

## Department Announces April 11, 2016 Hearing Decision

Having carefully weighed the contents of the hearing record from the April 11, 2016 milk pricing hearing, the Department has decided to amend the Class 4b pricing formula in the Stabilization and Marketing Plans for Market Milk (Plans).

The Department has decided to:

- Replace the dry whey scale in the Class 4b pricing formula with the following dry whey scale, on a permanent basis (please note, this is the same dry whey scale that was implemented on a temporary basis following the June 3, 2015 milk pricing hearing):

Monthly Average Dry Whey Price (\$/lb)	Whey Factor Value (\$/cwt.)
< \$0.21	\$0.0000
≥ \$0.21 and < \$0.24	\$0.2500
≥ \$0.24 and < \$0.27	\$0.3850
≥ \$0.27 and < \$0.30	\$0.5200
≥ \$0.30 and < \$0.33	\$0.6550
≥ \$0.33 and < \$0.36	\$0.7900
≥ \$0.36 and < \$0.39	\$0.9250
≥ \$0.39 and < \$0.42	\$1.0600
≥ \$0.42 and < \$0.45	\$1.1950
≥ \$0.45 and < \$0.48	\$1.3300
≥ \$0.48 and < \$0.51	\$1.4650
≥ \$0.51 and < \$0.54	\$1.6000
≥ \$0.54 and < \$0.57	\$1.7350
≥ \$0.57 and < \$0.60	\$1.8700
≥ \$0.60	\$2.0050

Had this dry whey scale been in effect from March 2011 to February 2016, it would have resulted in a five-year monthly average increase of \$0.96/cwt. in the Class 4b price and in a five-year monthly average increase of \$0.44/cwt. in Quota and Overbase Pool prices.

The revisions to the Class 4b pricing formula will be reflected in the Plans for the Northern California and Southern California Marketing Areas, Order Numbers 62 and 77, respectively. The amended Plans will take effect for milk processed on or after June 1, 2016.

The Hearing Determinations, Panel Report, Plans and documents related to the hearing can be obtained on the Dairy Marketing home page at [www.cdfa.ca.gov/dairy](http://www.cdfa.ca.gov/dairy) by clicking on [Hearing Matrix]. To access the Plans, click on [Dairy Marketing], located in the middle of the dairy home page and then on [Stabilization Plans].

Should you have any questions or desire further information, please contact Hyrum Eastman or Don Shippelhouse at (916) 900-5014.

## 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>										
<b>1st Quarter</b>										
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
<b>2nd Quarter</b>										
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
<b>3rd Quarter</b>										
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
<b>4th Quarter</b>										
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	Apr.	May.	June.
1 No. Calif.	\$15.26	\$14.84	\$14.35
So. Calif.	\$15.53	\$15.11	\$14.62
2 No. Calif.	\$13.27	\$13.27	\$12.98
So. Calif.	\$13.50	\$13.50	\$13.22
3	\$13.22	\$13.22	\$12.93
4a	\$12.54	\$12.57	N/A
4b	\$12.71	\$11.37	N/A

## Quota Transfer Summary

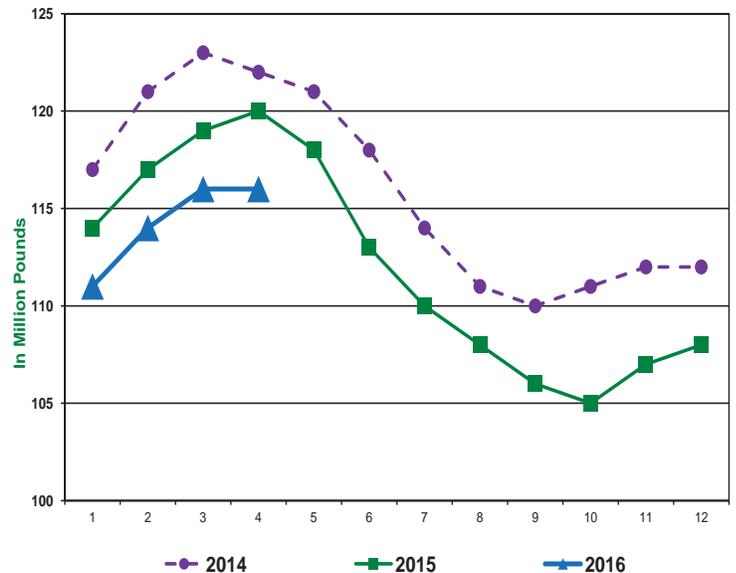
Quota Transfers	Mar.	Apr.	May.
Number of Sellers	5	5	4
Pounds of SNF Quota Transferred	5,697	7,721	5,358
Average Price Per Pound of SNF Quota	\$546	\$540	\$543

## California Pool Prices

Pool Price	Feb.	Mar.	Apr.
Quota	\$14.79	\$14.60	\$14.31
Overbase	\$13.09	\$12.90	\$12.61

## California Milk Production

### Average Daily Basis: 2014, 2015, 2016



## California Alfalfa Hay Monthly Weighted Average Prices – Delivered

Week Ending	April 29, 2016		May 6, 2016		May 13, 2016		May 20, 2016		
	Delivered	Tons	Price Range	Tons	Price Range	Tons	Price Range	Tons	Price Range
<b>Tulare, Hanford Areas</b>									
Supreme		1,036	\$220-\$235	1,585	\$220-\$250	950	\$230-\$250	1,275	\$230-\$250
Premium		2,470	\$200-\$230	3,175	\$200-\$220	550	\$200-\$225	4,250	\$210-\$225
Good		2,025	\$170-\$200	350	\$155-\$185	2,045	\$170-\$200	2,425	\$150-\$190
Fair		200	\$140	475	\$130-\$155	500	\$140-\$150	800	\$120-\$135
<b>Escalon, Modesto, Turlock Areas</b>									
Supreme		325	\$225-\$240	875	\$220-\$235	2,650	\$220-\$242	325	\$225-\$240
Premium		1,025	\$200-\$220	350	\$210	825	\$195-\$215	425	\$205-\$220
Good		600	\$170-\$190	250	\$165-\$180	600	\$160-\$170	425	\$160-\$180
Fair		450	\$135-\$140	200	\$125-\$138	1,177	\$125-\$140	1,700	\$115-\$135

Source: The Hoyt Report, Inc.

## Federal Order Minimum Class Prices

### Hundredweight Prices

Class I	Apr.	May.	June.
Phoenix, Arizona	\$16.09	\$16.05	\$15.49
Portland, Oregon	\$15.64	\$15.60	\$15.04
Boston (Northeast)	\$16.99	\$16.95	\$16.39
<b>Class III</b>	\$13.63	\$12.76	<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.
04/22/16	14,100	53,200	\$69-\$76
04/29/16	13,700	53,200	\$71-\$73
05/06/16	14,000	52,500	\$69-\$69
05/13/16	14,200	50,200	\$69-\$69

<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	
	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	298	644	739	248	250
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 April 2016 was 1.97 (down from 2.08 in March 2016). The current ratio of 1.97 means that a dairy producer can buy 1.97 pounds of feed for every pound of milk sold. The prices used to calculate the April 2016 milk-feed price ratio were: corn \$3.58/bushel; soybeans \$9.04/bushel; alfalfa hay \$153/ton; all-milk price \$15.00/cwt. (decreased from \$15.30 in March 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 April 2016, compared to April 2015. USDA reports that California milk production decreased 3.3% compared to April 2015 (with 6,000 less cows and 60 less pounds of milk per cow). Among other western states, compared to April 2015, Arizona was up 1.2%; New Mexico was down 3.5%; and Washington was up 0.4%. Two of the top ten milk producing states reported a production decrease. The largest increase was reported by South Dakota at 10.5% growth in milk production (on 11,000 more cows and same 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 9.316 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 9.325 million head, production per cow will increase to 5,835 pounds; the net effect would be an increase in milk production to 54.4 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 \$14.25-\$14.55/cwt.; Class III prices will be \$12.85-\$13.15/cwt.; and Class IV prices will be \$12.65-\$13.05/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 \$75-\$79/cwt. in the second quarter of 2016.

## Top Ten Milk Production States - Apr. 2016

(Percent Change from Same Month/Previous Year)

1. California	-3.3%	6. Texas	+1.6%
2. Wisconsin	+4.6%	7. Michigan	+6.5%
3. New York	+5.3%	8. Minnesota	+2.7%
4. Idaho	+2.0%	9. New Mexico	-3.5%
5. Pennsylvania	+0.5%	10. Washington	+0.4%

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 - 2016

## 2016 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>\$14.54</b>	<b>\$13.99</b>										
New England States	\$17.35	\$17.06										
New York	\$15.93	\$15.72										
Eastern Pennsylvania	\$16.11	\$15.87										
Appalachian States	\$16.90	\$16.08										
Southeast States	\$16.83	\$15.75										
Southern Missouri	\$16.75	\$15.68										
Florida	\$17.95	\$16.49										
Western Pennsylvania	\$16.55	\$15.82										
Ohio	\$15.97	\$15.56										
Indiana	\$15.58	\$15.13										
Michigan	\$14.69	\$14.17										
Wisconsin	\$16.09	\$16.03										
Minnesota	\$16.25	\$15.92										
Iowa	\$15.84	\$15.59										
Illinois	\$16.16	\$15.88										
Corn Belt States	\$15.03	\$14.66										
Western Texas	\$15.08	\$14.72										
New Mexico	\$14.19	\$13.96										
Northwest States	\$15.25	\$14.81										
All Federal Order Areas	\$15.83	\$15.48										

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



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