

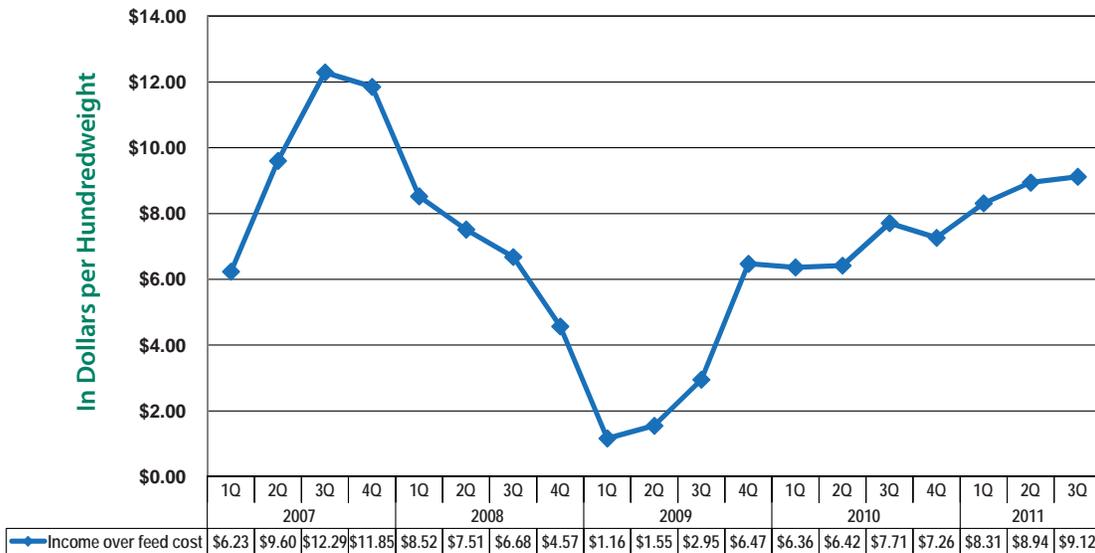
# California Dairy Review



Volume 16 Issue 1

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## California Dairy Producer Income Over Feed Costs 1<sup>st</sup> Quarter 2007 through 3<sup>rd</sup> Quarter 2011



The "Income Over Feed Cost" in dollars per hundredweight (cwt.) as displayed in the graph is calculated by subtracting the total feed costs per cwt. from the Mailbox price. These costs are based on the dairies participating in the CDFA Cost of Production Program.

## California Milk Production Cost Comparison, by Region 3<sup>rd</sup> 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>										
<b>3rd Quarter</b>										
Total Costs	\$16.73	\$19.89	\$13.75	\$16.10	\$13.57	\$16.50	\$12.74	\$16.22	\$13.65	\$16.41
Total Costs & Allowances*	\$18.47	\$21.80	\$15.20	\$17.70	\$15.06	\$18.12	\$14.29	\$17.95	\$15.13	\$18.04
<b>Yearly Average (All Twelve Months)</b>										
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

## Department Suspends Assessments

The California Food and Agricultural Code authorizes the Secretary of Food and Agriculture to establish an assessment of Milk Stabilization Administrative Fees on Grade A market milk and Grade B manufacturing milk sold in commercial trade channels to fund the operations of the Dairy Marketing Branch. Effective for

milk produced on or after January 1, 2012, the Secretary is suspending both of the Milk Stabilization Administrative Fees until such time as the program's cash balance is drawn down to a three-month reserve. Given average costs of administering the program, it is anticipated that the Fees will be suspended for a minimum of six months.

## California Minimum Class Prices

Hundredweight Prices

Class	November	December	January
1 No. Calif.	\$20.26	\$20.67	\$19.88
So. Calif.	\$20.54	\$20.94	\$20.15
2 No. Calif.	\$20.18	\$18.42	\$18.42
So. Calif.	\$20.42	\$18.65	\$18.65
3	\$20.13	\$18.37	\$18.37
4a	\$17.70	N/A	N/A
4b	\$17.19	N/A	N/A

## California Pool Prices

Pool Price	September	October	November
Quota	\$19.87	\$18.91	\$19.31
Overbase	\$18.17	\$17.21	\$17.61

## Quota Transfer Summary

Quota Transfers	October	November	December
Number of Sellers	4	4	1
Pounds of SNF Quota Transferred	5,017	2,525	150
Average Price Per Pound of SNF Quota	\$454	\$469	\$475

## Federal Order Minimum Class Prices

Hundredweight Prices

Class I	November	December	January
Phoenix, Arizona	\$20.80	\$20.82	\$21.15
Portland, Oregon	\$20.35	\$20.37	\$20.70
Boston (Northeast)	\$21.70	\$21.72	\$22.05
<b>Class III</b>	<b>\$19.07</b>	<b>N/A</b>	<b>N/A</b>

## USDA Milk-Feed Price Ratio

USDA reports that the milk-feed price ratio for November 2011 was 1.80 (down from 1.82 in October 2011). The current ratio of 1.80 means that a dairy producer can buy 1.80 pounds of feed for every pound of milk sold. The prices used to calculate the November 2011 milk-feed price ratio: corn was \$6.00/bushel; baled alfalfa hay was \$198/ton; soybeans were \$11.50/bushel; all-milk price \$19.90/cwt. (no change from October 2011).

Prices used to calculate the milk-feed price ratio are based on U.S. prices and don't necessarily reflect California prices.

## USDA Dairy Cow Culling Activity (Weekly)

Week Ending	Region 9 <sup>1</sup> Dairy Cows	U.S. Dairy Cows	West Region <sup>2</sup> Price Range
	Head		\$/cwt.
11/04/11	15,700	60,400	\$54-\$70
11/11/11	17,900	61,000	\$53-\$57
11/18/11	16,700	61,400	\$53-\$63
11/25/11	13,900	47,100	\$56-\$58
12/02/11	16,700	61,000	\$50-\$62
12/09/11	16,900	61,600	\$60-\$65

<sup>1</sup> Region 9 includes AZ, CA, HI and NV

<sup>2</sup> West region includes AZ, NV, UT, CA, ID, OR and WA

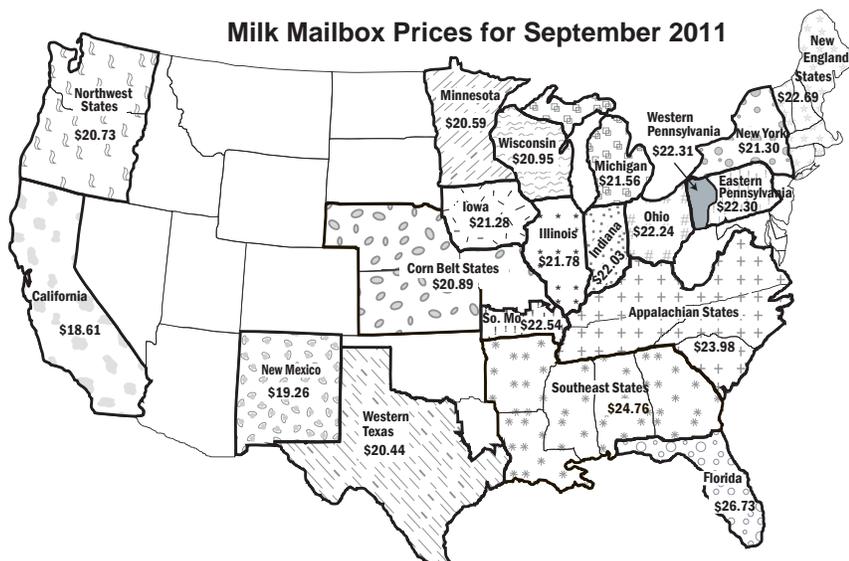
Source: USDA Market News: Report LM\_CT168 and SJ\_LS714

## Milk Mailbox Prices in Dollars per Hundredweight

	March '11	April	May	June	July	August	September
California <sup>1</sup>	\$18.00	\$17.51	\$17.72	\$19.80	\$19.67	\$19.85	\$18.61
USDA <sup>2</sup>	\$20.50	\$19.66	\$19.58	\$20.88	\$21.74	\$22.25	\$21.39

<sup>1</sup> California mailbox price calculated by CDFA.

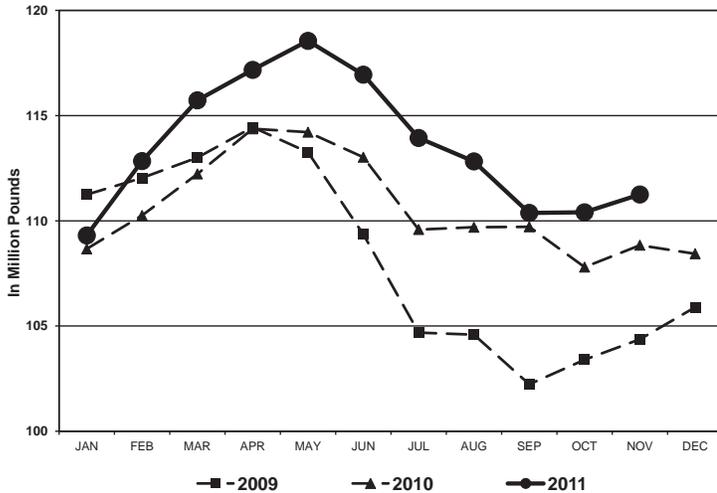
<sup>2</sup> All federal milk market order weighted average, as calculated by USDA.



In September 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$21.39 per cwt., down \$0.86 from the previous month's average, but up \$3.58 from September 2010. The component tests of producer milk in September 2011 were: butterfat, 3.65%; protein, 3.08%; and other solids, 5.72%. 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 Florida. Mailbox prices in September 2011 ranged from \$26.73 in Florida to \$19.26 in New Mexico.

## 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 1.8% in November 2011, compared to November 2010. USDA reports that California milk production increased 2.4% compared to November 2010 (on 27,000 more cows and 15 more pounds of milk per cow). Among other western states, compared to November 2010, Arizona was up 6.0%; New Mexico was up 6.3%; and Washington was up 4.4%. The largest increase was reported by Texas at 8.4% growth in milk production (on 20,000 more cows and 60 more pounds of milk per cow).

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

- The number of cows on farms was 9.216 million head, up 91,000 head
- Production per cow averaged 1,712 pounds, 14 pounds more than November 2010
- Six of the top twenty-three milk producing states showed a decrease in milk production

### Utility Cow Prices

Comparing the third quarter of 2011 to the second quarter of 2011, average U.S. utility cow prices were down \$8.77/cwt. to a national average of \$66.11/cwt. USDA projects that utility cow prices will average \$60-64/cwt. in the fourth quarter.

### Top Ten Milk Production States - Nov. 2011

(Percent Change from Same Month/Previous Year)

- |                       |                      |
|-----------------------|----------------------|
| 1. California +2.4%   | 6. Texas +8.4%       |
| 2. Wisconsin +1.6%    | 7. Minnesota -0.1%   |
| 3. Idaho +1.7%        | 8. Michigan +3.9%    |
| 4. New York -1.3%     | 9. New Mexico +6.3%  |
| 5. Pennsylvania -2.0% | 10. Washington +4.4% |

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

## USDA Commercial Cold Storage Report

Month	Butter		Total Cheese		Nonfat Dry Milk	
	2010	2011	2010	2011	2010	2011
In Million Pounds						
January	168	119	588	638	274	98
February	203	139	599	620	201	124
March	196	144	602	611	176	124
April	206	142	610	621	153	150
May	212	170	615	622	155	166
June	198	190	627	618	179	190
July	194	188	640	647	201	193
August	155	166	634	643	166	167
September	130	151	637	633	141	151
October	109	130	639	615	123	144
November	70	95	625	586	128	
December	82		631		145	

Source: USDA, Farm Services Agency, NASS Cold Storage and Dairy Products. (As published in the Dairy Market News)

## Alfalfa Hay Monthly Weighted Average Prices

Both F.O.B. and Delivered Prices Displayed - Week Ending December 2, 2011-December 16, 2011

**Region 3:** San Joaquin, Calaveras, Stanislaus, Tuolumne, Mono, Merced, and Mariposa.

FOB	Low/High	Average
Supreme	\$280/\$290	\$285
Premium	\$270/\$275	\$272
Good	\$240/\$260	\$250
Fair	\$250/\$250	\$250

**Region 4:** Madera, Fresno, Kings, Tulare, and Inyo.

FOB	Low/High	Average
Supreme	\$300/\$300	\$300
Premium	N/A	N/A
Good	N/A	N/A
Fair	N/A	N/A

**Region 5:** Kern, Northeast Los Angeles, and Western San Bernardino.

FOB	Low/High	Average
Supreme	\$290/\$330	\$305
Premium	\$270/\$280	\$277
Good	N/A	N/A
Fair	N/A	N/A

**Region 6:** Eastern San Bernardino, Riverside, and Imperial.

FOB	Low/High	Average
Supreme	\$270/\$290	\$279
Premium	\$260/\$280	\$274
Good	\$245/\$255	\$248
Fair	\$230/\$235	\$233

Delivered	Low/High	Average
Supreme	\$315/\$322	\$319
Premium	\$270/\$303	\$287
Good	\$295/\$295	\$295
Fair	\$245/\$295	\$271

Delivered	Low/High	Average
Supreme	\$325/\$325	\$325
Premium	\$300/\$300	\$300
Good	\$258/\$258	\$258
Fair	\$240/\$258	\$249

Delivered	Low/High	Average
Supreme	\$320/\$330	\$325
Premium	N/A	N/A
Good	N/A	N/A
Fair	N/A	N/A

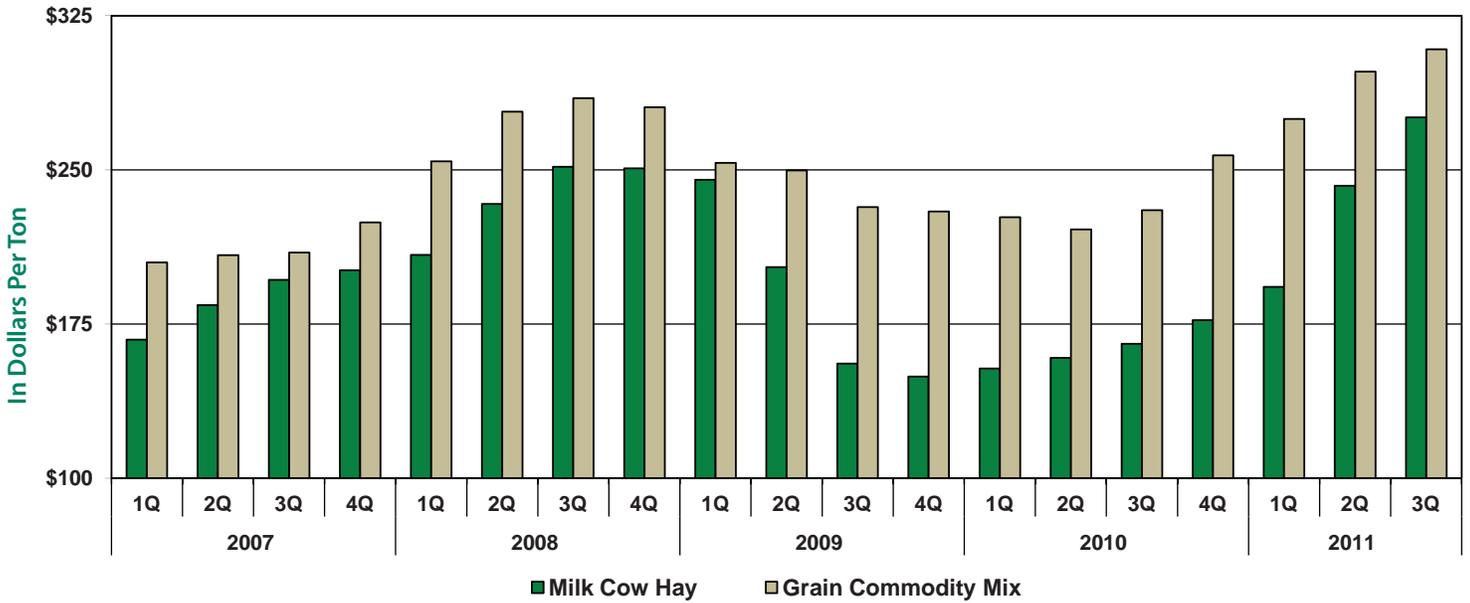
Delivered	Low/High	Average
Supreme	\$315/\$330	\$326
Premium	\$280/\$295	\$288
Good	\$265/\$265	\$265
Fair	N/A	N/A

SPECIAL NOTE: USDA Market News Service has discontinued the California Weekly Hay Report as of December 15, 2011.

Source: USDA CO Dept. of Ag Market News, Service, Greeley, CO, (970) 353-9750, www.ams.usda.gov/mnreports/ML\_GR311.txt

# California Milk Cow Hay and Grain Commodity Mix Prices<sup>1</sup>

1<sup>st</sup> Quarter 2007 through 3<sup>rd</sup> Quarter 2011, in Dollars Per Ton



<sup>1/</sup> Survey of average price for hay & grain mix fed by California producers.

Data Source: CDFA Dairy Marketing Branch

- The third quarter of 2011 showed that the Grain Commodity Mix costs and the Milk Cow Hay costs were the highest over the five-year period shown.

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