

# CALIFORNIA DAIRY CAMPAIGN

*Dairymen working for Dairymen*



September 16, 2016



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**California Dairy Campaign President Calls on Congress and USDA to act to Provide Relief to California Dairy Producers:** This week, California Dairy Campaign (CDC) President Joe Augusto returned from a trip to Washington, DC where he called on members of Congress and USDA to act to address depressed dairy producer prices that have led to the closure of 53 California dairies in just the first five months of 2016. He joined 275 family farmers at the U.S. Capitol to ask for emergency assistance and increased funding to address the harsh economic realities brought on by historically low prices and high production costs. In extensive meetings with lawmakers and staff, Augusto called on Congress to pass funding legislation to provide short-term direct relief to dairy producers and reform the Dairy Margin Protection Program (DMPP) which has failed to provide an effective safety net during this extended period of low prices. The DMPP July margin totaled \$7.70 per cwt and just one California dairy producing 3 million lbs of milk signed up at the \$8.00 level.

CDC President Joe Augusto joined California Farmers Union Vice President George Davis and farm leaders from around the country during the National Farmers Union legislative fly-in to Washington, DC. The NFU Fly-in delegation called on Congress for emergency assistance for the hardest hit farmers and ranchers; increased funding for USDA farm loan programs; and resources to provide short-term remedies for low commodity prices, to be included in the upcoming Congressional spending package for FY2017. Fly-in participants called on Congress to vote against the Trans Pacific Partnership (TPP) because it fails to address currency manipulation and other critical issues, hold hearings on corporate consolidation in the agriculture sector, water policy and other key issues.

“Low commodity prices and high input costs have been relentless, and 2014 Farm Bill safety net programs have failed to deliver the relief needed for farmers and ranchers to recover. Many of the families who produce food for America are in danger of losing everything. The time for Congress to act is now,” said NFU President Roger Johnson. In addition to meeting with Congressional offices, farmers also met with White House officials and U.S. Department of Agriculture leadership to discuss the dire situation in farm country and ask for support for farm programs.

**Ag-Overtime Bill Signed into Law: On Monday Governor Jerry Brown signed AB 1066, the “Phase-In Overtime for Agricultural Workers Act of 2016” into law.** Despite opposition from California Dairy Campaign and many dairy and agricultural organizations, the Governor signed the “Phase-In Overtime for Agricultural Workers Act of 2016” into law and it will go into effect on January 1, 2017. **However, the overtime requirements will not begin to be phased-in until January 1, 2019 for employers with more than 25 employees and 2022 for employers with less than 25 employees.**

**Mark Your Calendar for the Next  
California Dairy Campaign Board and Membership Meeting  
On Wednesday, September 28, 2016 at 4 pm**

To be held in our Turlock Office located at 325 Mitchell Avenue

We will discuss CDC President Augusto’s trip to Washington, DC to call for relief for dairy producers, and all the latest on federal and state labor, environmental and other legislation.

A delicious dinner will be served and friends and family are more than welcome!

Contact Bertha Medina in the California Dairy Campaign office at 209-632-0885 to RSVP

We look forward to seeing you on September 28, 2016.

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

# CDC WEEKLY REPORT

September 16, 2016

COMMODITIES	Jul 16	Aug 16	Sep 16	COST OF PRODUCTION	
Calif. AA Butter	2.2519	2.1495	1.9835	North Valley 1st Qrt 2016	
Grade B Butter	2.2004	2.0980	1.9320	COSTS — Released Quarterly	
CME Block	1.6313	1.7839	1.6803	TOTAL FEED	\$ 9.41
Calif. 40# Blocks	1.8061	1.7587	1.6551	TOTAL LABOR	\$ 1.84
Calif. NFDM	0.8041	0.8259	0.8563	HERD REPLACEMENT	\$ 2.15
Dry Whey (Avg west \$/Lb.)	0.2650	0.2888	0.3200	OPERATING COST	\$ 3.16
CA Dry Whey (\$/CWT)	0.3850	0.5200	0.6550	TOTAL MARKETING COSTS	\$ 0.51
MILK PRICES				Total Costs	
4a - 3.5,8.7 \$/Cwt	14.23	13.99	13.56		\$ 17.07
FMMO IV (\$/CWT)	14.84	14.65	14.07	Allowance ROI & ROM	\$ 1.46
4b - 3.5,8.7 \$/Cwt	14.67	16.34	15.42	Total Cost and Allowances	
FMMO III (\$/CWT)	15.25	16.91	16.81	\$ 18.53	
				INCOME	
3 - 3.5,8.7 \$/Cwt	12.92	14.25	14.25	GROSS MILK PRICE/CWT	\$ 17.07
2 - 3.5,8.7 \$/Cwt	13.07	14.07	14.39	MAILBOX PRICE/CWT	\$ 16.98
CRP	16.80	18.59	18.25	NET INCOME/CWT	
1 - 3.5,8.7 \$/Cwt	14.87	16.33	18.12	\$ (1.55)	
				DATA	
Q - FAT \$/lb.	2.4570	2.4189	2.2473	MILK COW HAY PRICE \$/T	\$ 267.83
Q - SNF \$/lb	0.8112	0.9483	0.9797	CONCENTRATE PRICE \$/T	\$ 280.88
Q - 3.5,8.7 \$/Cwt	15.66	16.72	16.39	CONCENTRATE lbs/cow/day	29.39
OB - FAT \$/lb.	2.4570	2.4189	2.2473	MILKERS \$/hr - incl frin&tax	\$ 16.78
OB - SNF \$/lb	0.6162	0.7533	0.7847	TOTAL LABOR (\$/hr)	\$ 17.76
OB - 3.5,8.7 \$/Cwt	13.96	15.02	14.69	MILK SOLD lbs/C/Day	75.47
BLEND @ (3.5,8.7)	14.36	15.42	15.09	FAT TEST	% 3.99
CA Usage & FO Prices	15.15	16.04	15.94	SNF TEST	% 9.01
O.B. less CA FMMO	(1.19)	(1.02)	(1.25)	Milk Cow Feed Cost: \$/CWT	\$ 8.81

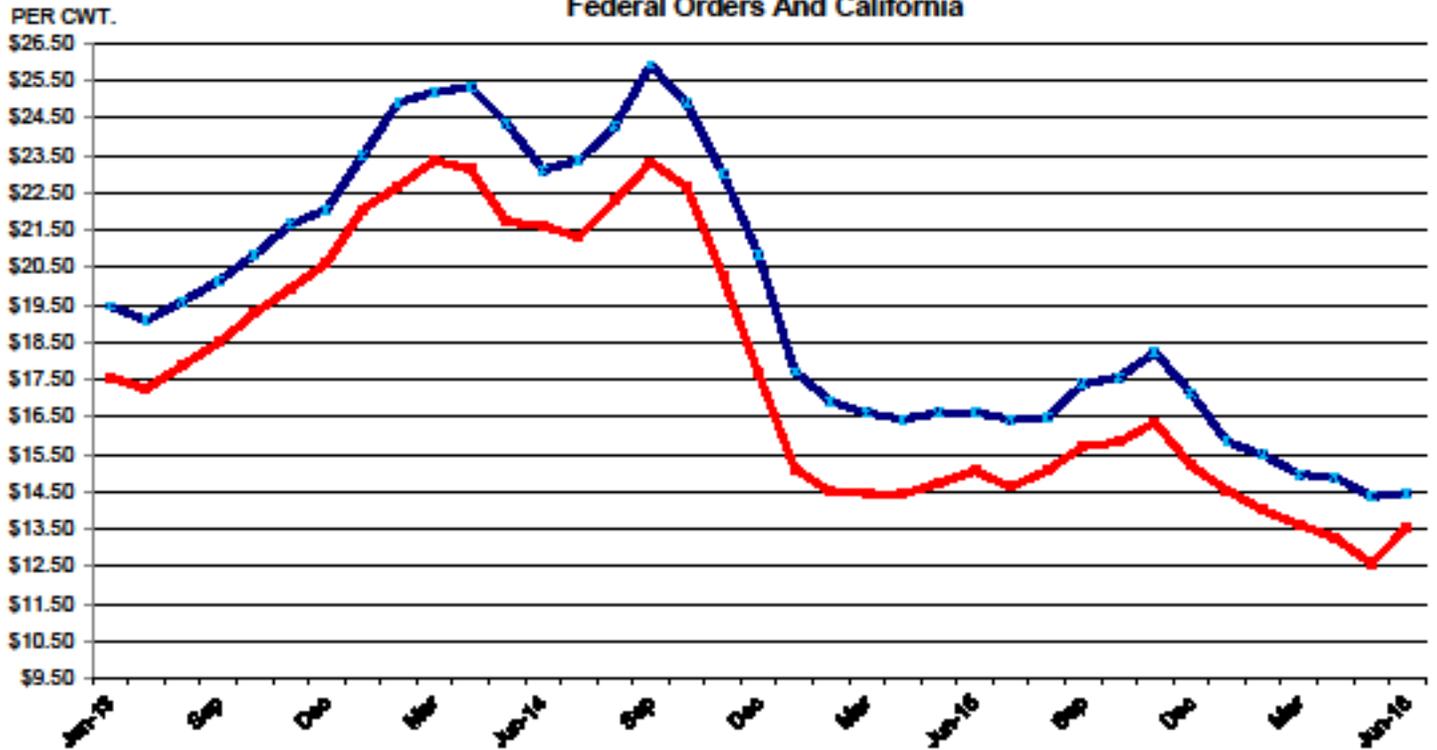
CALIFORNIA NFDM	Price	Volume	Oceania	Butter	SMP	Cheese
September 9, 2016	\$ 0.8612	9,688,100	9/16/2016	\$1.78	\$1.04	\$1.59
September 2, 2016	\$ 0.8460	10,962,954	9/2/2016	\$1.54	\$0.95	\$1.52

Cold Storage (1,000 Lb.)	9/1/2016	9/12/2016	Weekly Chng.	30-Jun-16	31-Jul-16	Monthly Chng.
Butter	27,497	25,881	-8%	328,149	333,123	2%
American Cheese	89,021	87,878	-1%	756,950	769,982	2%

MARGIN INSURANCE	ALL MILK	FEED COST	MARGIN	Insured for	Premium	Return
DAIRY (200,000 cwts/year)				\$ 8.00	\$ 1.1639	
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)
May/Jun 2016	\$ 14.65	\$ 8.89	\$ 5.7628	\$ 16.89	\$ 34,917	\$ (1,358)
Jul 2016	\$ 16.10	\$ 8.40	\$ 7.7023	\$ 16.40	\$ 34,917	\$ (30,450)
<b>Total</b>						\$ (123,789)

CHICAGO MERCANTILE EXCHANGE CASH TRADING						
PRODUCT	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	WEEKLY
	September 12	September 13	September 14	September 15	September 16	AVERAGE#
CHEESE	\$ 1.5700	\$ 1.5500	\$ 1.5275	\$ 1.5200	\$ 1.4800	\$ 1.5295
BARRELS	(-0.0350)	(-0.0200)	(-0.0225)	(-0.0075)	(-0.0475)	(-0.1049)
CHEESE	\$ 1.6500	\$ 1.6650	\$ 1.6700	\$ 1.6700	\$ 1.6500	\$ 1.6610
40# BLOCKS	(-0.0600)	(+0.0150)	(+0.0050)	(N.C.)	(-0.0200)	(-0.0465)
BUTTER	\$ 2.0325	\$ 2.0325	\$ 2.0100	\$ 2.0050	\$ 2.0000	\$ 2.0160
GRADE AA	(N.C.)	(N.C.)	(-0.0225)	(-0.0050)	(-0.0100)	(-0.0190)

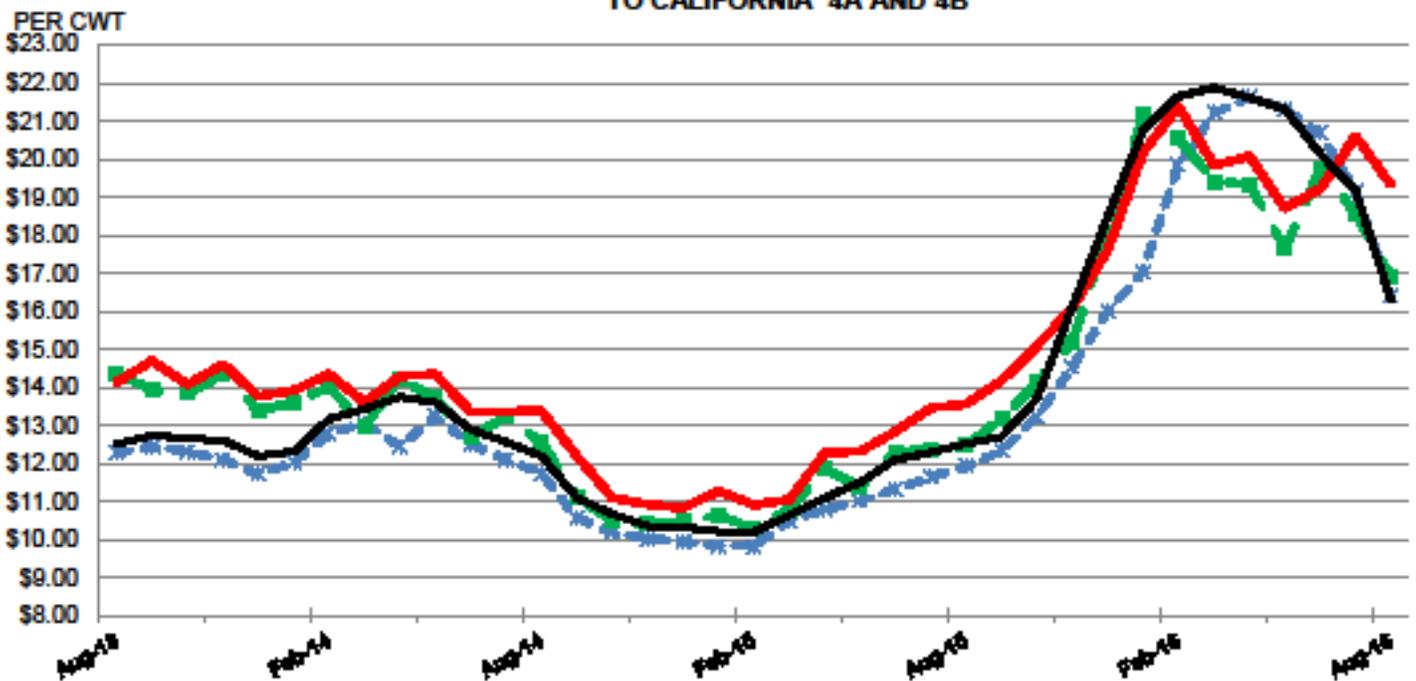
Monthly Mailbox Price Average for Federal Orders And California



DATA SOURCE: USDA, DAIRY PROGRAMS & STATE OF CALIFORNIA, CDFA; GRAPH: USDA, DMN

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FEDERAL ORDER CLASS III AND IV PRICES COMPARED TO CALIFORNIA 4A AND 4B



DATA SOURCE, USDA, DAIRY PROGRAMS &

CA 4A CA 4B F.O. CLASS III F.O. CLASS IV