

# California Dairy Review

California Dairy Marketing Branch



Volume 15 Issue 12

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## Season's Greetings



from CDFA Dairy Marketing

### California Milk Production Cost Comparison, by Region 2nd Quarter and Yearly Average, 2010-2011

Quarter	North Coast		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
<i>Dollars per Hundredweight</i>										
<b>2nd Quarter</b>										
Total Costs	\$16.54	\$18.75	\$13.17	\$15.16	\$12.81	\$15.11	\$12.20	\$15.08	\$12.98	\$15.21
Total Costs & Allowances*	\$18.30	\$20.67	\$14.59	\$16.73	\$14.25	\$16.68	\$13.75	\$16.76	\$14.43	\$16.79
<b>Yearly Average (All Twelve Months)</b>										
Total Costs	\$17.80		\$13.86		\$13.57		\$12.88		\$13.70	
Total Costs & Allowances*	\$19.60		\$15.32		\$15.07		\$14.48		\$15.19	

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

## California Minimum Class Prices

Hundredweight Prices

Class	October	November	December
1 No. Calif.	\$21.50	\$20.26	\$20.67
So. Calif.	\$21.77	\$20.54	\$20.94
2 No. Calif.	\$20.18	\$20.18	N/A
So. Calif.	\$20.42	\$20.42	N/A
3	\$20.13	\$20.13	N/A
4a	\$18.29	N/A	N/A
4b	\$15.78	N/A	N/A

## Federal Order Minimum Class Prices

Hundredweight Prices

Class I	October	November	December
Phoenix, Arizona	\$21.91	\$20.80	\$20.82
Portland, Oregon	\$21.46	\$20.35	\$20.37
Boston (Northeast)	\$22.81	\$21.70	\$21.72
<b>Class III</b>	<b>\$18.03</b>	<b>N/A</b>	<b>N/A</b>

## USDA Milk-Feed Price Ratio

USDA reports that the milk-feed price ratio for October 2011 was 1.79 (down from 1.84 in September 2011). The current ratio of 1.79 means that a dairy producer can buy 1.79 pounds of feed for every pound of milk sold. The prices used to calculate the October 2011 milk-feed price ratio: corn was \$5.92/bushel; baled alfalfa hay was \$203/ton; soybeans were \$11.90/bushel; all-milk price \$19.90/cwt. (down from \$21.10/cwt. in September 2011).

Prices used to calculate the milk-feed price ratio are based on U.S. prices and don't necessarily reflect California prices.

## California Pool Prices

Pool Price	August	September	October
Quota	\$21.23	\$19.87	\$18.91
Overbase	\$19.53	\$18.17	\$17.21

## Quota Transfer Summary

Quota Transfers	September	October	November
Number of Sellers	2	4	4
Pounds of SNF Quota Transferred	529	5,017	2,525
Average Price Per Pound of SNF Quota	\$450	\$454	\$469

## USDA Dairy Cow Culling Activity (Weekly)

Week Ending	Region 9 <sup>1</sup> Dairy Cows	U.S. Dairy Cows	West Region <sup>2</sup> Price Range
	Head		\$/cwt.
09/30/11	15,600	59,000	\$52-\$61
10/07/11	15,800	56,800	\$53-\$62
10/14/11	16,400	55,900	\$55-\$65
10/21/11	15,200	56,700	\$55-\$56
10/28/11	16,500	59,800	\$53-\$60
11/04/11	15,700	60,400	\$54-\$70

<sup>1</sup> Region 9 includes AZ, CA, HI and NV

<sup>2</sup> West region includes AZ, NV, UT, CA, ID, OR and WA

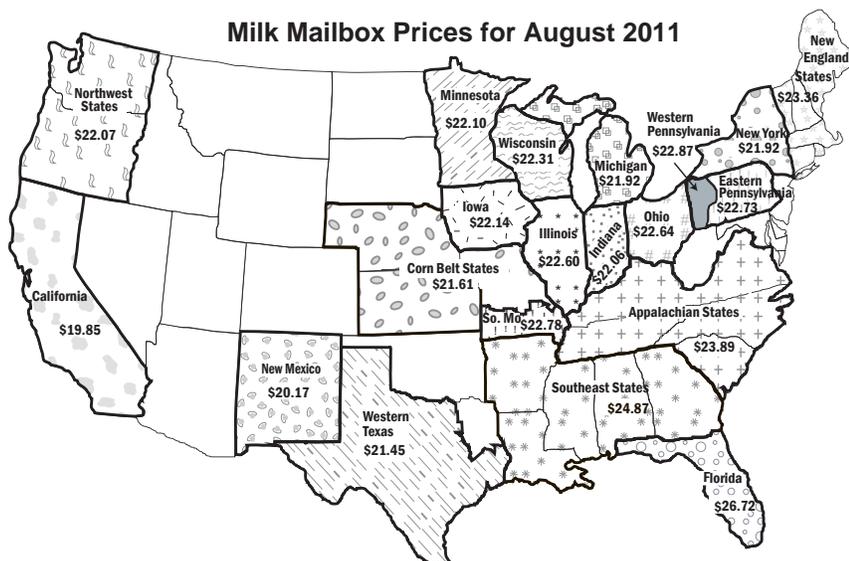
Source: USDA Market News: Report LM\_CT168 and SJ\_LS714

## Milk Mailbox Prices in Dollars per Hundredweight

	February '11	March	April	May	June	July	August
California <sup>1</sup>	\$17.50	\$18.00	\$17.51	\$17.72	\$19.80	\$19.67	\$19.85
USDA <sup>2</sup>	\$18.93	\$20.50	\$19.66	\$19.58	\$20.88	\$21.74	\$22.25

<sup>1</sup> California mailbox price calculated by CDFA.

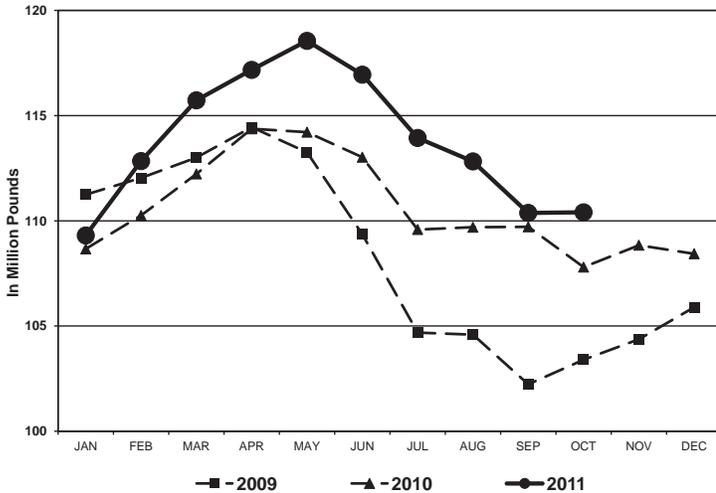
<sup>2</sup> All federal milk market order weighted average, as calculated by USDA.



In August 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$22.25 per cwt., up \$.50 from the previous month's revised average, and up \$5.65 from August 2010. The component tests of producer milk in August 2011 were: butterfat, 3.56%; protein, 2.98%; and other solids, 5.71%. On an individual reporting area basis, mailbox prices increased from the previous month in all Federal milk order reporting areas. Mailbox prices in August 2011 ranged from \$26.72 in Florida to \$20.17 in New Mexico.

## California Milk Production

Average Daily Basis: 2009, 2010, 2011



## National Dairy Situation and Outlook – USDA Estimates

### Milk Production

**Monthly:** USDA estimates overall milk production across the U.S. was up by 2.1% in October 2011, compared to October 2010. USDA reports that California milk production increased 2.4% compared to October 2010 (on 27,000 more cows and 15 more pounds of milk per cow). Among other western states, compared to October 2010, Arizona was up 7.2%; New Mexico was up 6.7%; and Washington was up 5.7%. The largest increase was reported by Texas at 9.8% growth in milk production (on 20,000 more cows and 85 more pounds of milk per cow).

### For the U.S. overall, comparing October 2011 to October 2010:

- The number of cows on farms was 9.219 million head, up 96,000 head
- Production per cow averaged 1,760 pounds, 17 pounds more than October 2010
- Six of the top twenty-three milk producing states showed a decrease in milk production

### Utility Cow Prices

Comparing the third quarter of 2011 to the second quarter of 2011, average U.S. utility cow prices were down \$8.77/cwt. to a national average of \$66.11/cwt. USDA projects that utility cow prices will average \$60-64/cwt. in the fourth quarter.

### Top Ten Milk Production States - Oct. 2011

(Percent Change from Same Month/Previous Year)

- |                 |       |                |       |
|-----------------|-------|----------------|-------|
| 1. California   | +2.4% | 6. Texas       | +9.8% |
| 2. Wisconsin    | +1.7% | 7. Minnesota   | -0.1% |
| 3. Idaho        | +1.7% | 8. Michigan    | +3.0% |
| 4. New York     | -0.2% | 9. New Mexico  | +6.7% |
| 5. Pennsylvania | -1.7% | 10. Washington | +5.7% |

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

## USDA Commercial Cold Storage Report

Month	Butter		Total Cheese		Nonfat Dry Milk	
	2010	2011	2010	2011	2010	2011
In Million Pounds						
January	168	119	588	638	274	98
February	203	139	599	620	201	124
March	196	144	602	611	176	124
April	206	142	610	621	153	150
May	212	170	615	622	155	166
June	198	190	627	618	179	190
July	194	188	640	647	201	193
August	155	166	634	643	166	167
September	130	151	637	633	141	151
October	109	130	639	615	123	
November	70		625		128	
December	82		631		145	

Source: USDA, Farm Services Agency, NASS Cold Storage and Dairy Products. (As published in the Dairy Market News)

## Alfalfa Hay Monthly Weighted Average Prices

Both F.O.B. and Delivered Prices Displayed - Week Ending October 28, 2011-November 18, 2011

**Region 3:** San Joaquin, Calaveras, Stanislaus, Tuolumne, Mono, Merced, and Mariposa.

FOB	Low/High	Average
Supreme	\$240/\$300	\$289
Premium	\$260/\$285	\$271
Good	\$220/\$260	\$240
Fair	N/A	N/A

**Region 4:** Madera, Fresno, Kings, Tulare, and Inyo.

FOB	Low/High	Average
Supreme	\$300/\$300	\$300
Premium	\$270/\$275	\$271
Good	\$248/\$265	\$257
Fair	\$205/\$225	\$215

**Region 5:** Kern, Northeast Los Angeles, and Western San Bernardino.

FOB	Low/High	Average
Supreme	\$280/\$320	\$295
Premium	\$260/\$280	\$273
Good	\$240/\$265	\$252
Fair	\$215/\$215	\$215

**Region 6:** Eastern San Bernardino, Riverside, and Imperial.

FOB	Low/High	Average
Supreme	\$270/\$280	\$278
Premium	\$252/\$280	\$265
Good	\$235/\$255	\$248
Fair	\$230/\$240	\$236

Delivered	Low/High	Average
Supreme	\$290/\$325	\$317
Premium	\$292/\$315	\$307
Good	N/A	N/A
Fair	\$270/\$273	\$272

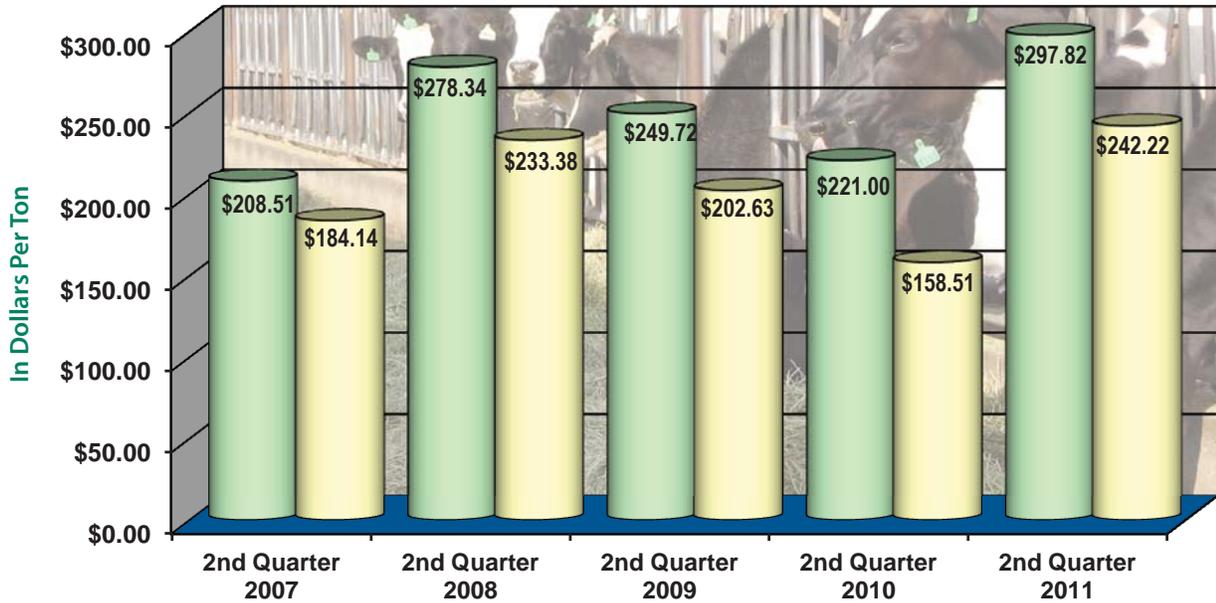
Delivered	Low/High	Average
Supreme	\$320/\$330	\$323
Premium	\$290/\$315	\$305
Good	\$290/\$295	\$293
Fair	\$260/\$260	\$260

Delivered	Low/High	Average
Supreme	\$330/\$330	\$330
Premium	\$310/\$315	\$311
Good	N/A	N/A
Fair	N/A	N/A

Delivered	Low/High	Average
Supreme	\$330/\$330	\$330
Premium	\$290/\$290	\$290
Good	N/A	N/A
Fair	N/A	N/A

Source: USDA CO Dept. of Ag Market News, Service, Greeley, CO, (970) 353-9750, www.ams.usda.gov/mnreports/ML\_GR311.txt

## Average Cost Per Ton Fed: Grains, Minerals, Supplements and Milk Cow Alfalfa Hay Second Quarters, 2007-2011, in Dollars Per Ton



■ Grain, Minerals, Supplements (\$/ton)     
 ■ Milk Cow Alfalfa Hay (\$/ton)

- 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.

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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 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

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

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