



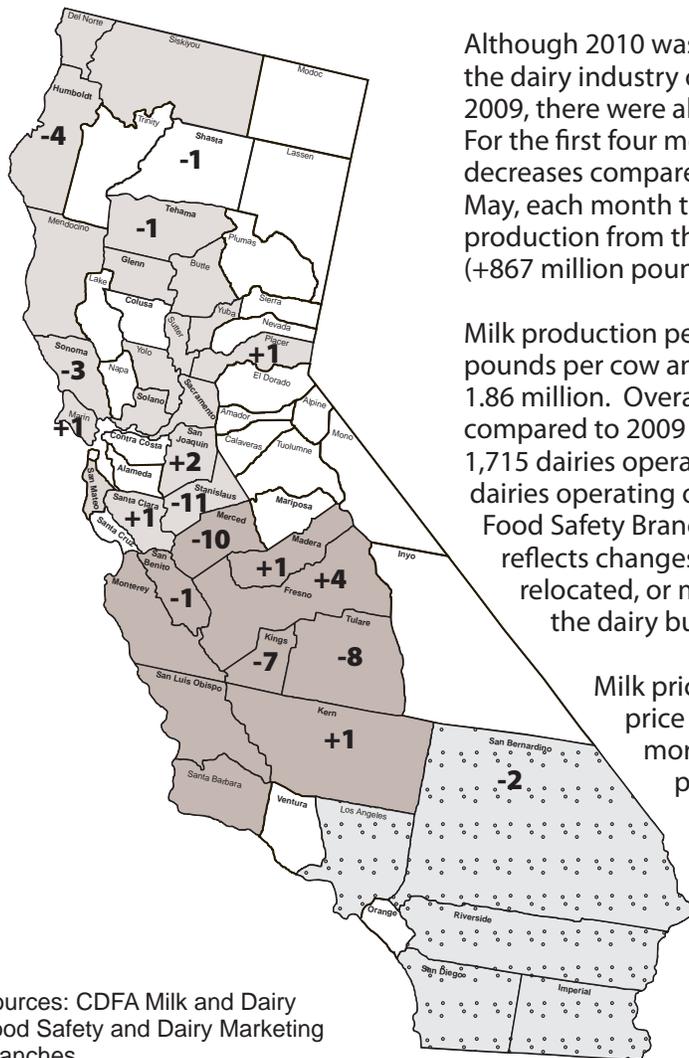
California Dairy Review

A publication serving the California dairy industry for over 14 years

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California Dairy Landscape for 2010: 1,715 Dairies... 1.858 Million Cows... 40.4 Billion Pounds Milk



Although 2010 was a year of limited recovery and ongoing struggles as the dairy industry continued to cope with many of the issues that plagued 2009, there were also signs of strength and improvement during the year. For the first four months in 2010, California milk production recorded net decreases compared to the same months in 2009. However, beginning in May, each month through the end of the year witnessed an increase in total production from the previous year, finishing up the year at a positive 2.2% (+867 million pounds) compared to production totals for 2009.

Milk production per cow in California showed an increase to 21,719 pounds per cow and the number of cows in the state increased slightly to 1.86 million. Overall, California recorded a net loss of 37 dairies for 2010 compared to 2009 (as shown on the map to the left). This "net" number of 1,715 dairies operating in California at year end is essentially the number of dairies operating on the last day of December. The CDFA Milk and Dairy Food Safety Branch provides this year end "net" number of dairies that reflects changes such as dairies that have gone out of business, relocated, or merged, and includes new dairies coming into the dairy business.

Milk prices improved substantially in 2010, with the average price paid to producers rising to \$14.71 per hundredweight, more than \$3 per hundredweight above the 2009 average price. A combination of strong global dairy prices, increased global demand for dairy products, a cheaper U.S. dollar, and lower-than-expected production in Oceania led to record levels of U.S. dairy exports in 2010.

Sources: CDFA Milk and Dairy Food Safety and Dairy Marketing Branches

Data subject to change/revision.

- The numbers inside the counties indicate the change in the number of dairies, 2010 vs. 2009.
- White areas indicate counties recording no operating dairies as of 12/31/10.
- All shaded areas with no numbers indicate no change in the number of dairies compared to 2009.

Minimum Class Prices

California Hundredweight Prices

Class	January	February	March
1 No. Calif.	\$16.45	\$16.88	\$19.24
So. Calif.	\$16.72	\$17.15	\$19.51
2 No. Calif.	\$16.92	\$16.01	\$16.01
So. Calif.	\$17.15	\$16.24	\$16.24
3	\$16.87	\$15.96	\$15.96
4a	\$16.49	N/A	N/A
4b	\$12.49	N/A	N/A

Pool Prices

Month	Quota	Overbase
July '10	\$15.94	\$14.24
August	\$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

USDA Milk-Feed Price Ratio

USDA reports that the milk-feed price ratio for January 2011 was 1.79. The current ratio of 1.79 means that a dairy producer can buy 1.79 pounds of feed for every pound of milk sold.

The prices used to calculate the January 2011 milk-feed price ratio: corn was \$5.37/bushel; baled alfalfa hay was \$121/ton; soybeans were \$12.60/bushel; all-milk price \$16.20/cwt. (up from \$16.70/cwt. in December 2010).

Federal Order Minimum Class I Prices

Hundredweight Prices

Regions	Jan.	Feb.	Mar.
Phoenix, Arizona	\$17.55	\$18.24	\$20.58
Portland, Oregon	\$17.10	\$17.79	\$20.13
Boston (Northeast)	\$18.45	\$19.14	\$21.48

Quota Transfer Summary

Quota Transfers	December	January	February
Number of Sellers	4	3	3
Pounds of SNF Quota Transferred	5,208	3,919	3,188
Average Price Per Pound of SNF Quota	\$450	\$448	\$435

Dairy Cow Culling Activity (Weekly)

Week Ending	Region 9 ¹	U.S. Dairy Cows	West Region ²
	Dairy Cows		Price Range
		Head	\$/cwt.
12/17/10	16,900	59,400	\$46-\$54
12/24/10	14,800	50,800	\$45-\$56
12/31/10	16,400	52,500	\$47-\$53
01/07/11	20,000	67,400	\$47-\$56
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

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

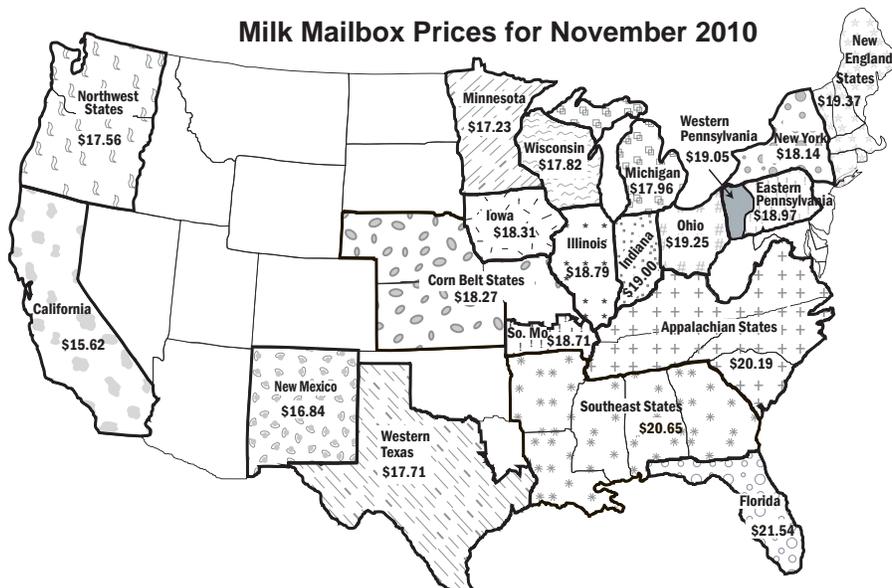
Milk Mailbox Prices in Dollars per Hundredweight

	May'10	June	July	August	September	October	November
California ¹	\$13.25	\$13.64	\$14.33	\$15.04	\$15.99	\$16.50	\$15.62
USDA ²	\$15.08	\$15.39	\$15.81	\$16.51	\$17.81	\$18.67	\$18.22

¹ California mailbox price calculated by CDFA.

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

Milk Mailbox Prices for November 2010



In November 2010, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$18.22 per cwt., down \$0.45 from the previous month average, and up \$2.85 from November 2009. The component tests of producer milk in November 2010 were: butterfat, 3.82%; protein, 3.17%; and other solids, 5.74%. On an individual reporting area basis, mailbox prices decreased from the previous month in all Federal milk order reporting areas except the Appalachian States and the Southeast States. Mailbox prices in November 2010 ranged from \$21.54 in Florida to \$16.84 in New Mexico.

U.S. January Milk Production

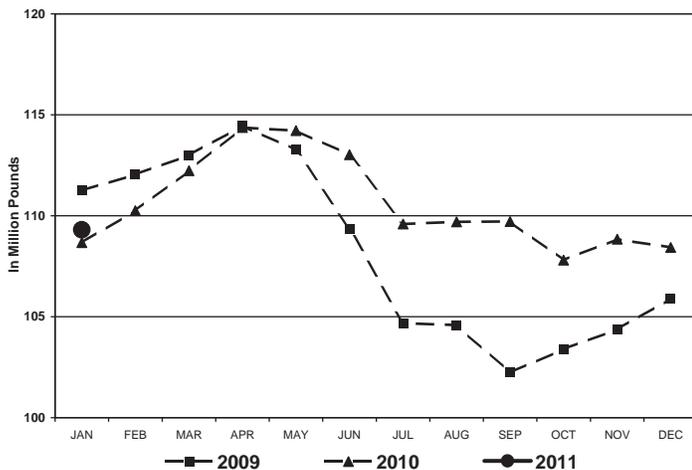
USDA estimates U.S. milk production for January 2011 in the top 23 milk producing states at 15.2 billion pounds, up 2.7 percent from January 2010. Production per cow in the top 23 milk producing states averaged 1,813 pounds for January, 29 pounds above January 2010.

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

- The number of cows on farms was 9.157 million head, up 68,000 head
- Production per cow averaged 1,789 pounds, 26 pounds more than January 2010
- Three 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 2.3% in January 2011 compared to January 2010. USDA reports that California milk production increased 0.7% compared to January 2010 (on 11,000 less cows and 25 more pounds per cow), Among other western states, compared to January 2010, Arizona was up 7.5%; New Mexico was up 6.1%; and Washington was up 2.3%. One of the top 10 states reported a production decrease. The largest increase was reported by Florida at 8.8% growth in milk production (on 3,000 more cows and 100 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 9.126 million head, milk production per cow decreased to 5,210 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 9.155 million head, production per cow will increase to 5,320 pounds; the net effect would be increased milk production to 48.7 billion pounds.

Top Ten Milk Production States

(Percent Change from Same Month/Previous Year)

1. California	+5.3%	6. Minnesota	-0.3%
2. Wisconsin	+1.6%	7. Michigan	+3.5%
3. New York	+4.4%	8. New Mexico	+6.1%
4. Idaho	+5.3%	9. Washington	+2.3%
5. Texas	+7.7%	10. Ohio	+1.1%

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 January 28, 2011 - Week Ending February 18, 2011

Petaluma

	Low/High	Average
Supreme	\$235/\$235	\$235
Premium	N/A	N/A
Good	N/A	N/A
Fair	\$195-\$200	\$200

Escalon-Merced-Modesto-Turlock

	Low/High	Average
Supreme	N/A	N/A
Premium	\$210/\$225	\$217
Good	\$200/\$220	\$203
Fair	\$185/\$190	\$188

Tulare-Visalia-Hanford-Bakersfield

	Low/High	Average
Supreme	\$230-\$270	\$251
Premium	\$230/\$250	\$241
Good	\$215/\$230	\$227
Fair	N/A	N/A

Chino-Los Angeles-San Diego

	Low/High	Average
Supreme	N/A	N/A
Premium	\$225/230	\$228
Good	\$200-\$205	\$202
Fair	N/A	N/A

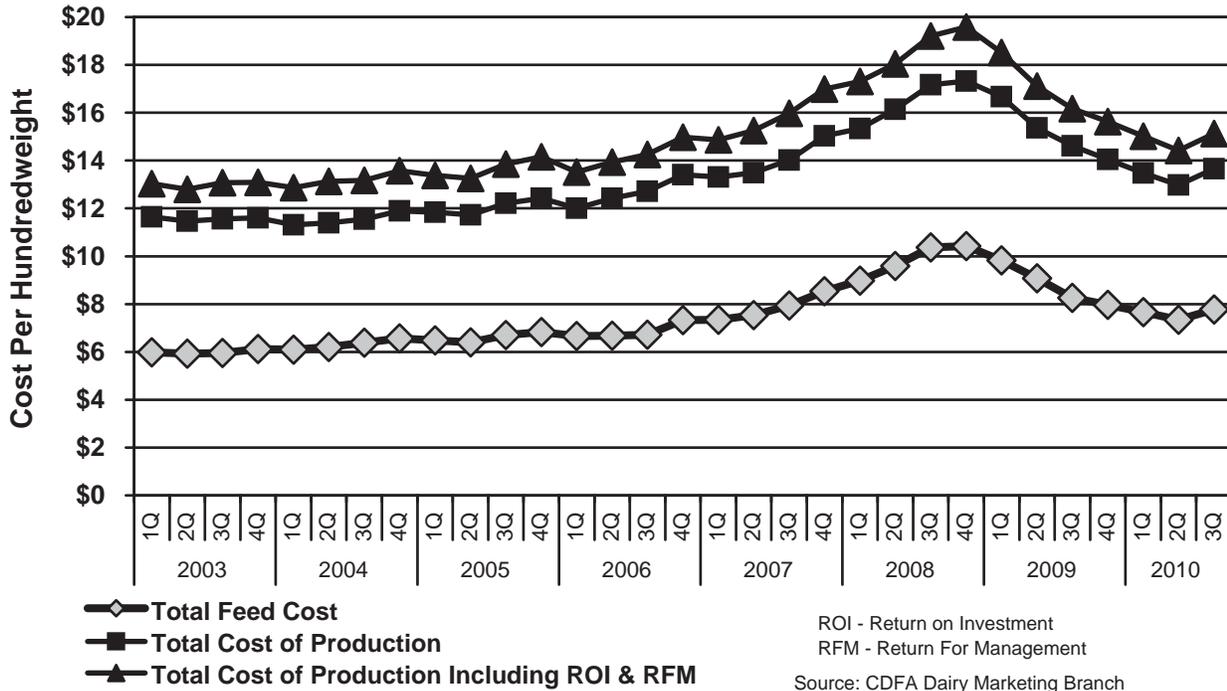
Alfalfa Hay Update

Northern California: All classes of domestic alfalfa were traded steady to firm with good demand and light supplies. The weather conditions hampered hay movement in the region.

Southern California: All classes of domestic alfalfa were traded at higher prices, with very good demand and very light supplies. Recent cold weather and rain limited movement of hay and delayed cutting.

U.S. Mailbox Milk Prices

California Cost of Production, Total Feed Cost, by Quarter Based on California Production Cost Survey, January 2003 through September 2010



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



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