

Special Informational Inserts and DVD Inside This Issue

Informational Inserts

Enclosed in this issue are two documents containing important information for your review: "Common Reasons for Carcass Drug Residues" and "Employee Training for Animal Care and Drug Residue Prevention." If you have any questions on the information provided in these documents, please contact Dr. Michael Payne at 530-757-5762.

DVD on Animal Care and Drug Residue Prevention

Enclosed is an employee training DVD developed by the California Dairy Quality Assurance Program on the prevention of drug residues in milk and meat, as well as a number of subjects related to animal care, such as treating non-ambulatory cattle and livestock care law. Filmed on California farms, it is intended to serve as a practical tool for training dairy employees on these important areas of livestock management and food safety. The DVD represents the coordinated efforts of industry, university and regulatory resources, including the California Milk Advisory Board, the California Dairy Research Foundation, the Dairy CARES organization, the University of California-Davis, and the California Department of Food and Agriculture.

Dairy Advisory Committee Meetings on California's Milk Pricing System

During the months of March, April, and May 2012, Secretary Ross called a series of four Dairy Advisory Committee (DAC) meetings in order to initiate discussions regarding the long-term direction of milk pricing regulations in California. The stated goal of the meetings was to explore in a collaborative environment the concerns that California dairy industry stakeholders have with the current pricing structure and what reforms are necessary to meet the changing needs of the market place and ensure the long-term viability of California producers and processors. Those attending these meetings have included DAC members, representatives of producer and processor associations, representatives of producer cooperatives, individual dairy producers, representatives of proprietary processors, and Secretary Ross and staff.

During each of the meetings, all attendees were given the opportunity to provide input to the DAC members regarding issues with the current pricing system and important reforms to pricing regulations that need to be considered in order to allow both producers and processors to be viable in the future. Using this input received by dairy stakeholders, producer and processor groups are going to be meeting on their own accord over the upcoming months to continue these discussions. Secretary Ross will be scheduling another DAC meeting during September 2012 in order to review the progress of these upcoming discussions.

California Minimum Class Prices

Hundredweight Prices

Class	April	May	June
1 No. Calif.	\$17.21	\$16.94	\$16.81
So. Calif.	\$17.48	\$17.21	\$17.08
2 No. Calif.	\$15.84	\$15.84	N/A
So. Calif.	\$16.08	\$16.08	N/A
3	\$16.76	\$15.79	N/A
4a	\$14.72	N/A	N/A
4b	\$13.43	N/A	N/A

Federal Order Minimum Class Prices

Hundredweight Prices

Class I	April	May	June
Phoenix, Arizona	\$18.01	\$18.20	\$17.59
Portland, Oregon	\$17.56	\$17.75	\$17.14
Boston (Northeast)	\$18.91	\$19.10	\$18.49
Class III	\$15.72	N/A	N/A

USDA Milk-Feed Price Ratio

USDA reports that the milk-feed price ratio for April 2012 was 1.45 (down from 1.48 in March 2012). The current ratio of 1.45 means that a dairy producer can buy 1.45 pounds of feed for every pound of milk sold. The prices used to calculate the April 2012 milk-feed price ratio: corn was \$6.14/bushel; baled alfalfa hay was \$207/ton; soybeans were \$13.80/bushel; all-milk price \$16.90/cwt. (down \$0.30/cwt. from March 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	February	March	April
Quota	\$16.29	\$16.28	\$15.80
Overbase	\$14.59	\$14.58	\$14.10

Quota Transfer Summary

Quota Transfers	March	April	May
Number of Sellers	6	4	7
Pounds of SNF Quota Transferred	8,598	2,328	15,468
Average Price Per Pound of SNF Quota	\$477	\$482	\$491

USDA Dairy Cow Culling Activity (Weekly)

Week Ending	Region 9 ¹ Dairy Cows	U.S. Dairy Cows	West Region ² Price Range
	Head		\$/cwt.
03/30/12	18,600	63,100	\$63-\$86
04/06/12	20,400	63,100	\$65-\$66
04/13/12	17,900	59,200	\$59-\$70
04/20/12	17,000	57,000	\$67-\$68
04/27/12	15,000	52,700	\$66-\$72
05/04/12	15,300	55,800	\$69-\$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

Milk Mailbox Prices in Dollars per Hundredweight

	August '11	September	October	November	December	January '12	February
California ¹	\$19.85	\$18.61	\$17.89	\$18.64	\$17.09	\$16.36	\$15.22
USDA ²	\$22.25	\$21.39	\$20.10	\$20.59	\$20.05	\$19.30	\$17.92

¹ California mailbox price calculated by CDFA.

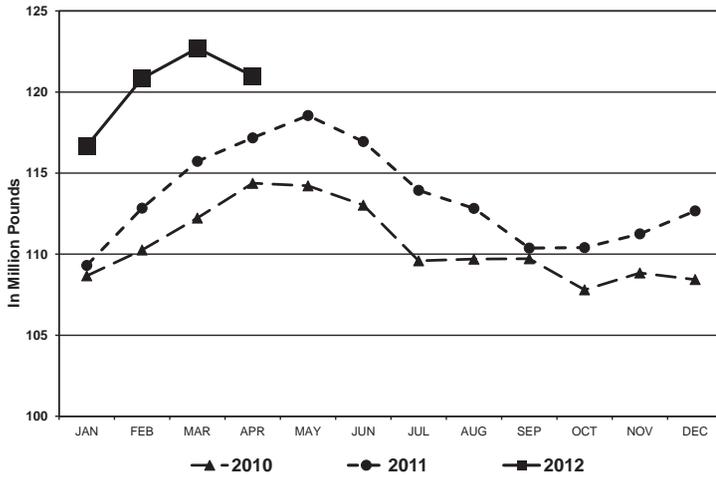
² All federal milk market order weighted average, as calculated by USDA.



In February 2012, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$17.92 per cwt., down \$1.38 from the previous month's average, and down \$1.02 from February 2011. The component tests of producer milk in February 2012 were: butterfat, 3.76%; protein, 3.13%; and other solids, 5.76%. On an individual reporting area basis, mailbox prices decreased in all areas compared to the previous month. Mailbox prices in February 2012 ranged from \$20.23 in Florida to \$15.73 in New Mexico.

California Milk Production

Average Daily Basis: 2010, 2011, 2012



February 2012 Milk Production includes 29 days.

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	628	150	--
May	170		622		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)

National Dairy Situation and Outlook – USDA Estimates

Milk Production

Monthly: USDA estimates overall milk production across the U.S. was up by 3.2% in April 2012, compared to April 2011. USDA reports that California milk production increased 3.1% compared to April 2011 (on 23,000 more cows and 35 more pounds of milk per cow). Among other western states, compared to April 2011, Arizona was up 5.3%; New Mexico was up 3.6%; and Washington was up 4.1%. One of the top 10 states reported a production decrease. The largest increase was reported by Utah at 7.9% growth in milk production (on 4,000 more cows and 50 more pounds of milk per cow).

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

- The number of cows on farms was 9.272 million head, up 90,000 head
- Production per cow averaged 1,854 pounds, 40 pounds more than April 2011
- One 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 \$79-81/cwt. in the second quarter of 2012.

Top Ten Milk Production States - April 2012

(Percent Change from Same Month/Previous Year)

- | | | | |
|-----------------|-------|----------------|-------|
| 1. California | +3.1% | 6. Texas | +3.3% |
| 2. Wisconsin | +3.5% | 7. Minnesota | +1.3% |
| 3. New York | +3.6% | 8. Michigan | +6.2% |
| 4. Idaho | +2.9% | 9. New Mexico | +3.6% |
| 5. Pennsylvania | -1.0% | 10. Washington | +4.1% |

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

Alfalfa Hay Monthly Weighted Average Prices- Delivered

Week Ending	April 27, 2012		May 4, 2012		May 11, 2012		May 18, 2012	
	Tons	Price Range	Tons	Price Range	Tons	Price Range	Tons	Price Range
Tulare, Hanford Areas								
Supreme	1,525	\$280/\$295	3,065	\$275/\$290	2,148	\$270/\$290	3,750	\$275/\$285
Premium	5,900	\$270/\$290	3,680	\$265/\$285	3,400	\$265/\$280	3,950	\$260/\$275
Good	2,950	\$255/\$275	2,615	\$250/\$270	3,763	\$240/\$265	7,850	\$240/\$266
Fair	350	\$250/\$260	350	\$230/\$250	3,550	\$222/\$240	2,150	\$220/\$235
Escalon, Modesto, Turlock Areas								
Supreme	1,750	\$275/\$298	1,025	\$275/\$295	1,850	\$270/\$290	3,130	\$268/\$280
Premium	1,025	\$265/\$285	550	\$268/\$275	600	\$270/\$275	5,160	\$255/\$270
Good	N/A	N/A	275	\$245/\$260	275	\$245/\$258	375	\$245/\$255
Fair	100	\$245/\$275	100	\$220/\$245	1,175	\$210/\$238	1,450	\$200/\$230

Source: The Hoyt Report, Inc.

California Milk Production Cost Comparison, by Region, 2010-11

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>										
1st Quarter										
Total Costs	\$19.02	\$19.99	\$13.60	\$14.73	\$13.26	\$14.62	\$12.81	\$14.86	\$13.48	\$14.79
Total Costs & Allowances*	\$20.86	\$21.92	\$15.11	\$16.29	\$14.78	\$16.18	\$14.49	\$16.56	\$15.02	\$16.37
2nd Quarter										
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
3rd Quarter										
Total Costs	\$16.73	\$19.89	\$13.75	\$16.10	\$13.57	\$16.50	\$12.74	\$16.22	\$13.65	\$16.41
Total Costs & Allowances*	\$18.47	\$21.80	\$15.20	\$17.70	\$15.06	\$18.12	\$14.29	\$17.95	\$15.13	\$18.04
4th Quarter										
Total Costs	\$19.15	\$22.95	\$14.83	\$17.02	\$14.71	\$16.84	\$14.06	\$16.60	\$14.81	\$13.70
Total Costs & Allowances*	\$21.00	\$24.89	\$16.33	\$18.54	\$16.24	\$18.45	\$15.65	\$18.24	\$16.34	\$15.19

* Includes an allowance for management and a return on investment

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The California Department of Food and Agriculture 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

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Common Reasons for Carcass Drug Residues

According to the most current USDA data available, in 2008 cull dairy cows accounted for only a fraction of cattle slaughtered in the US, but comprised for the majority of carcasses in which drug residues were detected.

Some of the more common reasons leading to having a carcass condemnation for drug residues include:

#1 Changing the dose or route for Procaine Penicillin G: The label dose for PPG is only 1cc per 100 pounds of body weight, or about 15 cc total for a Holstein cow. Whenever treated at higher doses or subcutaneously (under the skin), a cow must be withheld from slaughter for a period up to several weeks beyond the label requirement of 4 to 10 days.

#2 Marketing cows treated for mastitis before completing their slaughter withdrawal: Dairy employees usually do a great job withholding milk from cows treated for mastitis, but sometimes forget that mastitis tubes also have slaughter withdrawal times ranging from 4 to 28 days.

#3 Marketing dry-treated cows before completing their slaughter withdrawal: While it's tempting to cull a cow that has aborted, she'll still have residues in her tissues from her dry treatment and a slaughter withdrawal period of 14 to 60 days from the day that she was dried off.

#4 Calves marketed for veal that have consumed colostrum or medicated milk replacer: Calves slaughtered shortly after birth (as bob veal) may have consumed enough antibiotic from the dry-treatment to trigger a positive carcass test. Calves consuming milk replacer medicated with tetracycline and neomycin frequently test positive for tissue residues. Calves fed medicated milk replacer should never be marketed as veal.

#5 Giving pain-relievers in the muscle or under the skin: The only pain-relievers approved for dairy cattle contain flunixin (Banamine, Flu-Nix), a drug only approved to be administered to dairy cattle in the vein only. Giving dairy-approved flunixin-containing products in the muscle or under the skin, rather than intravenously, can increase the necessary withdrawal time from the label's 4-day requirement to more than a month.

#6 Marketing cows treated with intra-uterine boluses or infusions: Tetracycline can cross the uterine wall and be detected in the milk and at slaughter for variable periods. Some veterinary publications recommend slaughter withdrawal of up to four weeks following intrauterine treatment.

#7 Thinking there is a "zero meat, zero milk withdrawal" antibiotic: When used according to label, products containing ceftiofur (Naxcel, Ceftiflex, Excenel, Excede) are attractive because they have no milk withdrawal period. However, even when used on-label, all ceftiofur-containing products have slaughter withdrawals ranging from 3 to 13 days. There is no such thing as a "zero meat, zero milk withdrawal" antibiotic.

#8 Using any sulfa-drug off-label: The sulfonamide ("sulfa") drugs legally may only be used exactly according to label instructions. Recent FDA investigations of residues cases suggest that over-dosing sulfa boluses (Albon) or giving intravenous sulfa products (Di-methox) off-label in the muscle or under the skin has led to tissue residues.

While the situations above are some of the more common causes of tissue residues, virtually any drug can cause residues if it is used off-label or if the drug is used on-label but the label withdrawal isn't followed. With USDA stepping up enforcement on tissue residues and the potential for FDA testing of bulk tank milk in the future, now is an excellent time for dairy managers to review their treatment programs. As always, your veterinarian is your most valuable resource for information and advice about avoiding tissue and milk residues.

For more information about the California Dairy Quality Assurance Program, please contact Dr. Michael Payne at 530-757-5762.



Employee Training for Animal Care and Drug Residue Prevention

Dear California Dairy Producer,

As representatives of regulatory, university and producer organizations, we are sending you the enclosed DVD in hopes it may prove to be a useful tool when training your employees.

The DVD contains 12 short videos (ranging from 2 to 15 minutes) covering topics such as calf care, lameness detection, livestock care law and treating non-ambulatory cattle. It is a condensed version of the 2-class course the California Dairy Quality Assurance Program (CDQAP) delivered to support industry-wide implementation of The National Dairy FARM (Farmers Assuring Responsible Management) Program.

Given the increased regulatory focus on residue avoidance, your employees may be particularly interested in the video *Preventing Drug Residues in Meat and Milk*. The video was filmed on California dairies and contains excellent explanations on how to prevent problems with milk and tissue residues.

If you have any questions about the DVD or other CDQAP programs, please contact Dr. Michael Payne at 530-757-5762.

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**The Dairy FARM workshops and the DVD are for on-farm educational purposes only and were made possible through funding and efforts from the California Milk Advisory Board, the California Dairy Research Foundation, the California Department of Food and Agriculture and the members of the Dairy CARES organization.*