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Lower Hay Acres For California

By Seth Hoyt, USDA-NASS, California Field Office

IT WAS ALL ABOUT CORN

While the "hot" commodity in the March 30, 2007 USDA Prospective Plantings report and probably one of the main topics of farmer discussions at local coffee shops was corn, hay growers and dairy producers were also very interested in hay acres section of the report. Dairymen were encouraged by the estimated 90.5 million acre corn crop, the largest since 1944 and the significant decline in the corn market for a few days after the report was released. They were probably not thrilled with the hay acres holding unchanged from last year in the Western States that ship hay to California (Arizona, Idaho, Nevada, Utah, Oregon). Alfalfa hay supplies have been tight in these states and it is now questionable if alfalfa hay production in the coming months will outpace demand. Additionally, dry conditions are creeping into Nevada and Utah, two states that ship the most volume of alfalfa hay into California. It is interesting that corn acres in the five states listed above were up 10 percent from 2005 with California corn acres up 19 percent.

HAY ACRES SURPRISING

In California, three percent lower hay acres was less of a decline than some thought it would be, particularly with the Imperial Valley coming in 12 percent lower than a year ago on alfalfa hay acres, according to the Imperial Irrigation Report. However, the alfalfa hay acres are not broken out in the Prospective Plantings report and one needs to wait until the June 29, 2007 report for a better break-out of various hay acres. Sources believe oat hay plantings could be down and there is the possibility that some dryland oat hay in central California may not be harvested due to very dry conditions. Nevertheless, some other hay acres in California may be higher than in 2006. For example, according

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Production, Prices, Quota Transfers, Alfalfa

March Milk Production

Milk production in California for March 2007 totaled 3.550 billion pounds, up 3.7 percent from March 2006. USDA's estimate for U.S. milk production for March 2007 in the 23 major dairy states is 14.8 billion pounds, up 1.1 percent from March 2006. Production per cow in the 23 major states averaged 1,782 pounds for March, 7 pounds above March 2006.

Minimum Class Prices

Statewide average hundredweight prices

Class	Mar	Apr	May
1	$15.22	$16.58	$17.58
2	$12.59	$13.60	$13.60
3	$12.43	$13.44	$13.44
4a	$13.24	N/A	N/A
4b	$14.13	N/A	N/A

Federal Order and California Minimum Class 1 Prices

Average Hundredweight Prices

Regions	Mar	Apr	May
Phoenix, Arizona	$16.60	$17.35	$18.27
Southern California	$16.01	$16.71	$17.44
Portland, Oregon	$16.15	$16.90	$17.82
Northern California	$15.74	$16.44	$17.71
Boston (Northeast)	$17.50	$1 8.25	$19.17

Quota Transfer Summary

For March 2007, four dairy producers transferred 2,217 pounds of SNF quota. March quota sales averaged $495 per pound of SNF (without cows), average ratio of 2.55. For April 2007, fourteen dairy producers transferred 9,955 pounds of SNF quota. April quota sales averaged $495 per pound of SNF (without cows), average ratio of 2.43.

Alfalfa Update: April

Northern California: Premium and Supreme alfalfa were were steady to firm with moderate supplies and good demand. Fair and Good alfalfa was steady steady to firm with limited test. Retail and Stable hay was steady with good demand and light to moderate supplies. Although the area had some rain showers, producers were able to put up good quanity of hay.

Southern California: Premium and Supreme alfalfa were steady to weak with lower quality. Demand and supplies were moderate. Fair and Good alfalfa was steady with feed lots showing interest. Retail and stable hay was steady with moderate demand and supplies. There were several very windy days, but weather overall still favorable for hay production.

Supreme Hay Prices

Statewide average prices per ton

Area	3/30	4/6	4/13	4/20
Petaluma	$180	$195	$180-190	$182-195
North Valley[1]	$195-208	$205	$185-215	$185-215
South Valley[2]	$205-228	$198-222	$195-220	$185-222
Chino Valley	$200-210	$195-202	$195-210	$190-205

[1]North Valley is Escalon, Modesto and Turlock areas.

[2] South Valley is Tulare, Visalia and Hanford areas.

Alfalfa Hay Sales/Delivery

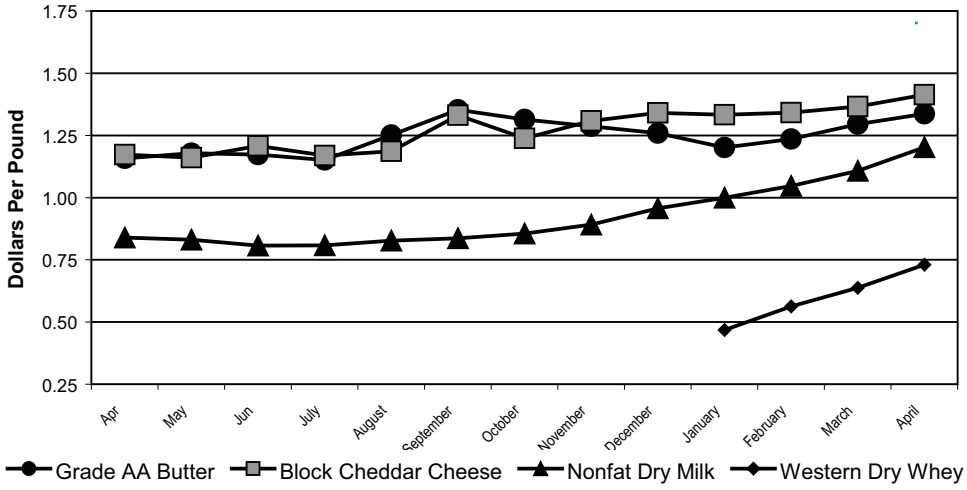
	March	April
Tons Sold[1]	72,146	146,245
Tons Delivered[2]	37,627	85,704

[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, Nonfat Dry Milk, and Western Dry Whey Mostly Prices Used in the Calculation of California Class 1 Milk Prices



Alfalfa Hay - *Continued from page 1*

to the Imperial Irrigation District report on March 13, 2007, Bermudagrass acres in the Imperial Valley were up nearly 2,000 acres from a year ago, Kleingrass was up 12 percent or 1700 more acres and sudangrass acres were up 1,850 from last year. The strong export market last year was driving these higher acres.

There is the possibility that alfalfa hay acres may not be down as much as some were predicting. While alfalfa hay acres were converted to corn, wheat, processed tomatoes, etc., it appears that some growers, particularly in central and northern California put in additional alfalfa hay. Growers are pretty savvy when the market timing may be right to plant more alfalfa hay. Tight old crop hay supplies and the prospects of lower alfalfa hay production in 2007, combined with the prediction of dairies returning to profitability, may have changed the alfalfa hay planting picture in California compared to last fall. Many are eagerly anticipating the June 29, 2007 report to see the alfalfa hay acreage estimate.

IN-SHIPPED HAY

With tight hay supplies in California and with the prospects of lower alfalfa hay production this year, it could be predicted that hay shipments from other States could be up in 2007. However, after further analysis, it is questionable whether hay in-shipments will increase. Due to very tight alfalfa hay supplies in the West, hay shipments into California will probably be down the first four-to-five months of this year compared to last year. The hay just isn't there! Even States like Utah that had extra supplies of alfalfa hay last fall have seen them disappear as the heavy snow in Colorado earlier this year attracted buyers desperate to feed their cows in Colorado.

When new crop alfalfa hay production begins this spring in States that ship hay to California, we could see hay shipments to California pick up. However, with the possibility of lower alfalfa hay production in Idaho and with the uncertain water situation in a few states the jury is still out on hay production in those states. While New Mexico may have more alfalfa hay acres and production than a year ago, will it be sufficient to meet the demands of their dairy industry? Another big factor is that higher fuel prices have put California dairy hay buyers at more of a freight disadvantage to buyers from Idaho and New Mexico. Having said all of that, a delivered market on Premium and Supreme alfalfa hay into Tulare of $185.00 to $228.00 per ton that we saw the week of March 26-30 would be attractive to out-of-state hay sellers.

Alfalfa hay shipments into California the first two months of this year totaled 129,845 tons, down 24 percent from the same period last year. Shipments from Utah for the first two months of this year were down substantially---28,863 tons vs. 60,117 tons in 2006. Nevada shipments were only off 4 percent.

WATER

With the Sierra snow pack at 46 percent of normal for California as reported by the Department of Water Resources in late March, irrigation water has become a bigger issue in California and Nevada. If rain and snow were not above normal a year ago, the outlook would be much worse. As of this writing, the Federal Central Valley Project (CVP) irrigation water allocations for growers in central California for this year are reported to be at 50 percent, down nearly 25 percent from a year ago.

DAIRY SITUATION

While the milk price outlook is much better for the coming months and there is the possibility of lower

Continued next page

Alfalfa Hay - *Continued from page 3*

than predicted corn prices, 2006 was a tough year in the dairy industry. There was a net loss of 68 dairies in California in 2006 compared to 2005, according to Milk and Dairy Food Safety Branch statistics. Dairies reportedly moved to other locations within California, or to other states, or shut down operations.

While milk prices continue to climb, they have lagged behind the breakeven price to produce milk mainly due to higher grain and feed prices than a year ago. Higher milk prices in the coming months should pull dairies into profitability but for some it will be a hard climb out of a big financial hole. The overbase milk price for February was $12.75 cwt. with sources estimating that March could be around $13.50 and April could top $14.00. The average breakeven milk price for California in the fourth quarter of 2006 was $13.41 per hundredweight, before a return on investment and management, according to the CDFA Dairy Marketing Branch. When return on investment and management are included, the breakeven price jumped to $14.97.

CHANGING FEED RATIONS

With the highest feed corn prices in 10 years and in an effort to lower feed costs, some dairy producers in California reduced the amount of feed corn in their rations. This was not as widespread in northern California where substitute feeds were not as plentiful or were higher priced, driven up by the very bullish grain market. However, in central California sources indicate that corn in milk cow rations dropped by 20-to-30 percent, although this was mixed. Those dairies that had longer term contacts on corn (which were fewer than normal) tended to hold the pounds in the ration whereas those buying on the spot market were reducing corn usage. Some extremes were four-to-seven pounds less corn per day than a few months ago. The substitute feeds were varied but a few included mill run, bakery waste, hay, and silage. According to sources, the biggest substitute was corn silage which was pushing 2007 contract prices on corn silage to $30.00 per ton and higher in the central valley.

CONCLUSION

The alfalfa hay market is currently near record highs in California. Tight supplies, including low inventories at some dairies combined with fewer shipments from out-of-State has early season demand outpacing supplies. Alfalfa hay prices will probably soften a little as more new crop hay becomes available along with dairy resistance to the current market. But don't expect prices to drop much. The alfalfa hay market is on a different price plateau compared to a year ago. With the very bullish move in Class 3 milk futures prices from April 4 thru April 9 and the prospects of higher overbase milk prices in the coming months, competition for alfalfa hay could be strong in the months ahead.

NMPF Supports Continued MILC Funding

The National Milk Producers Federation (NMPF) has asked the Senate to provide funding for the Milk Income Loss Contract (MILC) program for the month of September – a 30-day extension with larger implications for the upcoming five-year Farm Bill. The Senate is currently debating a measure that contains supplemental spending for the war in Iraq, along with the one-month MILC extension.

In a letter to the Senate, NMPF pointed out that unless the Senate appropriates approximately $30 million for the one-month extension, the MILC program will expire prior to the end of Fiscal Year 2007, which ends Sept. 30th of this year. If the MILC program ends Aug. 31st, 2007 – which is when it is now set to conclude – there would not be a baseline of funding available in the next Farm Bill to renew the MILC, or a similar direct payment program that NMPF is supporting for the new Farm Bill.

"Unless this one month extension is included in the current supplemental, America's dairy producers face the troubling prospect of being left without this very critical piece of our overall safety net, not just for one month, but in the next Farm Bill as well," wrote Jerry Kozak, President and CEO of NMPF.

NMPF recently unveiled a comprehensive proposal for the new Farm Bill that contains a Producer Security Program that would provide direct payments to dairy farmers. The availability of consistent, regular funding for such a program depends largely on getting a baseline for the MILC in the next Farm Bill.

In the letter to the Senate, NMPF pointed out that the extension of the MILC "is even more important now in a time when record high feed costs are putting a huge burden on dairy producers. High corn and other feed prices, along with high energy costs, are a serious impediment to the future of milk production in the United States. It is critical that we maintain the economic health of dairy producers across the nation," the letter wrote.

Ethanol Fuels Largest Anticipated Corn Planting Since 1944

USDA reports that U.S. farmers intend to plant the largest amount of land to corn in 63 years -- 90.454 million acres, enough to produce a record 12.5 billion-bushel corn crop. The high acreage figure could calm fears that renewable fuels will steal grain needed for food and feed.

Growers surveyed told the Agriculture Department they will cut back on soybeans in the Midwest and on cotton and rice in the South to sow more corn. Soybean plantings are projected at 67.140 million acres, the smallest area since 1996, while upland cotton would be the smallest since 1989 at 11.855 million acres. Rice, at 2.64 million acres, would have the smallest seeded area since 1987.

If farmers follow through on plans to plant over 90 million acres of corn this spring, the crop could total 12.5 billion bushels this fall -- 700 million bushels more than the 2004 record, assuming normal weather and yields, for a larger supply than expected for livestock feeders, exporters, foodmakers and ethanol distillers.

Ethanol distillers are expected to use 3.2 billion bushels of this year's corn crop, up 1 billion bushels from their share of the 2006 crop. Explosive growth in the industry has pushed corn prices to near-record levels, with cash market prices nearly doubling since last fall. USDA forecasts only a modest rise in food prices this year, but said, "with high corn prices increasing feed costs, beef and poultry price increases should begin to accelerate in 2007."

USDA figures are based on a survey of 86,000 growers during the first two weeks of March. The "prospective plantings" report is the first broad-scale measurement of planting intentions this year. Farmers say they will plant 60.3 million acres of wheat, up 5 percent from 2006.

New York State Budget Includes Funding for Dairy Producers

Ner York State Senator James L. Seward, a member of the Senate Agriculture Committee, announced that the state budget includes $30 million in additional funding for New York's dairy farmers. The typical dairy farm should see a cash award of $7,500, with a cap of $15,000, Seward said.

"The state senate is truly stepping up to help solve the dairy crisis," said New York Farm Bureau President John Lincoln. The plan enacted by the legislature establishes a new dairy assistance program within the New York State Department of Agriculture. The program, which is similar to an initiative used in the State of Vermont, will pay eligible farmers the difference between target prices established by the agriculture commissioner and the combined northeast federal order statistical uniform price, plus the amount of the milk income loss contract X payment rate on a per-hundredweight basis.

Dairy producers will receive payments from the state in the form of a separate check based on pounds of milk produced during the 2006 calendar year. These payments will be made within thirty days of the proposal's enactment.

Dairy farming contributes $3 billion to the state's economy and is a vital part of the fabric of the state's rural communities, generating tens of thousands of jobs both on and off farms, and productively employing millions of acres of farmland. Unfortunately, high fuel and feed costs, labor shortages and flooding have created a "perfect storm" scenario that has had a devastating economic impact on many milk producers. In addition, low milk prices, an outdated price control system administered by the United States Department of Agriculture (USDA), and the escalating cost of running a family farm have resulted in unprecedented losses for dairy farms across the state.

CWT Accepts Export Assistance Bids

Cooperatives Working Together (CWT) has accepted another six export assistance bids for the sale of cheese, butter and anhydrous milkfat. For the first time, CWT accepted a bid from Michigan Milk Producers Association of Novi, MI, for the export of 95 metric tons (209,000 pounds) of butter to Turkey.

Two bids were accepted from Dairy Farmers of America of Kansas City, MO; one for 37 tons (81,400 lbs.) of Cheddar cheese to Japan, and another for 19 tons (41,800 lbs.) of anhydrous milkfat to Peru (the first CWT export to that nation).

Two bids were accepted from Land O'Lakes of Arden Hills, MN: 5 metric tons (11,000 lbs.) of retail-packaged cheese to the Philippines, and 0.25 tons (550 lbs.) of retail-packaged butter, also to the Philippines.

Finally, one bid was accepted from Foremost Farms of Baraboo, WI: 18 tons (39,600 lbs.) of butter to Morocco. CWT will pay an export bonus to the bidders, once completion of the butter, milkfat and cheese shipments is verified.

These accepted bids increase CWT's total 2007 export obligations for cheese to 5,044 metric tons (11.1 million lbs.), its YTD anhydrous milkfat exports to 1,642 tons (3.6 million lbs.), and its YTD export obligations for butter to 4,535 metric tons (10 million lbs.). That is the milk equivalent of 390 million pounds.

Previous shipments facilitated by CWT's export assistance program have gone to Algeria, Bahrain, Barbados, Belgium, Bermuda, China, Denmark, the Dominican Republic, Egypt, El Salvador, Germany, Guatemala, Honduras, Hong Kong, India, Indonesia, Israel, Japan, Jordan, Kuwait, Kyrgyzstan, Lebanon, Mexico, Morocco, the Netherlands, Nicaragua, Oman, Qatar, Panama, Philippines, Poland, Romania, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Taiwan, Trinidad, Tunisia, Turkey, the United Arab Emirtes, the United Kingdom, and Vietnam. Through CWT's Export Assistance program, transactions occur as overseas buyers are found for the products, and as CWT's members bid to be compensated for selling cheese, butter, anhydrous milk fat and whole milk powder to those importers.

National Dairy Situation and Outlook – USDA Estimates

Milk Production and Cow Numbers
Monthly: Compared to 2006, USDA estimates that overall milk production across the U.S. was up 0.9% in March, led by Idaho's 6.5% growth in milk production (on 30,000 more cows and 10 more pounds per cow). California's estimated production was up 3.5% (on 15,000 more cows and 50 more pounds per cow). Among the western states, Arizona was up 2.1%; New Mexico down -5.7%; and Washington was down -0.4%. Four of the top 10 states reported a production decrease.

Quarterly: For the first quarter of 2007 compared to the fourth quarter of 2006, U.S. milk cow numbers increased to 9.125 million, production per cow increased 150 pounds per cow; the net effect was increased milk production to 46.0 billion pounds. USDA projects that for the second quarter of 2007 compared to the first quarter of 2007, U.S. milk cow numbers will decrease 25,000 cows to 9.100 million cows, production per cow will be up 125 pounds per cow; the net effect would be increased milk production to 47.5 billion pounds.

Milk Prices
Comparing the first quarter of 2007 to the fourth quarter of 2006, U.S. average milk prices were up to $14.97/cwt. USDA projects that for the second quarter of 2007, U.S. average all-milk prices will be $15.80-16.20/cwt.; Class 4b prices will be $14.99-15.39/cwt; and Class 4a prices will be $13.82-14.32/cwt.

Utility Cow Prices
Comparing the first quarter of 2007 to the fourth quarter of 2006, average U.S. utility cow prices were up $3.30/cwt. to a national average of $47.60/cwt. USDA projects that utility cow prices will average $49-51 in the second quarter of 2007.

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

A Question About the Class 1 Pricing Formula

Q: *When commodity prices are low and/or the cost of production is high, the question is often asked "Would Class 1 prices be higher if the formula returned to the old Class 1 formula that used three different factors to calculate the Class 1 price?"*

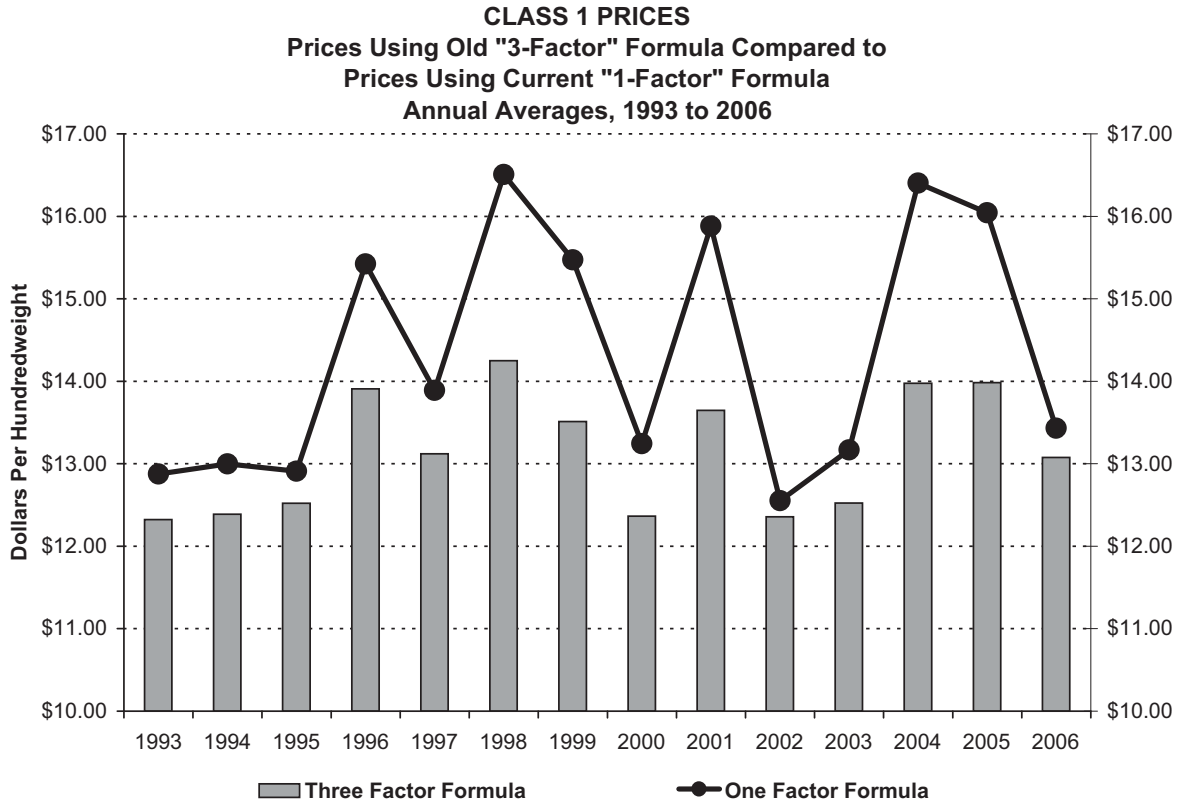
A: This question can be addressed by comparing Class 1 and Pool prices using both the current "one factor" formula and the old "three factor" formula.

From 1978 to 1993, Class 1 prices were set by a formula that was automatically adjusted each month by the changes in three factors: the Cost of Production (COP), the Commodity Reference Price (CRP), and the Average Weekly Earnings of California manufacturing workers adjusted for inflation (AWE).

At a hearing held in March 1993, the hearing record reflected that the use of the COP and AWE factors in the Class 1 pricing formula resulted in California Class 1 prices falling below the other four California Class prices and below all Class prices in federal orders. As a result of this hearing, the COP and AWE factors were removed from the Class 1 pricing formula, consequently since 1993, Class 1 prices have been set by a formula using only the one remaining original factor: the CRP.

The chart compares the Class 1 prices from 1993-2006: the bars are the annual Class 1 price with the old formula using the "three factors" and the bold line signifies the Class 1 price using the current formula which uses only the CRP factor. As the chart shows, when considering the annual average of the Class 1 prices, dairy producers have benefited from higher Class 1 prices, and thus higher pool prices, because of the elimination of the COP and AWE factors.

If you have any other questions about the pricing formulas that you would like answered in this newsletter, please email kdapper@cdfa.ca.gov or call Karen at (916) 341-5988.



Milk Makes the Top 10 List

Good news for dairy products . . . several dairy-friendly foods are among the fastest growing menu items at restaurants, according to the Western Dairy Council. The Council reports that milk made the top 10 list for fastest growing menu items in 2006. Increased availability of bottled single serve flavored milks and the marketing efforts of several quick service restaurants led to 4 percent growth in foodservice milk sales last year.

According to data from NPD Foodworld, other dairy-friendly foods in the top 10 list of fastest growing menu items for 2006 include:

- The sale of malts, milkshakes and floats (all of which use milk) were up 10 percent compared to 2005.
- Smoothies, most of which are dairy-based fruit smoothies, sales were up 23 percent.
- Specialty coffee drinks — lattés, cappuccinos, mochas, slushy frappuccino type beverages — were up 12 percent versus 2005. The lion's share of these premium coffee drinks use Class 1 fluid milk.
- Cheeseburger sales were up 3 percent compared to 2005.

Heifer Age Is Critical To Conception Rate

Researchers at the USDA-ARS Animal Improvement Laboratory recently unveiled new data regarding heifer fertility.

After a national review of 362,512 heifers in more than 2,000 herds in 41 states, the researchers learned that Holstein heifers have a 57 percent average conception rate. The data also confirmed that heifer age is a critical factor in getting heifers bred. Here are some of the highlights of the research:

- Conception rates are maximized when heifers are between 15 and 16 months old.
- Conception rates for heifers 26 months and older drop 10 percent versus the youngest heifers — those between 11 and 12 months of age.
- Conception rates for heifers 26 months and older decrease about 13 percent when compared to heifers at the optimum breeding age of 15 to 16 months.
- In contrast to cow fertility, heifer conception rates in the hotter summer months are nearly as good as in cooler months.

The research appeared in the December 2006 issue of the Journal of Dairy Science.

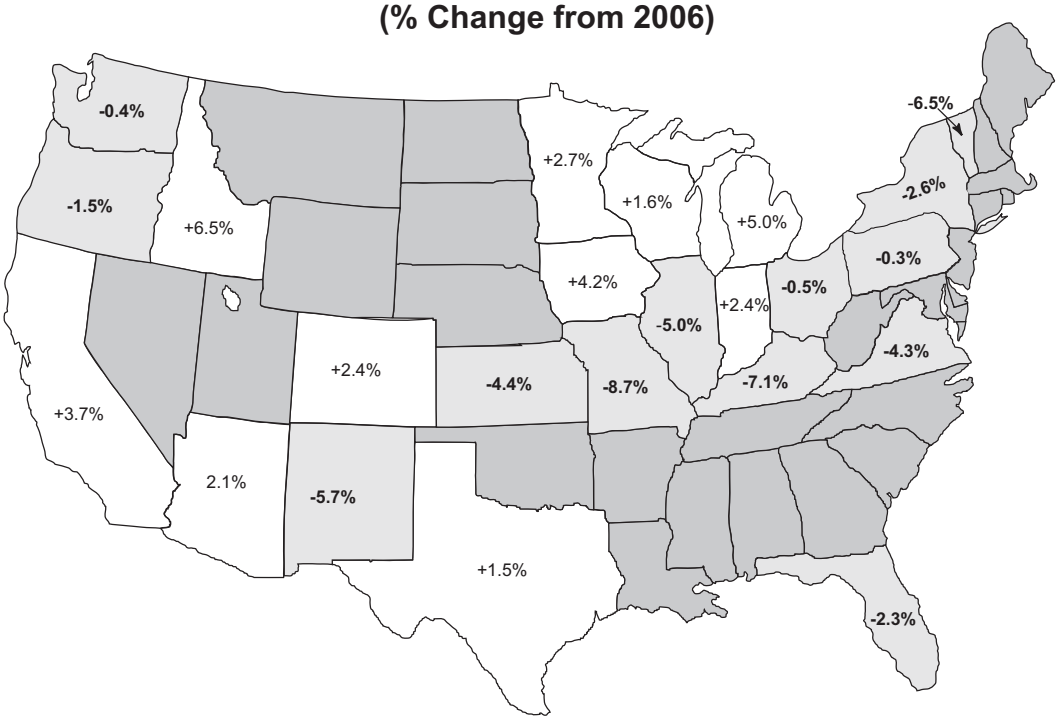
CWT Herd Retirement Round 4

For the lastest herd retirement round, CWT has tentatively accepted 343 bids from 39 states, representing 54,000 cows which produced 1.03 billion pounds of milk last year. In late March, CWT auditors began visiting those farms to check their milk production records, inspect the herds, and tag each of the cows for slaughter. A total of 1,397 bids were submitted to CWT in this round. Under CWT's guidelines, safeguard thresholds have been established for five separate regions of the country, limiting the total milk withdrawals possible in each. The only safeguard limit reached was in Region 2, the Southeast. The two Western regions will contribute 68% of the milk removed in this round. Further bid information, including the average price of accepted bids, won't be released until all the on-farm visits have been completed.

Region	Pounds of Milk	Farms Accepted	% Total Milk Reduction	Number of Cows
Northeast	138 million	48	13%	7,195
Southeast	92 million	64	9%	5,710
Midwest	101 million	122	10%	5,902
Southwest	280 million	56	27%	14,519
West	416 million	53	41%	20,611
Total	**1.03 billion**	**343**	**100%**	**53,937**

March Milk Production in the Top 23 States

(% Change from 2006)



For the U.S. overall, comparing March 2007 to March 2006:

- U.S. Milk production during March was up 0.9%
- The number of cows on farms was 9.130 million head, up 25,000 head
- Production per cow averaged 1,5765 pounds, 10 pounds more than March 2006
- Thirteen of the top twenty-three milk producing states showed a decrease in milk production

As reported by USDA
and CDFA (for California)

Milk Production Cost Comparison Summary for California 1/

By Quarter, 2006-2007

Quarter	North Coast		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
	Dollars per Hundredweight									
1st Quarter										
Total Costs	15.35		12.32		11.72		11.76		12.01	
Total Costs & Allowances*	16.93		13.82		13.24		13.07		13.52	
2nd Quarter										
Total Costs	14.22		12.36		12.47		11.99		12.43	
Total Costs & Allowances*	15.76		13.88		14.00		13.31		13.94	
3rd Quarter										
Total Costs	14.62		12.58		12.73		12.56		12.71	
Total Costs & Allowances*	16.14		14.10		14.33		13.90		14.26	
4th Quarter										
Total Costs	16.99		13.47		13.25		13.23		13.41	
Total Costs & Allowances*	18.62		15.01		14.84		14.59		14.97	

* Includes an allowance for management and a return on investment

Hundredweight Pool Prices

Month	Quota	Overbase
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
February	$12.75	$11.05
March	$12.19	$10.49
April	$11.90	$10.20
May	$11.90	$10.20
June	$11.90	$10.20
July	$11.71	$10.01
August	$12.13	$10.43
September	$12.80	$11.10
October	$12.87	$11.17
November	$13.31	$11.61
December	$13.50	$11.80
January '07	$13.70	$12.00
February	$14.45	$12.75
March	$15.28	$13.58

Milk Mailbox Prices

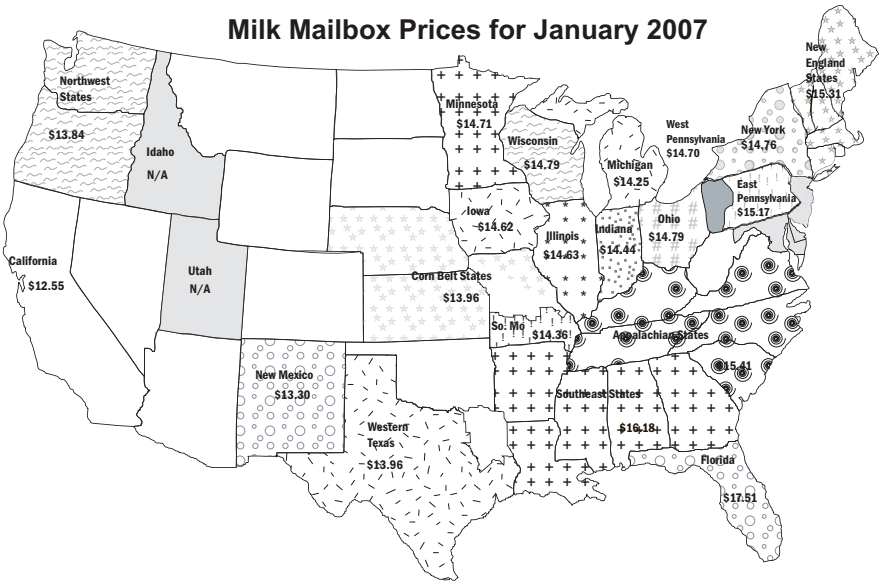
Milk Mailbox Prices in Dollars per Hundredweight

	July	August	September	October	November	December	January
California [1]	$10.16	$10.63	$11.44	$11.62	$12.12	$12.42	$12.55
USDA[2]	$11.67	$11.93	$12.88	$13.65	$14.00	$14.20	$14.66

[1] California mailbox price calculated by CDFA.

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

Milk Mailbox Prices for January 2007



In January 2007, mailbox prices for selected reporting areas in Federal milk orders averaged $14.66 per cwt., $0.46 more than the figure for the previous month. The component tests of producer milk in January 2007 were: butterfat, 3.77%; protein, 3.09%; and other solids 5.71%. On an individual reporting area basis, mailbox prices increased in all reporting areas except three, and ranged from $17.51 in Florida to $13.30 in New Mexico. In January 2006, the Federal milk order all-area average mailbox price was $14.42, $0.24 lower.

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