

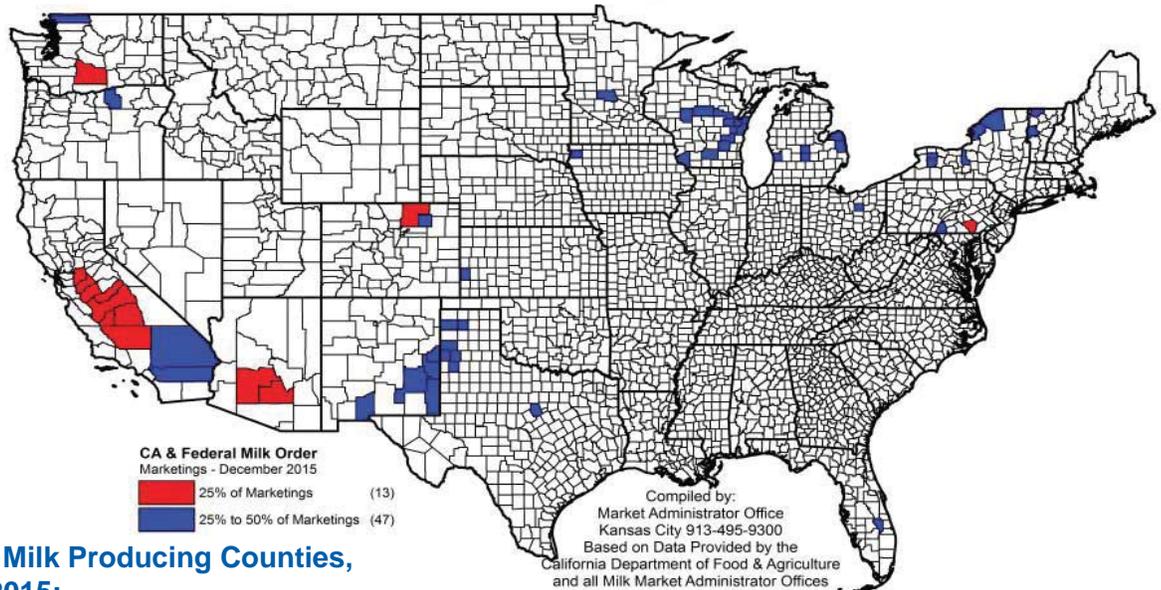
California Dairy Review



Volume 20 Issue 7

July 2016

60 Counties Marketed 50% of All California and Federal Order Milk During December 2015



Top 13 U.S. Milk Producing Counties, December 2015:

	% of Total
Tulare, CA	5.92
Merced, CA	3.19
Kings, CA	2.25
Stanislaus, CA	2.07
Kern, CA	2.03
Fresno, CA	1.48
Yakima, WA	1.41
Maricopa, AZ	1.38
San Joaquin, CA	1.28
Lancaster, PA	1.25
Weld, CO	1.22
Pinal, AZ	1.02
Madera, CA	0.96
13-County Total	25.44

California's Role in U.S. Market Milk Production

In December 2015, California produced 3.3 billion pounds of Grade A milk. This accounted for 21.2 percent of total California and Federal Order milk marketings during the same month. Tulare County, the largest dairy production county in the U.S., produced 921.4 million pounds of Grade A milk during December 2015, representing 5.9 percent of total California and Federal Order milk marketings. Additional top U.S. and California milk production counties are shown in the map and table.

Source: FMMO Central Marketing Area: Marketing Service Bulletin May 2016

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
<i>Dollars per Hundredweight</i>										
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	May.	June.	July.
1 No. Calif.	\$14.84	\$14.35	\$14.87
So. Calif.	\$15.11	\$14.62	\$15.14
2 No. Calif.	\$13.27	\$12.98	\$12.98
So. Calif.	\$13.50	\$13.22	\$13.22
3	\$13.22	\$12.93	\$12.93
4a	\$12.57	\$13.51	N/A
4b	\$11.37	\$13.03	N/A

Quota Transfer Summary

Quota Transfers	May.	June.	July.
Number of Sellers	4	5	5
Pounds of SNF Quota Transferred	5,358	4,720	4,791
Average Price Per Pound of SNF Quota	\$543	\$542	\$541

California Pool Prices

Pool Price	Mar.	Apr.	May.
Quota	\$14.60	\$14.31	\$13.63
Overbase	\$12.90	\$12.61	\$11.93

California Milk Production

Average Daily Basis: 2014, 2015, 2016



California Alfalfa Hay Monthly Weighted Average Prices – Delivered

Week Ending	June 3, 2016		June 10, 2016		June 17, 2016		June 24, 2016		
	Delivered	Tons	Price Range	Tons	Price Range	Tons	Price Range	Tons	Price Range
Tulare, Hanford Areas									
Supreme		710	\$230-\$255	660	\$225-\$250	1,075	\$230-\$250	4,300	\$230-\$250
Premium		2,628	\$209-\$225	550	\$195-\$220	3,285	\$205-\$230	6,475	\$212-\$235
Good		3,425	\$150-\$190	4,875	\$150-\$200	5,050	\$150-\$200	10,685	\$150-\$195
Fair		2,425	\$120-\$135	2,225	\$120-\$135	1,125	\$122-\$138	2,220	\$125-\$135
Escalon, Modesto, Turlock Areas									
Supreme		1,325	\$220-\$240	1,700	\$220-\$240	5,105	\$225-\$250	2,525	\$230-\$245
Premium		1,150	\$210-\$213	2,204	\$200-\$225	1,790	\$210-\$220	1,265	\$210-\$220
Good		-	No Sales	675	\$150-\$180	800	\$150-\$175	1,150	\$165-\$180
Fair		225	\$120-\$135	1,854	\$115-\$125	2,225	\$115-\$125	1,350	\$120-\$125

Source: The Hoyt Report, Inc.

Federal Order Minimum Class Prices

Hundredweight Prices

Class I	May.	June.	July.
Phoenix, Arizona	\$16.05	\$15.49	\$16.05
Portland, Oregon	\$15.60	\$15.04	\$15.60
Boston (Northeast)	\$16.95	\$16.39	\$16.95
Class III	\$12.76	\$13.22	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.
05/27/16	13,600	51,100	\$67-\$80
06/03/16	13,700	45,900	\$66-\$68
06/10/16	13,600	50,700	\$69-\$73
06/17/16	13,200	49,800	\$65-\$70

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	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	757	261	235
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 May 2016 was 1.89 (down from 1.97 in April 2016). The current ratio of 1.89 means that a dairy producer can buy 1.89 pounds of feed for every pound of milk sold. The prices used to calculate the May 2016 milk-feed price ratio were: corn \$3.68/bushel; soybeans \$9.76/bushel; alfalfa hay \$147/ton; all-milk price \$14.50/cwt. (decreased from \$15.00 in April 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 1.2% in May 2016, compared to May 2015. USDA reports that California milk production decreased 2.8% compared to May 2015 (with 6,000 less cows and 50 less pounds of milk per cow). Among other western states, compared to May 2015, Arizona was up 2.3%; New Mexico was down 3.8%; 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 9.5% growth in milk production (on 9,000 more cows and 15 more pounds of milk per cow).

Quarterly: For the first quarter of 2016 compared to the fourth quarter of 2015, U.S. milk cow numbers decreased to 9.317 million head, milk production per cow increased to 5,693 pounds; the net effect was an increase in milk production to 53 billion pounds. USDA projects that for the second quarter of 2016 compared to the first quarter of 2016, milk cow numbers will increase to 9.335 million head, production per cow will increase to 5,835 pounds; the net effect would be an increase in milk production to 54.5 billion pounds.

Milk Prices

Comparing the first quarter of 2016 to the fourth quarter of 2015, U.S. average all-milk prices decreased to \$15.70/cwt. USDA projects that for the second quarter of 2016, U.S. average all-milk prices will be \$14.50-\$14.70/cwt.; Class III prices will be \$13.00-\$13.20/cwt.; and Class IV prices will be \$12.95-\$13.25/cwt.

Utility Cow Prices

Comparing the first quarter of 2016 to the fourth quarter of 2015, average U.S. utility cow prices were down \$4.30/cwt. to a national average of \$73.50/cwt. USDA projects that utility cow prices will average \$72-\$75/cwt. in the second quarter of 2016.

Top Ten Milk Production States - May 2016

(Percent Change from Same Month/Previous Year)

1. California	-2.8%	6. Michigan	+6.9%
2. Wisconsin	+4.2%	7. Texas	+1.4%
3. New York	+4.9%	8. Minnesota	+2.2%
4. Idaho	+1.8%	9. New Mexico	-3.8%
5. Pennsylvania	+0.3%	10. Washington	-

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									
New England States	\$17.35	\$17.06	\$16.36									
New York	\$15.93	\$15.72	\$15.08									
Eastern Pennsylvania	\$16.11	\$15.87	\$15.10									
Appalachian States	\$16.90	\$16.08	\$15.17									
Southeast States	\$16.83	\$15.75	\$14.72									
Southern Missouri	\$16.75	\$15.68	\$14.46									
Florida	\$17.95	\$16.49	\$15.68									
Western Pennsylvania	\$16.55	\$15.82	\$15.21									
Ohio	\$15.97	\$15.56	\$15.18									
Indiana	\$15.58	\$15.13	\$14.61									
Michigan	\$14.69	\$14.17	\$13.51									
Wisconsin	\$16.09	\$16.03	\$15.68									
Minnesota	\$16.25	\$15.92	\$15.70									
Iowa	\$15.84	\$15.59	\$15.31									
Illinois	\$16.16	\$15.88	\$15.31									
Corn Belt States	\$15.03	\$14.66	\$14.25									
Western Texas	\$15.08	\$14.72	\$14.27									
New Mexico	\$14.19	\$13.96	\$13.48									
Northwest States	\$15.25	\$14.81	\$14.56									
All Federal Order Areas	\$15.83	\$15.48	\$14.96									

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