The second quarter of 2011 showed that the grain, minerals, and supplements costs were the highest over the five-year period shown.

Comparing the second quarter of 2011 with 2007, grains, minerals, and supplements costs per ton increased 43 percent; milk cow alfalfa hay cost per ton increased 33 percent.
USDA estimates U.S. milk production for September 2011 in the top 23 milk producing states at 14.8 billion pounds, up 1.9 percent from September 2010. Production per cow in the top 23 milk producing states averaged 1,742 pounds for September, 12 pounds above September 2010.

For the U.S. overall, comparing September 2011 to September 2010:
• The number of cows on farms was 9.2 million head, up 88,000 head
• Production per cow averaged 1,716 pounds, 12 pounds more than September 2010
• Four of the top twenty-three milk producing states showed a decrease in milk production

USDA reports that the milk-feed price ratio for September 2011 was 1.76 (down from 1.84 in August 2011). The current ratio of 1.76 means that a dairy producer can buy 1.76 pounds of feed for every pound of milk sold.

USDA Milk-Feed Price Ratio

The prices used to calculate the September 2011 milk-feed price ratio: corn was $6.69/bushel; baled alfalfa hay was $196/ton; soybeans were $13.10/bushel; all-milk price $20.90/cwt. (down from $22.00/cwt. in August 2011).

USDMA Mailbox Prices in Dollars per Hundredweight

In July 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged $21.74 per cwt., up 5.86 from the previous month average, and up 5.92 from July 2010. The component tests of producer milk in July 2011 were: butterfat, 3.56%; protein, 2.95%; and other solids, 5.72%. On an individual reporting area basis, mailbox prices increased from the previous month in all Federal milk order reporting areas. Mailbox prices in July 2011 ranged from $24.50 in Florida to $19.97 in New Mexico.

Delivered Alfalfa Hay Monthly Weighted Average Prices

Alfalfa Hay Update
All classes of hay traded steady to firm with very good demand. Trading activities were light to moderate due to limited supplies statewide. Northern California hay production no longer experiencing rain delays. Southern California had very light trading activity and some retail hay coming out of barns.

Minimum Class Prices

<table>
<thead>
<tr>
<th></th>
<th>California Hundredweight Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class</td>
<td>September</td>
</tr>
<tr>
<td>1 No. Calif.</td>
<td>$23.56</td>
</tr>
<tr>
<td>So. Calif.</td>
<td>$23.84</td>
</tr>
<tr>
<td>2 No. Calif.</td>
<td>$20.85</td>
</tr>
<tr>
<td>So. Calif.</td>
<td>$20.09</td>
</tr>
<tr>
<td>3</td>
<td>$20.80</td>
</tr>
<tr>
<td>4a</td>
<td>$19.29</td>
</tr>
<tr>
<td>4b</td>
<td>$16.33</td>
</tr>
</tbody>
</table>

Federal Order Minimum Class Prices

<table>
<thead>
<tr>
<th>Class</th>
<th>September</th>
<th>October</th>
<th>November</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phoenix, Arizona</td>
<td>$24.13</td>
<td>$21.91</td>
<td>$20.80</td>
</tr>
<tr>
<td>Portland, Oregon</td>
<td>$23.68</td>
<td>$21.46</td>
<td>$20.35</td>
</tr>
<tr>
<td>Boston (Northeast)</td>
<td>$25.03</td>
<td>$22.81</td>
<td>$21.70</td>
</tr>
<tr>
<td>Class III</td>
<td>$19.07</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Quota Transfer Summary

<table>
<thead>
<tr>
<th>Month</th>
<th>Quota</th>
<th>Overbase</th>
</tr>
</thead>
<tbody>
<tr>
<td>March '11</td>
<td>$19.04</td>
<td>$17.31</td>
</tr>
<tr>
<td>April</td>
<td>$18.70</td>
<td>$17.00</td>
</tr>
<tr>
<td>May</td>
<td>$18.97</td>
<td>$17.27</td>
</tr>
<tr>
<td>June</td>
<td>$21.19</td>
<td>$19.49</td>
</tr>
<tr>
<td>July</td>
<td>$21.24</td>
<td>$19.54</td>
</tr>
<tr>
<td>August</td>
<td>$21.23</td>
<td>$19.53</td>
</tr>
<tr>
<td>September</td>
<td>$19.87</td>
<td>$18.17</td>
</tr>
</tbody>
</table>

**USDA Milk Feed Price Ratio**

USDA's report of the milk-feed price ratio for September 2011 was 1.84 (down from 1.90 in August 2011). This ratio indicates that, for every pound of milk, farmers can buy 1.84 pounds of feed. Milk prices used to calculate the milk-feed price ratio are based on U.S. prices and don’t necessarily reflect California prices.

Milk Mailbox Prices in Dollars per Hundredweight

<table>
<thead>
<tr>
<th>Region 1</th>
<th>Dairy Cows</th>
<th>Dairy Cows</th>
<th>West Region 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region 9</td>
<td>865</td>
<td>529</td>
<td>5,017</td>
</tr>
<tr>
<td>Average Price Per Pound of SNF Quota</td>
<td>$364</td>
<td>$450</td>
<td>$454</td>
</tr>
</tbody>
</table>

Quota Transfers August September October

Pool Prices

- **Exchange of SNF Quota**
  - Pounds of SNF Quota Transferred: 865, 529, 5,017
  - Average Price Per Pound of SNF Quota: $364, $450, $454

Dairy Cow Culling Activity (Weekly)

<table>
<thead>
<tr>
<th>Week Ending</th>
<th>Region 9</th>
<th>Dairy Cows</th>
<th>U.S. Dairy Cows</th>
<th>West Region 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>08/19/11</td>
<td>14,300</td>
<td>54,200</td>
<td>$64-$71</td>
<td></td>
</tr>
<tr>
<td>08/26/11</td>
<td>13,500</td>
<td>54,100</td>
<td>$58-$66</td>
<td></td>
</tr>
<tr>
<td>09/02/11</td>
<td>14,100</td>
<td>53,500</td>
<td>$56-$71</td>
<td></td>
</tr>
<tr>
<td>09/09/11</td>
<td>13,300</td>
<td>49,200</td>
<td>$62-$62</td>
<td></td>
</tr>
<tr>
<td>09/16/11</td>
<td>15,400</td>
<td>60,500</td>
<td>$55-$64</td>
<td></td>
</tr>
<tr>
<td>09/23/11</td>
<td>15,300</td>
<td>58,700</td>
<td>$55-$67</td>
<td></td>
</tr>
<tr>
<td>09/30/11</td>
<td>15,600</td>
<td>59,000</td>
<td>$52-$61</td>
<td></td>
</tr>
<tr>
<td>10/07/11</td>
<td>15,800</td>
<td>65,800</td>
<td>$53-$62</td>
<td></td>
</tr>
</tbody>
</table>

Milk Mailbox Prices for July 2011

- **California Dairy Mailbox Prices in Dollars per Hundredweight**
  - Low/High Average: $21.74
  - Listed by Region:
    - **California**: $21.74
    - **U.S.**: $21.74

California Dairy Production - September 2011

USDA estimates U.S. milk production for September 2011 in the top 23 milk producing states at 14.8 billion pounds, up 1.9 percent from September 2010. Production per cow in the top 23 milk producing states averaged 1,742 pounds for September, 12 pounds above September 2010.

- **For the U.S. overall, comparing September 2011 to September 2010:**
  - The number of cows on farms was 9.21 million head, up 88,000 head
  - Production per cow averaged 1,716 pounds, 12 pounds more than September 2010
  - Four of the top twenty-three milk producing states showed a decrease in milk production

California Mailbox Prices for July 2011

<table>
<thead>
<tr>
<th>Region</th>
<th>Mailbox Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>$15.31</td>
</tr>
<tr>
<td>USDA</td>
<td>$16.66</td>
</tr>
<tr>
<td>California</td>
<td>$18.93</td>
</tr>
<tr>
<td>USDA</td>
<td>$20.50</td>
</tr>
<tr>
<td>California</td>
<td>$19.66</td>
</tr>
<tr>
<td>USDA</td>
<td>$20.88</td>
</tr>
<tr>
<td>California</td>
<td>$21.74</td>
</tr>
</tbody>
</table>

**Alfalfa Hay Update**

All classes of hay traded steady to firm with very good demand. Trading activities were light to moderate due to limited supplies statewide. Northern California hay production no longer experiencing rain delays. Southern California had very light trading activity and some retail hay coming out of barns.

The second quarter of 2011 showed that the grain, minerals, and supplements costs were the highest over the five-year period shown. Comparing the second quarter of 2011 with 2007, grains, minerals, and supplements costs per ton increased 43 percent; milk cow alfalfa hay cost per ton increased 32 percent.