

Department to Hold a Public Hearing, April 11-12, 2016

The Department of Food and Agriculture has called a public hearing, on its own motion, to consider amendments to the Class 4b pricing formula. The hearing will be held on April 11, 2016 in the Department Auditorium, 1220 N Street, Sacramento, California 95814, beginning at 9:00 a.m., and will continue the following day if necessary. The Department's entire hearing exhibit for this hearing will be available for public inspection at the Dairy Marketing Branch office beginning on April 4, 2016.

Alternative Proposals detailing adjustments to the dry whey valuation scale of the Class 4b pricing formula were submitted for consideration at this hearing by: 1) Dairy Institute of California; and 2) California Dairy Campaign, Milk Producers Council, Western United Dairymen. A decision regarding this hearing will be announced by the Department no later than 62 days from the date of the hearing. For more information about the hearing, please visit the CDFA Dairy Marketing Branch website at: http://www.cdfa.ca.gov/dairy/dairy_hearings_matrix.html

California Milk Production Cost Comparison, by Region, 2014-2015

Quarter	North Coast		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
<i>Dollars per Hundredweight</i>										
1st Quarter										
Total Costs	\$24.89	\$26.65	\$16.73	\$17.89	\$16.19	\$17.37	\$16.11	\$16.49	\$16.56	\$17.71
Total Costs & Allowances*	\$26.92	\$28.37	\$18.38	\$19.29	\$17.84	\$18.78	\$17.76	\$17.86	\$18.22	\$19.12
2nd Quarter										
Total Costs	\$23.50	\$25.04	\$17.07	\$17.37	\$16.72	\$17.07	\$15.73	\$16.00	\$16.93	\$17.30
Total Costs & Allowances*	\$25.34	\$26.77	\$18.69	\$18.81	\$18.33	\$18.52	\$17.33	\$17.40	\$18.55	\$18.74
3rd Quarter										
Total Costs	\$25.74	\$26.70	\$17.75	\$17.92	\$17.75	\$18.05	\$17.03	\$17.26	\$17.88	\$18.16
Total Costs & Allowances*	\$27.69	\$28.67	\$19.43	\$19.48	\$19.44	\$19.64	\$18.75	\$18.87	\$19.58	\$19.74
4th Quarter										
Total Costs	\$27.47	\$29.47	\$18.30	\$18.02	\$18.22	\$17.71	\$17.31	\$17.44	\$18.39	\$18.08
Total Costs & Allowances*	\$29.38	\$31.66	\$19.93	\$19.67	\$19.85	\$19.34	\$18.99	\$19.13	\$20.09	\$19.74

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

California Minimum Class Prices

Hundredweight Prices

Class	Feb.	Mar.	Apr.
1 No. Calif.	\$14.98	\$15.38	\$15.26
So. Calif.	\$15.25	\$15.65	\$15.53
2 No. Calif.	\$14.33	\$14.33	\$13.27
So. Calif.	\$14.56	\$14.56	\$13.50
3	\$14.28	\$14.28	\$13.22
4a	\$13.28	\$12.41	N/A
4b	\$13.05	\$13.24	N/A

Quota Transfer Summary

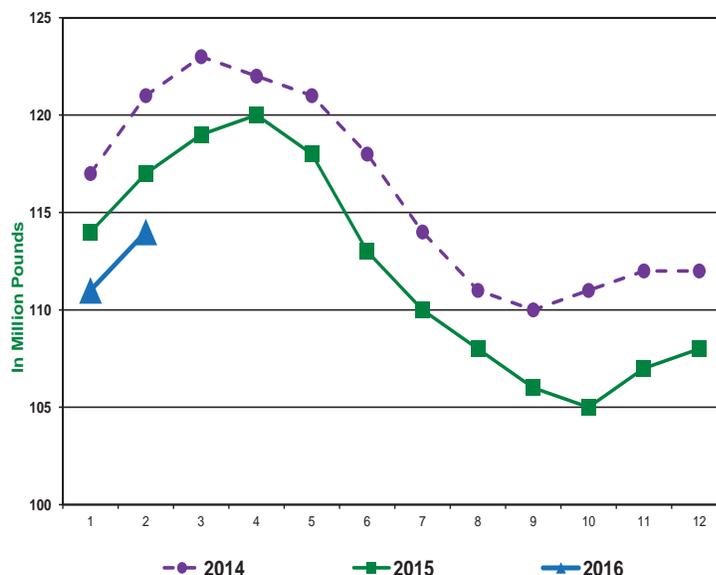
Quota Transfers	Jan.	Feb.	Mar.
Number of Sellers	7	1	5
Pounds of SNF Quota Transferred	6,198	739	5,697
Average Price Per Pound of SNF Quota	\$539	\$540	\$546

California Pool Prices

Pool Price	Dec.	Jan.	Feb.
Quota	\$15.55	\$15.14	\$14.79
Overbase	\$13.85	\$13.44	\$13.09

California Milk Production

Average Daily Basis: 2014, 2015, 2016



California Alfalfa Hay Monthly Weighted Average Prices – Delivered

Week Ending	February 26, 2016		March 4, 2016		March 11, 2016		March 18, 2016		
	Delivered	Tons	Price Range	Tons	Price Range	Tons	Price Range	Tons	Price Range
Tulare, Hanford Areas									
Supreme		2,750	\$240-\$260	2,425	\$245-\$255	4,550	\$240-\$255	3,733	\$235-\$265
Premium		750	\$215-\$238	1,400	\$230-\$235	1,620	\$230-\$240	1,800	\$230-\$245
Good		700	\$185	2,500	\$175-\$190	2,050	\$175-\$185	1,750	\$185-\$190
Fair		8,125	\$150-\$160	200	\$155	2,850	\$148-\$160	2,200	\$145-\$165
Escalon, Modesto, Turlock Areas									
Supreme		1,405	\$230-\$270	125	\$240-\$260	150	\$240-\$250	250	\$245-\$265
Premium		-	No Sales	50	\$218	100	\$218-\$230	150	\$218-\$230
Good		-	No Sales	130	\$165-\$195	125	\$180-\$190	-	No Sales
Fair		850	\$155-\$165	425	\$155-\$170	-	No Sales	280	\$145-\$170

Source: The Hoyt Report, Inc.

Federal Order Minimum Class Prices

Hundredweight Prices

Class I	Feb.	Mar.	Apr.
Phoenix, Arizona	\$15.99	\$16.13	\$16.09
Portland, Oregon	\$15.54	\$15.68	\$15.64
Boston (Northeast)	\$16.89	\$17.03	\$16.99
Class III	\$13.80	\$13.74	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.
02/12/16	18,000	61,800	\$62-\$75
02/19/16	17,500	58,800	\$62-\$62
02/26/16	17,600	62,500	\$61-\$61
03/04/16	16,200	59,100	\$61-\$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 SJ_LS714

USDA Commercial Cold Storage Report

Month	Butter		American Cheese		Nonfat Dry Milk	
	2015	2016	2015	2016	2015	2016
<i>In Million Pounds</i>						
January	149	192	636	716	240	227
February	179	235	646	715	241	N/A
March	184		632		251	
April	232		644		248	
May	264		664		261	
June	256		685		262	
July	254		698		270	
August	212		709		231	
September	188		699		212	
October	179		697		180	
November	133		698		198	
December	155		701		204	

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 January 2016 was 2.14 (down from 2.27 in December 2015). The current ratio of 2.14 means that a dairy producer can buy 2.14 pounds of feed for every pound of milk sold. The prices used to calculate the January 2016 milk-feed price ratio were: corn \$3.66/bushel; soybeans \$8.71/bushel; alfalfa hay \$147/ton; all-milk price \$16.10/cwt. (decreased from \$17.20 in December 2015).

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 Production¹

Monthly: USDA estimates overall milk production across the U.S. increased 4.6% in February 2016, compared to February 2015. USDA reports that California milk production increased 0.5% compared to February 2015 (with 5,000 less cows and 15 more pounds of milk per cow). Among other western states, compared to February 2015, Arizona was up 4.1%; New Mexico was down 2.6%; and Washington was up 3.6%. Only New Mexico reported a production decrease. The largest increase was reported by South Dakota at 14.5% growth in milk production (on 11,000 more cows and 60 more pounds of milk per cow).

Quarterly: For the fourth quarter of 2015 compared to the third quarter of 2015, U.S. milk cow numbers increased to 9.321 million head, milk production per cow decreased to 5,503 pounds; the net effect was a decrease in milk production to 51.3 billion pounds. USDA projects that for the first quarter of 2016 compared to the fourth quarter of 2015, milk cow numbers will decrease to 9.305 million head, production per cow will increase to 5,670 pounds; the net effect would be an increase in milk production to 52.8 billion pounds.

Milk Prices

Comparing the fourth quarter of 2015 to the third quarter of 2015, U.S. average all-milk prices increased to \$17.70/cwt. USDA projects that for the first quarter of 2016, U.S. average all-milk prices will be \$15.45-\$15.65/cwt.; Class III prices will be \$13.55-\$13.75/cwt.; and Class IV prices will be \$13.10-\$13.40/cwt.

Utility Cow Prices

Comparing the fourth quarter of 2015 to the third quarter of 2015, average U.S. utility cow prices were down \$25.54/cwt. to a national average of \$77.80/cwt. USDA projects that utility cow prices will average \$72-\$75/cwt. in the first quarter of 2016.

Top Ten Milk Production States - Feb. 2016¹

(Percent Change from Same Month/Previous Year)

1. California	+0.5%	6. Michigan	+11.6%
2. Wisconsin	+8.9%	7. Texas	+1.5%
3. New York	+8.3%	8. Minnesota	+5.1%
4. Idaho	+5.6%	9. New Mexico	-2.6%
5. Pennsylvania	+3.5%	10. Washington	+3.6%

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

¹ Feb. 2016 compared to Feb 2015 includes an additional day due to leap year.

Milk Mailbox Prices in Dollars per Hundredweight - 2015

2015 Mailbox Milk Prices

Reporting Areas	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Dollars Per Hundredweight												
California	\$15.11	\$14.49	\$14.45	\$14.43	\$14.72	\$15.05	\$14.62	\$15.05	\$15.71	\$15.82	\$16.36	\$15.19
New England States	\$19.33	\$18.44	\$18.08	\$17.97	\$18.07	\$18.18	\$17.74	\$17.72	\$18.66	\$19.29	\$20.15	\$19.05
New York	\$18.01	\$17.05	\$16.67	\$16.55	\$16.68	\$16.74	\$16.44	\$16.44	\$17.32	\$17.95	\$18.89	\$17.73
Eastern Pennsylvania	\$17.85	\$17.03	\$16.56	\$16.41	\$16.48	\$16.49	\$16.28	\$16.37	\$17.45	\$18.06	\$19.03	\$17.91
Appalachian States	\$19.09	\$17.94	\$16.91	\$16.54	\$16.49	\$17.02	\$17.53	\$17.62	\$19.01	\$18.83	\$19.72	\$18.56
Southeast States	\$19.81	\$18.29	\$17.06	\$16.61	\$16.69	\$17.28	\$18.05	\$18.20	\$19.36	\$18.92	\$19.68	\$18.45
Southern Missouri	\$18.39	\$17.72	\$16.79	\$15.95	\$15.99	\$16.59	\$17.88	\$17.80	\$19.36	\$19.35	\$19.97	\$18.75
Florida	\$21.33	\$19.55	\$17.98	\$17.77	\$17.77	\$18.21	\$18.96	\$19.11	\$20.19	\$19.76	\$20.42	\$19.35
Western Pennsylvania	\$17.98	\$17.10	\$16.73	\$16.72	\$16.75	\$16.67	\$16.54	\$16.42	\$17.66	\$18.27	\$19.09	\$17.87
Ohio	\$18.19	\$17.33	\$16.85	\$16.79	\$16.84	\$16.78	\$16.66	\$16.36	\$17.61	\$18.09	\$18.95	\$17.35
Indiana	\$17.31	\$16.43	\$15.89	\$16.04	\$15.81	\$15.87	\$15.75	\$15.70	\$16.83	\$16.99	\$17.95	\$16.98
Michigan	\$16.89	\$16.03	\$15.56	\$15.58	\$15.48	\$15.47	\$15.33	\$15.48	\$16.61	\$16.78	\$17.34	\$16.08
Wisconsin	\$18.18	\$17.58	\$17.46	\$17.51	\$17.65	\$17.82	\$17.49	\$17.50	\$17.76	\$17.85	\$18.03	\$17.26
Minnesota	\$18.03	\$17.41	\$17.32	\$17.36	\$17.55	\$17.61	\$17.06	\$17.23	\$17.44	\$17.63	\$17.59	\$17.00
Iowa	\$17.58	\$17.11	\$16.74	\$16.65	\$16.72	\$16.97	\$16.68	\$16.84	\$17.59	\$17.35	\$17.72	\$17.17
Illinois	\$17.74	\$17.28	\$17.01	\$16.79	\$16.84	\$16.90	\$16.75	\$17.07	\$17.72	\$17.98	\$18.45	\$17.46
Corn Belt States	\$16.55	\$16.01	\$15.63	\$15.56	\$15.76	\$15.86	\$15.68	\$15.44	\$15.83	\$16.70	\$17.45	\$16.27
Western Texas	\$16.38	\$15.78	\$15.47	\$15.49	\$15.71	\$15.70	\$15.55	\$15.88	\$16.62	\$16.71	\$17.41	\$16.07
New Mexico	\$15.19	\$14.84	\$14.51	\$14.39	\$14.63	\$14.62	\$14.90	\$14.73	\$15.52	\$15.55	\$16.46	\$14.96
Northwest States	\$16.79	\$15.39	\$16.65	\$15.69	\$16.81	\$15.83	\$15.33	\$15.42	\$17.24	\$17.35	\$18.18	\$16.44
All Federal Order Areas	\$17.71	\$16.91	\$16.60	\$16.44	\$16.60	\$16.62	\$16.43	\$16.48	\$17.37	\$17.60	\$18.22	\$17.13

California mailbox price calculated by CDFA Dairy Marketing Branch
All federal milk market order weighted average, as calculated by USDA.

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