

## What the USDA Animal Disease Traceability Rule Means to the Dairy Industry: Interstate Movement Changes Effective March 11, 2013

The final rule for Animal Disease Traceability (ADT) for interstate movement of livestock was published by the United States Department of Agriculture on January 9, 2013. Effective March 11, 2013, the following cattle being moved interstate will require official identification (ID) and an Interstate Certificate of Veterinary Inspection (ICVI) listing official ID:

1. Dairy breed females of any age
  - a. This includes heifer calves being moved to a heifer-rearing ranch out of state
2. Dairy breed males of any age born after March 11, 2013
  - a. This includes dairy breed bulls and steers being shipped interstate intended for beef
  - b. Although both dairy breed bulls and steers must be accompanied by an ICVI, the official identification of each dairy breed bull, but not each dairy breed steer, must be listed on the ICVI
3. All cattle used for rodeos, exhibitions or recreational purposes.
  - a. Dairy cattle attending a fair or exhibition in another state will require official ID for interstate movement

Approved official identification devices and methods for cattle:

- Animal Identification Numbers (AIN) tag, commonly referred as an 840 tag
- USDA metal orange and "silver brite" tags
- Location-based numbering system tag, which consists of the USDA-issued premises identification number (PIN) with

a producer's unique livestock production numbering system

- Other means of identification, such as brands and registered tattoos, when the shipping and receiving State animal health authorities agree on their use.
- USDA-approved backtags are acceptable identification to move cattle to a recognized slaughtering establishment, however, the animals must be harvested within three (3) days of movement.

It is important to verify entry requirements of the destination state before moving livestock; some states may have additional regulations and requirements. CDFA will be working with other states in the near future to establish agreements for alternative identification and documentation requirements for certain situations. CDFA will continue to communicate with you as state-specific requirements are developed.

For more information animal disease traceability requirements for on cattle and other species, visit the USDA website: <http://www.aphis.usda.gov/traceability/materials.shtml> or the CDFA website at [www.cdfa.ca.gov/AHFSS/Animal\\_Health/id\\_info.html](http://www.cdfa.ca.gov/AHFSS/Animal_Health/id_info.html)

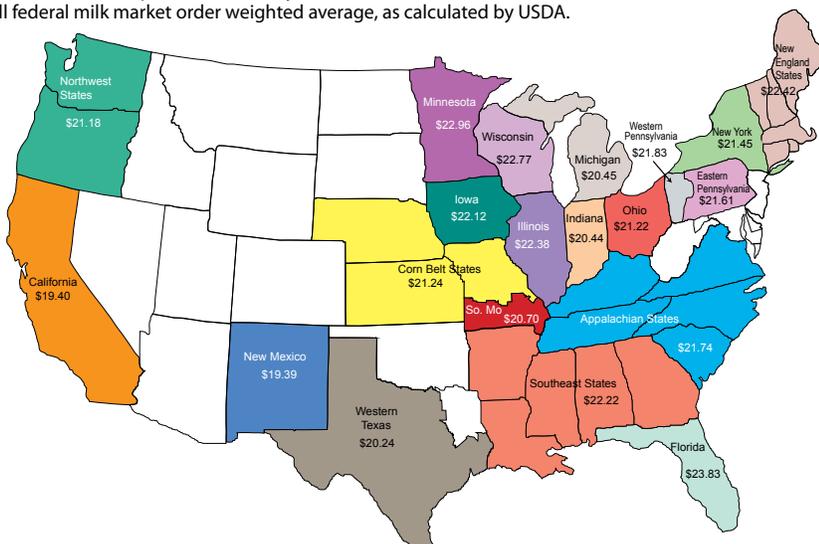
**Help Protect California Livestock, Support Animal Disease Traceability!**

## Milk Mailbox Prices in Dollars per Hundredweight - 2012

Area	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.
California	\$16.36	\$15.22	\$14.99	\$14.59	\$13.97	\$14.38	\$14.77	\$16.20	\$17.36	\$19.40		
USDA	\$19.30	\$17.32	\$17.24	\$16.87	\$16.29	\$16.21	\$16.88	\$18.22	\$19.88	\$21.55		

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

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



In October 2012, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$21.55 per cwt., up \$1.86 from the September 2012 corrected average, and up \$1.41 from the October 2011 average. The component tests of producer milk in October 2012 were: butterfat, 3.81%; protein, 3.17%; and other solids, 5.73%. On an individual reporting area basis, mailbox prices increased in all Federal milk order reporting areas from the previous month. Mailbox prices in October 2012 ranged from \$23.83 in Florida to \$19.39 in New Mexico.

## California Minimum Class Prices

### Hundredweight Prices

Class	Dec.	Jan.	Feb.
1 No. Calif.	\$23.08	\$20.24	\$19.83
So. Calif.	\$23.35	\$22.51	\$20.10
2 No. Calif.	\$18.54	\$18.54	N/A
So. Calif.	\$18.77	\$18.77	N/A
3	\$18.49	\$18.49	N/A
4a	\$17.47	N/A	N/A
4b	\$16.30	N/A	N/A

## Quota Transfer Summary

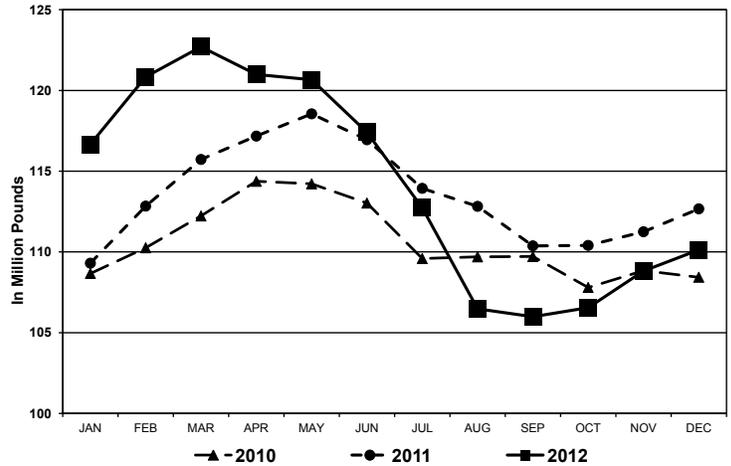
Quota Transfers	Nov.	Dec.	Jan.
Number of Sellers	7	4	7
Pounds of SNF Quota Transferred	13,396	17,654	9,185
Average Price Per Pound of SNF Quota	\$407	\$385	\$400

## California Pool Prices

Pool Price	Oct.	Nov.	Dec.
Quota	\$20.17	\$20.19	\$18.97
Overbase	\$18.47	\$18.49	\$17.27

## California Milk Production

### Average Daily Basis: 2010, 2011, 2012



## California Milk Production Cost Comparison, by Region, 3<sup>rd</sup> 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>										
<b>3rd Quarter</b>										
Total Costs	\$20.32	\$22.34	\$16.47	\$18.19	\$16.91	\$18.61	\$16.53	\$17.53	\$16.80	\$18.46
Total Costs & Allowances <sup>1</sup>	\$22.23	\$23.96	\$18.07	\$19.62	\$18.53	\$20.12	\$18.26	\$19.07	\$18.43	\$19.94

## California Alfalfa Hay Monthly Weighted Average Prices – Delivered

Week Ending	January 4, 2013		January 11, 2013		January 18, 2013		January 25, 2013		
	Delivered	Tons	Price Range	Tons	Price Range	Tons	Price Range	Tons	Price Range
<b>Tulare, Hanford Areas</b>									
Supreme		250	\$290-\$305	1,300	\$285-\$305	300	\$290-\$295	430	\$280-\$295
Premium		150	\$275-\$275	1,725	\$275-\$285	1,275	\$275-\$285	3,340	\$270-\$285
Good		300	\$250-\$260	1,375	\$260-\$280	1,525	\$250-\$275	2,875	\$240-\$270
Fair		675	\$230-\$236	1,300	\$225-\$245	1,375	\$225-\$238	3,450	\$228-\$240
<b>Escalon, Modesto, Turlock Areas</b>									
Supreme		1,005	\$287-\$303	750	\$285-\$295	850	\$285-\$290	275	\$280-\$290
Premium		350	\$270-\$275	700	\$265-\$280	900	\$267-\$280	150	\$260-\$270
Good		100	\$245-\$245	600	\$245-\$265	225	\$250-\$270	225	\$250-\$260
Fair		575	\$225-\$235	425	\$225-\$235	400	\$230-\$240	100	\$235

Source: The Hoyt Report, Inc.

## Federal Order Minimum Class Prices

### Hundredweight Prices

Class I	Dec.	Jan.	Feb.
Phoenix, Arizona	\$23.74	\$21.32	\$20.56
Portland, Oregon	\$23.29	\$20.87	\$20.11
Boston (Northeast)	\$24.64	\$22.22	\$21.46
<b>Class III</b>	<b>\$18.66</b>	<b>N/A</b>	<b>N/A</b>

## USDA Dairy Cow Culling Activity

Week Ending	Region 9 <sup>1</sup> Dairy Cows	U.S. Dairy Cows	West Region <sup>2</sup> Price Range
	Head	Head	\$/cwt.
12/15/12	16,800	66,600	N/A
12/22/12	19,200	67,500	N/A
12/29/12	14,000	43,100	\$64-\$68
1/5/13	13,800	51,100	\$71-\$71
1/12/13	18,300	72,500	\$62-\$65

<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

## USDA Commercial Cold Storage Report

Month	Butter		American Cheese		Nonfat Dry Milk	
	2011	2012	2011	2012	2011	2012
	In Million Pounds					
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	234	649	635	192	130
August	166	201	647	614	168	106
September	151	195	639	608	151	118
October	130	145	615	582	143	104
November	94	127	584	581	146	127
December	105	153	601	605	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 December 2012 was 1.65 (down from 1.73 in November 2012). The current ratio of 1.65 means that a dairy producer can buy 1.65 pounds of feed for every pound of milk sold. The prices used to calculate the December 2012 milk-feed price ratio: corn was \$7.01/bushel; baled alfalfa hay was \$217/ton; soybeans were \$14.70/bushel; all-milk price \$21.10/cwt. (down \$0.90/cwt. from November 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 1.6% in December 2012, compared to December 2011. USDA reports that California milk production decreased 2.3% compared to December 2011 (on the same number of cows and 45 less pounds of milk per cow). Among other western states, compared to December 2011, Arizona was down 0.3%; New Mexico was down 0.3%; and Washington was up 0.4%. Three of the top 10 states reported a production decrease. The largest increase was reported by Kansas at 10.0% growth in milk production (on 8,000 more cows and 60 more pounds of milk per cow).

**Quarterly:** For the fourth quarter of 2012 compared to the third quarter of 2012, U.S. milk cow numbers decreased to 9.185 million head, milk production per cow increased to 5,315 pounds; the net effect was increased milk production at 48.8 billion pounds. USDA projects that for the first quarter of 2013 compared to the fourth quarter of 2012, U.S. milk cow numbers will decrease to 9.155 million head, production per cow will increase to 5,430 pounds; the net effect would be increased milk production to 49.7 billion pounds.

**Milk Prices:** Comparing the fourth quarter of 2012 to the third quarter of 2012, U.S. average milk prices increased to \$21.53/cwt. USDA projects that for the first quarter of 2013, U.S. average all-milk prices will be \$19.30-19.70/cwt.; Class III prices will be \$17.90-18.30/cwt.; and Class IV prices will be \$17.05-17.55/cwt.

### Utility Cow Prices

Comparing the fourth quarter of 2012 to the third quarter of 2012, average U.S. utility cow prices were down \$3.13/cwt. to a national average of \$73.81/cwt. USDA projects that utility cow prices will average \$76-78/cwt. in the first quarter of 2013.

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

- The number of cows on farms was 9.213 million head, down 10,000 head
- Production per cow averaged 1,826 pounds, 31 pounds more than December 2011
- Five of the top twenty-three milk producing states showed a decrease in milk production

### Top Ten Milk Production States - Dec. 2012

(Percent Change from Same Month/Previous Year)

1. California	-2.3%	6. Texas	-0.7%
2. Wisconsin	+5.5%	7. Minnesota	+4.4%
3. Idaho	+1.0%	8. Michigan	+5.5%
4. New York	+4.2%	9. New Mexico	-0.3%
5. Pennsylvania	+1.2%	10. Washington	+0.4%

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

# Department Announces Hearing Decision

Having carefully evaluated the December 21, 2012 milk pricing hearing record, the Department is amending the Class 1, 2, 3, 4a and 4b pricing formulas for the period February 1, 2013 to May 31, 2013 by:

- Increasing the Class 1 price approximately \$0.05/cwt. by adding:
  - ♦ \$0.0006 per pound to the milk fat price.
  - ♦ \$0.0045 per pound to the milk solids-not-fat price.
  - ♦ \$0.0001 per pound to the milk fluid carrier price.
- Increasing the Class 2 and 3 prices approximately \$0.10/cwt. by adding:
  - ♦ \$0.0082 per pound to both the milk fat and milk solids-not-fat prices.
- Increasing the Class 4a and 4b prices approximately \$0.30/cwt. by adding:
  - ♦ \$0.0246 per pound to both the milk fat and milk solids-not-fat prices.

Order Numbers 57 and 72 of the Stabilization and Marketing Plans for Market Milk for the Northern California and Southern California Marketing Areas (Stabilization Plans) will implement these adjustments. They will take effect for milk delivered to processing

plants on or after February 1, 2013. On average, these adjustments will increase the monthly pool prices for this period by approximately \$0.251/cwt.

The Hearing Determinations, Panel Report, Stabilization Plans and a more detailed explanation of the Department's decision can be obtained on the Dairy Marketing home page at [www.cdfa.ca.gov/dairy](http://www.cdfa.ca.gov/dairy) by clicking on [Hearing Matrix]. To access the Stabilization Plans, click on [Dairy Marketing], located in the middle of the dairy home page and then on [Stabilization Plans].

Should you have any questions or desire further information, please contact Hyrum Eastman at (916) 900-5014.

Media contacts and publication staff are asked to contact the Department's Public Affairs Office by email at [officeofpublicaffairs@cdfa.ca.gov](mailto:officeofpublicaffairs@cdfa.ca.gov) or by phone at (916) 403-6732.

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Phone (916) 900-5014; Fax (916) 900-5341  
Website: [www.cdfa.ca.gov/dairy](http://www.cdfa.ca.gov/dairy)  
Email: [dairy@cdfa.ca.gov](mailto:dairy@cdfa.ca.gov)

### Dairy Marketing Branch:

Outside California 1-916-442-MILK  
Within California 1-800-503-3490

### Milk Pricing Information:

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](mailto:dairy@cdfa.ca.gov)

Dairy Marketing Branch  
1220 N Street  
Sacramento, CA 95814

California Department of Food and Agriculture  
Karen Ross, Secretary



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