

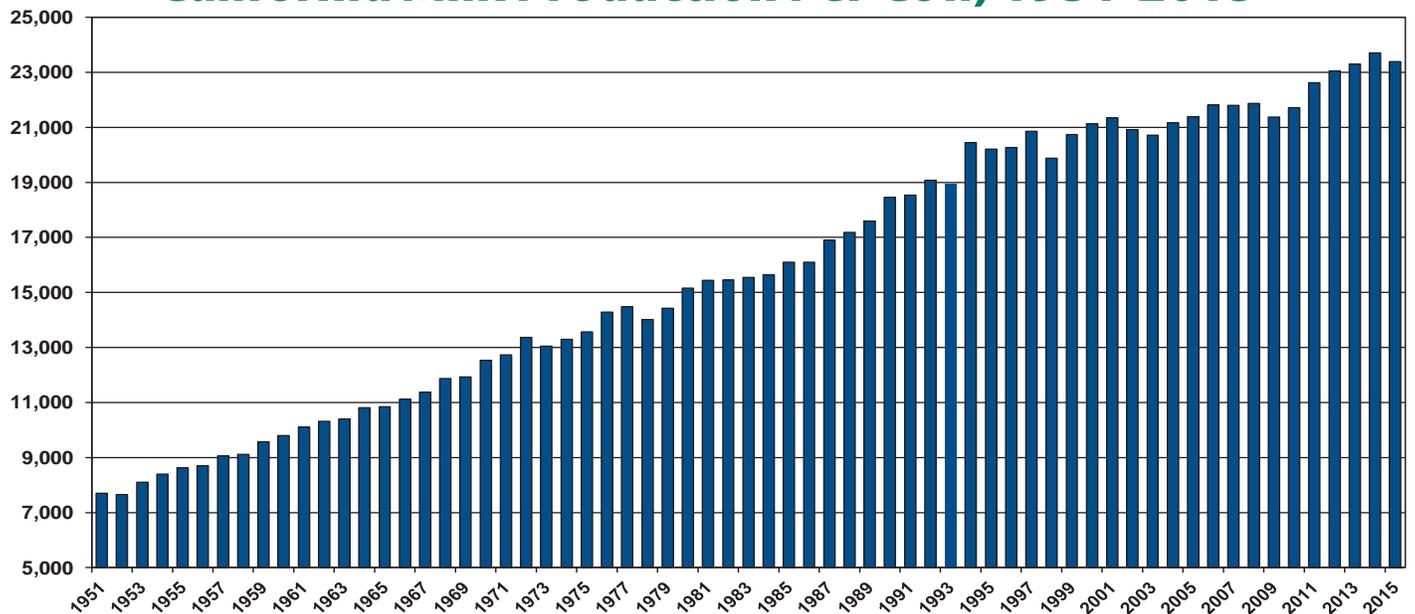
California Dairy Review



Volume 20 Issue 5

May 2016

California Milk Production Per Cow, 1951-2015



In 2015, annual milk production per cow averaged 23,382 pounds. This is a decrease of 320 pounds, compared to a year ago, and is the first time since 2009 that milk production per cow has decreased. This decrease in milk production per cow by 1.4 percent, coupled with an estimated decrease in milk cows of 2.3 percent, resulted in a total milk production decline of 3.4 percent, compared to a year ago. The graph above demonstrates that milk production per cow has been on a consistent upward trend over the last 65 years. Annual milk production per cow between 1951 and 2015 has increased by 204 percent.

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
	Dollars per Hundredweight									
1st Quarter										
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
2nd Quarter										
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
3rd Quarter										
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
4th Quarter										
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	Mar.	Apr.	May.
1 No. Calif.	\$15.38	\$15.26	\$14.84
So. Calif.	\$15.65	\$15.53	\$15.11
2 No. Calif.	\$14.33	\$13.27	\$13.27
So. Calif.	\$14.56	\$13.50	\$13.50
3	\$14.28	\$13.22	\$13.22
4a	\$12.41	\$12.54	N/A
4b	\$13.24	\$12.71	N/A

Quota Transfer Summary

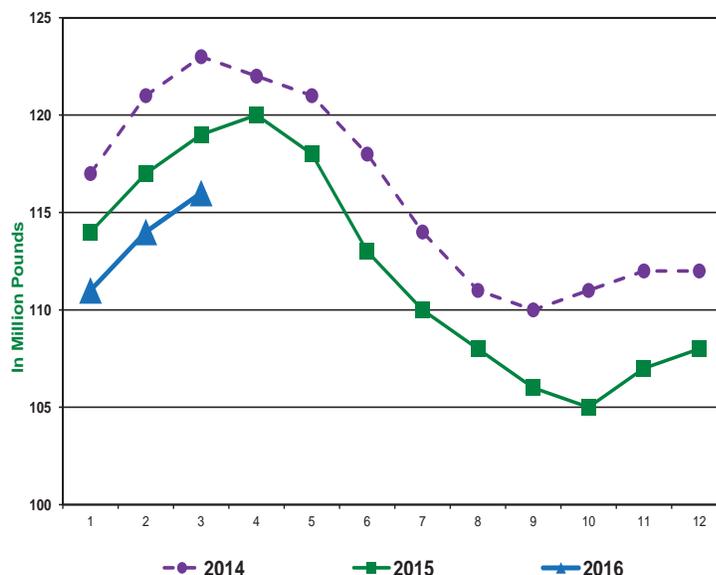
Quota Transfers	Feb.	Mar.	Apr.
Number of Sellers	1	5	5
Pounds of SNF Quota Transferred	739	5,697	7,721
Average Price Per Pound of SNF Quota	\$540	\$546	\$540

California Pool Prices

Pool Price	Jan.	Feb.	Mar.
Quota	\$15.14	\$14.79	\$14.60
Overbase	\$13.44	\$13.09	\$12.90

California Milk Production

Average Daily Basis: 2014, 2015, 2016



California Alfalfa Hay Monthly Weighted Average Prices – Delivered

Week Ending	March 25, 2016		April 1, 2016		April 8, 2016		April 15, 2016		
	Delivered	Tons	Price Range	Tons	Price Range	Tons	Price Range	Tons	Price Range
Tulare, Hanford Areas									
Supreme		3,150	\$240-\$260	1,525	\$235-\$270	1,017	\$235-\$250	375	\$230-\$255
Premium		850	\$220-\$235	3,300	\$215-\$235	4,205	\$215-\$230	2,930	\$215-\$235
Good		1,100	\$175-\$195	1,215	\$175-\$195	1,480	\$180-\$210	875	\$180-\$195
Fair		600	\$155-\$160	650	\$150-\$160	4,750	\$146-\$160	625	\$145-\$155
Escalon, Modesto, Turlock Areas									
Supreme		150	\$250-\$260	125	\$250-\$265	200	\$240-\$265	275	\$220-\$245
Premium		150	\$218-\$240	150	\$215-\$240	275	\$218-\$230	-	No Sales
Good		625	\$178-\$200	-	No Sales	100	\$170-\$190	450	\$165-\$185
Fair		125	\$150-\$165	500	\$150	255	\$145-\$150	125	\$145-\$160

Source: The Hoyt Report, Inc.

Federal Order Minimum Class Prices

Hundredweight Prices

Class I	Mar.	Apr.	May.
Phoenix, Arizona	\$16.13	\$16.09	\$16.05
Portland, Oregon	\$15.68	\$15.64	\$15.60
Boston (Northeast)	\$17.03	\$16.99	\$16.95
Class III	\$13.74	\$13.63	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.
03/11/16	16,700	60,000	\$63-\$67
03/18/16	15,500	57,900	\$64-\$64
03/25/16	14,600	54,400	\$63-\$63
04/01/16	12,800	51,300	\$67-\$67

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	244	634	726	251	N/A
April	232		644		248	
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 February 2016 was 2.15 (up from 2.14 in January 2016). The current ratio of 2.15 means that a dairy producer can buy 2.15 pounds of feed for every pound of milk sold. The prices used to calculate the February 2016 milk-feed price ratio were: corn \$3.57/bushel; soybeans \$8.51/bushel; alfalfa hay \$142/ton; all-milk price \$15.70/cwt. (decreased from \$16.10 in January 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 1.8% in March 2016, compared to March 2015. USDA reports that California milk production decreased 2.4% compared to March 2015 (with 5,000 less cows and 45 less pounds of milk per cow). Among other western states, compared to March 2015, Arizona was up 3.2%; New Mexico was down 2.9%; and Washington was up 0.5%. Two of the top ten milk producing states reported a production decrease. The largest increase was reported by South Dakota at 10.9% 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 9.310 million head, milk production per cow increased to 5,675 pounds; the net effect was an increase in milk production to 52.8 billion pounds. USDA projects that for the second quarter of 2016 compared to the first quarter of 2016, milk cow numbers will increase to 9.315 million head, production per cow will increase to 5,805 pounds; the net effect would be an increase in milk production to 54.1 billion pounds.

Milk Prices

Comparing the first quarter of 2016 to the fourth quarter of 2015, U.S. average all-milk prices decreased to \$15.65/cwt. USDA projects that for the second quarter of 2016, U.S. average all-milk prices will be \$14.40-\$14.80/cwt.; Class III prices will be \$13.30-\$13.70/cwt.; and Class IV prices will be \$12.70-\$13.20/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 \$77-\$83/cwt. in the second quarter of 2016.

Top Ten Milk Production States - Mar. 2016

(Percent Change from Same Month/Previous Year)

1. California	-2.4%	6. Michigan	+7.7%
2. Wisconsin	+5.3%	7. Texas	+2.0%
3. New York	+5.5%	8. Minnesota	+2.8%
4. Idaho	+2.4%	9. New Mexico	-2.9%
5. Pennsylvania	+1.7%	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 - 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											
New England States	\$17.35											
New York	\$15.93											
Eastern Pennsylvania	\$16.11											
Appalachian States	\$16.90											
Southeast States	\$16.83											
Southern Missouri	\$16.75											
Florida	\$17.95											
Western Pennsylvania	\$16.55											
Ohio	\$15.97											
Indiana	\$15.58											
Michigan	\$14.69											
Wisconsin	\$16.09											
Minnesota	\$16.25											
Iowa	\$15.84											
Illinois	\$16.16											
Corn Belt States	\$15.03											
Western Texas	\$15.08											
New Mexico	\$14.19											
Northwest States	\$15.25											
All Federal Order Areas	\$15.83											

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



California Department of Food and Agriculture
Karen Ross, Secretary

Dairy Marketing Branch
1220 N Street
Sacramento, CA 95814

The California Department of Food and Agriculture Dairy Marketing Branch publishes the California Dairy Review monthly. Please direct any comments or subscription requests to Caroline Chigbu or Lu Tang at (916) 900-5014, or send an email to dairy@cdfa.ca.gov

Dairy Marketing Branch:

Phone (916) 900-5014; Fax (916) 900-5341
Website: www.cdfa.ca.gov/dairy
Email: dairy@cdfa.ca.gov

If you would like to receive an email notification when this publication is posted to the website, please go to: www.cdfa.ca.gov/dairy and click on  to subscribe to the Dairy Marketing Branch Email Notifications.

