

CALIFORNIA DAIRY CAMPAIGN

Dairymen working for Dairymen



April 28, 2017



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California Dairy Campaign Board Meeting – Thank you to everyone who participated in our California Dairy Campaign Board meeting yesterday. We had an excellent discussion of the ongoing process to establish a federal milk marketing order in California, the dairy title of the farm bill, a dairy relief package, dairy trade issues with Canada, environmental and other issues. ***Our next board meeting is set for Wednesday, May 24th in Turlock.***

Dairy Trade Issues with Canada: This week 68 members of Congress signed a letter to President Trump calling for swift action to hold Canada to its dairy trade commitment. The letter states, “The U.S. dairy sector relies on its exports to survive.” In contrast the Canadian dairy sector does not rely on exports for its survival. Instead it has an inventory management program that enables dairy farmers in Canada to receive a fair and stable price for their milk. U.S. dairy farmers are right to question why their survival should be tied to the export market when the United States continues to be the largest consuming market in the world.

The recent controversy around dairy trade with Canada was sparked by the announcement that Grassland, Inc., a processor with more sales than Yoplait, would no longer purchase milk from 75 Wisconsin dairies due to the fact that Canada created a new class of milk to be used to produce ultra-filtered (UF) milk. Although Grassland knew more than a year ago that Canada planned to change its milk classification system to be more competitive with UF imports, it gave affected dairy producers just 30 days to find a new place to ship their milk. UF milk from the United States enters Canada tariff free and will continue to enter the Canadian market without tariffs, but demand for UF imports dropped when Canada changed its milk classification system. In years past, dairy farmers in Wisconsin would likely have had the opportunity to switch processors, but due to the plentiful supply of milk, affected dairy farmers have had a difficult time finding another processor.

At the meeting yesterday, the CDC Board discussed the importance of establishing an inventory management system here in the U.S. to enable dairy farmers to manage milk supplies based on market demand and establish fair and stable prices. CDC is joining with dairy farmers in Wisconsin and around the country in the National Farmers Union Dairy Emergency Committee to call for the establishment of an inventory management plan in the next farm bill. The CDC board agreed that until dairy farmers in the United States have the ability to manage their inventories, the swings and volatility in U.S. milk prices will continue. *(Executive Director Lynne McBride)*

Action Alert: California Dairy Campaign is urging dairy producers to serve and nominate dairy producers to serve on Milk Pooling Producer Review Board which will be tasked with finalizing a proposal for the state quota program under the proposed California federal milk marketing order.

Deadline for Nominations Monday, May 1, 2017

Nominations are due on May 1st, with the hope that appointments will be made by May 10th and a first meeting could be held at the end of May. Persons interested in serving on the Board, or interested in nominating someone to serve on the Board should submit a signed nomination form to the department.

A link for the one-page nomination form, is on the CDFA website at: [https://www.cdfa.ca.gov/Dairy/pdf/Nominations for Milk Producers Board Members.pdf](https://www.cdfa.ca.gov/Dairy/pdf/Nominations_for_Milk_Producers_Board_Members.pdf)

Tricolored Blackbirds Endangered – Tricolored blackbirds are currently listed as endangered and therefore, it is illegal for farmers to destroy the birds’ nests. It is estimated that 40 percent of the tricolored blackbird population nests in silage field and there is funding available to compensate dairy farmers for delaying their harvest when the birds are nesting. April is the beginning of nesting season and there is funding available to offset economic losses when growers must delay harvest due to a colony nesting in their fields. If you see tricolored blackbirds nesting in your fields, contact California Dairy Campaign Field Representative Joe Melo at 209-216-7615.

www.californiadairycampaign.com

CDC WEEKLY REPORT

April 28, 2017

COMMODITIES	Mar 17	Apr 17	May 17	COST OF PRODUCTION		
Calif. AA Butter	2.1033	2.0501	2.0568	North Valley		4th Qrt 2016
Grade B Butter	2.0518	1.9986	2.0053	COSTS — Released Quarterly		
CME Block	1.4358	1.4893	1.4848	TOTAL FEED	\$	8.68
Calif. 40# Blocks	1.4108	1.4641	1.4596	TOTAL LABOR	\$	1.98
Calif. NFDM	0.8445	0.8417	0.8306	HERD REPLACEMENT	\$	1.86
Dry Whey (Avg west \$/Lb.)	0.4925	0.4988	0.4750	OPERATING COST	\$	3.39
CA Dry Whey (\$/CWT)	1.4650	1.4650	1.3300	TOTAL MARKETING COSTS	\$	0.53
MILK PRICES						
4a - FAT \$/lb.	2.3278	2.2639	2.2720	Total Costs	\$	16.44
4a - SNF \$/lb.	0.6682	0.6654	0.6543	Allowance ROI & ROM	\$	1.41
4a - 3.5,8.7 \$/Cwt	13.96	13.71	13.64	Total Cost and Allowances	\$	17.85
4b - FAT \$/lb.	2.3278	2.2639	2.2720	INCOME		
4b - SNF \$/lb.	0.6450	0.7324	0.7086	GROSS MILK PRICE/CWT	\$	17.42
4b - 3.5,8.7 \$/Cwt	13.76	14.30	14.12	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	17.04	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.	2.3457	2.2914	2.2796	CONCENTRATE lbs/cow/day		29.31
Q - SNF \$/lb.	0.8772	0.8913	0.8746	MILKERS \$/hr - incl frin&tax	\$	17.87
Q - 3.5,8.7 \$/Cwt	15.84	15.77	15.59	TOTAL LABOR (\$/hr)	\$	19.13
OB - FAT \$/lb.	2.3457	2.2914	2.2796	MILK SOLD lbs/C/Day		73.11
OB - SNF \$/lb.	0.6822	0.6963	0.6796	FAT TEST	%	4.09
OB - 3.5,8.7 \$/Cwt	14.14	14.08	13.89	SNF TEST	%	9.10
BLEND @ (3.5,8.7)	14.53	14.46	14.27	Milk Cow Feed Cost: \$/CWT	\$	8.15
CA Usage & FO Prices	15.57	15.04	14.97	AMS Projection	2017 2nd Qrt	2017 3rd Qrt.
O.B. less CA FMMO	(1.43)	(0.96)	(1.08)	All Milk	16.20-16.60	17.15-17.85
FMMO III (\$/CWT)	15.81	15.17	15.21	Class III	15.15-15.55	16.30-17.00
FMMO IV (\$/CWT)	14.32	14.00	14.04	Class IV	13.75-14.25	14.10-14.90
CALIFORNIA NFDM	Price	Volume	Oceania	Butter	SMP	Cheese
April 14, 2017	\$ 0.8527	17,894,945	4/28/2017	\$2.32	\$0.92	\$1.58
April 7, 2017	\$ 0.8737	8,448,258	4/14/2017	\$2.31	\$0.87	\$1.54
Cold Storage (1,000 Lb.)	4/1/2017	4/24/2017	Weekly Chng.	28-Feb-17	31-Mar-17	Monthly Chng.
Butter	25,185	26,553	5%	269,863	272,503	1%
American Cheese	97,569	100,968	3%	772,867	802,724	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 2017	\$ 17.30	\$ 7.95	\$ 9.3519	\$ 15.95	\$ 34,917	\$ (17,458)
Total						\$ (87,292)
CHICAGO MERCANTILE EXCHANGE CASH TRADING						
PRODUCT	MONDAY April 24	TUESDAY April 25	WEDNESDAY April 26	THURSDAY April 27	FRIDAY April 28	WEEKLY AVERAGE#
CHEESE	\$ 1.4275	\$ 1.4275	\$ 1.4200	\$ 1.4200	\$ 1.4175	\$ 1.4225
BARRELS	(N.C.)	(N.C.)	(-0.0075)	(N.C.)	(-0.0025)	(+0.0110)
CHEESE	\$ 1.5525	\$ 1.5525	\$ 1.5425	\$ 1.5225	\$ 1.4800	\$ 1.5300
40# BLOCKS	(+0.0075)	(N.C.)	(-0.0100)	(-0.0200)	(-0.0625)	(+0.0410)
BUTTER	\$ 2.0750	\$ 2.1375	\$ 2.0975	\$ 2.1200	\$ 2.1050	\$ 2.1070
GRADE AA	(-0.0150)	(+0.0625)	(-0.0400)	(+0.0225)	(+0.0075)	(+0.0340)