

California

Dairy Review

A publication serving the California dairy industry for over 12 years

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California Dairy Quality Assurance Program Launches Workshops

The California Dairy Quality Assurance Program (CDQAP) has launched a series of workshops available to all dairy producers designed to assist in the preparation for the national animal care and well-being program. This National Farmers Assuring Responsible Management (FARM) Program has been endorsed by Dairy Cares and California dairy producers are among the first in the nation to adopt the effort.

(CDQAP will conduct the educational workshops that are informational in nature and will address how the FARM program works, how to best prepare for an on-farm evaluation, and what to expect during an evaluation. There are two sets of workshops, the first set of workshops will cover an introduction and overview

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PLEASE NOTE:

The California Dairy Review is a publication designed for California dairy producers in order to provide information and data relevant to California milk production. The interest and popularity of this publication has increased the monthly mailings to well over the 1,750 California producers. The increasing cost of paper, printing and mail service for this monthly publication is financed by the monthly assessments that California dairy farmers and dairy processors pay. In an effort to reduce these costs to publish & mail this information, effective July 1, 2010, we will make the information available to the public only via the Branch's website at: http://www.cdffa.ca.gov/dairy/ca_dairyrev_newsletter.html

We will continue to mail a hard copy to the California producers and California processors whom still prefer and absolutely need a hard copy of the California Dairy Review. We ask that you simply contact us by phone (916 341- 5988), email (dairy@cdffa.ca.gov), or mail (1220 N Street, Sacramento, CA 95814) and let us know of your desire for the hard copy. Prior to making this request, we ask that you carefully consider your need for a hard copy and the fact that everyone will be able to access the information via our website. ***If you would like an email notice of when the newsletter is posted to the website, please let us know.***

We appreciate your assistance in helping us provide the information in the most cost effective manner possible. If you have any questions regarding this change please contact Karen or Lu at (916) 341-5988.

Minimum Class Prices

California Hundredweight Prices

Class	March	April	May
1 No. Calif.	\$16.44	\$14.37	\$15.37
So. Calif.	\$16.71	\$14.64	\$15.64
2 No. Calif.	\$14.88	\$13.16	\$13.16
So. Calif.	\$15.12	\$13.40	\$13.40
3	\$14.83	\$13.11	\$13.11
4a	\$12.84	N/A	N/A
4b	\$11.13	N/A	N/A

Federal Order and California Minimum Class 1 Prices

Hundredweight Prices

Regions	March	April	May
Phoenix, Arizona	\$16.69	\$15.57	N/A
Southern California	\$16.71	\$14.64	\$15.64
Portland, Oregon	\$16.24	\$15.12	N/A
Northern California	\$16.44	\$14.37	\$15.37
Boston (Northeast)	\$17.59	\$16.47	N/A

Quota Transfer Summary

Quota Transfers	Feb.	Mar.	Apr.
Number of Sellers	1	1	3
Pounds of SNF Quota Transferred	150	291	3,093
Average Price Per Pound of SNF Quota	\$400	\$400	\$415

Weekly Average Commodity Prices

Week Ending	Chicago Mercantile Exchange		California Manufacturing Plants	Dairy Market News
	Grade AA Butter	Block Cheddar Cheese	Nonfat Dry Milk	Western Dry Whey
<i>Dollars per Pound</i>				
3/12	\$1.4710	\$1.2745	\$1.0196	\$0.4038
3/19	\$1.4560	\$1.2680	\$1.0298	\$0.4038
3/26	\$1.4800	\$1.2870	\$1.0310	\$0.4000
4/2	\$1.4919	\$1.3813	\$1.0501	\$0.4000
4/9	\$1.4970	\$1.4875	\$1.0704	\$0.4000
4/16	\$1.5370	\$1.4295	\$1.1112	\$0.4000
4/23	\$1.5700	\$1.3705	N/A	\$0.4000

Dairy Cow Culling Activity (Weekly)

Week Ending	Region 9 ¹ Dairy Cows	U.S. Dairy Cows	West Region ² Price Range
	<i>Head</i>		<i>\$/cwt.</i>
02/19/10	18,500	20,800	\$39-\$49
02/26/10	17,400	19,900	\$50-\$52
03/05/10	18,700	21,100	\$46-\$54
03/12/10	18,300	20,900	\$47-\$54
03/19/10	18,800	21,100	\$48-\$56
03/26/10	16,900	19,200	\$48-\$54
04/02/10	16,600	18,700	\$51-\$55
04/09/10	17,100	19,700	\$48-\$54

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 ML_LS795

March Milk Production in the Top 23 States

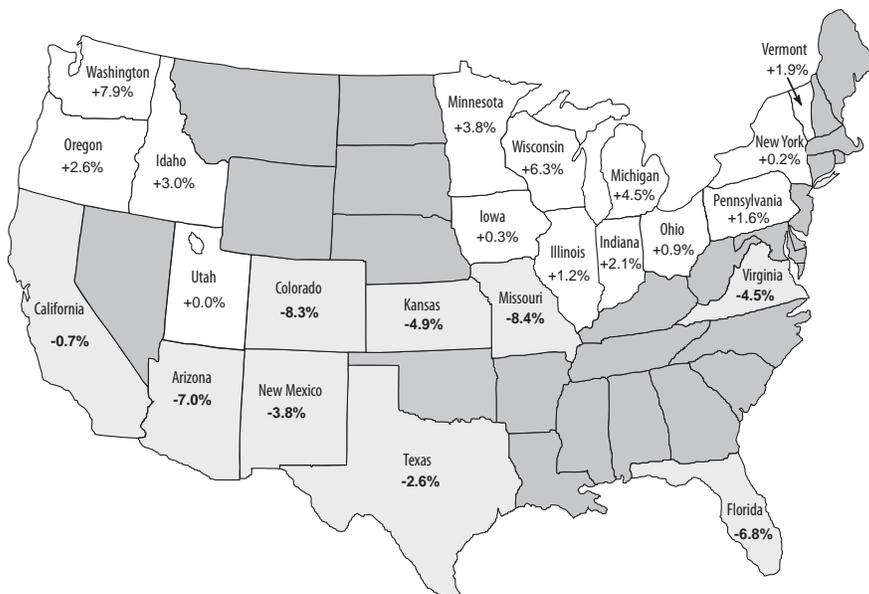
(% Change from 2009)

March Milk Production

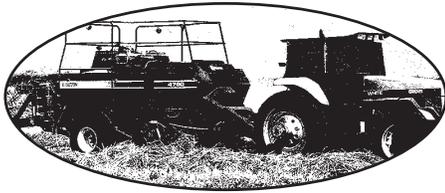
USDA estimates U.S. milk production for March 2010 in the top 23 milk producing states at 15.4 billion pounds, up 0.9 percent from March 2009. Production per cow in the top 23 milk producing states averaged 1,846 pounds for March, 51 pounds above March 2009.

For the U.S. overall, comparing March 2010 to March 2009:

- The number of cows on farms was 9.090 million head, down 193,000 head
- Production per cow averaged 1,824 pounds, 48 pounds more than March 2009
- Nine of the top twenty-three milk producing states showed a decrease in milk production



Premium Alfalfa Hay Prices / Alfalfa Sales - Reported Weekly



Alfalfa Hay Update

Northern California: Premium and Supreme Alfalfa remained steady with good demand and very light supplies. Retail and stable hay sales were steady in light test. Producers hold back to cutting new hay crop due to heavy rain and snow.

Southern California: Premium and Supreme Alfalfa demand was good and supplies moderate to heavy. Retail and stable hay sales were steady to firm. Weather conditions permitted hay production to continue.

Premium Alfalfa Hay Statewide Average Prices Per Ton / Total Tons Sold or Delivered

Area	Apr. 2	Apr. 9	Apr. 16	Apr. 23	Monthly Low/High
Petaluma	\$185	N/A	N/A	N/A	\$185
North Valley	N/A	\$155-175	\$155-165	\$160-165	\$155-175
South Valley ²	\$165	\$155-175	\$150-165	\$135-160	\$135-175
Chino Valley	N/A	\$155-160	N/A	\$155	\$155-160
Tons Sold³	22,261	27,768	32,206	28,930	
Tons Delivered⁴	8,555	19,170	8,080	13,060	

¹ North Valley is Escalon, Modesto and Turlock areas.

² South Valley is Tulare, Visalia and Hanford areas.

³ For current or future delivery.

⁴ Contracted or current sales.

Definition of premium Alfalfa Hay: Early maturity, i.e., pre-bloom in legumes and pre head in grass hays, extra leafy and fine stemmed-factors indicative of a high nutritive content. Hay is green and free of damage.

Source: USDA Market News, Moses Lake, Washington, (509) 765-3611, www.ams.usda.gov/LSMarketNews

California Average Feed Commodity Spot Prices Delivered to the Dairy, In Dollars Per Ton, 2010

Feed Commodity	Tulare/Pixley		North Valley		Los Banos/Chowchilla	
	3/2-3/23	3/30-4/20	3/2-3/23	3/30-4/20	3/2-3/23	3/30-4/20
Almond Hulls	\$123.40	\$124.00	\$118.40	\$119.00	\$120.40	\$121.00
Canola	\$255.40	\$275.25	\$255.40	\$275.25	\$257.40	\$277.25
Distillers Dried Grains	\$163.60	\$166.00	\$165.20	\$168.00	\$168.20	\$171.00
Rolled Corn	\$180.60	\$174.88	\$189.60	\$183.88	\$185.60	\$179.88
Soybean Meal	\$331.00	\$332.50	\$331.00	\$332.50	\$333.00	\$334.50
Whole Cottonseed	\$285.20	\$289.75	\$286.20	\$289.75	\$287.00	\$291.50

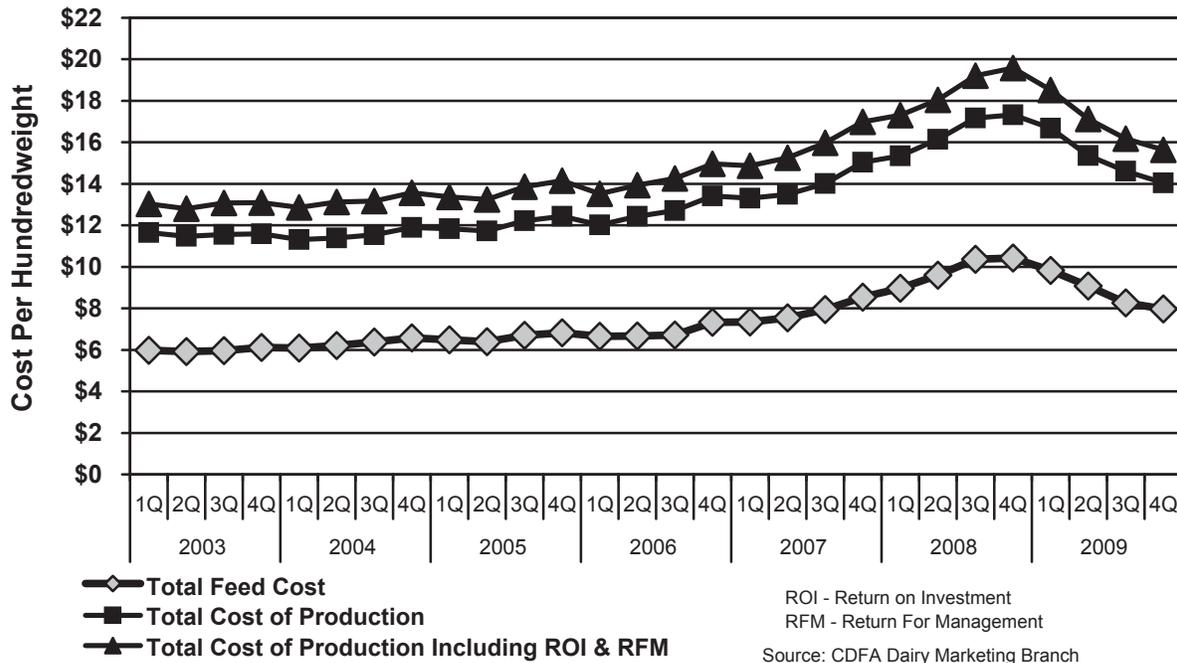
Milk Production Cost Comparison Summary for California* By Quarter, 2008-2009

Quarter	North Coast		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
<i>Dollars per Hundredweight</i>										
1st Quarter										
Total Costs	19.74	22.38	15.14	16.63	15.31	16.63	15.44	15.35	15.34	16.67
Total Costs & Allowances*	21.97	24.77	16.98	18.23	17.17	18.58	17.07	17.29	17.31	18.51
2nd Quarter										
Total Costs	18.49	18.30	15.86	15.30	16.26	15.46	16.06	14.06	16.14	15.37
Total Costs & Allowances*	20.62	20.34	17.76	17.08	18.16	17.22	17.69	15.54	18.04	17.12
3rd Quarter										
Total Costs	20.52	17.35	16.68	14.47	17.38	14.68	17.13	13.85	17.17	14.62
Total Costs & Allowances*	22.74	19.08	18.67	16.01	19.46	16.26	18.93	15.21	19.21	16.17
4th Quarter										
Total Costs	22.08	18.23	17.08	14.09	17.39	13.91	16.62	13.46	17.33	14.05
Total Costs & Allowances*	24.71	20.11	19.32	15.68	19.65	15.50	18.56	14.89	19.58	15.63

* Includes an allowance for management and a return on investment

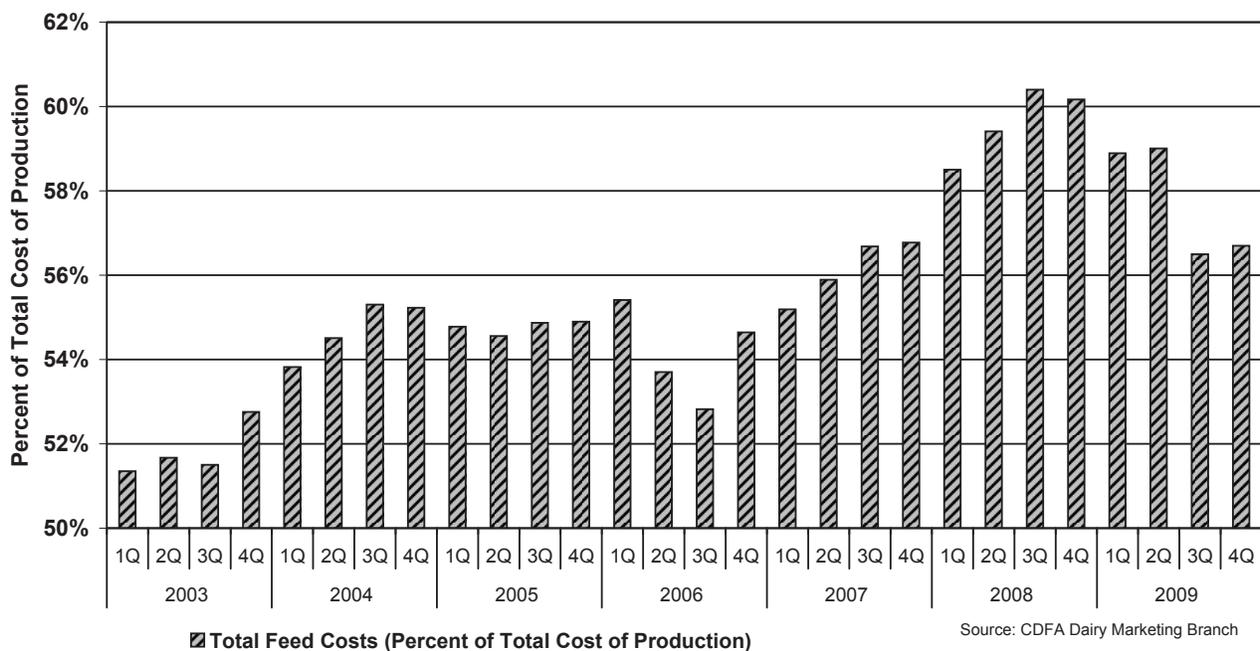
California Cost of Production, Total Feed Cost, by Quarter

Based on California Production Cost Survey, January 2003 through December 2009



Total Feed Costs (Percent of Total Cost of Production)

Based on California Production Cost Survey, January 2003 through December 2009



USDA Milk-Feed Price Ratio

USDA reports that the milk-feed ratio for March was 2.26. The current ratio of 2.26 means that a dairy producer can buy 2.26 pounds of feed for every pound of milk sold. Whenever the ratio meets or exceeds 3.0, it is considered profitable to buy feed and produce milk.

Compared to February 2010: the corn price used to calculate the ratio in March was \$3.49 per bushel; the price of baled alfalfa hay was \$111 per ton; the price of soybeans was \$9.16 per bushel.

The all-milk price used to calculate the ratio was \$15.10 per hundredweight, down from \$15.90 in February 2010.

Cottonseed Available to Dairy Producers to Increase in 2010

Cotton Incorporated reports that an additional 1.3 million acres of Upland cotton is forecasted for 2010 and could ease up the supply available to dairy producers, if the weather in Texas cooperates.

“Based on the latest cotton planting intention reports, 2010 may spell relief for dairy producers who want to get their cows back on cottonseed,” says Tom Wedegaertner, director of cottonseed research and marketing, Cotton Incorporated. “We’re looking at a 50 percent increase in the amount of cottonseed available to dairy cows this year, if abandonment levels remain at average levels.”

Wedegaertner reports that the state to watch is Texas, where producers will add 600,000 acres to last year’s five million. “With half the crop in Texas, even a slight increase or decrease will dramatically affect cottonseed availability. The good news is we will have more cottonseed, but we do need to be wary of the weather, particularly drought or hail. Crop conditions in Texas will be the most important factor determining the overall outcome of this projection.”

It was reported that as of April 2, new crop cottonseed prices were about \$50 per ton lower than current old crop prices.

Corn Acreage Up for 2010

U.S. farmers will increase corn plantings by 2.316 million acres, or 2.7 percent, to an estimated 88.798 million acres in 2010 according to USDA.

USDA reports that corn seedings at the projected level would be the second-highest since 1946 and soybean plantings are projected to rise 647,000 acres, or 0.8 percent. Coming off record harvests in 2009, analysts are predicting that U.S. livestock feeders may be looking at ample corn and soybean meal supplies this year.

Illinois, Kansas, Missouri and Ohio are expected to have the largest corn increases, with each forecast to boost plantings by at least 300,000 acres. Iowa and Texas are expected to have the largest corn plantings declines, at 200,000 acres and 150,000 acres, respectively.

For soybeans, Illinois, Iowa, Kansas, Nebraska and North and South Dakota are projected to raise plantings by more than 100,000 acres each. The largest decreases are expected in Georgia and North Carolina, with plantings in both expected to drop 150,000 acres.

CWT Continues to Export Cheese

Cooperatives Working Together (CWT) recently announced that it is expanding the types of cheese varieties eligible for export bonuses to include Gouda, Colby, and Monterey Jack.

Since CWT reactivated the Export Assistance program on March 18, 2010, it has assisted members in making export sales of Cheddar cheese totaling 13.6 million pounds to 14 countries on four continents. Recently, bids accepted for export assistance for Cheddar cheese have been for the Middle East, Asia, Central America, Africa, Europe, and Australia. The product will be delivered between April and July.

Specialized License Plate for Agriculture

Registration fees to help secondary students in California Ag education programs

At the annual meeting of the Future Farmers of America (FFA) in Fresno, CDFA Secretary A.G. Kawamura introduced an exciting new project – a specialized license plate reading, “California Agriculture.” Registration fees from the program will be used to assist secondary students in agricultural education programs in California through career awareness activities, training, and leadership development.

“This is a great idea and long overdue. I urge all Californians to consider this license plate,” said Secretary Kawamura. “What better way to show support for agriculture? Our young people benefit from an investment in their future, and that helps all of us as we strive for continued food security in the decades ahead.”

The California Agriculture license plate will cost an additional amount beyond normal registration fees. To order a sequentially numbered set of plates (a random selection by the DMV) will initially cost \$50 and then another \$40 a year to renew. For personalized plates, the additional initial cost is \$98, with a \$70 annual renewal fee. The plates can be put on autos, trailers, or commercial vehicles. A minimum of 7,500 registrants are required before the DMV will produce the specialized plates. More information is available at www.calagplate.com

USDA Dairy Industry Advisory Committee Meets

U.S. Ag Secretary Tom Vilsack addressed the first meeting of the recently formed Dairy Industry Advisory Committee by telling the 17-member panel things cannot go on as they are in the dairy industry. Vilsack noted that USDA cannot step in to buy additional product or increase the support prices temporarily like it has in the past and charged the group with coming up with suggestions by the end of the year.

One of the short term goals is determining what needs to be done to keep those still operating a dairy facility in business - especially credit access and availability. For the long term goals, a big challenge is whether or not some type of supply management system is needed in the United States. This could be the most important question that needs to be addressed. The committee heard from numerous groups on this issue.

There will be numerous discussion until the next meeting which is scheduled for June.

California, U.S. Dairies Lead World with Lowest Carbon Footprint

According to a United Nations report, U.S. dairy farms, including California dairies, have the world’s lowest emissions of climate-changing “greenhouse gases.” American dairy farms emit about 45 percent fewer greenhouse gases per unit of milk produced compared to the global average for dairies, according to “Greenhouse Gas Emissions from the Dairy Sector – A Life Cycle Analysis,” published by the U.N.’s Food and Agriculture Organization (FAO).

“This is good news for consumers of California dairy products and California dairy farmers. It shows we’ve made tremendous progress reducing our carbon footprint, while also pointing the way for developing nations to do a better job,” said William C. Van Dam, chairman of Dairy Cares, a coalition of California dairy organizations dedicated to dairy sustainability issues.

According to the report:

- Beef and milk production from the global dairy herd account for 4.1 percent of global greenhouse gas emissions:
 - Milk production: 2.7 percent of GHGs
 - Beef from dairy cows and non-milk producing dairy calves: 1.3 percent
- Dairies in industrialized nations in North America, Europe and Australia/New Zealand had the lowest carbon footprint, with North America lowest of all.
- Dairies in Central and South America and parts of Asia produce three to four times the carbon emissions of North American dairies, while dairies in sub-Saharan Africa produce up to 7 times more emissions.

The report and news release can be found at <http://www.fao.org/news/story/en/item/41348/icode/>

National Dairy Situation and Outlook – USDA Estimates

Milk Production

Monthly: Compared to 2009, USDA estimates overall milk production across the U.S. was up by 0.6% in March 2010. USDA reports that California milk production was down 0.7% (on 63,000 less cows and 55 more pounds per cow), compared to March 2009. Among other western states, Arizona was down 7.0%; New Mexico was down 3.8%; and Washington was up 7.9%. Three of the top 10 states reported a production decrease. The largest increase was reported by Washington State at 7.9% growth in milk production (on 10,000 more cows and 70 more pounds per cow).

Quarterly: For the first quarter of 2010 compared to the fourth quarter of 2009, U.S. milk cow numbers dropped to 9.085 million, milk production per cow increased to 5,200 pounds; the net effect was increased milk production to 47.2 billion pounds. USDA projects that for the second quarter of 2010 compared to the first quarter of 2010, U.S. milk cow numbers will decrease to 9.075 million cows, production per cow will increase to 5,385 pounds; the net effect would be increased milk production to 48.9 billion pounds.

Milk Prices

Comparing the first quarter of 2010 to the fourth quarter of 2009, U.S. average milk prices increased to \$15.70/cwt. USDA projects that for the second quarter of 2010, U.S. average all-milk prices will be \$14.65-15.05/cwt.; Class 4b prices will be \$13.52-13.92/cwt.; and Class 4a prices will be \$13.30-13.80/cwt.

Utility Cow Prices

Comparing the first quarter of 2010 to the fourth quarter of 2009, average U.S. utility cow prices were up \$8.14/cwt. to a national average of \$52.57/cwt. USDA projects that utility cow prices will average \$51-55/cwt. in the second quarter of 2010.

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

Animal Care - Continued from Page 1

of the Dairy FARM Program, and the second set of workshops, "Performance Monitoring of Animal Well-Being" will cover scoring cattle for locomotion, hocks, body condition and hygiene.

The workshops are free of charge and are offered on a first-come, first-served basis. Reservations are not required. The following are the scheduled workshops for late April and May, 2010.

WORKSHOP SCHEDULE

Workshop #1 - Introduction to Dairy FARM Program

Glenn County • Monday, April 26, 9:00am-12:00pm
County Farm Bureau, 831 Fifth Street, Orland

Stanislaus County • Tuesday, April 27, 9:00am-12:00pm
County Ag Center, 3800 Cornucopia, Modesto

Workshop #2 - Performance Monitoring of Animal Well-Being

Fresno County • Wednesday, May 5, 1:00pm-4:00pm
Memorial Hall, 3085 W Mt Whitney, Riverdale

Tulare County • Thursday, May 6, 9:00am-12:00pm
County Ag Center, 4437 Laspina Street, Tulare

Stanislaus County • Monday, May 10, 9:00am-12:00pm
County Ag Center, 3800 Cornucopia, Modesto

Glenn County • Wednesday, May 12, 9:00am-12:00pm
County Farm Bureau, 831 Fifth Street, Orland

Pool Prices

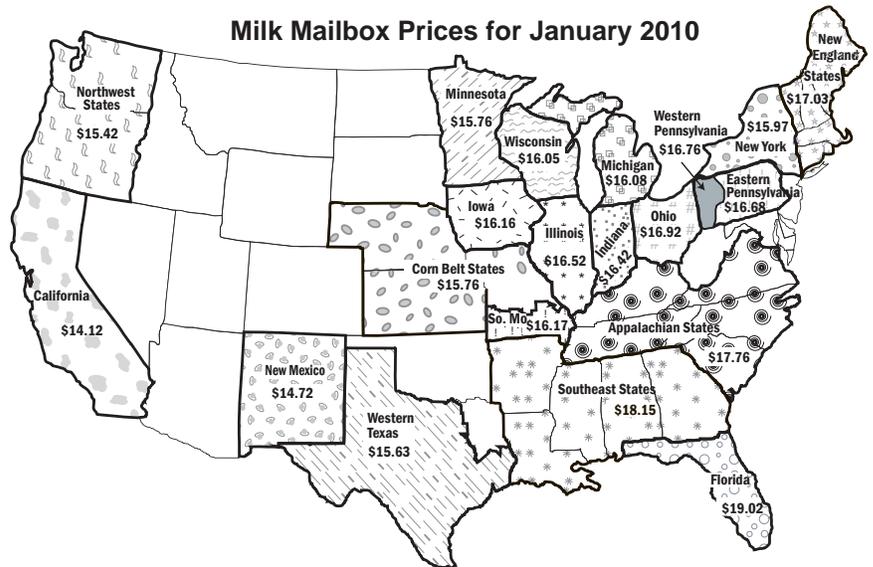
Month	Quota	Overbase
October	\$17.14	\$15.44
November	\$15.97	\$14.27
December	\$14.11	\$12.41
January '09	\$12.10	\$10.40
February	\$11.28	\$ 9.58
March	\$11.54	\$ 9.84
April	\$11.57	\$ 9.87
May	\$11.46	\$ 9.76
June	\$11.32	\$ 9.62
July	\$11.30	\$ 9.60
August	\$12.18	\$10.48
September	\$12.74	\$11.04
October	\$13.61	\$11.91
November	\$14.83	\$13.13
December	\$16.17	\$14.47
January '10	\$15.18	\$13.48
February	\$14.81	\$13.11
March	\$14.11	\$12.41

Milk Mailbox Prices

Milk Mailbox Prices in Dollars per Hundredweight

	July '09	August	September	October	November	December	January '10
California ¹	\$ 9.60	\$10.51	\$11.20	\$12.30	\$13.78	\$15.33	\$14.12
USDA ²	\$11.30	\$12.04	\$12.98	\$14.29	\$15.37	\$16.37	\$16.16

¹ California mailbox price calculated by CDFA.
² All federal milk market order weighted average, as calculated by USDA.



In January 2010, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$16.16 per cwt., down \$0.21 from the previous month average, but up \$2.39 from January 2009. The component tests of producer milk in January 2010 were: butterfat, 3.76%; protein, 3.11%; and other solids, 5.73%. On an individual reporting area basis, mailbox prices increased in Appalachian States, Southeast States, Southern Missouri, Florida, Western Pennsylvania, Ohio, Indiana, Western Texas, and New Mexico; unchanged in Eastern Pennsylvania and decreased in all other Federal milk order reporting areas. Mailbox prices ranged from \$19.02 in Florida to \$14.72 in New Mexico.



Dairy Marketing Branch:
 Phone (916) 341-5988; Fax (916) 341-6697
 Website: www.cdffa.ca.gov/dairy
 Email: dairy@cdffa.ca.gov

Milk Pricing Information:
 Within California 1-800-503-3490
 Outside California 1-916-442-MILK

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 at (916) 341-5988 or send an email to dairy@cdffa.ca.gov

California Department of Food and Agriculture
 A.G. Kawamura, Secretary
 Dairy Marketing Branch
 1220 N Street
 Sacramento, CA 95814



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