

CALIFORNIA DAIRY CAMPAIGN

Dairymen working for Dairymen



June 20, 2016



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Dairy Trade and the TPP – This week the Trade Subcommittee of the Ways and Means Committee held a hearing on “Expanding U.S. Agriculture Trade and Eliminating Barriers to U.S. Exports,” which included testimony from organizations in support of passage of the Trans Pacific Partnership (TPP). According to the committee, “the hearing focused on how high-standard and ambitious trade agreements that are thoroughly implemented and fully enforced can open much-needed markets to U.S. agriculture exports and benefit rural and urban America.” National Farmers Union (NFU) and other organizations that have opposed passage of the TPP were not invited to testify, but NFU submitted a statement for the record. A news release on the NFU statement appears below. National Milk Producers Federation, a supporter of the TPP was invited to testify and their testimony included a graph that showed the U.S. Dairy Trade Balance in 2015 according to the percent of total milk solids traded. The graph indicated exports totaled 13.9% of total U.S. milk solids produced while imports totaled 2.8%.

California Dairy Campaign, NFU and other organizations opposed to passage of the TPP have called on lawmakers to measure the benefit of trade agreements in net value, not total volume. According to USDA data in dollar value in 2015 exports totaled 15% of total U.S. milk value while imports totaled 10% of that value, meaning the net benefit of trade totaled 5% of U.S. milk production value. An analysis conducted by the U.S. Dairy Export Council (USDEC) and NMPF concluded that the effect of the TPP, “would be neutral to slightly positive for U.S. dairy.” According to analysis of the TPP by the U.S. International Trade Commission exports would increase particularly Canada while, “The largest increase in the value of U.S. agricultural imports (in percentage terms) would be in the dairy and meat sectors, where they would increase by 20.5 percent and 3.0 percent, respectively.”

Balanced Trade is Best for Family Farmers and Ranchers, NFU Testimony States - June 14, 2016

WASHINGTON (June 14, 2016) – The nearly 200,000 family farmer and rancher-led National Farmers Union (NFU) continued to advocate for fair and balanced trade in official testimony submitted for the record to the House Ways and Means Subcommittee on Trade. Today, the subcommittee held a hearing to discuss expanding U.S. agriculture trade and eliminating barriers to U.S. exports. Trade is very important to family farmers and ranchers, but market access does not equal market share. Modest increases in agriculture export opportunities that come from trade agreements can be severely overshadowed by the resulting massive increases of imports in agriculture and in other sectors,” NFU President Roger Johnson explained in his testimony. “While Washington officials have continued to promote the boon of agriculture exports as a selling point for the Trans-Pacific Partnership (TPP), NFU has questioned the merits of a trade agreement modeled after failed trade agreements of the past,” Johnson explained.

“Vague promises of market access do not offset opening our border for even larger amounts of foreign-produced goods to enter our markets. In addition, TPP fails to address the mounting U.S. trade deficit and the practices of currency manipulation, which both have negatively impacted agriculture and rural communities,” he added. As the trends that have characterized the past 20 years of failed trade agreements would likely continue under the TPP, NFU encourages lawmakers to rethink the trade agreement. “The measure of the success of a trade agreement has to be its benefit to U.S. agriculture and specifically of its producers’ net income. We must do better because these deep trade deficits are crippling America,” Johnson concluded.

Relative to TPP, the U.S. International Trade Commission (USITC) estimates the impact on U.S. GDP would be growth of GDP by .15% by 2032. Some estimates predict negative growth effects in the U.S. as a result of TPP. A possibility of negative GDP growth raises the question of why the U.S. would pursue this agreement at all. Even a growth rate of 0.15% is unacceptable when the trade deficit currently sits at three percent of GDP and is likely to grow with implementation of TPP.

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CDC WEEKLY REPORT

June 17, 2016

COMMODITIES	May 16	Jun 16	Jul 16	COST OF PRODUCTION		
Calif. AA Butter	2.0070	2.1771	2.3190	North Valley		4th Qrt 2015
Grade B Butter	1.9555	2.1256	2.2675	COSTS ---- Released Quarterly		
CME Block	1.3189	1.4695	1.5150	TOTAL FEED	\$	10.05
Calif. 40# Blocks	1.2937	1.4443	1.4898	TOTAL LABOR	\$	1.98
Calif. NFDM	0.7291	0.7585	0.7721	HERD REPLACEMENT	\$	2.19
Dry Whey (Avg west \$/Lb.)	0.2350	0.2388	0.2388	OPERATING COST	\$	3.26
CA Dry Whey (\$/CWT)	0.2500	0.2500	0.2500	TOTAL MARKETING COSTS	\$	0.53
MILK PRICES						
4a - 3.5,8.7 \$/Cwt	12.55	13.52	14.24	Total Costs	\$	18.02
FMMO IV (\$/CWT)	13.14	13.81	14.41	Allowance ROI & ROM	\$	1.65
4b - 3.5,8.7 \$/Cwt	11.38	12.90	13.37	Total Cost and Allowances	\$	19.67
FMMO III (\$/CWT)	12.59	12.39	12.53	INCOME		
3 - 3.5,8.7 \$/Cwt	13.22	12.92	12.92	GROSS MILK PRICE/CWT	\$	17.07
2 - 3.5,8.7 \$/Cwt	13.36	13.18	13.06	MAILBOX PRICE/CWT	\$	16.98
CRP	14.90	15.47	16.59	NET INCOME/CWT	\$	(2.69)
1 - 3.5,8.7 \$/Cwt	14.83	14.42	15.00	DATA -----		
Q - FAT \$/lb.	2.1911	2.3542	2.5042	MILK COW HAY PRICE \$/T	\$	266.68
Q - SNF \$/lb	0.6734	0.7142	0.7162	CONCENTRATE PRICE \$/T	\$	270.09
Q - 3.5,8.7 \$/Cwt	13.53	14.45	15.00	CONCENTRATE lbs/cow/day		28.72
OB - FAT \$/lb.	2.1911	2.3542	2.5042	MILKERS \$/hr - incl frin&tax	\$	16.97
OB - SNF \$/lb	0.4784	0.5192	0.5212	TOTAL LABOR (\$/hr)	\$	17.95
OB - 3.5,8.7 \$/Cwt	11.83	12.76	13.30	MILK SOLD lbs/C/Day		71.17
BLEND @ (3.5,8.7)	12.20	13.13	13.67	FAT TEST	%	4.04
CA Usage & FO Prices	13.14	13.27	13.75	SNF TEST	%	9.08
O.B. less CA FMMO	(1.31)	(0.51)	(0.45)	Milk Cow Feed Cost: \$/CWT	\$	9.35

CALIFORNIA NFDM	Price	Volume	Oceania	Butter	SMP	Cheese
June 10, 2016	\$ 0.7721	8,284,927	6/10/2016	\$1.24	\$0.84	\$1.27
June 3, 2016	\$ 0.7468	18,918,883	5/27/2016	\$1.20	\$0.77	\$1.19

Cold Storage (1,000 Lb.)	5/1/2016	5/30/2016	Weekly Chng.	31-Mar-16	30-Apr-16	Monthly Chng.
Butter	28,011	29,350	5%	243,134	298,173	23%
American Cheese	95,173	98,356	3%	725,837	738,737	2%

MARGIN INSURANCE	ALL MILK	FEED COST	MARGIN	Insured for	Premium	Return
DAIRY (200,000 cwt/year)				\$ 8.00	\$ 1.1639	
Jul/Aug_2015	\$ 16.65	\$ 8.95	\$ 7.6951	\$ 16.95	\$ 34,917	\$ (25,770)
Sep/Oct_2015	\$ 17.60	\$ 8.52	\$ 9.0821	\$ 16.52	\$ 34,917	\$ (34,917)
Nov/Dec_2015	\$ 17.70	\$ 8.14	\$ 9.5571	\$ 16.14	\$ 34,917	\$ (34,917)
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)
Total						\$ (152,666)

CHICAGO MERCANTILE EXCHANGE CASH TRADING						
PRODUCT	MONDAY June 13	TUESDAY June 14	WEDNESDAY June 15	THURSDAY June 16	FRIDAY June 17	WEEKLY AVERAGE#
CHEESE	\$ 1.5375	\$ 1.5375	\$ 1.5550	\$ 1.5500	\$ 1.5450	\$ 1.5450
BARRELS	(+0.0275)	(N.C.)	(+0.0175)	(-0.0050)	(-0.0100)	(+0.0480)
CHEESE	\$ 1.5200	\$ 1.5200	\$ 1.5400	\$ 1.5350	\$ 1.5150	\$ 1.5260
40# BLOCKS	(+0.0450)	(N.C.)	(+0.0200)	(-0.0050)	(-0.0250)	(+0.0605)
BUTTER	\$ 2.2175	\$ 2.2725	\$ 2.3550	\$ 2.3400	\$ 2.3675	\$ 2.3105
GRADE AA	(+0.0175)	(+0.0550)	(+0.0825)	(-0.0150)	(+0.0125)	(+0.1360)