California Dairy Review

cdfa

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2016-2017 Dairy Council Assessment Rates Established

The Dairy Council of California has recommended and the Department of Food and Agriculture has approved assessment rates for the Council's 2016-2017 fiscal year (July 1, 2016, through June 30, 2017). The rates are presented below. These rates are the same as last year's rates.

2016-2017 Dairy Council Assessment Rates *(applicable to both producers and handlers)*	
Class 1 Milk	One and fifty hundredths cents (**$0.015**) per cwt.
Milk For All Other Classes	Sixty hundredths cents (**$0.006**) per cwt.

The Dairy Council uses the funds generated from these assessments to carry out its mission of stimulating demand for milk by demonstrating the role of milk and dairy products as essential elements in a healthy diet. As in the past, handlers will continue to be responsible for remitting both the handler and producer assessments to the Department. Handlers shall pay the handler assessments for milk utilized in the plant of the handler. The producer assessments shall be collected by the first handler of milk produced in California by deducting any such assessments from any payment due the producer of such milk. Please call Amy Uber of the CDFA Marketing Branch at (916) 900-5018 if you have any questions about these assessment rates. If you have questions regarding the activities of the Dairy Council, please call Tammy Anderson-Wise, CEO of the Dairy Council, at (916) 263-3560.

California Milk Production Cost Comparison, by Region, 2015-2016

Quarter	North Coast		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
	Dollars per Hundredweight									
1st Quarter										
Total Costs	$26.65	$28.57	$17.89	$17.07	$17.37	$16.45	$16.49	$16.28	$17.71	$16.94
Total Costs & Allowances*	$28.37	$30.65	$19.29	$18.53	$18.78	$17.95	$17.86	$17.77	$19.12	$18.44

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

California Minimum Class Prices

Hundredweight Prices

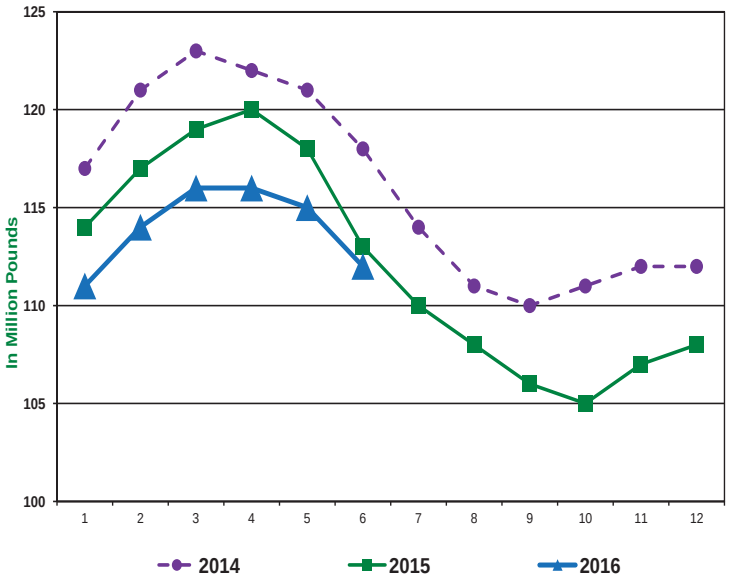
Class	June.	July.	Aug.
1 No. Calif.	$14.35	$14.87	$16.37
So. Calif.	$14.62	$15.14	$16.64
2 No. Calif.	$12.98	$12.98	$14.30
So. Calif.	$13.22	$13.22	$14.53
3	$12.93	$12.93	$14.25
4a	$13.51	$14.23	N/A
4b	$13.03	$14.67	N/A

California Pool Prices

Pool Price	Apr.	May.	June.
Quota	$14.31	$13.63	$14.62
Overbase	$12.61	$11.93	$12.92

California Milk Production

Average Daily Basis: 2014, 2015, 2016



Quota Transfer Summary

Quota Transfers	June	July	August
Number of Sellers	5	5	5
Pounds of SNF Quota Transferred	4,720	4,791	6,385
Average Price Per Pound of SNF Quota	$542	$541	$545

California Alfalfa Hay Monthly Weighted Average Prices – Delivered

Week Ending	July 1, 2016		July 8, 2016		July 15, 2016		July 22, 2016	
Delivered	Tons	Price Range	Tons	Price Range	Tons	Price Range	Tons	Price Range
Tulare, Hanford Areas								
Supreme	4,200	$235-$265	3,400	$235-$250	1,475	$240-$260	475	$242-$260
Premium	7,875	$215-$250	2,080	$225-$235	1,875	$225-$240	600	$210-$235
Good	9,375	$150-$195	5,300	$145-$190	2,990	$147-$195	4,210	$152-$210
Fair	7,575	$125-$138	7,750	$125-$140	2,770	$125-$140	7,245	$125-$145
Escalon, Modesto, Turlock Areas								
Supreme	5,750	$230-$247	3,300	$235-$245	605	$230-$245	2,300	$230-$250
Premium	1,515	$220-$225	3,200	$220-$230	1,275	$205-$225	1,875	$208-$230
Good	900	$165-$180	600	$150-$180	275	$160-$175	700	$160-$180
Fair	2,215	$125-$130	1,725	$120-$125	830	$125	6,075	$120-$135

Source: The Hoyt Report, Inc.

Federal Order Minimum Class Prices

Hundredweight Prices

Class I	June.	July.	Aug.
Phoenix, Arizona	$15.49	$16.05	$17.42
Portland, Oregon	$15.04	$15.60	$16.97
Boston (Northeast)	$16.39	$16.95	$18.32
Class III	$13.22	$15.24	**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.
06/24/16	13,700	49,000	$68-$69
07/01/16	13,000	51,200	$71-$79
07/08/16	12,100	43,900	$71-$76
07/15/16	12,700	53,000	$72-$76

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
	In Million Pounds					
January	149	192	636	716	240	226
February	179	236	646	716	240	217
March	184	243	634	726	251	232
April	232	296	644	734	248	252
May	265	325	669	758	261	232
June	256	326	686	759	262	238
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 June 2016 was 1.91 (up from 1.89 in May 2016). The current ratio of 1.91 means that a dairy producer can buy 1.91 pounds of feed for every pound of milk sold. The prices used to calculate the June 2016 milk-feed price ratio were: corn $3.82/bushel; soybeans $10.20/bushel; alfalfa hay $142/ton; all-milk price $14.80/cwt. (increased from $14.50 in May 2016).

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

Monthly: USDA estimates overall milk production across the U.S. increased 1.6% in June 2016, compared to June 2015. USDA reports that California milk production decreased 1.0% compared to June 2015 (with 8,000 less cows and 10 less pounds of milk per cow). Among other western states, compared to June 2015, Arizona was up 2.8%; New Mexico was down 3.5%; and Washington was unchanged. Two of the top ten milk producing states reported a production decrease. The largest increase was reported by South Dakota at 6.6% growth in milk production (on 9,000 more cows and 30 less pounds of milk per cow).

Quarterly: For the second quarter of 2016 compared to the first quarter of 2016, U.S. milk cow numbers increased to 9.325 million head, milk production per cow increased to 5,835 pounds; the net effect was an increase in milk production to 54.4 billion pounds. USDA projects that for the third quarter of 2016 compared to the second quarter of 2016, milk cow numbers will decrease to 9.320 million head, production per cow will decrease to 5,635 pounds; the net effect would be a decrease in milk production to 52.5 billion pounds.

Milk Prices

Comparing the second quarter of 2016 to the first quarter of 2016, U.S. average all-milk prices decreased to $14.65-$14.75/cwt. USDA projects that for the third quarter of 2016, U.S. average all-milk prices will be $15.60-$16.00/cwt.; Class III prices will be $14.35-$14.75/cwt.; and Class IV prices will be $14.60-$15.10/cwt.

Utility Cow Prices

Comparing the second quarter of 2016 to the first quarter of 2016, average U.S. utility cow prices were up $2.37/cwt. to a national average of $75.87/cwt. USDA projects that utility cow prices will average $68-$72/cwt. in the third quarter of 2016.

Top Ten Milk Production States - June 2016

(Percent Change from Same Month/Previous Year)

1. California	**-1.0%**	6. Pennsylvania	+0.6%
2. Wisconsin	+3.8%	7. Texas	+3.8%
3. New York	+4.2%	8. Minnesota	+2.1%
4. Idaho	+2.3%	9. New Mexico	**-3.5%**
5. Michigan	+5.4%	10. Washington	0.0%

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

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Milk Mailbox Prices in Dollars per Hundredweight - 2016

2016 Mailbox Milk Prices

Reporting Areas	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
	Dollars Per Hundredweight											
California	**$14.54**	**$13.99**	**$13.61**	**$13.27**								
New England States	$17.35	$17.06	$16.36	$16.30								
New York	$15.93	$15.72	$15.08	$15.06								
Eastern Pennsylvania	$16.11	$15.87	$15.10	$15.09								
Appalachian States	$16.90	$16.08	$15.17	$15.11								
Southeast States	$16.83	$15.75	$14.72	$14.68								
Southern Missouri	$16.75	$15.68	$14.46	$14.18								
Florida	$17.95	$16.49	$15.68	$15.69								
Western Pennsylvania	$16.55	$15.82	$15.21	$15.06								
Ohio	$15.97	$15.56	$15.18	$15.23								
Indiana	$15.58	$15.13	$14.61	$15.12								
Michigan	$14.69	$14.17	$13.51	$13.39								
Wisconsin	$16.09	$16.03	$15.68	$15.52								
Minnesota	$16.25	$15.92	$15.70	$15.46								
Iowa	$15.84	$15.59	$15.31	$15.11								
Illinois	$16.16	$15.88	$15.31	$15.35								
Corn Belt States	$15.03	$14.66	$14.25	$14.21								
Western Texas	$15.08	$14.72	$14.27	$14.16								
New Mexico	$14.19	$13.96	$13.48	$13.29								
Northwest States	$15.25	$14.81	$14.56	$14.56								
All Federal Order Areas	$15.83	$15.48	$14.96	$14.89								

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