

# CALIFORNIA DAIRY CAMPAIGN

*Dairymen working for Dairymen*



May 5, 2017



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**Dairy Left Out of 2017 Federal Spending Bill:** This week, a dairy assistance package was left out of the spending bill passed by Congress to fund the federal government through the end of fiscal year 2017 which ends on September 30<sup>th</sup>. The dairy provisions being considered included changes to the Dairy Margin Protection Program (DMPP) that would have cost an additional \$840 million over the next 10 years. In the end, lawmakers did not agree to devote the additional resources to the federal dairy program. It is important to recognize that the current baseline spending or the amount that Congress plans to spend on federal dairy programs totals just \$30 million per year. The baseline spending has decreased dramatically since the passage of the DMPP and it is difficult if not impossible to establish an effective safety net for dairy producers at the current baseline funding level. Although the dairy industry generates \$40 billion per year, just \$30 million per year is dedicated to federal dairy programs. By comparison baseline spending for corn, a commodity which generates \$55 billion per year, totals \$4 billion per year. The European Union, Canada and other international dairy competitors spend far more on their dairy programs than does the United States.

Since last summer, California Dairy Campaign has joined with dairy farmers around the country in the National Farmers Union Dairy Emergency Committee to call for an assistance package for dairy producers who continue to be paid prices that are well below their cost of production. Dairy farmers nationwide agree that the DMPP has failed to provide an effective safety net for periods of low prices. Participation rates in the DMPP have plummeted since the program began and dairy farmers lack any real confidence in the program as is evident by the abysmally low sign up rates for any coverage beyond the \$4 catastrophic level. Under the current DMPP, the margin for March totaled \$9.35 per cwt while the over base price in California, a state with an \$18 per cwt average cost of production, was just \$14.14 per cwt, demonstrating how irrelevant the DMPP is for California dairy farmers. Instead of making changes to the failing DMPP, CDC is calling on lawmakers to establish an inventory management program to balance milk supply with market demand and establish a pricing system that factors in milk production costs. During the last farm bill debate, inventory management was a big part of the negotiations and CDC firmly believes it should be a central focus during the upcoming farm bill process. Without the ability to manage milk inventories, dairy producers will continue to experience extensive periods of prices that are below production costs. CDC, working with dairy farmers around the country, will continue to make the establishment of an incentives based inventory management program central to its outreach efforts on the farm bill. The final spending bill did include report language that encourages the new Secretary of Agriculture Sonny Perdue to use his authority, including the use of the Commodity Credit Corporation Charter Act, to provide immediate assistance to dairy producers until a revised safety net program is provided. *(Executive Director Lynne McBride)*

**CDQAP Certification Information:** The California Dairy Quality Assurance Program (CDQAP) Certification Classes scheduled for Tuesday, June 6 and Wednesday June 7 in Modesto at the Stanislaus County Ag Center. By completing 6 hours of water quality and 2 hours of air quality classes, an on-farm management plan and evaluation, dairy producers can become CDQAP certified and be eligible for a 50 percent discount on water quality permit fees. **For more info, contact CDC Field Staff Joe Lauro at 209-968-0611 or Joe Melo at 209-216-7615.**

**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 fields and there is funding available to compensate dairy farmers for delaying their harvest when the birds are nesting. *If you see tricolored blackbirds nesting in your fields, contact California Dairy Campaign Field Representative Joe Melo at 209-216-7615.*

**Reminder:** Join Us for our Board and Membership Meeting Wednesday, May 24, 2017  
At 4:00 p.m. in Our Turlock Office at 325 Mitchell Ave. Friends and Family Are Welcome!

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

# CDC WEEKLY REPORT

May 5, 2017

COMMODITIES	Mar 17	Apr 17	May 17	COST OF PRODUCTION		
Calif. AA Butter	2.1033	2.0501	2.0598	North Valley 4th Qrt 2016		
Grade B Butter	2.0518	1.9986	2.0083	COSTS — Released Quarterly		
CME Block	1.4358	1.4893	1.5670	TOTAL FEED	\$	8.68
Calif. 40# Blocks	1.4106	1.4641	1.5418	TOTAL LABOR	\$	1.98
Calif. NFDM	0.8445	0.8417	0.8394	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				Total Costs	\$	16.44
4a - FAT \$/lb.	2.3278	2.2639	2.2756	Allowance ROI & ROM	\$	1.41
4a - SNF \$/lb.	0.6682	0.6654	0.6631	Total Cost and Allowances	\$	17.85
4a - 3.5,8.7 \$/Cwt	13.96	13.71	13.73	INCOME		
4b - FAT \$/lb.	2.3278	2.2639	2.2756	GROSS MILK PRICE/CWT	\$	17.42
4b - SNF \$/lb.	0.6450	0.7324	0.8025	MAILBOX PRICE/CWT	\$	17.57
4b - 3.5,8.7 \$/Cwt	13.76	14.30	14.95	NET INCOME/CWT	\$	(0.28)
3 - 3.5,8.7 \$/Cwt	15.60	15.06	15.06	DATA —————		
2 - 3.5,8.7 \$/Cwt	15.75	15.84	15.20	MILK COW HAY PRICE \$/T	\$	225.20
CRP	17.24	17.12	17.48	CONCENTRATE PRICE \$/T	\$	255.68
1 - 3.5,8.7 \$/Cwt	18.60	16.77	16.65	CONCENTRATE lbs/cow/day		29.31
Q - FAT \$/lb.	2.3457	2.2914	2.2825	MILKERS \$/hr - incl frin&tax	\$	17.87
Q - SNF \$/lb.	0.8772	0.8913	0.9219	TOTAL LABOR (\$/hr)	\$	19.13
Q - 3.5,8.7 \$/Cwt	15.84	15.77	16.01	MILK SOLD lbs/C/Day		73.11
OB - FAT \$/lb.	2.3457	2.2914	2.2825	FAT TEST	%	4.09
OB - SNF \$/lb.	0.6822	0.6963	0.7269	SNF TEST	%	9.10
OB - 3.5,8.7 \$/Cwt	14.14	14.08	14.31	Milk Cow Feed Cost: \$/CWT	\$	8.15
BLEND @ (3.5,8.7)	14.53	14.46	14.69	AMS Projection	2017 2nd Qrt	2017 3rd Qrt.
CA Usage & FO Prices	15.57	15.07	15.06	All Milk	16.20-16.60	17.15-17.85
O.B. less CA FMMO	(1.43)	(0.99)	(0.75)	Class III	15.15-15.55	16.30-17.00
FMMO III (\$/CWT)	15.81	15.22	15.40	Class IV	13.75-14.25	14.10-14.90
FMMO IV (\$/CWT)	14.32	14.01	14.06			
CALIFORNIA NFDM	Price	Volume	Oceania	Butter	SMP	Cheese
April 28, 2017	\$ 0.8394	16,293,738	4/28/2017	\$2.32	\$0.92	\$1.58
April 21, 2017	\$ 0.8306	11,717,769	4/14/2017	\$2.31	\$0.87	\$1.54
Cold Storage (1,000 Lb.)	4/1/2017	5/1/2017	Weekly Chng.	28-Feb-17	31-Mar-17	Monthly Chng.
Butter	25,185	29,492	17%	269,863	272,503	1%
American Cheese	97,569	100,143	3%	772,867	802,724	4%
MARGIN INSURANCE	ALL MILK	FEED COST	MARGIN	Insured for	Premium	Return
DAIRY (200,000 cwtls/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 May 1	TUESDAY May 2	WEDNESDAY May 3	THURSDAY May 4	FRIDAY May 5	WEEKLY AVERAGE#
CHEESE	\$ 1.4175	\$ 1.4150	\$ 1.4000	\$ 1.4200	\$ 1.4500	\$ 1.4205
BARRELS	(N.C.)	(-0.0025)	(-0.0150)	(+0.0200)	(+0.0500)	(-0.0020)
CHEESE	\$ 1.4800	\$ 1.4800	\$ 1.4800	\$ 1.4900	\$ 1.6000	\$ 1.5060
40# BLOCKS	(N.C.)	(N.C.)	(N.C.)	(+0.0100)	(+0.1200)	(-0.0240)
BUTTER	\$ 2.0925	\$ 2.1150	\$ 2.1200	\$ 2.1200	\$ 2.1075	\$ 2.1110
GRADE AA	(-0.0125)	(+0.0225)	(+0.0050)	(N.C.)	(-0.0125)	(+0.0040)