

California

Dairy Review

A publication serving the California dairy industry for over 12 years

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U.S. Cheesemakers Score Big At World Cheese Awards

At the 2008 World Cheese Awards, U.S. artisan cheesemakers scored their best ever overall performance, taking home a U.S. record 56 medals. U.S. manufacturers finished among the winners in 28 classes of cheese, ranging from Cheddar to gorgonzola to cream/fresh cheese with savory additives.

"The U.S. performance attests to the quality and breadth of U.S. cheeses and the meticulousness and skill of U.S. cheesemakers," says Angelique Hollister, marketing director, cheese and manufactured products, for the U.S. Dairy Export Council (USDEC).

Twenty-four U.S. companies received honors, the highest number of U.S. manufacturers ever to be recognized in the competition. Of the 56 medals, 16 were gold, 19 silver and 21 bronze—all record highs. More than 2,400 cheeses from all corners of the globe competed with the 12-judge panel of chefs and food experts. "Even though the United States is one of the globe's top milk producers, one of the hurdles the U.S. dairy industry has had to overcome in the global marketplace is the misapprehension that we do not know cheese," says Marc Beck, USDEC senior vice president, export marketing. "When cheese buyers from around the world see the accolades we receive year-after-year at this prestigious competition, they understand U.S. cheese expertise and that our products are as good or better than cheese produced anywhere."

Among the 2008 winners for California:

Soft goats' milk cheese plain, mould-ripened

- Humboldt Fog, soft ripened goats' milk cheese, Cypress Grove Chèvre, Arcata, Calif., Gold
- Bermuda Triangle, soft ripened goats' milk cheese, Cypress Grove Chèvre, Arcata, Calif., Gold
- Fog Lights, soft ripened goats' milk cheese, Cypress Grove Chèvre, Arcata, Calif., Silver
- Marin French Chèvre, Marin French Cheese Co., Petaluma, Calif., Bronze

Cheese made with the milk of more than one species

- Mélange Camembert, Marin French Cheese Co., Petaluma, Calif., Gold
- Mélange Brie, Marin French Cheese Co., Petaluma, Calif., Silver



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

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Production, Prices, Quota Transfers, Alfalfa

September Milk Production

USDA estimates U.S. milk production for September 2008 in the 23 major dairy states at 14.0 billion pounds, up 1.9 percent from September 2007. Production per cow in the 23 major states averaged 1,652 pounds for September, 7 pounds above September 2007.

Minimum Class Prices

California Hundredweight Prices

Class	September	October	November
1 No. Calif.	\$19.23	\$18.23	\$18.72
So. Calif.	\$19.51	\$18.50	\$19.00
2 No. Calif.	\$16.65	\$16.57	\$16.57
So. Calif.	\$16.65	\$16.80	\$16.80
3 No. Calif.	\$16.49	\$16.52	\$16.52
So. Calif.	\$16.49	\$16.53	\$16.53
4a	\$15.51	\$13.54	N/A
4b	\$16.63	\$16.63	N/A

Federal Order and California Minimum Class 1 Prices

Hundredweight Prices

Regions	September	October	November
Phoenix, Arizona	\$20.00	\$17.88	\$19.68
Southern California	\$19.51	\$18.50	\$19.00
Portland, Oregon	\$19.55	\$17.43	\$19.23
Northern California	\$19.23	\$18.23	\$18.72
Boston (Northeast)	\$20.90	\$18.78	\$20.58

Quota Transfer Summary

Quota Transfers	August	September	October
Number of Sellers	7	4	2
Pounds of SNF Quota Transferred	23,072	3,727	727
Average Price Per Pound of SNF Quota	\$544	\$545	\$538

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

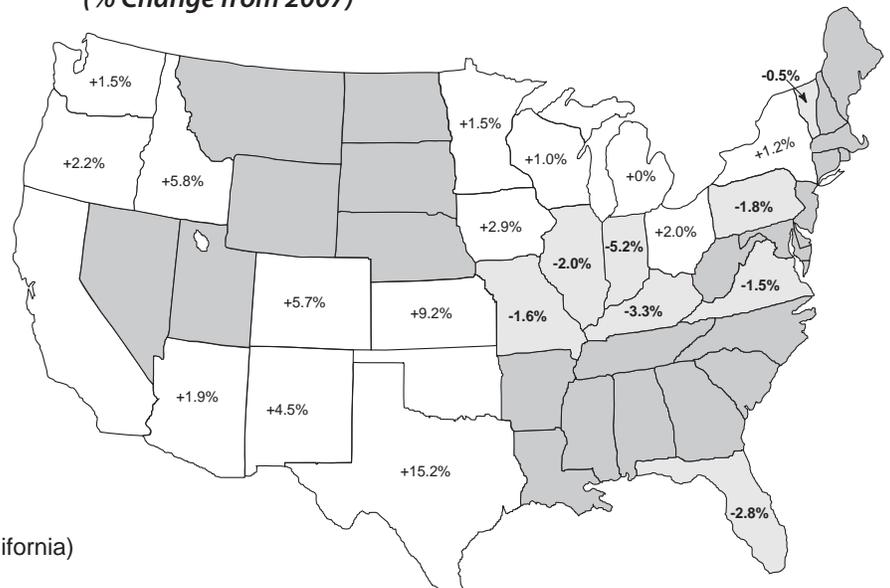
Month	Chicago Mercantile Exchange		California Manufacturing Plants	Dairy Market News
	Grade AA Butter	Block Cheddar Cheese	Nonfat Dry Milk	Western Dry Whey
<i>Dollars per Pound</i>				
Jan.	\$1.2390	\$2.0308	\$1.7009	\$0.4275
Feb.	\$1.2223	\$1.8348	\$1.4868	\$0.2750
Mar.	\$1.2803	\$1.9605	\$1.2482	\$0.2350
Apr.	\$1.3679	\$1.8242	\$1.2498	\$0.2650
May	\$1.4425	\$1.9595	\$1.2614	\$0.2825
June	\$1.4820	\$2.1905	\$1.3421	\$0.2800
July	\$1.5418	\$1.9140	\$1.3528	\$0.2800
Aug.	\$1.5993	\$1.8553	\$1.3585	\$0.2800
Sept.	\$1.6427	\$1.7489	\$1.3301	\$0.2488
Oct.	\$1.7298	\$1.8559	\$1.1214	\$0.1850
Nov.				
Dec.				

September Milk Production in the Top 23 States

(% Change from 2007)

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

- U.S. Milk production during September was up 1.7%
- The number of cows on farms was 9.269 million head, up 103,000 head
- Production per cow averaged 1,631 pounds, 9 pounds more than September 2007
- Eight of the top twenty-three milk producing states showed a decrease in milk production



As reported by USDA and CDFA (for California)

Supreme Alfalfa Hay Prices / Alfalfa Sales - Reported Weekly



Alfalfa Hay Update:

Many hay producers in the intermountain areas have finished their final cutting for this year. Dairies reporting sufficient hay stored in their barns and no immediate need to purchase hay. Exporters have been quiet as they are reporting sufficient inventories.

Statewide Average Prices Per Ton / Total Tons Sold or Delivered

Area	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Monthly Average/Range
Petaluma	\$250	N/A	N/A	\$210	\$230
North Valley ¹	\$255-280	\$255-283	\$240-265	\$265	\$240-283
South Valley ²	\$260	N/A	\$265-272	\$245-275	\$245-275
Chino Valley	N/A	\$245	N/A	N/A	\$245
Tons Sold³	41,162	25,156	26,568	18,075	27,740
Tons Delivered⁴	26,551	10,572	12,435	2,875	13,108

¹ North Valley is Escalon, Modesto and Turlock areas.

² South Valley is Tulare, Visalia and Hanford areas.

³ For current or future delivery.

⁴ Contracted or current sales.

Source: USDA Market News, Moses Lake, Washington, (509) 765-3611, www.ams.usda.gov/LSMarketNews

California Weekly Feed Commodity Spot Prices, Delivered to the Dairy

AREA Tulare/Pixley	Almond Hulls	Canola	Distillers Dried Grains	Rolled Corn	Soybean Meal	Whole Cottonseed
Sept. 30	\$163.00	\$248.00	\$204.00	\$235.50	\$365.00	\$468.00
Oct. 7	\$156.00	\$241.00	\$192.00	\$204.00	\$308.00	\$438.00
Oct. 14	\$150.00	\$234.00	\$202.00	\$204.00	\$298.00	\$378.00
Oct. 21	\$150.00	\$255.00	\$202.00	\$203.50	\$320.00	\$365.00
Monthly Average	\$154.75	\$244.50	\$200.00	\$211.75	\$322.75	\$412.25

North Valley	Almond Hulls	Canola	Distillers Dried Grains	Rolled Corn	Soybean Meal	Whole Cottonseed
Sept. 30	\$158.00	\$248.00	\$202.00	\$244.50	\$365.00	\$468.00
Oct. 7	\$150.00	\$241.00	\$190.00	\$213.50	\$308.00	\$438.00
Oct. 14	\$145.00	\$234.00	\$200.00	\$213.00	\$298.00	\$400.00
Oct. 21	\$140.00	\$255.00	\$200.00	\$212.50	\$320.00	\$395.00
Monthly Average	\$148.25	\$244.50	\$198.00	\$220.88	\$322.75	\$425.25

Los Banos/Chowchilla	Almond Hulls	Canola	Distillers Dried Grains	Rolled Corn	Soybean Meal	Whole Cottonseed
Sept. 30	\$160.00	\$250.00	\$204.00	\$240.50	\$367.00	\$468.00
Oct. 7	\$153.00	\$243.00	\$192.00	\$209.50	\$310.00	\$438.00
Oct. 14	\$149.00	\$236.00	\$202.00	\$209.00	\$300.00	\$378.00
Oct. 21	\$144.00	\$257.00	\$202.00	\$208.50	\$322.00	\$367.00
Monthly Average	\$151.50	\$246.50	\$200.00	\$216.88	\$324.75	\$412.75

Milk Production Cost Comparison Summary for California *

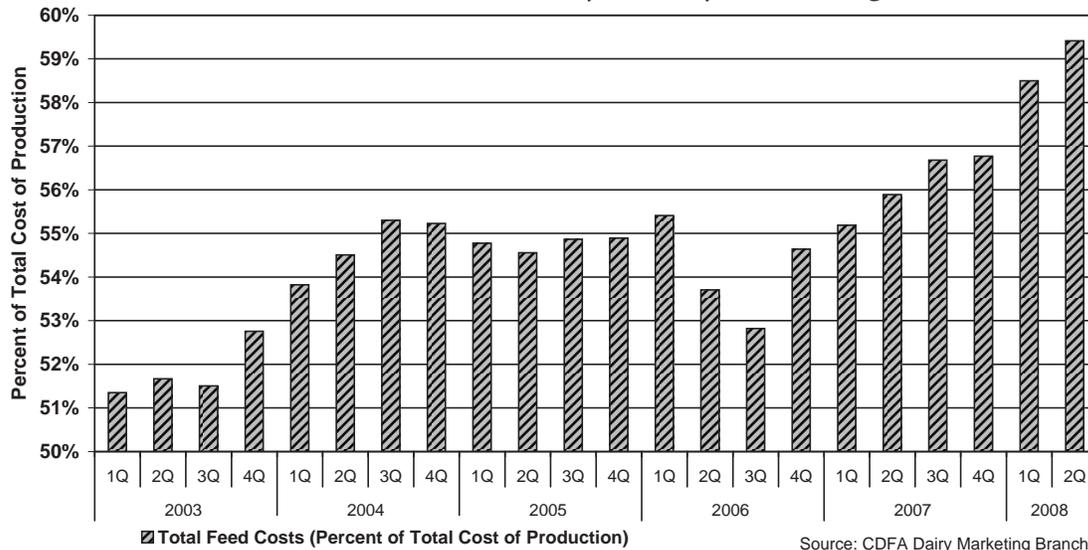
By Quarter, 2007-2008

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	18.49	13.41	15.86	13.51	16.26	13.00	16.06	13.49	16.14
Total Costs & Allowances*	18.15	20.62	15.13	17.76	15.29	18.16	14.53	17.69	15.25	18.04
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

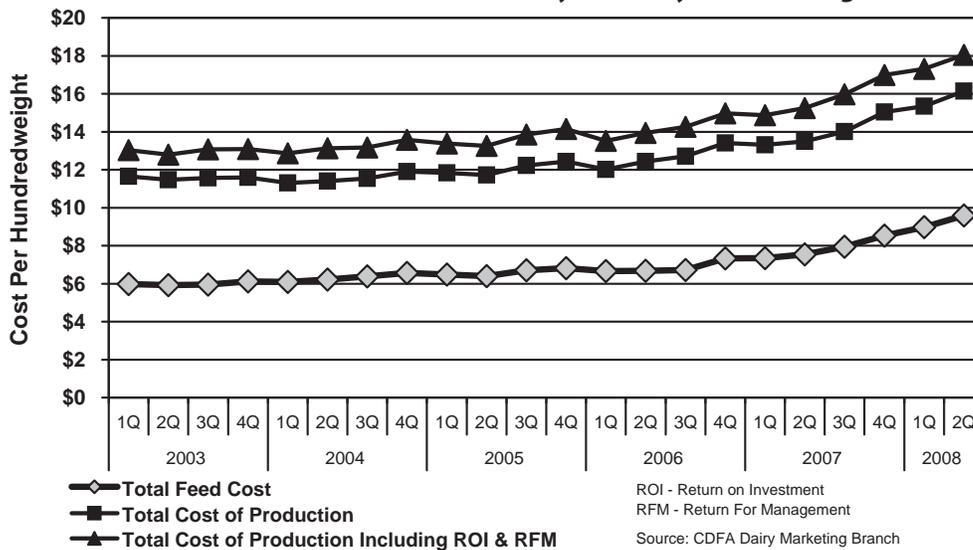
Total Feed Costs (Percent of Total Cost of Production)

Based on California Production Cost Survey, January 2003 through June 2008



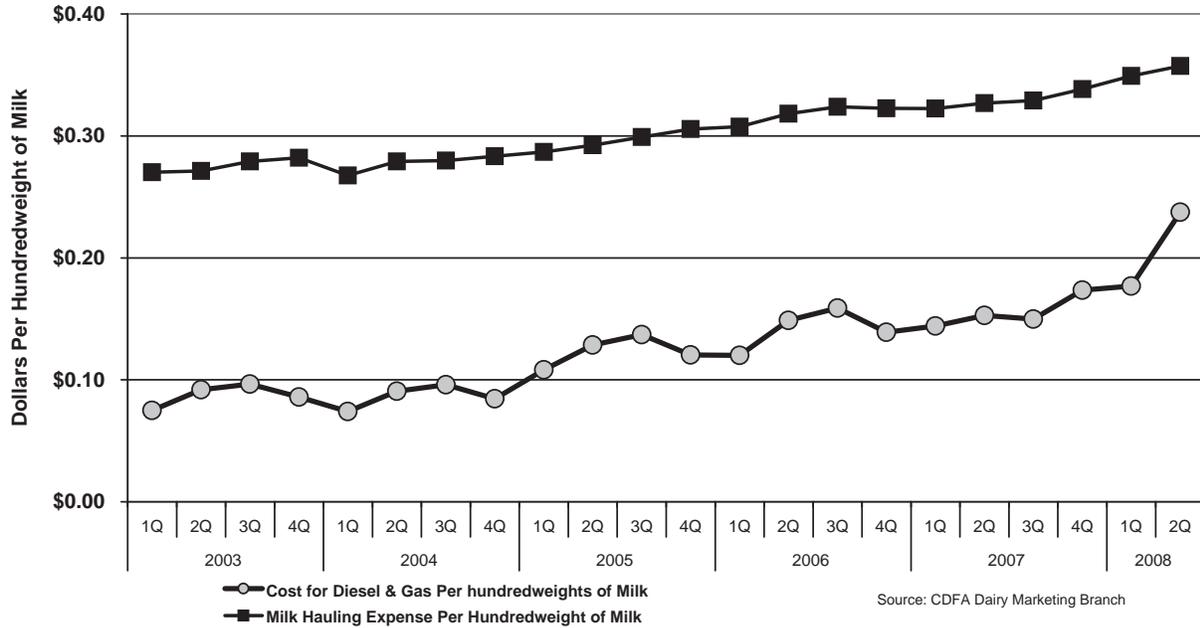
California Cost of Production, Total Feed Cost, by Quarter

Based on California Production Cost Survey, January 2003 through June 2008





Diesel, Gas, and Milk Hauling Costs, Per Hundredweight of Milk Based on California Production Cost Survey, January 2003 through June 2008



USDA Milk-Feed Ratio Higher

The USDA milk-feed price ratio for September was 1.82. The ratio is 0.01 points higher than the revised August ratio of 1.81, however, 1.37 points less than a year ago.

The USDA used an all-milk price of \$18.00 to calculate the September ratio (\$0.40 less than the price used to calculate the August ratio and \$3.80 less than a year ago).

Feed prices also retracted in September. The corn price was \$5.17/bushel, \$0.09 less than August and \$1.89 higher than a year ago when it was \$3.28/bushel. The price of soybeans fell to \$11.70/bushel — down \$1.10 from August and \$3.55 higher than a year ago. Baled alfalfa hay was \$176 per ton, \$40.00 higher than last September.

A ratio of 1.82 means that a dairy producer can buy 1.82 pounds of feed for every pound of milk sold. Whenever the ratio meets or exceeds 3.0, it is considered profitable to buy feed and produce milk.

Johne's Disease Testing Brochure Available

From National Institute for Animal Agriculture

Johne's Disease is estimated to be present in 68 percent of U.S. dairy operations.

According to a National Animal Health Monitoring System study, dairy herds with a high Johne's Disease clinical cull rate have an average loss of \$227 per cow compared to \$40 per cow in herds with a low Johne's Disease clinical cull rate. These losses result from reduced milk production, early culling and poor body condition at culling.

To learn more about the recommended test regimen for detecting Johne's Disease, obtain your free copy of "Think Healthier Bottom Line - Test for Johne's & Know Your Herd's Johne's Disease Status." It is available at the National Institute for Animal Agriculture Website, located at: www.johnesdisease.org or call (270) 782-9798.

Producers who have culled one or more animals for unresponsive, chronic diarrhea combined with reduced milk production and thin condition should suspect and test for Johne's disease.

Corn and Soybean Markets Heading Downward

The state of the world financial markets has had a definite effect on the corn and soybean markets. That is good news for livestock producers, but bad news for corn and soybean growers.

"As long as these credit and financial markets are under pressure, the commodity markets will remain under pressure," says Marty Foreman, senior economist with Doane Advisory Services in St. Louis.

Corn for December delivery recently settled at \$4.17 on the Chicago Board of Trade - that is \$3.70 off the contract high of \$7.87 set on June 27.

Soybeans for November delivery recently settled at \$9.26, which was \$7.10 off the contract high set on July 3.

"The market has been in decline since the first of July — once we got past the flooding issues (in the Midwest) and the acreage reports for corn, which were higher than expected," Foreman says. And, the weather since that time has generally been favorable for crop production.

Reservoirs Reflect Drought Conditions

The current state of California's reservoirs reflects the drought conditions existing throughout the state. The Department of Water Resources maintains a website that lists all of the state's reservoirs - federal, state and local - and is updated each day with how much water they could hold if full and how much they really have as the rainy season begins.

The larger reservoirs such as Shasta, Oroville and Folsom are way down in hard numbers and also down in historic terms. Shasta, the biggest with a capacity of 4.6 million acre-feet, contains only 30 percent of that much water and half of its average storage at this stage of the annual water cycle. Virtually the same numbers apply to Oroville, which has a 3.5 million acre-foot capacity, and the situation is somewhat worse at Folsom, with just 267,000 acre-feet of water in a lake that could hold nearly a million.

San Luis, the immense off-stream reservoir near Los Banos that feeds the California Aqueduct, could hold two million acre-feet and usually has more than a million acre-feet at this point, but it is down to 224,000.

The reservoir numbers are available at: <http://cdec.water.ca.gov/cgi-progs/current/RES>

Corn Crop Could Set Records

According to the latest "Crop Production" report, USDA is forecasting the second-largest corn crop and fourth-largest soybean crop on record.

Corn production is forecast at 12.2 billion bushels, up one percent from last month's estimate, but seven percent less than last year's record. Based on conditions as of October 1, 2008, yields are expected to average 154 bushels per acre, up 1.7 bushels from last month's estimate and 2.9 bushels more than last year. If realized, it will be the second largest yield on record.

Soybean production is forecast at 2.98 billion bushels, up two percent from last month's estimate and up 11 percent from last year. If realized, it will be the fourth-largest crop on record. Based on conditions as of October 1, 2008, yields are expected to average 39.5 bushels per acre, down 0.5 bushel from last month's estimate and down 2.2 bushels from 2007.

Governor Appoints CDFR Undersecretary

Governor Schwarzenegger announced the appointment of Will Brown as the new CDFR Undersecretary. Brown, 58, of San Mateo, has a broad background in both business and government, and a long history of working with agricultural and consumer food distribution and retail interests, as well as on a wide range of federal and state public policy issues. Since 2003, he has operated his own government relations and public affairs consulting practice, Will Brown Government & Public Affairs, with offices in Sacramento and Austin, TX. Immediately prior, from 2001 to 2003, Brown served as a government relations consultant for Lang, Hanson, O'Malley and Miller in Sacramento, and previously, from 1989 to 2001, managed offices in Sacramento and Austin as director of the western region for Albers & Company, a Washington D.C. based, multi-state, government affairs consulting and public policy research firm. From 1986 to 1989 he served as the principal consultant to the Calif. State Assembly's Committee on Finance and Insurance.

He came to the Legislature after serving as a corporate finance officer and operations manager for Bank of America's World Banking Division from 1979 to 1986. He has previous experience as a financial analyst for mergers and acquisitions with Marshall and Stevens, and as a legislative aide staffing a member of Congress on the House Interior and Insular Affairs Committee. Brown has an MBA in finance and management from Washington University in St. Louis, and a BA in political science and economics from San Francisco State Univ.

Upcoming CWT Herd Retirement

Bids to Remove Cows Being Accepted Through November 24th

Cooperatives Working Together (CWT) will conduct a new herd retirement, the second herd retirement round conducted this year. Bids to remove cows must be received by November 24, 2008 to be eligible. As farm-level milk prices drop to their lowest level in 18 months, CWT officials said it was time the program offered its members another opportunity to retire their herds to trim overall national milk production, and strengthen prices going into 2009.

This round offers bidding producers the option of including all their bred heifers, for a flat fee of \$1,225 per animal - producers must offer all of their bred heifers at that price. Detailed information can be found at www.cwt.coop, including a bid application, a calculator to help estimate a farmer's bid, and answers to frequently-asked questions. 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 December, with field auditors then proceeding to visit each accepted farm to begin the cow removal process.

As was the case with this past summer's herd retirement round, regional safeguard limits will no longer be utilized and, therefore, CWT bidders will not be competing regionally, but nationally. If a farmer's bid is accepted, CWT pays that farmer for the volume of milk produced by that herd in a 12-month period. Farmers submitting bids must provide their milk production records from Oct. 1, 2007, through Sept. 30, 2008. The farmer 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 dairyman cannot place a bid for just one of his herds, if he has an interest in multiple operations.

For more information on how to participate in CWT's herd retirement, visit www.cwt.coop, or call 888-Info-CWT (888-463-6298).

Consumers to Choose the Next "Happy Cow"

For the first time, the California Milk Advisory Board is letting consumers pick its next Happy Cow. The board, in partnership with agency Deutsch LA, is introducing its latest herd of "wannabe" cows in four new TV spots that began airing in mid-October. Another six ads debut next year. The 30-second spots will act as auditions for the bovines and viewers can vote for their favorites through Sept. 30, 2009.

The Happy Cow with the most votes will be revealed to viewers online in October 2009. The promotion is part of the latest phase of the Happy Cows ad campaign and supports the tag line: "Great Milk Comes from Happy Cows, and Happy Cows Come from California." People will have quite a cast of bovine characters to choose from:

- 1) There is the super-spunky teenager named Alicia, who is out to prove to her friends and her taunting brother that she can make it as a California babe,
- 2) There's Cajun Jenn, who hails from the heart of the Bayou and is eager to break out from under her dramatic stage mom's overpowering presence, and
- 3) Across the pond, there's Shelby Fogbottom, the English bovine who boasts a royal bloodline and is well versed in proper tea-time etiquette who wants the opportunity to leave the fog behind for sunny California pastures.

"It just seemed like the next logical step in a totally illogical world. If the cows are happier in California, then it just seemed to make sense that cows from everywhere else would be clamoring to come here," said Eric Hirshberg, president and chief creative officer at Deutsch. "The reality show audition tape format is something everyone can relate to. From "American Idol" to online dating services, people are used to seeing other people pitch themselves like this. Why would our fictitious bovine friends be any different?"

Dairy Carbon Footprint Dropping

A University of Illinois Extension dairy specialist reports that: "Using pounds of carbon dioxide per gallon of milk as the carbon footprint value, the dairy industry's footprint has dropped from 31 pounds in 1944 to 12 pounds per gallon in 2007. Improved efficiency in the production of milk has resulted in a huge reduction in the dairy industry's carbon footprint, making it very "green."

"Using 1944 as the base year of comparison--and also the year of the largest number of dairy cows in the United States, the number of dairy cows has dropped from 25.6 million to 9.2 million cows while milk production has increased from 117 billion pounds to 186 billion pounds," said Mike Hutjens. "Using pounds of carbon dioxide per gallon of milk as the carbon footprint value, the dairy industry's footprint has dropped from 31 pounds in 1944 to 12 pounds per gallon in 2007."

"Dairy cows produce methane when digesting feed in the rumen. Methane has 25 times the impact of carbon dioxide," he said. "While a wide range of claims have been made, 6 percent of the total carbon footprint is from agriculture with dairy responsible for 11 percent of the total 6 percent, or 0.7 percent of the total."

Earlier this year, the National Academy of Science published a paper that addressed the improvement of milk production efficiency and the impact of organic dairy production compared to conventional production.

The National Academy of Science paper showed that if one million of the total nine million U.S. dairy cows produced 10 pounds more milk per day due to the adoption of technology, a number of positive impacts could be expected:

- Reduce by 157,000 the number of cows needed to produce the same level of milk,
- Reduce by 219,000 hectares the land needed for feed production,
- Reduce the emission of methane by 41 million kilograms annually, and
- Reduce manure excretion by 2.8 million tons each year.

It is estimated that switching to organic milk production would require 25 percent more cows than now used, 30 percent more land for feed production, 39 percent more nitrogen excretion, and a 13 percent increase in global warming potential.

World Cheese Awards - Continued from Page 1

- Mélange Bleu, Marin French Cheese Co., Petaluma, Calif., Silver

Mould ripened, soft or unpressed cows' milk cheese, plain

- Petit Crème, Marin French Cheese Co., Petaluma, Calif., Bronze

Cream or fresh cheese with savory additives

- Fromage Blanc with Garlic & Herbs, Harley Farms Goat Dairy, Pescadero, Calif., Silver
- Marinated Fresh Mozzarella, Mozzarella Fresca Inc., Concord, Calif., Silver

Mascarpone

- Mascarpone, Cantaré Foods Inc., San Diego, Calif., Gold
- Mascarpone, Mozzarella Fresca Inc., Concord, Calif., Bronze

Mature traditional cheddar made after 9/1/07

- Silver Mountain, unpasteurized, veg., Bravo Farms Handmade Cheese, Traver, Calif., Bronze
- Bandage Wrap Cheddar, Fiscalini Cheese Co., Modesto, Calif., Bronze

Medium traditional cheddar made after 3/31/08

- Bandage Wrap Cheddar, Fiscalini Cheese Co., Modesto, Calif., Gold

Extra Mature traditional cheddar made after 5/31/07

- Bandage Wrap Cheddar, Fiscalini Cheese Co., Modesto, Calif., Silver

Mozzarella, fresh, cows' milk in ball (large or small)

- Fresh Mozzarella, Ovoline, Cantaré Foods Inc., San Diego, Silver
- Boccocini, Fiscalini Cheese Co., Modesto, Calif., Silver

Semi-hard cheese not in any other class

- Lionza, Fiscalini Cheese Co., Modesto, Calif., Bronze

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 1.7% in September, led by Texas' 15.2% growth in milk production (on 37,000 more cows and 70 more pounds per cow). USDA reports that California milk production was up 0.8% on 19,000 more cows, but 5 less pounds per cow compared to September 2007. Among the western states, Arizona was up 1.9%; New Mexico up 4.5%; and Washington was up 1.5%. One of the top 10 states reported a production decrease.

Quarterly: For the third quarter of 2008 compared to the second quarter of 2008, U.S. milk cow numbers increased to 9.280 million, production per cow decreased 215 pounds per cow; the net effect was decreased milk production to 46.7 billion pounds. USDA projects that for the fourth quarter of 2008 compared to the third quarter of 2008, U.S. milk cow numbers will decrease to 9.265 million cows, production per cow will stay the same; the net effect would be decreased milk production to 46.6 billion pounds.

Milk Prices

Comparing the third quarter of 2008 to the second quarter of 2008, U.S. average milk prices were up to \$18.60/cwt. USDA projects that for the fourth quarter of 2008, U.S. average all-milk prices will be \$17.30-17.70/cwt.; Class 4b prices will be \$16.24-16.64/cwt; and Class 4a prices will be \$14.03-14.53/cwt.

Utility Cow Prices

Comparing the third quarter of 2008 to the second quarter of 2008, average U.S. utility cow prices were up \$4.48/cwt. to a national average of \$61.78/cwt. USDA projects that utility cow prices will average \$54-58 in the fourth quarter of 2008.

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

Wisconsin Reports Growth in Speciality Cheese

Wisconsin is experiencing increased consumer demand for specialty and value-added cheeses, and three cheese companies — Sargento Foods, Sartori Foods and Masters Gallery Foods — are expanding their operations which is expected to create hundreds of jobs at a time when many manufacturing sectors are cutting back.

"Wisconsin's cheese industry has made a tremendous comeback in recent years," said Jim Sartori, president and CEO of Sartori Foods. At Masters Gallery, double-digit growth and sales in excess of \$500 million have paved the way for a 75,000 square-foot expansion that will triple the cheese distributing company's cold-storage capacity to roughly 20 million pounds of cheese. Sartori Foods is building a 100,000 square-foot packaging, preparation and distribution facility that will create about 30 new jobs. Sargento recently completed expansions that will add 500 new jobs as a result.

Previous decades were marked by plant closures and a lack of new investments at cheese facilities as competition from California producers grew fierce, according to John Umhoefer, executive director of the Madison-based Wisconsin Cheese Makers Association. Wisconsin cheese makers began reversing the trend several years ago by de-emphasizing commodity cheeses, like plain mozzarella and cheddar, in favor of flavored specialty cheeses and value-added products, like shredded blends and aged cheeses.

In the last five years, roughly two-dozen cheese plants have opened or expanded in the state, Umhoefer said, and Wisconsin's output of specialty cheese has swelled, hitting 399 million pounds in 2007.

Pool Prices

Month	Quota	Overbase
April '07	\$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
June	\$19.12	\$17.42
July	\$19.05	\$17.35
August	\$18.01	\$16.31
September	\$17.92	\$16.22

Milk Mailbox Prices

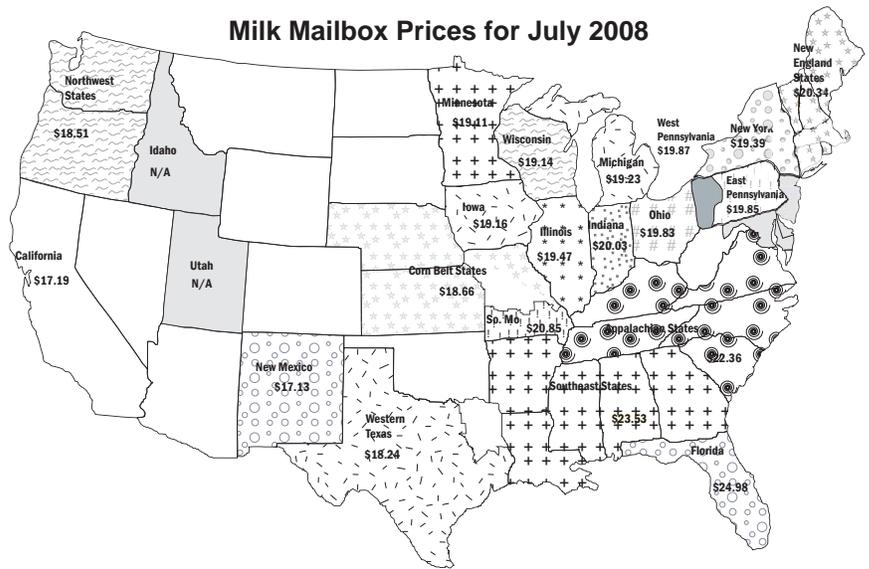
Milk Mailbox Prices in Dollars per Hundredweight

	January	February	March	April	May	June	July
California ¹	\$17.97	\$17.05	\$16.04	\$15.88	\$16.79	\$17.35	\$17.19
USDA ²	\$20.70	\$19.03	\$18.01	\$18.19	\$18.09	\$19.11	\$19.43

¹ California mailbox price calculated by CDFA.

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

Milk Mailbox Prices for July 2008



In July 2008, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$19.43 per cwt., up \$0.31 from the revised previous month average, but down \$2.06 from July 2007. The component tests of producer milk in July 2008 were: butterfat, 3.55%; protein, 2.94%; and other solids, 5.72%. On an individual reporting area basis, mailbox prices increased in all Federal milk order reporting areas except in Wisconsin and Minnesota, and ranged from \$24.98 in Florida to \$17.13 in New Mexico.



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