

## Department to Hold A Public Hearing, June 3, 2015

The Department of Food and Agriculture has called a public hearing, on its own motion, to be held June 3, 2015 in the Department Auditorium, beginning at 8:00 a.m. The hearing will consider proposed amendments to the Class 4b pricing formula with a sunset clause having an expiration date not to exceed twenty four months.

Alternative Proposals detailing adjustments in the whey valuation of the Class 4b pricing formula with were received by: 1) California Dairy Campaign, Milk Producers Council, Western United Dairymen; and 2) Dairy Institute of California.

The Department's decision will be announced no later than 62 days from the date of the hearing. For hearing information, visit the website at: [http://www.cdfa.ca.gov/dairy/dairy\\_hearings\\_matrix.html](http://www.cdfa.ca.gov/dairy/dairy_hearings_matrix.html)

## Don Shippelhouse Accepts Position of Branch Chief of Dairy Marketing Branch

Donald Shippelhouse has accepted the position of Dairy Marketing Branch Chief for the Division of Marketing Services, effective June 4, 2015. Don's entry into the dairy industry was through the milk barn as a relief milker in high school. He went on to receive a Bachelor of Science Degree in Agriculture Business from CSU Chico. Don spent his first 4 years at CDFA as a Milk Production Cost Analyst in the Dairy Marketing Branch before transferring to the Milk Pooling Branch, where he has spent the last 21 years.

Don has over twenty-five years of experience in the Division's dairy programs and his knowledge of the dairy industry and management skills will serve him well in his new position.

## California Milk Production Cost Comparison, by Region, 2013-2014

Quarter	North Coast		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
<i>Dollars per Hundredweight</i>										
<b>1st Quarter</b>										
Total Costs	\$24.44	\$24.89	\$17.64	\$16.73	\$17.57	\$16.19	\$16.96	\$16.11	\$17.69	\$16.56
Total Costs & Allowances*	\$26.14	\$26.92	\$19.08	\$18.38	\$19.06	\$17.84	\$18.38	\$17.76	\$19.16	\$18.22
<b>2nd Quarter</b>										
Total Costs	\$22.52	\$23.50	\$17.00	\$17.07	\$16.81	\$16.72	\$16.57	\$15.73	\$16.98	\$16.93
Total Costs & Allowances*	\$24.19	\$25.34	\$18.42	\$18.69	\$18.27	\$18.33	\$17.88	\$17.33	\$18.42	\$18.55
<b>3rd Quarter</b>										
Total Costs	\$22.94	\$25.74	\$17.58	\$17.75	\$17.73	\$17.75	\$17.16	\$17.03	\$17.76	\$17.88
Total Costs & Allowances*	\$24.71	\$27.69	\$19.13	\$19.43	\$19.35	\$19.44	\$18.70	\$18.75	\$19.35	\$19.58
<b>4th Quarter</b>										
Total Costs	\$24.74	\$27.47	\$17.61	\$18.30	\$17.04	\$18.22	\$16.27	\$17.31	\$17.37	\$18.39
Total Costs & Allowances*	\$26.68	\$29.38	\$19.23	\$19.93	\$18.68	\$19.85	\$17.70	\$18.99	\$19.01	\$20.09

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

## California Minimum Class Prices

### Hundredweight Prices

Class	Apr.	May.	Jun.
1 No. Calif.	\$16.94	\$17.06	\$17.47
So. Calif.	\$17.21	\$17.34	\$17.74
2 No. Calif.	\$13.87	\$13.87	N/A
So. Calif.	\$14.10	\$14.10	N/A
3	\$13.82	\$13.82	N/A
4a	\$13.36	N/A	N/A
4b	\$14.22	N/A	N/A

## Quota Transfer Summary

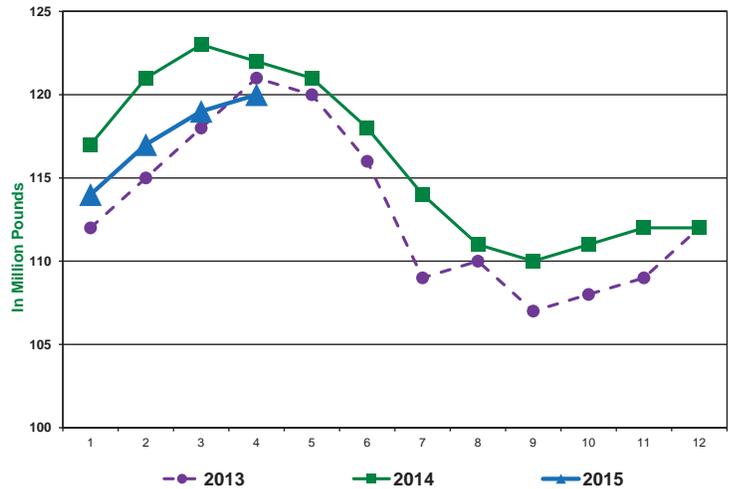
Quota Transfers	Mar.	Apr.	May.
Number of Sellers	1	2	1
Pounds of SNF Quota Transferred	563	914	153
Average Price Per Pound of SNF Quota	\$525	\$525	\$525

## California Pool Prices

Pool Price	Feb.	Mar.	Apr.
Quota	\$15.53	\$15.52	\$15.55
Overbase	\$13.83	\$13.82	\$13.85

## California Milk Production

### Average Daily Basis: 2013, 2014, 2015



## California Alfalfa Hay Monthly Weighted Average Prices – Delivered

Week Ending	May 1, 2015		May 8, 2015		May 15, 2015		May 22, 2015		
	Delivered	Tons	Price Range	Tons	Price Range	Tons	Price Range	Tons	Price Range
<b>Tulare, Hanford Areas</b>									
Supreme		1,135	\$275-\$295	1,150	\$280-\$295	600	\$285-\$295	5,575	\$280-\$300
Premium		1,030	\$265-\$280	2,815	\$265-\$280	3,200	\$255-\$280	875	\$270-\$285
Good		4,050	\$240-\$264	8,033	\$240-\$265	3,675	\$240-\$265	2,985	\$230-\$262
Fair		3,100	\$210	1,600	\$200-\$210	2,050	\$205-\$210	1,000	\$205-\$210
<b>Escalon, Modesto, Turlock Areas</b>									
Supreme		1,575	\$280-\$295	3,025	\$275-\$295	3,350	\$275-\$300	2,125	\$280-\$300
Premium		700	\$260-\$280	925	\$260-\$280	3,524	\$255-\$280	2,354	\$260-\$285
Good		800	\$225	325	\$220-\$250	900	\$243-\$260	600	\$232-\$260
Fair		300	\$195-\$205	150	\$190-\$205	375	\$190-\$200	75	\$190

Source: The Hoyt Report, Inc.

## Federal Order Minimum Class Prices

### Hundredweight Prices

Class I	Apr.	May	Jun.
Phoenix, Arizona	\$17.85	\$18.18	\$18.49
Portland, Oregon	\$17.40	\$17.73	\$18.04
Boston (Northeast)	\$18.75	\$19.08	\$19.39
<b>Class III</b>	<b>\$15.81</b>	<b>N/A</b>	<b>N/A</b>

## USDA Dairy Cow Culling Activity

Week Ending	Region 9 <sup>1</sup> Dairy Cows	U.S. Dairy Cows	West Region <sup>2</sup> Price Range
	Head	Head	\$/cwt.
4/18/15	14,500	54,300	\$88-\$96
4/25/15	15,200	55,900	\$85-\$95
5/2/15	14,000	52,800	\$93-\$94
5/9/15	13,600	51,600	\$93

<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

## USDA Commercial Cold Storage Report

Month	Butter		American Cheese		Nonfat Dry Milk	
	2014	2015	2014	2015	2014	2015
In Million Pounds						
January	144	149	631	634	149	240
February	172	178	629	643	181	241
March	180	184	639	632	215	254
April	174	230	649	640	239	N/A
May	193		656		221	
June	186		655		229	
July	170		660		250	
August	165		662		243	
September	146		631		178	
October	139		623		195	
November	101		635		222	
December	104		628		241	

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 March 2015 was 2.00 (down from 2.02 in February 2015). The current ratio of 2.00 means that a dairy producer can buy 2.00 pounds of feed for every pound of milk sold. The prices used to calculate the March 2015 milk-feed price ratio were: corn \$3.81/bushel; soybeans \$9.84/bushel; alfalfa hay \$172/ton; all-milk price \$16.60/cwt. (decreased from \$16.80 in February 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 Production

**Monthly:** USDA estimates overall milk production across the U.S. increased 1.7% in April 2015, compared to April 2014. USDA reports that California milk production decreased 2.1% compared to April 2014 (with 2,000 less cows and 40 less pounds of milk per cow). Among other western states, compared to April 2014, Arizona was up 2.4%; New Mexico was down 1.4%; and Washington was up 0.5%. Two of the top 10 milk producing states reported a production decrease. The largest increase was reported by South Dakota at 9.8% growth in milk production (on 6,000 more cows and 55 more pounds of milk per cow).

**Quarterly:** For the first quarter of 2015 compared to the fourth quarter of 2014, U.S. milk cow numbers increased to 9.304 million head, milk production per cow increased to 5,579 pounds; the net effect was a increase in milk production to 51.9 billion pounds. USDA projects that for the second quarter of 2015 compared to the first quarter of 2015, milk cow numbers will decrease to 9.300 million head, production per cow will increase to 5,750 pounds; the net effect would be an increase in milk production to 53.5 billion pounds.

### Milk Prices

Comparing the first quarter of 2015 to the fourth quarter of 2014, U.S. average all-milk prices decreased to \$17.00/cwt. USDA projects that for the second quarter of 2015, U.S. average all-milk prices will be \$16.40-\$16.70/cwt.; Class III prices will be \$15.95-\$16.25/cwt.; and Class IV prices will be \$13.85-\$14.25/cwt.

### Utility Cow Prices

Comparing the first quarter of 2015 to the fourth quarter of 2014, average U.S. utility cow prices were down \$1.60/cwt. to a national average of \$107.61/cwt. USDA projects that utility cow prices will average \$111-\$115/cwt. in the second quarter of 2015.

## Top Ten Milk Production States - April 2015

(Percent Change from Same Month/Previous Year)

1. California	-2.1%	6. Texas	+0.9%
2. Wisconsin	+4.0%	7. Michigan	+6.5%
3. Idaho	+2.4%	8. Minnesota	+2.7%
4. New York	+1.9%	9. New Mexico	-1.4%
5. Pennsylvania	+2.8%	10. Washington	+0.5%

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 - 2015

## 2015 Mailbox Milk Prices

Reporting Areas	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
<b>Dollars Per Hundredweight</b>												
<b>California</b>	<b>\$15.11</b>	<b>\$14.49</b>										
New England States	\$19.33	\$18.44										
New York	\$18.01	\$17.05										
Eastern Pennsylvania	\$17.85	\$17.03										
Appalachian States	\$19.09	\$17.94										
Southeast States	\$19.81	\$18.29										
Southern Missouri	\$18.39	\$17.72										
Florida	\$21.33	\$19.55										
Western Pennsylvania	\$17.98	\$17.10										
Ohio	\$18.19	\$17.33										
Indiana	\$17.31	\$16.43										
Michigan	\$16.89	\$16.03										
Wisconsin	\$18.18	\$17.58										
Minnesota	\$18.03	\$17.41										
Iowa	\$17.58	\$17.11										
Illinois	\$17.74	\$17.28										
Corn Belt States	\$16.55	\$16.01										
Western Texas	\$16.38	\$15.78										
New Mexico	\$15.19	\$14.84										
Northwest States	\$16.79	\$15.39										
All Federal Order Areas	\$17.71	\$16.91										

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

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