



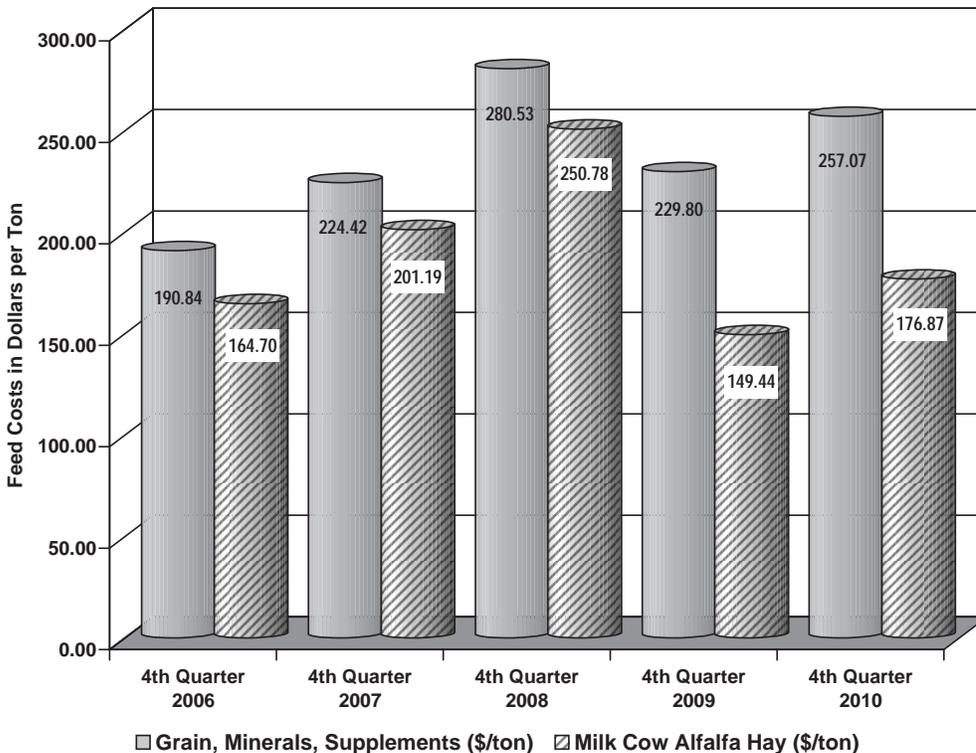
California Dairy Review

A publication serving the California dairy industry for over 14 years

Volume 15 Issue 4

April 2011

Dry Roughage and Concentrate Costs California, 4th Quarter of 2010



Cost to Produce Milk In California, 2010

Overall, 2010 will show that the cost of production is down compared to the last two years. In 2010, most dairy producers experienced a lower cost of production and higher milk income compared to the prior year. The decrease in cost of production for 2010 is a result of lower feed costs for rolled corn and alfalfa hay.

In the fourth quarter of 2010, producers started to experience higher prices for rolled corn, alfalfa hay, and other feed ingredients.

For more information on the cost of production in California, see the latest Cost of Production Annual http://www.cdfa.ca.gov/dairy/dairycop_annual.html

California Milk Production Cost Comparison, by Region 4th Quarter and Yearly Average, 2009-2010

Quarter	North Coast		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
<i>Dollars per Hundredweight</i>										
4th Quarter										
Total Costs	\$18.23	\$19.15	\$14.09	\$14.83	\$13.91	\$14.71	\$13.46	\$14.06	\$14.05	\$14.81
Total Costs & Allowances*	\$20.11	\$21.00	\$15.68	\$16.33	\$15.50	\$16.24	\$14.89	\$15.65	\$15.63	\$16.34
Yearly Average (All Twelve Months)										
Total Costs	\$18.98	\$17.80	\$15.12	\$13.86	\$15.18	\$13.57	\$14.21	\$12.88	\$15.16	\$13.70
Total Costs & Allowances*	\$20.97	\$19.60	\$16.82	\$15.32	\$16.89	\$15.07	\$15.67	\$14.48	\$16.86	\$15.19

* Includes an allowance for management and a return on investment

Minimum Class Prices

California Hundredweight Prices

Class	February	March	April
1 No. Calif.	\$16.88	\$19.24	\$21.66
So. Calif.	\$17.15	\$19.51	\$21.93
2 No. Calif.	\$16.01	\$16.01	N/A
So. Calif.	\$16.24	\$16.24	N/A
3	\$15.96	\$15.96	N/A
4a	\$17.88	N/A	N/A
4b	\$16.92	N/A	N/A

Federal Order Minimum Class Prices

Hundredweight Prices

Class I	Feb.	March	April
Phoenix, Arizona	\$18.24	\$20.58	\$21.78
Portland, Oregon	\$17.79	\$20.13	\$21.33
Boston (Northeast)	\$19.14	\$21.48	\$22.68
Class III	\$17.00	N/A	N/A

Quota Transfer Summary

Quota Transfers	January	February	March
Number of Sellers	3	3	4
Pounds of SNF Quota			
Transferred	3,919	3,188	6,989
Average Price Per			
Pound of SNF Quota	\$448	\$435	\$443

Pool Prices

Month	Quota	Overbase
August '10	\$16.54	\$14.84
September	\$17.25	\$15.55
October	\$17.64	\$15.94
November	\$16.45	\$14.75
December	\$15.42	\$13.72
January '11	\$16.12	\$14.42
February	\$18.44	\$16.74

USDA Milk-Feed Price Ratio

USDA reports that the milk-feed price ratio for February 2011 was 1.96. The current ratio of 1.96 means that a dairy producer can buy 1.96 pounds of feed for every pound of milk sold.

The prices used to calculate the February 2011 milk-feed price ratio: corn was \$5.66/bushel; baled alfalfa hay was \$127/ton; soybeans were \$12.10/bushel; all-milk price \$18.40/cwt. (up from \$16.70/cwt. in January 2011).

Dairy Cow Culling Activity (Weekly)

Week Ending	Region 9 ¹ Dairy Cows	U.S. Dairy Cows	West Region ² Price Range
	Head		\$/cwt.
01/14/11	17,200	61,800	\$50-\$64
01/21/11	19,500	62,700	\$52-\$67
01/28/11	17,100	62,500	\$51-\$64
02/04/11	18,900	59,000	\$56-\$61
02/11/11	18,300	63,600	\$57-\$67
02/18/11	17,400	64,800	\$57-\$67
02/25/11	17,700	60,700	\$65-\$66
03/04/11	16,700	62,100	\$63-\$74

¹ Region 9 includes AZ, CA, HI and NV

² West region includes AZ, NV, UT, CA, ID, OR and WA

Source: USDA Market News: Report LM_CT168 and ML_LS795

Milk Mailbox Prices in Dollars per Hundredweight

	June '10	July	August	September	October	November	December
California ¹	\$13.64	\$14.33	\$15.04	\$15.99	\$16.50	\$15.62	\$14.62
USDA ²	\$15.39	\$15.81	\$16.51	\$17.81	\$18.67	\$18.22	\$16.87

¹ California mailbox price calculated by CDFA.

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

Milk Mailbox Prices for December 2010



In December 2010, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$16.87 per cwt., down \$1.35 from the previous month average, and up \$0.50 from December 2009. The component tests of producer milk in December 2010 were: butterfat, 3.85%; protein, 3.16%; and other solids, 5.73%. On an individual reporting area basis, mailbox prices decreased from the previous month in all Federal milk order reporting areas. Mailbox prices in December 2010 ranged from \$20.01 in Florida to \$15.54 in New Mexico.

U.S. February Milk Production

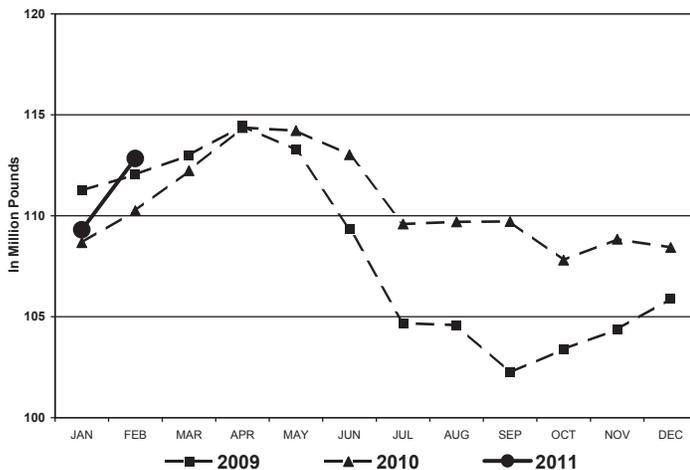
USDA estimates U.S. milk production for February 2011 in the top 23 milk producing states at 14.0 billion pounds, up 2.4 percent from February 2010. Production per cow in the top 23 milk producing states averaged 1,666 pounds for February, 24 pounds above February 2010.

For the U.S. overall, comparing February 2011 to February 2010:

- The number of cows on farms was 9.160 million head, up 68,000 head
- Production per cow averaged 1,644 pounds, 21 pounds more than February 2010
- Five of the top twenty-three milk producing states showed a decrease in milk production

California Milk Production

Average Daily Basis: 2009, 2010, 2011



National Dairy Situation and Outlook – USDA Estimates

Milk Production

Monthly: Compared to 2010, USDA estimates overall milk production across the U.S. was up by 2.0% in February 2011 compared to February 2010. USDA reports that California milk production increased 2.4% compared to February 2010 (on 8,000 less cows and 50 more pounds per cow). Among other western states, compared to February 2010, Arizona was up 7.3%; New Mexico was up 2.9%; and Washington was up 2.2%. Two of the top 10 states reported a production decrease. The largest increase was reported by Florida at 12.2% growth in milk production (on 5,000 more cows and 120 more pounds per cow).

Quarterly: For the fourth quarter of 2010 compared to the third quarter of 2010, U.S. milk cow numbers increased to 9.130 million head, milk production per cow decreased to 5,208 pounds; the net effect was decreased milk production to 47.5 billion pounds. USDA projects that for the first quarter of 2011 compared to the fourth quarter of 2010, U.S. milk cow numbers will increase to 9.170 million heads, production per cow will increase to 5,300 pounds; the net effect would be increased milk production to 48.6 billion pounds.

Top Ten Milk Production States

(Percent Change from Same Month/Previous Year)

1. California	+2.4%	6. Texas	+8.8%
2. Wisconsin	+0.5%	7. Minnesota	-0.8%
3. New York	+3.8%	8. Michigan	+2.7%
4. Idaho	+3.4%	9. New Mexico	+2.9%
5. Pennsylvania	-0.2%	10. Washington	+2.2%

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

Delivered Alfalfa Hay Monthly Weighted Average Prices

Week Ending February 25, 2011 - Week Ending March 18, 2011

(Some of the average hay prices include old crop hay)

Petaluma

	Low/High	Average
Supreme	N/A	N/A
Premium	N/A	N/A
Good	\$235/235	\$235
Fair	\$190-\$190	\$190

Escalon-Merced-Modesto-Turlock

	Low/High	Average
Supreme	\$250/\$310	\$280
Premium	\$220/\$240	\$230
Good	\$200/\$226	\$217
Fair	\$145/\$145	\$145

Tulare-Visalia-Hanford-Bakersfield

	Low/High	Average
Supreme	\$280-\$340	\$307
Premium	\$255/\$318	\$278
Good	\$215/\$250	\$232
Fair	N/A	N/A

Chino-Los Angeles-San Diego

	Low/High	Average
Supreme	\$275/\$275	\$275
Premium	\$300/310	\$302
Good	N/A	N/A
Fair	N/A	N/A

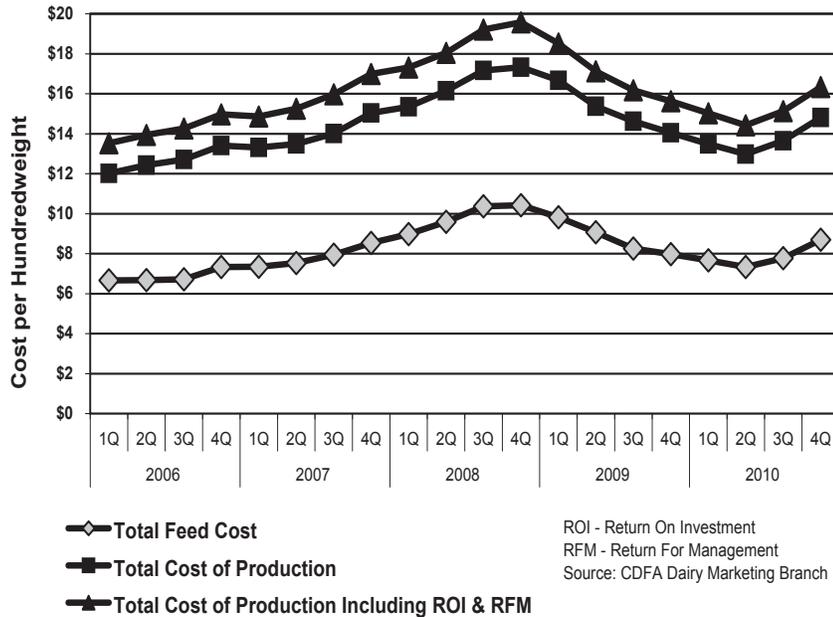
Alfalfa Hay Update

Northern California: All classes of domestic alfalfa were traded steady to firm with good to very good demand and light supplies. The weather conditions hampered hay movement in the region. There is old crop and rain damaged hay available in some areas.

Southern California: Early March rain delayed first cutting hay production, causing limited availability of hay and soaring prices. All classes of domestic alfalfa were traded at higher prices, with very good demand and very light supplies. The market is very active at this time.

U.S. Mailbox Milk Prices

California Cost of Production, Total Feed Cost, by Quarter Based on California Production Cost Survey, January 2006 through December 2010



Air Rule Workshops Underway

According to the updated Rule 4750, all dairies in the valley air district with 500 milking cows or more are required to submit a Phase II permit application by April 21, 2011. Therefore, from March 21 to April 13, CDQAP is providing a series of workshops at seven locations in Central Valley to assist both existing permit holders and newly-permitted dairies. There are two workshops in April:

Tulare County

Tuesday, April 12, 2-4 pm
 County Ag Center Auditorium
 4437 S. Laspina Street, Tulare

Stanislaus County

Wednesday, April 13, 10-noon
 County Ag Center Harvest Hall
 3800 Cornucopia Way, Modesto

For more information please call the CDQAP toll-free-line: **1-866-66CDQAP**.



Presorted
 First Class
 U.S. Postage
 PAID
 Permit No. 81
 Sacramento, CA

Dairy Marketing Branch:
 Phone (916) 341-5988; Fax (916) 341-6697
 Website: www.cdfa.ca.gov/dairy
 Email: dairy@cdfa.ca.gov

Milk Pricing Information:
 Within California 1-800-503-3490
 Outside California 1-916-442-MILK
 The California Department of Food and Agriculture Dairy Marketing Branch publishes the California Dairy Review monthly. Please direct any comments or subscription requests to Karen Dapper or Lu Tang at (916) 341-5988, or send an email to dairy@cdfa.ca.gov

California Department of Food and Agriculture
 Karen Ross, Secretary
 Dairy Marketing Branch
 1220 N Street
 Sacramento, CA 95814

