

California Dairy Review

A publication serving the California dairy industry for over 14 years

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CMAB and CMMAB Authorized to Continue

The Department of Food and Agriculture (Department) recently conducted a public hearing in Sacramento to consider the continuation of the California Milk Producers Advisory Board (CMAB) and the California Manufacturing Milk Producers Advisory Board (CMMAB). This hearing is required every five years for both of these marketing orders. Based on the testimony and evidence received at the hearing, the Department has determined that the CMAB and the CMMAB will continue in full force and effect through December 31, 2015.

As you may be aware, the CMAB and the CMMAB conduct generic promotion and dairy research activities on behalf of the milk industry. These activities are funded by mandatory assessments upon all producers of milk in the state. The assessment rates are currently 10 cents per hundredweight for both market grade milk and manufacturing grade milk. These assessments serve as credits against the mandatory 15-cent assessment of the National Dairy Promotion and Research Board. The CMAB and the CMMAB have been in existence for over 40 years.

Witnesses at the hearing suggested that the CMAB consider changes in board selection procedures and in promotional focus. Witnesses also suggested increased interaction by the CMAB with other dairy industry groups, with dairy processors, and with other dairy promotional organizations. The Department is instructing the CMAB to carefully consider the suggested changes in administration and activities made by the hearing witnesses.

If you have any questions about the hearing or the activities carried out by the CMAB and the CMMAB, please call Stan Andre, Chief Executive Director of the two marketing orders at (650) 871-6455, or call Glenn Yost of the Department's Marketing Branch at (916) 341-6005.



California Department of Food and Agriculture
A.G. Kawamura, Secretary

This newsletter is available on the Dairy Marketing website at:
http://www.cdfa.ca.gov/dairy/ca_dairyrev_newsletter.html

Minimum Class Prices

California Hundredweight Prices

Class	September	October	November
1 No. Calif.	\$17.15	\$18.44	\$18.71
So. Calif.	\$17.43	\$18.71	\$18.98
2 No. Calif.	\$15.87	\$16.57	\$16.57
So. Calif.	\$16.10	\$16.81	\$16.81
3	\$15.82	\$16.52	\$16.52
4a	\$16.61	N/A	N/A
4b	\$15.48	N/A	N/A

Quota Transfer Summary

Quota Transfers	August	September	October
Number of Sellers	6	7	4
Pounds of SNF Quota Transferred	3,988	12,875	2485
Average Price Per Pound of SNF Quota	\$434	\$434	\$441

Pool Prices

Month	Quota	Overbase
August '09	\$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
April	\$14.33	\$12.63
May	\$14.65	\$12.95
June	\$15.17	\$13.47
July	\$15.94	\$14.24
August	\$16.54	\$14.84
September	\$17.25	\$15.55

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>				
9/10	\$2.2238	\$1.7263	\$1.0851	\$0.3725
9/17	\$2.2225	\$1.7350	\$1.0872	\$0.3725
9/24	\$2.2255	\$1.7470	\$1.1000	\$0.3725
10/1	\$2.2350	\$1.7560	\$1.1249	\$0.3775
10/8	\$2.1940	\$1.7665	\$1.1059	\$0.3825
10/15	\$2.1850	\$1.7640	\$1.1207	\$0.3850
10/22	\$2.1850	\$1.7030	\$1.0973	\$0.3863

Milk Production Cost Comparison Summary for California * By Quarter, 2009-2010

Quarter	North Coast		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
<i>Dollars per Hundredweight</i>										
1st Quarter										
Total Costs	\$22.38	\$19.02	\$16.63	\$13.60	\$16.63	\$13.26	\$15.35	\$12.81	\$16.67	\$13.48
Total Costs & Allowances*	\$24.77	\$20.86	\$18.23	\$15.11	\$18.58	\$14.78	\$17.29	\$14.49	\$18.51	\$15.02
2nd Quarter										
Total Costs	\$18.30	\$16.54	\$15.30	\$13.17	\$15.46	\$12.81	\$14.06	\$12.20	\$15.37	\$12.98
Total Costs & Allowances*	\$20.34	\$18.30	\$17.08	\$14.59	\$17.22	\$14.25	\$15.54	\$13.75	\$17.12	\$14.43
3rd Quarter										
Total Costs	\$17.35		\$14.47		\$14.68		\$13.85		\$14.62	
Total Costs & Allowances*	\$19.08		\$16.01		\$16.26		\$15.21		\$16.17	
4th Quarter										
Total Costs	\$18.23		\$14.09		\$13.91		\$13.46		\$14.05	
Total Costs & Allowances*	\$20.11		\$15.68		\$15.50		\$14.89		\$15.63	

* Includes an allowance for management and a return on investment

Alfalfa Hay Monthly Weighted Average Prices

Petaluma

	Low/High	Average
Supreme	\$205/\$205	\$205
Premium	\$180/\$190	\$185
Good	\$125/\$125	\$125
Fair	N/A	N/A

Escalon-Merced-Modesto-Turlock

	Low/High	Average
Supreme	\$160/\$240	\$209
Premium	\$205/\$205	\$205
Good	\$185/\$195	\$190
Fair	\$140/\$155	\$146

Northern-Intermountain Areas FOB Prices

	Low/High	Average
Supreme	\$145/\$180	\$162
Premium	\$140/\$160	\$150
Good	\$130/\$145	\$142
Fair	\$100/\$120	\$105

Tracy-Patterson-Stockton-Lodi-Modesto FOB Prices

	Low/High	Average
Supreme	\$165/\$190	\$177
Premium	\$170/\$180	\$175
Good	\$150/\$155	\$152
Fair	\$130/\$140	\$135

Tulare-Visalia-Hanford-Bakersfield

	Low/High	Average
Supreme	\$185/\$230	\$217
Premium	\$180/\$215	\$188
Good	\$158/\$170	\$163
Fair	\$135/\$150	\$144

Western Fresno-Madera FOB Prices

	Low/High	Average
Supreme	\$170/\$180	\$175
Premium	N/A	N/A
Good	\$150/\$150	\$150
Fair	\$135/\$135	\$135

Chino-Los Angeles-San Diego

	Low/High	Average
Supreme	N/A	N/A
Premium	N/A	N/A
Good	\$150/\$155	\$155
Fair	N/A	N/A

Imperial Valley FOB Prices

	Low/High	Average
Supreme	N/A	N/A
Premium	N/A	N/A
Good	\$120/\$135	\$126
Fair	\$100/\$118	\$105

	Monthly Total
Tons FOB	114,130
Tons Delivered	40,951

	ADF	NDF	RFV	TDN-100%	TDN-90%	CP-100%
Supreme	<27	<34	>185	>62	>55.9	>22
Premium	27-29	34-36	170-185	60-62	54.5-55.9	20-22
Good	29-32	36-40	150-170	58-60	52.5-54.5	18-20
Fair	32-35	40-44	130-150	56-58	50.5-52.5	16-18

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

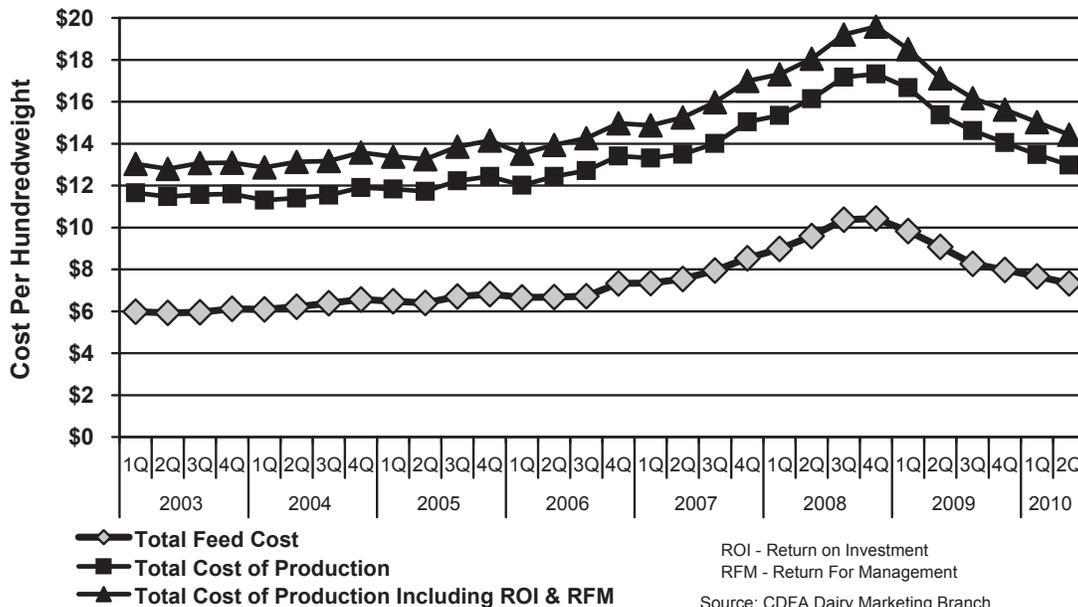
ADF = Acid Detergent Fiber; NDF = Neutral Detergent Fiber; RFV = Relative Feed Value; TDN = Total Digestible Nutrients.

Alfalfa Hay Update

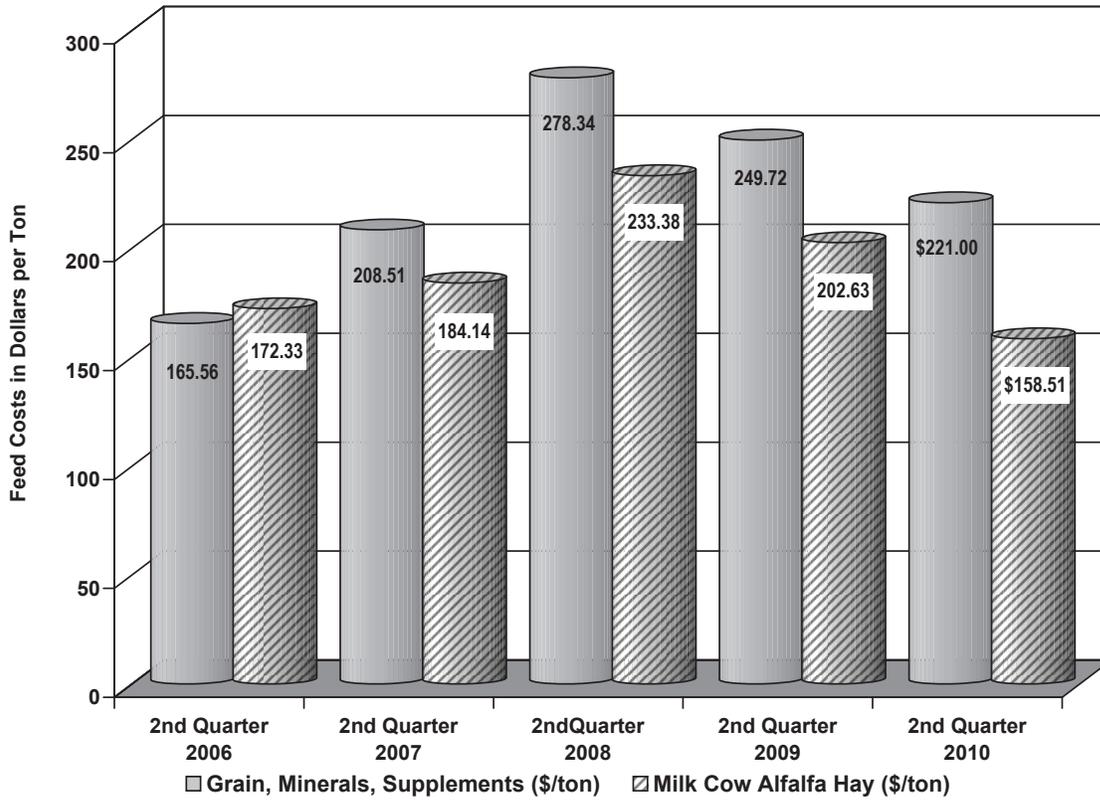
Northern California: All classes of domestic alfalfa were traded mostly steady with very good demand and moderate supplies. Export hay traded steady. Recent rainfall continues to delay movement of hay. The limited hay supplies keep pushing up retail prices in all qualities of hay.

Southern California: All classes of domestic alfalfa remained mostly steady with good demand and light supplies. Export hay traded mostly steady on limited offerings. Rain in most areas hampered hay movement. Retail hay prices are increasing due to very tight supplies.

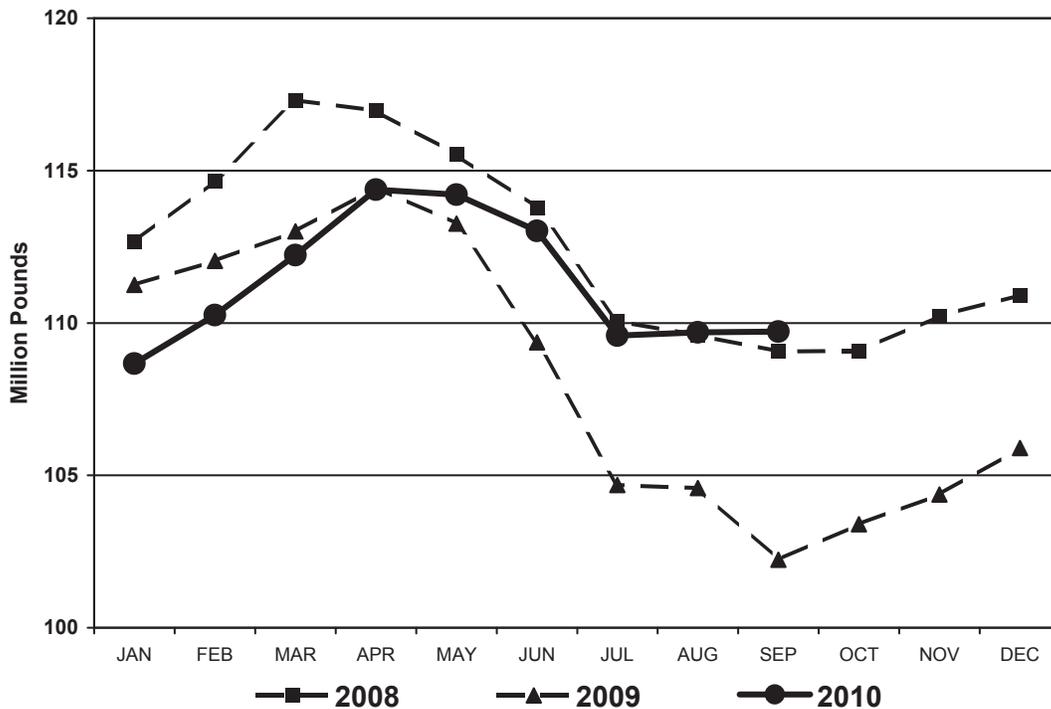
California Cost of Production, Total Feed Cost, by Quarter Based on California Production Cost Survey, January 2003 through March 2010



Average Cost Per Ton Fed, by Quarter
Grains, Minerals, Supplements & Milk Cow Alfalfa Hay
Second Quarters of 2006-2010, in Dollars Per Ton



California Milk Production
Average Daily Basis: 2008, 2009, 2010



Dairy Cow Culling Activity (Weekly)

Week Ending	Region 9 ¹	U.S. Dairy	West Region ²
	Dairy Cows	Cows	Price Range
		Head	\$/cwt.
08/20/10	13,100	17,300	\$53-\$61
08/27/10	13,400	17,700	\$52-\$59
09/03/10	13,900	18,400	\$53-\$65
09/10/10	13,200	17,000	\$52-\$56
09/17/10	14,000	17,900	\$49-\$58
09/24/10	14,500	19,300	\$49-\$55
10/01/10	15,500	21,300	\$46-\$52
10/08/10	14,500	19,300	\$47-\$51

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

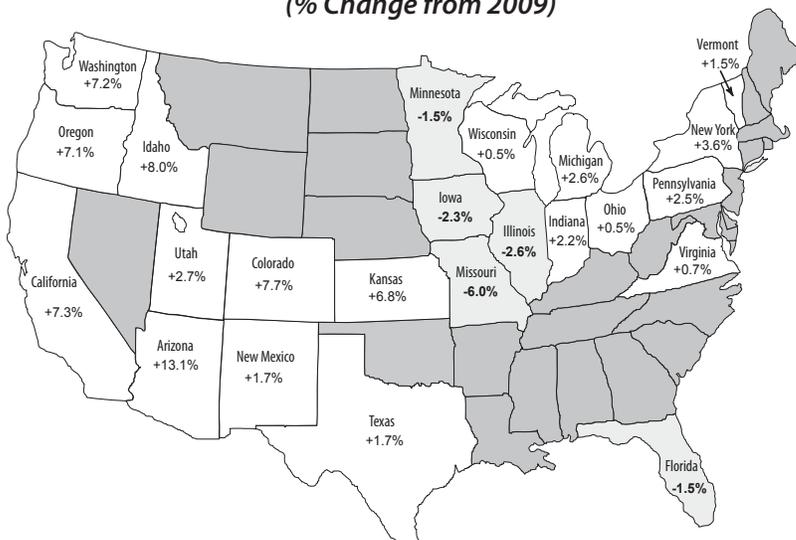
September Milk Production

USDA estimates U.S. milk production for September 2010 in the top 23 milk producing states at 14.5 billion pounds, up 3.6 percent from September 2009. Production per cow in the top 23 milk producing states averaged 1,729 pounds for September, 54 pounds above September 2009.

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

- The number of cows on farms was 9.116 million head, down 4,000 head
- Production per cow averaged 1,703 pounds, 54 pounds more than September 2009
- Five of the top twenty-three milk producing states showed a decrease in milk production

September Milk Production in the Top 23 States (% Change from 2009)



Federal Order Minimum Class I Prices

Hundredweight Prices

Regions	Sep.	Oct.	Nov.
Phoenix, Arizona	\$17.85	\$18.93	\$19.59
Portland, Oregon	\$17.40	\$18.48	\$19.14
Boston (Northeast)	\$18.75	\$19.83	\$20.49

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 3.3% in September 2010 compared to September 2009. USDA reports that California milk production increased 7.3% compared to September 2009 (on 22,000 less cows and 150 more pounds per cow). Among other western states, compared to September 2009, Arizona was up 13.1%; New Mexico was up 1.7%; and Washington was up 7.2%. One of the top 10 states reported a production decrease. The largest increase was reported by Arizona at 13.1% growth in milk production (on 15,000 more cows and 60 more pounds per cow).

Quarterly: For the third quarter of 2010 compared to the second quarter of 2010, U.S. milk cow numbers increased to 9.140 million head, milk production per cow decreased to 5,250 pounds; the net effect was decreased milk production to 48.0 billion pounds. USDA projects that for the fourth quarter of 2010 compared to the third quarter of 2010, U.S. milk cow numbers will increase to 9.150 million cows, production per cow will decrease to 5,210 pounds; the net effect would be decreased milk production to 47.7 billion pounds.

Milk Prices

Comparing the third quarter of 2010 to the second quarter of 2010, U.S. average milk prices increased to \$16.67/cwt. USDA projects that for the fourth quarter of 2010, U.S. average all-milk prices will be \$18.45-18.85/cwt.; Class 4b prices will be \$16.45-16.85/cwt.; and Class 4a prices will be \$16.55-17.05/cwt.

Utility Cow Prices

Comparing the second quarter of 2010 to the first quarter of 2010, average U.S. utility cow prices were up \$7.00/cwt. to a national average of \$58.79/cwt. USDA projects that utility cow prices will average \$56-58/cwt. in the fourth quarter of 2010.

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

Fluid Milk Processors Approve Continuation Of The California Milk Processor Board

In a referendum recently conducted by CDFA, fluid milk processors voted in favor of continuing the operations of the California Milk Processor Board for another three years. The voting results are presented below.

Portion of All Eligible Processors That Actually Participated by Casting Valid Ballots:	56%
Portion of Those Processors Voting Who Favored Continuation of the Milk Processor Board:	73%
Portion of the Voted Volume Represented by Those Processors Favoring Continuation of the Milk Processor Board:	97%

The marketing order for the Milk Processor Board specifies that the program may be continued if CDFA finds that of those voting, a majority of the handlers accounting for a majority of the voted volume favor continuation. Since the above voting results meet the marketing order's continuation requirements, CDFA has authorized the Milk Processor Board to continue operating for another three years through January 31, 2014.

The California Milk Processor Board is responsible for the renowned "got milk?" advertising campaign which is funded by a mandatory 3-cents/gallon processor assessment. This program has been in existence since 1993.

If you have questions about this referendum, please contact Dennis Manderfield of CDFA at (916) 341-6005. If you have questions concerning the operations of the California Milk Processor Board, please call Steve James, Executive Director of the Board, at (949) 481-6620.

Dairy Council Appointments

CDFA recently conducted nomination procedures in order to receive industry input for filling four of the twelve producer positions and four of the twelve handler positions on the Dairy Council of California Board of Directors. CDFA received the exact number of nominations as available positions and so no preference voting by the industry was needed. Based on the nominations submitted, CDFA has appointed the following individuals to serve new terms on the Dairy Council.

Producer Members

Name	Location / District	Status	Term Ends
Brad Scott	San Jacinto – <i>Southern California</i>	Reappointed	10-31-2013
Jim Quist	Fresno – <i>Southern San Joaquin</i>	Reappointed	10-31-2013
Andy Rynsburger	Strathmore – <i>Southern San Joaquin</i>	Reappointed	10-31-2013
Chris Sawyer	Waterford – <i>Northern San Joaquin</i>	Reappointed	10-31-2013

Handler Members

Name	Business	Status	Term Ends
Laura Burns	Kraft Foods -Tulare	New Appointment	10-31-2013
Kimberly Clauss	Hilmar Cheese Co.	New Appointment	10-31-2013
Jeff Foster	Foster Farms Dairy	Reappointed	10-31-2013
Mike Newell	HP Hood LLC	Reappointed	10-31-2013

CDFA appreciates all those who participated in the nomination process. If you have questions about the Dairy Council of California, please call Peggy Biltz, CEO of the Dairy Council, at (916) 263-3560 or Dennis Manderfield of the CDFA Marketing Branch at (916) 341-6005.

Animal Disease Response Training

On November 9, 2010, the Stanislaus County Agricultural Commissioner's Office and CDFA are co-sponsoring an 8-hour training course in Animal Disease Response to be held at the Stanislaus County Agricultural Center, 3800 Cornucopia Way, Modesto. There is no charge for the all-day training session that begins at 8 a.m. and ends at 5 p.m.

The course, presented by the Ag Preparedness Center of Kirkwood Community College, Cedar Rapids, Iowa, provides information needed to minimize the effects of an animal disease outbreak. The focus is on best practices and safety issues associated with an agricultural emergency. Participants will learn the importance of preparing for a potential outbreak and be trained on the concepts of biosecurity, quarantine, personal protective equipment, euthanasia and disposal, and cleaning and disinfection.

To register, go to <https://www.agpreparedness.org/> and select Register Now. In the Training Officer Courses box select California – Stanislaus County Agricultural Commissioner. For additional information, contact Jane Colavecchi at (515) 279-4345 or jane@jhassociates.com.

EPA Announces One-Year Extension for Dairy Producers

The Environmental Protection Agency (EPA) granted a one-year extension for dairy producers to comply with the EPA Oil Spill Prevention, Control and Countermeasure (SPCC) program (which had directed producers to have an oil spill prevention plan by November 10, 2010).

Under the EPA's current rule, milk is considered the same as oil, therefore they must comply with the rule or face punitive damages. The EPA announcement allows for the owners or operators of certain milk product container facilities to delay implementation of an SPCC plan by one year or until the EPA finalizes a rule for these facilities.

NRCS Sets November 12 As Deadline for Conservation Fund Applications

The USDA Natural Resources Conservation Service (NRCS) in California has set November 12, 2010 as the application deadline for Fiscal Year 2011 Farm Bill conservation programs funding. The deadline includes all California Environmental Quality Incentives Program (EQIP) and Wildlife Habitat Incentives Program (WHIP) initiatives, except the EQIP Organic Initiative. The EQIP Organic Initiative sign up deadline will be provided at a later date.

NRCS invites landowners to apply before the November 12, 2010 deadline, by visiting a local NRCS office or USDA Service Center. Driving directions and contact information for the Service Centers are available at: www.ca.nrcs.usda.gov/contact/.

USDA Milk-Feed Price Ratio

USDA reports that the milk-feed ratio for September was 2.24, up from the milk-feed ratio from September 2009 of 2.00. The current ratio of 2.24 means that a dairy producer can buy 2.24 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.

The corn price used to calculate the ratio in September was \$4.34 per bushel; the price of baled alfalfa hay was \$117 per ton; the price of soybeans was \$9.94 per bushel.

The all-milk price used to calculate the ratio was \$17.20 per hundredweight, up from \$13.00 in September 2009.

CWT Continues to Export Cheese

Cooperatives Working Together (CWT) reactivated the Export Assistance program on March 18, 2010. Since then, CWT has assisted members in making export sales of Cheddar, Monterey Jack, and Gouda cheese totaling 21,668 metric tons (47.8 million pounds) to 23 countries on four continents. In addition, sales of butter and anhydrous milkfat totaling 14,968 metric tons (33.0 million pounds) have been made to nine countries on three continents.

The Export Assistance program was reactivated when economic analysis indicated that sizeable cheddar cheese inventories overhanging the market were hampering a recovery in producer milk prices.

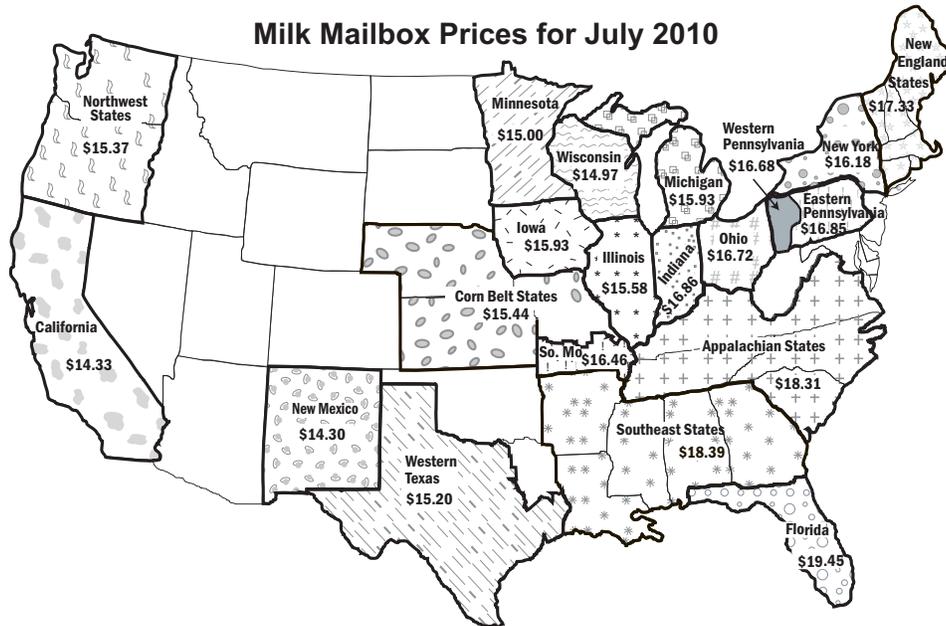
U.S. Mailbox Milk Prices

Milk Mailbox Prices in Dollars per Hundredweight

	Jan. '10	February	March	April	May	June	July
California ¹	\$14.12	\$13.59	\$12.81	\$12.93	\$13.25	\$13.64	\$14.33
USDA ²	\$16.16	\$15.97	\$14.92	\$14.51	\$15.08	\$15.39	\$15.81

¹ California mailbox price calculated by CDFA.

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



In July 2010, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$15.81 per cwt., up \$0.42 from the previous month average, and up \$4.51 from July 2009. The component tests of producer milk in July 2010 were: butterfat, 3.50%; protein, 2.94%; and other solids, 5.73%. On an individual reporting area basis, mailbox prices increased from the previous month in all Federal milk order reporting areas. Mailbox prices in July 2010 ranged from \$19.45 in Florida to \$14.30 in New Mexico.



Dairy Marketing Branch:
 Phone (916) 341-5988; Fax (916) 341-6697
 Website: www.cdfa.ca.gov/dairy
 Email: dairy@cdfa.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 or Lu Tang at (916) 341-5988, or send an email to dairy@cdfa.ca.gov

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