



Weekly Update

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Butter

1 sale, 4 bids unfilled, 3 offers uncovered. The CME cash butter price gained 2.5 cents for the week. The cash market continues steady and firm at price levels not seen since the fall of 2004. Producers are often churning for near term needs resulting in lower than desired inventories for the season. Firm cream pricing is causing some butter producers to sell a portion of their cream versus churning. Many producers speculate that butterfat will remain competitive and prices will be firm for the balance of the summer and much of the fall. Retailers indicate that as shelf prices rise, retail sales slow. In Europe since June 1, a total of 20,000 MT of butter have been sold back to the trade from intervention stocks, helping to ease a tight situation there.

Cheese

6 sales, 3 bids unfilled, 1 offer uncovered. Blocks gained 2.75 cents this week, following gains of 4.75 cents last week, continuing to set new 2010 highs. Cheese production is lower at many locations as summer heat reduces milk receipts and components, reducing current cheese available for sale. Interest is stronger where buyers take advantage of monthly pricing and steady to lower from buyers using the weekly prices. According to FAS, quota cheese imports for the Jan-Jun 2010 period were down 35.7% from the 2009 period.

Milk Production

California milk production is trending lower on a weekly basis due to hot and humid conditions. In pockets where temperatures have moderated, so has the milk flow. Plant capacity is more than adequate to handle supply.

Dry Products

Nonfat dry milk prices are lower and the market tone remains weak with concerns about the slow pace of sales as well as accumulated stocks. Buyers have become less willing to make purchases and are often waiting for better prices before filling in needs. Export sales are limited and price sensitive.

Source: USDA Dairy Market News

Weekly Update delivery options

Send change of address or request for Update delivery to Western United Dairyfarmers by phone or fax, or email to info@westernuniteddairyfarmers.com.

Commodity Markets: CME – California Plants

Average	AA Butter	NFDM	40# Blocks	Barrels	Dry Whey
May	\$1.5947	\$1.0936	\$1.4231	\$1.4039	\$0.3972
June	\$1.6139	\$1.2345	\$1.4065	\$1.3735	\$0.3915
July	\$1.7643	\$1.2328	\$1.5189	\$1.4842	\$0.3863
Jul 23	\$1.8000	\$1.1909	\$1.6025	\$1.5600	\$0.3863
Week to date	↑ 2½ cents	↓ 4 ²¹ / ₁₀₀ cents	↑ 2¾ cents	↑ 3½ cents	Unchanged

Estimated Producer CWT. Prices

Month	Class 1	4a	4b	Overbase	Quota
May	\$15.52	\$13.95	\$12.40	\$12.95	\$14.65
June	\$15.83	\$15.26	\$12.23	\$13.47	\$15.17
July	\$17.30	\$15.87	\$13.37	\$14.39	\$16.09

Veto of overtime bill urged by WUD

Western United Dairyfarmers members are being asked to contact Gov. Schwarzenegger to urge him to veto legislation that would remove the agricultural overtime exemptions for the state's farm laborers, including dairy employees. SB1121 would give California's farm workers something that farm workers in no other state receive: overtime pay for more than 8 hours worked in a day or 40 hours in a week.

SB1121 reached the governor's desk on July 20. Schwarzenegger has 12 days from that date to take action. WUD Director of Government Relations Gary Conover said it is important for California dairy families to provide a personal perspective on how the law would affect their farm. "Personalized appeals are very effective on issues such as these," said Conover. "Messages should be short and concise and it should describe the very real impact this bill would have on a family's dairy operation if it were signed into law." To submit a comment, go to the California Farm Bureau website at <http://capwiz.com/cfbf/issues/alert/?alertid=15261431>.

Democrats pull the plug on cap and trade legislation

Senate Democrats on Thursday abandoned plans to pass an energy bill that caps emissions of carbon dioxide, saying Republicans refuse to support the measure. Senate Majority Leader Harry Reid (D-Nevada) said no Republican was willing to back a comprehensive energy bill, a development he called "terribly disappointing."

Democrats have been trying for more than a year to pass a plan that charges utilities for carbon emissions. They have also abandoned a compromise plan to limit emissions from utilities only. That bill also failed to attract the 60 votes needed to advance in the 100-member Senate. Reid and other Democrats said they would focus on a narrower bill that responds to the oil spill in the Gulf of Mexico and improves energy efficiency.

"We've always known from day one that to pass comprehensive energy reform, you've got to have 60 votes," said Sen. John Kerry (D-Massachusetts), the bill's lead sponsor. "As we stand here today we don't have one Republican vote."

July 26 deadline for Central Valley water quality projects

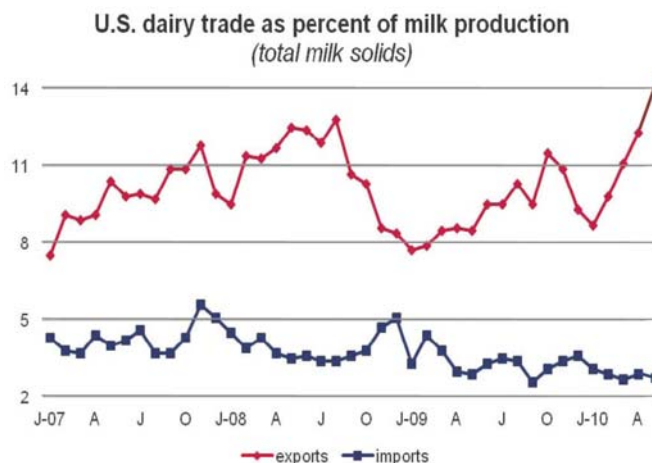
Monday is the last day to apply for funding under a new \$1 million Agricultural Water Enhancement Program (AWEP) partnership between Western United Dairyfarmers and the USDA Natural Resources Conservation Service (NRCS). The two-year project proposed by Western United Dairyfarmers is intended to improve water quality and quantity on dairy farms throughout the Central Valley and it will help dairies meet WDR requirements. For more information on the project goals and boundaries, contact your local NRCS field office or call Western United Dairyfarmers at (209) 527-6453.

Bright note as U.S. dairy exports rebound in first half of year

A positive trend is appearing on the national level as U.S. dairy exports rebounded significantly in the first five months of the year, with all major categories showing positive gains compared to year-ago levels. Notably, whey protein exports set a new record in May and cheese has posted a record for the second consecutive month. Nonfat dry milk/skim milk powder export volumes were the highest since June 2008.

For the month of May, dairy product exports were equivalent to 14.7% of the total U.S. milk solids produced that month. This means that milk equivalent of the volume produced by about 1.3 million U.S. cows was sold on the world market. This significant export volume is helping move a lot of dairy products out of California.

On a product basis, the volume exported in May represented 34% of the nonfat dry milk/skim milk powder produced, 3.3% of the cheese, 6.1% of the butter, 66% of the whey proteins and 62% of lactose. For a state that manufactures large amounts of dairy products and has low Class 1 utilization like California, these numbers are very significant. According to the latest estimates from the USDA Economic Research Service (ERS), the down year for exports in 2009 resulted in significantly lower sales values for the leading dairy export states. California alone saw the value of exports decline from \$838.5 million in 2008 to \$458.3 million in 2009, a decline of \$380 million or 45%.



Source: U.S. Dairy Export Council, National Milk Producers Federation

1.3 mil | **14.7%**

In May, exports were equivalent to the milk volume from about 1.3 million cows.

In May, U.S. dairy exports were equivalent to 14.7% of U.S. milk production.

USDA announces DEIP allocations for 2010-11

The U.S. Department of Agriculture has announced new one-year allocations under the Dairy Export Incentive Program (DEIP) for the year beginning July 2010 and ending June 2011. DEIP allocations of 68,201 metric tons of nonfat dry milk, 21,097 tons of butterfat, and 3,030 tons of various cheeses may be made available through Invitations for Offers. The allocations correspond to total World Trade Organization limits for this year's program. Because of current domestic and international market conditions, invitations will not immediately be made available. USDA will continue to monitor market conditions closely to determine when invitations on these allocations may be issued.

Livestock Gross Margin-Dairy Insurance Workshops Aug. 11-13

Livestock Gross Margin-Dairy Insurance is a program new to California that allows producers to manage price risk on both feed and milk prices, and is flexible and relatively low-cost. Workshops targeted toward producers, dairy and feed supply co-ops, insurance providers, lenders, and agricultural agencies have been scheduled to explain the program. The California Center for Cooperative Development is conducting three single-day educational workshops taught by Dr. Brian W. Gould of the University of Wisconsin.

The workshop registration deadline is August 6 and fees for each are \$20. A wireless-enabled laptop is required and can be rented for \$25 upon registration (each laptop will be shared by two people). Scholarships are available upon request. The workshops will include lunch and a hands-on session on how to optimize LGM-D contracts. Attendees may register online at www.cccd.coop/events/LGMDairy, or contact CCCD at (530) 297-1032 or email to info@cccd.coop for inquiries about the sessions.

All workshops will be from 10:00 a.m. to 2:00 p.m. at the following locations:

- **Petaluma** on Wednesday, August 11 at the Petaluma Community Center, Conference Room 2, 320 N. McDowell Blvd
- **Modesto** on Thursday, August 12, Stanislaus County Ag Center, Harvest Hall, 3800 Cornucopia Way
- **Tulare** on Friday, August 13 at the Tulare Ag Center conference dining room, 4450 S Laspina Street

Monthly USDA Cold Storage Report

June 2010 Report	% change from		
Products (1,000 pounds)	Jun 2010	Jun 2009	May 2010
Butter	197,892	-25%	-7%
Total Cheese	1,026,602	+4%	+1%
American Cheese	628,369	+4%	+2%

Cal Poly Symposium examines pricing issues

Cal Poly Dairy Science and the Dairy Farm Advisory Team are hosting the 3rd Annual Cal Poly Fall Dairy Producer Symposium, "Future of Milk Price," and the first Symposium sale. The event will be at the university and the Embassy Suites Hotel in San Luis Obispo on the weekend of October 15-16. The symposium will focus on milk pricing and examine the many proposals that are being considered to address current economics. Panelists will include industry and academic experts considering how milk prices became so volatile and what has been proposed to fix this difficult problem. More information is available at <http://www.calpoly.edu/~dsci/>.

Heat illness takes center stage in California

By Anthony P. Raimondo



The first serious statewide heat wave of 2010 has hit California, and Cal-OSHA is already investigating the deaths of five workers that occurred since June as potential heat illness deaths. These workplace fatalities will only serve to keep the political pressure surrounding heat illness regulations intense, and will keep the focus on employers in agriculture and construction. Four workers whose deaths are under investigation were farm workers, the other was a construction worker.

Two deaths occurred on July 14, when temperatures hit 97 degrees. One of the workers, Rodolfo Ceballos Carrillo, 54, collapsed while loading boxes of table grapes onto trucks at Sunview Vineyards in Kern County. In July 2008, Abdon Felix, another worker for Sunview Vineyards, died after performing the same job, and his cause of death was confirmed as heat stress. Sunview was not found in violation of the regulations in connection with the 2008 death. Sunview representatives have stated that they believe Ceballos Carrillo had other health issues and that his death was not due to heat exposure. Autopsy reports are pending, and no cause of death has been confirmed. Cal/OSHA has initiated an investigation.

On the day Ceballos Carrillo died, state legislators held a Capitol hearing on whether the state's heat illness regulation is stringent enough to protect workers from injury and death. Labor advocates have claimed that the regulation is inadequate, and have accused Cal/OSHA of failing to effectively enforce the rules. Cal/OSHA has openly stated that heat illness is a special priority, and that attention has been paid to ensuring compliance. Governor Schwarzenegger issued a statement on July 16 to "remind outdoor workers and those that employ them of California's stringent regulations to prevent heat illness." Cal-OSHA has conducted about 1,340 work-site inspections to check for heat-safety violations, and has found 316 this year. Five companies have been shut down and reopened after addressing violations.

Agricultural and construction employers must be prepared for inspections to continue, and must have a heat illness prevention plan in place. Agricultural employers must be sure that there is an adequate method for providing instructions for emergency responders to respond to the worksite. When heat waves are predicted, employers should undertake refresher training, and should remind workers to watch out for each other and report any sign of heat illness. Vigilance with regard to compliance must become the norm as inspectors look closely for evidence of violations.

The goal of this article is to provide employers with current labor and employment law information. The contents should not be interpreted or construed as legal advice or opinion. For individual responses to questions or concerns regarding any given situation, the reader should consult with Anthony Raimondo at McCormick Barstow LLP in Fresno, at (559)433-1300.

Union organizing activity resumes in Tulare County

Western United Dairymen's labor counsel Anthony Raimondo reports that United Food and Commercial Workers Local 5 has resumed union organizing in the dairy industry after a quiet winter. In the last year, the union suffered some humbling losses in the dairy industry, and the winter was a quiet one for union activity at dairies. However, recently organizing activity has picked up at dairies in Tulare County. Employers should remind herdsmen and supervisors that they should give any paperwork received from the Agricultural Labor Relations Board to the dairy owner immediately. For questions or assistance with union organizing, contact WUD legal counsel Anthony Raimondo at (559) 433-1300.

U.S. moves closer to making food aid ingredient sales a reality

The U.S. dairy industry is a step closer to making food aid ingredient sales a commercial reality according to the U.S. Dairy Export Council (USDEC). On July 7, the office of Food for Peace approved USDEC's application for whey protein concentrate 34 and 80 (WPC34 and WPC80) to be used in programs administered by the United States Agency for International Development (USAID). Once the specs are finalized and remaining details resolved, both whey protein concentrates will be included in the list of ingredients that implementing partners, such as private voluntary organizations, can purchase using USAID Food for Peace funds. "This approval is one of the early steps in establishing a new, sustainable commercial channel for U.S. dairy ingredients, which was ushered in by the World Health Organization's 2008 food aid protein consumption recommendations," says Véronique Lagrange, USDEC vice president, strategic research & insights. USDEC presented the evidence to a Food for Peace technical review panel earlier this year. Based on the application, the panel granted preliminary approval of WPC34 and WPC80 for use on food aid products. USDEC still needs to provide additional documents and complete other work to conclude the process. "It could still be some time before final approval, but we do not anticipate any problems in establishing specs and supplying Food for Peace with other information they requested. We are working with our members to provide that input," says Lagrange.

Water board sets Aug. 3-4 meetings on dairy digester EIR

The Central Valley Regional Water Quality Control Board has released a draft EIR for a waste discharge regulatory program for dairy manure digester and co-digester facilities. The 45-day public review and comment period for the draft EIR is from July 8, 2010 to August 23, 2010. During the review period the Central Valley Water Board will hold two public meetings to receive comments. The first public meeting will be held on August 3 from 6:30 p.m. to 8 p.m. at the Central Valley Water Board's Fresno office, 1685 E Street, Fresno. The second meeting will be held on August 4 from 6:30 p.m. to 8:00 p.m. in the board room of the Central Valley Water Board's Rancho Cordova office, located at 11020 Sun Center Drive, Rancho Cordova. The draft Program EIR can be downloaded from the Central Valley Water Board website at www.wateboards.ca.gov.

Animal care workshops Aug. 18-19 in Chino

Two workshops designed to introduce dairy producers to a new animal care and well being initiative will be held on August 18 and August 19 in Chino. The National Dairy Farmers Assuring Responsible Management (FARM) workshops will be conducted by the California Dairy Quality Assurance Program. The first workshop, on August 18, will provide an introduction to FARM and cover such topics as calf care issues and the care and movement of special needs animals. On August 19, the second session will discuss performance-based monitoring for dairy well being and review what to expect during a FARM evaluation. Workshops will offer practical information on animal care and employee training and provide sample plans for euthanasia, handling of non-ambulatory animals, and other standard operating procedures. The workshops are free of charge on a first-come, first-served basis. Reservations are not required. Producers are encouraged to attend both workshops. The August 18 workshop runs from 1 pm to 4 p.m. and the August 19 session runs from 9 a.m. to noon. Both workshops will be held at Brinderson Hall on the Chino Fairgrounds, 5410 Edison Avenue, Chino.

Bay Area air district promotes aid for ag engine replacement

The Bay Area Air Quality Management District is reminding dairy producers and other area farmers that funding is available to aid in the replacement of agricultural engines that do not meet current air quality standards. The funds, available through the Carl Moyer program, are for engines that meet the following criteria: 1) stationary, portable and mobile diesel agricultural engines and equipment that are 25 hp and greater; and 2) used in growing or harvesting of crops from soil or raising plants, fowl, or animals. Replace your old stationary or portable engine and get up to 85% toward the cost of a cleaner engine or electric motor. Of special note, this is the last year that funding will be available for pre-1997 model year diesel engines that are in the range of 100 hp to 750 hp. More information is available by calling Stacy Shull of the air district at (415) 749-4955.

'Cow Wash' massage increases production, says farm supplier

Cows that are massaged in a "cow wash" device will produce more milk, said DeLaval, the Swedish dairy farm supplier behind the device. The product, which is fitted to milking barns, is already used in 30,000 dairy farms across Sweden. "The swinging cow brush is a self-grooming device that keeps cows happier, healthier and more productive," said a DeLaval spokesman. The brush starts to rotate on contact at an animal-friendly speed. It swings freely in all directions, smoothly up, over and alongside the cow. A study by New York's Cornell University last year also found that brushing cows resulted in better health due to an increase in blood circulation. It concluded that cows using the DeLaval machine were 34% less likely to suffer from clinical mastitis. ❖

California June production up 3.5%

Source: USDA Dairy Market News

Milk production in 23 major states

Arizona	+4.4	Indiana	+4.2	New Mexico	+0.9	Utah	+4.1
California	+3.5	Iowa	+1.4	New York	+0.2	Vermont	+1.9
Colorado	-2.9	Kansas	+1.0	Ohio	+3.2	Virginia	+0.0
Florida	+1.1	Michigan	+4.7	Oregon	+4.2	Washington	+4.7
Idaho	+3.5	Minnesota	+2.1	Pennsylvania	+1.1	Wisconsin	+5.1
Illinois	+1.9	Missouri	-5.4	Texas	-0.5		

Major 23 state milk production for June 2010 2.7% HIGHER than June 2009

- ◆ Major 23 states production per cow was up 67 pounds from June 2009
- ◆ Major 23 states milk cows were down 87,000 head from June 2009, and up 10,000 from May 2010

WDR reports and activities

First of the month	Photograph freeboard in each pond.
Monthly (Jun-Sep)	Visually inspect production and waste storage areas, including ponds.
Ongoing	These actions should occur as described: <ul style="list-style-type: none"> • Record visual inspections, with value and date for each process wastewater application. • Record weight /moisture of solid manure applications and exports. • Record volume of lagoon water applied to each field. • Record yield information for each harvested crop. • Sample manure, lagoon water, plant tissue for lab analysis.

Hay & Grain Report

Hay Grades	Tons	Wtd Avg
Petaluma – Delivered:		
Good	175	146.43
Fair	100	125.00
Modesto – Delivered:		
Supreme	700	197.50
Premium	2,050	178.54
Good	1,300	153.27
Fair	650	117.77
Northern Mountain – FOB:		
Supreme (organic)	575	170.00
Premium (organic)	225	158.89
Premium	3,575	149.71
Good	100	120.00
Fair	100	80.00
Tracy – FOB:		
Premium	150	147.50
Good	750	130.00
Fair	525	119.52
Sacramento Valley – FOB:		
Supreme	250	155.00
Premium	3,155	135.81
Good	733	127.05
Fair	1,640	83.11
South Valley – Delivered:		
Supreme	725	192.69
Premium	300	167.50
Good	800	145.31
Fair	1,900	125.79
Dos Palos – FOB:		
Supreme	620	167.02
Premium	4,010	149.49
Good	8,335	121.94
Fair	3,100	97.58
Firebaugh – FOB:		
Supreme	150	160.00
Premium	200	142.50
Good	2,625	113.90
Fair	7,600	107.24
Corcoran – FOB:		
Premium	500	150.00
Good	150	125.00
Fair	100	120.00
Kern County – FOB:		
Premium	125	147.00
Good	200	118.00
Fair	8,500	108.53
South State – Delivered:		
Supreme	175	190.00
Fair	1,000	127.50
Parker – FOB:		
Good	300	110.00
Fair	1,200	92.50
Imperial Valley – FOB:		
Fair	9,400	100.64

Grains

Soybean Meal, 47½ %:	
Chino	344.50 – 357.50
USDA Market News 7/23/2010	