



California Dairy Review

A publication serving the California dairy industry for over 14 years

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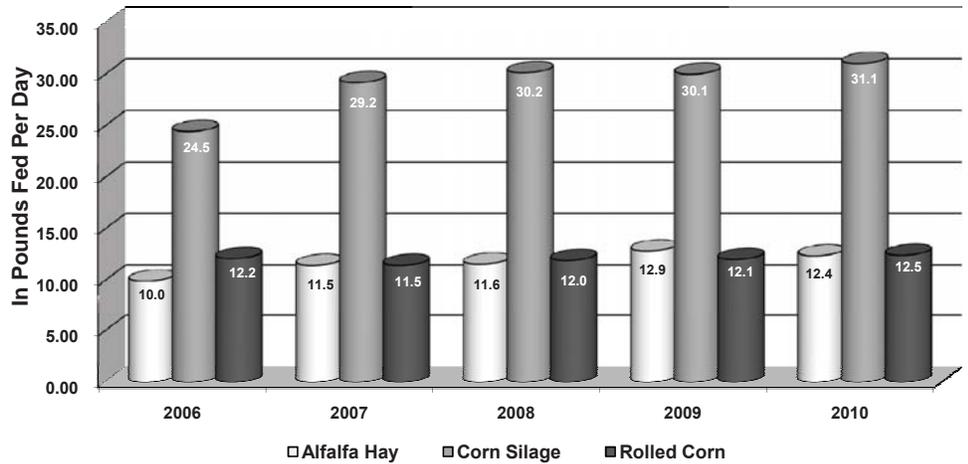
May 2011

Comparing Dairy Rations To Feed Prices

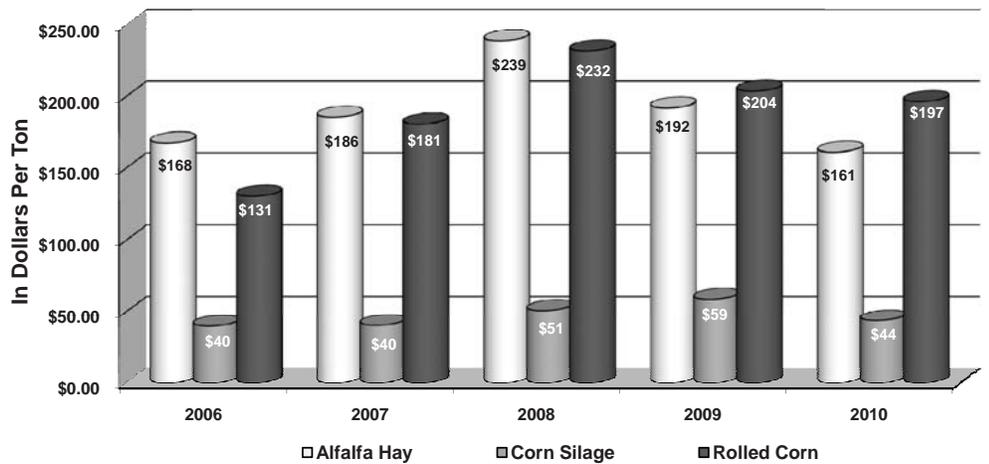
Over the past five years, fluctuations in feed commodity prices have varied greatly and prompted a closer look at the impact of feed prices on feed used in dairy rations. The graphs to the right display the three feed commodities considered to be staples in typical dairy rations: alfalfa hay, corn silage, and rolled corn. The average alfalfa hay fed in 2006 averaged \$168 per ton, reached a high of \$239 per ton in 2008, and decreased to \$161 per ton in 2010. Even though there was a \$78 per ton price spread between the highest and lowest average price per ton, the pounds of alfalfa hay fed per cow increased or was relatively flat. Corn silage also increased in price, in 2006 at \$40 per ton, reaching a high of \$59 per ton in 2009, and decreasing to \$44 per ton in 2010. The pounds fed per cow for corn silage steadily increased, from 24.5 pounds in 2006 to 31.1 pounds in 2010. The price spread of \$19 per ton over the five-year period did not appear to have an impact on quantities fed. The prices for alfalfa hay and corn silage seem to have a high correlation in tracking each other in price movement. Rolled corn usage appears to be flat over the five-year period regardless of the price, ranging from \$131 per ton in 2006, reaching a high of \$232 per ton in 2008, before decreasing to \$197 per ton in 2010.

The prices of these three feed commodities appear to have no significant impact on the amounts fed to dairy cattle. Additionally,

**Alfalfa Hay, Corn Silage, Rolled Corn
Average Pounds Fed Per Day, 2006-2010, San Joaquin Valley**



**Alfalfa Hay, Corn Silage, Rolled Corn
Average Cost Per Ton Fed, 2006-2010, San Joaquin Valley**



as the price for alfalfa hay, corn silage, and rolled corn increased and decreased, all other feed byproducts

increased and decreased in unison, limiting the advantage to switching to other feed ingredients.

Continued on back page

Minimum Class Prices

California Hundredweight Prices

Class	March	April	May
1 No. Calif.	\$19.24	\$21.66	\$20.90
So. Calif.	\$19.51	\$21.93	\$21.17
2 No. Calif.	\$16.01	\$18.90	\$18.90
So. Calif.	\$16.24	\$19.13	\$19.13
3	\$15.96	\$18.85	\$18.85
4a	\$19.06	N/A	N/A
4b	\$16.76	N/A	N/A

Federal Order Minimum Class Prices

Hundredweight Prices

Class I	March	April	May
Phoenix, Arizona	\$20.58	\$21.78	\$22.10
Portland, Oregon	\$20.13	\$21.33	\$21.65
Boston (Northeast)	\$21.48	\$22.68	\$23.00
Class III	\$19.40	N/A	N/A

Quota Transfer Summary

Quota Transfers	February	March	April
Number of Sellers	3	4	6
Pounds of SNF Quota			
Transferred	3,188	6,989	5,588
Average Price Per			
Pound of SNF Quota	\$435	\$443	\$432

Pool Prices

Month	Quota	Overbase
September '10	\$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
March	\$19.01	\$17.31

Dairy Cow Culling Activity (Weekly)

Week Ending	Region 9 ¹ Dairy Cows	U.S. Dairy Cows	West Region ² Price Range
	Head		\$/cwt.
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
03/11/11	16,400	58,900	\$64-\$68
03/18/11	15,900	57,500	\$63-\$69
03/25/11	15,100	56,200	\$64-\$67
04/01/11	14,500	56,100	\$61-\$71
04/08/11	15,200	58,200	\$68-\$73

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

USDA Milk-Feed Price Ratio

USDA reports that the milk-feed price ratio for March 2011 was 2.18. The current ratio of 2.18 means that a dairy producer can buy 2.18 pounds of feed for every pound of milk sold.

The prices used to calculate the March 2011 milk-feed price ratio: corn was \$5.46/bushel; baled alfalfa hay was \$136/ton; soybeans were \$12.10/bushel; all-milk price \$20.40/cwt. (up from \$19.10/cwt. in February 2011).

Milk Mailbox Prices in Dollars per Hundredweight

	July '10	August	September	October	November	December	January '11
California ¹	\$14.33	\$15.04	\$15.99	\$16.50	\$15.62	\$14.62	\$15.31
USDA ²	\$15.81	\$16.51	\$17.81	\$18.67	\$18.22	\$16.87	\$16.66

¹ California mailbox price calculated by CDFA.

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

Milk Mailbox Prices for January 2011



In January 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$16.66 per cwt., down \$0.21 from the previous month average, and up \$0.50 from January 2010. The component tests of producer milk in January 2011 were: butterfat, 3.83%; protein, 3.14%; 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 New England States, New York, Eastern Pennsylvania, Western Pennsylvania and Corn Belt States. Mailbox prices in January 2011 ranged from \$19.69 in Florida to \$14.72 in New Mexico.

U.S. Milk Production - March 2011

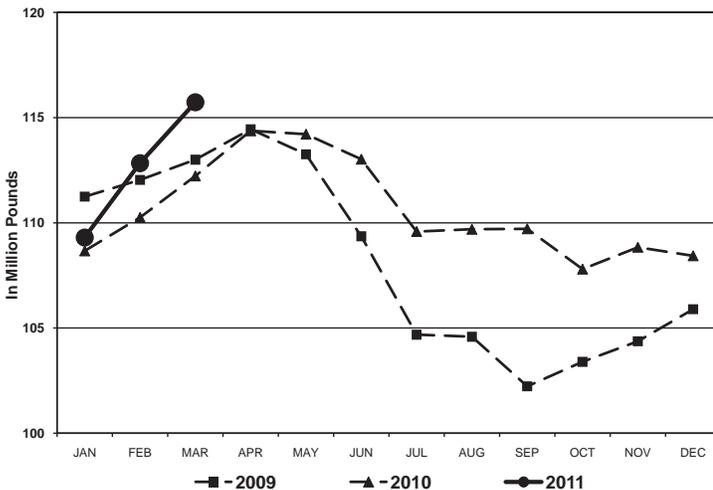
USDA estimates U.S. milk production for March 2011 in the top 23 milk producing states at 15.8 billion pounds, up 2.4 percent from March 2010. Production per cow in the top 23 milk producing states averaged 1,872 pounds for March, 24 pounds above March 2010.

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

- The number of cows on farms was 9.175 million head, up 76,000 head
- Production per cow averaged 1,851 pounds, 25 pounds more than March 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 2.2% in March 2011 compared to March 2010. USDA reports that California milk production increased 3.1% compared to March 2010 (on 1,000 more cows and 60 more pounds per cow). Among other western states, compared to March 2010, Arizona was up 8.6%; New Mexico was up 3.4%; and Washington was up 2.0%. Two of the top 10 states reported a production decrease. The largest increase was reported by Arizona and Colorado, both reporting an 8.6% growth in milk production.

Quarterly: For the first quarter of 2011 compared to the fourth quarter of 2010, U.S. milk cow numbers increased to 9.160 million head, milk production per cow increased to 5,300 pounds; the net effect was increased milk production to 48.5 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 9.165 million head, production per cow will increase to 5,505 pounds; the net effect would be increased milk production to 50.5 billion pounds.

Top Ten Milk Production States - March 2011

(Percent Change from Same Month/Previous Year)

1. California	+3.1%	6. Texas	+7.0%
2. Wisconsin	+1.3%	7. Minnesota	-1.5%
3. New York	+3.1%	8. Michigan	+0.7%
4. Idaho	+3.7%	9. New Mexico	+3.4%
5. Pennsylvania	-0.7%	10. Washington	+2.0%

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 March 25, 2011 - Week Ending April 22, 2011

Petaluma

	Low/High	Average
Supreme	N/A	N/A
Premium	N/A	N/A
Good	N/A	N/A
Fair	N/A	N/A

Escalon-Merced-Modesto-Turlock

	Low/High	Average
Supreme	\$300/\$345	\$323
Premium	\$230/\$320	\$284
Good	\$260/290	\$275
Fair	\$205/210	\$208

Tulare-Visalia-Hanford-Bakersfield

	Low/High	Average
Supreme	\$298/\$355	\$327
Premium	\$290/\$330	\$306
Good	N/A	N/A
Fair	N/A	N/A

Chino-Los Angeles-San Diego

	Low/High	Average
Supreme	\$317/\$317	\$317
Premium	\$290/310	\$300
Good	\$270/\$270	\$270
Fair	\$280/\$280	\$280

Alfalfa Hay Update

Northern California: All classes of new crop domestic alfalfa hay traded mostly steady with very light supplies for all classes of hay. Yields from first cutting are expected to be lower than normal due to the cold and wet weather throughout the month.

Southern California: Alfalfa hay traded steady with moderate supplies for dairy quality hay but light supplies for retail and stable hay. Demand is moderate on all dairy classes of hay as buyers are still cautious. Cool temperatures continued through the month of April.

U.S. Mailbox Milk Prices

Dairy Rations - from page 1

Other Common Feeds:

Dry Roughages

Wheat Hay
Oat Hay
Almond Hulls

Wet Roughages

Alfalfa haylage
Wheatlage
Oatlage

Wet Feeds

Citrus Pulp
Malt
Whey
Wet Distillers

Concentrates and Byproducts

Whole Cottonseed
Canola
Soybean Meal
Beet Pulp
Wheat Millrun
Dried Distillers Grain

Water Quality Upcoming Workshops

Some water quality monitoring requirements changed in early 2011, and various compliance tools have been revised. The California Dairy Quality Assurance Program is offering free workshops to offer information on the changes in reporting requirements and assist in the report process.

Workshop agenda items will include:

- Update on the annual report software tool
- Tips for preparing the July 1 reports
- Changes to the Monitoring and Reporting Program (MRP)
- Update on the Central Valley Dairy Representative Monitoring Program
- Updates on inspections, compliance and other environmental issues.

WORKSHOPS:

Tulare County

Wednesday, May 4, 2-4 pm
Tulare County Ag Center Auditorium,
4437 S. Laspina, Tulare

Stanislaus County

Thursday, May 5, 10 am - 12 noon
Stanislaus County Agricultural Center,
Harvest Hall, 3800 Cornucopia Way,
Modesto

Glenn County

Friday, May 6, 10am - 12 noon
Glenn County Farm Bureau Boardroom
831 5th Street, Orland

Fresno County

Tuesday, May 10, 10 am - 12 noon
Riverdale Memorial Hall, 3085 W. Mount
Whitney (across from high school),
Riverdale

San Joaquin County

Wednesday, May 11, 10am - 12 noon
Robert J. Cabral Ag Center Conference
Room, 2101 E. Earhart Ave., Stockton



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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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