

Transportation Allowance and Credit Hearing Decision Announced

Having carefully weighed the contents of the hearing record from the April 4, 2013 transportation allowances and credits hearing, the Department has decided to amend the milk movement incentives as provided in the Milk Pooling Plan for Market Milk (Pooling Plan) and Stabilization and Marketing Plans for Market Milk for the Northern California and Southern California Marketing Areas (Stabilization Plans) as follows (all changes will be effective June 1, 2013):

TRANSPORTATION ALLOWANCES

For the Bay Area Receiving Area:

- For 0 to 78 miles, increase the rate from \$0.36/cwt. to \$0.41/cwt.; no change in the mileage bracket.
- For 78 to 199 miles, increase the rate from \$0.45/cwt. to \$0.47/cwt.; no change in the mileage bracket.
- Over 199 miles, increase the rate from \$0.47/cwt. to \$0.65/cwt.; no change in the mileage bracket.

For the North Bay Receiving Area:

- Add Napa County.
- For 0 to 45 miles, no change in rate or mileage bracket.
- For 45 to 96 miles, increase the rate from \$0.35/cwt. to \$0.37/cwt.; no change in the mileage bracket.
- Over 96 miles, increase the rate from \$0.44/cwt. to \$0.46/cwt.; no change in the mileage bracket.

For the Sacramento Receiving Area:

- For 0 to 59 miles, increase the rate from \$0.15/cwt. to \$0.17/cwt.; no change in the mileage bracket.
- Over 59 miles, no change in rate or mileage bracket.

For the Southern California Receiving Area:

From the counties of Riverside and San Bernardino:

- No changes.

From California's 56 Other Counties:

- For 0 to 79 miles, no change in the mileage bracket or rate.
- For 79 to 99 miles, no change in the mileage bracket or rate.
- For 99 to 119 miles, no change in the mileage bracket or rate.
- Eliminate Over 119 miles bracket, establish mileage bracket of 119 to 155 miles, rate remains at \$0.84/cwt.
- Establish an Over 155 mileage bracket, with a rate of \$0.91/cwt.

TRANSPORTATION CREDITS

For Southern California

- Increase the transportation credit from the designated supply county of Los Angeles to the deficit counties of Orange, Riverside, San Bernardino, San Diego, and Ventura from \$0.45/cwt. to \$0.54/cwt.

ESTIMATED FINANCIAL IMPACT TO THE POOL

Based on actual 2012 milk movement, the estimated average monthly cost increase to the Pool for these changes would be \$127,937 or \$0.004/cwt.

The Hearing Determinations, Panel Report, Pooling Plan, Stabilization Plans and more detailed explanation of the Department's decision can be obtained on the Dairy Marketing home page at www.cdfa.ca.gov/dairy by clicking on [Hearing Matrix]. To access the Stabilization Plans, click on [Dairy Marketing], located in the middle of the dairy home page and then on [Stabilization Plans]. To access the Pool Plan, click on [Milk Pooling], located in the middle of the dairy home page and then on [Pooling Plans].

California Minimum Class Prices

Hundredweight Prices

Class	April	May	June
1 No. Calif.	\$19.49	\$19.39	\$20.84
So. Calif.	\$19.77	\$19.66	\$21.12
2 No. Calif.	\$18.17	\$18.17	N/A
So. Calif.	\$18.40	\$18.40	N/A
3	\$18.12	\$18.12	N/A
4a	\$18.02	N/A	N/A
4b	\$16.92	N/A	N/A

Quota Transfer Summary

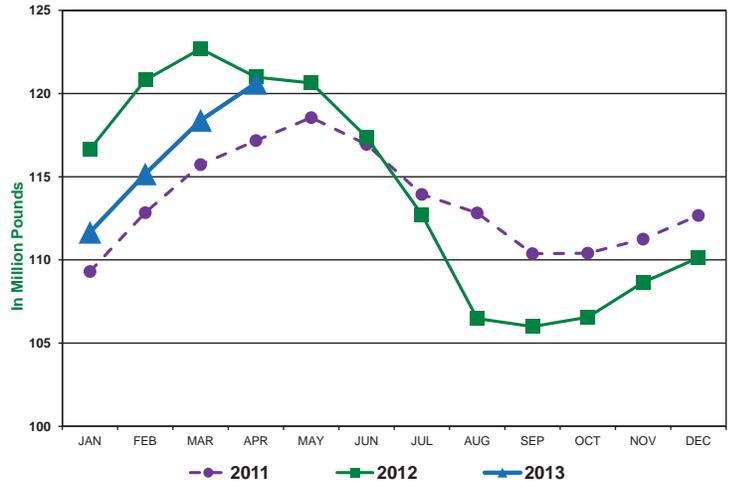
Quota Transfers	March	April	May
Number of Sellers	5	9	11
Pounds of SNF Quota Transferred	3,948	15,130	12,943
Average Price Per Pound of SNF Quota	\$399	\$403	\$398

California Pool Prices

Pool Price	Feb.	Mar.	Apr.
Quota	\$18.36	\$18.03	\$18.99
Overbase	\$16.66	\$16.33	\$17.29

California Milk Production

Average Daily Basis: 2011, 2012, 2013



February 2012 Milk Production included 29 days.

California Milk Production Cost Comparison, by Region, 4th Quarter 2011-2012

Quarter	North Coast		North Valley		South Valley		Southern California		Statewide Weighted Averages	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
<i>In Dollars per Hundredweight</i>										
4th Quarter										
Total Costs	\$23.39	\$24.54	\$17.02	\$18.30	\$16.84	\$18.58	\$16.60	\$17.92	\$17.43	\$18.55
Total Costs & Allowances*	\$25.34	\$26.31	\$18.54	\$19.78	\$18.45	\$20.13	\$18.24	\$19.56	\$19.01	\$20.08

*Includes an allowance for management and a return on investment.

California Alfalfa Hay Monthly Weighted Average Prices – Delivered

Week Ending	April 26, 2013		May 3, 2013		May 10, 2013		May 17, 2013	
	Tons	Price Range	Tons	Price Range	Tons	Price Range	Tons	Price Range
Tulare, Hanford Areas								
Supreme	2,807	\$265-\$280	5,600	\$265-\$285	2,280	\$270-\$285	3,245	\$265-\$285
Premium	9,446	\$255-\$275	3,875	\$255-\$270	6,020	\$260-\$272	3,925	\$265-\$275
Good	4,025	\$237-\$260	6,035	\$240-\$260	1,500	\$243-\$255	4,475	\$240-\$265
Fair	1,230	\$228-\$230	2,166	\$225-\$230	4,100	\$220-\$238	2,000	\$220-\$233
Escalon, Modesto, Turlock Areas								
Supreme	2,270	\$260-\$275	3,010	\$265-\$278	1,575	\$265-\$275	3,000	\$267-\$285
Premium	2,730	\$255-\$265	1,745	\$250-\$260	475	\$255-\$265	650	\$258-\$268
Good	1,400	\$235-\$250	1,025	\$235-\$245	800	\$230-\$245	450	\$240-\$245
Fair	850	\$220-\$230	2,225	\$215-\$220	325	\$210-\$220	925	\$210-\$225

Source: The Hoyt Report, Inc.

Federal Order Minimum Class Prices

Hundredweight Prices

Class I	April	May	June
Phoenix, Arizona	\$20.01	\$20.11	\$21.28
Portland, Oregon	\$19.56	\$19.66	\$20.83
Boston (Northeast)	\$20.91	\$21.01	\$22.18
Class III	\$17.59	N/A	N/A

USDA Dairy Cow Culling Activity

Week Ending	Region 9 ¹ Dairy Cows	U.S. Dairy Cows	West Region ² Price Range
	Head	Head	\$/cwt.
4/13/13	18,100	63,900	\$64-\$68
4/20/13	17,000	62,300	\$58-\$73
4/27/13	16,400	59,900	\$65-\$69
5/04/13	15,300	55,800	\$67-\$75
5/11/13	14,900	55,500	\$65-\$80

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

USDA Commercial Cold Storage Report

Month	Butter		American Cheese		Nonfat Dry Milk	
	2012	2013	2012	2013	2012	2013
<i>In Million Pounds</i>						
January	170	207	612	644	159	249
February	205	240	608	667	196	225
March	211	255	622	680	210	214
April	254	311	632	699	227	
May	264		623		215	
June	243		630		145	
July	234		635		130	
August	201		614		106	
September	195		608		118	
October	145		582		104	
November	127		581		127	
December	153		605		181	

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

USDA Milk-Feed Price Ratio

USDA reports that the milk-feed price ratio for April 2013 was 1.56 (up from 1.48 in March 2013). The current ratio of 1.56 means that a dairy producer can buy 1.56 pounds of feed for every pound of milk sold. The prices used to calculate the April 2013 milk-feed price ratio were: corn \$6.67/bushel; baled alfalfa hay \$215/ton; soybeans \$14.20/bushel; all-milk price \$19.30/cwt. (up \$0.20/cwt. from March 2013).

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

National Dairy Situation & Outlook USDA Estimates

Milk Production

Note: Through September 2013, USDA will only publish administrative data for Milk Production (there will be no "milk per cow" or "number of cows" data available).

Monthly: USDA estimates overall milk production across the U.S. was up by 0.2% in April 2013, compared to April 2012. USDA reports that California milk production decreased 0.2% compared to April 2012. Among other western states, compared to April 2012, Arizona was down 1.7%; New Mexico was down 2.5%; and Washington was up 1.7%. Three of the top 10 states reported a production decrease. The largest increase was reported by Kansas at 6.4% growth in milk production.

Quarterly: For the first quarter of 2013 compared to the fourth quarter of 2012, U.S. milk cow numbers increased to 9.225 million head, milk production per cow increased to 5,475 pounds; the net effect was increased milk production at 50.5 billion pounds. USDA projects that for the second quarter of 2013 compared to the first quarter of 2013, U.S. milk production will increase to 51.8 billion pounds.

Milk Prices: Comparing the first quarter of 2013 to the fourth quarter of 2012, U.S. average milk prices decreased to \$19.50/cwt. USDA projects that for the second quarter of 2013, U.S. average all-milk prices will be \$19.25-19.55/cwt.; Class III prices will be \$17.80-18.10/cwt.; and Class IV prices will be \$18.40-18.80/cwt.

Utility Cow Prices

Comparing the first quarter of 2013 to the fourth quarter of 2012, average U.S. utility cow prices were up \$4.06/cwt. to a national average of \$77.87/cwt. USDA projects that utility cow prices will average \$79-81/cwt. in the second quarter of 2013.

Top Ten Milk Production States - April 2013

(Percent Change from Same Month/Previous Year)

1. California	-0.2%	6. Texas	-3.2%
2. Wisconsin	+1.3%	7. Minnesota	+1.8%
3. New York	+1.7%	8. Michigan	+1.3%
4. Idaho	+0.5%	9. New Mexico	-2.5%
5. Pennsylvania	+0%	10. Washington	+1.7%

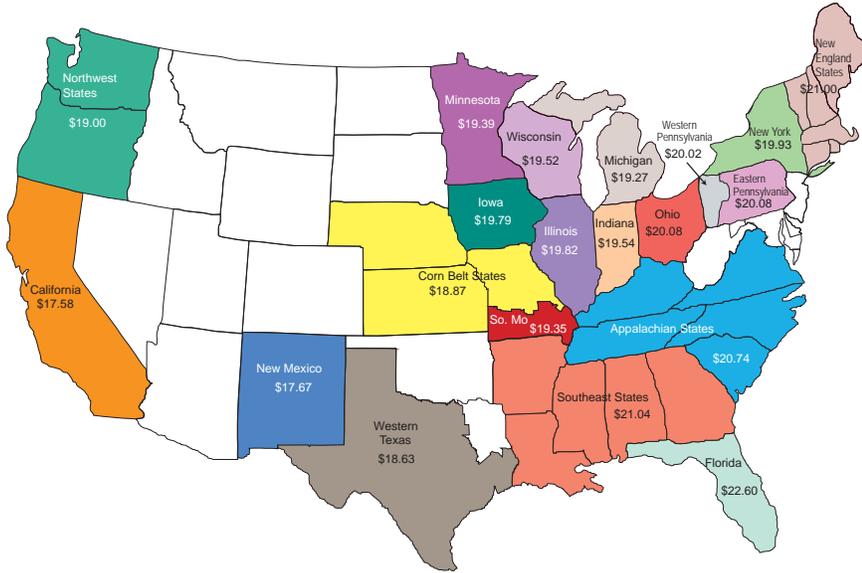
Information from the USDA-NASS publication "Milk Production" and the USDA-ERS publication: "Livestock, Dairy, and Poultry Outlook."

Milk Mailbox Prices in Dollars per Hundredweight - 2013

Area	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.
California	\$17.73	17.58										
USDA	\$20.18	19.56										

¹ California mailbox price calculated by CDFA

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



In February 2013, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$19.56 per cwt., down \$0.62 from the January 2013 average, but up \$1.64 from the February 2012 average. The component tests of producer milk in February 2013 were: butterfat, 3.83%; protein, 3.15%; and other solids, 5.76%. On an individual reporting area basis, mailbox prices decreased in all Federal milk order reporting areas when compared to the previous month. Mailbox prices in February 2013 ranged from \$22.60 in Florida to \$17.67 in New Mexico.

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