

C A L I F O R N I A

Dairy Review

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Department Calls Class 2, 3, 4a, and 4b Hearing in June

The California Department of Food and Agriculture has called a consolidated public hearing to consider amendments to the Stabilization and Marketing Plans for Market Milk for the Northern California and Southern California Marketing Areas (Plans). The hearing will be held on June 1, 2006, at the California Department of Food and Agriculture Auditorium, 1220 N Street, Sacramento, beginning at 9:00 a.m.

On February 7, 2006, the Department received a petition from the Dairy Institute of California (DI), requesting a public hearing to consider the following proposals:

1. Changes to the manufacturing cost allowances and f.o.b. California price adjuster in the Class 4a and 4b pricing formula (milk used to make butter, nonfat dry milk, and cheese, other than cottage cheese)
2. Changes to the cheese yield employed in the Class 4b formula
3. Changes to the dry whey manufacturing cost allowances in the Class 4b formula, with eventual removal of the dry whey factor from the 4b formula

A copy of the petition can be obtained at the following internet address: http://www.cdffa.ca.gov/dairy/dairy_h_class4a4b_2006.html, or by contacting the Dairy Marketing Branch at (916) 341-5988.

The hearing will consider DI's proposed changes to specific components of the current Class 4a and 4b pricing formulas and will also consider any other aspect of the Class 4a and 4b pricing formulas that are raised by alternative proposals received in the time and format specified below. Additionally, because the Class 4a price forms the base of the Class 2 and 3 prices, the hearing will consider adjustments to the Class 2 and 3 pricing formulas.

Alternative Proposals – All Interested parties are entitled to submit proposals detailing alternative adjustments in the Class 4a and 4b

Continued on Page 4



California Department of Food and Agriculture
A.G. Kawamura, Secretary

Production, Prices, Quota Transfers, Alfalfa

January Milk Production

Milk production in California for January 2006 totaled 3.24 billion pounds, up 5.3 percent from January 2005. USDA's estimate for U.S. milk production for January 2006 in the 23 major dairy states is 14.0 billion pounds, up 5.4 percent from January 2005. Production per cow in the 23 major states averaged 1,711 pounds for January, 68 pounds more than January 2005. ☀

Minimum Class Prices

Statewide average hundredweight prices

Class	January	February	March
1	\$14.63	\$14.61	\$13.33
2	\$13.82	\$12.78	\$12.78
3	\$13.55	\$12.62	\$12.62
4a	\$12.11	N/A	N/A
4b	\$13.25	N/A	N/A

Federal Order and California Minimum Class 1 Prices

Average Hundredweight Prices

Regions	Jan	Feb	Mar
Phoenix, Arizona	\$15.73	\$15.73	\$14.84
Southern California	\$14.76	\$14.74	\$13.46
Portland, Oregon	\$15.28	\$15.28	\$14.39
Northern California	\$14.49	\$14.47	\$13.19
Boston (Northeast)	\$16.63	\$16.63	\$15.74

Quota Transfer Summary

For January 2006, ten dairy producers transferred 8,021 pounds of SNF quota. January quota sales averaged \$494 per pound of SNF (without cows), average ratio of 2.37. For February 2006, two dairy producers transferred 4,634 pounds of SNF quota. February quota sales averaged \$495 per pound of SNF (without cows), average ratio of 2.51. ☀

Alfalfa Update: February

Northern California: Supreme alfalfa was not well tested and Premium alfalfa was steady in a light test. Fair and Good alfalfa was steady in a light test, with moderate demand and light supplies. Retail and Stable hay was steady with moderate supplies. Various areas had to deal with sporadic wet weather during the month.

Southern California: Supreme and Premium alfalfa was steady in light test with good demand and supplies light to moderate. Fair and Good alfalfa was steady in limited test with moderate to light supplies and demand. Retail and stable hay was steady with light to moderate demand. The weather was mild and dry throughout the area. ☀

Supreme Hay Prices

Statewide average prices per ton

Area	1/27	2/3	2/10	2/17
Petaluma	N/A	N/A	N/A	N/A
North Valley ¹	N/A	\$215-225	\$210-228	\$200-215
South Valley ²	\$210-212	\$206	\$199-208	N/A
Chino Valley	N/A	\$180-198	\$185	\$180

¹ North Valley is Escalon, Modesto and Turlock areas.

² South Valley is Tulare, Visalia and Hanford areas.

Alfalfa Hay Sales/Delivery

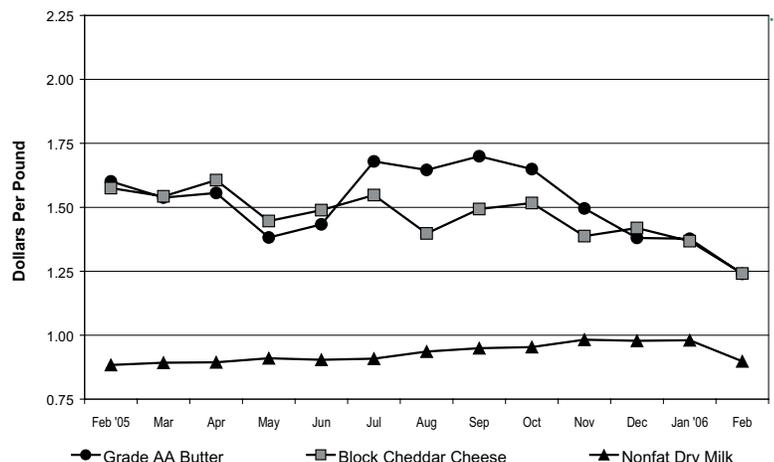
	January	February
Tons Sold ¹	52,891	42,262
Tons Delivered ²	40,825	24,555

¹ For current or future delivery.

² Contracted or current sales.

Alfalfa hay sales, deliveries and Supreme quality prices per ton, delivered to dairies, as reported by the USDA Market News Service, Moses Lake, WA, (509) 765-3611, <http://www.ams.usda.gov/marketnews.htm>

Grade AA Butter, Block Cheddar Cheese, and Nonfat Dry Milk Prices Used in the Calculation of California Class 1 Milk Prices





To date, seven Bovine Spongiform Encephalopathy (BSE) cases have been diagnosed in North America:

- 1993 – cow from United Kingdom (UK), killed in Canada
- May 2003 – cow from Saskatchewan, Canada
- December 2003 - cow killed in Washington State, from Alberta, Canada
- January 2005 – two cows from Alberta, Canada
- June 2005 – cow born in Texas, US
- January 2006 – cow from Alberta, Canada

Case 1: In 1993, one of the monitored UK cattle tested positive for BSE in Alberta, and was diverted from the human food and animal feed systems. As a result of this case, Canada depopulated their remaining UK cattle.

Case 2: On May 20, 2003, Canada confirmed BSE in an Angus cow born in northern Saskatchewan in March 1997. The animal did not enter the human food chain; the remains entered the feed system through a rendering facility in Alberta. The herd of origin and other animals of interest were slaughtered; more than 2,700 cattle were culled and over 2,000 tested negative for BSE in this investigation.

Case 3: On December 25, 2003, the USDA confirmed BSE in a Holstein cow slaughtered in Washington State. The cow was born in April 1997 in Alberta, and entered the US in 2001 as part of a shipment of 81 animals. Over 255 cattle were depopulated from 10 premises in this investigation; all tested negative for BSE.

Case 4: On January 2, 2005, BSE was confirmed in a Holstein cow born in Alberta in October 1996. No part of the cow entered the human or animal food chain. Over 130 animals were traced; those located alive were culled and tested negative for BSE.

Case 5: On January 11, 2005, BSE was confirmed in a Charolais cow born in Alberta in March 1998. No part of the animal entered the human or animal food chain. Over 350 animals were investigated, and 41 were culled and tested negative for BSE.

Case 6: On June 24, 2005, BSE was confirmed in a 12-year-old Brahma-cross cow born in Texas. No part of this animal entered the human or animal food chain. Over 200 cattle were investigated.

Case 7: On January 23, 2006, BSE was confirmed in a six-year-old crossbred cow with signs of BSE in Alberta. No part of the animal entered the human or animal food chain. A total of 156 cattle were investigated and no additional cases of BSE were detected.

Ensuring Cattle Health

The current theory is that BSE entered North America through cattle imported from the UK during the 1980's; 182 UK cattle were imported directly into Canada and 300 into the US from 1982 to 1990. Native cattle were most likely exposed to BSE by eating a ration containing meat and bone meal contaminated with infectious material. In 1997, both the US and Canada introduced measures to safeguard cattle feed.

In October 2005, the Food and Drug Administration proposed a rule to strengthen the current animal feed controls; the rule should be finalized in July 2006.

The proposal would ban the use in **all animal feed** of cattle parts most likely to spread BSE. The banned materials would include:

- Brain and spinal cord from cattle 30 months of age and older, and from cattle of any age not inspected and passed for human consumption,
- The entire carcass of cattle not inspected and passed for human consumption if the brain and spinal cord have not been removed,
- Tallow derived from materials prohibited by this proposed rule that contains more than 0.15% insoluble impurities, and
- Mechanically separated beef.

What Should Producers Do?

- Comply with the feed ban - **do not feed products containing prohibited materials**,
- Keep copies of all feed records – invoices and labels – for at least one year,
- Establish an individual animal identification plan for your herd, and keep accurate records when animals enter and leave the herd,
- **Report cattle with neurological signs to your veterinarian,**
- Dispose of carcasses appropriately, such as with a licensed renderer,
- Help to ensure that unsafe meat does not enter the human food chain.

CDFA Animal Health Branch Offices	
Sacramento (HQ)	916-654-1447
Modesto	209-491-9350
Ontario	909-947-4462
Redding	530-225-2140
Tulare	559-685-3500
USDA/APHIS/VS	877-741-3690

Hearing - *Continued from Page 1*

formulas. Alternative proposals must be signed by a responsible party and received by the Department's Dairy Marketing Branch no later than 4:00 p.m. on April 27, 2006. The Dairy Marketing Branch's office location is the Downtown Plaza, 560 J Street, Suite 150, Sacramento. Alternative proposals may be sent electronically via email to dairy@cdfa.ca.gov, faxed to (916) 341-6697, or mailed to Hearing Officer, c/o CDFAs Dairy Marketing Branch, 1220 N Street, Sacramento, CA 95814.

At the hearing the Department will receive testimony and evidence, both oral and documentary. Interested parties who wish to introduce testimony and/or exhibits shall provide the Hearing Officer at the hearing six (6) copies of such documents for the official record, as well as one copy for the court reporter, for a total of seven (7) copies. In addition, the Department strongly encourages participants to make additional copies available for use by other hearing participants.

Copies of the transcripts of testimony received at the hearing will not be available for distribution via the Department, but are available for inspection at the Dairy Marketing Branch. If interested parties wish to purchase copies, arrangements may be made with the reporting service at the hearing.

From the time that a hearing notice is issued and until the issuance of a final decision in a proceeding, Department employees involved in the decision-making process are prohibited from discussing the merits of the hearing issues with any person having an interest in the proceeding. Procedural matters are not subject to the above prohibition and may be discussed at any time.

To assist interested persons in preparing for the hearing, a public workshop will be held on May 18, 2006 at the California Department of Food and Agriculture Auditorium, Sacramento, beginning at 9:00 a.m. At this workshop, interested persons can review and discuss all proposals submitted with Department staff and other interested parties. The Department will supply background and analysis of the petitions and only those alternative proposals submitted by the April 27th deadline. The workshop will be informal and educational in nature. Discussion during the workshop will not be part of the official hearing record and shall not be considered in rendering a decision. The Department's entire hearing exhibit for this hearing will be available for

public inspection at the Dairy Marketing Branch office on May 25, 2006.

If any interested party has questions regarding the call of this hearing or needs assistance in developing language for a proposal, please contact Tom Gossard at (916) 341-5988.

All interested persons are invited to attend and participate in both the public workshop and the hearing. Interested parties are encouraged to present any data or information that is relevant to the consideration of the issues raised in the call of this hearing.

Persons with Disabilities - The Department of Food and Agriculture wishes to ensure that all members of the public have access to all public meetings. If you require a special accommodation, please contact Cheryl Gilbertson at (916) 341-5988 or TDD (800) 735-0193 at least five days before the workshop or hearing date. 

Investigation Leads to Arrest

On January 21, 2006, Tulare County Agricultural Crimes detectives along with investigators with the Tulare County District Attorney's Office and Brand Inspectors from the California Bureau of Livestock Identification completed a month long investigation that led to the arrest of Camerino Gutierrez in the Delano area.

The suspect was in the possession of stolen cattle, medication and other nutritional items related to the dairy industry. Forty-five head of cattle valued at over \$40,000 were recovered, and eleven head have been returned to their rightful owner. 

Market Milk Administration Fee

The California Food and Agricultural Code (Code) authorizes the Secretary of Food and Agriculture to establish a Market Milk Administration Fee (Fee) on market milk (Grade A) sold into commercial trade channels in California to fund the operations of the Dairy Marketing Branch.

Last summer, the Branch determined that it had sufficient funds to administer the program without continuing to collect the Fee. As such, the Fee was suspended as of July 1, 2005 and has remained in suspension for the past several months.

The Branch's cash balance is currently at a level such that it is necessary to reestablish the Fee. The Fee will be at a reduced rate of one and two-tenths cents (\$0.012) per hundredweight. Two-thirds of the assessment is paid by producers of market milk and one-third is paid by handlers of market milk. The Fee will go into effect with milk received by market milk handlers beginning March 1, 2006. ☀

MILC Extension

The House and Senate have approved an extension of the Milk Income Loss Contract (MILC) program. The program will pay producers on their first 2.4 million gallons of milk produced each year. The payment rate will be 34 percent of the difference between \$13.69 and the federal Class I base price. The details of the implementation of the program are being finalized by USDA.

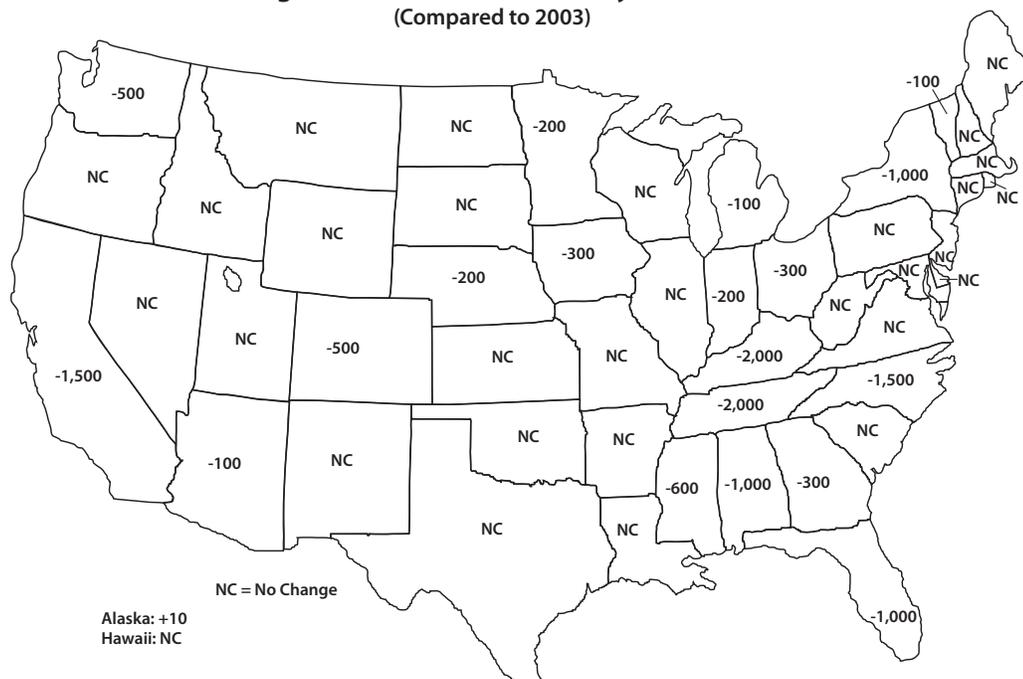
Assuming the program is approved retroactively back to October 1, 2005, here are estimated payments in dollars per hundredweight:

Oct 2005	\$0.0000
Nov 2005	\$0.0000
Dec 2005	\$0.0408
Jan 2006	\$0.1054
Feb 2006	\$0.1054

Total Number of Farms in U.S. Continues to Decline

USDA released the annual report "Farms, Land in Farms and Livestock Operations summary" which summarizes numerous statistics on the number of farms, farm size in acreage, and farm size by production or number of animals. The total number of farms in the U.S. fell 6% from 2003 to 2004. The report indicates that the decline in the number of farms and land in farms reflects a continuing consolidation in farming operations and transfers of agricultural land to competing uses.

Change in the Number of Farms, by State, 2004
(Compared to 2003)



MASTER LIST OF HANDLERS INELIGIBLE FOR COVERAGE UNDER THE MILK PRODUCERS SECURITY TRUST FUND AS OF FEBRUARY 1, 2005

HANDLERS INELIGIBLE FOR FAILURE TO: (1) MAINTAIN A VALID LICENSE OR BOND;			
(2) PAY PRODUCERS FOR BULK MILK PURCHASED AND RECEIVED; OR (3) FAILURE TO PAY THEIR POOL SETTLEMENT OBLIGATIONS			
FIRM	STREET ADDRESS	CITY, ST. & ZIP CODE	HANDLER NO.
Marin French Cheese Company, Inc.	7500 Red Hill Road	Petaluma, CA 94952	098020
Valley Milk Market, Inc.*	3520 Oakdale Avenue, Suite A	Modesto, CA 95355	- - -
Spring Hill Jersey Cheese, Inc. - DBA Petaluma Creamery	621 Western Avenue	Petaluma, CA 94952	097074
Central Valley Dairymen, Inc.*	251 5th Street	Gustine, CA 95322	076086
Sequoia Valley Products, LLC	2245 S. Linwood	Visalia, CA 93277	035067
Pac Fill, Inc. - DBA: Sun Dairy Company	5471 San Fernando Road West	Los Angeles, CA 90039	140414
Ariza Cheese Company, Inc.	7602 Jackson Street	Paramount, CA 90723	148312
Formaggi Di Ferrante, Inc.	4690 E. Second Street, Suite 7	Benicia, CA 94510	018182
Valley Gold, LLC*	240 North Avenue	Gustine, CA 95322	041007
Organic Pastures Dairy Company, LLC	7221 S. Jameson Ave	Fresno, CA 93706	036079
Suprema Specialties West, Inc.	14253 S. Airport Way	Manteca, CA 95336	- - -
HANDLERS THAT ARE NOT BONDED AND EITHER USE THEIR OWN PRODUCTION OR BUY MILK FROM OTHER HANDLERS			
(THESE PROCESSORS ARE LICENSED, BUT ARE NOT REQUIRED TO OBTAIN A MILK HANDLER'S BOND SINCE THEY ARE NOT MAKING BULK MILK PURCHASES			
DIRECTLY FROM PRODUCERS OR COOPERATIVE ASSOCIATIONS OF PRODUCERS.)			
FIRM	STREET ADDRESS	CITY, ST. & ZIP CODE	HANDLER NO.
Balian Ice Cream	2916 E. Olympic Boulevard	Los Angeles, CA 90023	- - -
Broguiere's Farm Fresh Dairy	505 South Maple Avenue	Montebello, CA 90640	142097
Cal Poly State University Dairy	Foundation Administration Bldg #15	San Luis Obispo, CA 93407	143175
California State University Agricultural Foundation	2385 East Barstow Avenue M/S AG 85	Fresno, CA 93740-8004	032119
Claravale Farm Company	345 Kliewer Lane	Watsonville, CA 95076	012396
Cool-A-Coo Ice Cream Company	12025 Hadley Street	Whittier, CA 90601	- - -
Dejong's Dairy - DBA Utterly, Inc.	31910 Corydon Street	Wildomar, CA 92595	142152
Fagundes Agribusiness	8700 Fargo Avenue	Hanford, CA 93230	072027
Fleur De Lait West	17525 East Valley Boulevard	City of Industry, CA 91744	144210
Initiative Foods, Inc.	1117 K Street	Sanger, CA 93657	- - -
The Ice Creamery - DBA Bayche Companies, Inc.	1221 Burt Place	Fullerton, CA 92831	- - -
Joe Matos Cheese Factory	3669 Llano Road	Santa Rosa, CA 95407	097052
Morningstar Foods, Inc. †	18275 Arenth Avenue	City of Industry, CA 91748	148477
Norwalk Dairy - DBA John Vanderham	13101 East Rosecrans Avenue	Santa Fe Springs, CA 90670	141680
Pedrozo Dairy & Cheese Company	7713 County Road 24	Orland, CA 95963	075129
Prison Industries Authority - CA Institution for Men	PO BOX 1031	Chino, CA 71710	143032
Prison Industries Authority - Corcoran State Prison	PO BOX 8800	Corcoran, CA 93212-8800	038125
Prison Industries Authority - Correctional Training Facility	PO BOX 700	Soledad, CA 93960-0700	012100
Prison Industries Authority - Deuel Vocational Institution	PO BOX 400	Tracy, CA 95378	078143
Three Sisters Farmstead Cheese	2381 Road 180	Lindsay, CA 93247	035056
Wonder Ice Cream Company	1717 Lafayette Street	Santa Clara, CA 95050	- - -

*Milk Handler's License cancelled pursuant to California Code of Regulations Title 3, Division 3, Chapter 3, Subchapter 2, Article 2, § 2031 effective December 1, 2005

†Morningstar's City of Industry plant is not required to have a bond. Shipments of milk to the other Morningstar plants currently are eligible for trust fund coverage.

CWT Export Assistance Bids

Cooperatives Working Together (CWT) has accepted the following new export bids:

- a bid from Dairy Farmers of America of Kansas City, MO, to export 6 metric tons (13,200 pounds) of Mozzarella cheese to Israel;
- a bid from Land O'Lakes Inc., of Arden Hills, MN, to export 150 metric tons (330,000 pounds) of butter to Israel; a bid from California Dairies Inc. of Artesia, CA, to export 300 metric tons (660,000 pounds) of butter to Honduras;
- a bid from Dairy Farmers of America of Kansas City, MO, to export 19.3 metric tons (42,500 pounds) of Cheddar cheese to Trinidad, British West Indies.
- two bids from Dairy Farmers of America of Kansas City, MO: one to export 19.3 metric tons (42,500 pounds) of Mozzarella cheese to Taiwan, and a second bid of .248 metric tons (545 pounds) of consumer-wrapped Mozzarella cheese to Panama. Both shipments are to countries that previously have not received product sold through CWT.

These accepted bids increase CWT's total cheese exports since it began operations two years ago to 4,916 tons (or 10.8 million pounds), and CWT's total butter exports to 590 tons (1.3 million pounds). Previous shipments facilitated by CWT's export assistance program have gone to Algeria, Barbados, Croatia, Egypt, Honduras, India, Israel, Japan, Jordan, Morocco, the Netherlands, Saudi Arabia, South Korea and Trinidad. 

Market, News, Weather (DTN) On Dairy Marketing Website

DTN Dairy is a source of comprehensive dairy-specific market, weather, and news information. This site provides a complete package of market analysis and commentary, real-time quotes, milk production information, highly localized weather and industry news 24 hours a day. DTN also includes exclusive updates from the Chicago Mercantile Exchange dairy traders daily. It also provides easy access to local and regional pricing information for distillers grain, soybean meal and cottonseed, as well as a complete database of current bid prices in relation to the producer's operation. The site also provides advice and analysis on current and historic fuel and fertilizer data.

The Dairy Marketing Branch website at www.cdfa.ca.gov/dairy has a link featuring "Markets, Weather, and News" where you can access the DTN information site. Simply go to the right side of the branch website home page and click on the DTN logo. 

Bathtub Cheese Seized in Riverside County

California Department of Food and Agriculture (CDFA) dairy foods investigators, working with local law enforcement on a multi-agency rural crime task force, seized 600 pounds of illegally produced soft, fresh cheese, also known as "bathtub cheese," at a ranchette near the community of Perris.

The seizure, one of the largest on record in California, included additional evidence pointing to a sizable production operation, including wooden cheese presses, molds and other items commonly used in illegal cheese production. Two men detained at the property received citations for violations of the State Food and Agricultural Code, which requires that cheese for sale in California be manufactured by licensed processors according to statutory standards for cleanliness and wholesomeness.

"Illegally produced cheeses pose a serious public health risk," said CDFA Secretary A.G. Kawamura. "Our dairy foods investigators are dedicated to stopping the distribution of illegal product. We commend them for their work with local task forces throughout the state and with federal authorities at the U.S./Mexico border, where they work to stop unlicensed cheeses from entering our state and country."

Bathtub cheeses are often made under unsanitary conditions that can encourage the growth of harmful bacteria such as salmonella and listeria, which can cause severe illness and even death. Infants, the elderly, and those with compromised immune systems are most vulnerable. CDFA is testing the contraband cheese for the presence of harmful bacteria.

Other agencies joining CDFA on the multi-agency task force were the Riverside and San Bernardino county sheriff's departments, the Ontario Police Department, and the Riverside County departments of environmental health and code enforcement. 

National Dairy Situation and Outlook – USDA Estimates

Milk Production and Cow Numbers

Monthly: Compared to 2004, USDA estimates that overall milk production across the U.S. was up 5.0% in January, led by New Mexico's 15.8% growth in milk production (on 22,000 more cows and 130 more pounds per cow). California's estimated production was up 5.1% (on 30,000 more cows and 55 more pounds per cow). Among the western states, Arizona was up 4.3%; New Mexico up 15.8%; and Washington stayed the same. None of the top 10 states reported a production decrease.

Quarterly: For the fourth quarter of 2005 compared to the third quarter of 2005, U.S. milk cow numbers stayed the same at 9.055 million, production per cow was down 0.6%; the net effect was a 0.7% decrease in milk production to 43.7 billion pounds. USDA projects that for the first quarter of 2006 compared to the fourth quarter of 2005, U.S. milk cow numbers will increase 15,000 cows to 9.070 million cows, production per cow will up 140 pounds per cow; the net effect would be an increase in milk production to 45.0 billion pounds.

Milk Prices

Comparing the fourth quarter of 2005 to the third quarter of 2005, U.S. average milk prices were up \$0.15/cwt. to \$15.10/cwt. USDA projects that for the first quarter of 2006, U.S. average all-milk prices will be \$14.30-14.70/cwt.; Class 4b prices will be \$12.70-13.10/cwt; and Class 4a prices will be \$12.15-12.65/cwt.

Utility Cow Prices

Comparing the fourth quarter of 2005 to the third quarter of 2005, average U.S. utility cow prices were down \$4.50/cwt. to a national average of \$50.64/cwt. USDA projects that utility cow prices will average \$51-53 in the first quarter of 2006.

Information from the USDA-NASS publication "Milk Production" and the USDA-ERS publication: "Livestock, Dairy, and Poultry Outlook." 

Continued Threat of West Nile Virus in California Poses Risk to Horses

Horse owners urged to maintain vaccinations

Unseasonably warm weather earlier this month in California is renewing the threat of West Nile virus, which serves as a reminder to horse owners to make sure their animals are vaccinated. Last year, 456 horses in the state were known to have contracted the disease, with 200 deaths. In the great majority of those cases the horses were either not vaccinated or vaccinated improperly.

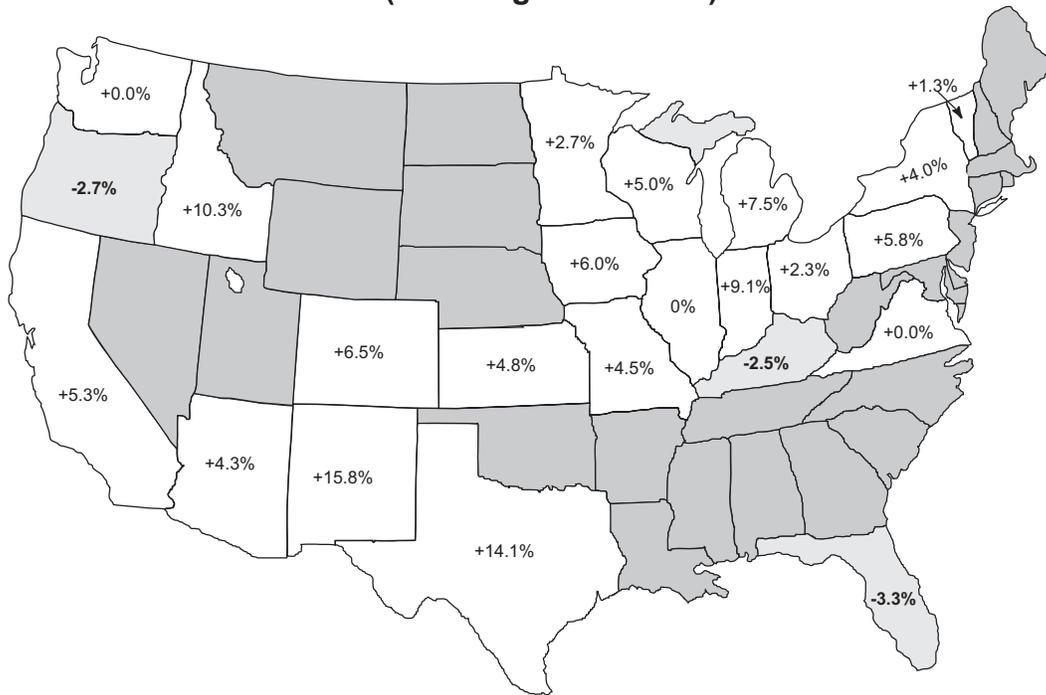
"Outbreaks of West Nile virus are expected to continue this year," said California State Veterinarian Dr. Richard Breitmeyer. "Horse owners should contact their veterinarians as soon as possible to ensure current vaccination status, so that horses will have maximum protection against the disease."

Signs of West Nile virus include stumbling, staggering, wobbling, weakness, muscle twitching and inability to stand. Horses contract the disease from carrier mosquitoes and are not contagious to other horses or people. Not every horse exposed to the virus will die.

CDFA is collaborating with state, federal and local agencies to detect and respond to the disease in California. CDFA is distributing a video public service announcement about West Nile virus and has taken a public education program directly to the equine community over the last several years, including tips on mosquito control.

For more information, click on www.cdfa.ca.gov or call the Equine West Nile Virus Information Line at 1-800-268-7378. Questions may be e-mailed to CDFA at WNVirus@cdfa.ca.gov 

January Milk Production in the Top 23 States (% Change from 2005)



For the U.S. overall, comparing January 2006 to January 2005:

- Milk production during January was up 5.0%
- The number of cows on farms was 9.073 million head, up 73,000 head
- Production per cow averaged 1,692 pounds, 60 pounds more than January 2005
- Twenty of the top twenty-three milk producing states showed an increase in milk production

As reported by USDA
and CDFA (for California)

Milk Production Cost Comparison Summary for California ^{1/} By Month, January 2004-December 2005

Month	North Coast		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
<i>Dollars per Hundredweight</i>										
January	15.45	15.33	13.82	13.37	12.19	13.14	12.82	13.82	12.98	13.36
February	15.81	15.55	13.61	13.72	12.47	13.50	12.96	13.93	13.06	13.69
March	14.37	14.86	13.16	12.99	12.24	12.70	13.08	13.16	12.77	12.92
April	13.77	14.68	13.27	13.16	12.50	13.03	13.07	12.95	12.91	13.12
May	13.44	13.96	13.23	13.02	12.76	12.99	13.35	12.93	13.04	13.02
June	13.70	14.04	13.45	13.41	13.09	13.02	13.63	13.21	13.32	13.22
July	13.66	14.03	13.03	13.73	12.83	13.40	13.41	13.30	13.01	13.53
August	14.16	14.51	13.00	13.69	12.82	13.46	13.48	13.39	13.03	13.57
September	14.33	15.94	13.44	14.03	13.11	13.73	13.56	13.78	13.34	13.91
October	14.22		13.43		13.08		13.38		13.29	
November	15.25		13.91		13.43		14.17		13.77	
December	15.17		13.71		13.26		13.96		13.59	

^{1/} Cost Comparison Summary data includes an allowance for management and a return on investment.

Hundredweight Pool Prices

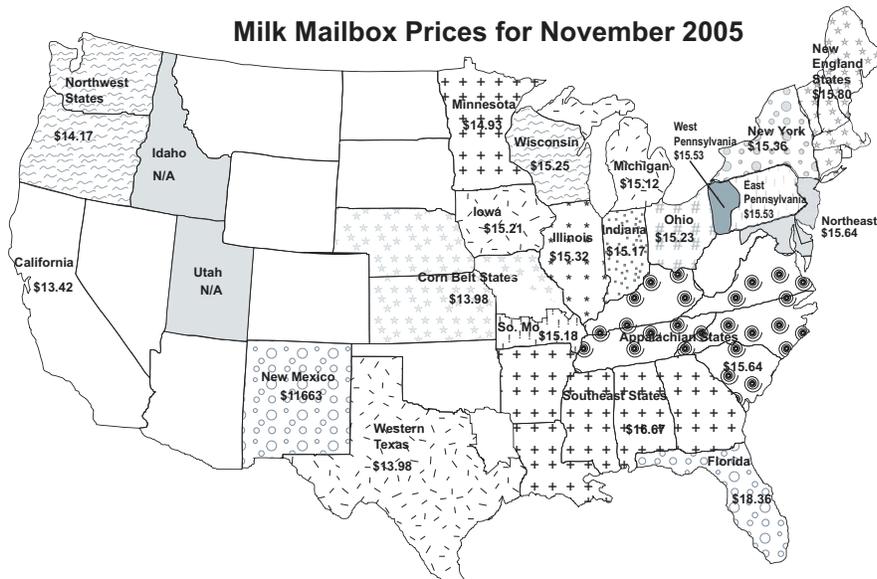
Milk Mailbox Prices

Milk Mailbox Prices in Dollars per Hundredweight

Month	Quota	Overbase	April	May	June	July	August	September	October
July '04	\$15.03	\$13.33	California ¹ \$13.48	\$13.43	\$13.53	\$13.23	\$14.09	\$14.10	\$13.42
August	\$14.74	\$13.04	USDA ² \$14.48	\$14.13	\$14.62	\$14.65	\$15.16	\$15.38	\$15.09
September	\$15.21	\$13.51							
October	\$14.81	\$13.11							
November	\$15.74	\$14.04							
December	\$15.74	\$14.04							
January '05	\$15.50	\$13.80							
February	\$14.96	\$13.26							
March	\$14.98	\$13.28							
April	\$15.06	\$13.36							
May	\$14.60	\$12.90							
June	\$14.56	\$12.86							
July	\$14.99	\$13.29							
August	\$14.65	\$12.95							
September	\$15.26	\$13.56							
October	\$15.07	\$13.37							
November	\$14.35	\$12.65							
December	\$14.41	\$12.71							
January '06	\$13.91	\$12.21							

¹ California mailbox price calculated by CDFA.

² All federal milk market order weighted average, as calculated by USDA.



In November 2005, mailbox prices for selected reporting areas in Federal milk orders averaged \$15.09 per cwt., \$0.33 less than the figure for the previous month. The component tests of producer milk in November 2005 were: butterfat, 3.80%; protein, 3.14%; and other solids 5.70%. On an individual reporting area basis, mailbox prices decreased in all reporting areas except three, ranging from \$18.36 in Florida to \$13.16 in New Mexico. In November 2004, the Federal milk order all-area average mailbox price was \$16.12, \$1.03 higher.

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at dairy@cdfa.ca.gov, or contacting TDD 1-800-735-0193.

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