

CALIFORNIA DAIRY CAMPAIGN

Dairymen working for Dairymen



September 29, 2017



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CDC Urges Dairy Producers to vote “Yes” in upcoming statewide referendum on the stand-alone quota implementation plan: The California Dairy Campaign (CDC) is urging dairy producers to vote “Yes” during the upcoming referendum on a stand-alone quota program that was finalized by the Milk Pooling Producer Review Board and approved by California Department of Food and Agriculture (CDFA) Secretary Karen Ross for a statewide referendum among dairy producers. Today CDFA issued a frequently asked questions document on the quota implementation plan. The document can be found online at <https://www.cdfa.ca.gov/dairy/pdf/PRB/FAQs-QuotaImplementationPlan.pdf> and appears on the following page.

CDC has long called for California to join the federal milk marketing order (FMMO) system to bring dairy producer prices and the process for determining milk prices in line with the federal order system. California dairy producers routinely receive some of the lowest mailbox prices in the nation, but by joining the federal order California dairy producer prices will be brought in line with the rest of the federal order system. A critical step in the process to establish a federal order in California is to maintain the statewide quota program. CDC Board Member Scott Magnuson served on the Milk Pooling Producer Review Board and CDC staff and members participated in the series of public meetings held to finalize the details of the stand-alone quota implementation plan. The Milk Pooling Producer Review Board consisted of both quota and non-quota holders and finalized a quota implementation plan that would ensure that the statewide quota program is maintained and administered by CDFA in the federal order system. *For more information about the stand-alone quota implementation plan, contact California Dairy Campaign Executive Director Lynne McBride at 209-632-0885.*

Thank you to everyone who participated in the Alternative Manure Management Practices (AMMP) Program workshop in Modesto this week. This week California Dairy Campaign Field Representative Joe Melo participated in an Alternative Manure Management Practices (AMMP) Program workshop in Modesto along with a number of dairy producers planning to submit applications. The workshop was held by the University of California Davis and included detailed information about how to submit AMMP applications. UC Davis technical expert Pramad Pandey provided information about the application process and will continue to be available to assist dairy producers with their applications. Pramad Pandey can be contacted by phone at **530-219-6286** or by email pkpandey@ucdavis.edu.

The AMMP program will provide up to \$16 million in grants to California dairy or livestock producers for using manure management practices that reduce methane emissions and maximize environmental benefits. **CDFA will fund up to 100% of the total project cost with a maximum grant award of \$750,000 per project. More information about the AMMP program can be found on the California Department of Food and Agriculture (CDFA) web site at <https://www.cdfa.ca.gov/oefi/AMMP/>** Dairy producers who are interested in applying for an AMMP grant should contact CDC Field Representative Joe Melo who has been working with dairy producers on their AMMP applications by phone at 209-216-7615.

www.californiadairycampaign.com

FAQ's QUOTA IMPLIMENTATION PLAN (QIP)

When will the QIP go into effect? The QIP will only go into effect if the QIP passes a referendum of eligible California producers AND a CA FMMO is approved.

Who will be assessed to administer a stand-alone quota program and fund quota premiums? All Grade A California producers who ship milk to a California plant.

Why will there be an assessment to fund quota premiums? USDA did not incorporate quota into the Proposed California Federal Order pricing and pooling system. Rather, they gave the producers the choice to have the State of California administer a quota program and deduct the necessary funds from producer milk checks.

How much will the quota assessment be? The initial assessment will not exceed \$0.0436 per pound of solids not fat. Or approximately \$0.3800 per cwt, assuming 8.7 pounds of solids not fat per cwt

What will the quota payment be? Producers owning quota will still be paid the \$1.70/cwt minus the applicable RQA's. The same RQA's will be applied as occurs today.

Are Regional Quota Adjusters (RQA's) still part of the stand-alone quota program? Yes, the current RQA's will be applied, see Article 8 of the QIP.

What is the time line for the referendum? Referendum ballots will be mailed to eligible producers sometime within the first two weeks of October. Producers have 60 days to vote and return their ballots. After the vote is certified, the results will be announced.

What are the requirements for the referendum to pass? At least 51% of the eligible producers must vote AND votes in favor must be submitted by either 65%, or more, of those who voted and produce at least 51% of the milk produced by those who voted OR 51%, or more, of those who voted and produce at least 65% of the milk produced by those who voted.

If I have 5 dairies, will I receive 5 ballots? No, you will receive one ballot. Producers that own more than one dairy will be entitled to one vote. The volume of milk produced on all of the producer's farms and delivered to California plants will be combined to ensure the volume of milk represented meets the voting thresholds.

Can quota be bought and sold? Yes, producers can still buy and sell quota.

Will the Department issue brand new quota? No, the Department will not issue brand new quota in the future. Any existing quota which has reverted back to the Department will be allocated to qualified new producers.

What is the producer survey in Article 11? The Producer Review Board will conduct a producer survey at least every 5 years to evaluate the effectiveness of the Plan.

Can changes be made to the QIP? Yes, non-substantive changes can be made after consultation with the Producer Review board. Substantive changes or significant amendments require a producer referendum.

What is the administrative assessment in Article 9? The administrative assessment will be used to cover the cost of administering the QIP by the Department.

(Source: CDFA)

CDC WEEKLY REPORT

September 29, 2017

COMMODITIES	Jul 17	Aug 17	Sep 17	COST OF PRODUCTION		
Calif. AA Butter	2.5845	2.6147	2.4275	North Valley		2nd Qrt 2017
Grade B Butter	2.5130	2.5632	2.3760	COSTS ----- Released Quarterly		
CME Block	1.6112	1.7204	1.5983	TOTAL FEED	\$	8.28
Calif. 40# Blocks	1.5860	1.6952	1.5731	TOTAL LABOR	\$	1.86
Calif. NFDM	0.9034	0.9063	0.8880	HERD REPLACEMENT	\$	1.63
Dry Whey (Avg west \$/Lb.)	0.4300	0.4115	0.3819	OPERATING COST	\$	3.15
CA Dry Whey (\$/CWT)	1.1950	1.0600	0.9250	TOTAL MARKETING COSTS	\$	0.53
MILK PRICES						
4a - FAT \$/lb.	2.8812	2.9414	2.7168	Total Costs	\$	15.45
4a - SNF \$/lb.	0.7271	0.7300	0.7117	Allowance ROI & ROM	\$	1.31
4a - 3.5,8.7 \$/Cwt	16.41	16.65	15.70	Total Cost and Allowances	\$	16.76
4b - FAT \$/lb.	2.8812	2.9414	2.7168	INCOME		
4b - SNF \$/lb.	0.5978	0.6851	0.6175	GROSS MILK PRICE/CWT	\$	16.63
4b - 3.5,8.7 \$/Cwt	15.29	16.26	14.88	MAILBOX PRICE/CWT	\$	16.56
3 - 3.5,8.7 \$/Cwt	14.45	16.54	16.54	NET INCOME/CWT	\$	(0.20)
2 - 3.5,8.7 \$/Cwt	14.59	16.68	16.68	DATA -----		
CRP	18.80	19.12	18.50	MILK COW HAY PRICE \$/T	\$	235.23
1 - 3.5,8.7 \$/Cwt	18.45	18.32	4.00	CONCENTRATE PRICE \$/T	\$	250.84
Q - FAT \$/lb.	2.7915	2.9303	2.7977	CONCENTRATE lbs/cow/day		29.60
Q - SNF \$/lb	0.8418	0.8774	0.8445	MILKERS \$/hr - incl frin&tax	\$	17.23
Q - 3.5,8.7 \$/Cwt	17.09	17.89	17.14	TOTAL LABOR (\$/hr)	\$	18.39
OB - FAT \$/lb.	2.7915	2.9303	2.7977	MILK SOLD lbs/C/Day		75.75
OB - SNF \$/lb	0.6468	0.6824	0.6495	FAT TEST	%	3.96
OB - 3.5,8.7 \$/Cwt	15.40	16.19	15.44	SNF TEST	%	9.00
BLEND @ (3.5,8.7)	15.80	16.61	15.88	Milk Cow Feed Cost: \$/CWT	\$	7.84
CA Usage & FO Prices	16.13	17.03	16.67	AMS Projection	2017 4th Qrt.	2018 1st Qrt.
O.B. less CA FMMO	(0.74)	(0.84)	(1.23)	All Milk	18.05-18.55	17.60-18.40
FMMO III (\$/CWT)	15.45	16.57	16.42	Class III	15.90-16.40	15.75-16.55
FMMO IV (\$/CWT)	16.60	16.60	15.87	Class IV	15.35-15.95	14.95-15.85
CALIFORNIA NFDM	Price	Volume	Oceania	Butter	SMP	Cheese
September 22, 2017	\$ 0.8804	6,597,149	9/29/2017	\$2.85	\$0.88	\$1.87
September 15, 2017	\$ 0.8858	6,424,609	9/15/2017	\$2.81	\$0.90	\$1.89
Cold Storage (1,000 Lb.)	9/1/2017	9/25/2017	Weekly Chng.	31-Jul-17	31-Aug-17	Monthly Chng.
Butter	33,802	28,582	-15%	307,359	280,117	-9%
American Cheese	112,405	109,395	-3%	831,561	800,546	-4%
MARGIN INSURANCE						
DAIRY (200,000 cwt/year)	ALL MILK	FEED COST	MARGIN	Insured for	Premium	Return
Mar/Apr 2017	\$ 16.90	\$ 7.95	\$ 8.9490	\$ 15.95	\$ 34,917	\$ (17,458)
May/Jun 2017	\$ 17.00	\$ 8.03	\$ 8.9709	\$ 16.03	\$ 34,917	\$ (17,458)
Jul/Aug 2017	\$ 17.65	\$ 7.98	\$ 9.6712	\$ 15.98	\$ 34,917	\$ (17,458)
Total						\$ (52,375)
CHICAGO MERCANTILE EXCHANGE CASH TRADING						
PRODUCT	MONDAY September 25	TUESDAY September 26	WEDNESDAY September 27	THURSDAY September 28	FRIDAY September 29	WEEKLY AVERAGE#
CHEESE	\$ 1.6725	\$ 1.6800	\$ 1.7300	\$ 1.7300	\$ 1.6925	\$ 1.7010
BARRELS	(+0.0725)	(+0.0075)	(+0.0500)	(N.C.)	(-0.0375)	(+0.1870)
CHEESE	\$ 1.6700	\$ 1.6900	\$ 1.7325	\$ 1.7400	\$ 1.7350	\$ 1.7135
40# BLOCKS	(+0.0575)	(+0.0200)	(+0.0425)	(+0.0075)	(-0.0050)	(+0.1150)
BUTTER	\$ 2.4175	\$ 2.4250	\$ 2.4175	\$ 2.3850	\$ 2.3150	\$ 2.3920
GRADE AA	(-0.0300)	(+0.0075)	(-0.0075)	(-0.0325)	(-0.0700)	(-0.0725)