

CALIFORNIA DAIRY CAMPAIGN

Dairymen working for Dairymen



June 12, 2017



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Milk Pooling Producer Review Board update: The California Department of Food and Agriculture (USDA) issued a summary of the votes taken and discussion during the last Milk Pooling Producer Review Board meeting on May 30. The board engaged in discussion and listened to public comments on each issue before a motion was voted on. **The next Milk Pooling Producer Review Board meeting is scheduled for June 15, 2017 at the Modesto Centre Plaza, (in conjunction with the Double Tree Hotel) located at 1000 K Street, Modesto CA 95354 in the Pistache/Ginko room.** All interested parties are encouraged to attend and participate in the public comment portion of the meeting.

WHAT MILK WOULD BE ASSESSED TO GENERATE THE QUOTA PAYOUT? Motion: To assess all Grade A and Grade B milk produced in the State of California in order to generate funds for the quota payout. Motion passed 9 to 4.

HOW WOULD THE QUOTA PAYMENT BE CALCULATED? Motion: The existing fixed spread of \$0.195/pound on solids not fat (\$1.70/cwt equivalent) and the current Regional Quota Adjusters remain the same under a stand-alone quota program. Motion passed 10 to 3.

HOW WOULD PRODUCER-HANDLER, EXEMPT QUOTA BE ADMINISTERED? Motion: Exempt quota should receive the same payout as producer quota and be funded through assessments on the same grouping of milk (Grade A and Grade B) that would fund producer quota. The motion was tabled until the next meeting and the board asked for data and information from the Department to be presented at the next meeting.

DATA COLLECTION Motion: CDFA obtain the necessary information from the CA dairy industry by requiring entities to report directly to CDFA with just the specific information required to run a stand-alone quota program. Motion passed unanimously with 13 votes.

REVENUE DISTRIBUTION Motion: CDFA will use a settlement fund and require handlers to help manage the quota payout monies. Handlers would deduct the monies from their producers that would be required to pay an assessment and make a payment to their producers that would receive a quota payout. Handlers would either make a payment to a settlement fund or receive a payment from a settlement fund based on the difference between the total monies their producers would be assessed and the total monies their producers would receive in quota payments. Motion passed unanimously with 13 votes.

HOW TO FUND CDFA PROGRAM COSTS TO ADMINISTER A STAND-ALONE QUOTA PROGRAM Motion: Use the current Milk Pooling authority and assessment rate as the basis for establishing the assessment provisions to operate the stand-alone quota program. Motion passed unanimously with 13 votes. The board asked for data and information to be presented at the next meeting on the costs to run the stand-alone quota program. More information can be found on the CDFA web site at <https://www.cdfa.ca.gov/dairy/ProducerReviewBoard.html>

Upcoming CDC/CFU Meetings: Join Us for our Upcoming Farm Bill Listening Sessions
Monday, June 26, 2017

Lunch at Duarte Dairy in Elk Grove: 11711 Bruceville Road, Elk Grove, 12 noon

Dinner in Turlock Office: 5:00 p.m. in Our Turlock Office located at 325 Mitchell Avenue

Featured Speaker: Rob Larew, National Farmers Union (NFU) Senior Vice President for Government Relations who has more than 20 years of public service experience working on dairy policy, on both Capitol Hill and for the U.S. Department of Agriculture (USDA) including as the minority staff director on the House Agriculture Committee.

Plan to participate to discuss the next farm bill and future federal dairy policy.

Delicious food will be served and Friends and Family Are More than Welcome!

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CDC WEEKLY REPORT

June 10, 2017

COMMODITIES	May 17	Jun 17	Jul 17	COST OF PRODUCTION		
Calif. AA Butter	2.1832	2.4124	2.4265	North Valley		4th Qrt 2016
Grade B Butter	2.1317	2.3609	2.3750	COSTS — Released Quarterly		
CME Block	1.5963	1.6593	1.6300	TOTAL FEED	\$	8.68
Calif. 40# Blocks	1.5711	1.6341	1.6048	TOTAL LABOR	\$	1.98
Calif. NFDM	0.8598	0.8815	0.8784	HERD REPLACEMENT	\$	1.86
Dry Whey (Avg west \$/Lb.)	0.4688	0.4490	0.4450	OPERATING COST	\$	3.39
CA Dry Whey (\$/CWT)	1.3300	1.1950	1.1950	TOTAL MARKETING COSTS	\$	0.53
MILK PRICES						
4a - FAT \$/lb.	2.4236	2.6987	2.7156	Total Costs		\$ 16.44
4a - SNF \$/lb.	0.6835	0.7052	0.7021	Allowance ROI & ROM		\$ 1.41
4a - 3.5,8.7 \$/Cwt	14.43	15.58	15.61	Total Cost and Allowances		\$ 17.85
4b - FAT \$/lb.	2.4236	2.6987	2.7156	INCOME		
4b - SNF \$/lb.	0.7776	0.7281	0.6854	GROSS MILK PRICE/CWT	\$	17.42
4b - 3.5,8.7 \$/Cwt	15.25	15.76	15.47	MAILBOX PRICE/CWT	\$	17.57
3 - 3.5,8.7 \$/Cwt	15.06	14.45	14.45	NET INCOME/CWT		\$ (0.28)
2 - 3.5,8.7 \$/Cwt	15.20	14.59	14.59	DATA		
CRP	17.43	18.94	18.35	MILK COW HAY PRICE \$/T	\$	225.20
1 - 3.5,8.7 \$/Cwt	16.65	16.95	18.46	CONCENTRATE PRICE \$/T	\$	255.68
Q - FAT \$/lb.	2.3798	2.6082	2.6511	CONCENTRATE lbs/cow/day		29.31
Q - SNF \$/lb.	0.9119	0.8953	0.8775	MILKERS \$/hr - incl frin&tax	\$	17.87
Q - 3.5,8.7 \$/Cwt	16.26	16.91	16.91	TOTAL LABOR (\$/hr)	\$	19.13
OB - FAT \$/lb.	2.3798	2.6082	2.6511	MILK SOLD lbs/C/Day		73.11
OB - SNF \$/lb.	0.7169	0.7003	0.6825	FAT TEST	%	4.09
OB - 3.5,8.7 \$/Cwt	14.57	15.21	15.22	SNF TEST	%	9.10
BLEND @ (3.5,8.7)	14.94	15.59	15.59	Milk Cow Feed Cost: \$/CWT	\$	8.15
CA Usage & FO Prices	15.33	16.45	16.73	AMS Projection	2017 3rd Qrt.	2017 4th Qrt.
O.B. less CA FMMO	(0.77)	(1.24)	(1.51)	All Milk	17.15-17.75	17.80-18.70
FMMO III (\$/CWT)	15.80	16.94	16.96	Class III	16.30-16.90	16.40-17.30
FMMO IV (\$/CWT)	14.54	15.91	16.09	Class IV	14.25-14.95	13.95-14.95
CALIFORNIA NFDM	Price	Volume	Oceania	Butter	SMP	Cheese
June 2, 2017	\$ 0.8784	9,281,043	6/9/2017	\$2.59	\$0.94	\$1.79
May 28, 2017	\$ 0.8956	8,171,285	5/28/2017	\$2.37	\$0.90	\$1.65
Cold Storage (1,000 Lb.)	6/1/2017	6/5/2017	Weekly Chng.	31-Mar-17	30-Apr-17	Monthly Chng.
Butter	31,913	31,207	-2%	272,505	292,288	7%
American Cheese	100,336	100,656	0%	802,389	835,061	4%
MARGIN INSURANCE	ALL MILK	FEED COST	MARGIN	Insured for	Premium	Return
DAIRY (200,000 cwts/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/Apr 2017	\$ 16.90	\$ 7.95	\$ 8.9490	\$ 15.95	\$ 34,917	\$ (17,458)
Total						\$ (87,292)
CHICAGO MERCANTILE EXCHANGE CASH TRADING						
PRODUCT	MONDAY June 5	TUESDAY June 6	WEDNESDAY June 7	THURSDAY June 8	FRIDAY June 9	WEEKLY AVERAGE#
CHEESE BARRELS	\$ 1.4575 (-0.0325)	\$ 1.4250 (-0.0325)	\$ 1.4250 (N.C.)	\$ 1.4150 (-0.0100)	\$ 1.4150 (N.C.)	\$ 1.4275 (-0.0994)
CHEESE 40# BLOCKS	\$ 1.6650 (-0.0350)	\$ 1.6650 (N.C.)	\$ 1.6500 (-0.0150)	\$ 1.6300 (-0.0200)	\$ 1.6300 (N.C.)	\$ 1.6480 (-0.0801)
BUTTER GRADE AA	\$ 2.5150 (+0.0300)	\$ 2.5250 (+0.0100)	\$ 2.4625 (-0.0625)	\$ 2.4650 (+0.0025)	\$ 2.4750 (+0.0100)	\$ 2.4885 (+0.0722)