

CALIFORNIA DAIRY CAMPAIGN

Dairymen working for Dairymen



April 25, 2017



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

Dairy Trade with Canada: All eyes are on Wisconsin with news that 75 dairies farmers have been cut off from their contracts by Grassland a major processor in the state. Dairy farmers nationwide understand the crisis that occurs when contracts are cancelled, but the 30 day notice seems particularly brutal. Making matters far worse is the fact that the President and lawmakers from both sides of the political isle are failing to recognize the real problem here. The problem is not the Canadian dairy system which ensures that dairy farmers in that country are paid a fair price for their milk. The real problem is that the United States farm bill is failing to do the same. 2017 was expected to mean better prices for dairy farmers and instead prices are once again below production costs. In the last farm bill there was a provision that was stripped out during the final House debate that would have provided incentives for dairy farmers to manage their milk production. But due to widespread opposition from the processing sector, this critical plan was eliminated. Today it is apparent that without the ability to manage milk inventories, one dairy farmer is pitted against another and the only real winners are dairy processors.

(Executive Director Lynne McBride)

Wisconsin Farmers Union (WFU) Reacts: California Dairy Campaign and California Farmers Union have reached out to dairy farmers in Wisconsin to call for action to provide relief to dairy producers who continue to be paid prices well below average production costs. Wisconsin Farmers Union expressed dismay over dairy contract terminations and sympathy for affected farmers. "In the case of Grassland, who is in a better place to absorb a shock in the supply chain – a family dairy farm or a multi-million dollar corporation?" WFU President Darin Von Ruden also disputed Grassland's assertion that the terminations were necessary because of a "sudden" change in Canadian dairy policy. In fact, Grassland has known at least since last November, and probably as early as two years ago, that potential changes in Canada's ultra-filtered milk regulations were likely. In November, Governor Scott Walker circulated a guest column addressing the Canadian pricing policy designed to discourage U.S. exports of ultra-filtered milk. Von Ruden remarked that the contract terminations should be a wake-up call to all dairy farmers, and encouraged dairy farmers to advocate for the following actions by their processors, by the state of Wisconsin and the federal government to stabilize dairy markets and re-build a dairy industry that works for family farmers:

- Encourage private and cooperative processors to implement policies that apply proportionally to all members to balance their milk supply and their processing capacity. Milk supply management should not be achieved by summarily dropping existing members.
- Urge farmers who are members of cooperatives to advocate within their co-ops for a base program to harmonize the milk supply with processing capacity, in order to avoid costly dumping of milk or termination of contracts due to oversupply.
- Call on National Milk Producers Federation and its member cooperatives to advocate for market stabilization as a feature of any federal dairy policy, as it did with its 2014 Foundation for the Future proposal.
- Advocate for the Wisconsin Department of Agriculture, Trade, and Consumer Protection to develop a model voluntary annual contract between farmer and processor. This voluntary, market-based solution would bring greater stability to the dairy industry, and more certainty to both farmers and processors.

Von Ruden concluded, "We are at a critical turning point in the U.S. dairy industry. We can either continue with this increasingly volatile roller-coaster ride that has been brought on by changing international trade policies and fluctuating currency values, or we can decrease our over-reliance on international markets and harmonize domestic supply with demand. In light of this week's unfortunate events, Wisconsin Farmers Union thinks it's time to pursue a new strategy to achieve more stable markets for America's dairy farmers." (Source: Wisconsin Farmers Union) The full release http://media.wix.com/ugd/629d75_f21fbee5c0443758e8dbdc84b34c0a9.pdf

**Join Us Thursday, April 27th at 4:00 p.m. in Our Turlock Office at 325 Mitchell Avenue
For our Board Meeting. Friends and Family Are Welcome!**

www.californiadairycampaign.com

CDC WEEKLY REPORT

April 21, 2017

COMMODITIES	Mar 17	Apr 17	May 17	COST OF PRODUCTION		
Calif. AA Butter	2.1033	2.0485	2.0415	North Valley		4th Qrt 2016
Grade B Butter	2.0518	1.9970	1.9900	COSTS ----- Released Quarterly		
CME Block	1.4358	1.4886	1.5450	TOTAL FEED	\$	8.68
Calif. 40# Blocks	1.4106	1.4634	1.5198	TOTAL LABOR	\$	1.98
Calif. NFDM	0.8445	0.8465	0.8527	HERD REPLACEMENT	\$	1.86
Dry Whey (Avg west \$/Lb.)	0.4925	0.4988	0.4950	OPERATING COST	\$	3.39
CA Dry Whey (\$/CWT)	1.4650	1.4650	1.4650	TOTAL MARKETING COSTS	\$	0.53
MILK PRICES						
4a - FAT \$/lb.	2.3278	2.2620	2.2536	Total Costs	\$	16.44
4a - SNF \$/lb.	0.6682	0.6702	0.6764	Allowance ROI & ROM	\$	1.41
4a - 3.5,8.7 \$/Cwt	13.96	13.75	13.77	Total Cost and Allowances	\$	17.85
4b - FAT \$/lb.	2.3278	2.2620	2.2536	INCOME		
4b - SNF \$/lb.	0.6450	0.7323	0.8010	GROSS MILK PRICE/CWT	\$	17.42
4b - 3.5,8.7 \$/Cwt	13.76	14.29	14.86	MAILBOX PRICE/CWT	\$	17.57
3 - 3.5,8.7 \$/Cwt	15.60	15.06	15.06	NET INCOME/CWT	\$	(0.28)
2 - 3.5,8.7 \$/Cwt	15.75	15.84	15.20	DATA -----		
CRP	17.24	17.12	17.70	MILK COW HAY PRICE \$/T	\$	225.20
1 - 3.5,8.7 \$/Cwt	18.60	16.77	16.65	CONCENTRATE PRICE \$/T	\$	255.68
Q - FAT \$/lb.	2.3790	2.3171	2.2930	CONCENTRATE lbs/cow/day		29.31
Q - SNF \$/lb	0.8842	0.8965	0.9289	MILKERS \$/hr - incl frin&tax	\$	17.87
Q - 3.5,8.7 \$/Cwt	16.02	15.91	16.11	TOTAL LABOR (\$/hr)	\$	19.13
OB - FAT \$/lb.	2.3790	2.3171	2.2930	MILK SOLD lbs/C/Day		73.11
OB - SNF \$/lb	0.6892	0.7015	0.7339	FAT TEST	%	4.09
OB - 3.5,8.7 \$/Cwt	14.32	14.21	14.41	SNF TEST	%	9.10
BLEND @ (3.5,8.7)	14.71	14.60	14.80	Milk Cow Feed Cost: \$/CWT	\$	8.15
CA Usage & FO Prices	15.66	15.09	14.96	AMS Projection	2017 2nd Qrt	2017 3rd Qrt.
O.B. less CA FMMO	(1.34)	(0.88)	(0.55)	All Milk	16.20-16.60	17.15-17.85
FMMO III (\$/CWT)	15.81	15.19	15.25	Class III	15.15-15.55	16.30-17.00
FMMO IV (\$/CWT)	14.32	13.88	13.77	Class IV	13.75-14.25	14.10-14.90
CALIFORNIA NFDM	Price	Volume	Oceania	Butter	SMP	Cheese
April 7, 2017	\$ 0.8737	6,448,258	4/14/2017	\$2.31	\$0.87	\$1.54
March 31, 2017	\$ 0.8310	25,756,620	3/31/2017	\$2.36	\$0.90	\$1.64
Cold Storage (1,000 Lb.)	4/1/2017	4/17/2017	Weekly Chng.	31-Jan-17	28-Feb-17	Monthly Chng.
Butter	25,185	26,641	6%	221,523	282,623	28%
American Cheese	97,569	98,384	1%	752,169	774,070	3%
MARGIN INSURANCE	ALL MILK	FEED COST	MARGIN	Insured for	Premium	Return
DAIRY (200,000 cwts/year)				\$ 8.00	\$ 1.1639	
Sep/Oct_2016	\$ 16.95	\$ 7.84	\$ 9.1109	\$ 15.84	\$ 34,917	\$ (34,917)
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)
Total						\$ (104,750)
CHICAGO MERCANTILE EXCHANGE CASH TRADING						
PRODUCT	MONDAY April 17	TUESDAY April 18	WEDNESDAY April 19	THURSDAY April 20	FRIDAY April 21	WEEKLY AVERAGE#
CHEESE BARRELS	\$ 1.4275 (+1.4275)	\$ 1.4200 (-0.0075)	\$ 1.4000 (-0.0200)	\$ 1.3825 (-0.0175)	\$ 1.4275 (+0.0275)	\$ 1.4115 (-0.0160)
CHEESE 40# BLOCKS	\$ 1.4750 (+1.4750)	\$ 1.4750 (N.C.)	\$ 1.4750 (N.C.)	\$ 1.4750 (N.C.)	\$ 1.5450 (+0.0700)	\$ 1.4890 (+0.0215)
BUTTER GRADE AA	\$ 2.0750 (+2.0750)	\$ 2.0625 (-0.0125)	\$ 2.0700 (+0.0075)	\$ 2.0675 (-0.0025)	\$ 2.0900 (+0.0200)	\$ 2.0730 (-0.0133)