



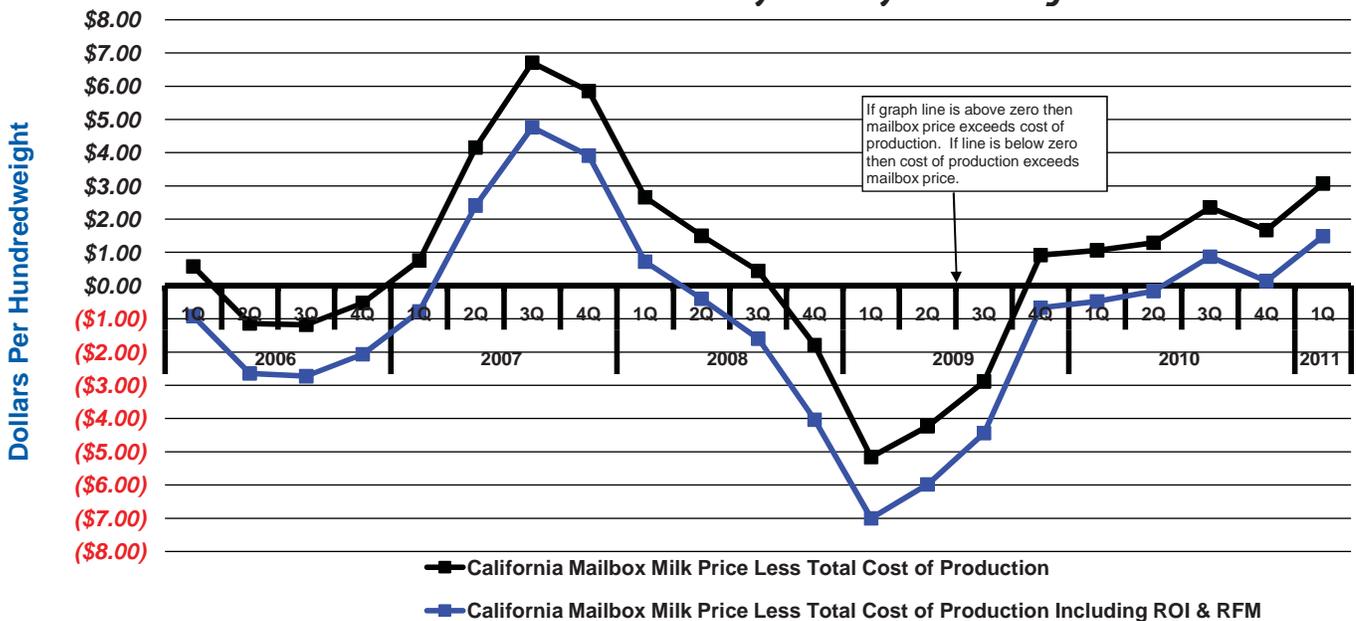
California Dairy Review

A publication serving the California dairy industry for over 14 years

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Difference Between California Mailbox Price and California Cost of Production Based on California Production Cost Survey - January 2006 through March 2011



ROI - Return on Investment
RFM - Return For Management

Data Source: CDFA Dairy Marketing Branch

Total Cost: First quarter 2011 statewide average milk production total cost per hundredweight of milk increased by 9.7 percent compared to the same period a year ago. The primary reason for the increase is that total feed costs per cwt. increased by 17.9 percent. First quarter milk production per cow increased by 2.6 percent compared to a year ago. The general relationships between the various areas are shown below:

California Milk Production Cost Comparison, by Region 1st Quarter and Yearly Average, 2010-2011

Quarter	North Coast		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
<i>Dollars per Hundredweight</i>										
1st Quarter										
Total Costs	\$19.02	\$19.99	\$13.60	\$14.73	\$13.26	\$14.62	\$12.81	\$14.86	\$13.48	\$14.79
Total Costs & Allowances*	\$20.86	\$21.92	\$15.11	\$16.29	\$14.78	\$16.18	\$14.49	\$16.56	\$15.02	\$16.37
Yearly Average (All Twelve Months)										
Total Costs	\$17.80		\$13.86		\$13.57		\$12.88		\$13.70	
Total Costs & Allowances*	\$19.60		\$15.32		\$15.07		\$14.48		\$15.19	

* Includes an allowance for management and a return on investment

Minimum Class Prices

California Hundredweight Prices

Class	May	June	July
1 No. Calif.	\$20.90	\$21.41	\$22.38
So. Calif.	\$21.17	\$21.68	\$22.65
2 No. Calif.	\$18.90	\$20.12	\$20.12
So. Calif.	\$19.13	\$20.35	\$20.35
3	\$18.85	\$20.07	\$20.07
4a	\$19.94	N/A	N/A
4b	\$14.74	N/A	N/A

Federal Order Minimum Class Prices

Hundredweight Prices

Class I	May	June	July
Phoenix, Arizona	\$22.10	\$22.67	\$23.38
Portland, Oregon	\$21.65	\$22.22	\$22.93
Boston (Northeast)	\$23.00	\$23.57	\$24.28
Class III	\$16.52	N/A	N/A

Quota Transfer Summary

Quota Transfers	April	May	June
Number of Sellers	6	2	4
Pounds of SNF Quota			
Transferred	5,588	1,473	1,400
Average Price Per			
Pound of SNF Quota	\$432	\$450	\$450

Pool Prices

Month	Quota	Overbase
November '10	\$16.45	\$14.75
December	\$15.42	\$13.72
January '11	\$16.12	\$14.42
February	\$18.44	\$16.74
March	\$19.01	\$17.31
April	\$18.70	\$17.00
May	\$18.97	\$17.27

USDA Milk-Feed Price Ratio

USDA reports that the milk-feed price ratio for May 2011 was 1.74 (down from 1.83 in April 2011). The current ratio of 1.74 means that a dairy producer can buy 1.74 pounds of feed for every pound of milk sold.

The prices used to calculate the May 2011 milk-feed price ratio: corn was \$6.15/bushel; baled alfalfa hay was \$186/ton; soybeans were \$13.00/bushel; all-milk price \$19.40/cwt. (down from \$19.60/cwt. in April 2011).

Dairy Cow Culling Activity (Weekly)

Week Ending	Region 9 ¹ Dairy Cows	U.S. Dairy Cows	West Region ² Price Range
	Head		\$/cwt.
04/22/11	15,300	55,900	\$64-\$75
04/29/11	14,400	52,900	\$66-\$72
05/06/11	14,500	53,400	\$64-\$82
05/13/11	14,500	52,100	\$66-\$71
05/20/11	14,000	51,700	\$64-\$80
05/27/11	14,800	52,500	\$55-\$80
06/03/11	13,600	44,100	\$65-\$73
06/10/11	14,100	47,100	\$63-\$69

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 SJ_LS714

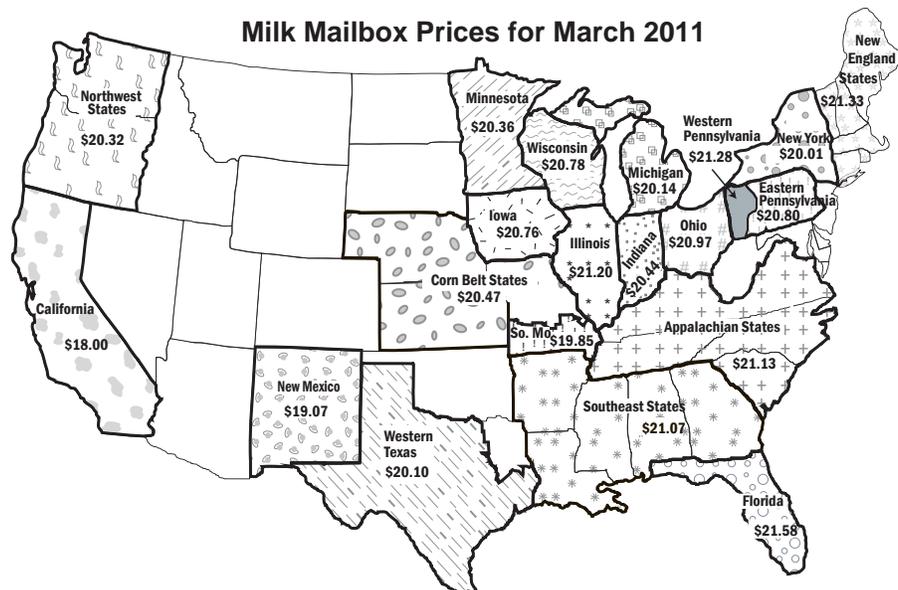
Milk Mailbox Prices in Dollars per Hundredweight

	September '10	October	November	December	January '11	February	March
California ¹	\$15.99	\$16.50	\$15.62	\$14.62	\$15.31	\$17.50	\$18.00
USDA ²	\$17.81	\$18.67	\$18.22	\$16.87	\$16.66	\$18.93	\$20.50

¹ California mailbox price calculated by CDFA.

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

Milk Mailbox Prices for March 2011



In March 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$20.50 per cwt., up \$1.57 from the previous month average, and up \$5.58 from March 2010. The component tests of producer milk in March 2011 were: butterfat, 3.75%; protein, 3.09%; and other solids, 5.74%. On an individual reporting area basis, mailbox prices increased from the previous month in all Federal milk order reporting areas. Mailbox prices in March 2011 ranged from \$21.58 in Florida to \$19.07 in New Mexico.

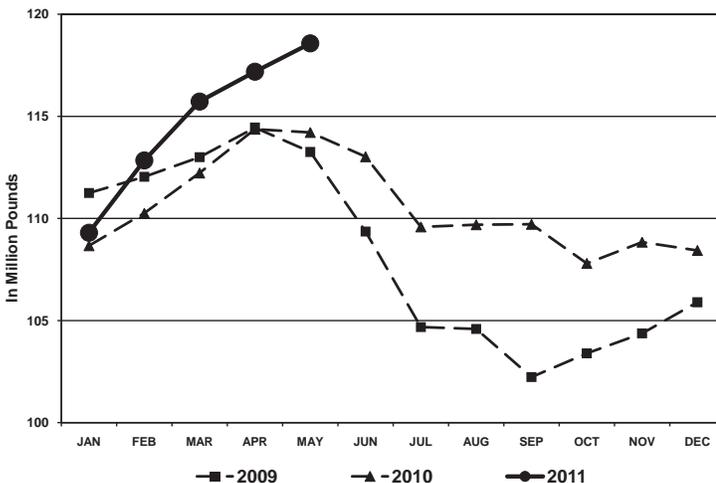
U.S. Milk Production - May 2011

USDA estimates U.S. milk production for May 2011 in the top 23 milk producing states at 16.0 billion pounds, up 1.5 percent from May 2010. Production per cow in the top 23 milk producing states averaged 1,899 pounds for May, 6 pounds above May 2010.

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

- The number of cows on farms was 9.200 million head, up 81,000 head
- Production per cow averaged 1,877 pounds, 8 pounds more than May 2010
- Eight 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: USDA estimates overall milk production across the U.S. was up by 1.3% in May 2011, compared to May 2010. USDA reports that California milk production increased 3.7% compared to May 2010 (on 17,000 more cows and 55 more pounds of milk per cow). Among other western states, compared to May 2010, Arizona was up 6.4%; New Mexico was up 1.9%; and Washington was up 5.3%. Four of the top 10 states reported a production decrease. The largest increase was reported by Texas at 8.8% growth in milk production (on 20,000 more cows and 70 more pounds of milk per cow).

Quarterly: For the first quarter of 2011 compared to the fourth quarter of 2010, U.S. milk cow numbers increased to 9.164 million head, milk production per cow increased to 5,284 pounds; the net effect was increased milk production to 48.4 billion pounds. USDA projects that for the second quarter of 2011 compared to the first quarter of 2011, U.S. milk cow numbers will increase to 9.185 million head, production per cow will increase to 5,490 pounds; the net effect would be increased milk production to 50.4 billion pounds.

Top Ten Milk Production States - May 2011

(Percent Change from Same Month/Previous Year)

1. California	+3.7%	6. Texas	+8.8%
2. Wisconsin	-1.8%	7. Minnesota	-2.7%
3. Idaho	+5.4%	8. Michigan	+0.3%
4. New York	-1.4%	9. New Mexico	+1.9%
5. Pennsylvania	-0.8%	10. Washington	+5.3%

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 May 27, 2011 - Week Ending June 24, 2011

Petaluma

	Low/High	Average
Supreme	N/A	N/A
Premium	\$255/\$280	\$268
Good	\$235/\$235	\$235
Fair	\$195/\$195	\$195

Escalon-Merced-Modesto-Turlock

	Low/High	Average
Supreme	\$290/\$310	\$301
Premium	\$270/\$290	\$281
Good	\$225/\$260	\$239
Fair	\$217/\$240	\$229

Tulare-Visalia-Hanford-Bakersfield

	Low/High	Average
Supreme	\$280/\$310	\$295
Premium	\$267/\$298	\$285
Good	\$240-\$292	\$263
Fair	\$232/\$245	\$239

Chino-Los Angeles-San Diego

	Low/High	Average
Supreme	N/A	N/A
Premium	\$275-\$285	\$280
Good	\$255/\$267	\$260
Fair	N/A	N/A

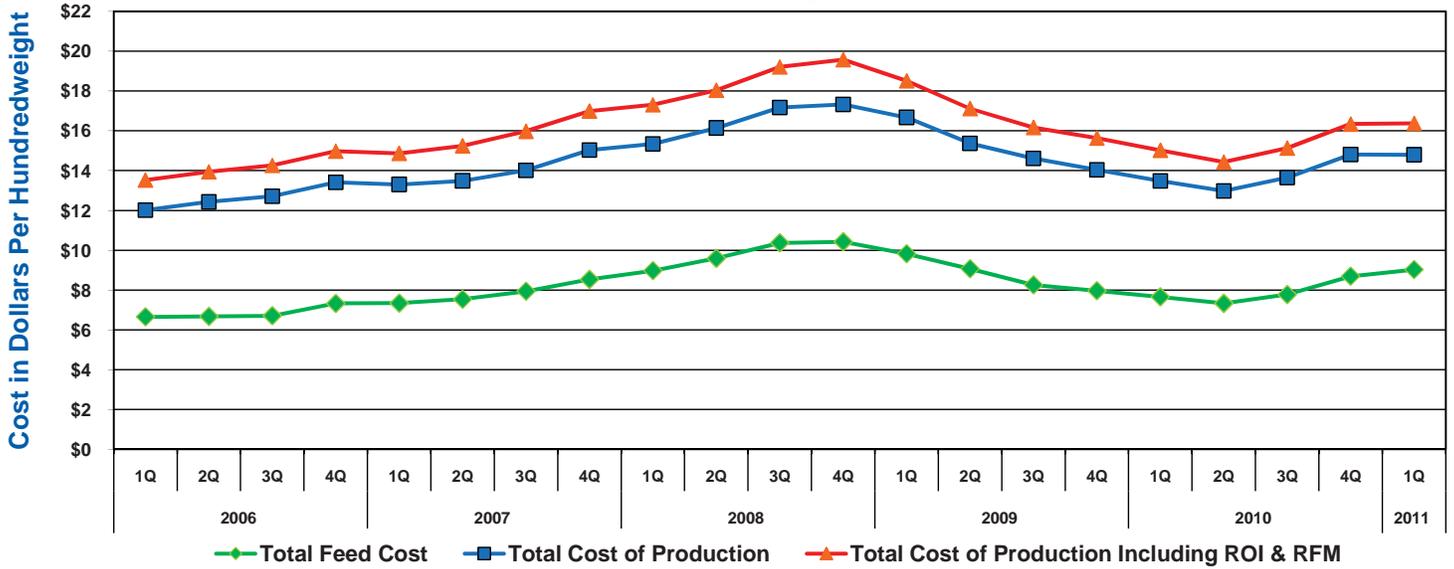
Alfalfa Hay Update

All classes of hay traded mostly steady with good to very good demand. Export demand has increased in the northern regions. First cutting of alfalfa progressed in the Intermountain Region and despite some first cutting delays, yields are reported as normal. Demand for high quality dairy hay remains very good. Central Valley areas are finishing up their third cutting. Alfalfa seed prices are high and some acres were taken out of production for the summer which may add to lighter than usual supplies.

U.S. Mailbox Milk Prices

California Cost of Production, Total Feed Cost, by Quarter

Based on California Production Cost Survey, January 2006 through March 2011



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Data Source: CDFA Dairy Marketing Branch



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Milk Pricing Information:

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

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