

CALIFORNIA DAIRY CAMPAIGN

Dairymen working for Dairymen



July 8, 2016



325 Mitchell Ave. Turlock Ca. 95380 — Phone: 209 932-0885 Fax: 209 632 0706

Dairy Margin Protection Program – The United States Department of Agriculture (USDA) announced the margin for the Dairy Margin Protection Program (DMPP) for May totaled \$5.77. Given that milk prices remained depressed in June it is likely that DMPP payments will be made at the \$6 per cwt level for the May-June payment period. According to USDA 2016 enrollment data for California, 13 dairies signed up at the \$6.00 cwt margin, three signed up at the \$6.50 margin, one dairy signed up at the \$7.50 level and one dairy signed up at the \$8.00 level. Out of the 1137 dairies in California that enrolled in the DMPP, it is likely that just 18 dairies will receive payments under the program for the May-June payment period. In California the number of dairies that signed up at any level above the \$4 catastrophic level dropped 90 percent between 2015 and 2016.

May California Milk Production Down 2.7 Percent – Compared to May 2015, milk production in California declined 2.7 percent in May 2016. Milk production was down in five reported states including Florida, Illinois, New Mexico, Utah and Virginia and up in all other reported states. Milk production in Wisconsin increased 4.2 percent, 4.9 percent in New York, 6.9 percent in Michigan and 9.5 percent in South Dakota. Overall milk production across 23 major milk producing states was up 1.2 percent in May compared to May 2015.

California Latest Reported Mailbox Price totaled \$13.61: According to the latest available mailbox price data, California dairy producers received \$13.61 in March, the second lowest of the 23 major milk producing states reported by USDA. New Mexico was the only state with a lower mailbox price which was 13 cents lower. Given that New Mexico has a population of approximately 2 million, a significant amount of milk is shipped long distances to Texas, thereby decreasing the mailbox price dairy producers in that state receive. According to the latest CDFA report, the average cost of production in California in the first quarter of 2016 totaled \$18.44 per cwt.

National Farmers Union Fly-in to Washington, DC Set for September 11 – 14, 2016 – California Dairy Campaign and California Farmers Union members are invited to participate in the upcoming National Farmers Union Fly-In Washington, DC in September. National Farmers Union will cover the cost for first-time fly-in participants. The Annual Fall NFU Legislative Fly-In is a great opportunity to meet with lawmakers about important issues. This year top fly-in priorities will be to call on Congress to address the worsening farm economy, particularly the dairy sector, consolidation in agricultural sector and oppose the Trans Pacific Partnership (TPP).

NFU Fall Legislative Fly-In schedule: Sunday, September 11-Wednesday, September 14:

Sunday, Sept. 11: Fly-in registration

Fly-In Day 1, Monday, Sept. 12: USDA briefing; White House & Capitol Hill briefings (tentative)

Fly-In Day 2, Tuesday, Sept. 13: Capitol Hill congressional meetings; NATFARMPAC reception & Golden Triangle Award presentations

Fly-In Day 3, Wednesday, Sept. 14: Capitol Hill congressional meetings (ending at noon)

To register, contact Bertha Medina in the California Dairy Campaign office at 209-632-0885.

www.californiadairycampaign.com

CDC WEEKLY REPORT

July 8, 2016

COMMODITIES	Jun 16	Jul 16	Aug 16	COST OF PRODUCTION	
Calif. AA Butter	2.1748	2.2498	2.2340	North Valley	1st Qrt 2016
Grade B Butter	2.1233	2.1983	2.1825	COSTS — Released Quarterly	
CME Block	1.4890	1.6125	1.6300	TOTAL FEED	\$ 9.41
Calif. 40# Blocks	1.4438	1.5873	1.6048	TOTAL LABOR	\$ 1.84
Calif. NFDM	0.7577	0.7755	0.7755	HERD REPLACEMENT	\$ 2.15
Dry Whey (Avg west \$/Lb.)	0.2408	0.2608	0.2625	OPERATING COST	\$ 3.16
CA Dry Whey (\$/CWT)	0.3850	0.3850	0.3850	TOTAL MARKETING COSTS	\$ 0.51
MILK PRICES					
4a - 3.5,8.7 \$/Cwt	13.51	13.98	13.91	Total Costs	\$ 17.07
FMMO IV (\$/CWT)	13.78	14.59	14.53	Allowance ROI & ROM	\$ 1.46
4b - 3.5,8.7 \$/Cwt	13.03	14.48	14.66	Total Cost and Allowances	\$ 18.53
FMMO III (\$/CWT)	13.23	13.98	13.97	INCOME	
3 - 3.5,8.7 \$/Cwt	12.92	12.92	14.12	GROSS MILK PRICE/CWT	\$ 17.07
2 - 3.5,8.7 \$/Cwt	13.19	13.07	14.08	MAILBOX PRICE/CWT	\$ 16.98
CRP	15.35	16.78	17.24	NET INCOME/CWT	\$ (1.55)
1 - 3.5,8.7 \$/Cwt	14.35	14.87	16.30	DATA	
Q - FAT \$/lb.	2.3605	2.4487	2.4852	MILK COW HAY PRICE \$/T	\$ 267.83
Q - SNF \$/lb	0.7218	0.7932	0.8172	CONCENTRATE PRICE \$/T	\$ 260.86
Q - 3.5,8.7 \$/Cwt	14.54	15.47	15.81	CONCENTRATE lbs/cow/day	29.39
OB - FAT \$/lb.	2.3605	2.4487	2.4852	MILKERS \$/hr - incl frin&tax	\$ 16.78
OB - SNF \$/lb	0.5266	0.5982	0.6222	TOTAL LABOR (\$/hr)	\$ 17.76
OB - 3.5,8.7 \$/Cwt	12.84	13.77	14.11	MILK SOLD lbs/C/Day	75.47
BLEND @ (3.5,8.7)	13.22	14.15	14.49	FAT TEST	% 3.99
CA Usage & FO Prices	13.65	14.40	14.48	SNF TEST	% 9.01
O.B. less CA FMMO	(0.81)	(0.63)	(0.37)	Milk Cow Feed Cost: \$/CWT	\$ 8.81

CALIFORNIA NFDM	Price	Volume	Oceania	Butter	SMP	Cheese
June 24, 2016	\$ 0.7821	9,288,422	6/24/2016	\$1.26	\$0.84	\$1.29
June 17, 2016	\$ 0.7689	8,022,184	6/10/2016	\$1.24	\$0.84	\$1.27

Cold Storage (1,000 Lb.)	6/1/2016	6/20/2016	Weekly Chng.	30-Apr-16	31-May-16	Monthly Chng.
Butter	29,810	30,559	3%	295,771	324,942	10%
American Cheese	97,584	91,585	-6%	734,121	757,455	3%

MARGIN INSURANCE	ALL MILK	FEED COST	MARGIN	Insured for	Premium	Return
DAIRY (200,000 cwt/year)				\$ 8.00	\$ 1.1639	
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)
May 2016	\$ 14.50	\$ 8.73	\$ 5.7720	\$ 16.73	\$ 34,917	\$ (1,497)
Total						\$ (128,394)

CHICAGO MERCANTILE EXCHANGE CASH TRADING						
PRODUCT	MONDAY July 4	TUESDAY July 5	WEDNESDAY July 6	THURSDAY July 7	FRIDAY July 8	WEEKLY AVERAGE#
CHEESE BARRELS		\$ 1.6700 (+1.6700)	\$ 1.6700 (N.C.)	\$ 1.6900 (+0.0200)	\$ 1.7200 (+0.0500)	\$ 1.6875 (+0.0590)
CHEESE 40# BLOCKS		\$ 1.5950 (+1.5950)	\$ 1.5800 (-0.0150)	\$ 1.6000 (+0.0200)	\$ 1.6300 (+0.0500)	\$ 1.6013 (+0.0183)
BUTTER GRADE AA		\$ 2.3400 (+2.3400)	\$ 2.2825 (-0.0575)	\$ 2.2825 (N.C.)	\$ 2.2825 (N.C.)	\$ 2.2969 (-0.0371)