

California

Dairy Review

A publication serving the California dairy industry for over 12 years

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Secretary Vilsack Announces Establishment of Dairy Advisory Committee

Excerpt from the U.S. Department of Agriculture Website . . .

Advisory Committee Will Review Key Issues Impacting Dairy Industry and Generate Additional Ideas About How USDA Can Help Struggling Producers

Agriculture Secretary Tom Vilsack announced that as part of USDA's continuing efforts to listen to and respond to the needs of producers in the dairy industry he is moving forward on establishing the Dairy Industry Advisory Committee. "The Obama Administration is committed to working with all sectors of the dairy industry to develop changes to the dairy pricing system to avoid the boom and bust cycle behind the crisis facing many dairy farmers this year," said Vilsack. "The input provided by the members of this committee will play an important role in building a more stable market for dairy producers for years to come."

In September, Secretary Vilsack promised to move forward with establishment of a charter creating the committee for two years. Once appointed, the committee will review the issues of farm milk price volatility, and dairy farmer profitability. The committee will also offer suggestions and ideas on how USDA can best address these issues to meet the dairy industry's needs. USDA is establishing the committee under the authority of the Federal Advisory Committee Act of 1972.

The Secretary of Agriculture will appoint up to 15 representatives of the dairy industry to serve in an advisory capacity on the Committee. Representatives will include: producers and producer organizations, processors and processor organizations, handlers, consumers, academia, retailers, and state agencies involved in organic and non-organic dairy at the local, regional, national and international levels. Written nominations were to be received on or before September 28, 2009.

Advisory committee members will elect the chairperson and vice-chairperson who will each serve a two-year term. As Deputy Administrator of the FSA Farm Programs, Brandon Willis will serve as the committee's executive secretary.

Continued on Page 9



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

Production, Prices, Quota Transfers, Alfalfa

Minimum Class Prices

California Hundredweight Prices

Class	August	September	October
1 No. Calif.	\$11.71	\$13.21	\$13.75
So. Calif.	\$11.98	\$13.48	\$14.02
2 No. Calif.	\$10.47	\$10.47	N/A
So. Calif.	\$10.70	\$10.70	N/A
3	\$10.42	\$10.42	N/A
4a	\$10.21	N/A	N/A
4b	\$11.29	N/A	N/A

Federal Order and California Minimum Class 1 Prices

Hundredweight Prices

Regions	August	September	October
Phoenix, Arizona	\$12.39	\$13.28	\$14.70
Southern California	\$11.98	\$13.48	\$14.02
Portland, Oregon	\$11.94	\$12.83	\$14.25
Northern California	\$11.71	\$13.21	\$13.75
Boston (Northeast)	\$13.29	\$14.18	\$15.60

Quota Transfer Summary

Quota Transfers	July	Aug.	Sep.
Number of Sellers	13	13	4
Pounds of SNF Quota Transferred	13,762	9,420	4,443
Average Price Per Pound of SNF Quota	\$402	\$378	\$364

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>				
8/14	\$1.2200	\$1.3330	\$0.8522	\$0.3200
8/21	\$1.1815	\$1.3850	\$0.8452	\$0.3200
8/28	\$1.1685	\$1.3845	\$0.9206	\$0.3200
9/4	\$1.1700	\$1.3110	\$0.9451	\$0.3200
9/11	\$1.1725	\$1.2700	\$0.9547	\$0.3200
9/18	\$0.2365	\$1.2915	\$0.9570	\$0.3200
9/25	\$0.2640	\$1.3880	N/A	\$0.3250

Dairy Cow Culling Activity (Weekly)

Week Ending	Region 9 ¹ Dairy Cows	U.S. Dairy Cows	West Region ² Price Range
	Head		\$/cwt.
07/24/09	14,300	18,300	\$44-\$45
07/31/09	13,600	16,700	\$40-\$46
08/07/09	14,200	17,400	\$41-\$46
08/14/09	18,400	21,600	\$41-\$46
08/21/09	18,200	20,900	\$40-\$44
08/28/09	20,300	22,400	\$38-\$44
09/04/09	20,200	23,000	\$37-\$41
09/11/09	15,700	17,400	\$38-\$41

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

August Milk Production in the Top 23 States

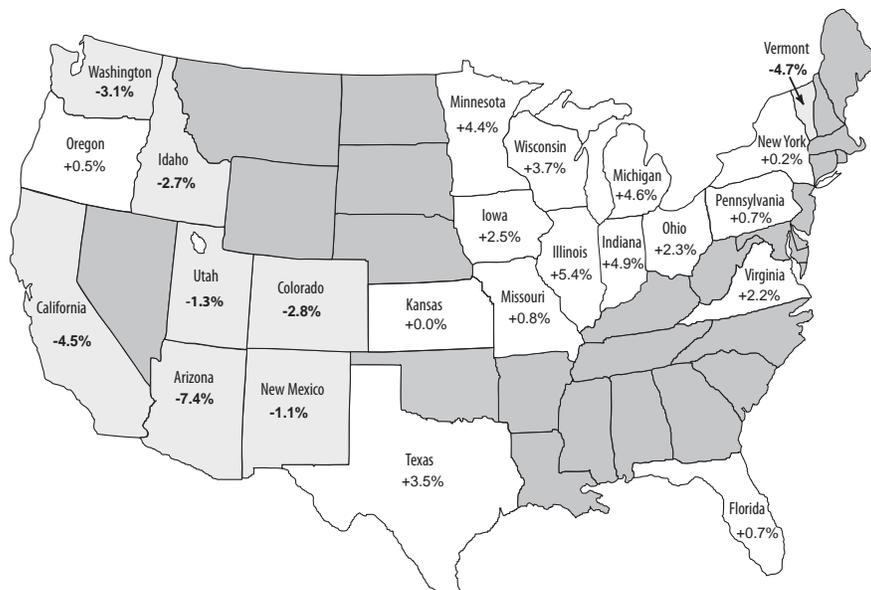
(% Change from 2008)

August Milk Production

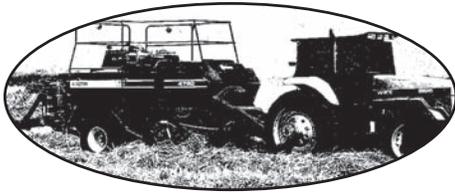
USDA estimates U.S. milk production for August 2009 in the top 23 milk producing states at 14.6 billion pounds, down 0.2 percent from August 2008. Production per cow in the top 23 milk producing states averaged 1,743 pounds for August, 25 pounds above August 2008.

For the U.S. overall, comparing August 2009 to August 2008:

- The number of cows on farms was 9.160 million head, down 171,000 head
- Production per cow averaged 1,716 pounds, 27 pounds more than August 2008
- Eight 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: Supreme, Premium and Good alfalfa traded steady. Retail and stable hay were mostly steady. Buyer demand was light to moderate for all classes of hay on mostly heavy supplies.

Southern California: Premium, Good and Fair alfalfa were steady. Retail and stable hay sold mostly steady. Buyer demand was light with heavy supplies.

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

Area	Sep. 4	Sep. 11	Sep. 18	Sep. 25	Monthly Low/High
Petaluma	N/A	\$145	N/A	N/A	\$145
North Valley	\$140-145	\$130-150	\$118-140	N/A	\$118-150
South Valley ²	\$155	\$145-150	\$130-148	\$155	\$130-155
Chino Valley	\$150-200	\$145-155	\$145	N/A	\$145-200
Tons Sold³	26,580	57,404	37,590	18,810	
Tons Delivered⁴	10,800	27,445	11,625	6,500	

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, 2009

Feed Commodity	Tulare/Pixley		North Valley		Los Banos/Chowchilla	
	7/28 - 8/18	9/1 - 9/22	7/28 - 8/18	9/1 - 9/22	7/28 - 8/18	9/1 - 9/22
Almond Hulls	\$91.50	\$91.50	\$87.00	\$86.00	\$88.75	\$89.00
Canola	\$270.50	\$233.25	\$270.50	\$233.25	\$272.50	\$235.25
Distillers Dried Grains	\$146.25	\$147.50	\$146.00	\$148.00	\$149.25	\$150.75
Rolled Corn	\$164.00	\$165.88	\$173.00	\$174.88	\$169.00	\$170.88
Soybean Meal	\$419.00	\$430.50	\$419.00	\$430.50	\$421.00	\$432.50
Whole Cottonseed	\$287.25	\$305.75	\$287.25	\$307.00	\$289.25	\$307.75

Source: USDA Market News, St. Joseph, Missouri, (816) 238-0678, www.ams.usda.gov/LSMarketNews

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

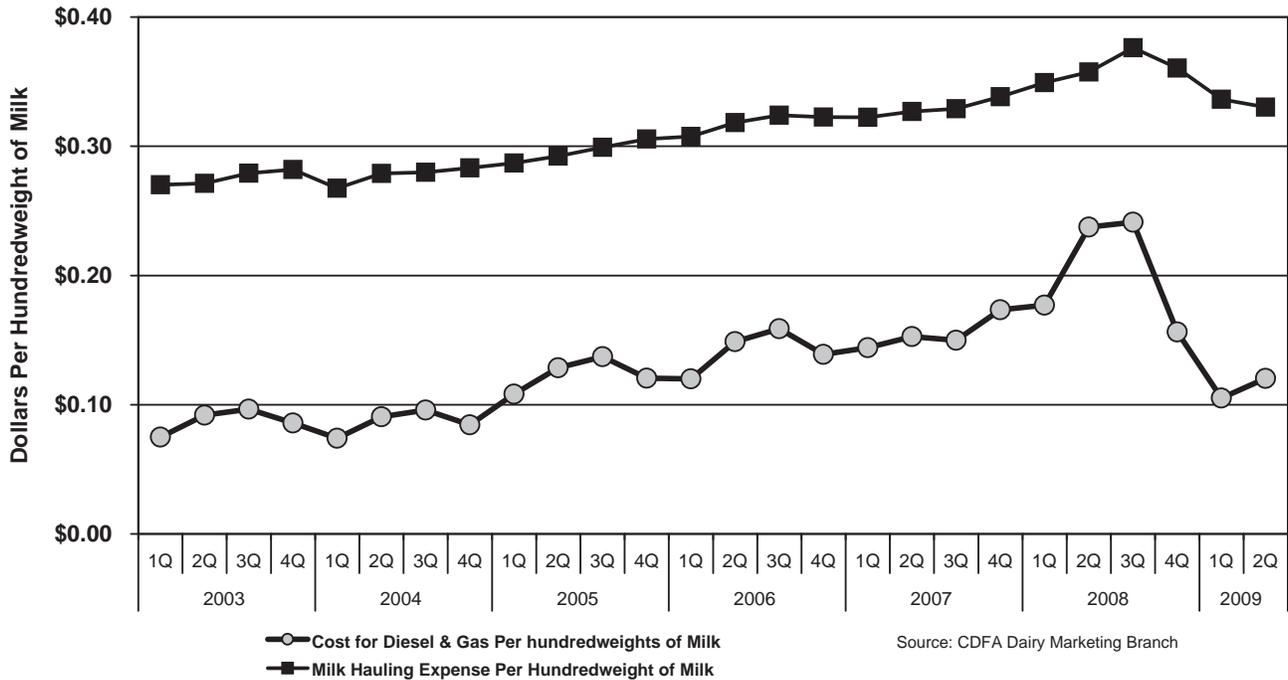
Milk Production Cost Comparison Summary for California, by Quarter, 2008-2009

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		16.68		17.38		17.13		17.17	
Total Costs & Allowances*	22.74		18.67		19.46		18.93		19.21	
4th Quarter										
Total Costs	22.08		17.08		17.39		16.62		17.33	
Total Costs & Allowances*	24.71		19.32		19.65		18.56		19.58	

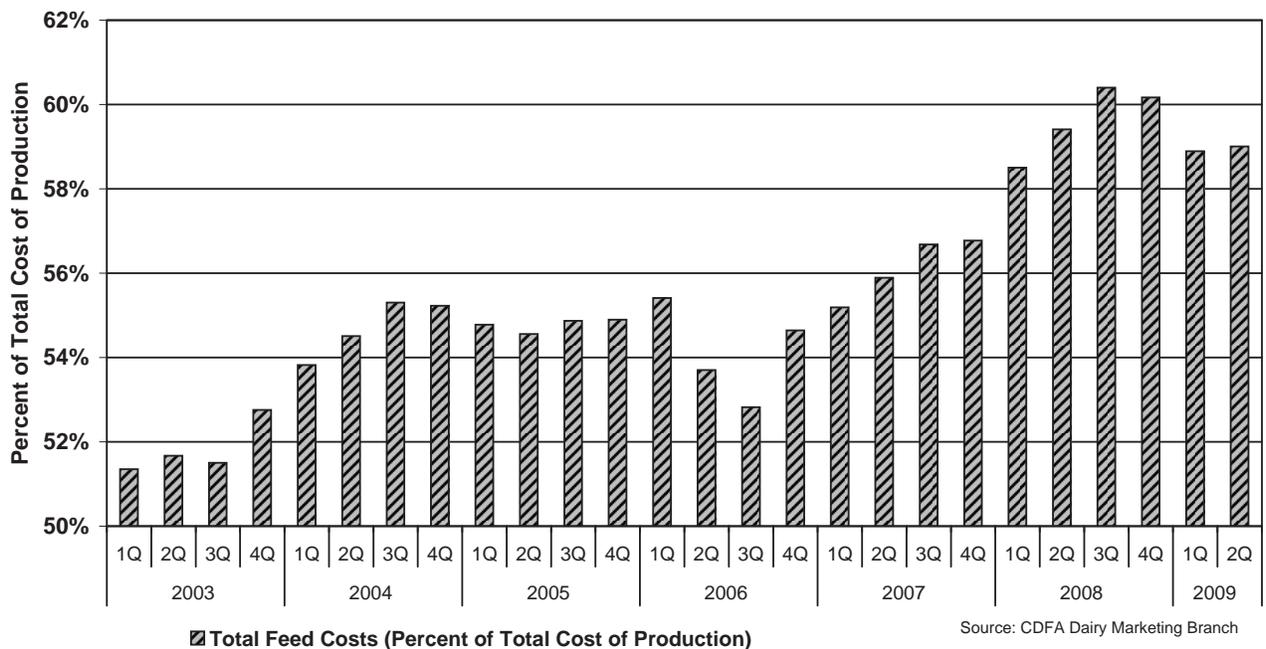
* Includes an allowance for management and a return on investment



Diesel, Gas, and Milk Hauling Costs, Per Hundredweight of Milk Based on California Production Cost Survey, January 2003 through March 2009



Total Feed Costs (Percent of Total Cost of Production) Based on California Production Cost Survey, January 2003 through March 2009



USDA Milk-Feed Price Ratio

The milk-feed ratio posted a nice gain in August, rising to 1.76, compared to a revised ratio of 1.57 for July, according to the USDA's "Agricultural Prices" report. Last August, the ratio was reported to be 1.81.

The current ratio of 1.76 means that a dairy producer can buy 1.76 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 higher August milk-feed ratio was the result of lower feed prices and higher milk prices.

The corn price used to calculate the ratio in August was \$3.31 per bushel, down 29 cents from \$3.60 in July. The price of baled alfalfa hay fell to \$111 per ton in August from \$120 per ton in July. Soybeans fell to \$10.70 per bushel from \$10.80 in July.

The all-milk price used to calculate the ratio was \$11.80 per hundredweight — up 50 cents from July.

American Cheese Society Awards Announced

The American Cheese Society award winners were announced at the 26th annual conference and competition in Austin, Texas. This year saw a record-setting 197 producers from 32 states, Canada and Mexico, and featured 1,327 cheeses and dairy products. The "Best in Show" award went to... Oregon's Rogue Creamery* for Rogue River Blue! In second place is California's Cowgirl Creamery's Red Hawk. Third place is a tie between Consider Bardwell's Rupert (VT) and Carr Valley's Cave Aged Mellage (WI).

California Award Winners for Cow's Milk Cheeses:
Cowgirl Creamery, Cantare Foods, Rumiano Cheese, Arthur Schuman, Karoun Dairies, Marin French Cheese, Mozzarella Fresca, Winchester Cheese, Spring Hill Jersey Cheese, Fiscalini Cheese, Bellwether (creme fraiche)

By the numbers:

Wisconsin, 25 first place, 92 total
California, 14 first place, 47 total
Vermont, 14 first place, 33 total
Oregon, 6 first place, 22 total
New York, 4 first place, 19 total

Milk Carton Display Ads

A growing number of national brands are reaching children at school and shoppers by placing ads on milk cartons. The ads on the half-pints that are distributed through school lunch programs are aimed at children, while the larger containers, like gallon jugs, are intended to reach the adults who do the shopping for their households.

In the early 1980s, milk cartons showed pictures of missing children, but most of those campaigns have moved to the Internet. Dairies promote milk on packaging and have done campaigns for local brands and sports teams. Milk is increasingly becoming a platform for national brands advertising. For example, recently General Mills promoted Cheerios with stickers on gallon jugs, and Kraft targeted shoppers with ads for Honey Maid graham crackers. In stores in New York and other major American markets this summer, stickers appeared promoting Duncan Hines with a photo of brownies and the text: "Cold Milk, Warm Brownies, mmmmmmmmm."

Even with the availability of Cable, Facebook, Google News and Hulu, the milk jug is still a medium that reaches the masses. Gary A. Hemphill of the Beverage Marketing Corporation, an industry group, says milk is unique in that it is a bottled drink and also an ingredient for baking and cereal. "It finds its way into most refrigerators in the homes of Americans," he said.

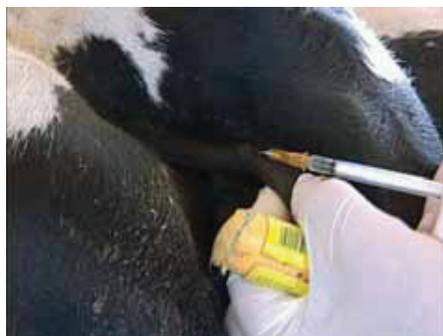
BoxTop Media hired the research company Knowledge Networks to find out whether these ads were effective, using data from loyalty card programs like the Safeway Club Card. Al Halkuff, a senior vice president of Knowledge Networks, said that for the 25 to 30 campaigns he had studied, there was a "significant improvement in sales." For a large brand, he said, a significant increase could be 4 to 6 percent, and for a new or smaller brand, sales could double.

Brands for children can reach a captive audience in lunchrooms nationwide, but marketers say they are careful to focus on a healthy message rather than a sales pitch. The ads intended for schoolchildren, from kindergarten to 12th grade, are often promoting milk itself, using characters like the Teenage Mutant Ninja Turtles to appeal to younger students and performers like Rascal Flatts for the preteenagers and teenagers.



Bovine Tuberculosis (TB) Update

Staff are tracing about 260 cattle received in California from a TB-affected dairy in Texas. The Texas dairy of >2,000 adult cattle had active TB transmission and frequent cattle movements into and out of the herd, including the recent purchase of hundreds of heifers. Traces of about 3,400 heifers involve at least 15 states.



Since January 2008, seven cows from three Fresno Co. herds and one cow from a San Bernardino Co. herd have been diagnosed with bovine TB. Approximately 419,000 cattle have been TB-tested, two herds depopulated and over 8,000 cattle killed in this investigation. Two affected herds are on a test and removal program.

Exceptions include:

- Cattle from an accredited herd with a whole herd test within 12 months of the movement.
- Cattle moving directly to a federally inspected slaughter facility.
- Feeder cattle – identification and TB testing requirements are delayed, however, some states require a test or a special permit (see factsheet “**Tuberculosis Requirements for Feeder Cattle Leaving California**”).
- Breeding beef herds moving for grazing on a Pasture-to-Pasture Permit have the TB test waived until November 2009.

Dairy Cattle Entering California Fairs

Fairs throughout California adopted TB testing requirements for **dairy breeding cattle** over six (6) months of age. Those being sold at the fair must be tested within 60 days of the sale; those for exhibition only must be tested within 6 months of the show. Cattle are exempt from testing if the herd of origin had a negative herd test within 12 months of the show.

Caudal Fold Tuberculin (CFT) Skin Test

Cows typically become skin test positive 3-6 weeks after infection with *M. bovis*. Any response to this test must be reported immediately so regulatory

veterinarians can apply either the CCT or gamma interferon confirmatory test. CCT and gamma have equivalent sensitivity (73-100%) and specificity (85-99%). Cattle positive to confirmatory tests are necropsied and tissues sent to the National Veterinary



CFT test responder

Service Laboratory (NVSL), Ames, Iowa.

Comparative Cervical Tuberculin (CCT) Test

This skin test determines if a CFT response is more likely due to *M. bovis* or *M. avium*. It must be done within 10 days (or after 60 days) of the CFT injection. Two areas on the neck are shaved, the skin thickness measured, and bovine and avian extracts injected at the separate sites. Responses are evaluated and measured 72 hours after the injections. The

Affected Herd Information		
# Affected Herds	# Infected Animals	# Cattle in Herds
4	8	~21,000

TB strain typing indicates these cases had three separate sources. The strains are not related to the herds detected in California in 2002-2003, nor to the newly detected Texas dairy herd; the strains are related to infections found in Southwest feeder cattle.

TB Testing To Date		
# Herds Tested	# Herd tests	# Cattle tests
254	310	418,996

California is an MAA State

As of September 18, 2008, California is classified as “Modified Accredited Advanced” (MAA). Veterinarians and producers must check the TB requirements of receiving states when moving cattle out of California; state requirements may be more restrictive than federal rules. Current rules require that intact cattle over six months of age from an MAA state must be officially identified and tested negative to an official TB test conducted within 60 days prior to interstate movement.

differences in pre and post-test measurements determine the result as negative, suspect, or reactor.

TB Gamma Interferon Test

This test uses whole blood. The lymphocytes are stimulated with *M. bovis* and *M. avium* extracts, the ISA for gamma interferon. Cows typically become gamma interferon test positive 3-5 weeks after infection with *M. bovis*.

National Report

At least 82 cattle herds and 10 captive cervid herds have been detected with bovine TB since 1998. Slaughter surveillance detected 364 infected cattle since 2000; 34 infected adult cattle and 330 infected fed/fat cattle (75% were Mexican origin).

Texas detected an affected dairy herd during private testing to sell the herd in 2009. Six infected cows have been identified, and the strain type matches that detected in old roping steers of Mexican origin recently slaughtered from a nearby feedlot.

Nebraska detected an affected cervid herd and an affected beef herd, both through slaughter surveillance, in 2009. The infections are not related – they have different TB strain types.

Minnesota has detected 12 affected beef herds since 2005, and 25 infected free-ranging white-tailed deer. They received split state status in September 2008 with an MA zone around the affected herds and an MAA zone for the rest of the state.

Michigan has detected 46 affected cattle herds and three cervid herds since 1998. The state has three zones – the infected area classified as MA, the Upper Peninsula as TB-free, and the rest of the state as MAA. Infected free-ranging white-tailed deer continue to be detected, and infection has been found in several other wildlife species.

New Mexico detected one new herd in 2008. The state has split-state status; an MAA zone around Curry and Roosevelt counties, and the rest of the state TB-Free.

Indiana detected three infected cervid herds through slaughter surveillance in 2009; an investigation into a beef cow located 2 miles away infected with the same TB strain did not identify an affected herd.

New York detected and depopulated a captive deer herd after a routine test was positive for TB in 2008.

South Dakota and **Pennsylvania** are each investigating a recent slaughter trace.

North Dakota's follow up testing of a herd from a recent slaughter trace was negative.

On Farm TB Prevention

The best ways cattle producers can prevent bovine TB are to:

- Maintain a closed herd.
- Mandate in agreements that calves and heifers raised off-site will not be exposed to or housed with feeder cattle.
- Prevent contact between breeding cattle and feeder cattle, including in the sick pen.
- Prevent contact with cattle of unknown TB status.
- Isolate and test cattle entering the herd.
- Establish a TB screening policy for employees.
- Obtain TB-free herd accreditation.
- Arrange professional diagnostic workups of suspicious, sick or dead animals.
- Enhance disease tracing by recording animal identification and maintaining accurate records.

Significance of Bovine TB

While the risk of humans contracting bovine TB is extremely low due to the safeguards of milk pasteurization and routine meat inspection, people can contract TB through consuming illegal soft cheese products, unpasteurized milk and through respiratory exposure to live infected cattle or their carcasses. Conversely, humans infected with bovine TB can transmit disease to cattle.

Challenges to the Bovine TB Program

The cooperative federal-state-industry program to eradicate bovine TB from cattle in the US has made significant progress since its inception in 1917. However, eradication remains elusive as challenges hinder progress:

- Most TB-infected cattle detected at slaughter are imported from Mexico.
- TB is established in free-ranging white-tailed deer in Michigan and Minnesota.
- Today's cattle industries are specialized and often move animals among multiple premises, leading to increased risks of TB transmission.
- There is no fully implemented national animal identification and traceability system.
- Diagnostic tests for TB fail to detect all infected cattle, especially in populations with low disease prevalence.



CDFA Animal Health Branch Offices

Sacramento (HQ)	916-654-1447
Modesto	209-491-9350
Ontario	909-947-4462
Redding	530-225-2140
Tulare	559-685-3500
USDA/APHIS/VS	916-854-3950 or 877-741-3690
http://www.cdfa.ca.gov or http://www.aphis.usda.gov	

“Sniff Dog” Team Detects Pests

Team detected pests in local packing facility

A parcel inspection dog named Tassie and her handler, Jennifer Berger, received congratulations from Secretary A.G. Kawamura of the California Department of Agriculture (CDFA) for their recent discovery of a serious pest in a parcel.

The “sniff dog” team was on the job for the Sacramento County Department of Agriculture last week when Tassie alerted on a package containing guavas and curry leaves and found approximately 100 Asian citrus psyllids (ACP), a pest that can carry huanglongbing (HLB), a disease fatal to citrus plants. The parcel originated in Texas and was not inspected locally prior to shipment.

“Tassie is one of six sniff dogs now working in California, and we are working to add four more teams by Spring 2010,” said CDFA Secretary A.G. Kawamura. “Every time Tassie and her friends prevent a serious pest from getting into our state, they save our growers from onerous quarantines and they save our taxpayers thousands, even millions of dollars in eradication costs.”

Sniff dog funding for FY 2009/10 is approximately \$1.5 million with \$1 million coming from the federal Farm Bill and the remainder from federal appropriations.

CDFA has established quarantines for ACP in San Diego, Imperial and Orange counties, and a quarantine is pending in Los Angeles county. All citrus and closely related species are susceptible hosts for both the insect and HLB. There is no cure once a tree becomes infected. The diseased tree will decline in health until it dies. HLB has not been detected in trapped psyllids or trees in California.

The state of Florida first detected the pest in 1998 and the disease in 2005, and the two have now been detected in all 30 citrus producing counties in that state. The pest and the disease are also present in Louisiana, Georgia and South Carolina. The states of Texas, Mississippi and Alabama have detected the pest but not the disease.

For a picture of Tassie the sniff dog and her handler, visit: <http://www.cdfa.ca.gov/invasives/>

Legislation Targeting Veterinarian Shortage

New legislation addressing the nation’s growing shortage of veterinarians is under consideration in the U.S. House of Representatives. The Veterinarian Services Investment Act addresses the shortage of veterinarians especially in the areas of food animal medicine and public health. The Act would establish a grant program designed to relieve veterinary shortages while supporting a broad range of veterinary services, including veterinarian and veterinary technician recruitment and retention, and continuing education programs.

Other legislation: the Veterinary Public Health Workforce and Education Act (H.R. 2999) would create a competitive, multimillion-dollar grant program for veterinary colleges and other institutions offering graduate training in veterinary public health. In addition, the National Veterinary Medical Service Act, which is in the process of being implemented by the U.S. Department of Agriculture, created the Veterinary Medicine Loan Repayment Program to encourage veterinarians to work in underserved areas in exchange for school loan repayment.

Examples how grant funds could be utilized:

- Recruit, place, and retain veterinarians, veterinary technicians, veterinary students, and veterinary technology students.
- Assist veterinarians with establishing or expanding practices by equipping veterinary offices, sharing in the overhead costs of such practices, or establishing mobile veterinary facilities that will at least in part address education or extension needs.
- Provide financial assistance for expenses other than tuition for veterinary students, veterinary interns and externs, fellows and residents, and veterinary technician students to attend training programs in food safety or food animal medicine.
- Support programs, in coordination with accredited colleges of veterinary medicine, that establish or expand accredited education programs, veterinary residency and fellowship programs, and veterinary internship and externship programs.
- Support the ability of state veterinarians or animal health officials to coordinate veterinary services and food protection issues.
- Support continuing education and extension programs, including distance-based education, for veterinarians, veterinary technicians, and other health professionals that will strengthen veterinary programs and enhance food safety.
- Support programs, in coordination with universities or local education agencies, to encourage students in secondary schools to pursue a career in veterinary medicine or other science professions.

National Dairy Situation and Outlook – USDA Estimates

Milk Production

Monthly: Compared to 2008, USDA estimates overall milk production across the U.S. was down by 0.3% in August 2009; largest change reported by Illinois at 5.4% growth in milk production (on same number of cows and 75 more pounds per cow). USDA reports that California milk production was down 4.5% on (64,000 less cows and 20 less pounds per cow), compared to August 2008. Among other western states, Arizona was down 7.4%; New Mexico was down 1.1%; and Washington was down 3.1%. Six of the top 10 states reported a production increase.

Quarterly: For the second quarter of 2009 compared to the first quarter of 2009, U.S. milk cow numbers dropped to 9.259 million, milk production per cow increased to 5,277 pounds; the net effect was increased milk production to 48.9 billion pounds. USDA projects that for the third quarter of 2009 compared to the second quarter of 2009, U.S. milk cow numbers will decrease to 9.165 million cows, production per cow will decrease to 5,070 pounds; the net effect would be decreased milk production to 46.5 billion pounds.

Milk Prices

Comparing the second quarter of 2009 to the first quarter of 2009, U.S. average milk prices decreased to \$11.60/cwt. USDA projects that for the third quarter of 2009, U.S. average all-milk prices will be \$11.70-11.90/cwt.; Class 4b prices will be \$10.81-11.01/cwt.; and Class 4a prices will be \$10.30-10.60/cwt.

Utility Cow Prices

Comparing the second quarter of 2009 to the first quarter of 2009, average U.S. utility cow prices were up \$3.04/cwt. to a national average of \$49.46/cwt. USDA projects that utility cow prices will average \$49-50/cwt. in the third quarter of 2009.

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

Secretary Vilsack - Continued from Page 1

More information on the committee is available at www.ams.usda.gov/AMsv1.0/DairyAdvisoryCommittee.

Additional steps that USDA has taken in recent months to support the dairy industry includes:

- Vilsack has ordered USDA Rural Development and the Farm Service Agency to use all available means to help producers, processors and other small businesses who have been hit by worsening economic conditions.
- Late last month, Secretary Vilsack announced that USDA was taking immediate action to support struggling dairy farmers by increasing the amount paid for dairy products through the Dairy Product Price Support Program (DPPSP). USDA estimates show that these increases, which will be in place from August 2009 through October 2009, will increase dairy farmers' revenue by \$243 million.
- In March, USDA transferred approximately 200 million pounds of nonfat dry milk to USDA's Food and Nutrition Service, which will not only remove inventory from the market, but also support low-income families struggling to put nutritious food on their tables.
- USDA expects to spend more than \$1 billion in fiscal year 2009 on purchases of dairy products (Dairy Product Price Support Program) and payments to producers (Milk Income Loss Contract (MILC)).
- On March 22, 2009, USDA reactivated USDA's Dairy Export Incentive Program (DEIP), to help U.S. dairy exporters meet prevailing world prices in addition to encouraging the development of international export markets in areas where U.S. dairy products are not competitive due to subsidized dairy products from other countries. Since March 22, USDA has encouraged the export of 20,000 tons of nonfat dry milk. From July 2008 through June 30, 2009, DEIP has announced allocations of 68,201 metric tons of nonfat dry milk; 21,097 metric tons of butterfat; 3,030 metric tons of various cheeses and 34 metric tons of other dairy products.
- USDA is working with the Department of State to identify foreign assistance programs such as U.S. Agency for International Development (USAID) and McGovern-Dole International Food for Education and Child Nutrition Program to make additional dairy products available internationally to reduce domestic supply.

Pool Prices

Month	Quota	Overbase
March '08	\$17.71	\$16.01
April	\$17.56	\$15.86
May	\$18.47	\$16.77
June	\$19.12	\$17.42
July	\$19.05	\$17.35
August	\$18.01	\$16.31
September	\$17.92	\$16.22
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

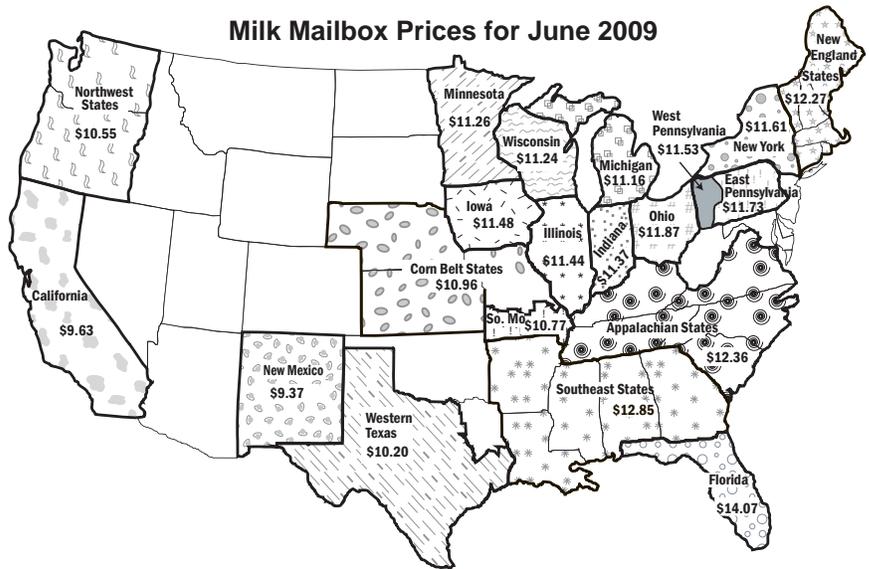
Milk Mailbox Prices

Milk Mailbox Prices in Dollars per Hundredweight

	December	January '09	February	March	April	May	June
California ¹	\$12.83	\$10.57	\$ 9.80	\$ 9.92	\$ 9.88	\$ 9.70	\$ 9.63
USDA ²	\$16.12	\$13.77	\$11.61	\$11.60	\$11.96	\$11.61	\$11.27

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

Milk Mailbox Prices for June 2009



In June 2009, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$11.27 per cwt., down \$0.34 from the previous month average, and down \$7.85 from June 2008. The component tests of producer milk in June 2009 were: butterfat, 3.57%; protein, 2.97%; and other solids, 5.72%. On an individual reporting area basis, mailbox prices decreased in all Federal milk order reporting areas except in Southern Missouri, and ranged from \$14.07 in Florida to \$9.37 in New Mexico.



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Milk Pricing Information:
 Within California 1-800-503-3490
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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@cdfa.ca.gov

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