

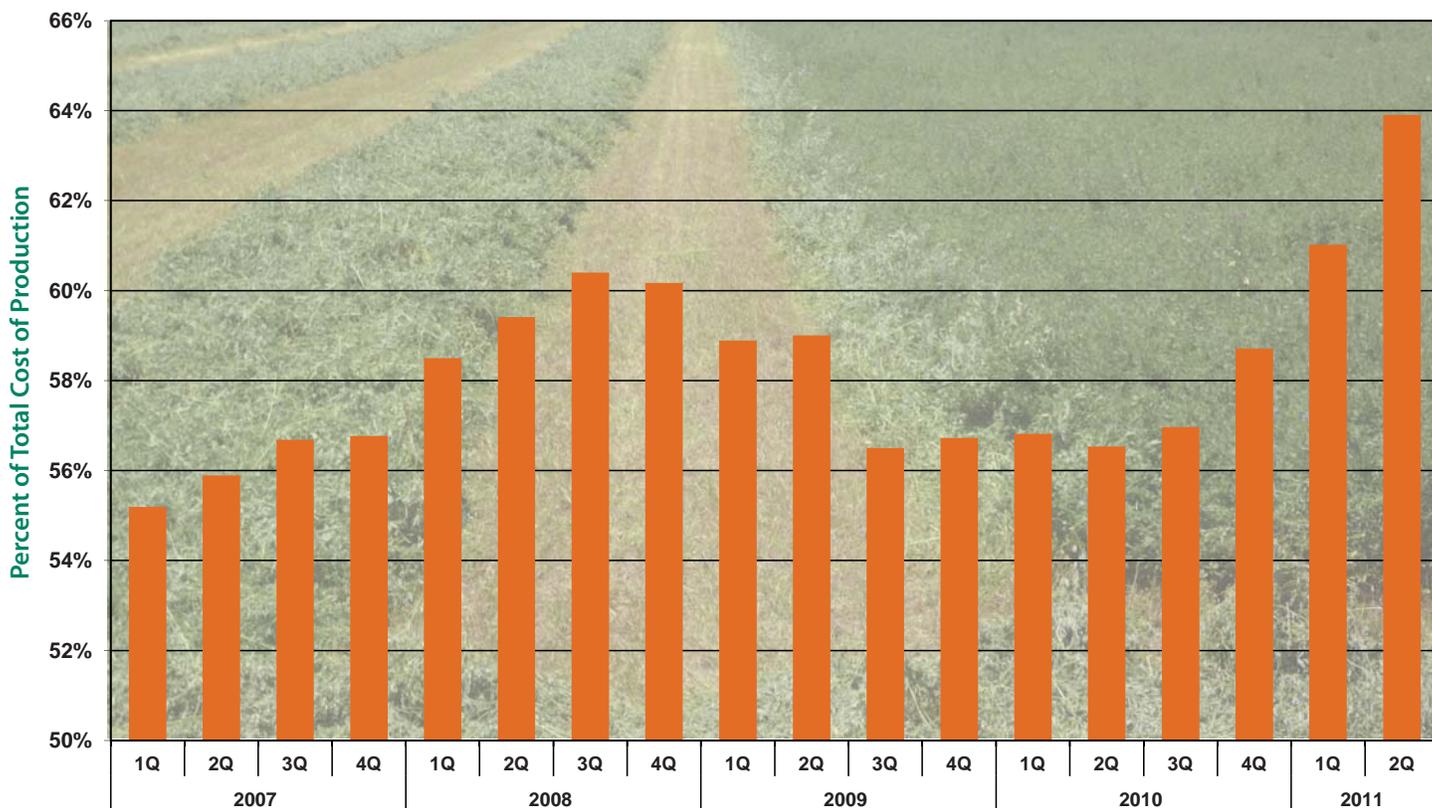
California Dairy Review



Volume 15 Issue 10

October 2011

Total Feed Cost As Percentage of Total Cost of Production Based on California Cost of Production Survey January 2007 through June 2011



■ Total Feed Costs (Percent of Total Cost of Production)

Source: CDFA Dairy Marketing Branch

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>										
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
Yearly Average (All Twelve Months)										
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

Minimum Class Prices

California Hundredweight Prices

Class	August	September	October
1 No. Calif.	\$23.24	\$23.56	\$21.50
So. Calif.	\$23.51	\$23.84	\$21.77
2 No. Calif.	\$20.85	\$20.85	N/A
So. Calif.	\$21.09	\$21.09	N/A
3	\$20.80	\$20.80	N/A
4a	\$20.23	N/A	N/A
4b	\$18.60	N/A	N/A

Pool Prices

Month	Quota	Overbase
February '11	\$18.44	\$16.74
March	\$19.01	\$17.31
April	\$18.70	\$17.00
May	\$18.97	\$17.27
June	\$21.19	\$19.49
July	\$21.24	\$19.54
August	\$21.23	\$19.53

USDA Milk-Feed Price Ratio

USDA reports that the milk-feed price ratio for August 2011 was 1.89 (down from 1.92 in July 2011). The current ratio of 1.89 means that a dairy producer can buy 1.89 pounds of feed for every pound of milk sold.

The prices used to calculate the August 2011 milk-feed price ratio: corn was \$6.62/bushel; baled alfalfa hay was \$191/ton; soybeans were \$12.90/bushel; all-milk price \$22.00/cwt. (up from \$21.90/cwt. in July 2011).

Federal Order Minimum Class Prices

Hundredweight Prices

Class I	August	September	October
Phoenix, Arizona	\$23.78	\$24.13	\$21.91
Portland, Oregon	\$23.33	\$23.68	\$21.46
Boston (Northeast)	\$24.68	\$25.03	\$22.81
Class III	\$21.67	N/A	N/A

Quota Transfer Summary

Quota Transfers	July	August	September
Number of Sellers	6	1	2
Pounds of SNF Quota Transferred	5,640	865	529
Average Price Per Pound of SNF Quota	\$448	\$364	\$450

Dairy Cow Culling Activity (Weekly)

Week Ending	Region 9 ¹ Dairy Cows	U.S. Dairy Cows	West Region ² Price Range
	Head		\$/cwt.
07/22/11	14,400	49,300	\$61-\$72
07/29/11	13,400	51,600	\$62-\$67
08/05/11	14,500	53,200	\$59-\$68
08/12/11	14,000	53,200	\$59-\$66
08/19/11	14,300	54,200	\$64-\$71
08/26/11	13,500	54,600	\$58-\$66
09/02/11	14,100	53,500	\$60-\$71
09/09/11	13,300	49,200	\$62-\$62

¹ Region 9 includes AZ, CA, HI and NV

² West region includes AZ, NV, UT, CA, ID, OR and WA

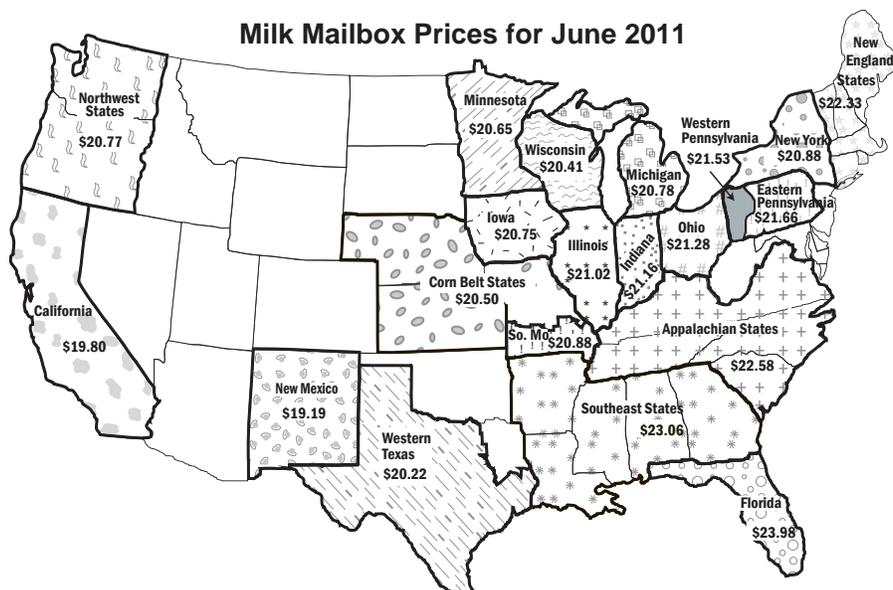
Source: USDA Market News: Report LM_CT168 and SJ_LS714

Milk Mailbox Prices in Dollars per Hundredweight

	December	January '11	February	March	April	May	June
California ¹	\$14.62	\$15.31	\$17.50	\$18.00	\$17.51	\$17.72	\$19.80
USDA ²	\$16.87	\$16.66	\$18.93	\$20.50	\$19.66	\$19.58	\$20.88

¹ California mailbox price calculated by CDFA.

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



In June 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$20.88 per cwt., up \$1.30 from the previous month average, and up \$5.49 from June 2010. The component tests of producer milk in June 2011 were: butterfat, 3.58%; protein, 3.00%; and other solids, 5.74%. On an individual reporting area basis, mailbox prices increased from the previous month in all Federal milk order reporting areas. Mailbox prices in June 2011 ranged from \$23.98 in Florida to \$19.19 in New Mexico.

U.S. Milk Production - August 2011

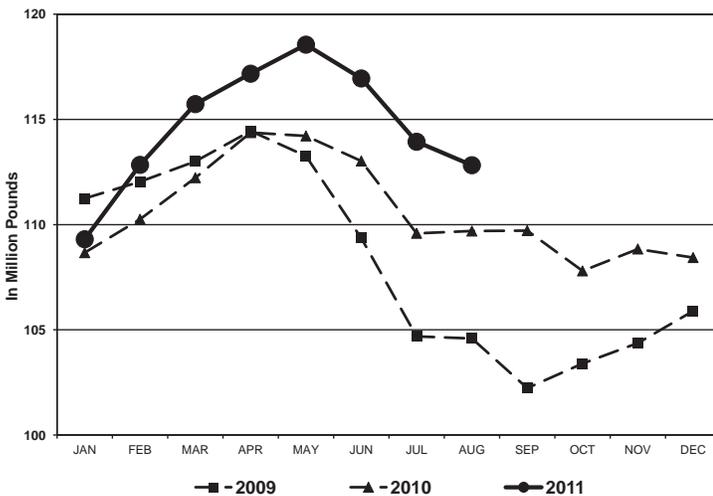
USDA estimates U.S. milk production for August 2011 in the top 23 milk producing states at 15.3 billion pounds, up 2.2 percent from August 2010. Production per cow in the top 23 milk producing states averaged 1,810 pounds for August, 18 pounds above August 2010.

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

- The number of cows on farms was 9.217 million head, down 94,000 head
- Production per cow averaged 1,783 pounds, 19 pounds more than August 2010
- Eight of the top twenty-three milk producing states showed a decrease in milk production

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 August 2011, compared to August 2010. USDA reports that California milk production increased 2.9% compared to August 2010 (on 24,000 more cows and 30 more pounds of milk per cow). Among other western states, compared to August 2010, Arizona was up 6.3%; New Mexico was up 4.9%; and Washington was up 6.7%. Three of the top 10 states reported a production decrease. The largest increase was reported by Texas at 11.1% growth in milk production (on 20,000 more cows and 100 more pounds of milk per cow).

Quarterly: For the second quarter of 2011 compared to the first quarter of 2011, U.S. milk cow numbers increased to 9.198 million head, milk production per cow increased to 5,483 pounds; the net effect was increased milk production to 50.4 billion pounds. USDA projects that for the third quarter of 2011 compared to the second quarter of 2011, U.S. milk cow numbers will increase to 9.215 million head, production per cow will decrease to 5,275 pounds; the net effect would be decreased milk production to 48.6 billion pounds.

Top Ten Milk Production States - August 2011

(Percent Change from Same Month/Previous Year)

1. California	+2.9%	6. Texas	+11.1%
2. Wisconsin	+1.2%	7. Michigan	+2.4%
3. Idaho	+3.9%	8. Minnesota	-4.5%
4. New York	-0.5%	9. New Mexico	+4.9%
5. Pennsylvania	-2.1%	10. Washington	+6.7%

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

Delivered Alfalfa Hay Monthly Weighted Average Prices

Week Ending August 26, 2011 - Week Ending September 23, 2011

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

	Low/High	Average
Supreme	\$310/\$320	\$312
Premium	\$285/\$305	\$294
Good	\$250/\$288	\$272
Fair	\$245/\$250	\$248

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

	Low/High	Average
Supreme	\$310/\$320	\$315
Premium	\$295/\$305	\$300
Good	\$265/\$265	\$265
Fair	\$258/\$265	\$264

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

	Low/High	Average
Supreme	N/A	N/A
Premium	N/A	N/A
Good	N/A	N/A
Fair	N/A	N/A

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

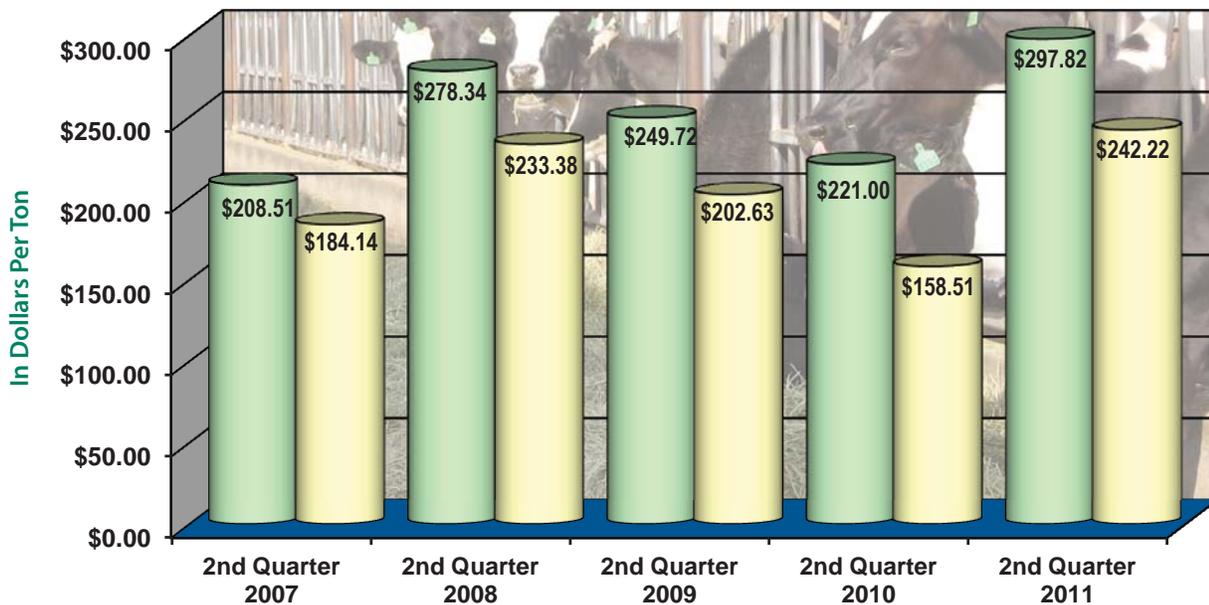
	Low/High	Average
Supreme	N/A	N/A
Premium	\$280/\$290	\$289
Good	\$265/\$270	\$268
Fair	\$250/\$265	\$258

Alfalfa Hay Update

All classes of hay traded steady to firm with very good demand. Buyers are actively buying all classes of hay, however some exporters are resisting the elevated prices. Inventories of hay are current with demand. In the northern areas of the state, some farmers are reporting being sold out for the year.

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.

Presorted
 First Class
 U.S. Postage
 PAID
 Permit No. 81
 Sacramento, CA



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