	1.7015	1.1430	0.0401	19.42	19.21
Feb	1.7723	1.1715	0.0385	19.78	1.7723	1.1715	0.0416	20.05	19.84
Mar	1.7723	1.1715	0.0385	19.78	1.7723	1.1715	0.0416	20.05	19.84
Apr	1.1089	0.9046	0.0252	13.96	1.1089	0.9046	0.0283	14.24	14.02
May	1.1089	0.9046	0.0252	13.96	1.1089	0.9046	0.0283	14.24	14.02
Jun	1.1261	0.9116	0.0256	14.12	1.1261	0.9116	0.0287	14.39	14.18
Jul	1.1261	0.9116	0.0256	14.12	1.1261	0.9116	0.0287	14.39	14.18
Aug	1.1817	0.9339	0.0267	14.61	1.1817	0.9339	0.0298	14.88	14.66
Sep	1.1817	0.9339	0.0267	14.61	1.1817	0.9339	0.0298	14.88	14.66
Oct	1.7391	1.1582	0.0378	19.48	1.7391	1.1582	0.0409	19.75	19.54
Nov	1.7391	1.1582	0.0378	19.48	1.7391	1.1582	0.0409	19.75	19.54
Dec	1.1729	0.8617	0.0239	13.70	1.1729	0.8617	0.0270	13.97	13.75
2000									
Jan	1.1136	0.7248	0.0196	11.92	1.1136	0.7248	0.0227	12.19	11.98
Feb	0.9186	0.7643	0.0208	11.69	0.9186	0.7643	0.0239	11.96	11.75
Mar	0.9109	0.7595	0.0207	11.61	0.9109	0.7595	0.0238	11.88	11.67
Apr	1.0530	0.8351	0.0230	12.97	1.0530	0.8351	0.0261	13.25	13.03
May	1.1995	0.8362	0.0231	13.50	1.1995	0.8362	0.0262	13.77	13.55
Jun	1.2647	0.8355	0.0230	13.72	1.2647	0.8355	0.0261	13.99	13.73
Jul	1.4885	0.8356	0.0230	14.50	1.4885	0.8356	0.0261	14.77	14.56
Aug	1.3285	0.8346	0.0230	13.93	1.3285	0.8346	0.0261	14.20	13.99
Sep	1.2965	0.8354	0.0230	13.83	1.2965	0.8354	0.0261	14.10	13.89
Oct	1.2966	0.8363	0.0231	13.84	1.2966	0.8363	0.0262	14.11	13.90
Nov	1.2685	0.8380	0.0231	13.76	1.2685	0.8380	0.0262	14.03	13.82
Dec	1.5043	0.8380	0.0231	14.59	1.5043	0.8380	0.0262	14.86	14.64
2001									
Jan	2.0100	0.8375	0.0231	16.35	2.0100	0.8375	0.0262	16.62	16.41
Feb	1.2800	0.8380	0.0231	13.80	1.2800	0.8380	0.0262	14.07	13.86
Mar	1.4610	0.8374	0.0231	14.43	1.4610	0.8374	0.0262	14.70	14.48
Apr	1.6835	0.8344	0.0230	15.17	1.6835	0.8344	0.0261	15.44	15.22
May	1.8960	0.8350	0.0230	15.92	1.8960	0.8350	0.0261	16.19	15.97
Jun	2.1050	0.8359	0.0231	16.66	2.1050	0.8359	0.0262	16.94	16.72
Jul	2.2002	0.8373	0.0231	17.01	2.2002	0.8373	0.0262	17.29	17.07
Aug	2.2416	0.8279	0.0228	17.05	2.2416	0.8279	0.0259	17.32	17.10
Sep	2.2680	0.8249	0.0227	17.11	2.2680	0.8249	0.0258	17.38	17.16
Oct	2.5285	0.7999	0.0219	17.73	2.5285	0.7999	0.0250	18.01	17.79
Nov	1.8415	0.8710	0.0242	16.14	1.8415	0.8710	0.0273	16.42	16.20
Dec	1.4310	0.7748	0.0211	13.61	1.4310	0.7748	0.0242	13.88	13.66
2002									
Jan	1.4250	0.7693	0.0209	13.51	1.4250	0.7683	0.0209	13.78	13.56
Feb	1.4980	0.7615	0.0207	13.69	1.4980	0.7615	0.0238	13.96	13.74
Mar	1.3950	0.7566	0.0206	13.27	1.3950	0.7566	0.0237	13.54	13.32
Apr	1.3920	0.7568	0.0206	13.26	1.3920	0.7568	0.0237	13.54	13.31
May	1.3290	0.7552	0.0205	13.02	1.3290	0.7552	0.0236	13.30	13.08
Jun	1.1654	0.7581	0.0206	12.49	1.1654	0.7581	0.0237	12.76	12.54
Jul	1.1792	0.7562	0.0206	12.51	1.1792	0.7562	0.0237	12.79	12.57
Aug	1.1237	0.7565	0.0206	12.32	1.1237	0.7565	0.0237	12.60	12.38
Sep	1.1234	0.7568	0.0206	12.33	1.1234	0.7568	0.0237	12.60	12.38
Oct	1.0202	0.7575	0.0206	11.97	1.0202	0.7575	0.0237	12.24	12.02
Nov	1.0772	0.8472	0.0234	13.20	1.0772	0.8472	0.0265	13.47	13.25
Dec	1.1072	0.7622	0.0208	12.33	1.1072	0.7622	0.0239	12.60	12.38
2003									
Jan	1.2165	0.7570	0.0206	12.65	1.2165	0.7570	0.0237	12.93	12.71
Feb	1.2292	0.6962	0.0187	12.00	1.2292	0.6962	0.0218	12.27	12.05
Mar	1.1525	0.7101	0.0191	11.89	1.1525	0.7101	0.0222	12.17	11.94
Apr	1.1692	0.6823	0.0183	11.63	1.1692	0.6823	0.0214	11.91	11.69
May	1.1929	0.6829	0.0183	11.72	1.1929	0.6829	0.0214	12.00	11.77
Jun	1.1897	0.6895	0.0185	11.79	1.1897	0.6895	0.0216	12.06	11.84
Jul	1.2052	0.6821	0.0183	11.76	1.2052	0.6821	0.0214	12.03	11.81
Aug	1.2531	0.9036	0.0252	14.46	1.2531	0.9036	0.0283	14.73	14.51
Sep	1.3447	1.0221	0.0289	16.14	1.3447	1.0221	0.0320	16.41	16.19
Oct	1.2577	1.0544	0.0299	16.20	1.2577	1.0544	0.0330	16.47	16.25
Nov	1.3034	1.0413	0.0295	16.21	1.3034	1.0413	0.0326	16.48	16.26
Dec	1.3167	0.9412	0.0264	15.11	1.3167	0.9412	0.0295	15.39	15.17

^{1/} Calculated based on 3.5 percent fat, 8.7 percent solids-not-fat, and 87.8 percent fluid carrier.

^{2/} Calculated for the State as a whole using market milk production in each marketing area for weighting.



Minimum Class 2 Prices

Minimum Prices in California for Market Milk Used to Produce Class 2 Products, by Marketing Area, 1999-2003

Year & Month	Northern California			Southern California		
	Fat	SNF	Equivalent	Fat	SNF	Equivalent
	Dollars Per Pound		Per Cwt. ^{1/}	Dollars Per Pound		Per Cwt. ^{1/}
1999						
Jan	2.3582	0.9948	16.91	2.3605	1.0206	17.14
Feb	1.5935	0.9907	14.20	1.5958	1.0165	14.43
Mar	1.5935	0.9907	14.20	1.5958	1.0165	14.43
Apr	1.4297	0.9423	13.20	1.4320	0.9681	13.43
May	1.4297	0.9423	13.20	1.4320	0.9681	13.43
Jun	1.1616	0.9272	12.13	1.1639	0.9230	12.36
Jul	1.1616	0.9272	12.13	1.1639	0.9230	12.36
Aug	1.5711	0.9240	13.54	1.5734	0.9498	13.77
Sep	1.5711	0.9240	13.54	1.5734	0.9498	13.77
Oct	1.5056	0.9251	13.32	1.5079	0.9509	13.55
Nov	1.5056	0.9251	13.32	1.5079	0.9509	13.55
Dec	1.1803	0.9287	12.21	1.1826	0.9545	12.44
2000						
Jan	1.1803	0.9287	12.21	1.1826	0.9545	12.44
Feb	0.9518	0.9255	11.38	0.9541	0.9513	11.62
Mar	0.9518	0.9255	11.38	0.9541	0.9513	11.62
Apr	1.0140	0.9237	11.58	0.0163	0.9495	11.82
May	1.0140	0.9237	11.58	0.0163	0.9495	11.82
Jun	1.2350	0.9235	12.36	1.2373	0.9493	12.59
Jul	1.2350	0.9235	12.36	1.2373	0.9493	12.59
Aug	1.3425	0.9227	12.73	1.3448	0.9485	12.96
Sep	1.3425	0.9227	12.73	1.3448	0.9485	12.96
Oct	1.2851	0.9241	12.54	1.2874	0.9499	12.77
Nov	1.2851	0.9241	12.54	1.2874	0.9499	12.77
Dec	1.4785	0.9263	13.23	1.4808	0.9521	13.47
2001						
Jan	1.4785	0.9263	13.23	1.4808	0.9521	13.47
Feb	1.4844	0.9261	13.25	1.4867	0.9519	13.48
Mar	1.4844	0.9261	13.25	1.4867	0.9519	13.48
Apr	1.5980	0.9229	13.62	1.6003	0.9487	13.85
May	1.5980	0.9229	13.62	1.6003	0.9487	13.85
Jun	2.0551	0.9240	15.23	2.0574	0.9498	15.46
Jul	2.0551	0.9240	15.23	2.0574	0.9498	15.46
Aug	2.1872	0.8957	15.45	2.1895	0.9215	15.68
Sep	2.1872	0.8957	15.45	2.1895	0.9215	15.68
Oct	2.3854	0.8531	15.77	2.3877	0.8789	16.00
Nov	2.3854	0.8531	15.77	2.3877	0.8789	16.00
Dec	1.5582	0.8460	12.81	1.5605	0.8718	13.05
2002						
Jan	1.5582	0.8460	12.81	1.5605	0.8718	13.05
Feb	1.4460	0.8143	12.14	1.4483	0.8401	12.38
Mar	1.4460	0.8143	12.14	1.4483	0.8401	12.38
Apr	1.3620	0.7983	11.71	1.3643	0.8241	11.94
May	1.3620	0.7983	11.71	1.3643	0.8241	11.94
Jun	1.2190	0.7993	11.22	1.2213	0.8251	11.45
Jul	1.2190	0.7993	11.22	1.2213	0.8251	11.45
Aug	1.1102	0.7983	10.83	1.1125	0.8241	11.06
Sep	1.1102	0.7983	10.83	1.1125	0.8241	11.06
Oct	1.0431	0.8001	10.61	1.0454	0.8259	10.84
Nov	1.0431	0.8001	10.61	1.0454	0.8259	10.84
Dec	1.1036	0.8068	10.88	1.1059	0.8326	11.11
2003						
Jan	1.1036	0.8068	10.88	1.1059	0.8326	11.11
Feb	1.1950	0.7353	10.58	1.1973	0.7611	10.81
Mar	1.1950	0.7353	10.58	1.1973	0.7611	10.81
Apr	1.1454	0.7031	10.13	1.1477	0.7289	10.36
May	1.1454	0.7031	10.13	1.1477	0.7289	10.36
Jun	1.1542	0.7187	10.29	1.1565	0.7445	10.52
Jul	1.1542	0.7187	10.29	1.1565	0.7445	10.52
Aug	1.2221	0.7199	10.54	1.2244	0.7457	10.77
Sep	1.2221	0.7199	10.54	1.2244	0.7457	10.77
Oct	1.2551	0.7197	10.65	1.2574	0.7455	10.89
Nov	1.2551	0.7197	10.65	1.2574	0.7455	10.89
Dec	1.2755	0.7245	10.77	1.2778	0.7503	11.00

^{1/} Calculated on 3.5 percent fat and 8.7 percent solids-not-fat.

Minimum Class 3 Prices

Minimum Prices in California for Market Milk Used to Produce Class 3 Products, by Marketing Area, 1999-2003

Year & Month	Northern California			Southern California		
	Fat	SNF	Equivalent	Fat	SNF	Equivalent
	<i>Dollars Per Pound</i>		<i>Per Cwt.^{1/}</i>	<i>Dollars Per Pound</i>		<i>Per Cwt.^{1/}</i>
1999						
Jan	2.3582	0.9891	16.86	2.3605	0.9891	16.87
Feb	1.5935	0.9850	14.15	1.5958	0.9850	14.15
Mar	1.5935	0.9850	14.15	1.5958	0.9850	14.15
Apr	1.4297	0.9366	13.15	1.4320	0.9366	13.16
May	1.4297	0.9366	13.15	1.4320	0.9366	13.16
Jun	1.1616	0.9215	12.08	1.1639	0.9215	12.09
Jul	1.1616	0.9215	12.08	1.1639	0.9215	12.09
Aug	1.5711	0.9183	13.49	1.5734	0.9183	13.50
Sep	1.5711	0.9183	13.49	1.5734	0.9183	13.50
Oct	1.5056	0.9194	13.27	1.5079	0.9194	13.28
Nov	1.5056	0.9194	13.27	1.5079	0.9194	13.28
Dec	1.1803	0.9230	12.16	1.1826	0.9230	12.17
2000						
Jan	1.1803	0.9230	12.16	1.1826	0.9230	12.17
Feb	0.9518	0.9198	11.33	0.9541	0.9198	11.34
Mar	0.9518	0.9198	11.33	0.9541	0.9198	11.34
Apr	1.0140	0.9180	11.54	1.0163	0.9180	11.54
May	1.0140	0.9180	11.54	1.0163	0.9180	11.54
Jun	1.2350	0.9178	12.31	1.2373	0.9178	12.32
Jul	1.2350	0.9178	12.31	1.2373	0.9178	12.32
Aug	1.3425	0.9227	12.73	1.3448	0.9485	12.96
Sep	1.3425	0.9227	12.73	1.3448	0.9485	12.96
Oct	1.2851	0.9184	12.49	1.2874	0.9184	12.50
Nov	1.2851	0.9184	12.49	1.2874	0.9184	12.50
Dec	1.4785	0.9206	13.18	1.4808	0.9206	13.19
2001						
Jan	1.4785	0.9206	13.18	1.4808	0.9206	13.19
Feb	1.4844	0.9204	13.20	1.4867	0.9204	13.21
Mar	1.4844	0.9204	13.20	1.4867	0.9204	13.21
Apr	1.5980	0.9172	13.57	1.6003	0.9172	13.58
May	1.5980	0.9172	13.57	1.6003	0.9172	13.58
Jun	2.0551	0.9183	15.18	2.0574	0.9183	15.19
Jul	2.0551	0.9183	15.18	2.0574	0.9183	15.19
Aug	2.1872	0.8900	15.40	2.1895	0.8900	15.41
Sep	2.1872	0.8900	15.40	2.1895	0.8900	15.41
Oct	2.3854	0.8474	15.72	2.3877	0.8474	15.73
Nov	2.3854	0.8474	15.72	2.3877	0.8474	15.73
Dec	1.5582	0.8403	12.76	1.5605	0.8403	12.77
2002						
Jan	1.5582	0.8403	12.76	1.5605	0.8403	12.77
Feb	1.4460	0.8086	12.10	1.4483	0.8086	12.10
Mar	1.4460	0.8086	12.10	1.4483	0.8086	12.10
Apr	1.3620	0.7926	11.66	1.3643	0.7926	11.67
May	1.3620	0.7926	11.66	1.3643	0.7926	11.67
Jun	1.2190	0.7936	11.17	1.2213	0.7936	11.18
Jul	1.2190	0.7936	11.17	1.2213	0.7936	11.18
Aug	1.1102	0.7926	10.78	1.1125	0.7926	10.79
Sep	1.1102	0.7926	10.78	1.1125	0.7926	10.79
Oct	1.0431	0.7944	10.56	1.0454	0.7944	10.57
Nov	1.0431	0.7944	10.56	1.0454	0.7944	10.57
Dec	1.1036	0.8011	10.83	1.1059	0.8011	10.84
2003						
Jan	1.1036	0.8011	10.83	1.1059	0.8011	10.84
Feb	1.1950	0.7296	10.53	1.1973	0.7296	10.54
Mar	1.1950	0.7296	10.53	1.1973	0.7296	10.54
Apr	1.1454	0.6974	10.08	1.1477	0.6974	10.08
May	1.1454	0.6974	10.08	1.1477	0.6974	10.08
Jun	1.1542	0.7130	10.24	1.1565	0.7130	10.25
Jul	1.1542	0.7130	10.24	1.1565	0.7130	10.25
Aug	1.2221	0.7199	10.54	1.2244	0.7457	10.77
Sep	1.2221	0.7199	10.54	1.2244	0.7457	10.77
Oct	1.2551	0.7140	10.60	1.2574	0.7140	10.61
Nov	1.2551	0.7140	10.60	1.2574	0.7140	10.61
Dec	1.2755	0.7188	10.72	1.2778	0.7188	10.73

^{1/} Calculated on 3.5 percent fat and 8.7 percent solids-not-fat.



Minimum Class 4a/4b Prices

Minimum Prices in California for Market Milk Used
to Produce Class 4a and 4b Products, by Marketing Area, 1999-2003

Month	Fat	SNF	Equivalent	Fat	SNF	Equivalent
	Class 4a			Class 4b		
	Dollars Per Pound		Per Cwt. ^{1/}	Dollars Per Pound		Per Cwt. ^{1/}
1999						
Jan	1.5449	0.9179	13.39	1.5449	1.0273	14.34
Feb	1.4076	0.8847	12.62	1.4076	0.7314	11.29
Mar	1.3636	0.8655	12.30	1.3636	0.7750	11.52
Apr	1.0674	0.8624	11.24	1.0674	0.8906	11.48
May	1.1676	0.8575	11.55	1.1676	0.7573	10.68
Jun	1.6276	0.8565	13.15	1.6276	0.7140	11.91
Jul	1.4264	0.8570	12.45	1.4264	1.0304	13.96
Aug	1.5053	0.8587	12.74	1.5053	1.3375	16.90
Sep	1.4318	0.8629	12.52	1.4318	1.1554	15.06
Oct	1.1729	0.8643	11.62	1.1729	0.8688	11.66
Nov	1.1136	0.8646	11.42	1.1136	0.6871	9.88
Dec	0.9186	0.8625	10.72	0.9186	0.7416	9.67
2000						
Jan	0.9109	0.8599	10.67	0.9109	0.7352	9.58
Feb	0.9322	0.8596	10.74	0.9322	0.6915	9.28
Mar	1.0218	0.8591	11.05	1.0218	0.6625	9.34
Apr	1.1194	0.8592	11.39	1.1194	0.6156	9.27
May	1.2766	0.8591	11.94	1.2766	0.5408	9.17
Jun	1.3589	0.8585	12.23	1.3589	0.6002	9.98
Jul	1.2521	0.8583	11.85	1.2521	0.7189	10.64
Aug	1.2499	0.8600	11.86	1.2499	0.7127	10.57
Sep	1.2463	0.8596	11.84	1.2463	0.8002	11.32
Oct	1.2084	0.8620	11.73	1.2084	0.5496	9.01
Nov	1.6746	0.8621	13.36	1.6746	0.3280	8.71
Dec	1.6121	0.8615	13.14	1.6121	0.4310	9.39
2001						
Jan	1.2827	0.8621	11.99	1.2827	0.5435	9.22
Feb	1.4512	0.8597	12.56	1.4512	0.5709	10.05
Mar	1.6709	0.8574	13.31	1.6709	0.6318	11.34
Apr	1.9566	0.8587	14.32	1.9566	0.6064	12.12
May	2.0796	0.8607	14.77	2.0796	0.7906	14.16
Jun	2.1908	0.8583	15.14	2.1908	0.8219	14.82
Jul	2.1096	0.8045	14.38	2.1096	0.8705	14.96
Aug	2.2834	0.7844	14.82	2.2834	0.8350	15.26
Sep	2.4134	0.7932	15.35	2.4134	0.8166	15.55
Oct	1.6199	0.7874	12.52	1.6199	0.7623	12.30
Nov	1.4224	0.7760	11.73	1.4224	0.6466	10.60
Dec	1.3744	0.7629	11.45	1.3744	0.7082	10.97
2002						
Jan	1.4436	0.7370	11.46	1.4436	0.7314	11.42
Feb	1.3289	0.7347	11.04	1.3289	0.6610	10.40
Mar	1.3211	0.7332	11.00	1.3211	0.6413	10.20
Apr	1.2446	0.7329	10.73	1.2446	0.7164	10.59
May	1.1051	0.7313	10.23	1.1051	0.7311	10.23
Jun	1.0774	0.7312	10.13	1.0774	0.6688	9.59
Jul	1.0548	0.7309	10.05	1.0548	0.5987	8.90
Aug	1.0238	0.7319	9.95	1.0238	0.7016	9.69
Sep	0.9742	0.7338	9.79	0.9742	0.7489	9.93
Oct	1.0508	0.7376	10.10	1.0508	0.7754	10.42
Nov	1.0681	0.7416	10.19	1.0681	0.6016	8.97
Dec	1.1603	0.6914	10.08	1.1603	0.6174	9.43
2003						
Jan	1.1414	0.6447	9.60	1.1414	0.6422	9.58
Feb	1.0801	0.6361	9.31	1.0801	0.6418	9.36
Mar	1.1224	0.6356	9.46	1.1224	0.5643	8.84
Apr	1.1118	0.6521	9.56	1.1118	0.6119	9.21
May	1.1083	0.6508	9.54	1.1083	0.6203	9.28
Jun	1.1342	0.6523	9.64	1.1342	0.6357	9.50
Jul	1.2217	0.6531	9.96	1.2217	0.9561	12.59
Aug	1.2220	0.6516	9.95	1.2220	1.1213	14.03
Sep	1.2000	0.6534	9.88	1.2000	1.1426	14.14
Oct	1.2212	0.6553	9.98	1.2212	1.1415	14.21
Nov	1.2415	0.6593	10.08	1.2415	0.9374	12.50
Dec	1.3565	0.6555	10.45	1.3565	0.7882	11.61

^{1/} Calculated based on 3.5 percent fat and 8.7 percent solids-not-fat.



Pool Prices for Quota, Base, and Overbase 1999-2003

Year & Month	Quota			Base and Overbase ^{1/}		
	Fat	SNF	Equivalent	Fat	SNF	Equivalent
	<i>Dollars Per Pound</i>		<i>Per Cwt. ^{2/}</i>	<i>Dollars Per Pound</i>		<i>Per Cwt. ^{2/}</i>
1999						
Jan	1.640	1.232	16.46	1.640	1.037	14.76
Feb	1.474	1.119	14.90	1.474	0.924	13.20
Mar	1.441	1.128	14.86	1.441	0.933	13.16
Apr	1.109	1.078	13.26	1.109	0.883	11.56
May	1.201	1.024	13.11	1.201	0.829	11.41
Jun	1.461	1.004	13.85	1.461	0.809	12.15
Jul	1.301	1.131	14.40	1.301	0.936	12.70
Aug	1.477	1.261	16.14	1.477	1.066	14.44
Sep	1.412	1.193	15.32	1.412	0.998	13.62
Oct	1.284	1.155	14.55	1.284	0.960	12.85
Nov	1.242	1.087	13.81	1.242	0.892	12.11
Dec	0.972	1.006	12.16	0.972	0.811	10.46
2000						
Jan	0.962	0.964	11.74	0.962	0.769	10.05
Feb	0.936	0.962	11.65	0.936	0.767	9.95
Mar	1.000	0.945	11.73	1.000	0.750	10.03
Apr	1.097	0.945	12.06	1.097	0.750	10.36
May	1.220	0.916	12.24	1.220	0.721	10.54
Jun	1.321	0.937	12.78	1.321	0.742	11.08
Jul	1.275	0.981	13.00	1.275	0.786	11.30
Aug	1.278	0.982	13.02	1.278	0.787	11.32
Sep	1.266	1.020	13.31	1.266	0.825	11.61
Oct	1.229	0.918	12.29	1.229	0.723	10.59
Nov	1.576	0.824	12.69	1.576	0.629	10.99
Dec	1.579	0.857	12.98	1.579	0.662	11.28
2001						
Jan	1.379	0.908	12.73	1.379	0.713	11.03
Feb	1.443	0.918	13.04	1.443	0.723	11.34
Mar	1.623	0.942	13.88	1.623	0.747	12.18
Apr	1.872	0.931	14.65	1.872	0.736	12.95
May	1.968	1.013	15.70	1.968	0.818	14.00
Jun	2.158	1.023	16.46	2.158	0.828	14.76
Jul	2.107	1.031	16.35	2.107	0.836	14.65
Aug	2.265	1.008	16.70	2.265	0.813	15.00
Sep	2.359	0.999	16.95	2.359	0.804	15.25
Oct	1.796	0.968	14.71	1.796	0.773	13.01
Nov	1.585	0.933	13.67	1.585	0.738	11.97
Dec	1.400	0.923	12.93	1.400	0.728	11.23
2002						
Jan	1.458	0.928	13.18	1.458	0.733	11.48
Feb	1.361	0.892	12.53	1.361	0.697	10.83
Mar	1.346	0.880	12.37	1.346	0.685	10.67
Apr	1.275	0.913	12.41	1.275	0.718	10.71
May	1.163	0.918	12.06	1.163	0.723	10.36
Jun	1.108	0.887	11.60	1.108	0.692	9.90
Jul	1.093	0.857	11.28	1.093	0.662	9.58
Aug	1.044	0.899	11.48	1.044	0.704	9.78
Sep	1.006	0.926	11.58	1.006	0.731	9.88
Oct	1.047	0.939	11.84	1.047	0.744	10.14
Nov	1.089	0.876	11.44	1.089	0.681	9.74
Dec	1.149	0.857	11.48	1.149	0.662	9.78
2003						
Jan	1.134	0.854	11.40	1.134	0.659	9.70
Feb	1.107	0.831	11.11	1.107	0.636	9.41
Mar	1.134	0.800	10.93	1.134	0.605	9.23
Apr	1.120	0.816	11.02	1.120	0.621	9.32
May	1.121	0.819	11.05	1.121	0.624	9.35
Jun	1.139	0.826	11.17	1.139	0.631	9.47
Jul	1.205	0.977	12.72	1.205	0.782	11.02
Aug	1.224	1.112	13.96	1.224	0.917	12.26
Sep	1.214	1.160	14.34	1.214	0.965	12.64
Oct	1.227	1.167	14.45	1.227	0.972	12.75
Nov	1.247	1.057	13.56	1.247	0.862	11.86
Dec	1.345	0.963	13.09	1.345	0.768	11.39

^{1/} Base and Overbase prices have been combined. They have been the same since January 1994.

^{2/} Calculated based on 3.5 percent fat and 8.7 percent solids-not-fat.



Average Prices Paid to Producers

Average Prices Paid Producers in California For All Bulk Milk (Grade A and Grade B), By Month, 1999-2003 ^{1/2/}

Year	January	February	March	April	May	June	July	August	September	October	November	December	Annual Average
<i>Dollars Per Hundredweight</i>													
1999	15.89	14.14	13.99	12.30	12.03	12.75	13.28	15.10	14.32	13.60	12.94	11.35	13.47
2000	10.88	10.70	10.81	11.02	11.17	11.61	11.84	11.90	12.32	11.39	12.02	12.31	11.50
2001	12.03	12.27	13.04	13.76	14.65	15.35	15.25	15.67	16.07	13.84	12.90	12.30	13.93
2002	12.52	11.73	11.47	11.38	10.98	10.42	10.07	10.34	10.48	10.86	10.53	10.61	10.95
2003	10.53	10.15	9.92	9.97	9.95	9.99	11.52	12.77	13.31	13.52	12.80	12.37	11.40

^{1/} Prices are F.O.B. plant, at actual test.

^{2/} Includes in-state pool shipments and California milk shipped into Federal Milk Marketing Orders. Excludes bonuses and premiums.

Average Prices Paid Producers in California For Market Milk (Grade A), By Month, 1999-2003 ^{1/2/}

Year	January	February	March	April	May	June	July	August	September	October	November	December	Annual Average
<i>Dollars Per Hundredweight</i>													
1999	15.89	14.15	14.00	12.30	12.03	12.74	13.26	15.07	14.30	13.61	12.96	11.35	13.47
2000	10.88	10.71	10.82	11.03	11.18	11.62	11.85	11.91	12.31	11.41	12.03	12.32	11.50
2001	12.03	12.28	13.04	13.76	14.64	15.34	15.25	15.66	16.06	13.85	12.90	12.30	13.93
2002	12.52	11.73	11.47	11.38	10.97	10.43	10.07	10.34	10.48	10.85	10.53	10.60	10.95
2003	10.53	10.15	9.92	9.97	9.95	9.99	11.51	12.76	13.31	13.53	12.80	12.37	11.40

^{1/} Prices are F.O.B. plant, at actual test.

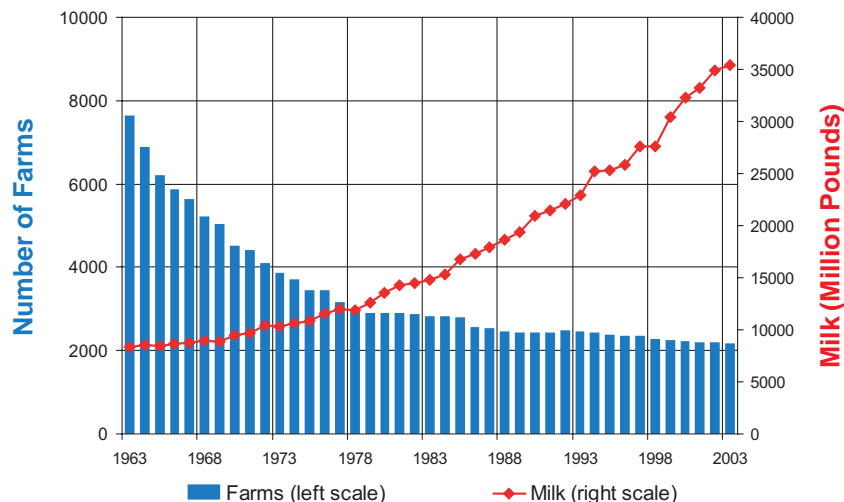
^{2/} Includes in-state pool shipments and California milk shipped into Federal Milk Marketing Orders. Excludes bonuses and premiums and exempt production.

Average Prices Paid Producers in California For Manufacturing Milk (Grade B), By Month, 1999-2003 ^{1/2/}

Year	January	February	March	April	May	June	July	August	September	October	November	December	Annual Average
<i>Dollars Per Hundredweight</i>													
1999	15.72	13.30	12.97	12.53	12.00	13.58	14.63	17.11	15.43	13.36	11.45	11.22	13.61
2000	10.80	10.28	10.21	10.43	10.84	10.81	11.49	11.53	12.47	10.25	10.64	11.16	10.91
2001	11.23	11.42	13.12	13.67	15.31	15.93	15.87	16.51	17.08	13.23	12.26	12.55	14.01
2002	12.88	11.43	11.28	11.38	11.33	10.24	9.80	10.51	10.75	11.46	10.35	10.87	11.02
2003	10.89	10.47	9.80	10.23	10.37	10.29	12.93	13.65	13.95	13.34	12.42	12.18	11.71

^{1/} Prices are F.O.B. plant, at actual test.

Number of Farms and Milk Production, 1963-2003

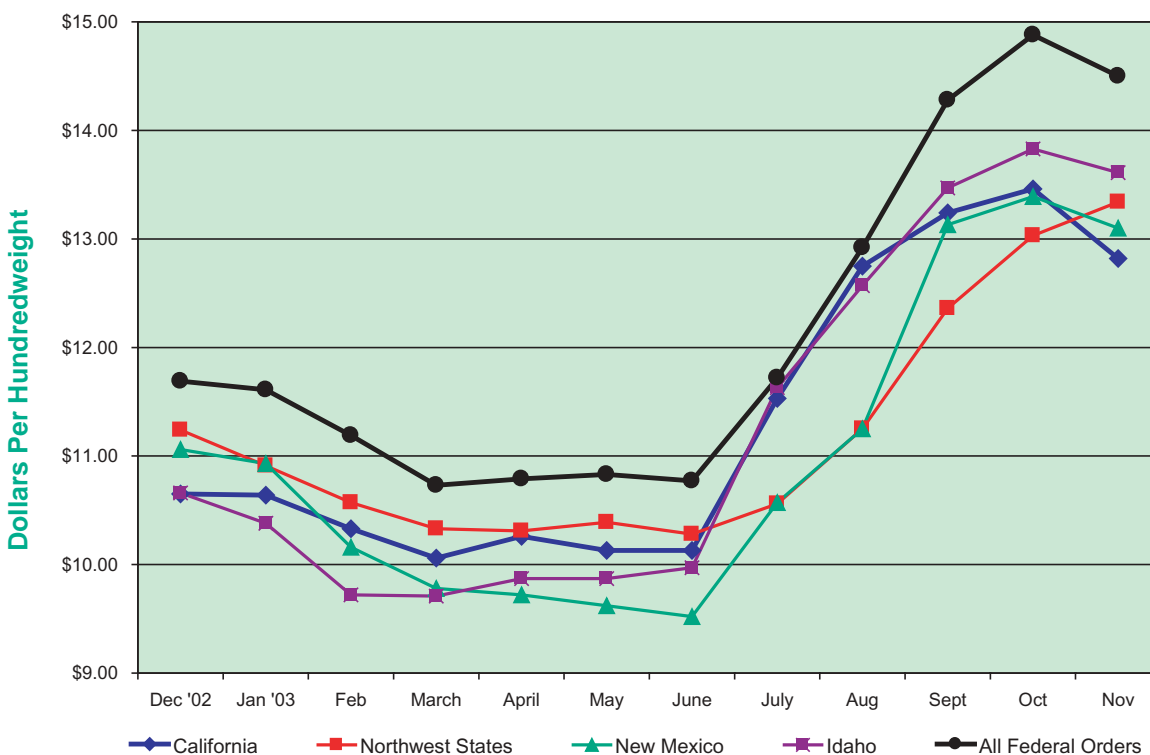


Mailbox Milk Prices

Mailbox Milk Prices for Selected Reported Areas in Federal Milk Orders and California, December 2002-November 2003

Reporting Areas	Dec '02	Jan '03	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov
Dollars Per Hundredweight												
California	\$10.65	\$10.64	\$10.33	\$10.06	\$10.26	\$10.13	\$10.13	\$11.53	\$12.75	\$13.24	\$13.46	\$12.82
Northeast Fed. Milk Order	11.58	\$11.62	\$11.22	\$10.86	\$11.06	\$11.10	\$11.07	\$11.63	\$12.87	\$14.49	\$15.23	\$14.98
Appalachian States	12.45	\$12.45	\$12.12	\$11.54	\$11.29	\$11.32	\$11.33	\$11.90	\$12.92	\$14.67	\$15.22	\$14.94
Southeast States	12.93	\$13.07	\$12.54	\$11.93	\$11.63	\$11.69	\$11.86	\$12.72	\$13.88	\$15.51	\$15.97	\$15.58
Florida	14.92	\$14.72	\$13.98	\$13.56	\$13.21	\$13.18	\$13.31	\$14.42	\$15.25	\$17.25	\$17.73	\$17.46
Ohio	11.99	\$11.77	\$11.34	\$10.85	\$10.80	\$10.84	\$10.76	\$11.47	\$12.38	\$14.13	\$15.05	\$14.74
Michigan	11.61	\$11.42	\$11.06	\$10.61	\$10.48	\$10.66	\$10.54	\$11.29	\$12.21	\$13.90	\$14.60	\$14.38
Wisconsin	11.78	\$11.59	\$11.28	\$10.70	\$10.85	\$11.04	\$10.90	\$12.26	\$13.98	\$14.95	\$15.57	\$14.80
Minnesota	11.56	\$11.52	\$11.21	\$10.72	\$10.86	\$10.95	\$10.89	\$12.61	\$14.32	\$15.10	\$15.59	\$14.72
Illinois	11.77	\$11.89	\$11.48	\$10.78	\$10.84	\$10.89	\$10.82	\$11.61	\$13.01	\$14.54	\$15.35	\$14.80
Iowa	12.25	\$11.58	\$11.24	\$10.68	\$10.73	\$10.83	\$10.66	\$12.03	\$13.54	\$14.68	\$15.31	\$14.54
Southern Missouri	11.72	\$11.83	\$11.44	\$10.82	\$10.61	\$10.71	\$10.82	\$11.30	\$12.41	\$14.22	\$14.71	\$14.31
Corn Belt States	11.41	\$11.46	\$11.11	\$10.40	\$10.68	\$10.66	\$10.53	\$11.22	\$11.90	\$13.45	\$13.75	\$13.58
Western Texas	11.95	\$11.90	\$11.17	\$10.71	\$10.62	\$10.48	\$10.45	\$11.48	\$12.36	\$13.95	\$14.36	\$13.93
New Mexico	11.06	\$10.93	\$10.16	\$9.78	\$9.72	\$9.62	\$9.52	\$10.57	\$11.25	\$13.13	\$13.39	\$13.10
Idaho	10.66	\$10.38	\$9.72	\$9.71	\$9.87	\$9.87	\$9.97	\$11.63	\$12.57	\$13.47	\$13.83	\$13.61
Utah	10.37	\$10.25	\$9.98	\$9.55	\$9.54	\$9.64	\$9.55	\$10.63	\$11.43	\$13.17	\$13.70	\$13.37
Northwest States	11.24	\$10.91	\$10.57	\$10.33	\$10.31	\$10.39	\$10.28	\$10.56	\$11.25	\$12.36	\$13.03	\$13.34
All Federal Order Areas	11.69	\$11.61	\$11.19	\$10.73	\$10.79	\$10.83	\$10.77	\$11.72	\$12.92	\$14.28	\$14.88	\$14.50

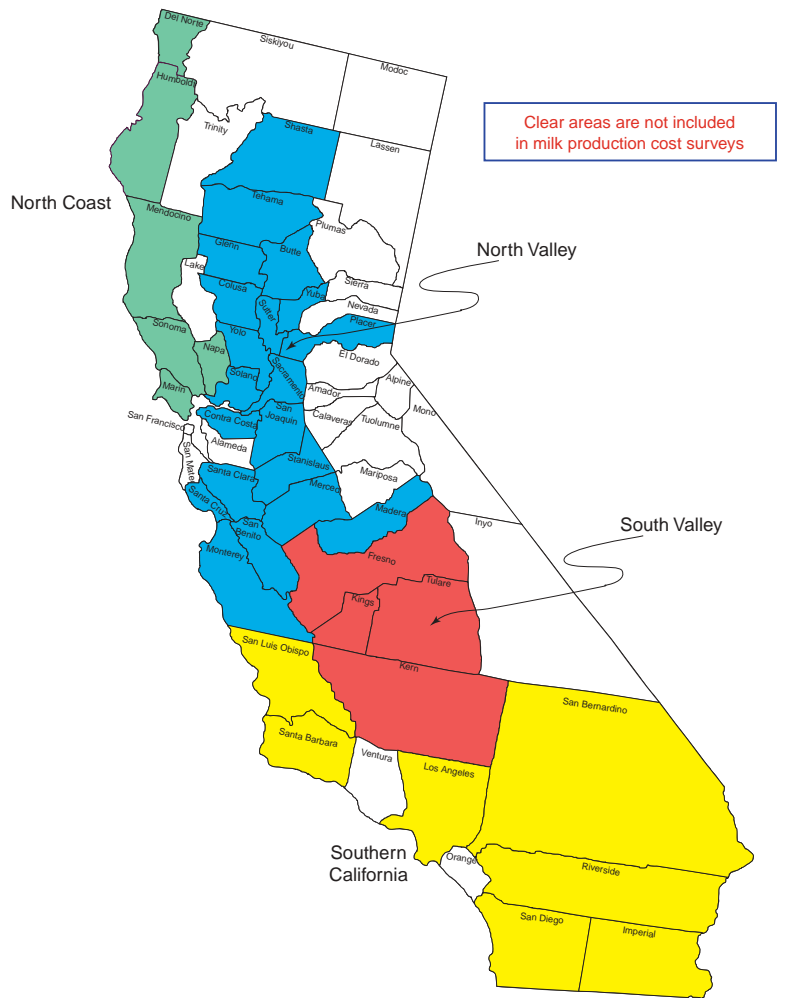
Mailbox Milk Prices for Selected States and the All Federal Milk Order Prices, December 2002-November 2003



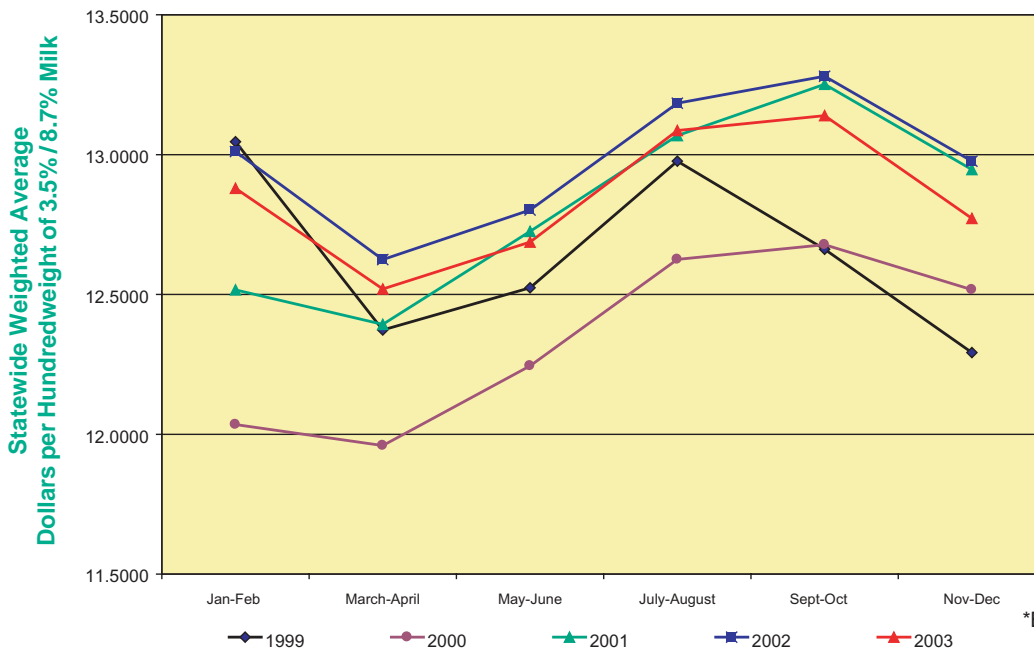
During the hearing process, the Department considers the cost of producing market milk in establishing minimum prices for the various classes of milk. Since 1955, the Department's Cost of Production Unit has been collecting and summarizing cost data from California dairy farms. The staff reviews dairy farm financial records on-site and works with dairy managers to determine allocations of dairy expenditures to produce milk. Dairy producers find that the studies and resulting cost comparisons are a valuable tool in dairy management.

The Cost of Production Unit conducts surveys for four dairy regions (see map at right) within California (North Coast, North Valley, South Valley, and Southern California). The 2003 statewide weighted average on-farm cost of milk production decreased by 9¢ per hundredweight (3.5/8.7 fat-corrected milk, not including a return on investment or management) compared to the 2002 cost of production. This decrease in cost of production can be attributed primarily to lower replacement heifer prices.

For more information on the cost of production, see the latest Cost of Production Annual.



California Milk Production Cost Summary 1999, 2000, 2001, 2002, 2003*



*Based on Milk Production Cost Index Reports

The Department's Manufacturing Cost Unit collects and summarizes cost data from California dairy manufacturing plants. Any plant that produces Class 4a or Class 4b products may be asked to participate in the cost studies. The butter, nonfat dry milk (NFDM), and Cheddar cheese study participants typically account for over 97 percent of these respective products manufactured in California.

The Department annually reviews the cost of manufacturing milk into butter, NFDM, and Cheddar cheese with other

factors. These costs are considered when establishing the manufacturing cost allowances for the minimum pricing formulas during the hearing process. The table below shows the weighted average manufacturing costs per pound for butter (salted and unsalted), NFDM, and Cheddar cheese. Costs included in this summary are packaging, processing labor, processing non-labor, general and administrative, return on investment and, for butter and Cheddar cheese, miscellaneous ingredients.

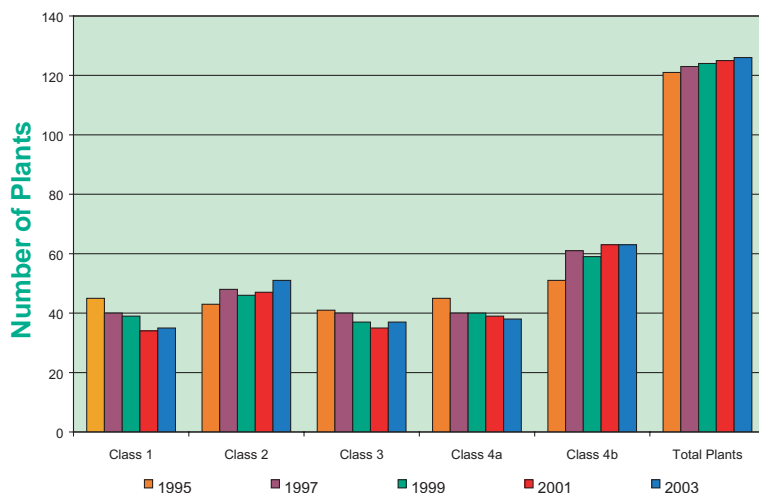
Weighted Average Manufacturing Costs, 1989-2003

Exhibit Date	Butter	# of Butter Plants	Nonfat Powder	# of NFDM Plants	Cheddar Cheese	# of Cheddar Cheese Plants ^{1/}
May 1989	\$0.0879	11	0.1370	11	\$0.2251	9
June 1990	\$0.0888	11	0.1398	11	\$0.2324	9
May 1991	\$0.0883	10	0.1438	11	\$0.2192	9
July 1992	\$0.0969	12	0.1443	12	\$0.2010	9
August 1993	\$0.0936	12	0.1430	11	\$0.1868	10
September 1994	\$0.0895	11	0.1341	11	\$0.1889	8
April 1995	\$0.0889	9	0.1327	9	\$0.1862	8
November 1995	\$0.0928	9	0.1328	9	\$0.1981	8
December 1996	\$0.0970	9	0.1333	9	\$0.1898	8
July 1997	\$0.0958	8	0.1327	9	\$0.1840	9
February 1999	\$0.0930	8	0.1277	9	\$0.1759	10
February 2000	\$0.0957	8	0.1356	10	\$0.1693	9
October 2001 ^{2/}	\$0.1001	8	0.1590	11	\$0.1802	9
November 2002 ^{3/}	\$0.1208	7	0.1619	11	\$0.1775	9
December 2002 ^{4/}	\$0.1211	7	0.1512	11	\$0.1746	9
November 2003 ^{5/}	\$0.1235	7	0.1464	10	\$0.1632	9

- 1/ For the 1996 Cheddar cheese cost study and subsequent cost studies, we have included costs associated with Cheddar cheese plants producing 500 pound barrels and 640 pound blocks. However, costs for packaging labor and packaging expenses were replaced with the average of those costs associated with 40 pound block plants.
- 2/ Includes the cost studies completed for periods between January 1998 and December 1999 and adjusted for utility costs. The utility cost adjustments were made using each plant's invoices for energy costs for August 2001.
- 3/ Includes the unadjusted cost studies for periods between July 2000 and December 2001.
- 4/ Includes the cost studies for periods between July 2000 and December 2001 and adjusted for August 2002 utility invoices as well as 2002 data updating wages, payroll taxes and fringe benefits for all plants.
- 5/ Includes the unadjusted cost studies for periods between January and December 2002.

Categorization of California Milk Processing Plants Based Upon Classification of Processed Products

California milk processing plants are experiencing trends similar to what other dairy processing plants across the U.S. are experiencing: more milk processed at fewer dairy plants. From 1960 to 2003, the number of California processing plants decreased from about 600 to 126. In addition, dairy processing plants of the 1960's often produced a wide range of products, whereas today, plants tend to specialize in the processing of only a few dairy products. The chart depicts the historical trend for the number of milk processing plants between 1995-2003. In the last 8 years, note the overall decline in the plants processing Class 1, 3, and 4a milk, whereas the number of plants processing Classes 2 and 4b milk has increased.



Classified of Dairy Products

PRODUCT DESCRIPTION

CLASSIFICATION

Acidified Half-and-Half		1
Fluid Milk Products:		
Acidophilus		1
Concentrated		1
Filled		1
Flavored		1
High Nutrient		1
Imitation		1
With Lactobacillus Acidophilus Culture		1
Lactose Reduced		1
Modified		1
Whole, Reduced Fat, Lowfat, Fat Free		1
Half-and-Half		1
Kefir and Fruit Kefir		1
Milk Drink		1
Milk Drink Mix		1
Acidified Buttermilk		2
Acidified Half-and-Half Dressing		2
Buttermilk		2
Clotted Cream		2
Condensed (Sweetened and Unsweetened)		2
Milk		2
Lowfat Milk		2
Fat Free Milk		2
Cottage Cheese:		
Acidified or directly set		2
Creamed		2
Creamed Spread		2
Lowfat		2
Fat free		2
Partially Creamed		2
Uncreamed		2
Cream		
Acidified Cream		2
Coffee Cream		2
Light Cream		2
Table Cream		2
Whipping Cream		2
Cream Dressing (Sour and Acidified Sour)		2
Dry Whey (from Cottage Cheese)		2
Egg Nog (all varieties)		2
Evaporated (Sweetened and Unsweetened):		
Cream		2
Milk		2
Lowfat Milk		2
Fat free Milk		2
Fromage Frais (Lowfat, Fat free)		2
Hoop Cheese		2
Sour Cream and Light Sour Cream		2
Sour Flavored Half-and-Half		2
Sour Half-and-Half Dressing		2
Ultra High Temperature (UHT) and		
Fluid Flavored Milk (Whole, Lowfat, Fat Free)		1
Fluid Milk (Whole, Lowfat, Fat Free)		1
Half-and-Half		1



These products are assigned to Class 2 if packaged in pre-sterilized containers to meet out-of-state requirements and sold outside California.

These products must be assigned to the classification of ultimate usage when utilized in bulk by handlers, but are assigned to Class 4a when sold to consumers.

These products are assigned to Class 4a if sold outside the U.S.



These products are assigned to the classification of ultimate usage when utilized in bulk by handlers, but are assigned to Class 4a when sold to consumers.

These products are assigned to Class 4a if sold outside the U.S.

These products are assigned to Class 2 if sold for use outside California and Class 4a if sold for use outside the 48 contiguous states.

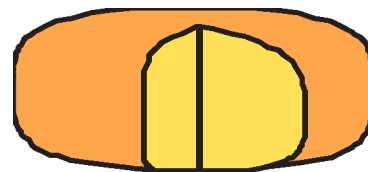
PRODUCT DESCRIPTION

CLASSIFICATION

Cream	2
Dairy Spread	2
Egg Nog	2
Flavored Cream	2
Flavored Drink	2
Lowfat Milk	2
Milk	2
Milk Drink Mix	2
Sour Cream	2
Sour Flavored Half-and-Half	2
Ultrapasteurized Half-and-Half (Hermetically)	2
Whipped Cream (Cream Topping)	2
Whipped Nonfat Yogurt Topping	2
Yogurt (Flavored, Lowfat, Fat Free)	2
Yogurt Drink (Lowfat, Fat Free)	2
Yogurt Sherbet	2
Frozen Dairy Dessert (Mix, Lowfat, Fat Free)	3
Frozen Yogurt (Mix, Lowfat, Nonfat)	3
Ice Cream and Ice Milk:	
Diabetic	3
Dietetic	3
Imitation	3
Mix	3
Nonfat	3
Light Dairy Dessert	3
Quiescently Frozen Confections	3
Sherbet	3
Butter	4a
Dry Buttermilk	4a
Nonfat Dry Milk	4a
Whole Dry Milk	4a
Cheese:	
Bakers	4b
Blue	4b
Brick	4b
Cheddar	4b
Colby	4b
Cream	4b
Full Skim	4b
Gorgonzola	4b
Limburger	4b
Monterey Jack	4b
Mozzarella	4b
Muenster	4b
Neufchatel	4b
Parmesan	4b
Part Skim	4b
Provolone	4b
Ricotta	4b
Romano	4b
Swiss	4b
Dry Modified Whey	4b
Dry Whey (from other Cheese)	4b

These products are assigned to Class 4a if sold outside the U.S.

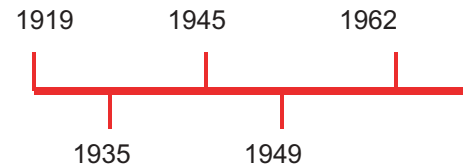
These products are assigned to Class 4a if sold outside the U.S.



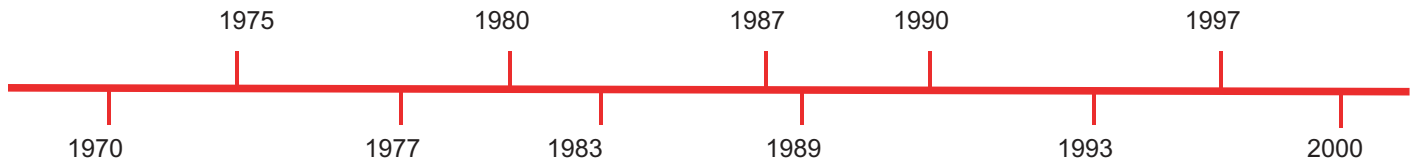


CALIFORNIA DAIRY INDUSTRY HISTORIC TIMELINE

(As Related to Government)



- 1919** California Department of Food and Agriculture established. Milk and Dairy Foods Control Branch established.
- 1932** Los Angeles Milk Arbitration Board: State-sponsored voluntary agreement among producers and handlers to set producer and resale prices.
- 1933** Federal license (order) established in Southern California – immediately enjoined by federal courts.
- 1935** Young Act - Establishes minimum producer pricing. Dairy Marketing
- 1937** Desmond Act - Establishes minimum wholesale and retail pricing (repealed 1978). Minimum producer prices extended to all classes of milk.
- 1945** Dairy Products Promotion Act - Establishes the Dairy Council of California to foster education and promotional programs.
- 1947** Unfair Practices Act - Regulates unfair dairy business practices. Prohibits sales below cost.
- 1949** Federal Price Support for dairy industry established.
- 1955** Major Amendment of Young Act: Basis for pricing changed.
- 1962** AB 2742 - Establishes component pricing for fluid milk products. (butterfat, solids-not-fat, and fluid carrier). California introduces reduced fat (2-10) milk.
- 1965** Component pricing for manufactured products begins, based solely on finished product prices for butter and nonfat dry milk.
- 1967** Gonsalves Milk Pooling Act - Establishes a statewide pooling of producer revenues, using a system of quota, base and overbase.
- 1969** Gonsalves Milk Pooling Act becomes effective. California Milk Advisory Board established.
- 1970** California Manufacturing Milk Advisory Board established.
- 1973** Quality assurance dating was extended to most dairy products. Forward pricing for Class 2 and 3 products began. Suspension of minimum wholesale pricing began.
- 1974** AB 1570 - Requires cottage cheese, buttermilk, and sour cream dressing be made from market grade milk.
- 1975** Minimum retail prices suspended in Zone 1 of the North-Central Valley area.
- 1977** Minimum retail and wholesale prices suspended in all areas. Market Milk Enforcement consolidated with Dairy Marketing.
- 1978** AB 1110 - Desmond Act repealed. All original quota equalized. Authority to establish formula pricing. Economic formula to determine Class 1 prices implemented. Established two-month pricing periods.



- 1981 Transportation credits (plant to plant)
- 1982 Transportation allowances (ranch to plant)
- 1980 Fluid milk usage goes below 50 percent of total milk production on an annual basis.
- 1982 AB 903 - Class 4 divided into Class 4a and Class 4b.
- 1983 Dairy and Tobacco Adjustment Act of 1983 - Dairy Diversion Program: first federal use of supply control in the dairy industry.
- 1984 AB 910 - Milk Pooling statutes revised relative to issuance of new quota. Quota allocated based on Class 1 growth above historic high. Implementation of \$0.15 per hundredweight national promotion assessment.
- 1985 1985 Farm Bill - Dairy Termination Program
- 1987 SB 29 - Establishes Milk Producers Security Trust Fund.
- 1989 Class 4b prices based on cheese prices began. Two-month pricing for Classes 2 and 3 began.
- 1990 Lowfat (1-11) milk introduced.
- 1991 Fluid milk usage goes below both Class 4a and 4b usage
- 1993 SB 688 - Milk Pooling Statutes revised to temporarily provide a fixed Class 1 price differential of \$1.70, between quota and overbase, from January 1, 1994 to January 1, 1995 (became permanent in 1994).
SB 72 - Authorizes dairy product cross-promotion. Yogurt reclassified from Class 1 Class 2 milk product. Quota allocation now based on Class 1 and 2 SNF growth. Cost of Production and consumer purchasing power removed from Class 1 pricing formula. Now formula only uses Commodity Reference Price. California Milk Processors Board established. California Dairy Advisory Committee established.
- 1994 AB 1285 - Removes sunset clause on SB 688 making the \$1.70 fixed differential permanent.
- 1996 SB 1885 - Changes accounting for restricted use market milk. Eliminates producer's ability to de-pool their milk on a monthly basis by giving up their Grade A permit (became permanent in 1998).
- 1997 Changed the pool accounting for other source milk on July 1.
- 1998 AB 1058 - Removes sunset clause on SB 1885.
- 1999 California Milk Price Survey initiated as a result of SB 419, legislation passed in September 1999 (survey was discontinued when SB 419 sunset expired 12/31/2001).
- 2000 As a result of changes to both systems, pricing in California and Federal Milk Marketing Orders become much more similar.
- 2001 Major amendment to transportation credits and allowances, including establishing a new receiving area for San Diego County.
- 2002 Introduction of Federal Milk Income Loss Contract (MILC) program to supplement price support system.
- 2003 Major amendment to transportation credits and allowances, including establishing allowances within Southern California. Eliminated processor's ability to depool their milk on a monthly basis, effective January 1, 2004




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