

# CALIFORNIA DAIRY CAMPAIGN

*Dairymen working for Dairymen*



December 2, 2016



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



**CDC Membership Meeting in Merced** – Thank you to everyone who traveled out to Merced to participate in the California Dairy Campaign (CDC) Meeting and Social. We had a great crowd and an excellent discussion on a range of issues including the upcoming farm bill debate, the demise of the Trans Pacific Partnership (TPP), the California federal milk marketing order (FMMO) hearing process, state air quality regulations, and as well as a range of other issues. *A quick recap of the discussion:*

- ***The Next Farm Bill:*** California Dairy Campaign continues to participate in the National Farmers Union (NFU) Dairy Emergency Committee to prepare for the next farm bill debate that is expected to begin in early 2017. So far dairy committee members from across the country have agreed that the Dairy Margin Protection Program (DMPP) is not working as an effective safety net for dairy farmers during periods of low prices. In California just 38 dairies signed up for any additional DMPP coverage in 2016 due to the fact that the margins in the program do not reflect actual margins on California dairies. One of the key issues in the next farm bill debate is going to be the baseline spending for dairy programs which has decreased substantially under the current farm bill. Members of the NFU Committee have agreed that the next farm bill must make spending on dairy programs a higher priority to sustain dairies nationwide especially given the amount of resources directed to dairy farmers in other countries. CDC and members of the committee agree that the next farm bill should establish an incentive based inventory management program so that milk production can better respond to market demand. CDC firmly believes that the next farm bill should reform milk pricing to take into account the prevailing cost of production on dairies in California.
- ***California Federal Milk Marketing Order*** – USDA is expected to release its recommended decision on a federal order proposal for California before the end of this year, which would conclude step 9 of the 12 step process to establish a federal order in California. Once the USDA releases its recommended decision there will be a comment period and then USDA will issue a final decision in response to the comments received. At that point dairy producers will vote on the final proposal during a statewide referendum.

- Trade Issues** – Given the widespread opposition during the last election cycle, the Trans Pacific Partnership (TPP) will not be considered for a vote in Congress this year. During the next Congress and under the Trump Administration, CDC will call for future trade agreements that work in the best interests of U.S. dairy farmers. Due to the threat that foot and mouth (FMD) disease poses to the health of the U.S. livestock herd, CDC will call on the next USDA Secretary to reverse the decision made last summer by current USDA Secretary Vilsack to allow meat imports from Brazil a country known to have FMD. CDC will further call for the reinstatement of mandatory country-of-origin labeling (COOL) of meat which was widely supported by farmers and consumers and currently in place for many other agricultural commodities including fruits, vegetables, fish, chicken and pork.
- State Regulation of Methane** – CDC opposed SB 1383 that would regulate methane emissions along with a coalition of organizations when it was first introduced in the state legislature because of the additional costs it would impose on dairy producers. The final bill signed by Governor Brown restricts regulation of enteric emissions and delays mandatory reductions of methane emissions from manure until 2024. The legislation stipulates that if methane reduction regulations are not technologically or economically feasible the California Air Resources Board (CARB) has the authority to decrease the 40 percent methane reduction mandate. As the methane regulation process moves forward, CDC will continue to call for financial resources to assist dairies in any methane reduction efforts.

[www.californiadairycampaign.com](http://www.californiadairycampaign.com)

# CDC WEEKLY REPORT

December 2, 2016						
COMMODITIES	Oct 16	Nov 16	Dec 16	COST OF PRODUCTION		
				North Valley	2nd Qrt 2016	Released Quarterly
Calif. AA Butter	1.7848	1.9029	2.1306			
Grade B Butter	1.7333	1.8514	2.0791			
CME Block	1.5702	1.8560	1.8063			
Calif. 40# Blocks	1.5450	1.8308	1.7811			
Calif. NFDN	0.9003	0.9107	0.9108			
Dry Whey (Avg west \$/Lb.)	0.3428	0.3730	0.3800			
CA Dry Whey (\$/CWT)	0.7900	0.9250	0.9250			
<b>MILK PRICES</b>				<b>COSTS ----</b>		
4a - 3.5,8.7 \$/Cwt	13.11	13.69	14.65	TOTAL FEED	\$	9.14
FMMO IV (\$/CWT)	13.66	13.77	14.83	TOTAL LABOR	\$	1.79
4b - 3.5,8.7 \$/Cwt	14.43	17.45	16.96	HERD REPLACEMENT	\$	2.07
FMMO III (\$/CWT)	14.81	16.88	18.23	OPERATING COST	\$	3.21
3 - 3.5,8.7 \$/Cwt	14.17	14.17	13.78	TOTAL MARKETING COSTS	\$	0.52
2 - 3.5,8.7 \$/Cwt	14.06	14.31	13.71			
CRP	16.61	19.72	19.58	<b>Total Costs</b>	\$	<b>16.73</b>
1 - 3.5,8.7 \$/Cwt	17.78	16.13	19.24	Allowance ROI & ROM	\$	1.27
Q - FAT \$/lb.	2.0116	2.0968	2.2745	<b>Total Cost and Allowances</b>	\$	<b>18.00</b>
Q - SNF \$/lb	0.9990	1.1271	1.1020	<b>INCOME</b>		
<b>Q - 3.5,8.7 \$/Cwt</b>	<b>15.73</b>	<b>17.14</b>	<b>17.55</b>	GROSS MILK PRICE/CWT	\$	14.34
OB - FAT \$/lb.	2.0116	2.0968	2.2745	MAILBOX PRICE/CWT	\$	14.18
OB - SNF \$/lb	0.8040	0.9321	0.9070	<b>NET INCOME/CWT</b>	\$	<b>(3.82)</b>
<b>OB - 3.5,8.7 \$/Cwt</b>	<b>14.04</b>	<b>15.45</b>	<b>15.85</b>	<b>DATA -----</b>		
<b>BLEND @ (3.5,8.7)</b>	<b>14.44</b>	<b>15.85</b>	<b>16.25</b>	MILK COW HAY PRICE \$/T	\$	244.66
CA Usage & FO Prices	14.81	15.59	16.92	CONCENTRATE PRICE \$/T	\$	267.88
O.B. less CA FMMO	(0.78)	(0.14)	(1.07)	CONCENTRATE lbs/cow/day		28.93
				MILKERS \$/hr - incl frin&tax	\$	16.67
				TOTAL LABOR (\$/hr)	\$	17.76
				MILK SOLD lbs/C/Day		76.21
				FAT TEST	%	3.92
				SNF TEST	%	8.98
				Milk Cow Feed Cost: \$/CWT	\$	8.65
<b>CALIFORNIA NFDN</b>				<b>Butter</b>	<b>SMP</b>	<b>Cheese</b>
November 25, 2016	\$ 0.9108	5,646,530	11/25/2016	\$1.87	\$1.07	\$1.64
November 18, 2016	\$ 0.9271	7,376,468	11/11/2016	\$1.86	\$1.06	\$1.64
<b>Cold Storage (1,000 Lb.)</b>	<b>11/1/2016</b>	<b>11/28/2016</b>	<b>Weekly Chng.</b>	<b>30-Sep-16</b>	<b>31-Oct-16</b>	<b>Monthly Chng.</b>
Butter	27,270	11,710	-57%	269,125	227,747	-15%
American Cheese	82,263	79,120	-4%	742,804	729,949	-2%
<b>MARGIN INSURANCE</b>						
	<b>ALL MILK</b>	<b>FEED COST</b>	<b>MARGIN</b>	<b>Insured for</b>	<b>Premium</b>	<b>Return</b>
DAIRY (200,000 cwts/year)				\$ 8.00	\$ 1.1639	
Jan/Feb 2016	\$ 15.90	\$ 7.89	\$ 8.0093	\$ 15.89	\$ 34,917	\$ (34,917)
Mar/Apr 2016	\$ 15.15	\$ 8.00	\$ 7.1487	\$ 16.00	\$ 34,917	\$ (22,147)
May/June 2016	\$ 14.65	\$ 8.89	\$ 5.7628	\$ 16.89	\$ 34,917	\$ (1,358)
Jul/Aug 2016	\$ 16.60	\$ 8.17	\$ 8.4252	\$ 16.17	\$ 34,917	\$ (34,917)
Sep/Oct 2016	\$ 16.95	\$ 7.84	\$ 9.1109	\$ 15.84	\$ 34,917	\$ (34,917)
<b>Total</b>						\$ (128,255)
<b>CHICAGO MERCANTILE EXCHANGE CASH TRADING</b>						
PRODUCT	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	WEEKLY
	November 28	November 29	November 30	December 1	December 2	AVERAGE#
CHEESE	\$ 1.6750	\$ 1.6550	\$ 1.6350	\$ 1.6200	\$ 1.6150	\$ 1.6400
BARRELS	(+1.6750)	(-0.0200)	(-0.0200)	(-0.0150)	(-0.0200)	(-0.0750)
CHEESE	\$ 1.8450	\$ 1.7800	\$ 1.7600	\$ 1.7800	\$ 1.8100	\$ 1.7950
40# BLOCKS	(+1.8450)	(-0.0650)	(-0.0200)	(+0.0200)	(+0.0500)	(-0.1000)
BUTTER	\$ 2.1000	\$ 2.1000	\$ 2.2300	\$ 2.1925	\$ 2.1850	\$ 2.1615
GRADE AA	(+2.1000)	(N.C.)	(+0.1300)	(-0.0375)	(-0.0450)	(+0.1257)