



Weekly Update

1315 K STREET
 MODESTO, CA 95354-0917
 TELEPHONE (209) 527-6453
 FAX (209) 527-0630
 www.westernuniteddairymen.com

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Butter

During the week, the CME cash butter prices dipped to the lowest level (\$1.3000) since October 2009, but firmed to \$1.3200 by weeks' end. Many butter producers are stating that cream offerings are surpassing their capacity. Current churning is generating butter stocks that are outpacing demand, thus clearances to inventory are occurring. In many instances, butter producers are generating bulk versus print, especially if they know the end location at this time is inventory. Demand is fair at best.

Cheese

Production levels remain high as milk looks to find a home away from Class IV production. Discounts are being offered to prompt cheese plants to take on extra milk. Cheese plants are cautious without the discounts to build inventories. Domestic sales are moderate as some buyers are waiting to see if prices will go lower before committing to added purchases. Export sales remain above year ago aided in part by CWT assistance. Cash trading at the CME Group this week has been mostly lower, but firmed slightly by weeks' end with the bulk of the activity taking place in barrels.

Fluid Milk

Manufacturing milk supplies remain heavy. Class I demand is steady. Active yogurt production is adding to the cream supply and contracted cream deliveries are at increase volumes. Spot milk availability in the region declined while sales into ice cream and ice cream mix facilities increased. Milk production in California remains uneven. Areas in northern California are seeing milk production move higher, while other areas are generally flat to occasionally lower.

Dry Products

Western low/medium heat NDM milk prices moved lower on light trading, with a weak undertone. Central dry buttermilk prices are unchanged to lower. In the west, dry buttermilk prices trend lower and the market tone remains weak in light trading.

Source: USDA Dairy Market News

Weekly Update delivery options

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

Commodity Markets: CME – California Plants

Average	AA Butter	NFDM	40# Blocks	Barrels	Dry Whey
March	\$1.4734	\$1.3292	\$1.5200	\$1.5239	\$0.5431
Apr	\$1.4403	\$1.2895	\$1.4969	\$1.4575	\$0.5153
May	\$1.3302	\$1.2416	\$1.5208	\$1.4544	\$0.4963
May 11	\$1.3200	\$1.2531	\$1.5000	\$1.4500	\$0.4963
Week to date	↑1.00 cent	↑1.89 cents	↓3.50 cents	↓2.00 cents	No Change

Estimated* Producer CWT. Prices

Month	Class 1	4a	4b	Overbase	Quota
March	\$17.76	\$15.33	\$13.67	\$14.58	\$16.28
Apr	\$17.36	\$14.72	\$13.43	<i>\$14.13</i>	<i>\$15.83</i>
May	\$17.09	<i>\$13.96</i>	<i>\$13.62</i>	<i>\$13.89</i>	<i>\$15.59</i>

* Actual announced prices are in **BOLD**, estimates are in *Italics*



What's up and what's not – your weekly market update

By Annie AcMoody, MS, Director of Economic Analysis

Dairy prices certainly won't have you jumping for joy as I'm recapping the last five weeks of price activity. Butter, nonfat dry milk and dry whey went downhill. But in the midst of declines, cheese at least offered some price stability. Starting at \$1.49/lb the first trading day of April, it averaged \$1.5079/lb since then and closed today at \$1.50/lb. While not overly exciting, this compares very closely to the April five-year average of \$1.51/lb. Since September 2011, American cheese stocks had been declining each month compared to the previous year, but March 2012 data showed a reversal of trend, with stocks up 2% year-over-year. This is not very surprising with cheese production up the last few months and demand not quite keeping pace. At least cheese exports have been constant or better, with February about even with last year (adjusting for leap year) and March up a welcomed 12%. March volume, at 25,087 metric tons, marked a new record for cheese exports (see chart). Unfortunately, globally the cheese picture is a bit dreary. Survey prices out of Oceania indicate a low end of the range at \$1.45/lb, about a dime lower than a month ago. On the plus side, DMN is reporting that for the time being prices are holding steady. Stability was not the case at the latest globalDairyTrade (gDT), where the price dropped even more rapidly, going from \$1.53/lb at the first auction of April, to \$1.33/lb at the latest auction on May 1st.

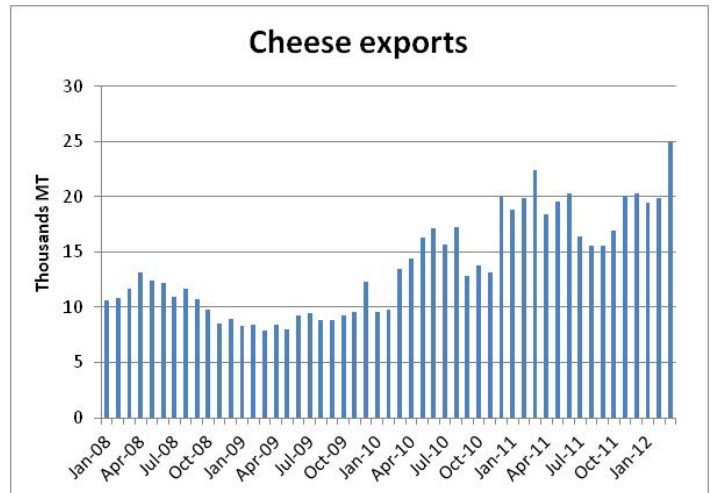
Starting at \$1.4550/lb at the beginning of April, butter prices seemed to come down about as fast as the hours of sleep I can get at night these days. Averaging \$1.3848/lb since then, it closed at \$1.32/lb today. Trading the last few weeks seems to indicate buyers were waiting for prices to fall low enough before reactivating purchasing interest. Going all the way down to \$1.30/lb on Tuesday and Wednesday, it was the lowest price since October 2009. An unfilled bid to buy pushed the price a quarter of a penny up Thursday, marking the first upward movement since March 19. The week closed on another positive movement (+1.75 cents) at \$1.32/lb. Production in March was up 6% from last year, and with demand not keeping up, inventories remain elevated (+46% in March according to USDA's *Cold Storage* data). Even trade was not contributing, with butter exports in February and March down 44% and 30% respectively from last year. Global prices were headed the same direction as the CME, with survey prices in Europe dropping 33 cents in the last month, down to \$1.42/lb. Perhaps the most depressing price came out of the gDT, with anhydrous milkfat dropping to the lowest level since trading began in 2009, resulting in a price of \$1.05/lb in 80% butter-equivalent terms.

A lot of powder has been moving in the last few weeks, and with large volumes came lower prices. The weighted average of the last five weeks stands at \$1.2648/lb. The latest weekly price, \$1.2531/lb, was achieved on sales of nearly 15 million pounds – clearly above average, but lower than the previous two weeks that came in at 22 and 23 million (Continued on page 2)

(Continued from page 1) pounds. It's a good thing a lot of powder is sold, because a lot is coming out of the dryers these days: March 2012 data showed production up 50% from last year, setting a new monthly production record volume. While the California price has been hovering in the mid-\$1.20/lb range for over a month, DMN's survey prices showed a clear deterioration. Averaging \$1.12/lb (13 cents lower than early April), the low end of the range at \$1.05/lb is getting unpleasantly close to \$1/lb level and points to lower prices yet. The latest gDT didn't show much more enthusiasm with an average price of \$1.24/lb, 16 cents lower than at the beginning of April. It will remain to be seen how the decline impacts trade, but the last few months have seen good powder export numbers (+8% in February and +5% in March, year over year).

Dry whey followed the declining trend, but to a lesser extent: losses since the beginning of April total 2.96 cents/lb. The latest weekly price at 49.18 cents per pound results in a whey contribution of 50 cents per hundredweight in the 4b formula (in April, the contribution was 55 cents per hundredweight). The price is reportedly steady, with DMN stating that "demand for whey is good and buyers are looking for lower prices to fill any additional purchases above immediate needs. Export sales continue to help clear inventories".

Despite the fact that feed prices remain at historical highs, some brightness can be seen in the current crop situation. Indeed, it seems as though the planting season is off to a great start. It is still early so I wouldn't necessarily take that as a green light to pop the champagne, but as of the end of April, 53% of the crop was planted – the second highest percentage ever. This can mean higher yields or that more acreage is being planted than intentions revealed a few months ago. Now let's just hope that the weather cooperates as much as it did for milk production in California during spring.



California-standards milk available soon in Mexico

The California Milk Advisory Board reports that ESL California-standards milk, carrying the Real California Milk seal, will soon be available at Wal-Mart and Sam's Club stores throughout Mexico. The milk, which carries an 85-day shelf life, will be available in Whole, Reduced Fat, Low-Fat and Fat-Free varieties at over 206 stores. The initial order of three truckloads of California milk is a good sign of the potential this high-value product has in a thriving market for California dairy.

Western United Dairymen President Tom Barcellos hailed the move as a good indicator of the popularity of California-standards milk but noted the irony of the move. "We can sell this milk in Mexico but we can't get processors outside of California to provide it to their consumers," he noted. "Mexican consumers are getting higher protein and calcium with California-standards milk and hopefully someday that will be the case throughout the United States."

Senate Ag Committee posts farm bill summary

Senate Agriculture Committee chair Debbie Stabenow (D., Mich.) has posted a 16-page summary of the committee's draft of the Agriculture Reform, Food & Jobs Act of 2012 online. The farm bill summary includes brief descriptions of the provisions in each title. The bill contains major policy reforms to commodity and conservation programs, reforms the nation's dairy policy along the lines sought by producers and cooperatives, and has savings pegged at \$23 billion over its five-year life. The summary is online at www.ag.senate.gov/download/?id=bc6e8dd7-987d-483b-802c-8af476320155

USDA crops/stocks survey will be mailed in late May

The USDA announced the annual crops/stocks survey will be mailed in late May. "This survey will provide the first clear indication of potential production and supply of major commodities in the United States for the 2012 crop year," said Vic Tolomeo, director of the USDA-NASS California Field Office. Farmers will be asked to provide information about the types of crops they planted in 2012, how many acres they intend to harvest and the amounts of grain and oilseed they store on their farms. As with all NASS surveys, information provided by respondents is confidential by law. "NASS safeguards the confidentiality of all responses and publishes only state- and national-level data, thus ensuring that no individual operation or producer can be identified," explained Tolomeo.

NASS will compile and analyze the survey information and publish the results in a series of USDA reports, including the annual *Acreage* and quarterly *Grain Stocks* reports, both of which will be released June 29. The survey data also contributes to the NASS monthly and annual *Crop Production* reports, as well as the annual *Small Grains Summary* and USDA's monthly *World Agricultural Supply and Demand Estimates*.

National Ag Science Center fundraiser in Modesto June 14

The National Ag Science Center is partnering with Four Seasons Farms for a multi-course fundraising dinner featuring local, farm-fresh ingredients on Thursday, June 14, in Modesto. The meal will feature food prepared by the chefs of Greens Market. Local wines will be provided and attendees will have the opportunity to talk with featured farmers and vintners. The National Ag Science Center, based in Modesto, has plans for a 65,000 square-foot facility that will feature an introductory theater, retail store and deli, and a 10,000 square foot meeting hall in addition to the 18,000 square-foot National Ag Science Center exhibit space. More information and dinner registration is available online at agrisciencecenter.org or call (209) 521-2902.

Rubes cartoonist in Modesto May 22

Cartoonist Leigh Rubin, creator of the syndicated cartoon "Rubes" whose wacky and wonderful cartoons provide a twisted look at the world, will be in Modesto on Tuesday May 22 at a special appearance hosted by the Modesto Bee. Rubin is familiar to many WUD members for his memorably funny presentation at the 2011 annual convention.

"Rubes," Leigh's syndicated cartoon, began in 1984, and the first paperback collection of Rubes was published in late 1988. The "sit-down" comedian, as he refers to himself, will talk about the creative process, answer questions, sign copies of his books and offer door prizes. Rubin says he tries to inspire people to break their normal routine of looking at things and think outside of the box, even though he himself has to draw inside a box. The program is free but reservations are requested at (209) 578-2327 because space is limited at the Bee, located at 1325 H Street in downtown Modesto.



State plans reductions in use of some pesticides in Valley

Some widely used pesticides would see their use curtailed in the San Joaquin Valley because they contribute to air pollution, the Department of Pesticide Regulation says. A public hearing is scheduled June 6 in Tulare County, with June 7 as the deadline for comments on the proposal that would affect Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare and (western) Kern counties. The proposed action would require nonfumigant use prohibitions on certain crops in the San Joaquin Valley when using products with agricultural uses containing abamectin, chlorpyrifos, gibberellins, or oxyfluorfen from May through October if the volatile organic compound (VOC) emission limit is triggered.

New faces at State Water Resources Control Board

Gov. Brown announced this week the appointments of Felicia Marcus and Steven Moore to the State Water Resources Control Board. Marcus, 56, of Emeryville, has been western director at the Natural Resources Defense Council since 2008 and was executive vice president and chief operating officer at the Trust for Public Land from 2001 to 2008. She served as regional administrator for the U.S. Environmental Protection Agency for the western U.S. from 1993 to 2001. She has been a member of the Delta Stewardship Council since 2010.

Moore, 45, of Sausalito, has been a civil and sanitary engineer at Nute Engineering since 2006 and has been a member of the San Francisco Bay Regional Water Quality Control Board since 2008. He served in multiple positions at the San Francisco Bay Regional Water Quality Control Board from 1999 to 2006 and 1992 to 1996, including resources control engineer.

Groundwater monitoring coalition fees rise sharply July 1

The application fees for Central Valley Dairy Representative Monitoring Program (CVDRMP) membership will become \$6,500 as of July 1. While it appears nearly all Central Valley dairies have joined the CVDRMP at this time, any Central Valley dairy that has not joined CVDRMP and wants to should act immediately to avoid having to pay this substantial increase. Anyone interested in signing up for the program or learning more can do so by visiting www.dairycares.com/CVDRMP or calling (916) 441-3318.

California Legislator Voting Record on-line

For the first time, you can look up the voting record of every state legislator in California. Wondering how often your legislator broke party ranks, abstained or switched sides? Enter the last and first name of the lawmaker you're researching to see how he or she voted, or enter a bill number to see how every legislator voted on it. The online database is located at <http://www.sacbee.com/votingrecord/>

Monthly Dairy Products Report

U.S. Production by month	% change from		
	Mar 2012	Mar 2011	Feb 2012
Products (1,000 lbs)			
Total Cheese	946,257	+3.7%	+10.3%
American Cheese	382,273	+4.1%	+9.9%
Butter	176,005	+6.4%	+3.9%
Nonfat Dry Milk	188,616	+49.9%	+9.7%
Dry Whey	85,237	-7.5%	+0.1%

Golf Tourney prize: CASH for Hole-in-One



The 10th annual Western United Dairymen Fed-PAC Golf Tournament will offer some fantastic prizes. \$5,000 cash will be awarded to the golfer who makes a hole-in-one at hole #12. The tournament is scheduled for Monday, June 4, at Diablo Grande Golf Course. Also this year, anyone who plays in the tournament and buys raffle tickets will be eligible for a fantastic grand prize—a flat screen television that has been donated by WUD Board President Tom Barcellos. Proceeds from the popular event will benefit the Western

United Dairymen federal political action committee. Registration flyers have been mailed and can also be downloaded at www.WesternUnitedDairymen.com.

Vacancy on the CVDRMP board

The Central Valley Dairy Representative Monitoring Program (CVDRMP) is seeking interested dairy owner/operators to serve on CVDRMP's board of directors. The board currently has a vacancy through 2012 in one of two "at-large" board director positions. The 12-member board includes ten directors who serve in defined geographical districts and two at-large positions. CVDRMP directors are tasked with administering the activities of this not-for-profit coalition of dairy producers, which was formed in 2010 to provide a lower-cost alternative to meet groundwater monitoring requirements for dairies in the Central Valley. Interested parties must own property on which a dairy is operated or operate a dairy (or both), or be designated by a qualifying dairy owner or operator to qualify. Interested parties should submit a brief bio and contact information to dairycares@aol.com or fax the information to (916) 441-4132, attention J.P. Cativiela.

USDEC: Softer global market conditions prevail

Global dairy prices are off 20-30 percent from their spring 2011 peaks as swelling milk production worldwide has turned supply deficits into surpluses. As a result, rising inventories are expected to keep downward pressure on international dairy markets in the second half of 2012, according to presenters at the U.S. Dairy Export Council's (USDEC) spring Board of Directors and Membership Meeting May 2 in Chicago.

Current soft conditions are "a painful re-affirmation that market cycles will continue, even as demand, over time, outstrips supply," said USDEC president Tom Suber. "In fact, it's this period of temporary retrenchment that many of our work programs are intended to address." USDEC marketing, technical and research activities are supported by U.S. dairy producers through their check off program. Suber urged U.S. suppliers to protect volume and market share gains accrued in 2010-2011. "We can't take the hit and balance the world market through our own inventories every time supply and demand run into an imbalance," he said.

Ninth annual Udder Run set for Hilmar June 9

A unique running event set among Hilmar area dairies is scheduled for Saturday, June 9. The ninth annual Udder Run is presented by Hilmar Cheese Company in association with the Merced Running Club. A five-mile run will cover a course that travels through Wickstrom Brothers Dairy, Yosemite Jersey Dairy, and past Clauss Dairy Farm. There will also be a two-mile fun-run and walk, and eight-year-old and under fun-runs. The event is a benefit for the Hilmar High School track team and Hilmar Middle School track team. Registration information can be downloaded at onyourmarketevents.com and registration is available at www.active.com. More information is available from Michele Livak at (209) 668-8319 or mlivak@hilmar.k12.ca.us.

Dairy hedging class offered May 22 in Visalia

A workshop on dairy hedging sponsored by FCStone, LLC will be held May 22 in Visalia. The workshop is intended for dairy producers looking to limit their exposure to the current volatility of the dairy and grain markets. Registration fee is \$200 and is available online at www.intlfcstone.com/seminars.

First of the month Photograph freeboard in each pond.
Weekly (Oct-May) Visually inspect production and waste storage areas and ponds.
July 1, 2012 Nutrient Management Plan to be fully implemented.

Ongoing activities:

- Record visual inspections, volume, and date for each process wastewater application.
- Record date, time, volume, duration, location, destination, field measurements & lab analysis of runoff from 1/3 of cropland areas at first and mid-season significant storms.

Hay & Grain Report

Hay Grades Tons Wtd Avg

All prices FOB unless noted as (DEL)

Region 1: North border to Shasta

Supreme	125	235.00
Fair	100	195.00

Region 2: Tehama to Sacramento

Supreme	25	250.00
Premium	25	40.00
Prem (+moist)	375	168.00
Good/Premium	100	220.00
Good/Prem (DEL)	100	257.00
Good (rain)	75	210.00
Good (DEL/rain)	75	247.00
Fair	250	200.00
Fair (DEL)	250	237.00

Region 3: San Joaquin to Merced

Supreme	1275	256.27
Supreme (DEL)	150	290.00
Premium	325	244.62
Prem (+moist)	860	176.69
Prem (rain)	375	231.60
Good	125	226.00
Good (+moist)	750	185.33
Good (rain)	750	215.00
Fair	1975	198.54
Fair (+moist)	700	160.00
Fair (rain)	1100	182.61

Region 4: Madera to Tulare

Supreme (rain)	150	230.00
Supreme (DEL)	2000	265.00
Premium	150	245.00
Good	150	230.00

Region 5: Kern to W San Bernardino

Supreme	355	263.56
Supreme (+moist)	950	240.00
Supreme (weedy)	25	250.00
Supreme (DEL)	2525	283.56
Premium	2750	247.95
Premium (rain)	100	215.00
Premium (DEL)	2750	266.95
Prem (DEL/rain)	225	229.44
Good	400	240.00
Good (rain)	350	200.00
Good (DEL/rain)	350	220.00
Fair	600	204.88

Region 6: E San Bernardino to Imperial

Supreme (DEL)	2000	283.75
Premium (export)	1200	235.00
Premium (DEL)	1500	271.67
Good	6925	220.72
Good (export)	6775	225.48
Good (grassy)	525	210.00
Good (rain)	200	213.50
Good (weedy)	125	225.00
Good (DEL)	700	260.71
Fair	700	213.57
Fair (grassy)	100	190.00
Fair (weedy)	250	200.00

Grains

Soybean Meal, 47½%:

Chino (incl. fuel)	453.30-460.30
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USDA Market News 5/11/12

Western United Dairymen

Agenda of the Board of Directors • Friday, April 20, 2012

Finance 9:00a • WUES Board 9:50a • WUD Board 10:00a

I.	10:00a	Call to Order – <i>Tom Barcellos, President</i> A. Pledge of Allegiance and Invocation – <i>by invitation</i> B. Roll Call – <i>Domenic Carinalli, Secretary</i>	Tab No.
II.	10:05a	Review and Approval of Minutes Action	1
III.	10:10a	Financial Report – <i>Justin Gioletti, Treasurer</i> Action	1
IV.	10:30a	Legislative Report Information/Action A. Sacramento update – <i>Gary Conover</i> B. Washington DC update – <i>Charlie Garrison</i>	2
V.	11:00a	Administrative Report – <i>Michael Marsh</i> Information/Action A. Mar. 21, Meeting with PDMP B. Mar. 28, Dairy Leaders Interviews C. Mar. 29, Kathleen’s retirement lunch D. Mar. 30, DAC meeting E. Apr. 2, Galt FFA F. Apr. 4, Feinstein staff tour G. Apr. 5, Cattle Health Advisory Task Force-Melissa H. Apr. 6, Pond Project Presentation-CVRWQCB I. Apr. 9, Elanco J. Apr. 13, DAC meeting K. Apr. 16-18, Executive Forum L. Apr. 19, Staff meeting M. Apr. 26, Farm Bill hearing N. May 1-2, WSDPTA	
VI.	11:30a	Economic Report – <i>Michael Marsh</i> Information/Action A. Price outlook	3
VII.	12:00p	Lunch	
VIII.	12:30p	Executive Session	
IX.	1:00	Environmental Report – <i>Paul Martin</i> Information/Action A. Regional Board 5 B. Regional Board 1 C. Nitrogen trading D. NAEMS Science Advisory Panel E. SBx 2.1 nitrate study F. San Joaquin River Flow requirements G. Continuing work	4
X.	1:30p	Membership Report – <i>Staff</i> Information/Action A. Membership changes since March 2012 B. Field staff reports	5
XI.	1:40p	Requests, Correspondence & Information Information/Action A. Recommendation letter for Dr. Deanne Meyer B. Letter to the Coalition C. Letter to California Energy Commission D. Response from Andrei Mikhalevsky E. Letter from the office of Paul Hastings F. CDFA Lawful Payments and Contracts... G. California cows happy?....., <i>Merced Sun-Star</i> , March 28, 2012	5
XII.	1:50p	Old Business / New Business	
XIII.	2:00p	Adjournment of the board	