

CALIFORNIA DAIRY CAMPAIGN

Dairymen working for Dairymen



February 24, 2017



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USDA Public Meeting on the Proposed California FMMO: USDA held a public meeting on the proposed California Federal Milk Marketing Order on Wednesday, February 22, 2017 in Clovis, CA. The entire public meeting can be viewed anytime via webcast link posted at <http://bit.ly/2kR3xjm>

California Dairy Campaign leaders and staff participated in the public meeting to learn more about the recommended decision put forward by USDA on a federal order for California. The full 213-page decision can be found online at the USDA web site located at: <https://www.ams.usda.gov/rules-regulations/moa/dairy/ca>. The **90 day comment period will continue until May 15** when dairy producers and other interested parties can comment on the recommended decision and USDA will take public comments into account and issue a final decision most likely in the fall of 2017.

Some Issues from the USDA Public Meeting on the California FMMO Recommended Decision:

Pricing – California class price formulas would be the same as those used in the rest of the federal order system. According to USDA's analysis of the economic impact of the proposed federal milk marketing order, the proposal would increase U.S. producer revenue on average by \$740 million per year for the nine year projection.

Pooling – The USDA recommended decision does not require mandatory pooling for Classes II, III and IV. The cooperatives proposal, which CDC strongly supported, would require all-inclusive statewide pooling in order to establish orderly marketing in the proposed California federal order.

Quota – Currently the quota program is producer funded and would continue to be producer funded. Under the USDA recommended decision, instead of CDFA collecting all the funds for quota through the statewide pool, CDFA would announce a per cwt deduction each month to account for the value of quota to pay \$1.70 per cwt to quota holders. Under the USDA recommended decision, USDA would authorize milk handlers in the pool to deduct the quota assessment from each producer to pay for the value of quota. The USDA authorization is important so that the quota deduction does not violate the minimum payment to producer federal order provision. Under the USDA proposal, the statewide quota program would be completely separate from the federal order, but the collection of funds to pay for quota would be finalized under a memorandum of understanding (MOU) between USDA and the California Department of Food and Agriculture (CDFA). CDFA would announce the quota assessment and collect it from all California dairy producers and disperse it to the quota holders.

Out of State Milk – According to the USDA recommended decision, approximately 425 million pounds of milk from outside the state was processed into Class 1 products at California processing plants during 2014. Revenues from Class 1 sales not currently regulated would accrue to the California FMMO pool and would be shared with all producers who are pooled on the California FMMO. If California handlers elect to continue processing out-of-state milk into Class I products under the FMMO, they would be required to pay the order's classified minimum price for that milk. Those additional revenues would be pooled and would benefit large and small producers who participate in the pool.

Mark Your Calendars: The National Farmers Union 115th Annual Convention
Will take place in San Diego, CA on March 5-8th, 2017.

NFU's 115th Anniversary Convention will gather family farmers and ranchers from across the country, industry professionals and notable speakers at the Catamaran Resort Hotel in San Diego, Calif, in March 2017. The California delegation the NFU Convention will include: California Farmers Union President Joaquin Contente, California Dairy Campaign President Joe Augusto, California Farmers Union Vice President George Davis, CDC/CFU Board Members Scott Magnuson and Mark McAfee, CDC/CFU Executive Director Lynne McBride, CDC Office Coordinator Bertha Medina, and Farmers Guild Executive Director Evan Wiig. To join us for the NFU Convention or for more information, Contact Bertha Medina at 209-632-0885 or Bertha@californiadairycampaign.com

www.californiadairycampaign.com

CDC WEEKLY REPORT

February 24, 2017

COMMODITIES	Jan 17	Feb 17	Mar 17	COST OF PRODUCTION		
Calif. AA Butter	2.2071	2.1153	2.0815	North Valley	3rd Qrt 2016	
Grade B Butter	2.1556	2.0638	2.0300	COSTS — Released Quarterly		
CME Block	1.6828	1.6388	1.5750	TOTAL FEED	\$	9.05
Calif. 40# Blocks	1.6576	1.6136	1.5498	TOTAL LABOR	\$	1.90
Calif. NFDM	0.9904	1.0101	1.0099	HERD REPLACEMENT	\$	2.01
Dry Whey (Avg west \$/Lb.)	0.4441	0.4875	0.4950	OPERATING COST	\$	3.32
CA Dry Whey (\$/CWT)	1.1950	1.4650	1.4650	TOTAL MARKETING COSTS	\$	0.52
MILK PRICES						
4a - 3.5,8.7 \$/Cwt	15.67	15.45	15.31	Total Costs	\$	16.80
FMMO IV (\$/CWT)	16.19	15.64	15.30	Allowance ROI & ROM	\$	1.37
4b - 3.5,8.7 \$/Cwt	15.99	15.81	15.16	Total Cost and Allowances	\$	18.17
FMMO III (\$/CWT)	16.78	17.17	17.14	INCOME		
3 - 3.5,8.7 \$/Cwt	13.78	15.60	15.60	GROSS MILK PRICE/CWT	\$	16.45
2 - 3.5,8.7 \$/Cwt	13.92	15.40	15.75	MAILBOX PRICE/CWT	\$	16.58
CRP	18.60	19.08	18.00	NET INCOME/CWT	\$	(1.59)
1 - 3.5,8.7 \$/Cwt	18.77	18.13	18.60	DATA —————		
Q - FAT \$/lb.	2.3987	2.3549	2.3166	MILK COW HAY PRICE \$/T	\$	226.88
Q - SNF \$/lb	1.0285	1.0239	1.0140	CONCENTRATE PRICE \$/T	\$	268.14
Q - 3.5,8.7 \$/Cwt	17.34	17.15	16.93	CONCENTRATE lbs/cow/day		28.85
OB - FAT \$/lb.	2.3987	2.3549	2.3166	MILKERS \$/hr - incl frin&tax	\$	17.16
OB - SNF \$/lb	0.8335	0.8289	0.8190	TOTAL LABOR (\$/hr)	\$	18.16
OB - 3.5,8.7 \$/Cwt	15.65	15.45	15.23	MILK SOLD lbs/C/Day		73.94
BLEND @ (3.5,8.7)	16.03	15.84	15.62	FAT TEST	%	3.92
CA Usage & FO Prices	16.77	16.61	16.48	SNF TEST	%	9.01
O.B. less CA FMMO	(1.12)	(1.16)	(1.25)	Milk Cow Feed Cost: \$/CWT	\$	8.51

CALIFORNIA NFDM	Price	Volume	Oceania	Butter	SMP	Cheese
February 17, 2017	\$ 1.0099	4,705,718	2/17/2017	\$2.04	\$1.12	\$1.76
February 10, 2017	\$ 1.0276	9,282,681	2/3/2017	\$2.01	\$1.09	\$1.71

Cold Storage (1,000 Lb.)	2/1/2017	2/20/2017	Weekly Chng.	31-Dec-16	31-Jan-17	Monthly Chng.
Butter	16,304	20,339	25%	166,043	223,069	34%
American Cheese	83,541	87,800	5%	726,403	760,730	5%

MARGIN INSURANCE	ALL MILK	FEED COST	MARGIN	Insured for	Premium	Return
DAIRY (200,000 cwt/year)				\$ 8.00	\$ 1.1639	
Mar/Apr 2016	\$ 15.15	\$ 8.00	\$ 7.1487	\$ 16.00	\$ 34,917	\$ (22,147)
May/Jun 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)
Nov/Dec 2016	\$ 18.20	\$ 7.66	\$ 10.5425	\$ 15.66	\$ 34,917	\$ (34,917)
Total						\$ (128,255)

CHICAGO MERCANTILE EXCHANGE CASH TRADING						
PRODUCT	MONDAY February 20	TUESDAY February 21	WEDNESDAY February 22	THURSDAY February 23	FRIDAY February 24	WEEKLY AVERAGE#
CHEESE	\$ -	\$ 1.6000	\$ 1.5700	\$ 1.5400	\$ 1.5175	\$ 1.5569
BARRELS	(-1.6200)	(+1.6000)	(-0.0300)	(-0.0300)	(-0.0525)	(-0.0871)
CHEESE	\$ -	\$ 1.5300	\$ 1.5100	\$ 1.5575	\$ 1.5750	\$ 1.5431
40# BLOCKS	(-1.5800)	(+1.5300)	(-0.0200)	(+0.0475)	(+0.0650)	(-0.0554)
BUTTER	\$ -	\$ 2.1400	\$ 2.1175	\$ 2.1300	\$ 2.1300	\$ 2.1294
GRADE AA	(-2.1575)	(+2.1400)	(-0.0225)	(+0.0125)	(+0.0125)	(-0.0116)