

# CALIFORNIA DAIRY CAMPAIGN

*Dairymen working for Dairymen*



April 22, 2016



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**March California Milk Production Down 2.4 Percent** – Compared to March 2015, milk production in California declined 2.4 percent last month. Milk production was down in five states including Florida, New Mexico, Utah and Virginia and up in all other reported states. Milk production in Wisconsin increased 5 percent, 2.4 percent in Idaho and 2 percent in Texas. During the recent CDFA hearing, CDC testified, “For far too long we have been at a great disadvantage compared to other states, and the impacts are a decline in milk production in our state and the loss of dairy farm families.” CDC pointed out that the disparity between the 4b cheese price and the equivalent federal order Class III price is a significant reason for the decline in milk production and the closure of dairies in California. CDC joined with MPC and WUD calling for an increase in the whey value in the 4b formula to align with the Class III value. *CDFA will likely issue its decision within the next six weeks.*

**Dairy Trade in the TPP:** As Congress continues to debate and consider the Trans Pacific Partnership (TPP) which would establish a free trade agreement with Australia, Brunei, Chile, Canada, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam, facts about current dairy trade are critical. Proponents of the TPP point to the benefit of increased exports, but trade data reveal the limited benefit of existing free trade agreements on dairy trade. Over the years the level of exports has indeed grown, but so has the value of imports. In 2007, 2008 and 2009, dairy exports were approximately equal to imports. Dairy export values increased to reach highs of 14% in 2013 and 2014 with imports growing to 7% of the U.S. milk production value. In 2015, exports accounted for 11% of the value of domestic milk production while imports accounted for 7%. The net benefit of dairy trade that year totaled 4% of the value of the U.S. milk market. Even supporters of the TPP have acknowledged the risks it poses for dairy producers. In testimony before the U.S. International Trade Commission, the U.S. Dairy Export Council (USDEC) urged officials to evaluate the impact of U.S. tariff elimination on milk powders and specific cheeses. USDEC, funded through the dairy check-off, is one of the organizations supporting the TPP agreement, but the issue of milk powder and cheese imports that it identified has not been addressed. Earlier in the TPP negotiations, USDEC President Tom Suber warned negotiators about a FTA with New Zealand stating, “We believe that the TPP must not be used to further enhance the market power of the 800-pound gorilla in global dairy trade.” New Zealand based Fonterra is not subject to the TPP’s provisions on state owned enterprises and monopolies. *CDC and CFU are part of a nationwide coalition that is opposed to the TPP.*

**NFU “Appalled” by Latest GIPSA Stall Attack - WASHINGTON (April 19, 2016)** – After several years of proactively limiting farmers’ basic rights and protections, Congress appeared poised to finally let the U.S. Department of Agriculture (USDA) implement a provision included in the 2008 Farm Bill to provide needed marketplace protections to contract farmers. But, the House Appropriations Committee today passed [an amendment](#) designed to further stall the long-awaited Grain Inspection and Stockyards Protection Administration (GIPSA) rule. “The idea that the House Appropriations Committee would ignore the progress we’ve made towards finalizing this important set of rules is completely appalling. Today’s action is a direct assault on family farmers and ranchers in this country,” said National Farmers Union (NFU) President Roger Johnson. “NFU will work hard to ensure that this partisan amendment never becomes law and that USDA is allowed to do its job.” The GIPSA rule would address abusive contracting and marketing practices in the highly concentrated livestock and poultry sectors – such as prohibiting retaliation for farmers who speak to USDA or with members of Congress and requiring transparency in how pay is calculated.

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# CDC WEEKLY REPORT

April 22, 2016

COMMODITIES	Mar 16	Apr 16	May 16	COST OF PRODUCTION		
Calif. AA Butter	1.9180	1.9851	1.9815	North Valley	4th Qrt 2015	
Grade B Butter	1.8845	1.9336	1.9300	COSTS — Released Quarterly		
CME Block	1.4910	1.4381	1.4225	TOTAL FEED	\$	10.05
Calif. 40# Blocks	1.4858	1.4129	1.3973	TOTAL LABOR	\$	1.98
Calif. NFDM	0.7587	0.7394	0.7328	HERD REPLACEMENT	\$	2.19
Dry Whey (Avg west \$/Lb.)	0.2500	0.2431	0.2400	OPERATING COST	\$	3.28
CA Dry Whey (\$/CWT)	0.3850	0.3850	0.3850	TOTAL MARKETING COSTS	\$	0.53
MILK PRICES						
4a - 3.5,8.7 \$/Cwt	12.43	12.55	12.48	Total Costs	\$	18.02
FMMO IV (\$/CWT)	12.75	12.66	12.75	Allowance ROI & ROM	\$	1.65
4b - 3.5,8.7 \$/Cwt	13.24	12.71	12.55	Total Cost and Allowances	\$	19.67
FMMO III (\$/CWT)	13.66	13.63	13.54	INCOME		
3 - 3.5,8.7 \$/Cwt	14.28	13.23	13.23	GROSS MILK PRICE/CWT	\$	17.07
2 - 3.5,8.7 \$/Cwt	14.42	13.54	13.37	MAILBOX PRICE/CWT	\$	16.98
CRP	15.73	15.31	15.00	NET INCOME/CWT	\$	(2.69)
1 - 3.5,8.7 \$/Cwt	15.38	15.26	14.83	DATA —————		
Q - FAT \$/lb.	2.1533	2.1778	2.1777	MILK COW HAY PRICE \$/T	\$	266.68
Q - SNF \$/lb	0.8064	0.7665	0.7473	CONCENTRATE PRICE \$/T	\$	270.09
Q - 3.5,8.7 \$/Cwt	14.55	14.29	14.12	CONCENTRATE lbs/cow/day		28.72
OB - FAT \$/lb.	2.1533	2.1778	2.1777	MILKERS \$/hr - incl frin&tax	\$	16.97
OB - SNF \$/lb	0.6114	0.5715	0.5523	TOTAL LABOR (\$/hr)	\$	17.95
OB - 3.5,8.7 \$/Cwt	12.86	12.59	12.43	MILK SOLD lbs/C/Day		71.17
BLEND @ (3.5,8.7)	13.23	12.97	12.80	FAT TEST	%	4.04
CA Usage & FO Prices	13.54	13.48	13.47	SNF TEST	%	9.08
O.B. less CA FMMO	(0.69)	(0.89)	(1.05)	Milk Cow Feed Cost: \$/CWT	\$	9.35

CALIFORNIA NFDM	Price	Volume	Oceania	Butter	SMP	Cheese
April 15, 2016	\$ 0.7328	14,494,199	4/15/2016	\$1.22	\$0.78	\$1.18
April 8, 2016	\$ 0.7404	8,093,869	4/1/2016	\$1.25	\$0.79	\$1.16

Cold Storage (1,000 Lb.)	4/1/2016	4/18/2016	Weekly Chng.	31-Jan-16	29-Feb-16	Monthly Chng.
Butter	25,316	26,180	3%	192,101	235,478	23%
American Cheese	94,825	93,513	-1%	716,374	714,888	0%

MARGIN INSURANCE	ALL MILK	FEED COST	MARGIN	Insured for	Premium	Return
DAIRY (200,000 cwt/year)				\$ 8.00	\$ 1.1639	
May/Jun 2015	\$ 16.80	\$ 8.80	\$ 7.9953	\$ 16.80	\$ 34,917	\$ (34,777)
Jul/Aug 2015	\$ 16.85	\$ 8.95	\$ 7.8951	\$ 16.85	\$ 34,917	\$ (25,770)
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)
Total						\$ (185,296)

CHICAGO MERCANTILE EXCHANGE CASH TRADING						
PRODUCT	MONDAY April 18	TUESDAY April 19	WEDNESDAY April 20	THURSDAY April 21	FRIDAY April 22	WEEKLY AVERAGE#
CHEESE BARRELS	\$ 1.4200 (+0.0100)	\$ 1.4200 (N.C.)	\$ 1.4500 (+0.0300)	\$ 1.4250 (-0.0250)	\$ 1.4250 (-0.0250)	\$ 1.4280 (+0.0060)
CHEESE 40# BLOCKS	\$ 1.4275 (N.C.)	\$ 1.4275 (N.C.)	\$ 1.4400 (+0.0125)	\$ 1.4225 (-0.0175)	\$ 1.4225 (-0.0175)	\$ 1.4280 (+0.0030)
BUTTER GRADE AA	\$ 2.0700 (N.C.)	\$ 2.0700 (N.C.)	\$ 2.0400 (-0.0300)	\$ 2.0400 (N.C.)	\$ 2.0300 (-0.0100)	\$ 2.0500 (-0.0380)