

CALIFORNIA DAIRY CAMPAIGN

Dairymen working for Dairymen



June 16, 2017



325 Mitchell Ave. Turlock Ca. 95380 — Phone: 209 632-0885 Fax: 209 632 0706

Milk Pooling Producer Review Board update: The California Department of Food and Agriculture (USDA) held another meeting of the Milk Pooling Producer Review Board meeting yesterday. Due to the amount of progress that was made by the board on a range of issues, the May 30th meeting was cancelled. Now CDFA will put together all the decisions agreed to by the board and formulate a proposal for a stand-alone quota program. The board will meet to review the proposal again sometime in August for final approval of the quota plan which will then be voted on during a statewide referendum of dairy producers. More information can be found on the CDFA web site at <https://www.cdfa.ca.gov/dairy/ProducerReviewBoard.html>

Comments on NAFTA: This week the Trump Administration concluded a comment period on the renegotiation of the North American Free Trade Agreement (NAFTA). California Farmers Union and National Farmers Union submitted comments on NAFTA's forthcoming renegotiation and called for a replacement deal that prioritizes the needs of family farmers and ranchers.

The comments stated: Mexico and Canada are vital trading partners for U.S. agricultural goods, but the U.S. now has an agricultural trade deficit. In 2015, the U.S. had an agricultural trade deficit of **\$839 million with Canada and \$3.3 billion with Mexico**. The renegotiation of NAFTA must maintain the goal of balanced trade with our partners. To ensure public confidence that during NAFTA's renegotiation, a democratic, accountable and transparent negotiating process must be instituted, without privileged backroom access for corporate interests. The public must be invited to comment on draft U.S. proposals before negotiations begin, and negotiated texts must be publicly available for comment after each negotiating round. Utilizing this newly-transparent process, any new agreement with Mexico and Canada must meet these criteria:

Eliminate the investor-state dispute settlement (ISDS) system, which promotes job offshoring and gives multinational corporations power to sue governments before a tribunal of three corporate lawyers. These lawyers can order U.S. taxpayers to pay corporations unlimited sums of money, including for the loss of expected future profits. Perhaps the best example of how this process has harmed farmers and ranchers is the World Trade Organization (WTO) ruling against mandatory country-of-origin labeling of meat which was strongly supported by farmers, ranchers and consumers nationwide.

To protect family farmers, consumers, require all imported food, goods and services in the agreement to meet all domestic safety, consumer-right-to-know and environmental rules.

Eliminate rules that waive Buy American and Buy Local policies by eliminating NAFTA's procurement chapter. The combination of comments submitted by National Farmers Union and the points we have mentioned are critical steps in fostering a transparent renegotiation process which is fundamental to replacing NAFTA with a fair new deal that actually benefits farmers and ranchers.

Upcoming CDC/CFU Meetings: Join Us for our Upcoming Farm Bill Listening Sessions **Monday, June 26, 2017**

Lunch at Duarte Dairy in Elk Grove: 11711 Bruceville Road, Elk Grove, 12 noon

Dinner in Turlock Office: 5:00 p.m. in Our Turlock Office located at 325 Mitchell Avenue

Featured Speaker: Rob Larew, National Farmers Union (NFU) Senior Vice President for Government Relations who has more than 20 years of public service experience working on dairy policy, on both Capitol Hill and for the U.S. Department of Agriculture (USDA) including as the minority staff director on the House Agriculture Committee.

Plan to participate to discuss the next farm bill and future federal dairy policy.
Delicious food will be served and Friends and Family Are More than Welcome!

www.californiadairycampaign.com

CDC WEEKLY REPORT

June 16, 2017

| COMMODITIES | May 17 | Jun 17 | Jul 17 | COST OF PRODUCTION | | |
|--|-------------------|--------------------|----------------------|-------------------------------|-------------------|--------------------|
| Calif. AA Butter | 2.1832 | 2.4676 | 2.5115 | North Valley | 4th Qrt 2016 | |
| Grade B Butter | 2.1317 | 2.4161 | 2.4600 | COSTS — Released Quarterly | | |
| CME Block | 1.5963 | 1.6548 | 1.6150 | TOTAL FEED | \$ | 8.42 |
| Calif. 40# Blocks | 1.5711 | 1.6296 | 1.5898 | TOTAL LABOR | \$ | 1.93 |
| Calif. NFDM | 0.8598 | 0.8904 | 0.8943 | HERD REPLACEMENT | \$ | 1.68 |
| Dry Whey (Avg west \$/Lb.) | 0.4688 | 0.4470 | 0.4400 | OPERATING COST | \$ | 3.19 |
| CA Dry Whey (\$/CWT) | 1.3300 | 1.1950 | 1.1950 | TOTAL MARKETING COSTS | \$ | 0.53 |
| MILK PRICES | | | | | | |
| 4a - FAT \$/lb. | 2.4236 | 2.7649 | 2.8176 | Total Costs | \$ | 15.76 |
| 4a - SNF \$/lb. | 0.6835 | 0.7141 | 0.7180 | Allowance ROI & ROM | \$ | 1.39 |
| 4a - 3.5,8.7 \$/Cwt | 14.43 | 15.89 | 16.11 | Total Cost and Allowances | \$ | 17.15 |
| 4b - FAT \$/lb. | 2.4236 | 2.7649 | 2.8176 | INCOME | | |
| 4b - SNF \$/lb. | 0.7776 | 0.6945 | 0.6275 | GROSS MILK PRICE/CWT | \$ | 17.38 |
| 4b - 3.5,8.7 \$/Cwt | 15.25 | 15.72 | 15.32 | MAILBOX PRICE/CWT | \$ | 17.19 |
| 3 - 3.5,8.7 \$/Cwt | 15.06 | 14.45 | 14.45 | NET INCOME/CWT | \$ | 0.04 |
| 2 - 3.5,8.7 \$/Cwt | 15.20 | 14.59 | 14.59 | DATA ————— | | |
| CRP | 17.43 | 18.92 | 18.45 | MILK COW HAY PRICE \$/T | \$ | 228.60 |
| 1 - 3.5,8.7 \$/Cwt | 16.65 | 16.95 | 18.45 | CONCENTRATE PRICE \$/T | \$ | 256.36 |
| Q - FAT \$/lb. | 2.3798 | 2.6583 | 2.7313 | CONCENTRATE lbs/cow/day | | 29.45 |
| Q - SNF \$/lb. | 0.9119 | 0.8838 | 0.8560 | MILKERS \$/hr - incl frin&tax | \$ | 17.33 |
| Q - 3.5,8.7 \$/Cwt | 16.26 | 16.99 | 17.01 | TOTAL LABOR (\$/hr) | \$ | 18.48 |
| OB - FAT \$/lb. | 2.3798 | 2.6583 | 2.7313 | MILK SOLD lbs/C/Day | | 74.70 |
| OB - SNF \$/lb. | 0.7169 | 0.6888 | 0.6610 | FAT TEST | % | 4.11 |
| OB - 3.5,8.7 \$/Cwt | 14.57 | 15.30 | 15.31 | SNF TEST | % | 9.07 |
| BLEND @ (3.5,8.7) | 14.94 | 15.67 | 15.68 | Milk Cow Feed Cost: \$/CWT | \$ | 7.96 |
| CA Usage & FO Prices | 15.33 | 16.77 | 17.30 | AMS Projection | 2017 4th Qrt. | 2018 1st Qrt. |
| O.B. less CA FMMO | (0.77) | (1.47) | (1.99) | All Milk | 18.55-19.35 | 18.20-19.20 |
| FMMO III (\$/CWT) | 15.80 | 17.28 | 17.40 | Class III | 16.75-17.55 | 16.55-17.55 |
| FMMO IV (\$/CWT) | 14.54 | 16.30 | 16.83 | Class IV | 15.40-16.30 | 15.00-16.10 |
| CALIFORNIA NFDM | Price | Volume | Oceania | Butter | SMP | Cheese |
| June 9, 2017 | \$ 0.8943 | 5,747,252 | 6/9/2017 | \$2.59 | \$0.94 | \$1.79 |
| June 2, 2017 | \$ 0.8784 | 9,281,043 | 5/26/2017 | \$2.37 | \$0.90 | \$1.65 |
| Cold Storage (1,000 Lb.) | 6/1/2017 | 6/12/2017 | Weekly Chng. | 31-Mar-17 | 30-Apr-17 | Monthly Chng. |
| Butter | 31,913 | 33,838 | 6% | 272,505 | 292,288 | 7% |
| American Cheese | 100,336 | 102,247 | 2% | 802,389 | 835,061 | 4% |
| MARGIN INSURANCE | ALL MILK | FEED COST | MARGIN | Insured for | Premium | Return |
| DAIRY (200,000 cwt/year) | | | | \$ 8.00 | \$ 1.1639 | |
| Nov/Dec 2016 | \$ 18.20 | \$ 7.66 | \$ 10.5425 | \$ 15.66 | \$ 34,917 | \$ (34,917) |
| Jan/Feb 2017 | \$ 18.70 | \$ 7.88 | \$ 10.8202 | \$ 15.88 | \$ 34,917 | \$ (34,917) |
| Mar/Apr 2017 | \$ 16.90 | \$ 7.95 | \$ 8.9490 | \$ 15.95 | \$ 34,917 | \$ (17,458) |
| Total | | | | | | \$ (87,292) |
| CHICAGO MERCANTILE EXCHANGE CASH TRADING | | | | | | |
| PRODUCT | MONDAY June 12 | TUESDAY June 13 | WEDNESDAY June 14 | THURSDAY June 15 | FRIDAY June 16 | WEEKLY AVERAGE# |
| CHEESE | \$ 1.4150 | \$ 1.4150 | \$ 1.4025 | \$ 1.4025 | \$ 1.3800 | \$ 1.4030 |
| BARRELS | (N.C.) | (N.C.) | (-0.0125) | (N.C.) | (-0.0225) | (-0.0245) |
| CHEESE | \$ 1.6300 | \$ 1.6300 | \$ 1.6300 | \$ 1.6300 | \$ 1.6150 | \$ 1.6270 |
| 40# BLOCKS | (N.C.) | (N.C.) | (N.C.) | (N.C.) | (-0.0150) | (-0.0210) |
| BUTTER | \$ 2.5100 | \$ 2.5800 | \$ 2.7000 | \$ 2.7050 | \$ 2.5600 | \$ 2.6110 |
| GRADE AA | (+0.0350) | (+0.0700) | (+0.1200) | (+0.0050) | (-0.1450) | (+0.1225) |