



Weekly Update

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Butter

1 sale, 4 bids unfilled, 5 offers uncovered. The CME cash butter price gained 3 cents for the week after an 8.5-cent gain the prior week. With CME cash butter prices reaching levels not seen since December 2004, market tone remains strong. Cream supplies continue to be short of levels needed for full churning schedules. In federal order areas, butterfat tests are running below averages for the same period last year. More cream was reportedly available for churning this week as calls for Class II needs declined going into the long holiday weekend. Butter producers hope that the additional cream for churning over the next few days will ease the tight supply of finished product.

Cheese

10 sales, 4 bids unfilled, 1 offer uncovered. Blocks saw a 4.5-cent gain this week following a 0.5-cent advance last week CME cash cheese prices are mixed. Promotional activities are in the works, which should help improve current interest. Also helping the situation, processors and packagers will be down for an extra day over the July Fourth holiday weekend. Milk volumes available for cheese production remain seasonally heavy, although lower component levels continue to generate lower yields than normal for the season.

Milk Production

Milk receipts across the country are trending lower, with most areas affected by summer heat and humidity. Class I demand in many markets has been lighter than normal for the season, thus pushing more milk into manufacturing channels.

Dry Products

Nonfat dry milk prices are lower on weaker market tone, while production remains strong and stocks are increasing. Some producers are asking for bids on available product, showing a shift in selling strategy as inventories build. In many instances, drying schedules have been expanded for low heat production to better handle increased manufacturing milk supplies going into the holiday period.

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	\$1.7380	\$1.1963	\$1.4210	\$1.3910	\$0.3863
Jul 2	\$1.7500	\$1.1963	\$1.4550	\$1.4000	\$0.3863
Week to date	↑ 3 cents	↓ 9¼ cents	↑ 4½ cents	↑ ½ cent	↓ 12/100 cents

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	\$13.51	\$15.21
July	\$17.30	\$15.45	\$12.38	\$13.85	\$15.55

Assembly approves farm workers overtime bill, goes to Gov

A bill that would extend overtime pay and meal breaks to farmworkers was passed by the Assembly on Thursday. The bill that would repeal the agriculture exemptions in state labor rules, SB1121 by Sen. Dean Florez (D-Shafter), was passed on a 47-to-28 vote. Western United Dairyfarmers is part of a coalition opposing the legislation.

“We will urge the Governor to veto this legislation,” said CEO Michael Marsh. “It will have a devastating impact on California’s dairy workers at a time of great economic crisis. Rather than improve their economic conditions, it will have the opposite effect by limiting worker’s hours.” The coalition has issued a statement opposing the bill in which it notes that no other state requires overtime pay for agricultural workers once they have exceeded 40 hours of work in a workweek. In contrast, California agricultural workers already receive overtime pay for hours worked over 10 in a workday—a provision not found in any other state. If the law is passed, said a coalition representative, “Farmers will avoid overtime pay by limiting worker hours and hiring more workers instead, resulting in at least a 20% wage cut for most farm workers during peak harvest seasons.”

Dairy groups applaud Cuba ag export bill

The National Milk Producers Federation (NMPF) and the U.S. Dairy Export Council (USDEC) praised passage Wednesday of the Travel Restriction Reform & Export Enhancement Act by the House Agriculture Committee. H.R.4645 is a bipartisan bill introduced by Agriculture Committee Chairman Collin Peterson (D-Minnesota) and Representative Jerry Moran (R-Kansas) and co-sponsored by 61 other members of Congress. The bill passed the committee by a vote of 25 to 20.

NMPF and USDEC lauded the House committee’s action, saying it was a step to bolster the ongoing dairy industry recovery resulting from the catastrophic milk price situation faced by dairy farmers, which largely resulted from a recession-driven decline in export sales. Both NMPF and USDEC expressed deep appreciation for the 25 agriculture committee members who voted for H.R.4645. “The U.S. dairy industry firmly believes that it is critical that we work to expand opportunities for our dairy exports to allow dairy producers and their dairy manufacturing partners to grow and prosper,” said Tom Suber, president of USDEC. “Improving our ability to export to Cuba by doing away with many of the barriers the U.S. government has erected to us is a very important step in the right direction.”

USDA says corn stockpiles, acreage far lower than expected

Fresh U.S. government data rattled corn markets on Wednesday, sending futures prices soaring 9% and raising questions about the precision of earlier estimates. Corn futures prices, which just a day earlier reached a nine-month low, jumped after USDA said stockpiles were much lower than the market expected. (Continued on page 2)

(Continued from page 1) The report said acreage now dedicated to planting corn for the coming crop is below forecasts. The news was especially surprising because USDA has in recent months been sending bearish signals to the market.

Corn for July delivery closed up 9%, with an increase of 29.25 cents, at \$3.5425 a bushel on the Chicago Board of Trade. The most actively traded contract, for delivery in December, closed 8.6% higher at \$3.735. Most contracts opened the session already at the daily limit for moves in either direction. At its highest point, July corn was up 9.8% and December was up 8.7%. Prices for the 2010 crop are down 17% from the year's high, which was set before the January report was released.

In addition to the drop in acres planted, corn stockpiles were 300 million bushels below expectations. According to USDA, stockpiles totaled 4.31 billion bushels as of June 1, an increase of 1.1% from a year ago. Collectively, the two reports reduced expectations for U.S. corn supplies by roughly 500 million bushels. USDA blamed the lower-than-expected acreage on damage caused by below-average temperatures and wet weather in the Midwest and portions of the Plains in mid-May, which hampered planting and may have damaged seedlings.

Ohio agriculture compromises with HSUS

Ohio agricultural groups struck a deal with The Humane Society of the United States (HSUS) on Thursday that gives HSUS many of the restrictions on agricultural production in Ohio that it wants in return for HSUS agreeing not to pursue a ballot initiative this fall seeking to institute those restrictions through a constitutional amendment. The groups represent all of the Ohio corn, soybean, livestock, and poultry associations, and the Ohio Farm Bureau Federation.

The agreement is supported by the Ohioans for Livestock Care Steering Committee and by Ohio Gov. Ted Strickland. Also signing onto the agreement was Ohioans for Humane Farms, which worked with HSUS to bring the initiative to the ballot this fall.

The agreement calls for the livestock board and/or state legislature to adopt the following provisions, all of which were, in one form or another, part of the HSUS ballot initiative.

- A moratorium on permits for the construction of egg production facilities that would use conventional cage housing.
- A ban on gestation stalls after December 31, 2010, with existing stalls permitted to stay in production for 15 years.
- A ban on veal stalls by 2017.
- A ban on strangulation of farm animals and a requirement that on-farm euthanasia be done humanely.
- A ban on transportation of non-ambulatory cows for slaughter.

Bids close on CWT retirement round; bid selection July 7

Cooperatives Working Together closed the bidding process June 25 on its 10th herd retirement since the program began in 2003. CWT does not release bid information before the selection process, said Jim Tillison, the program's CEO. Bid selection is set for July 7. "Interest has been good. We've been getting a lot of calls, so we'll see," he said. Those calls have been coming in from all over the country, he said.

After selection, auditors should start hitting the field by July 12, contacting selected dairymen a day or two in advance, said Tillison. All bidders will be notified by July 30. Selected dairymen whose production numbers check out will have 15 days to send cows to slaughter. They will be paid for the represented milk production they send to slaughter and retain the beef value of the culled cows. No target was set for this latest retirement, but bids were not to exceed \$3.75 per hundredweight.

Monthly Dairy Products Report

U.S. Production by month Products (1,000 pounds)	% change from		
	May 2010	May 2009	Apr 2010
Total Cheese	877,880	+2.5%	+1.8%
American Cheese	369,267	+0.3%	+3.0%
Butter	131,436	-5.6%	-1.3%
Nonfat Dry Milk	154,387	+2.6%	+1.3%
Dry Whey	83,654	+0.4%	-2.2%

Field Representative Corner

This month's column features news from Jake Oosterman, field representative for districts 2, 4, and parts of 5.

I'm writing this column as we head into the Fourth of July weekend, which is a good time to reflect on the freedoms and liberties we enjoy in this great nation. Yes we are still struggling with economic and regulatory difficulties but I'm sure you wouldn't trade this country for any place else in the world. This is still the preferred destination for millions of immigrants seeking a better way of life.

The current milk prices have settled into a break-even range for most dairymen, but prices are still not high enough for them to start to recoup the huge losses incurred in the past eighteen months. The cost of production has moderated. Today's corn planting report may push grain prices up. I see a few guys stocking up on hay, while most are still buying by the load.

In the north valley there has been some instability in the dairy marketing and processor world. A number of dairymen have switched creameries looking for a better home for their milk. Most of these dairymen have moved to a larger processor or cooperative to find stability and better prices. Some smaller dairies have just quit the business.

Dairies have just submitted their annual dairy report and waste management plan to the regional water board. What a stack of paper! I've been busy helping my guys get all their stuff signed and delivered by the July 1 deadline.

Last March we helped dairymen file exemption forms for their low mileage diesel trucks. Basically, if your trucks qualified, you would be exempt from upgrading engines in the older trucks on until 2023. I have run out of the AG agriculture exemption stickers for exempt trucks, but the Farm Bureau still has them for their members.

Recently, the California Dairy Quality Assurance program introduced the national Farmers Assuring Responsible Management (FARM) program with workshops scheduled around the valley. It's a certification program to assure our buyers and consumers that our farm animals are treated humanely. Some processors are requiring their dairy shippers to become FARM certified, as well as environmentally certified by CDQAP.

Hopefully, you have all these stressors behind you, so just relax and watch the corn grow. If you have any questions about these or other matters related to your dairy, please call Jake Oosterman at (209) 535-1929 or the WUD field representative for your area.

Headline News on brief hiatus

California Dairy Industry Headline News will be taking a temporary break as WUD Communications Director Mark Looker goes on medical leave July 2 for minor surgery. The goal is to be back in action by July 12, bringing email subscribers the latest headlines about issues affecting the California dairy industry. To sign-up for *Headline News*, contact Mark at marklooker@yahoo.com.

Rep. Costa announces \$1 million for dairy water quality projects

Representative Jim Costa (D-Fresno) announced today approval of \$1,000,000 in federal funding to assist Central Valley dairy farmers in upgrading dairy infrastructure to improve water quality and conservation. The funding, made available through the USDA Agricultural Water Enhancement Program (AWEP), will go toward the dairy infrastructure and retrofit partnership project proposed by Western United Dairymen. This project will address both water conservation and water quality resource issues.

"I am pleased that this funding has been awarded to help our dairy families who are fighting through one of the worst price crises in history," said Costa. "Upgrading our dairy infrastructure and improving water resources is critical to ensuring the long-term success of the industry. Western United Dairymen has been at the forefront of promoting best management practices that address water quality concerns amongst its producers. This funding will help continue our mission to strengthen the dairy industry and protect valley jobs."

"Western United Dairymen devotes considerable time, effort, and resources to helping California dairy families comply with the strictest environmental regulations in the country. We appreciate the commitment from the state's congressional delegation, including Jim Costa, to providing the direction and resources to USDA to make federal programs like AWEP available," said Jamie Bledsoe, Riverdale dairyman and president of Western United Dairymen.

The WUD project is one of 9 projects awarded to California and part of more than \$19.7 million allocated for 28 projects throughout the country. AWEP provides technical and financial assistance to help farmers and ranchers implement activities to improve agricultural water. The program is administered by the USDA Natural Resources Conservation Service (NRCS).

House Ag Chair Peterson applauds House passage of Wall Street reform

House Agriculture Committee Chairman Collin Peterson has commended the House of Representatives for passing the conference report on the Wall Street Reform and Consumer Protection Act (H.R.4173). "I am pleased the conference report contains many of the provisions the House Agriculture Committee endorsed in three different bills on these topics," Chairman Peterson said. "This bill will mitigate the outrageous price spikes in commodity markets that we first saw two years ago, bring greater transparency to the derivatives market through mandatory clearing, and ensure that end users can continue using derivatives to hedge risk."

"This comprehensive legislation represents a middle ground between the House and Senate products. And, while no one got everything they wanted in this bill, I think we got a bill that will help prevent another crisis in the financial markets like the one we experienced in 2008," Chairman Peterson said. The House Agriculture Committee played a key role in developing the financial reform legislation; particularly provisions that address increased volatility and speculation in the derivatives markets and that strengthen oversight and increase transparency in the markets for futures, options, and over-the-counter products and swaps.

Schwarzenegger calls for taking water bond off November ballot

Faced with potential defeat of one of his top priorities, Gov. Arnold Schwarzenegger on Tuesday called for delaying until 2012 a vote on the \$11.1 billion water bond. Schwarzenegger's proposal, which requires legislative approval, comes as lawmakers are struggling to close a \$19.1 billion hole in the state budget for the fiscal year that started July 1. Opponents of the bond, including some public employee unions, have already cited budget problems as one reason not to pass it. "After reviewing the agenda for this year, I believe our focus should be on the budget," the governor said in a statement, saying he would "work with the Legislature to postpone the bond to 2012 and avoid jeopardizing its passage." Delaying the ballot measure requires approval from two-thirds of the Legislature. Lawmakers appear to have until August 9, the deadline for sending voter guides to the printer. Key lawmakers from both sides of the aisle have said they support the move, including Senate President Pro Tem Darrell Steinberg (D-Sacramento) and Sen. Dave Cogdill (R-Modesto). "Timing is everything, and I'm willing to wait to bolster voter understanding of this critical measure," Cogdill said in a statement. But other lawmakers were skeptical. "I fear that we may lose the momentum we were able to build in bringing so many parties together to agree to place the bond on the ballot," said Sen. Dean Florez (D-Shafter).

Conservation funding intact as House panel approves agriculture spending bill

A House spending panel Wednesday approved a \$23 billion agriculture appropriations bill that keeps intact major spending increases for energy and conservation that lawmakers set two years ago and rejecting significant cuts the White House proposed. The panel also allotted more than \$1 billion in discretionary funding for the Natural Resources Conservation Service, the agency that oversees most farmland conservation programs. That sum is \$3 million above current spending levels and nearly \$48 million more than the administration requested.

The bill would cut some funding for buildings and facilities, food assistance training, computer programs, and a long-stalled voluntary national animal identification program. But the subcommittee turned away from nearly \$1 billion in cuts the Obama administration had proposed for conservation programs. Agriculture and environmental groups had fought for funding increases for conservation programs in the 2008 farm bill, which set five years of mandatory spending that is not supposed to be subject to the appropriations program. The Obama administration had proposed cuts to the Environmental Quality Incentives Program (EQIP), the Conservation Stewardship Program, Wetlands Reserve Program, Grasslands Reserve Program, Farmland Protection Program, and Wildlife Habitat Incentives Program.

Conservation award nomination deadline July 12

Sustainable Conservation is seeking nominees for the popular 2010 California Leopold Conservation Award. The award recognizes private landowners' commitment to responsible environmental stewardship and land management. As in past years, finalists in 2010 will be selected in part based on their commitment to responsible and sustainable land management, the overall health of their land, implementation of innovative practices, and dedication to community outreach and leadership. The Leopold Conservation Award Review Panel will evaluate properties in two categories: (1) Nurseries & Crops; and (2) Livestock. The grand prize of \$10,000 and a crystal rendering of Aldo Leopold, author of the "Sand County Almanac," will be presented at the California Farm Bureau Federation's annual convention in December. Runner-up prizes of \$1,000 will also be presented. The deadline for nominations is July 12. For more information and a nomination form, visit Sustainable Conservation or call (415) 977-0380.

Got milk? Coming to a dentist office near you

Over the years, studies have shown that the calcium in milk produces strong, healthy teeth and can also prevent tooth decay. The California Milk Processor Board (CMPB), the creator of GOT MILK?, is bringing this message home to California families by distributing a 60-second TV spot that dentists throughout California will air in their waiting rooms.

"We've never done anything like this, but a dental office is a natural environment for this type of education to take place," says Steve James, CMPB executive director. "While daily upkeep such as tooth brushing and flossing is important, consuming healthy foods such as milk can help prevent cavities and produce strong, healthy teeth." The 60-second dentist spot is part of this year's campaign called 'Mootopia' that explains the beauty benefits of drinking milk through TV, online, and grassroots advertising and marketing. Mootopia is a world where milk flows profusely through streams and waterfalls and its citizens (the Mootopians) are exceptional with strong muscles, great teeth and shiny, healthy hair—all because of milk.

In "Dentist," viewers find a dentist in the middle of the lush world of Mootopia. No matter how many times he tries to entice Mootopians into his chair with offers for free cleanings, he just can't get any of the beautiful citizens and their perfect smiles to commit to an appointment. Life for a dentist in Mootopia is filled with endless boredom. The spot ends with the voiceover: "Healthy teeth. Loved by nearly everyone in Mootopia."

FDA seeks less use of antibiotics in animals

Joshua M. Sharfstein, FDA deputy commissioner, this week urged farmers to stop giving antibiotics to food production animals to spur their growth, citing concern that drug overuse is creating dangerous bacteria that do not respond to medical treatment and that endanger human lives. He said antibiotics should be used only to protect the health of an animal and not to help it grow or improve the way it digests its feed.

The draft guidance is based on three principles: 1) Non-therapeutic use of antimicrobials, or sub-therapeutic use for feed efficiency, "is an injudicious use." 2) "Medically important antimicrobial drugs" should be limited "to uses in food-producing animals that are considered necessary for assuring animal health and that include veterinary oversight or consultation." 3) The hazard of anti-microbial resistance, including the growing emergence of multiple-drug resistance, is "a major public health issue."

WUD member survey in the mail

The WUD board of directors invites all WUD dairy members to participate in a survey to help the board know what members' opinions are on a variety of issues affecting California's dairy families. The surveys should start arriving this week. Members are encouraged to quickly fill out and return the surveys to help the board in its strategic planning. ❖

WDR reports and activities

First of the month	Photograph freeboard in each pond.
Weekly (Oct-May)	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, volume and date for each process wastewater application. Record volume/density OR weight/moisture of solid manure applications. Record date, time, volume, duration, location, destination, field measurements and lab analysis of runoff from one-third of cropland areas of first and mid-season significant storm event.
July 1, 2010	Third annual report due to be filed with the CVRWQCB.

Hay & Grain Report

Hay Grades	Tons	Wtd Avg
Petaluma – Delivered:		
Premium	500	165.00
Modesto – Delivered:		
Supreme	3,400	189.04
Premium	2,175	168.09
Good	1,825	152.11
Fair	3,750	118.41
Northern Mountain – FOB:		
Supreme	2,000	141.81
Tracy – FOB:		
Supreme	350	160.00
Premium	75	140.00
Good	875	125.86
Fair	1,000	100.00
Sacramento Valley – FOB:		
Fair (organic)	230	95.00
Supreme	300	148.75
Premium	1,975	140.76
Good	1,025	134.63
Fair	4,530	83.45
South Valley – Delivered:		
Supreme	1,525	179.26
Premium	800	167.50
Dos Palos – FOB:		
Supreme	875	163.00
Premium	100	150.00
Firebaugh – FOB:		
Fair	1,050	108.57
Corcoran – FOB:		
Premium	800	145.00
Good	110	125.00
Kern County – FOB:		
Premium	200	150.00
Good	2,905	134.40
Fair	200	100.00
Antelope Valley – FOB:		
Good	500	131.00
Fair	1,300	106.15
Parker – FOB:		
Fair	2,450	102.86
Imperial Valley – FOB:		
Premium	250	122.60
Good	250	118.00
Good (store)	1,390	120.00
Fair	2,855	99.00

Grains

Soybean Meal, 47½ %:	
Chino	335.20 – 342.20
USDA Market News 7/2/2010	