

California Dairy Review



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10 Counties Marketed 25% of All California & Federal Order Milk Marketings During December 2011



Map and data compiled by Kansas City Market Administrator Office, based on data provided by California Department of Food and Agriculture and all Milk Market Administrator Offices.

Top 10 U.S. Milk Producing Counties, December 2011:

Tulare, CA
 Merced, CA
 Kings, CA
 Stanislaus, CA
 Kern, CA
 Maricopa, AZ
 Fresno, CA
 Yakima, WA
 San Joaquin, CA
 Lancaster, PA

California's Role in U.S. Milk Production . . .

- Tulare County is the largest milk producing county in the U.S.; it would take total milk marketings of the smallest 1,237 milk producing counties in the U.S. to equal Tulare County's milk production.
- California milk marketings accounted for 23.7% of the California and Federal Order total milk marketings in December 2011.

California Milk Production Cost Comparison Summary California, by Region, First Quarter, 2011-2012

Quarter	North Coast		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
<i>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*	\$22.41	\$25.28	\$16.65	\$18.21	\$16.53	\$17.77	\$16.90	\$17.89	\$16.73	\$18.09

* Includes an allowance for management and a return on investment

California Minimum Class Prices

Hundredweight Prices

Class	May	June	July
1 No. Calif.	\$16.94	\$16.81	\$17.60
So. Calif.	\$17.21	\$17.08	\$17.87
2 No. Calif.	\$15.84	\$14.51	\$14.51
So. Calif.	\$16.08	\$14.74	\$14.74
3	\$15.79	\$14.46	\$14.46
4a	\$13.45	N/A	N/A
4b	\$13.56	N/A	N/A

Federal Order Minimum Class Prices

Hundredweight Prices

Class I	May	June	July
Phoenix, Arizona	\$18.20	\$17.59	\$17.86
Portland, Oregon	\$17.75	\$17.14	\$17.41
Boston (Northeast)	\$19.10	\$18.49	\$18.76
Class III	\$15.23	N/A	N/A

USDA Milk-Feed Price Ratio

USDA reports that the milk-feed price ratio for May 2012 was 1.38 (down from 1.42 in April 2012). The current ratio of 1.38 means that a dairy producer can buy 1.38 pounds of feed for every pound of milk sold. The prices used to calculate the May 2012 milk-feed price ratio: corn was \$6.22/bushel; baled alfalfa hay was \$215/ton; soybeans were \$13.70/bushel; all-milk price \$16.40/cwt. (down \$0.40/cwt. from April 2012).

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	March	April	May
Quota	\$16.28	\$15.80	\$15.35
Overbase	\$14.58	\$14.10	\$13.65

Quota Transfer Summary

Quota Transfers	April	May	June
Number of Sellers	4	7	5
Pounds of SNF Quota Transferred	2,328	15,468	2,412
Average Price Per Pound of SNF Quota	\$482	\$491	\$498

USDA Dairy Cow Culling Activity (Weekly)

Week Ending	Region 9 ¹ Dairy Cows	U.S. Dairy Cows	West Region ² Price Range
	Head		\$/cwt.
05/04/12	15,300	55,800	\$69-\$72
05/11/12	16,500	57,300	\$67-\$77
05/18/12	16,800	54,400	\$67-\$78
05/25/12	16,800	57,100	\$63-\$75
06/01/12	15,100	49,900	\$66-\$74
06/08/12	13,200	55,200	\$62-\$83

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

Milk Mailbox Prices in Dollars per Hundredweight

	September '11	October	November	December	January '12	February	March
California ¹	\$18.61	\$17.89	\$18.64	\$17.09	\$16.36	\$15.22	\$14.99
USDA ²	\$21.39	\$20.10	\$20.59	\$20.05	\$19.30	\$17.92	\$17.24

¹ California mailbox price calculated by CDFA.

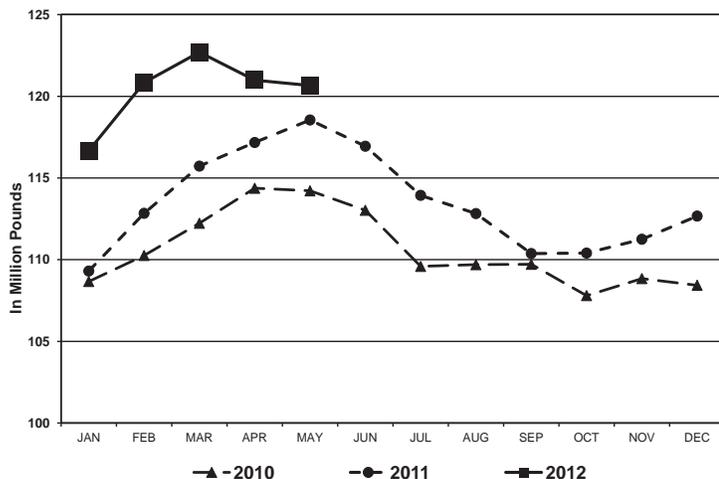
² All federal milk market order weighted average, as calculated by USDA.



In March 2012, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$17.24 per cwt., down \$0.68 from the previous month's average, and down \$3.26 from March 2011. The component tests of producer milk in March 2012 were: butterfat, 3.71%; protein, 3.09%; and other solids, 5.77%. On an individual reporting area basis, mailbox prices decreased in all areas compared to the previous month. Mailbox prices in March 2012 ranged from \$19.54 in Florida to \$15.11 in New Mexico.

California Milk Production

Average Daily Basis: 2010, 2011, 2012



February 2012 Milk Production includes 29 days.

National Dairy Situation and Outlook – USDA Estimates

Milk Production

Monthly: USDA estimates overall milk production across the U.S. was up by 2.0% in May 2012, compared to May 2011. USDA reports that California milk production increased 1.9% compared to May 2011 (on 16,000 more cows and 20 more pounds of milk per cow). Among other western states, compared to May 2011, Arizona was up 5.0%; New Mexico was up 1.4%; and Washington was up 3.0%. One of the top 10 states reported a production decrease. The largest increase was reported by Utah at 8.3% growth in milk production (on 4,000 more cows and 55 more pounds of milk per cow).

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

- The number of cows on farms was 9.270 million head, up 76,000 head
- Production per cow averaged 1,901 pounds, 22 pounds more than May 2011
- Two of the top twenty-three milk producing states showed a decrease in milk production

Utility Cow Prices

Comparing the first quarter of 2012 to the fourth quarter of 2011, average U.S. utility cow prices were up \$13.03/cwt. to a national average of \$76.57/cwt. USDA projects that utility cow prices will average \$82-85/cwt. in the second quarter of 2012.

Top Ten Milk Production States - May 2012

(Percent Change from Same Month/Previous Year)

- | | | | |
|-----------------|-------|----------------|-------|
| 1. California | +1.9% | 6. Texas | +0.7% |
| 2. Wisconsin | +2.4% | 7. Minnesota | +0.0% |
| 3. Idaho | +2.5% | 8. Michigan | +3.5% |
| 4. New York | +2.5% | 9. New Mexico | +1.4% |
| 5. Pennsylvania | -2.1% | 10. Washington | +3.0% |

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		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	--
June	190		618		190	
July	188		647		193	
August	166		643		167	
September	151		633		151	
October	130		615		144	
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)

Alfalfa Hay Monthly Weighted Average Prices-Delivered

Week Ending	June 1, 2012		June 8, 2012		June 15, 2012		June 22, 2012	
	Tons	Price Range	Tons	Price Range	Tons	Price Range	Tons	Price Range
Tulare, Hanford Areas								
Supreme	410	\$275	1,831	\$265/\$275	3,178	\$265/\$277	4,150	\$265/\$275
Premium	5,025	\$260/\$265	1,600	\$250/\$260	2,958	\$245/\$265	2,250	\$245/\$265
Good	6,975	\$225/\$250	4,050	\$225/\$245	8,365	\$220/\$245	7,562	\$220/\$245
Fair	4,275	\$200/\$225	4,150	\$195/\$215	4,175	\$200/\$215	8,625	\$200/\$215
Escalon, Modesto, Turlock Areas								
Supreme	2,550	\$268/\$280	2,269	\$265/\$276	1,885	\$260/\$270	2,030	\$265/\$275
Premium	1,000	\$248/\$268	2,800	\$245/\$260	1,475	\$250/\$263	3,520	\$245/\$265
Good	3,200	\$223/\$240	1,350	\$220/\$240	900	\$230/\$240	2,019	\$228/\$240
Fair	300	\$195/\$210	1,400	\$185/\$215	1,900	\$185/\$205	725	\$200/\$210

Source: The Hoyt Report, Inc.

Dairy Marketing Branch Assessments Reinstated

The California Food and Agricultural Code (Code) authorizes the Secretary of Food and Agriculture to collect a Market Milk Administration Fee (Fee) on Grade A market milk and Grade B manufacturing milk sold into commercial trade channels in California to fund the operations of the Dairy Marketing Branch (DMB). The DMB actively monitors the cash balance to ensure a reasonable balance of a three-month reserve is maintained in order to fund branch expenditures.

At the October 2011 meeting of the Dairy Advisory Committee (DAC), the DMB provided projections of the cash balance in its Milk Stabilization Fund and reported that the Branch had a sufficient balance to suspend collecting the Milk Stabilization Fee until such time as the balance was drawn down to a three-month reserve. The DAC agreed and the Fees were suspended as of January 1, 2012.

After careful monitoring and review of the cash balance of the Milk Stabilization Fund, it is projected

that the branch's cash balance will soon reach the recommended three-month reserve level, therefore, it is recommended that collection of the Fees be reinstated for milk produced on or after July 1, 2012.

The maximum total assessment authorized by the Code is two and four-tenths cents (\$0.024) per hundredweight of market milk sold. To better coincide with the actual monthly expenditure level of the program, the branch continues to recommend that the rate of assessments for Grade A market milk be reduced to a lower rate of one and two-tenths cents (\$0.012) per hundredweight, two-thirds of which is assessed to producers of market milk and one-third to handlers of market milk. The rate of assessments for Grade B manufacturing milk will remain at previous levels of one and eight-tenths cents (\$0.018) per hundredweight, two-thirds of which is assessed to producers of manufacturing milk and one-third to handlers of manufacturing milk.

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