

Fluid Milk Processors Approve Continuation of The California Milk Processor Board

In a referendum recently conducted by CDFA, fluid milk processors voted in favor of continuing the operations of the California Milk Processor Board for another three years. The voting results are presented below.

Portion of All Eligible Processors That Actually Participated by Casting Valid Ballots:	69%
Portion of Those Processors Voting Who Favored Continuation of the Milk Processor Board:	60%
Portion of the Voted Volume Represented by Those Processors Favoring Continuation of the Milk Processor Board:	57%

The marketing order for the Milk Processor Board specifies that the program may be continued if CDFA finds that of those voting, a majority of the fluid milk processors accounting for a majority of the voted volume favor continuation. Since the above voting results meet the marketing order’s continuation requirements, CDFA has authorized the Milk Processor Board to continue operating for another three years through January 31, 2020.

The California Milk Processor Board is responsible for the renowned “got milk?” advertising campaign which is funded by a mandatory 3-cents/gallon processor assessment. This program has been in existence since 1993.

If you have questions about this referendum, please contact Amy Uber of CDFA at (916) 900-5018. If you have questions concerning the operations of the California Milk Processor Board, please call Steve James, Executive Director of the Board, at (949) 481-6620.

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
2nd Quarter										
Total Costs	\$25.04	\$26.50	\$17.37	\$16.72	\$17.07	\$16.12	\$16.00	\$15.53	\$17.30	\$16.54
Total Costs & Allowances*	\$26.77	\$28.30	\$18.81	\$17.99	\$18.52	\$17.46	\$17.40	\$17.00	\$18.74	\$17.87

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

California Minimum Class Prices

Hundredweight Prices

Class	Sept.	Oct.	Nov.
1 No. Calif.	\$18.12	\$17.77	\$16.13
So. Calif.	\$18.39	\$18.04	\$16.40
2 No. Calif.	\$14.30	\$14.21	\$14.21
So. Calif.	\$14.53	\$14.45	\$14.45
3	\$14.25	\$14.16	\$14.16
4a	\$13.58	\$13.11	N/A
4b	\$15.24	\$14.43	N/A

Quota Transfer Summary

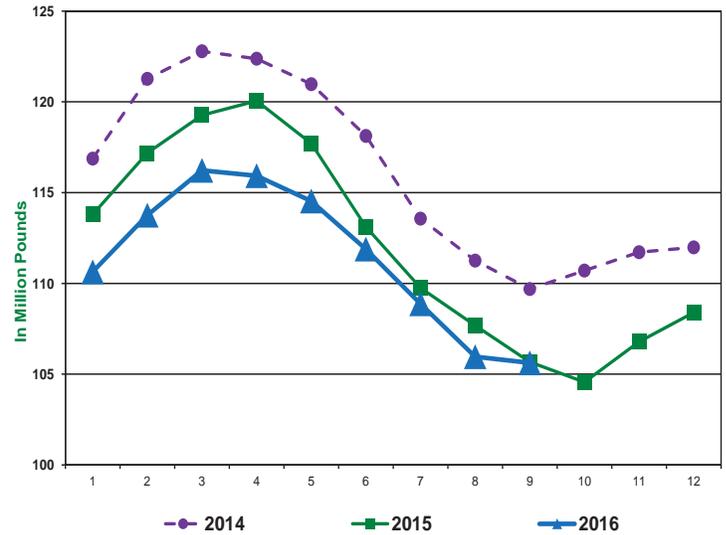
Quota Transfers	Sept.	Oct.	Nov.
Number of Sellers	2	2	6
Pounds of SNF Quota Transferred	7,198	1,704	7,087
Average Price Per Pound of SNF Quota	\$550	\$550	\$548

California Pool Prices

Pool Price	Jul.	Aug.	Sept.
Quota	\$15.66	\$16.74	\$16.34
Overbase	\$13.96	\$15.04	\$14.64

California Milk Production

Average Daily Basis: 2014, 2015, 2016



California Alfalfa Hay Weekly Weighted Average Prices (\$/Ton) – Delivered

Week Ending	September 30, 2016		October 7, 2016		October 14, 2016		October 21, 2016	
	Tons	Price Range	Tons	Price Range	Tons	Price Range	Tons	Price Range
Tulare, Hanford Areas								
Supreme	1,580	\$240-\$255	2,900	\$240-\$257	1,450	\$240-\$255	2,220	\$240-\$255
Premium	2,225	\$210-\$235	1,500	\$205-\$230	3,300	\$210-\$235	3,610	\$215-\$230
Good	3,220	\$155-\$200	2,150	\$160-\$191	2,140	\$160-\$200	4,875	\$159-\$205
Fair	1,925	\$135-\$145	2,500	\$140-\$150	1,160	\$137-\$150	1,050	\$135-\$150
Escalon, Modesto, Turlock Areas								
Supreme	2,290	\$230-\$250	1,525	\$230-\$255	5,575	\$230-\$255	3,800	\$230-\$250
Premium	1,675	\$205-\$225	650	\$210-\$235	375	\$208-\$220	300	\$205-\$220
Good	250	\$160-\$178	500	\$150-\$170	475	\$150-\$190	1,400	\$175-\$205
Fair	1,850	\$135-\$145	1,950	\$130-\$145	850	\$135-\$145	475	\$135-\$145

Source: The Hoyt Report, Inc.

Federal Order Minimum Class Prices

Hundredweight Prices

Class I	Sept.	Oct.	Nov.
Phoenix, Arizona	\$18.91	\$18.95	\$17.13
Portland, Oregon	\$18.46	\$18.50	\$16.68
Boston (Northeast)	\$19.81	\$19.85	\$18.03
Class III	\$16.39	\$14.82	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.
09/16/16	14,300	56,200	\$59-\$70
09/23/16	14,900	58,200	\$69-\$69
09/30/16	14,700	56,200	\$65-\$65
10/07/16	14,300	57,200	\$62-\$62

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	758	261	232
June	256	328	686	757	262	231
July	254	333	698	770	270	257
August	212	319	709	742	231	235
September	188	269	699	744	212	216
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 September 2016 was 2.47 (up from 2.42 in August 2016). The current ratio of 2.47 means that a dairy producer can buy 2.47 pounds of feed for every pound of milk sold. The prices used to calculate the September 2016 milk-feed price ratio were: corn \$3.22/bushel; soybeans \$9.43/bushel; alfalfa hay \$137/ton; all-milk price \$17.30/cwt. (increased from \$17.10 in August 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 2.3% in September 2016, compared to September 2015. USDA reports that California milk production decreased 0.1% compared to September 2015 (with 11,000 less cows and 10 more pounds of milk per cow). Among other western states, compared to September 2015, Arizona was up 1.1%; New Mexico was down 1.3%; and Washington was up 1.3%. Two of the top ten milk producing states reported a production decrease. The largest percent increase was reported by Kansas at 6.3% growth in milk production (on 3,000 more cows and 75 more pounds of milk per cow).

Quarterly: For the third quarter of 2016 compared to the second quarter of 2016, U.S. milk cow numbers increased to 9.360 million head, milk production per cow decreased to 5,625 pounds; the net effect was a decrease in milk production to 52.7 billion pounds. USDA projects that for the fourth quarter of 2016 compared to the third quarter of 2016, milk cow numbers will increase to 9.380 million head, production per cow will decrease to 5,610 pounds; the net effect would be a decrease in milk production to 52.6 billion pounds.

Milk Prices

For the third quarter of 2016, U.S. average all-milk prices are estimated to be \$16.80-\$16.90/cwt. USDA projects that for the fourth quarter of 2016, U.S. average all-milk prices will be \$15.85-\$16.25/cwt.; Class III prices will be \$13.95-\$14.35/cwt.; and Class IV prices will be \$13.60-\$14.10/cwt.

Utility Cow Prices

Comparing the third quarter of 2016 to the second quarter of 2016, average U.S. utility cow prices were down \$2.71/cwt. to a national average of \$73.16/cwt. USDA projects that utility cow prices will average \$69-\$75/cwt. in the fourth quarter of 2016.

Top Ten Milk Production States - Sept. 2016

(Percent Change from Same Month/Previous Year)

1. California	-0.1%	6. Texas	+5.3%
2. Wisconsin	+3.3%	7. Pennsylvania	+1.3%
3. Idaho	+4.9%	8. Minnesota	+2.4%
4. New York	+4.9%	9. New Mexico	-1.3%
5. Michigan	+5.8%	10. Washington	+1.3%

Information from the USDA-NASS publication "Milk Production" and the USDA-ERS publication: "Livestock, Dairy, and Poultry Outlook."



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  Web Posting Email Notification to subscribe to the Dairy Marketing Branch Email Notifications.

Milk Mailbox Prices in Dollars per Hundredweight - 2016

2016 Mailbox Milk Prices

Reporting Areas	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Dollars Per Hundredweight												
California	\$14.54	\$13.99	\$13.61	\$13.27	\$12.58	\$13.54	\$14.55					
New England States	\$17.35	\$17.06	\$16.36	\$16.30	\$15.97	\$15.99	\$17.04					
New York	\$15.93	\$15.72	\$15.08	\$15.06	\$14.77	\$14.69	\$15.76					
Eastern Pennsylvania	\$16.11	\$15.87	\$15.10	\$15.09	\$14.80	\$14.70	\$15.75					
Appalachian States	\$16.90	\$16.08	\$15.17	\$15.11	\$15.06	\$15.07	\$15.87					
Southeast States	\$16.83	\$15.75	\$14.72	\$14.68	\$14.48	\$14.62	\$15.88					
Southern Missouri	\$16.75	\$15.68	\$14.46	\$14.18	\$14.19	\$14.19	\$15.90					
Florida	\$17.95	\$16.49	\$15.68	\$15.69	\$15.30	\$15.74	\$16.79					
Western Pennsylvania	\$16.55	\$15.82	\$15.21	\$15.06	\$14.56	\$14.62	\$15.79					
Ohio	\$15.97	\$15.56	\$15.18	\$15.23	\$14.81	\$14.86	\$15.83					
Indiana	\$15.58	\$15.13	\$14.61	\$15.12	\$14.68	\$14.66	\$15.60					
Michigan	\$14.69	\$14.17	\$13.51	\$13.39	\$12.90	\$12.90	\$13.98					
Wisconsin	\$16.09	\$16.03	\$15.68	\$15.52	\$14.71	\$14.78	\$16.52					
Minnesota	\$16.25	\$15.92	\$15.70	\$15.46	\$14.71	\$14.96	\$16.52					
Iowa	\$15.84	\$15.59	\$15.31	\$15.11	\$14.42	\$14.51	\$16.15					
Illinois	\$16.16	\$15.88	\$15.31	\$15.35	\$14.62	\$14.57	\$16.04					
Corn Belt States	\$15.03	\$14.66	\$14.25	\$14.21	\$13.62	\$13.62	\$14.93					
Western Texas	\$15.08	\$14.72	\$14.27	\$14.16	\$13.63	\$13.50	\$14.87					
New Mexico	\$14.19	\$13.96	\$13.48	\$13.29	\$12.88	\$12.80	\$14.07					
Northwest States	\$15.25	\$14.81	\$14.56	\$14.56	\$14.14	\$14.47	\$16.03					
All Federal Order Areas	\$15.83	\$15.48	\$14.96	\$14.89	\$14.37	\$14.43	\$15.75					

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