

California Dairy Review



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Breakdown of Feed Ingredients; January-June 2016

Based on the CDFA Cost of Production Survey, this summary provides a breakdown for feed ingredients fed to Holstein and Jersey milk cows (excludes dry cow feed) for January-June 2016. The table displays the dollars-per-ton fed for each commodity fed, feed intake per-cow-per-day, estimated dry matter intake per-cow-per-day, and the percent of total feed cost. This table does not contain organic herds.

FEED	HOLSTEIN MILK COWS				JERSEY MILK COWS			
	\$ Per Ton ¹	As Fed #s Per Cow Per Day ¹	Dry Matter #s Per Cow Per Day ²	% of Total Feed Cost ¹	\$ Per Ton ¹	As Fed #s Per Cow Per Day ¹	Dry Matter #s Per Cow Per Day ²	% of Total Feed Cost ¹
DRY ROUGHAGE								
Alfalfa Hay	\$237.05	8.92	8.01	15.7%	\$265.16	5.93	5.31	12.7%
Other Hay	\$130.52	0.90	0.78	0.8%	\$99.80	1.25	1.04	0.9%
Almond Hulls & Shells	\$112.07	4.25	3.82	3.4%	\$105.38	3.05	2.73	2.4%
Total Dry Roughage	\$192.50	14.07	12.62	20.1%	\$197.37	10.23	9.09	16.3%
SILAGE								
Corn Silage	\$72.14	28.12	9.44	15.1%	\$77.02	20.55	6.86	12.8%
Other Silage	\$60.31	10.68	3.45	4.8%	\$63.27	14.52	4.99	7.4%
Green Chop	\$52.82	1.40	0.28	0.5%	\$0.00	0.00	0.00	0.0%
Total Silage	\$68.33	40.19	13.17	20.4%	\$71.32	35.07	11.85	20.2%
OTHER FORAGES & WET FEEDS								
Earlage	\$0.00	0.00	0.00	0.0%	\$90.00	0.18	0.11	0.1%
Wet Distiller Grain	\$67.59	2.57	0.82	1.3%	\$68.12	0.96	0.30	0.5%
Wet Corn Gluten	\$69.19	1.08	0.34	0.6%	\$72.77	2.06	0.82	1.2%
Whey	\$31.55	3.52	0.52	0.8%	\$27.42	0.89	0.14	0.2%
Other Wet Feeds	\$32.10	2.60	0.52	0.6%	\$27.35	0.63	0.13	0.1%
Total Other Forages & Wet Feeds	\$45.31	9.77	2.20	3.3%	\$57.81	4.72	1.50	2.2%
CONCENTRATES & BYPRODUCTS								
Inside Barn Mix	\$236.45	1.56	1.35	2.8%	\$0.00	0.00	0.00	0.0%
Rolled Corn	\$182.64	10.11	8.89	13.7%	\$178.00	10.64	9.40	15.3%
Rolled Barley	\$181.12	0.10	0.09	0.1%	\$0.00	0.00	0.00	0.0%
Whole Cottonseed/Pima	\$374.04	2.80	2.57	7.8%	\$379.36	3.29	3.03	10.1%
Soybean Meal	\$373.05	0.26	0.23	0.7%	\$385.48	0.42	0.37	1.3%
Canola	\$268.91	4.39	4.02	8.8%	\$268.53	3.94	3.62	8.6%
Beet Pulp	\$177.10	0.39	0.35	0.5%	\$171.51	0.13	0.12	0.2%
Wheat Millrun	\$152.61	0.58	0.52	0.7%	\$163.87	0.28	0.25	0.4%
Dried Distillers Grain	\$195.01	2.19	2.01	3.2%	\$182.33	1.92	1.75	2.8%
Other Grains & byproducts	\$275.33	2.55	2.33	5.2%	\$272.53	3.88	3.54	8.5%
Mill/Custom Mix	\$259.52	4.03	3.48	7.8%	\$281.05	2.88	2.51	6.5%
Total Concentrates & Byproducts	\$237.96	28.97	25.84	51.3%	\$242.74	27.38	24.59	53.7%
MINERALS & ADDITIVES								
All Minerals	\$389.21	1.64	1.35	4.7%	\$390.68	2.38	1.89	7.5%
PASTURE								
Pasture	\$44.53	0.48	0.11	0.2%	\$0.00	0.00	0.00	0.0%
TOTALS	\$141.41	95.12	55.29	100.0%	\$155.05	79.79	48.92	100.0%

Cost Per Cow-Per Day \$6.72
 Cost Per Cwt. of Milk \$8.53
 Avg. Milk Cows 1,325
 Milk Production Per Cow-Per Day 78.82

Cost Per Cow-Per Day \$6.19
 Cost Per Cwt. of Milk \$9.85
 Avg. Milk Cows 1,976
 Milk Production Per Cow-Per Day 62.80

¹ All figures based on weighted averages

² Dry Matter is estimated

This table represents California Holstein and Jersey herds that participate in the Cost of Production Survey. This table does not include organic herds.

California Minimum Class Prices

Hundredweight Prices

Class	Aug.	Sept.	Oct.
1 No. Calif.	\$16.37	\$18.12	\$17.77
So. Calif.	\$16.64	\$18.39	\$18.04
2 No. Calif.	\$14.30	\$14.30	\$14.21
So. Calif.	\$14.53	\$14.53	\$14.45
3	\$14.25	\$14.25	\$14.16
4a	\$13.99	\$13.58	N/A
4b	\$16.34	\$15.24	N/A

Quota Transfer Summary

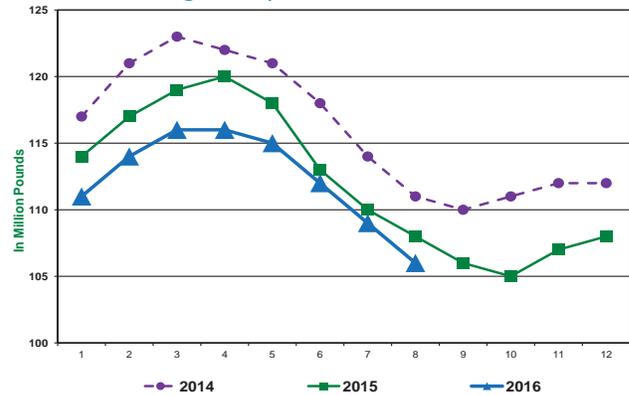
Quota Transfers	Aug.	Sept.	Oct.
Number of Sellers	5	2	2
Pounds of SNF Quota Transferred	6,385	7,198	1,704
Average Price Per Pound of SNF Quota	\$545	\$550	\$550

California Pool Prices

Pool Price	June	July	August
Quota	\$14.62	\$15.66	\$16.74
Overbase	\$12.92	\$13.96	\$15.04

California Milk Production

Average Daily Basis: 2014, 2015, 2016



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

Week Ending	September 2, 2016		September 9, 2016		September 16, 2016		September 23, 2016	
	Tons	Price Range	Tons	Price Range	Tons	Price Range	Tons	Price Range
Tulare, Hanford Areas								
Supreme	2,450	\$235-\$250	400	\$235-\$245	975	\$245-\$250	2,000	\$240-\$250
Premium	365	\$210-\$235	3,405	\$215-\$230	2,000	\$220-\$225	2,535	\$215-\$230
Good	710	\$160-\$200	5,355	\$160-\$208	2,325	\$155-\$188	1,850	\$155-\$185
Fair	10,400	\$135-\$150	5,650	\$140-\$145	1,775	\$140-\$150	1,825	\$140-\$150
Escalon, Modesto, Turlock Areas								
Supreme	500	\$235-\$250	925	\$230-\$250	600	\$240-\$245	1,800	\$235-\$240
Premium	625	\$210-\$230	1,200	\$200-\$220	500	\$220-\$230	300	\$200-\$225
Good	275	\$165-\$180	2,350	\$145-\$182	600	\$150-\$180	-	No sales
Fair	2,525	\$120-\$135	4,330	\$125-\$135	1,360	\$130-\$140	400	\$135-\$145

Source: The Hoyt Report, Inc.

Federal Order Minimum Class Prices

Hundredweight Prices

Class I	Aug.	Sept.	Oct.
Phoenix, Arizona	\$17.42	\$18.91	\$18.95
Portland, Oregon	\$16.97	\$18.46	\$18.50
Boston (Northeast)	\$18.32	\$19.81	\$19.85
Class III	\$16.91	\$16.39	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.
08/19/16	13,200	54,900	\$71-\$71
08/26/16	13,500	55,000	\$74-\$75
09/02/16	13,200	56,300	\$70-\$75
09/09/16	13,900	50,600	\$72-\$72

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	322	709	744	231	235
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 August 2016 was 2.42 (up from 2.14 in July 2016). The current ratio of 2.42 means that a dairy producer can buy 2.42 pounds of feed for every pound of milk sold. The prices used to calculate the August 2016 milk-feed price ratio were: corn \$3.21/bushel; soybeans \$9.93/bushel; alfalfa hay \$138/ton; all-milk price \$17.10/cwt. (increased from \$16.10 in July 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 1.9% in August 2016, compared to August 2015. USDA reports that California milk production decreased 1.7% compared to August 2015 (with 11,000 less cows and 20 less pounds of milk per cow). Among other western states, compared to August 2015, Arizona was up 0.8%; New Mexico was up 1.5%; and Washington was up 0.5%. Two of the top ten milk producing states reported a production decrease. The largest increase was reported by Texas at 11.0% growth in milk production (on 25,000 more cows and 95 more pounds of milk per cow).

Quarterly: For the second quarter of 2016 compared to the first quarter of 2016, U.S. milk cow numbers increased to 9.328 million head, milk production per cow increased to 5,828 pounds; the net effect was an increase in milk production to 54.4 billion pounds. USDA projects that for the third quarter of 2016 compared to the second quarter of 2016, milk cow numbers will increase to 9.330 million head, production per cow will decrease to 5,625 pounds; the net effect would be a decrease in milk production to 52.5 billion pounds.

Milk Prices

Comparing the second quarter of 2016 to the first quarter of 2016, U.S. average all-milk prices decreased to \$14.80/cwt. USDA projects that for the third quarter of 2016, U.S. average all-milk prices will be \$16.75-\$16.95/cwt.; Class III prices will be \$16.20-\$16.40/cwt.; and Class IV prices will be \$14.35-\$14.65/cwt.

Utility Cow Prices

Comparing the second quarter of 2016 to the first quarter of 2016, average U.S. utility cow prices were up \$2.37/cwt. to a national average of \$75.87/cwt. USDA projects that utility cow prices will average \$69-\$72/cwt. in the third quarter of 2016.

Top Ten Milk Production States - Aug. 2016

(Percent Change from Same Month/Previous Year)

1. California	-1.7%	6. Texas	+11.0%
2. Wisconsin	+2.4%	7. Pennsylvania	-0.4%
3. Idaho	+4.9%	8. Minnesota	+0.8%
4. New York	+3.2%	9. New Mexico	+1.5%
5. Michigan	+6.6%	10. Washington	+0.5%

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



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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						
New England States	\$17.35	\$17.06	\$16.36	\$16.30	\$15.97	\$15.99						
New York	\$15.93	\$15.72	\$15.08	\$15.06	\$14.77	\$14.69						
Eastern Pennsylvania	\$16.11	\$15.87	\$15.10	\$15.09	\$14.80	\$14.70						
Appalachian States	\$16.90	\$16.08	\$15.17	\$15.11	\$15.06	\$15.07						
Southeast States	\$16.83	\$15.75	\$14.72	\$14.68	\$14.48	\$14.62						
Southern Missouri	\$16.75	\$15.68	\$14.46	\$14.18	\$14.19	\$14.19						
Florida	\$17.95	\$16.49	\$15.68	\$15.69	\$15.30	\$15.74						
Western Pennsylvania	\$16.55	\$15.82	\$15.21	\$15.06	\$14.56	\$14.62						
Ohio	\$15.97	\$15.56	\$15.18	\$15.23	\$14.81	\$14.86						
Indiana	\$15.58	\$15.13	\$14.61	\$15.12	\$14.68	\$14.66						
Michigan	\$14.69	\$14.17	\$13.51	\$13.39	\$12.90	\$12.90						
Wisconsin	\$16.09	\$16.03	\$15.68	\$15.52	\$14.71	\$14.78						
Minnesota	\$16.25	\$15.92	\$15.70	\$15.46	\$14.71	\$14.96						
Iowa	\$15.84	\$15.59	\$15.31	\$15.11	\$14.42	\$14.51						
Illinois	\$16.16	\$15.88	\$15.31	\$15.35	\$14.62	\$14.57						
Corn Belt States	\$15.03	\$14.66	\$14.25	\$14.21	\$13.62	\$13.62						
Western Texas	\$15.08	\$14.72	\$14.27	\$14.16	\$13.63	\$13.50						
New Mexico	\$14.19	\$13.96	\$13.48	\$13.29	\$12.88	\$12.80						
Northwest States	\$15.25	\$14.81	\$14.56	\$14.56	\$14.14	\$14.47						
All Federal Order Areas	\$15.83	\$15.48	\$14.96	\$14.89	\$14.37	\$14.43						

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