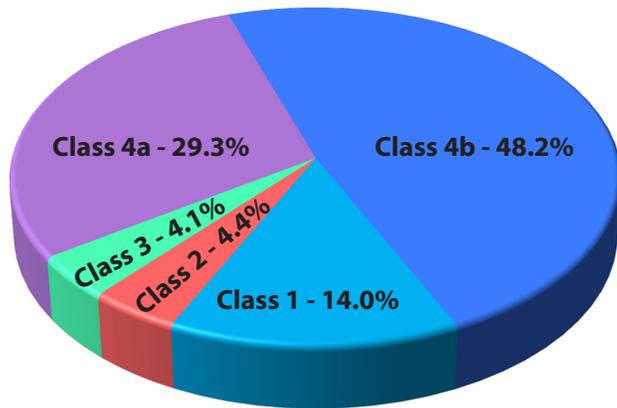
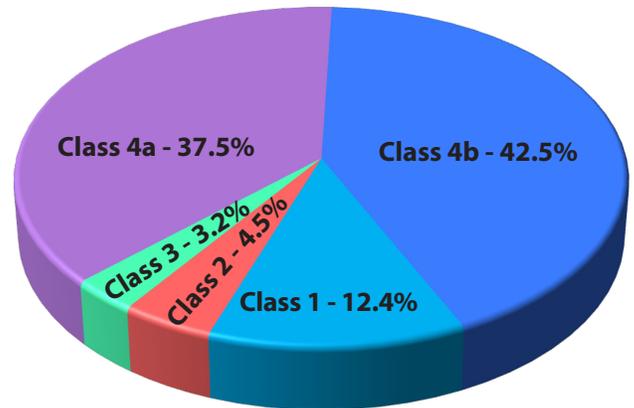


Percent Utilization of Pooled Milk in California by Class, Comparing January-June: 2007 to 2012

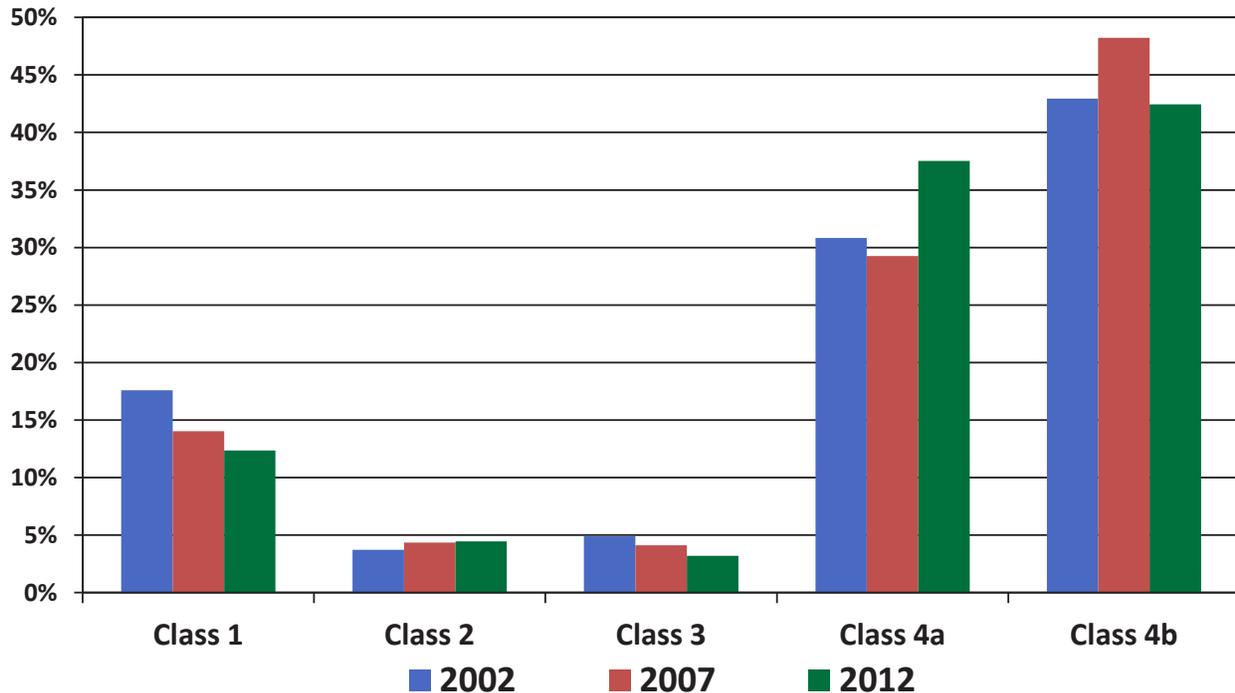
January - June 2007



January - June 2012



Utilization of Pooled Milk in California, by Class A Comparison of Classes 1, 2, 3, 4a and 4b January-June: 2002, 2007, 2012



▶ Comparing 2002, 2007, and 2012: As indicated by the chart above, Classes 1 and 3 have shown steady decreases in utilization, Class 2 has remained even or slightly increased, while Classes 4a and 4b continue to account for the largest percentage of pooled milk. For June 2012, Classes 4a and 4b accounted for 80% of the milk pooled in California.

California Minimum Class Prices

Hundredweight Prices

Class	July	Aug.	Sept.
1 No. Calif.	\$17.60	\$18.01	\$19.34
So. Calif.	\$17.87	\$18.28	\$19.61
2 No. Calif.	\$14.51	\$13.76	\$13.76
So. Calif.	\$14.74	\$13.99	\$13.99
3	\$14.46	\$13.71	\$13.71
4a	\$13.17	\$13.50	\$13.50
4b	\$14.65	\$15.18	\$15.18

Quota Transfer Summary

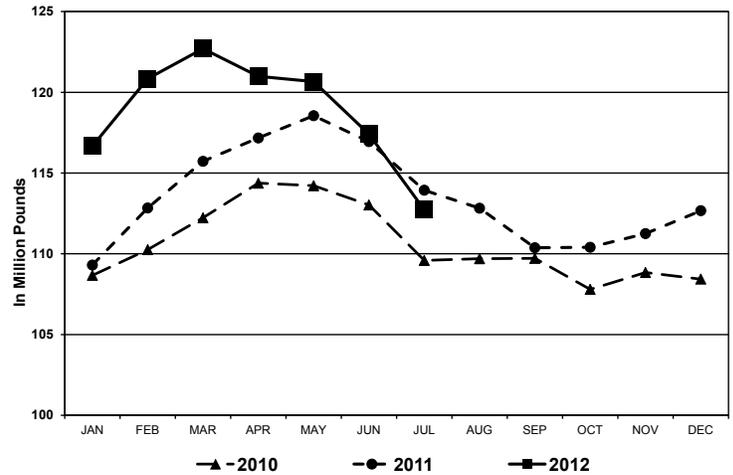
Quota Transfers	June	July	August
Number of Sellers	5	6	10
Pounds of SNF Quota Transferred	2,412	11,104	10,148
Average Price Per Pound of SNF Quota	\$498	\$494	\$476

California Pool Prices

Pool Price	May	June	July
Quota	\$15.35	\$15.67	\$16.14
Overbase	\$13.65	\$13.97	\$14.44

California Milk Production

Average Daily Basis: 2010, 2011, 2012



California Milk Production Cost Comparison, by Region, 1st Quarter 2011-2012

Quarter	North Coast		North Valley		South Valley		Southern California		Statewide Weighted Averages	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
<i>In Dollars per Hundredweight</i>										
1st Quarter										
Total Costs	\$20.48	\$23.47	\$15.09	\$16.79	\$14.97	\$16.31	\$15.20	\$16.36	\$15.15	\$16.63
Total Costs & Allowances ¹	\$22.41	\$25.28	\$16.65	\$18.21	\$16.53	\$17.77	\$16.90	\$17.89	\$16.73	\$18.09

¹ Includes an allowance for management and return on investment

California Alfalfa Hay Monthly Weighted Average Prices – Delivered

Week Ending	August 3, 2012		August 10, 2012		August 17, 2012		August 24, 2012	
	Tons	Price Range	Tons	Price Range	Tons	Price Range	Tons	Price Range
Tulare, Hanford Areas								
Supreme	1,250	\$275-\$290	2,950	\$280-\$300	1,125	\$275-\$290	3,730	\$275-\$290
Premium	3,100	\$250-\$270	4,203	\$265-\$275	3,750	\$265-\$280	400	\$260-\$270
Good	10,255	\$225-\$255	7,010	\$230-\$255	2,961	\$233-\$255	7,078	\$232-\$257
Fair	10,500	\$213-\$230	6,363	\$220-\$225	11,312	\$220-\$230	8,300	\$219-\$230
Escalon, Modesto,								
Supreme	1,275	\$265-\$280	1,485	\$265-\$285	1,625	\$270-\$285	800	\$270-\$295
Premium	800	\$250-\$265	2,164	\$250-\$265	4,875	\$250-\$270	325	\$253-\$265
Good	2,700	\$220-\$250	4,273	\$230-\$255	1,750	\$220-\$245	1,250	\$230-\$240
Fair	500	\$208-\$220	6,360	\$200-\$220	6,350	\$200-\$220	2,050	\$210-\$220

Source: The Hoyt Report, Inc.

Federal Order Minimum Class Prices

Hundredweight Prices

Class I	July	Aug	Sept
Phoenix, Arizona	\$17.86	\$18.90	\$19.94
Portland, Oregon	\$17.41	\$18.45	\$19.49
Boston (Northeast)	\$18.76	\$19.80	\$20.84
Class III	\$16.68	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.
07/13/12	14,600	57,000	\$59-\$76
07/20/12	15,100	60,300	\$64-\$79
07/27/12	13,700	55,900	\$61-\$66
08/03/12	15,800	59,000	\$62-\$66
08/10/12	15,100	57,300	\$66-\$71

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	
	2011	2012	2011	2012	2011	2012
<i>In Million Pounds</i>						
January	119	170	638	612	98	159
February	139	205	620	608	124	196
March	144	211	611	622	124	210
April	142	254	621	632	150	227
May	170	264	623	623	166	215
June	190	243	618	630	186	145
July	188	232	649	634	192	-
August	166		643		168	
September	151		633		151	
October	130		615		143	
November	94		584		146	
December	105		601		165	

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 July 2012 was 1.29 (down from 1.38 in June 2012). The current ratio of 1.29 means that a dairy producer can buy 1.29 pounds of feed for every pound of milk sold. The prices used to calculate the July 2012 milk-feed price ratio: corn was \$7.36/bushel; baled alfalfa hay was \$198/ton; soybeans were \$15.60/bushel; all-milk price \$16.60/cwt. (up \$0.40/cwt. from June 2012).

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. was up by 0.7% in July 2012, compared to July 2011. USDA reports that California milk production decreased 1.0% compared to July 2011 (on 13,000 more cows and 35 less pounds of milk per cow). Among other western states, compared to July 2011, Arizona was up 0.9%; New Mexico was down 2.7%; and Washington was down 3.3%. Five of the top 10 states reported a production decrease. The largest increase was reported by Colorado at 5.8% growth in milk production (on 5,000 more cows and 35 more pounds of milk per cow).

Quarterly: For the second quarter of 2012 compared to the first quarter of 2012, U.S. milk cow numbers increased to 9.257 million head, milk production per cow increased to 5,561 pounds; the net effect was increased milk production at 51.5 billion pounds. USDA projects that for the third quarter of 2012 compared to the second quarter of 2012, U.S. milk cow numbers will decrease to 9.200 million head, production per cow will decrease to 5,320 pounds; the net effect would be decreased milk production to 48.9 billion pounds.

Milk Prices

Comparing the second quarter of 2012 to the first quarter of 2012, U.S. average milk prices decreased to \$16.40/cwt. USDA projects that for the third quarter of 2012, U.S. average all-milk prices will be \$17.50-17.80/cwt.; Class 4b prices will be \$17.25-17.55/cwt.; and Class 4a prices will be \$15.30-15.70/cwt.

Utility Cow Prices

Comparing the second quarter of 2012 to the first quarter of 2012, average U.S. utility cow prices were up \$6.94/cwt. to a national average of \$83.51/cwt. USDA projects that utility cow prices will average \$78-82/cwt. in the third quarter of 2012.

For the U.S. overall, comparing July 2012 to July 2011:

- The number of cows on farms was 9.227 million head, up 29,000 head
- Production per cow averaged 1,799 pounds, 7 pounds more than July 2011
- Six of the top twenty-three milk producing states showed a decrease in milk production

Top Ten Milk Production States - July 2012

(Percent Change from Same Month/Previous Year)

1. California	-1.0%	6. Texas	-2.4%
2. Wisconsin	+4.4%	7. Michigan	+4.1%
3. Idaho	+0.5%	8. Minnesota	+1.1%
4. New York	+1.9%	9. New Mexico	-2.7%
5. Pennsylvania	-1.5%	10. Washington	-3.3%

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

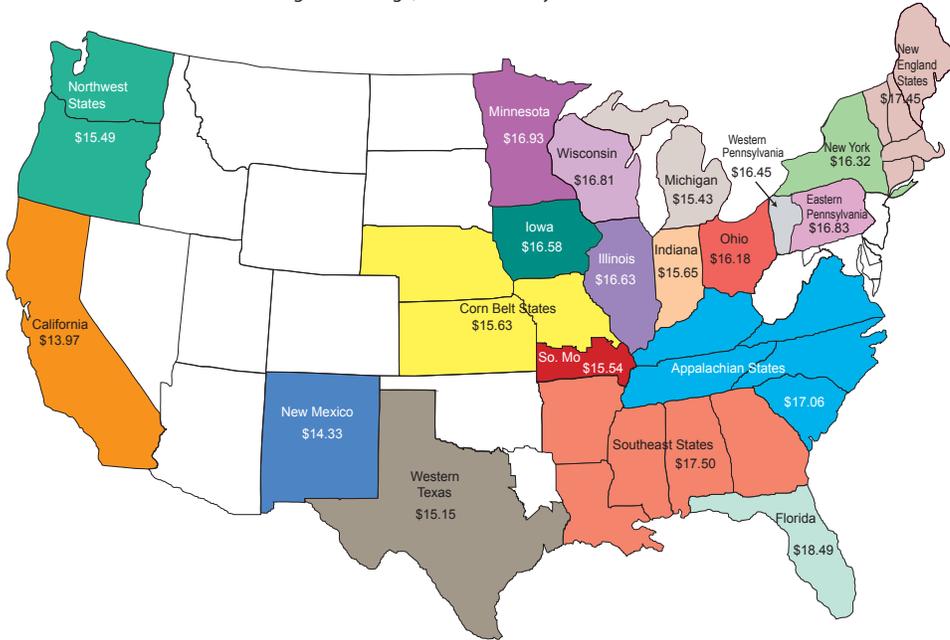
Milk Mailbox Prices in Dollars per Hundredweight

2012 Milk Mailbox Prices

Area	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.
California	\$16.36	\$15.22	\$14.99	\$14.59	\$13.97							
USDA	\$19.30	\$17.32	\$17.24	\$16.87	\$16.29							

¹ California mailbox price calculated by CDFA

² All federal milk market order weighted average, as calculated by USDA.



In May 2012, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$16.29 per cwt., down \$0.58 from the previous month average, and down \$3.29 from May 2011. The component tests of producer milk in May 2012 were: butterfat, 3.64%; protein, 3.05%; and other solids, 5.77%. On an individual reporting area basis, mailbox prices decreased from the previous month in all Federal milk order reporting areas except Southern Missouri. Mailbox prices in May 2012 ranged from \$18.49 in Florida to \$14.33 in New Mexico.

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

Milk Pricing Information:
 Within California 1-800-503-3490
 Outside California 1-916-442-MILK

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

Dairy Marketing Branch
 1220 N Street
 Sacramento, CA 95814

California Department of Food and Agriculture
 Karen Ross, Secretary



First Class
 U.S. Postage
 PAID
 Permit No. 81
 Sacramento, CA