



California

Dairy Review

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CWT Announces 5th Round Herd Retirement

Cooperatives Working Together announced that it will conduct a 5th herd retirement round. Bids were to be accepted through Monday, June 30, with cow removals to start in seven weeks. "All of the economic indicators and benchmarks that guide CWT's decisions, including farmers' cost of production, show that now is the appropriate time for us to initiate this herd retirement," says Jerry Kozak, president and chief executive officer of the National Milk Producers Federation, which manages CWT. "In particular, significantly higher feed and energy costs have put dairy farmers between a financial rock and a hard place."

This is the fifth herd retirement round since CWT began operations in the summer of 2003. It is the first that will offer bidding producers the option of including all their bred heifers, for a flat fee of \$1,050 per animal. No heifers will be accepted into the program unless a farm's herd production bid is accepted. All dairy producers submitting bids to sell their herds must be members of CWT as of January 2008 — either through their membership in a fully participating cooperative, or as an independent member of CWT. Bids will be reviewed in early July, with field auditors then proceeding after mid-July to visit each accepted farm to begin the cow removal process.

No regional limits

Unlike past herd retirements, regional safeguard limits will not be utilized and, therefore, CWT bidders will not be competing regionally, but nationally. Through the herd retirement program, if a producer's bid is accepted, CWT pays that producer for the volume of milk produced by that herd in a 12-month period. The producer is responsible for selling the cows for slaughter, and he or she retains the proceeds from that transaction.

As in the past, any producer who had his bid accepted in any of the previous herd retirements is not eligible to participate again. Also, those producers who have a financial interest in more than one dairy farming operation must include all their cows in their bid. A producer cannot place a bid for just one of his herds if he has an interest in multiple operations.

Detailed information can be found at: www.cwt.coop. or by calling (888) 463-6298.



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

Production, Prices, Quota Transfers, Alfalfa

May Milk Production

Milk production in California for May 2008 totaled 3.58 billion pounds, up 3.1 percent from May 2007. USDA's estimate for U.S. milk production for May 2008 in the 23 major dairy states is 15.4 billion pounds, up 3.4 percent from May 2007. Production per cow in the 23 major states averaged 1,816 pounds for May, 25 pounds above May 2007. ☀

Minimum Class Prices

Statewide average hundredweight prices

Class	May	June	July
1	\$18.92	\$20.37	\$22.63
2	\$15.12	\$15.56	\$15.56
3	\$14.96	\$15.40	\$15.40
4a	\$15.19	N/A	N/A
4b	\$18.66	N/A	N/A

Federal Order and California Minimum Class 1 Prices

Average Hundredweight Prices

Regions	May	June	July
Phoenix, Arizona	\$18.97	\$20.53	\$23.13
Southern California	\$19.05	\$20.50	\$22.77
Portland, Oregon	\$18.52	\$20.08	\$22.68
Northern California	\$18.78	\$20.23	\$22.49
Boston (Northeast)	\$19.87	\$21.43	\$24.03

Quota Transfer Summary

For May 2008, six dairy producers transferred 9,166 pounds of SNF quota. May quota sales averaged \$530 per pound of SNF (without cows), average ratio of 2.49. For June 2008, four dairy producers transferred 7,331 pounds of SNF quota. June quota sales averaged \$540 per pound of SNF (without cows), average ratio of 2.45. ☀

Alfalfa Update: June

Northern California: Premium and Supreme alfalfa were steady with good demand and moderate supplies. Fair and Good alfalfa was steady with good demand and moderate supplies. Retail and Stable hay was steady with good demand and supplies moderate. Weather has been good for hay production and most intermountain areas are in full production. Seeing some hay coming in from out of state.

Southern California: Late in the month, Supreme and Premium alfalfa was not well tested with good demand, but no supplies. Fair and good alfalfa was steady with exporters and feedlots buying - moderate supplies. Retail and stable hay was steady with good demand and moderate supplies. Weather conditions have been favorable for hay production - higher temperatures. ☀

Supreme Hay Prices

Statewide average prices per ton

Area	5/30	6/6	6/13	6/20
Petaluma	\$255-265	N/A	N/A	\$250-265
North Valley ¹	\$250-268	\$245-265	\$255-270	\$255-278
South Valley ²	\$257-280	260-268	\$260-278	\$260-280
Chino Valley	N/A	N/A	\$260	N/A

¹North Valley is Escalon, Modesto and Turlock areas.

²South Valley is Tulare, Visalia and Hanford areas.

Alfalfa Hay Sales/Delivery

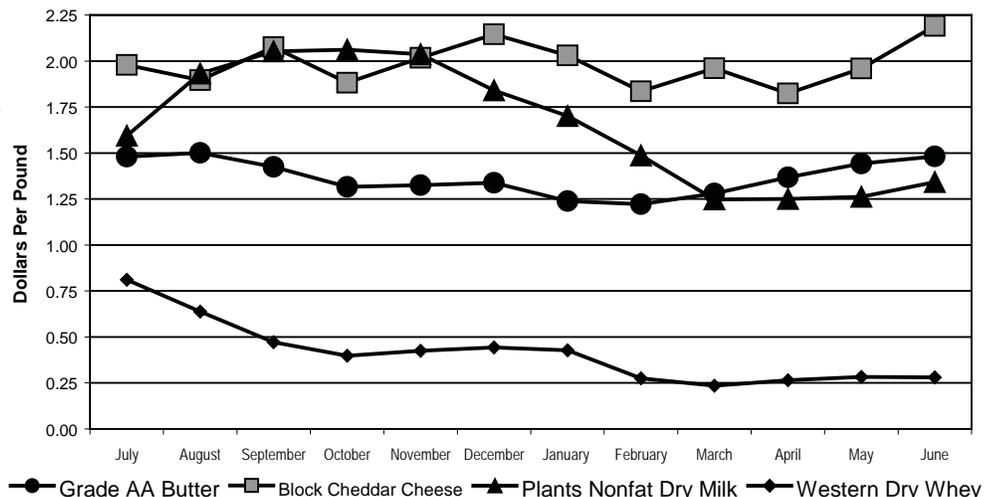
	May	June
Tons Sold ¹	332,133	342,384
Tons Delivered ²	167,893	154,557

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 Milk Mostly Prices Used in the Calculation of California Class 1 Milk Prices





Bovine Tuberculosis (TB) in California

CDFA and USDA personnel continue investigating herds that received cattle from or sold cattle to a Fresno County dairy herd found affected with bovine TB (*Mycobacterium bovis*) in January 2008. The herd was detected when a sample collected from a cow during routine slaughter inspection in December 2007 was positive for TB.

This investigation led to two additional Fresno County dairy herds confirmed with bovine TB. California will lose its TB Free status as a result of finding these additional affected herds. The loss will be effective when published in the Federal Register. Loss of TB-Free status will impose additional testing requirements on cattle moving out of state. California last lost its Free status in April 2003 after detecting three bovine TB-affected central valley dairy herds.

TB Testing & Cattle Culled To Date		
	# Herds	# Cattle Tests
Affected Herds	3	~20,000
Tested Herds	~102	~129,000
Depopulated Cattle	---	~800

The genotype of the isolate from the first affected herd is most similar to recent isolates from feedlot cattle in the South-Western U.S., many of which originated from Mexico. The genotyping of the isolate from the second herd does NOT match the first herd, indicating that the disease was not transmitted from one to the other. The affected cow found in the third herd originated from the first affected herd.

To prevent the spread of bovine TB, cattle producers should prevent contact between their breeding cattle and Mexican-origin cattle. Dairy cattle imported from other states require a negative test before entering California. Producers should maintain permanent identification of animals and keep records of animal movements into and out of their herd.

Bovine TB is a human health risk; people who drink raw milk and eat raw milk cheeses from infected animals are at most risk. Infected humans may spread TB back to cattle through sputum or urine.

California Surveillance*

Surveillance relies on private veterinarian testing and on slaughter surveillance. Last year, nearly 773,000 adult cattle slaughtered in California were inspected for TB; 2,000 suspicious samples were submitted for evaluation and all but three were negative for TB.

In 2007, private veterinarians did over 84,000 tuberculin skin tests in California, and had 348 responders (0.41% response rate); all were negative for TB.

National TB Report*

Between 2000 and 2008, 71 newly affected herds were detected in the U.S.; 28 were detected between 2005 and now. In April 2008, the U.S. Department of Agriculture made \$16.8 million in emergency funds available to continue bovine TB eradication efforts in California, Michigan and Minnesota.

Arizona: One affected herd detected in 2005 was depopulated.

Colorado: One affected herd was detected in 2007 after an infected rodeo bull was found during routine slaughter surveillance in Texas. This herd was depopulated.

Michigan: Since 1998, 44 cattle herds and 2 cervid herds have been detected. Since 1995, 593 infected whitetail deer have been detected from over 161,897 examined. Infection has also been found in elk, coyotes, raccoons, black bears, bobcats, red foxes, and opossums. Michigan has three TB zones: Free, Modified Accredited Advanced (MAA) and Modified Accredited (MA).

Minnesota: Eleven affected beef herds have been detected: 3 in 2005, 2 in 2006, 2 in 2007, and 4 in 2008. Minnesota's status was downgraded to MA when four affected herds were found in a 12-month period. All affected herds have been depopulated. Seventeen cases of bovine TB have been confirmed in whitetail deer. Minnesota is planning to request split-state status.

New Mexico: One large affected dairy (two herds) was detected and depopulated in 2007. One affected dairy herd detected in 2003 remains under a test-and-removal plan, another was depopulated. New Mexico has split-state status (Free and MAA).

Oklahoma: One beef herd detected by slaughter surveillance was depopulated in 2007.

Texas: The last known infected herd was depopulated in September 2004 and Texas was declared TB free in September 2006.

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	916-854-3900 or 877-741-3690
http://www.cdfa.ca.gov or http://www.aphis.usda.gov	

*All references to years refer to the Fiscal Year 2007 (10/1/06 to 9/30/07). We are now in FY08 (10/1/07 to 9/30/08).

Farm Bill Milk Income Loss Contract Program (MILC-X 6)

Excerpt from Department of Agricultural and Applied Economics, College of Agricultural and Life Sciences, University of Wisconsin-Madison, Cooperative Extension

The Milk Income Loss Contract (MILC) program under the 2008 Farm Bill is similar to that authorized under the 2002 Farm Bill and subsequent MILC-X extension 6. The objective of the program is to provide direct payments to dairy farm operators on eligible milk marketings whenever the Boston Class I milk price falls below a target level.

The differences between the MILC program in the new Act and the version it replaced are:

- the manner in which the target price is defined
- the price deficiency payment rate (the percentage of the difference between the target price and the market price that is paid to producers), and
- the cap on eligible milk marketings during any fiscal year.

Adjustment to the Class I Target Price

The new MILC has added a feed cost adjuster to the target Class I price. The adjuster is based on the estimated cost per hundredweight of a 16 percent protein dairy ration that USDA uses to calculate the Milk-Feed Price Ratio. By weight, the ration consists of 51 percent corn, 41 percent alfalfa hay, and 8 percent soybeans. U.S. average prices for these commodities as reported in USDA's Agricultural Prices are used to calculate the ration value referred to as the National Average Dairy Feed Cost. The initial base feed cost is \$7.35/hundredweight, increasing to \$9.50/cwt in September 2012.

The feed cost adjustment to the target MILC target price is calculated as follows: at the end of each month, USDA will calculate the monthly value for the National Average Dairy Feed Cost and compare the value with the base \$7.35.

- If the current dairy ration cost is less than or equal to the base **\$7.35**, then the MILC Class I target price will be **\$16.94**.
- If the current dairy ration cost is higher than the base \$7.35, then the percentage difference between the current ration cost and \$7.35 will be multiplied by **45 percent** and the resulting percentage will be used to increase the \$16.94 target for the previous month. For example, the April 2008 feed prices reported by USDA indicate a ration value of \$9.46/hundredweight. Subtracting the base of \$7.35 yields \$2.11, or 28.7 percent higher than the target feed cost. The percentage

increase in the MILC target price would be 45 percent of 28.7 percent, or 12.9 percent. Therefore, the April 2008 MILC target price would be calculated as $(1.129 * \$16.94) = \19.13 .

Payment Rate Percentage

The 2002 Farm Bill specified a payment rate of 45 percent of the difference between \$16.94 per hundredweight and the Boston Class I price. MILC-X reduced the payment rate to 34 percent starting in October 2005. The new Act initially uses this 34 percent payment rate and then raises the rate back to 45 percent starting in October 2008 through August 2012.

Eligible Milk Production

MILC payments are capped by limiting the amount of milk eligible for payment during any fiscal year, previously set at 2.4 million pounds per year. The new Farm Bill raises the cap to 2.985 million pounds for the period October 2008 through August 2012. Once starting the program, the producer must stay in until the production limit cap is met or the new fiscal year starts (i.e., October 1). 

Confirmed Equine Case of West Nile Virus

The first positive equine case of West Nile Virus (WNV) in California in 2008 has been reported in Riverside County. The affected horse, a 15-year-old quarter horse gelding, died of WNV disease complications. WNV is a mosquito-borne virus that was first detected in the United States in 1999 in the New York City area. Signs of West Nile Virus in horses include stumbling, staggering, loss of coordination, muscle twitching, circling, and inability to stand. Birds serve as the primary reservoir for harboring the disease. Mosquitoes transmit the disease to humans and horses after feeding on infected birds. Once infected, horses do not spread the disease to other humans or horses.

The California Department of Food and Agriculture is urging horse owners to consult their veterinarian to ensure each horse is current on West Nile Virus vaccinations. It is also important to practice mosquito control methods to aid in reducing mosquito-breeding sites. For more information on West Nile Virus in horses, email WNVirus@cdfa.ca.gov or visit http://www.cdfa.ca.gov/ahfss/ah/wnv_info.htm. 

2008-2009 Dairy Council Assessment Rates Established

The Dairy Council of California has recommended and the Department of Food and Agriculture has approved assessment rates for the Council's 2008-2009 fiscal year (July 1, 2008, through June 30, 2009). The rates are presented below. These rates are the same as last year's rates.

2008-2009 Dairy Council Assessment Rates:

Class 1 Milk: one and fifty hundredths cents (\$0.015) per cwt.

Milk For All Other Classes: sixty hundredths cents (\$0.006) per cwt.

As you can see from the table above, the Dairy Council Law mandates a two-tier assessment structure; an assessment for milk used in Class 1 milk products and a lower assessment for milk used in all other classes of milk products. The Dairy Council Law stipulates that the assessment rate for Class 1 milk shall not exceed two cents (\$.02) per hundredweight (cwt.) and that the assessment rate for all other usages of milk shall not exceed eight mills (\$0.008) per hundredweight (cwt.). In addition, the Law further requires that the relationship between the two rates shall be at a ratio of 2.5 to 1. The Dairy Council assessment rates are applicable to both milk producers and milk handlers. The Dairy Council uses the funds generated from these assessments to carry out its mission of stimulating demand for milk by demonstrating the role of dairy products as essential elements in a healthy diet.

As in the past, handlers will continue to be responsible for remitting both the handler and producer assessments to the Department. Handlers shall pay the handler assessments for milk utilized in the plant of the handler. The producer assessments shall be collected by the first handler of milk produced in California by deducting any such assessments from any payment due the producer of such milk.

Please call Dennis Manderfield of the CDFA Marketing Branch at (916) 341-6005 if you have any questions about these assessment rates. If you have questions regarding the activities of the Dairy Council, please call Peggy Biltz, CEO of the Dairy Council, at (916) 263-3560.

Public Hearing Called to Consider the Continuation of the Dairy Council of California

CDFA has scheduled a hearing to receive comment from the milk industry and the general public on whether the Dairy Council of California should be continued. By law, such a hearing must be conducted every five years. The public hearing is scheduled as follows:

Date / Time	Location
Tuesday August 5, 2008 Beginning at 10:00 a.m.	Downtown Plaza Shopping Center 560 J Street Conference Room 395 (3 rd Floor) Sacramento, California

All interested persons are invited to testify at the hearing or submit written testimony to:

Dennis Manderfield
CDFA Marketing Branch
1220 N Street
Sacramento, CA 95814

Written testimony must be postmarked or received by the date of the hearing.

The Dairy Council conducts activities to educate the public about the importance of milk and dairy products in a well balanced diet. These activities are funded by a mandatory assessment upon all California milk producers and milk handlers.

For more information regarding this hearing, please contact Dennis Manderfield of the CDFA Marketing Branch at 916-341-6005.

National Dairy Situation and Outlook – USDA Estimates

Milk Production and Cow Numbers

Monthly: Compared to 2007, USDA estimates that overall milk production across the U.S. was up 3.0% in May, led by Texas' 14.3% growth in milk production (on 25,000 more cows and 125 more pounds per cow). USDA reports that California milk production was up 2.8% on 42,000 more cows and 10 more pounds per cow compared to May 2007. Among the western states, Arizona was up 5.2%; New Mexico up 9.7%; and Washington was up 4.7%. Two of the top 10 states reported a production decrease.

Quarterly: For the first quarter of 2008 compared to the fourth quarter of 2007, U.S. milk cow numbers increased to 9.250 million, production per cow increased 137 pounds per cow; the net effect was increased milk production to 47.5 billion pounds. USDA projects that for the second quarter of 2008 compared to the first quarter of 2008, U.S. milk cow numbers will increase to 9.275 million cows, production per cow will be up 95 pounds per cow; the net effect would be increased milk production to 48.6 billion pounds.

Milk Prices

Comparing the first quarter of 2008 to the fourth quarter of 2007, U.S. average milk prices were down to \$19.23/cwt. USDA projects that for the second quarter of 2008, U.S. average all-milk prices will be \$18.45-18.65/cwt.; Class 4b prices will be \$18.25-18.45/cwt; and Class 4a prices will be \$15.06-15.36/cwt.

Utility Cow Prices

Comparing the first quarter of 2008 to the fourth quarter of 2007, average U.S. utility cow prices were up \$4.48/cwt. to a national average of \$53.88/cwt. USDA projects that utility cow prices will average \$55-56 in the second quarter of 2008.

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

Bedding Choice: Hydrated Limestone

The University of Pennsylvania School of Veterinary Medicine staff compared bacterial counts on free-stall mattresses and teat ends exposed to five bedding treatments. This study evaluated five bedding treatments during the on-farm trial: hydrated limestone; a commercial acidic bedding conditioner; coal fly ash; kiln-dried wood shavings; or no bedding (the control group). Hydrated lime was the only bedding treatment that significantly reduced bacterial counts on both free-stall mattresses and teat ends. The May Journal of Dairy Science reports:

- Counts of coliforms, Klebsiella, E. coli and Streptococcus were lowest on mattresses treated with lime as the sole bedding material, compared to the other treatments.
- Mattresses treated with the bedding conditioner had the next lowest counts of coliforms, Klebsiella and Streptococcus.
- Wood shavings and the no-bedding control had the highest Klebsiella and coliform counts of all bedding treatments.
- Fly ash as the sole bedding material resulted in lower coliform counts compared to shavings or the control. However, counts of Klebsiella and E. coli were similar to the control.
- Teat-swab results indicated that lime was the only bedding treatment that significantly reduced both coliform and Klebsiella counts, but not E. coli compared to the no-bedding control.
- There was no difference in Streptococcus counts on the teats between any of the bedding treatments.

The amount of lime was 0.5 kilograms every two days during the study and reportably did cause some skin irritation on cows' udders and legs. "This suggests that routine long-term use of more than 0.5 kg (about 1 pound) of lime as the sole bedding source on mattresses may be associated with undesirable side effects despite the benefit in bacteria suppression," says Michaela Kristula, one of the study's authors. This could be exacerbated by stall designs that allow manure to build-up on the stall surface. More research is needed to test the efficacy of lower lime application rates to avoid skin irritation. 

Floods Ravishing the Corn and Other Grain Crops

The price of corn rose above \$7 a bushel (up from \$4 a year ago) on the commodities market for the first time, and soybeans rose sharply, too, reacting to the harsh weather hampering crop production across the Midwest. In addition to Iowa, the farming states of Illinois, Indiana, Wisconsin and Minnesota have suffered an unusual level of flooding this year.

Soaring global demand in addition to the increased use of corn for ethanol have strained the worldwide supplies of core diet commodities. Combined with the ever increasing price of oil that only raises the cost of producing crops, feeding livestock, and consumers trying to feed their families, these factors have created havoc with the economy.

Instead of corn sitting almost waist-high in Iowa, the country's top-producing corn state, more than a million acres have been washed out and destroyed. Agriculture experts estimate that 2 million acres of soy beans have been lost to water, putting the state's total grain loss at 20 percent so far, with the threat of more rain to come.

Jim Fawcett, a crop specialist at the Iowa State University's agricultural extension service, has been hosting emergency meetings with farmers around the state. With standing water comes concerns about manure storage, pollution, livestock safety, soil erosion, mold and fungus and other plant diseases.

The disaster has drawn comparisons to the 1993 floods that displaced thousands of people and wiped away vast swaths of the heartland's agriculture. At the time, about 18 bushels per acre of corn were destroyed, "and everybody is reporting that this year is worse," said Jason Ward, grains analyst at North Star Commodity in Minneapolis.

Floodwaters also hurt soybean crops, sending prices to near all-time highs. Wheat, oats, rice and other food commodities were damaged, too.

For ethanol producers: the corn in the ground now will have to be dried out in special bins or naturally under the sun before it can be sold to make the alternative fuel. Most ethanol producers require the corn they use to have no more than 15 percent moisture content. Many smaller ethanol producers might have to idle plants until corn prices fall, said Michael Swanson, an economist for Wells Fargo & Company. Ethanol makers are spending almost as much for their raw material as they're getting for their finished product. 

Leprino Cheese to Build Cheese Plant In Colorado

Leprino Foods Inc. has announced plans to build a second cheese plant in Greeley, Colorado. This announcement came as good news to dairy producers as it will give northern Colorado dairy producers a closer location to ship their milk to, significantly reducing transportation costs. The announcement by Leprino Foods Inc. to build a second Colorado cheese plant in Greeley will have a tremendous impact on the dairy industry in Weld County and northern Colorado, officials said Friday.

Bill Wailes, head of the animal science department and dairy specialist at Colorado State University in Fort Collins, estimates that about 25 (truck) loads of milk are going out of the state every day because Colorado doesn't have the processing plants and infrastructure needed. The state is considered milk-deficient -- it doesn't produce as much milk as it consumes -- so the addition of the new plant may ease that problem.

With the new plant, Wailes said the No. 1 priority will be to allow northern Colorado dairy producers to increase their operations if they so desire, but it also will bring in new dairies, mainly from California. Those new dairies, however, probably won't come until the new plant is in operation, which could take upward of two years, Wailes said. It's been estimated in the past that a half dozen or more new dairies could move into northern Colorado. 

Milk-Feed Ratio Still Slipping

In May, the milk-feed price ratio fell to 1.83, a 0.06-point loss from April and 0.71 points less than a year ago. A dairy producer could buy 1.83 pounds of feed for every pound of milk sold.

According to the USDA, the all-milk price used to calculate the May ratio is \$18.20. That is up 20 cents on a monthly and yearly basis.

The corn price retracted 3 cents to \$5.12 for May, 47 percent higher than a year ago when it was \$3.49 per bushel. The price of soybeans rose 30 cents for May to \$12.30 per bushel, 73 percent higher than the May 2007 price of \$7.12. Baled alfalfa hay climbed \$20 to \$177 per ton, \$32 higher than a year ago.

Whenever the ratio meets or exceeds 3.0, it is considered profitable to buy feed and produce milk. 

CWT Program to be Renewed In 2009

Members Vote to Renew Program

In a unanimous vote, the committee overseeing the management of Cooperatives Working Together (CWT) endorsed a continuation of the program – at the present membership assessment level of 10 cents per hundredweight – through calendar year 2009.

“In this season of important votes, CWT has won reelection in a landslide, as its members have decided that our industry is better off with this program,” said Jerry Kozak, President and CEO of NMPF, which manages CWT.

CWT is currently conducting its latest herd retirement to adjust the size of the U.S. cattle herd, as many dairy farmers suffer from dramatically higher costs of production.

CWT has produced a strong return on investment for its members, generating 75 cents per hundredweight just in 2007, according to an independent economic analysis. That analysis, by Dr. Scott Brown of the University of Missouri, also showed that the cumulative impact of the herd retirement and export assistance programs, has helped create an enduring positive effect on milk prices.

Kozak said that CWT’s management committee this week also asked that the respective task forces overseeing its herd retirement and export assistance programs meet this summer to look at new and different ways of positively impacting the dairy economic environment. “We’ve had a strong record of successful programs that are both cost-effective and efficient in reducing dairy supplies. But we cannot rest on our laurels, and these task forces will convene to see if we can build even better mousetraps going forward,” Kozak said.

Cooperatives Working Together is being funded by dairy cooperatives and individual dairy farmers, who are contributing 10 cents per hundredweight assessment on their milk production through December 2008. The money raised by CWT’s investment is being apportioned between two supply management programs that strengthen and stabilize the national all milk price. For more on CWT’s activities, visit www.cwt.coop. 

NAIS Premises Registration

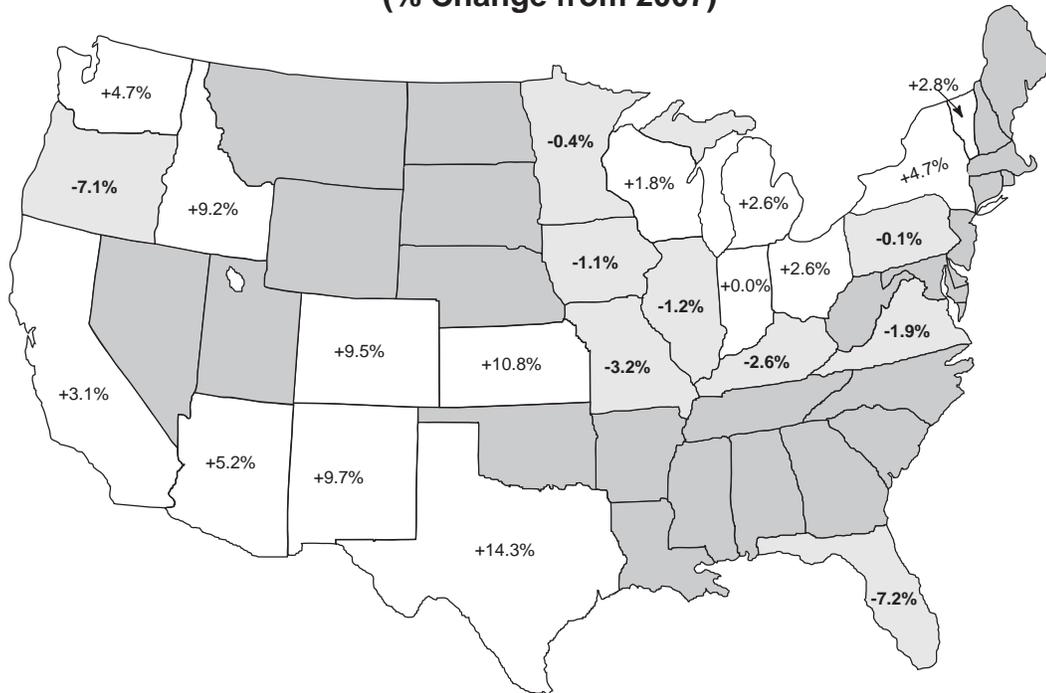
Premises registration is an effort to identify all the locations in the United States where livestock and/or poultry are raised or housed. It’s the first step in improving animal disease response. The table below is a snapshot of the progress being made with regard to Premises Registration in each State. The figures provided are estimates and may not accurately reflect actual registration numbers.

State	# Premises	# Premises Registered	% Premises Registered
Alabama	35,538	8,329	23.4%
Alaska	354	108	30.5%
Arizona	5,170	1,001	19.4%
Arkansas	37,614	7,680	20.4%
California	32,500	6,070	18.7%
Colorado	22,951	7,287	31.8%
Connecticut	2,539	32	1.3%
Delaware	1,553	652	42.0%
Florida	28,731	4,824	16.8%
Georgia	35,431	4,226	11.9%
Hawaii	1,391	355	25.5%
Idaho	18,754	18,475	98.5%
Illinois	30,046	14,132	47.0%
Indiana	34,790	31,837	91.5%
Iowa	47,273	22,679	48.0%
Kansas	39,346	5,880	14.9%
Kentucky	61,251	13,760	22.5%
Louisiana	19,677	2,112	10.7%
Maine	4,213	423	10.0%
Maryland	7,837	1,406	17.9%
Massachusetts	3,555	8,066	>100%
Michigan	29,011	20,336	70.1%
Minnesota	44,193	12,518	28.3%
Mississippi	29,312	3,779	12.9%
Missouri	79,018	14,275	18.1%
Montana	19,708	923	4.7%
Nebraska	30,841	16,470	53.4%
Nevada	2,522	1,367	54.2%
New Hampshire	2,277	50	2.2%
New Jersey	5,315	1,001	18.8%
New Mexico	11,250	1,298	11.5%
New York	25,559	20,106	78.7%
North Carolina	36,142	12,032	33.3%
North Dakota	14,085	8,509	60.4%
Ohio	48,073	6,929	14.4%
Oklahoma	71,420	8,727	12.2%
Oregon	28,634	2,662	9.3%
Pennsylvania	42,302	29,307	69.3%
Rhode Island	504	8	1.6%
South Carolina	16,120	4,597	28.5%
South Dakota	22,356	5,120	22.9%
Tennessee	68,010	17,446	25.7%
Texas	187,118	31,766	17.0%
Utah	12,460	9,298	74.6%
Vermont	4,438	356	8.0%
Virginia	37,673	7,681	20.4%
Washington	22,155	1,668	7.5%
West Virginia	17,670	9,051	51.2%
Wisconsin	51,373	60,437	>100%
Wyoming	8,227	1,750	21.3%
Total	1,438,280	468,801	32.6%

1 The National Agriculture Statistics Survey (NAISS) estimates 1.4 million livestock farms in the United States (premises more than \$1,000 in annual income. Premises with more than one species are counted one time).

2 Premises registered in the National Animal Identification System

May Milk Production in the Top 23 States (% Change from 2007)



For the U.S. overall, comparing May 2008 to May 2007:

- U.S. Milk production during May was up 3.0%
- The number of cows on farms was 9,281 million head, up 143,000 head
- Production per cow averaged 1,796 pounds, 25 pounds more than May 2007
- Nine 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* By Quarter, 2007-2008

Quarter	North Coast		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
<i>Dollars per Hundredweight</i>										
1st Quarter										
Total Costs	17.52	19.74	13.33	15.14	13.16	15.31	13.17	15.44	13.31	15.34
Total Costs & Allowances*	19.27	21.97	14.86	16.98	14.76	17.17	14.55	17.07	14.87	17.31
2nd Quarter										
Total Costs	16.23		13.41		13.51		13.00		13.49	
Total Costs & Allowances*	18.15		15.13		15.29		14.53		15.25	
3rd Quarter										
Total Costs	17.12		13.62		14.20		13.76		14.01	
Total Costs & Allowances*	19.24		15.51		16.24		15.52		15.98	
4th Quarter										
Total Costs	19.01		14.93		15.04		14.46		15.03	
Total Costs & Allowances*	21.21		16.84		17.05		16.23		14.97	

* Includes an allowance for management and a return on investment

Pool Prices

Month	Quota	Overbase
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
April	\$16.33	\$14.63
May	\$18.29	\$16.59
June	\$20.70	\$19.00
July	\$21.60	\$19.90
August	\$21.74	\$20.04
September	\$21.69	\$19.99
October	\$21.16	\$19.46
November	\$21.93	\$20.23
December	\$20.79	\$19.09
January '08	\$19.14	\$17.44
February	\$18.42	\$16.72
March	\$17.71	\$16.01
April	\$17.56	\$15.86
May	\$18.47	\$16.77

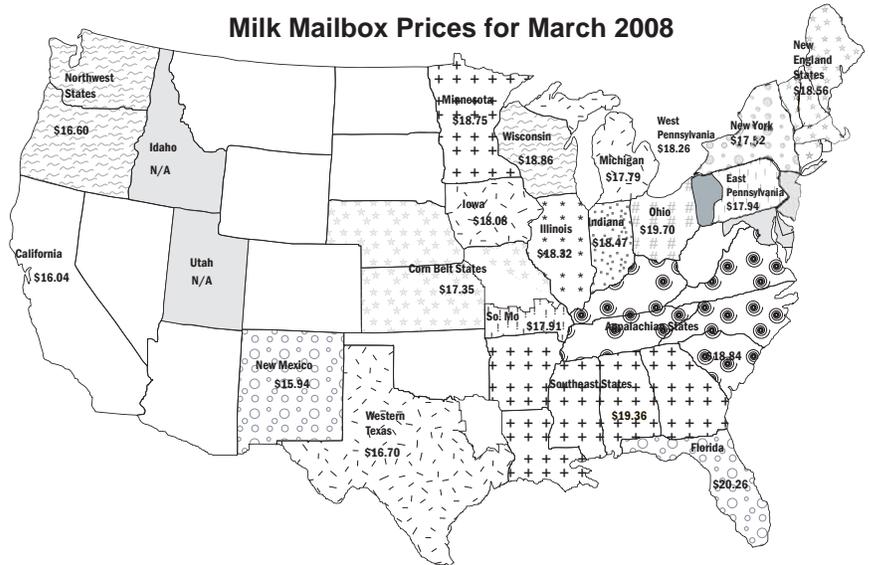
Milk Mailbox Prices

Milk Mailbox Prices in Dollars per Hundredweight

	September	October	November	December	January	February	March
California ¹	\$20.19	\$19.94	\$20.62	\$19.71	\$17.97	\$17.05	\$16.04
USDA ²	\$21.78	\$21.39	\$21.81	\$21.04	\$20.70	\$19.03	\$18.01

¹ California mailbox price calculated by CDFA.

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



In March 2008, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$18.01 per cwt., down \$1.02 from the previous month, and up \$2.41 from March 2007. The component tests of producer milk in March 2008 were: butterfat, 3.74%; protein, 3.08%; and other solids, 5.71%. On an individual reporting area basis, mailbox prices decreased in all Federal milk order reporting areas except in Appalachian and Southeast States, and ranged from \$20.26 in Florida to \$15.94 in New Mexico.

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