

Department Announces June 3, 2015 Hearing Decision

Having carefully weighed the contents of the hearing record from the June 3, 2015 milk pricing hearing, the Department has decided to amend the Class 4b pricing formula in the Stabilization and Marketing Plans for Market Milk (Plans).

The Department has decided to:

- For a period of one year, August 1, 2015 through July 31, 2016, replace the current dry whey scale in the Class 4b pricing formula with the following dry whey scale, based on dry whey:

Monthly Average Dry Whey Price (\$/lb)	Whey Factor Value (\$/cwt.)
< \$0.21	\$0.0000
≥ \$0.21 and < \$0.24	\$0.2500
≥ \$0.24 and < \$0.27	\$0.3850
≥ \$0.27 and < \$0.30	\$0.5200
≥ \$0.30 and < \$0.33	\$0.6550
≥ \$0.33 and < \$0.36	\$0.7900
≥ \$0.36 and < \$0.39	\$0.9250
≥ \$0.39 and < \$0.42	\$1.0600
≥ \$0.42 and < \$0.45	\$1.1950
≥ \$0.45 and < \$0.48	\$1.3300
≥ \$0.48 and < \$0.51	\$1.4650
≥ \$0.51 and < \$0.54	\$1.6000
≥ \$0.54 and < \$0.57	\$1.7350
≥ \$0.57 and < \$0.60	\$1.8700
≥ \$0.60	\$2.0050

Had these changes been in effect from April 2010 to March 2015, the effect of these changes would have resulted in a five-year monthly average increase of \$1.01/cwt. in the Class 4b price and \$0.46/cwt. in Quota and Overbase prices. The adjustments to the Plans will take effect August 1, 2015.

The Hearing Determinations, Panel Report, Plans and documents related to the hearing can be obtained on the Dairy Marketing home page at www.cdfa.ca.gov/dairy by clicking on [Hearing Matrix]. To access the Plans, click on [Dairy Marketing], located in the middle of the dairy home page and then on [Stabilization Plans].

Should you have any questions or desire further information, please contact Hyrum Eastman or Don Shippelhouse at (916) 900-5014.

2015-2016 Dairy Council Assessment Rates Established

The Dairy Council of California has recommended and the Department of Food and Agriculture has approved assessment rates for the Council's 2015-2016 fiscal year (July 1, 2015, through June 30, 2016). The rates are presented below. These rates are the same as last year's rates.

2015-2016 Dairy Council Assessment Rates (applicable to both producers and handlers)	
Class 1 Milk	One and fifty hundredths cents (\$0.015) per cwt.
Milk For All Other Classes	Sixty hundredths cents (\$0.006) per cwt.

The Dairy Council uses the funds generated from these assessments to carry out its mission of stimulating demand for milk by demonstrating the role of milk and dairy products as essential elements in a healthy diet. As in the past, handlers will continue to be responsible for remitting both the handler and producer assessments to the Department. Handlers shall pay the handler assessments for milk utilized in the plant of the handler. The producer assessments shall be collected by the first handler of milk produced in California by deducting any such assessments from any payment due the producer of such milk. Please call Amy Uber of the CDFA Marketing Branch at (916) 900-5018 if you have any questions about these assessment rates. If you have questions regarding the activities of the Dairy Council, please call Tammy Anderson-Wise, CEO of the Dairy Council, at (916) 263-3560.

California Minimum Class Prices

Hundredweight Prices

Class	June	July	Aug.
1 No. Calif.	\$17.47	\$18.42	\$17.66
So. Calif.	\$17.74	\$18.70	\$17.93
2 No. Calif.	\$14.06	\$14.06	N/A
So. Calif.	\$14.29	\$14.29	N/A
3	\$14.01	\$14.01	N/A
4a	\$13.65	N/A	N/A
4b	\$15.55	N/A	N/A

Quota Transfer Summary

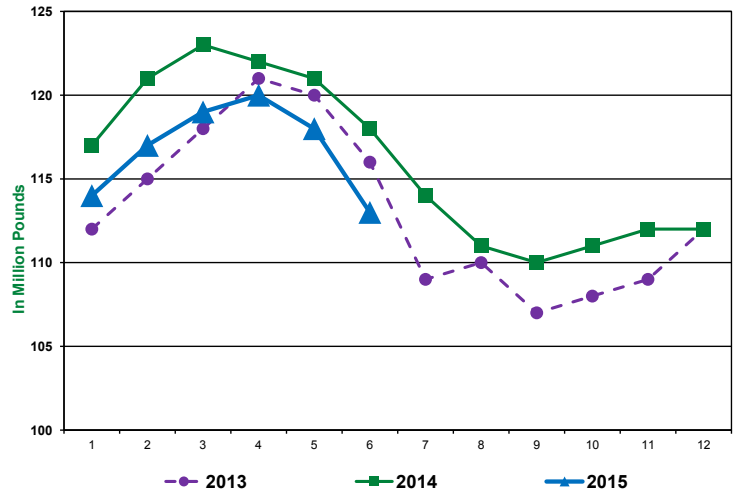
Quota Transfers	May	June	July
Number of Sellers	1	1	1
Pounds of SNF Quota Transferred	153	238	2,882
Average Price Per Pound of SNF Quota	\$525	\$525	\$525

California Pool Prices

Pool Price	April	May	June
Quota	\$15.55	\$15.94	\$16.34
Overbase	\$13.85	\$14.24	\$14.64

California Milk Production

Average Daily Basis: 2013, 2014, 2015



California Milk Production Cost Comparison, by Region, 2014-20145

Quarter	North Coast		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
<i>Dollars per Hundredweight</i>										
1st Quarter										
Total Costs	\$24.89	\$26.65	\$16.73	\$17.89	\$16.19	\$17.37	\$16.11	\$16.49	\$16.56	\$17.71
Total Costs & Allowances*	\$26.92	\$28.37	\$18.38	\$19.29	\$17.84	\$18.78	\$17.76	\$17.86	\$18.22	\$19.12

* Includes an allowance for management and a return on investment

California Alfalfa Hay Monthly Weighted Average Prices – Delivered

Week Ending	June 26, 2015		July 3, 2015		July 10, 2015		July 17, 2015	
Delivered	Tons	Price Range	Tons	Price Range	Tons	Price Range	Tons	Price Range
Tulare, Hanford Areas								
Supreme	N/A	No Sales	395	\$290-\$300	1,175	\$280-\$300	950	\$280-\$295
Premium	2,485	\$260-\$280	2,040	\$270-\$280	3,430	\$260-\$285	3,700	\$250-\$285
Good	1,175	\$220-\$250	2,025	\$215-\$245	5,550	\$210-\$240	4,405	\$200-\$235
Fair	2,275	\$185-\$205	4,965	\$180-\$203	6,105	\$170-\$185	12,125	\$165-\$183
Escalon, Modesto, Turlock Areas								
Supreme	2,225	\$280-\$300	3,275	\$285-\$312	450	\$278-\$290	550	\$273-\$295
Premium	1,235	\$270-\$280	955	\$260-\$273	400	\$258-\$275	675	\$260-\$275
Good	1,425	\$220-\$250	650	\$220	1,050	\$220-\$235	1,025	\$210-\$238
Fair	1,900	\$180-\$210	3,175	\$185-\$190	1,500	\$175-\$185	4,250	\$175-\$190

Source: The Hoyt Report, Inc.

Federal Order Minimum Class Prices

Hundredweight Prices

Class I	June	July	Aug.
Phoenix, Arizona	\$18.49	\$18.88	\$18.63
Portland, Oregon	\$18.04	\$18.43	\$18.18
Boston (Northeast)	\$19.39	\$19.78	\$19.53
Class III	\$16.72	N/A	N/A

USDA Dairy Cow Culling Activity

Week Ending	Region 9 ¹ Dairy Cows	U.S. Dairy Cows	West Region ² Price Range
	Head	Head	\$/cwt.
6/13/15	12,900	49,000	\$85-\$94
6/20/15	12,600	50,400	\$96-\$102
6/27/15	12,800	50,500	\$93-\$97
7/03/15	12,400	48,500	\$80-\$104

¹ Region 9 includes AZ, CA, HI and NV

² West region includes AZ, NV, UT, CA, ID, OR and WA

Source: USDA Market News: Report LM_CT168 and SJ_LS714

USDA Commercial Cold Storage Report

Month	Butter		American Cheese		Nonfat Dry Milk	
	2014	2015	2014	2015	2014	2015
	In Million Pounds					
January	144	149	631	634	149	240
February	172	178	629	643	181	241
March	180	184	639	632	215	251
April	174	232	649	644	240	248
May	209	264	656	669	221	261
June	186	255	655	685	229	N/A
July	170		660		250	
August	165		662		243	
September	146		631		178	
October	139		623		195	
November	101		635		222	
December	104		628		241	

Source: USDA, Farm Services Agency, NASS Cold Storage and Dairy Products.
(As published in the Dairy Market News)

USDA Milk-Feed Price Ratio

USDA reports that the milk-feed price ratio for May 2015 was 1.96 (up from 1.95 in April 2015). The current ratio of 1.96 means that a dairy producer can buy 1.96 pounds of feed for every pound of milk sold. The prices used to calculate the May 2015 milk-feed price ratio were: corn \$3.62/bushel; soybeans \$9.60/bushel; alfalfa hay \$192/ton; all-milk price \$16.70/cwt. (increased from \$16.50 in April 2015).

Prices used to calculate the milk-feed price ratio are based on U.S. prices and don't necessarily reflect California prices.

National Dairy Situation & Outlook USDA Estimates

Milk Production

Monthly: USDA estimates overall milk production across the U.S. increased 0.7% in June 2015, compared to June 2014. USDA reports that California milk production decreased 4.3% compared to June 2014 (with 1,000 less cows and 45 less pounds of milk per cow). Among other western states, compared to June 2014, Arizona was up 2.0%; New Mexico was down 4.5%; and Washington was down 0.4%. Four of the top 10 milk producing states reported a production decrease. The largest increase was reported by South Dakota at 12.0% growth in milk production (on 9,000 more cows and 45 more pounds of milk per cow).

Quarterly: For the second quarter of 2015 compared to the first quarter of 2015, U.S. milk cow numbers increased to 9.310 million head, milk production per cow increased to 5,760 pounds; the net effect was a increase in milk production to 53.6 billion pounds. USDA projects that for the third quarter of 2015 compared to the second quarter of 2015, milk cow numbers will increase to 9.315 million head, production per cow will decrease to 5,550 pounds; the net effect would be a decrease in milk production to 51.7 billion pounds.

Milk Prices

Comparing the second quarter of 2015 to the first quarter of 2015, U.S. average all-milk prices decreased to \$16.50/cwt. USDA projects that for the third quarter of 2015, U.S. average all-milk prices will be \$17.15-\$17.55/cwt.; Class III prices will be \$16.25-\$16.65/cwt.; and Class IV prices will be \$13.65-\$14.15/cwt.

Utility Cow Prices

Comparing the second quarter of 2015 to the first quarter of 2015, average U.S. utility cow prices were up \$1.89/cwt. to a national average of \$109.50/cwt. USDA projects that utility cow prices will average \$106-\$112/cwt. in the third quarter of 2015.

Top Ten Milk Production States - June 2015

(Percent Change from Same Month/Previous Year)

1. California	-4.3%	6. Texas	-2.1%
2. Wisconsin	+3.4%	7. Michigan	+7.2%
3. Idaho	+1.0%	8. Minnesota	+4.2%
4. New York	+2.9%	9. New Mexico	-4.5%
5. Pennsylvania	+3.1%	10. Washington	-0.4%


Information from the USDA-NASS publication "Milk Production" and the USDA-ERS publication: "Livestock, Dairy, and Poultry Outlook."

Milk Mailbox Prices in Dollars per Hundredweight - 2015

2015 Mailbox Milk Prices

Reporting Areas	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Dollars Per Hundredweight												
California	\$15.11	\$14.49	\$14.45	\$14.43								
New England States	\$19.33	\$18.44	\$18.08	\$17.97								
New York	\$18.01	\$17.05	\$16.67	\$16.55								
Eastern Pennsylvania	\$17.85	\$17.03	\$16.56	\$16.41								
Appalachian States	\$19.09	\$17.94	\$16.91	\$16.60								
Southeast States	\$19.81	\$18.29	\$17.06	\$16.74								
Southern Missouri	\$18.39	\$17.72	\$16.79	\$16.05								
Florida	\$21.33	\$19.55	\$17.98	\$17.75								
Western Pennsylvania	\$17.98	\$17.10	\$16.73	\$16.72								
Ohio	\$18.19	\$17.33	\$16.85	\$16.79								
Indiana	\$17.31	\$16.43	\$15.89	\$16.08								
Michigan	\$16.89	\$16.03	\$15.56	\$15.58								
Wisconsin	\$18.18	\$17.58	\$17.46	\$17.51								
Minnesota	\$18.03	\$17.41	\$17.32	\$17.36								
Iowa	\$17.58	\$17.11	\$16.74	\$16.65								
Illinois	\$17.74	\$17.28	\$17.01	\$16.85								
Corn Belt States	\$16.55	\$16.01	\$15.63	\$15.58								
Western Texas	\$16.38	\$15.78	\$15.47	\$15.49								
New Mexico	\$15.19	\$14.84	\$14.51	\$14.39								
Northwest States	\$16.79	\$15.39	\$16.65	\$15.69								
All Federal Order Areas	\$17.71	\$16.91	\$16.60	\$16.45								

California mailbox price calculated by CDFA Dairy Marketing Branch
All federal milk market order weighted average, as calculated by USDA.

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California Department of Food and Agriculture
Karen Ross, Secretary

Dairy Marketing Branch
1220 N Street
Sacramento, CA 95814

The California Department of Food and Agriculture Dairy Marketing Branch publishes the California Dairy Review monthly. Please direct any comments or subscription requests to Karen Dapper or Lu Tang at (916) 900-5014, or send an email to dairy@cdffa.ca.gov

Dairy Marketing Branch:
Phone (916) 900-5014; Fax (916) 900-5341
Website: www.cdffa.ca.gov/dairy
Email: dairy@cdffa.ca.gov