

Dairy Council of California Board Newly Elected Chair

Three Additional New Board Members Also Appointed

Secretary of the California Department of Food and Agriculture Karen Ross named Safeway executive Randall Dei chair of Dairy Council of California's board of directors.

Crystal Creamery President and CEO Frank Otis and producers Arlene Vander Eyk of Pixley, Calif., and Gregory "Butch" Dias of Visalia, Calif., were also appointed to the board.

Dei, Safeway's director of U.S. ice cream/industry relations, supervises the manufacturer's two ice cream plants and is in charge of all raw milk procurement, serving as liaison between the company and producers. He will serve a 2-year term as chairman of Dairy Council of California's board.

"Randall grew up working on his family's dairy farm and has spent his entire life committed to milk and dairy products," said Tammy Anderson-Wise, Dairy Council of California CEO. "He is perfectly positioned to partner with us in our nutrition education efforts to cement dairy and its irreplaceable package of nutrients as one of the foundations of a healthy diet." Dei strongly believes in industry support of Dairy Council of California and its programs.

In addition to serving as Dairy Council of California's board chair, Dei sits on the boards of a number of major industry organizations, including serving as a board member of the California Milk Processors Board and the International Ice Cream Association arm of International Dairy Foods Association. He is also past president of the Washington State Dairy Council and the Dairy Institute of California.

New Board Members

New board member Otis was named head of Modesto-based Crystal Creamery in April 2012. The company's products include milk, butter, ice cream, powdered milk and sour cream.

Bovine Tuberculosis Detected at Tulare County Dairy

Disease does not pose a risk to quality or safety of milk and meat products

State and federal animal health officials have confirmed the detection of bovine tuberculosis (TB) in a dairy herd in Tulare County. Officials are working closely with the dairy farmer and his veterinarian to implement control strategies to eradicate the disease.

The diagnosis of TB was made after a suspicious mass was detected in a cow during routine slaughter inspection. California Department of Food and Agriculture (CDFA) veterinarians, in coordination with their counterparts at the United States Department of Agriculture (USDA), began testing herds that may have come into contact with the diagnosed cow, and that work led to the detection of TB in the Tulare County herd. The investigation into the possible spread of this gradually debilitating disease is ongoing. California also continues to monitor one dairy herd in San Bernardino County following a bovine TB detection there in 2011. For more information on the history of bovine TB in California, go to: http://www.cdffa.ca.gov/ahfss/AnimalHealth/pdfs/TB/Bovine_TB_Update.pdf

Bovine tuberculosis does not threaten the quality and safety of milk and meat products in California. Almost all milk sold in California is pasteurized to destroy organisms that could be harmful to humans, including TB organisms. The state's raw milk dairies are regularly tested for TB. All cattle processed for meat are inspected for signs of TB infection and rejected if they show signs of the disease.

Producer Vander Eyk was raised on dairy farms and has been in business for more than 30 years. Vander Eyk also serves on the California Milk Advisory Board (CMAB).

Dias has owned Delta View Farms, a dairy and farming operation, since 1972. Dias has been involved with a number of dairy organizations, including a term as chairman of CMAB, and is currently chairman of the California Dairy Research Foundation.

California Minimum Class Prices

Hundredweight Prices

Class	Jan.	Feb.	March
1 No. Calif.	\$20.24	\$19.83	\$19.33
So. Calif.	\$22.51	\$20.10	\$19.60
2 No. Calif.	\$18.54	\$17.81	\$17.81
So. Calif.	\$18.77	\$18.04	\$18.04
3	\$18.49	\$17.76	\$17.76
4a	\$17.08	N/A	N/A
4b	\$15.84	N/A	N/A

Quota Transfer Summary

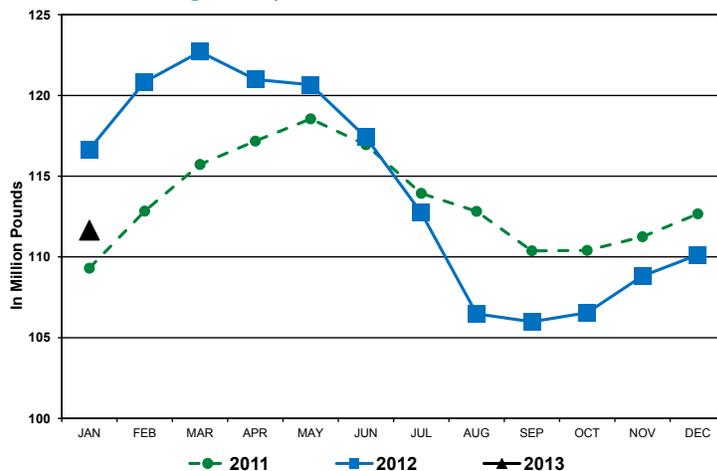
Quota Transfers	Dec.	Jan.	Feb.
Number of Sellers	4	7	7
Pounds of SNF Quota Transferred	17,654	9,185	5,518
Average Price Per Pound of SNF Quota	\$385	\$400	\$391

California Pool Prices

Pool Price	Nov.	Dec.	Jan.
Quota	\$20.19	\$18.97	\$18.30
Overbase	\$18.49	\$17.27	\$16.60

California Milk Production

Average Daily Basis: 2011, 2012, 2013



February 2012 Milk Production includes 29 days.

California Milk Production Cost Comparison, by Region, 3rd 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>										
3rd Quarter										
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 ¹	\$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	February 1, 2013		February 8, 2013		February 15, 2013		February 22, 2013	
	Tons	Price Range	Tons	Price Range	Tons	Price Range	Tons	Price Range
Tulare, Hanford Areas								
Supreme	1,045	\$275-\$290	720	\$275-\$295	500	\$280-\$290	1,300	\$275-\$290
Premium	610	\$265-\$280	1,200	\$260-\$280	200	\$270-\$280	975	\$270-\$280
Good	1,900	\$240-\$265	900	\$240-\$265	450	\$240-\$265	810	\$245-\$260
Fair	200	\$230-\$235	950	\$225-\$235	675	\$225-\$230	150	\$225-\$230
Escalon, Modesto, Turlock Areas								
Supreme	300	\$275-\$290	275	\$275-\$290	850	\$275-\$290	500	\$270-\$290
Premium	550	\$265-\$280	100	\$275-\$275	1,715	\$255-\$275	325	\$265-\$280
Good	725	\$240-\$270	100	\$255-\$255	325	\$235-\$260	150	\$245-\$255
Fair	350	\$230-\$240	75	\$235-\$235	450	\$235-\$235	325	\$220-\$235

Source: The Hoyt Report, Inc.

Federal Order Minimum Class Prices

Hundredweight Prices

Class I	Jan.	Feb.	March
Phoenix, Arizona	\$21.32	\$20.56	\$20.15
Portland, Oregon	\$20.87	\$20.11	\$19.70
Boston (Northeast)	\$22.22	\$21.46	\$21.05
Class III	\$18.14	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.
1/12/13	18,300	72,500	\$62-\$65
1/19/13	18,500	68,800	\$62-\$69
1/26/13	19,100	64,700	\$70-\$72
2/2/13	17,400	63,200	\$61-\$67
2/9/13	17,800	67,000	\$67-\$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

USDA Commercial Cold Storage Report

Month	Butter		American Cheese		Nonfat Dry Milk	
	2012	2013	2012	2013	2012	2013
In Million Pounds						
January	170	207	612	644	159	-
February	205		608		196	
March	211		622		210	
April	254		632		227	
May	264		623		215	
June	243		630		145	
July	234		635		130	
August	201		614		106	
September	195		608		118	
October	145		582		104	
November	127		581		127	
December	153		605		180	

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 January 2013 was 1.58 (down from 1.66 in December 2012). The current ratio of 1.58 means that a dairy producer can buy 1.58 pounds of feed for every pound of milk sold. The prices used to calculate the January 2013 milk-feed price ratio were: corn \$6.98/bushel; baled alfalfa hay \$217/ton; soybeans \$14.00/bushel; all-milk price \$20.00/cwt. (down \$0.90/cwt. from December 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 0.5% in January 2013, compared to January 2012. USDA reports that California milk production decreased 4.3% compared to January 2012 (on 2,000 less cows and 85 less pounds of milk per cow). Among other western states, compared to January 2012, Arizona was down 1.3%; New Mexico was up 0.4%; and Washington was down 0.2%. Four of the top 10 states reported a production decrease. The largest increase was reported by Kansas at 10.9% growth in milk production (on 9,000 more cows and 55 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 9.199 million head, milk production per cow increased to 5,337 pounds; the net effect was increased milk production at 49.1 billion pounds. USDA projects that for the first quarter of 2013 compared to the fourth quarter of 2012, U.S. milk cow numbers will increase to 9.200 million head, production per cow will increase to 5,450 pounds; the net effect would be increased milk production to 50.1 billion pounds.

Milk Prices: Comparing the fourth quarter of 2012 to the third quarter of 2012, U.S. average milk prices increased to \$21.47/cwt. USDA projects that for the first quarter of 2013, U.S. average all-milk prices will be \$19.05-19.35/cwt.; Class III prices will be \$17.30-17.60/cwt.; and Class IV prices will be \$17.35-17.75/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 January 2013 to January 2012:

- The number of cows on farms was 9.225 million head, down 17,000 head
- Production per cow averaged 1,854 pounds, up 13 pounds per cow
- Ten of the top twenty-three milk producing states showed a decrease in milk production

Top Ten Milk Production States - Jan. 2013

(Percent Change from Same Month/Previous Year)

1. California	-4.3%	6. Texas	-1.1%
2. Wisconsin	+4.9%	7. Minnesota	+4.5%
3. New York	+3.1%	8. Michigan	+3.1%
4. Idaho	-1.3%	9. New Mexico	+0.4%
5. Pennsylvania	+0.9%	10. Washington	-0.2%

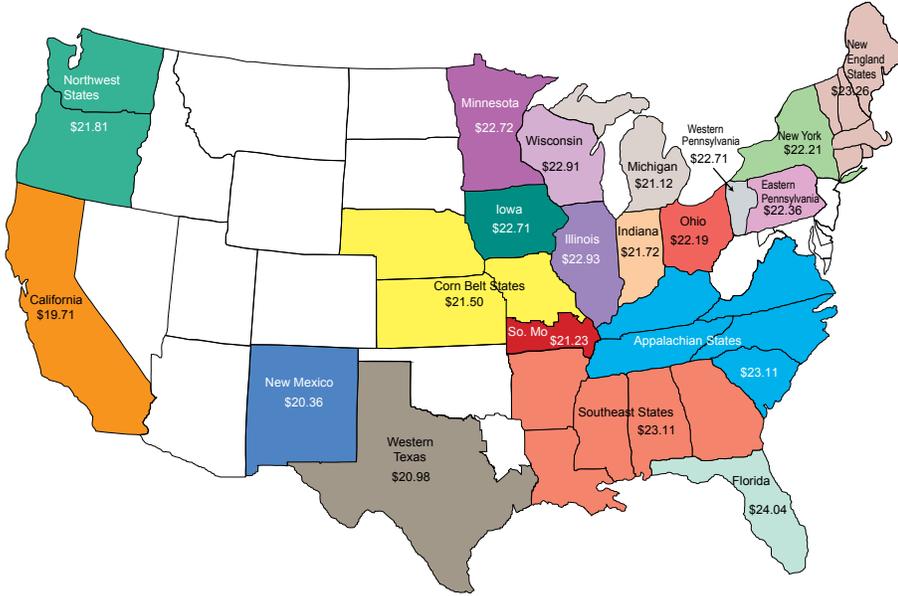
Information from the USDA-NASS publication "Milk Production" and the USDA-ERS publication: "Livestock, Dairy, and Poultry Outlook."

Milk Mailbox Prices in Dollars per Hundredweight - 2012

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	\$19.71	
USDA	\$19.30	\$17.32	\$17.24	\$16.87	\$16.29	\$16.21	\$16.88	\$18.22	\$19.88	\$21.55	\$22.19	

¹ California mailbox price calculated by CDFA

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



In November 2012, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$22.19 per cwt., up \$0.64 from the October 2012 average, and up \$1.60 from the November 2011 average. The component tests of producer milk in November 2012 were: butterfat, 3.85%; protein, 3.19%; and other solids, 5.72%. On an individual reporting area basis, mailbox prices increased in all Federal milk order reporting areas except Minnesota when compared to the previous month. Mailbox prices in November 2012 ranged from \$24.04 in Florida to \$20.36 in New Mexico.

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