

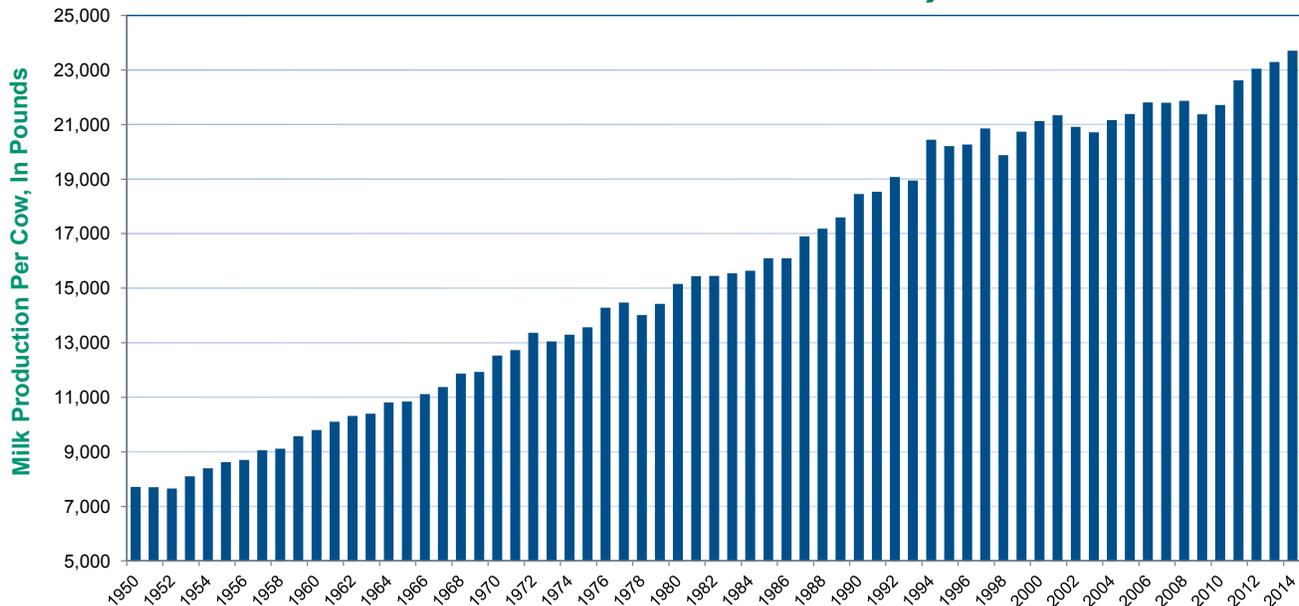
California Dairy Review



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California Milk Production Per Cow, 1950-2014



Annual milk production per cow between 1950 and 2014 increased by 207 percent. In 1950, annual milk production per cow was estimated at 7,710 pounds and in 2014 it was estimated at 23,702 pounds, a consistent upward trend during this time period. Even though annual milk production per cow has been strong and shown a steady increase over the last 65 years, there were 12 years where production per cow actually decreased from the prior year. The number of dairies has decreased from 19,428 in 1950, to 1,470 in 2014. At the same time, the number of milk cows in 1950 was estimated at 5.9 million cows and in 2014 estimated at 1.78 million cows. The concentration of more cows on fewer farms has been accompanied by a dramatic increase in milk production per cow, partly stemming from improvements in genetic selection, feeds, herd health care, cow comfort, and management techniques.

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
	Dollars per Hundredweight									
1st Quarter										
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
2nd Quarter										
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
3rd Quarter										
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
4th Quarter										
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	Mar.	Apr.	May.
1 No. Calif.	\$16.66	\$16.94	\$17.06
So. Calif.	\$16.93	\$17.21	\$17.34
2 No. Calif.	\$15.25	\$13.87	\$13.87
So. Calif.	\$15.49	\$14.10	\$14.10
3	\$15.21	\$13.82	\$13.82
4a	\$13.42	N/A	N/A
4b	\$13.97	N/A	N/A

Quota Transfer Summary

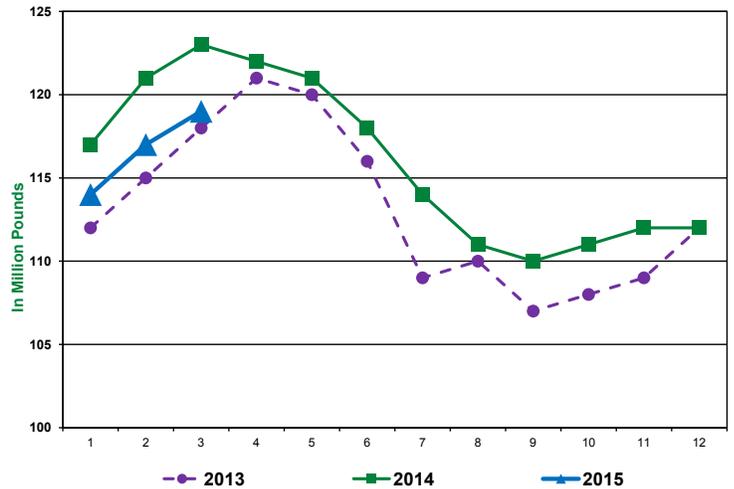
Quota Transfers	Feb.	Mar.	Apr.
Number of Sellers	0	1	2
Pounds of SNF Quota Transferred	0	563	914
Average Price Per Pound of SNF Quota	\$0	\$525	\$525

California Pool Prices

Pool Price	Jan.	Feb.	Mar.
Quota	\$15.85	\$15.53	\$15.52
Overbase	\$14.15	\$13.83	\$13.82

California Milk Production

Average Daily Basis: 2013, 2014, 2015



California Alfalfa Hay Monthly Weighted Average Prices – Delivered

Week Ending	Mar. 27, 2015		Apr. 3, 2015		Apr. 10, 2015		Apr. 17, 2015		
	Delivered	Tons	Price Range	Tons	Price Range	Tons	Price Range	Tons	Price Range
Tulare, Hanford Areas									
Supreme		200	\$285-\$290	2,625	\$273-\$295	1,240	\$270-\$295	1,010	\$275-\$290
Premium		1,425	\$260-\$280	2,650	\$260-\$270	7,430	\$260-\$280	5,100	\$265-\$285
Good		800	\$237-\$265	3,700	\$225-\$255	3,321	\$220-\$260	4,675	\$220-\$255
Fair		1,230	\$185-\$210	900	\$205-\$210	1,100	\$205-\$210	2,000	\$195-\$210
Escalon, Modesto, Turlock Areas									
Supreme		430	\$290-\$310	1,075	\$270-\$295	1,200	\$275-\$290	450	\$280-\$298
Premium		600	\$270-\$278	425	\$260-\$278	2,000	\$258-\$278	1,500	\$255-\$270
Good		50	\$225	No Sales	No Sales	950	\$228-\$248	No Sales	No Sales
Fair		100	\$195-\$210	350	\$200-\$205	725	\$198-\$205	200	\$190-\$205

Source: The Hoyt Report, Inc.

Federal Order Minimum Class Prices

Hundredweight Prices

Class I	Mar.	Apr.	May
Phoenix, Arizona	\$18.59	\$17.85	\$18.18
Portland, Oregon	\$18.14	\$17.40	\$17.73
Boston (Northeast)	\$19.49	\$18.75	\$19.08
Class III	\$15.56	N/A	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.
3/21/15	16,600	60,400	\$87-\$90
3/28/15	16,500	59,100	\$84-\$92
4/4/15	14,900	56,800	\$82-\$105
4/11/15	15,200	56,200	\$86-\$97

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	
	2014	2015	2014	2015	2014	2015
<i>In Million Pounds</i>						
January	144	149	631	634	149	240
February	172	178	629	643	181	241
March	180	184	639	629	214	N/A
April	174		648		239	
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 February 2015 was 2.02 (down from 2.09 in January 2015). The current ratio of 2.02 means that a dairy producer can buy 2.02 pounds of feed for every pound of milk sold. The prices used to calculate the February 2015 milk-feed price ratio were: corn \$3.79/bushel; soybeans \$9.92/bushel; all-milk price \$16.80/cwt. (decreased from \$17.60 in January 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 1.2% in March 2015, compared to March 2014. USDA reports that California milk production decreased 2.9% compared to March 2014 (with 2,000 less cows and 60 less pounds of milk per cow). Among other western states, compared to March 2014, Arizona was up 1.4%; New Mexico was down 3.9%; and Washington was up 1.1%. Three of the top 10 milk producing states reported a production decrease. The largest increase was reported by South Dakota at 9.6% 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 9.315 million head, milk production per cow increased to 5,590 pounds; the net effect was a increase in milk production to 52.1 billion pounds. USDA projects that for the second quarter of 2015 compared to the first quarter of 2015, milk cow numbers will increase to 9.325 million head, production per cow will increase to 5,780 pounds; the net effect would be an increase in milk production to 53.9 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 \$16.25-\$16.65/cwt.; Class III prices will be \$15.70-\$16.10/cwt.; and Class IV prices will be \$13.95-\$14.45/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 \$110-\$116/cwt. in the second quarter of 2015.

Top Ten Milk Production States - March 2015

(Percent Change from Same Month/Previous Year)

1. California	-2.9%	5. Texas	-0.6%
2. Wisconsin	+3.6%	6. Michigan	+7.0%
3. New York	+1.1%	8. Minnesota	+4.4%
3. Idaho	+1.3%	9. New Mexico	-3.9%
4. Pennsylvania	+1.3%	10. Washington	+1.1%

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
Dollars Per Hundredweight												
California	\$15.11											
New England States	\$19.33											
New York	\$18.01											
Eastern Pennsylvania	\$17.85											
Appalachian States	\$19.09											
Southeast States	\$19.81											
Southern Missouri	\$18.39											
Florida	\$21.33											
Western Pennsylvania	\$17.98											
Ohio	\$18.19											
Indiana	\$17.31											
Michigan	\$16.89											
Wisconsin	\$18.18											
Minnesota	\$18.03											
Iowa	\$17.58											
Illinois	\$17.74											
Corn Belt States	\$16.55											
Western Texas	\$16.38											
New Mexico	\$15.19											
Northwest States	\$16.79											
All Federal Order Areas	\$17.71											

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

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