



# WEEKLY UPDATE

August 22, 2014

## WUD board considers pricing legislation

Western United Dairymen's Board of Directors at its meeting this afternoon considered pricing legislation being proposed by CDFA Secretary Karen Ross. Assembly Bill 2730 is being co-authored by Assemblymember Susan Eggman (D-Stockton) and Sen. Cathleen Galgiani (D-Stockton), both of whom chair their respective legislative agriculture committees. Thoughtful discussion and debate was held as the meeting also solicited comments from CDFA staff and WUD legal counsel over the merits and concerns identified. The WUD board voted to support the legislation, provided amendments are included that would enhance the protection of producer interests under the proposal. WUD legal counsel is drafting the amendments for consideration by CDFA.

## Groundwater bills advance in Assembly and Senate

Two companion bills moving through the state Legislature would give the State Water Resources Control Board broad authority to oversee groundwater management and set up local agencies that would charge fees to implement the rules.

The main legislation, Senate Bill 1168 by Sen. Fran Pavley (D-Agoura Hills) passed the state Senate 24-12 on Aug. 19 and was headed for an Assembly vote. Its companion, Assembly Bill 1739 by Assemblyman Roger Dickinson (D-Sacramento) faces a final vote on the Senate floor. Lawmakers have until Aug. 31 to get bills to Brown's desk.

## Water bond has \$100 million for on-farm water efficiency efforts

The \$7.5 billion water bond that will appear on the November ballot in California includes \$100 million for water-use efficiency projects on farms and in urban areas. The bond, which will appear on the ballot as Proposition 1, will include \$2.7 billion for storage, \$900 million to address groundwater problems, \$810 million for drought preparedness and money for a host of other uses. According to a published report in the Capital Press, negotiators pushed for water-efficiency funds to be available as competitive grants to individuals rather than being distributed more broadly to water districts for their regional water management plans.

While the bond language doesn't spell out how the water-efficiency money would be divided between ag and urban uses, it's almost certain to provide more funds for on-farm water savings than previous bonds, according to Jeanne Merrill, policy director of the California Climate and Agriculture Network.

## WUD's Marsh talks about drought on Saturday radio show

As California's lakes, reservoirs, rivers and aquifers evaporate, Michael Olson's Food Chain Radio show will take a look at "Who should get what little water is left to get?" This Saturday at 9 a.m. Pacific, Michael Olson's Food Chain Radio show hosts Michael Marsh, CEO of Western United Dairymen for a conversation about agriculture's struggle to hydrate.

Topics include a look at the severity of California's drought; how California farmers have been forced to the end of the public's water line; and to what extent can Golden State farmers continue to produce the nation's food with so little water. Listen live or recorded on your radio, computer or mobile device at [www.metrofarm.com](http://www.metrofarm.com).

1315 K Street, Modesto, CA 95354  
Telephone: 209.527.6453  
Fax: 209.527.0630  
[www.westernuniteddairymen.com](http://www.westernuniteddairymen.com)

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Industry leaders turn to Western United Dairymen's daily e-newsletter to keep up on the latest developments. California Dairy Industry Headline News is a reliable source for the latest news on pricing, industry events and meetings, state and federal legislation, and environmental regulations. To sign up email WUD Communications Director Mark Looker at [mark-looker@yahoo.com](mailto:mark-looker@yahoo.com).



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**USDA Dairy Market News****Butter**

39 sales, 1 bid unfilled, 3 offers uncovered, with a gain of 16.25 cents. The CME butter price is closing in on the weekly average price record set nearly 16 years ago of \$2.8100. The market tone is firm as demand continues to outpace current inventories. Butter manufacturers are generally taking advantage of the high prices vs rebuilding for the upcoming demand. Production rates are mostly steady with a few instances of lower levels. Spot availability of cream varies amongst the regions.

**Cheese**

9 Sales, 5 bids unfilled, 3 offers uncovered, with a 4.25 cent gain. Cheese production is mostly steady, with manufacturers looking to increase stocks. While milk production is slowing seasonally, increased production from re-tained cows in the milking herd and increased cow numbers have allowed cheese plants to find additional milk for manufacturing. Lower prices for NDM and condensed skim milk are also allowing cheesemakers to supplement vats. Demand for cheese from domestic buyers is very good. Buyers are looking to acquire inventories for fall orders and are often finding additional supplies hard to find.

**Milk Production**

Milk production in CALIFORNIA is steady to lower, but generally higher than one year ago. Day-time temperatures are running in the 90s in the Central Valley, which is a break for that region. Earlier this month, daytime temperatures regularly hit above 100 degrees. Dairy producers are feeding dairy cows well, and have yet to notice any sharp declines in milk prices.

**Dry Products**

Nonfat dry milk prices are lower for low/medium heat nonfat dry milk on the Western range and mostly price series. Various indices decreased, which influenced contract prices. The market is soft, with many transactions involving the resale community on the selling side of trades. Spot F.O.B. activity was moderate to more active than in previous weeks.

Source: USDA Dairy Market News

**Commodity Markets: CME – California Plants**

Average	AA Butter	NFDM	40# Blocks	Barrels	Dry Whey
July	\$2.4483	\$1.8072	\$1.9938	\$2.0083	\$0.6625
August	\$2.5321	\$1.7897	\$2.1111	\$2.1209	\$0.6700
August 22	\$2.8225	\$1.7551	\$2.2625	\$2.2600	\$0.6700
<b>Week to date</b>	↑16.25 cents	↓ 2.35 cents	↑ 4.25 cents	↑ 5 cents	-

**Estimated\* Producer CWT. Prices**

Month	Class 1	4a	4b	Overbase	Quota
<b>June</b>	<b>\$25.12</b>	<b>\$23.19</b>	<b>\$19.07</b>	<b>\$21.05</b>	<b>\$22.75</b>
<b>July</b>	<b>\$25.14</b>	<b>\$23.58</b>	<b>\$18.69</b>	<i>\$21.01</i>	<i>\$22.71</i>
<b>August</b>	<b>\$25.30</b>	<i>\$23.78</i>	<i>\$19.88</i>	<i>\$21.68</i>	<i>\$23.38</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

A lot of people probably rubbed their eyes in disbelief as they watched the price of butter go up this week. The week started slow, with a decline of 2.5 cents. Losses were quickly recovered on Tuesday, by an even gain of 2.5 cents. Things quickly heated, as the price increased by 4 cents, 6 cents and 6.25 cents Wednesday through Friday. The net gain for the week, 16.25 cents, brings the price to an impressive \$2.8225/lb – a new record. Looking at today's *Cold Storage* report, it looks like we are starting to run out of time to boost supplies ahead of holiday demand season. According to USDA, July butter stocks were down 42% from a year ago. The main dark area remains with global markets. After four consecutive GDT auctions resulting in butter price declines, the latest one actually generated some positive results (+6 cents). But at \$1.33/lb, one can hardly call that great news. If this price gap is not enough to generate an incentive for buyers to look internationally for supplies, I don't know what will.

Watching block cheese prices at the CME after what happened with butter prices felt as awesome as pulling a weed and getting all the roots with it. After a step back Monday (-3.5 cents), the cheese market seemed in a hurry to catch up with the excitement in butter markets. The net gain for the week, 4.25 cents, brought the price to \$2.2625/lb – the highest since April 17<sup>th</sup>. Barrels tried to keep up as best as they could, gaining 5 cents to end the week at \$2.26/lb. In Oceania, the price decline continues: the latest GDT Cheddar price average settled at \$1.57/lb, down 13 cents from the last auction. Just like with butter, this will eventually create problems for our export competitiveness.

The Western dry whey price is starting to get a little boring as the price remained unchanged for the sixth consecutive week. At 67 cents per pound, boring in this case is good because it generates the highest value in the Class 4b formula. DMN reports "deliveries tied to various pricing indices were steady to firm, while spot prices are showing some weaker trends. Demand for whey remains good domestically. Export demand is also good, but competition from the E.U. is increasing as they deal with the Russian embargo on dairy products".

The California nonfat dry milk price is cooling off as fast as somebody dumping ice on its head and again missed the memo about the festive mood in dairy markets this week. The price dropped 2.35 cents, to a resulting price of \$1.7551/lb. The price was achieved on sales of 14.4 million pounds. Just like the other commodities, global prices have also been softening in this category. The latest GDT skim milk powder price average dropped 18 cents to \$1.30/lb this week.

USDA released its *Milk Production* report this week, pointing to higher production nationally. With the currently high prices, it is not too surprising that dairy producers would try to maximize their milk production, although the gain was perhaps a bit steeper than expected. In the U.S., July milk production was up 4% compared to the same time a year ago. In California, the increase was a bit larger, up 4.8% from last year.

USDA also released its *Livestock, Dairy and Poultry* report this week, forecasting an all milk price range of \$23.55 to \$23.75/cwt for 2014. The forecast for 2015 is lower, at a range of \$19.75 to \$20.75/cwt.

## Conservation tillage tour draws interest from dairy producers

*Reprinted with permission of Sustainable Conservation*

On August 5, two-dozen dairy farmers joined Sustainable Conservation and California Ag Solutions for a daylong conservation tillage bus tour around the Central Valley, stopping at three different dairy farms. The purpose of the tour was to encourage farmers to shift from conventional farming techniques to strip-till as a way to improve their own bottom-line, while helping to clean up some of the state's dirtiest air.

The tour encouraged Central Valley farmers to consider taking part in Sustainable Conservation's strip-till equipment rental program, which allows them to try out strip-till without the upfront costs of investing in all-new equipment.

After meeting at the Hilmar Cheese Company's Visitors Center bright and early, participants made the short drive to the Charles Ahlem Ranch, where the crowd was presented with a side-by-side comparison of a conventionally tilled field vs. a strip-tilled field.

Most were surprised to find they couldn't tell the difference between the till-methods, but as Steve Bello, the Farm Manager at Charles Ahlem Ranch, explained, differences certainly exist in terms of costs, water use, labor needed and time invested.

Whereas conventional tilling took five tractor passes to till its designated acreage, the strip-till method was able to cover the same acreage in only two passes. Fewer tractor passes ultimately means cleaner air as less carbon is released into the air, as well as labor and fuel costs savings.

While at the Charles Ahlem Ranch, participants also got the opportunity to take a look at the actual strip-till equipment used, complete with a roaring demonstration of the strip-till planter.

What was most impressive was the difference in the amount of fuel needed to complete the tilling. While traditional tilling consumes about 25 gallons of fuel per acre, strip-tilled fields only require one gallon per acre. Tractors running on diesel are responsible for releasing a good portion of the emissions leading to ozone and smog pollution.

After completing our tour of Charles Ahlem Ranch, participants took a trip to Clover Prairie Farms, which has successfully converted 100% of their fields to strip-till. This was the first time the ranch had used the strip-till method, effectively establishing them as pioneers within the California dairy industry for using new technologies. Partakers learned about the farm's precision fertilizer efforts, which allows proper agronomic rates to be applied and places the plant food exactly where it is needed. This technology and practice increases the efficiency of fertilizer use, thereby reducing its environmental impact and saving the farmer money.

Reducing the amount of fertilizer used also decreases the potential for nitrogen to pollute. It also helps with erosion control and helps the farm save at least \$50 an acre in diesel costs due to using a lower horsepower engine and making fewer tractor passes. By the end of the event, a good number of the attending dairy producers had expressed interest in the rental program and in using strip-till on their own fields. To learn more about Sustainable Conservation's tillage equipment rental program, please contact Ladi Asgill via e-mail at [LAsgill@suscon.org](mailto:LAsgill@suscon.org).

## Study finds few differences in organic milk or dairy herd health

There's no significant nutritional differences between organic and regular milk, or in the health of cows on the two types of dairy farms, according to new research by Oregon State University and other academics. Nearly 300 small dairy farms in Oregon, New York and Wisconsin participated in the study, funded by a \$1 million grant from the National Institute of Food and Agriculture in the U.S. Department of Agriculture. The five-year study included 192 organic dairies and 100 conventional ones.

Researchers also found that many organic and conventional dairies did not meet cattle welfare standards in three commonly used programs: the American Humane Association's Animal Welfare Standards for Dairy Cattle, Farmers Assuring Responsible Management, and the Canadian Codes of Practice.

"While there are differences in how cows are treated on organic farms, health outcomes are similar to conventional dairies," said Mike Gamroth, co-author of the study and professor emeritus in OSU's College of Agricultural Sciences. "Few dairies in this study performed well in formal criteria used to measure the health and well-being of cows."

"Nearly seven in 10 organic farms previously operated conventional herds, which explains the lack of differences between them," Gamroth said. "Many organic farmers operate in a similar fashion to when they raised conventional herds, from milking procedures, to using the same facilities, to caring for sick cattle."

## MilkPep names new CEO

The Milk Processor Education Program (MilkPEP) board of directors has named Julia Kadison Chief Executive Officer. Kadison previously held the position of interim CEO/vice president of marketing for MilkPEP. Since joining MilkPEP in 2006, Kadison has spearheaded several successful marketing campaigns. Most recently, she directed the development of the industry's new "Milk Life" campaign, which spotlights milk's high-quality protein, and the launch of the Great American Milk Drive, which raises awareness of the need for milk donations in the nation's feeding programs.

Kadison also oversaw the industry's entrance into the sports recovery market with the "BUILT WITH CHOCOLATE MILK" campaign, which touts the science-backed, post-exercise recovery benefits of chocolate milk.

## CMAB supports school nutrition, physical activity programs

The California Milk Advisory Board (CMAB) has announced their activation of Fuel Up to Play 60 (FUTP 60) in California for the 2014-2015 school year. Fuel Up to Play 60 is an in-school physical activity and nutrition program created by the National Dairy Council in collaboration with the National Football League. The program encourages youth to consume low-fat and fat-free dairy products, fruits, vegetables, lean meats and whole grains while achieving at least 60 minutes of physical activity every day.

Qualifying California schools participating in FUTP 60 may be eligible for up to \$4,000 for the 2014-2015 school year to help support their health and wellness programs. This competitive program is designed to support schools that implement plays from the 2014-15 edition of the Fuel Up to Play 60 Playbook. These plays can range from creating a healthy breakfast program in a school to coordinating the 100 Mile Club, which challenges students to walk, jog or run 100 miles at school in a single school year to improve their health and well-being.

For schools interested in participating in FUTP 60, applications will be available online beginning August 26, 2014 and must be received by November 5, 2014. For more information on Fuel Up to Play 60 and to sign up an eligible school, please visit [FuelUpToPlay60.com](http://FuelUpToPlay60.com).

## CMAB launches new website

California's more than 1,400 dairy families are inviting consumers to take a virtual trip to the land of Milk and Sunny with a new website called "Califarmia," where the cows moo like music and there's more sunshine than you can shake a stick at. The site from the California Milk Advisory Board (CMAB) introduces consumers to the number one dairy state and its farm families with compelling content, images and interactive graphics that provide an engaging look into modern dairy farming. The website can be found at <http://www.realcaliforniamilk.com/>. Each section of the new website offers a chapter in the story of Real California Milk:

- Videos introduce the farmers who raise the cows that produce the milk that nourishes families everywhere. California dairy family stories bring consumers to Califarmia, and provide a snapshot of real farmers doing their part to feed the world.
- Visually appealing graphics and facts that provide a lesson in "cowology," allowing consumers to learn about the care, comfort and health of the California cows that make the milk and dairy products enjoyed around the world.
- Recipes featuring the diversity of the dairy products made in California, from milk and butter to cheese and more, are a prominent feature on the new site along with multiple ways consumers can share the recipes they like.
- Community is at the core of everything California dairy farmers do. Here you can find examples of the many ways – from taking care of the land to supporting access to healthy foods – dairy farm families are working to make their communities better for generations to come.

## Flat screen TV tops WUD golf tourney raffle prizes



A flat screen television donated by WUD Board President Tom Barcellos is one of the top raffle prizes to be awarded at the 10th annual South Valley Fed-PAC Golf Tournament Monday, September 15 at the Visalia Country Club. All proceeds from the popular event will benefit Western United Dairymen's federal political action committee.

The four-person scramble gets underway with a noon shotgun start. The day culminates with a dinner at which awards and prizes will be presented.

The cost is \$150 per player and includes green fees, golf cart, practice balls, lunch, tee prizes, refreshments and dinner.

A registration form is available at [www.WesternUnitedDairymen.com](http://www.WesternUnitedDairymen.com) or by contacting Heidi Savage at [hsavage@westernuniteddairymen.com](mailto:hsavage@westernuniteddairymen.com) or (209) 527-6453.

### Save the Dates!

**Western United Dairymen Annual Convention**

**March 18-20, 2015 • Tenaya Lodge in Yosemite**

**For more information, visit: [www.WUDconvention.com](http://www.WUDconvention.com)**

### Hay & Grain Report

*All prices FOB Unless noted as (DEL)*

*USDA Market News 8/22/2014*

#### Region 1: North Inter-Mountains

	Tons	Wtg.
Premium (DEL/Org)	3504	310.15

#### Region 2: Sacramento Valley

Premium	150	310.00
Good/Premium	675	300.00
Good	350	220.00

#### Region 3: N. San Joaquin Valley

Nothing to Report

#### Region 4: Central San Joaquin Valley

Nothing to Report

#### Region 5: S. California

Good/Premium	274	258.81
Good	260	240.00

#### Region 6: S.E. California

Fair	1262	206.34
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## Federal PAC Golf Tournament Fundraiser

Monday, September 15, 2014

### Visalia Country Club

625 N. Ranch Street, Visalia, CA 95374 • (559) 734-1458

Proceeds from the golf tournament will go to the Western United Dairymen Federal Political Action Committee (PAC) which supports congressional candidates who share WUD's legislative goals and philosophy.

#### Four Person Scramble

11:00am – 11:45am Registration

11:15am – 11:50pm Lunch

12:00pm Shotgun

5:30pm Dinner

**\$150 per player**

Includes: Green fees, golf cart, practice balls, lunch, tee prizes, refreshments and dinner. Awards and great prizes will be presented.



# GOLF REGISTRATION

\_\_\_\_\_  
 Name Dairy or Company Name Daytime Phone or Email

\_\_\_\_\_  
 Name Dairy or Company Name Daytime Phone or Email

\_\_\_\_\_  
 Name Dairy or Company Name Daytime Phone or Email

\_\_\_\_\_  
 Name Dairy or Company Name Daytime Phone or Email

\_\_\_\_\_  
 Names for **Extra Dinners** (\$28.00 each) Total # Extra Dinners

# of Golfers _____ x \$150 = _____
# of extra dinners _____ x \$28 = _____
<b>Total Amount Due:</b> \$ _____ *

**DUE**  
**9/3/14**

## Important Payment Information:

- Company checks for "Sole Proprietorship" or "Partnership" OKAY
- Sorry, NO CORPORATE CHECKS can go to the Federal PAC
- Make checks payable to: **Western United Dairymen Federal PAC**
- Enclose registration form with payment OR list player last names on check

## Submit form any of the following ways:

- FAX (209) 527-7843
- Email [HSavage@WesternUnitedDairymen.com](mailto:HSavage@WesternUnitedDairymen.com)
- Mail: 1315 K Street, Modesto CA 95354

Contact Heidi Savage for further details at [Hsavage@westernuniteddairymen.com](mailto:Hsavage@westernuniteddairymen.com) or (209) 527-6453

By registering for the golf tournament by phone, fax or mail, you accept responsibility for payment of \$150, due on or before September 15, 2014. No cancellations or refunds after September 12, 2014.

**A complete registration form with sponsorship information, driving directions, and other details, is available at: [WesternUnitedDairymen.com](http://WesternUnitedDairymen.com)**