



# Weekly Update

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## July 2, 2009

### Butter

10 sales, 4 bids unfilled, 2 offers uncovered. Butter closed the week with a 1.25-cent loss after closing unchanged the previous week. Churning activity across the country has been quite active and will remain so during the upcoming weekend when additional cream volumes are expected to be available. Many butter producers are anticipating that this will be the last time significant surplus cream offerings will be available on a spot basis as typically these cream offerings disappear after the holiday for the balance of the summer. Butter demand is fair at best as most buyers hold off placing regular orders until they review their inventory situation following the holiday.

### Cheese

24 sales, 2 bids unfilled, 1 offer uncovered. Blocks had a 0.5-cent loss this week after a 0.25-cent recovery last week. The CME Group cash market continues to bounce around at prices near or below CCC purchase prices. Demand is generally fair at best. At current prices, many buyers have already built sizeable inventories, so new spot interest is light. Retail promotions continue to move extra volumes. Some order improvement was noted from food service accounts in resort areas, particularly where the weather turned more seasonal. Cheese offerings remain seasonally heavy. Milk supplies remain well above year-ago levels at most cheese plants although warmer weather has helped reduce cheese yields at more plants.

### Milk Production

Milk production in the East is trending lower, but the decline is not as steep as in past years due to nearly ideal weather patterns in the Northeast and Mid Atlantic regions. Upper Midwest milk is moving south into areas affected by the heat and humidity. Heat in the Southwest, including California and Arizona, is reducing farm milk production.

### Dry Products

During the period June 29- July 3, CCC purchased 8,383,895 net pounds of NFDm under the dairy support program. Cumulative purchases since October 1, 2008, to 272 million pounds.

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](mailto:info@westernuniteddairyfarmers.com).

## Commodity Markets: CME – California Plants

Average	AA Butter	NFDm	40# Blocks	Barrels	Dry Whey
May	\$1.2449	\$0.8124	\$1.1418	\$1.0763	\$0.2563
June	\$1.2337	\$0.8203	\$1.1397	\$1.0884	\$0.2925
July	\$1.1988	\$0.8180	\$1.1163	\$1.0963	\$0.3125
July 2	\$1.1925	\$0.8173	\$1.1150	\$1.1000	\$0.3150
Week	↓ 1¼ cents	↓ <sup>45</sup> / <sub>100</sub> cent	↓ ½ cent	↑ 1 cent	↑ ½ cent

## Estimated Producer CWT. Prices

Month	Class 1	4a	4b	Overbase	Quota
May	\$12.84	\$10.03	\$9.54	\$9.76	\$11.46
June	\$11.85	\$10.06	\$9.52	\$9.66	\$11.36
July	\$12.03	\$9.89	\$9.28	\$9.53	\$11.23

## Milk pooling bill defeated by producers

California dairy producers Wednesday made an effective case against legislation that proposed changing the Gonsalves Milk Pooling Act. After hearing from several dairy producers opposed to SB362, authored by Senator Dean Florez (D-Shafter), the Assembly Ag Committee defeated the bill by a 4-to-3 vote with one abstention.

Voting with California dairy families to defeat the bill were Tom Berryhill, (R-Modesto); Connie Conway (R-Tulare); Mariko Yamada (D-Vacaville); and Jean Fuller (R-Bakersfield). Bill Monning (R-Santa Cruz) abstained. "Berryhill did a great job in speaking for the dairy industry," said WUD President Ray Souza.

About 30 dairymen showed up at the hearing in the Capitol to testify and lend support for defeating the measure. Their support and testimony was critical in helping committee members understand the repercussions of SB362. WUD was joined in the successful effort to defeat SB362 by the Dairy Institute of California, Milk Producers Council, California Farm Bureau Federation and California Dairy Campaign. Everyone who spoke on behalf of dairy families, from two Hanford college students—Jason DeGroot and Lucas Wilgenburg—to 92-year-old Ben Van Warmerdam, a dairy producer from Galt, spoke movingly against the bill and for the Gonsalves Milk Pooling Act. Also to be thanked in the day's successful effort are all WUD members who took the time to call their Assembly members urging opposition to the bill. Florez asked for and was granted reconsideration, making the measure a two-year bill and eligible to be heard again in the Assembly Ag Committee next year.



WUD members before the hearing are pictured with Assemblyman Tom Berryhill (left) standing with Tulare dairyman Ron Koetsier.

## CWT's latest herd retirement round removes 101,000 cows

Cooperatives Working Together has finished the farm audits of its seventh herd retirement round since the program was started in 2003, removing 101,040 cows that produced almost two billion pounds of milk. At the completion of the on-farm auditing process in late June, CWT removed 367 herds in 41 states, comprised of nearly 101,000 cows that produced 1.96 million pounds of milk. These figures reflect the final number of dairies that successfully were audited in the herd retirement process in May and June.

CWT had received 538 bids from 41 states during the April bidding period. As has been the case in previous herd retirement rounds, most of the cows removed were in the western regions of the country. This round also removed 818 bred heifers. (Continued Page 2)

(Continued from Page 1) “Even though this was by far the largest of CWT’s seven herd retirement efforts, we were able to move quickly in May and June to audit the participating farms,” said Jim Tillison, chief operating officer of CWT. “The national dairy herd will be noticeably smaller this summer as a result of CWT.” Tillison said that additional CWT herd reduction activities are likely in 2009, given the continuing depressed state of milk prices and imbalance between supply and demand.

CWT auditors were sent to each of the farms whose bids were accepted. Once the bid information submitted by farmers was verified, each of the cows had a special CWT ear tag applied, and the farmers were given a brief amount of time to sell their cows for processing. Once the sales receipts for the animals are verified and ear tags returned to CWT by the processing plants, farmers are issued payments and their names are posted at [www.cwt.coop](http://www.cwt.coop). Tillison said some farmers’ names have yet to be posted online from this seventh round, but they will be posted in coming weeks as payments are sent.

### Tail docking bill approved by Assembly Ag Committee

Legislation that would end the practice of tail docking dairy cattle passed the California Assembly Ag Committee Wednesday on a 6-to-1 vote. The measure authored by Senator Dean Florez (D-Shafter) was amended by the committee to remove the requirement that any emergency tail docking be reported to CDFA within 30 days. That amendment was accepted by several livestock groups who had objected to the bill as previously written on the grounds that emergency tail docking is rare and that new fees would be associated with the reporting requirement.

Apparently, the tail docking debate did not sit well with Governor Arnold Schwarzenegger. He used the Assembly Ag Committee debate over Florez’s bill to fire away at legislators who are stalemated over the state budget. The Governor’s film crew attended the Wednesday hearing and then interwove the Governor’s press conference comments about the need for legislators to focus on the budget with committee discussion of the tail docking bill. Go to <http://www.youtube.com/watch?v=-kbnxfj1NP8> to view the video.

### Antibiotic bill now Constitutional amendment bill

It was quite a week for Senator Dean Florez as he continued his search for a legislative vehicle to push forward his agenda to end the use of antibiotics in animal agriculture. First, he pulled his latest version of SB562, a bill that would mandate a warning on the label of any animal product derived from an animal that had been administered a non-therapeutic dose of any antibiotics. The legislation was scheduled to be heard at the Assembly Ag Committee hearing on July 1, but was pulled at the Senator’s request. He indicated he would make it a two-year bill. Many observers believe this attempt at otic labeling faces an uncertain future as federal labeling laws preempt any attempts by state governments to label products.

Next, Florez introduced legislation to amend the California Constitution to ban the use of “non-therapeutic” antibiotics in meat and poultry. SCA23, introduced June 24 by Florez, is not subject to bill deadlines and it can be moved at any time. The measure requires a two-thirds vote of both the Assembly and the Senate to be placed on the ballot and it then would require approval of a majority of the state’s voters to amend the California Constitution.

### Monthly Dairy Products Report

U.S. Production by month Products (1,000 pounds)	% change from		
	May 2009	May 2008	Apr 2009
Total Cheese	860,747	+2.6%	+1.8%
American Cheese	366,314	+3.9%	+4.3%
Butter	139,391	-0.3%	-2.2%
Nonfat Dry Milk	149,149	+13.3%	+7.7%
Dry Whey	91,363	-2.1%	+2.7%

### Spring 2009 CWT herd retirement round summary by region

Region	Northeast	Southeast	Midwest	Southwest	West	Total
Farms audited	41	52	125	63	86	367
Cows retired	5,121	6,400	8,153	43,121	38,245	101,040
Milk removed (million lbs)	104.3	107.2	147.3	844.4	759.9	1.96

Source: Cooperatives Working Together

### Field Representative Corner

*WUD features news from its various field representatives on a regular basis in the Weekly Update. This month’s column features news from Jake Oosterman, field representative for districts 2, 4 and 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 these United States of America. Despite the current economic and regulatory difficulties we are experiencing, I haven’t heard of one dairyman relocating to Egypt. This is still the land of the free and the home of the brave!

The current reality is that low prices have not changed much in the last six months. Our dairies are in severe financial distress. Milk income is far below the high cost of production. Many are in survival mode.

Even in survival mode you still need to take care of your dairy. Knowing that premiums and quality bonuses offer the best return on investment, it is still important to produce the highest quality milk. Mistakes and fans provide another good return on investment by making cows comfortable in this summer weather. Maybe it’s time to re-evaluate feed rations; hay prices have dropped as much as 50% while grains and proteins have not, so there could be a savings in ration reformulation.

Last week Western United Dairymen celebrated its 25th anniversary with a reception in Sacramento at the Sutter Club. Many legislators and representatives from allied industries were there and several spoke to the group. WUD’s first CEO, Richard Cotta, gave a brief history of the organization.

This week on Wednesday a busload of dairymen went to Sacramento to testify at an Assembly agriculture committee hearing for SB362. The bill authored by Senator Dean Florez to amend the Gonsalves Milk Pooling Act would have a negative impact on producer income. Ninety-two year old Ben Van Warmerdam gave an impassioned plea for maintaining the Act. Because of the testimony by Western United Dairymen members SB362 was defeated.

The annual reports for the Water Board have been sent in this week so now you’ll have time during the rest of the summer to focus on what you do best—taking good care of the cows.

If you have any questions or need assistance, contact your Western United Dairymen representative. Call **Jake at (209) 535-1929** if you have any questions on these or other concerns related to your dairy.

### Fall corn harvest estimated 1.5% higher than 2008

Using USDA’s currently projected yield for corn and adjusted harvested acres from this week’s crop report, fall’s crop is “implied” to be 12.287 billion bushels, 1.5 percent higher than the 12.101 billion bushels harvested in 2008, according to the June 30 *Daily Livestock Report* from Steve Meyer and Len Steiner of Paragon Economics. Using the same method for soybeans, the analysts see an “implied” 2009 soybean crop of 3.259 billion bushels, 10.1 percent above the 2008 harvest of 2.959 billion bushels.

## EPA set to approve California's one-hour ozone plan

The U.S. Environmental Protection Agency is proposing to approve a large portion of California's plan to attain the federal 1-hour ozone health standard in the San Joaquin Valley while simultaneously proposing to disapprove the plan's contingency provisions. This is the second time EPA has proposed action on the state plan for meeting the 1-hour ozone standard. The Clean Air Act requires air quality plans to include contingency measures that provide for continuing emission reductions if an area fails to attain the standard by the required deadline. EPA is proposing to disapprove the contingency provisions in the San Joaquin Valley plan because the plan does not show sufficient emission reductions for contingency purposes.

The EPA press release noted, "While EPA recommends additional rule revisions regarding dairies, beef feedlot and other cattle operations, we are proposing to defer a decision on whether the rule meets Reasonably Available Control Technology (RACT) for those operations pending results from the National Air Emissions Monitoring Study (NAEMS)."

The practical impact for Central Valley dairymen will be that the air district's Rule 4570 regulating emissions from dairies and other confined animal facilities will remain in effect and dairy farms will continue to comply with the provisions of the rule. "While continuing to comply, we are also eager to see the results of the EPA study," said Paul Martin, WUD's director of environmental services. "Western United Dairymen was instrumental in helping to obtain funding and in locating a dairy site in California for the study. We hope the EPA study, along with completion of other significant dairy research supported by the state air board and the valley air district, which is being conducted with the cooperation of local dairy farmers, will more effectively target and refine the provisions of Rule 4570 so that full approval will be possible." Rule 4570 has been upheld by recent court action, and, as a result of the district voluntarily moving to extreme non-attainment status, the rule is already slated for revision in coming weeks.

## March culling above year-ago levels

The USDA *Livestock Slaughter* report revealed a year-over-year increase in culling activity for May with 212,000 dairy cows sent to slaughter for the month, compared to 195,000 last May, for an increase of 17,000 head or 8.7%. Through May, 110,000 additional dairy cows have been culled when compared to last year's levels.

Weekly dairy slaughter figures for June show large year-over-year increases and reflect the herd retirement activities of the current CWT round.

## Water 'Czar' named for California

The naming of a water 'czar' was announced by U.S. Interior Secretary Ken Salazar Sunday at a town hall meeting held in Fresno. Deputy Secretary of Interior David Hayes has been designated as the lead in coordinating state and federal efforts to find solutions to water shortages. In concert with the federal action, Governor Arnold Schwarzenegger appointed Department of Water Resources Director Lester Snow to serve as the state's lead person. U.S. Bureau of Reclamation's Mike Connor will also serve as a key contact. Several steps were announced by Salazar and Schwarzenegger in response to water problems for communities and farms south of the Sacramento-San Joaquin Delta. There will be renewed federal involvement and leadership in the Bay Delta Conservation Plan and federal involvement in water supply issues beyond the scope of the plan. A distribution of \$220 million in Recovery Act funding will be made for specific water and environmental projects in California. Of that amount \$160 million is to be directed to the Central Valley Project with an additional \$40 million in drought relief funds. There is also to be an expedited review of infrastructure projects including the "two gates" project and the canal intertie project.

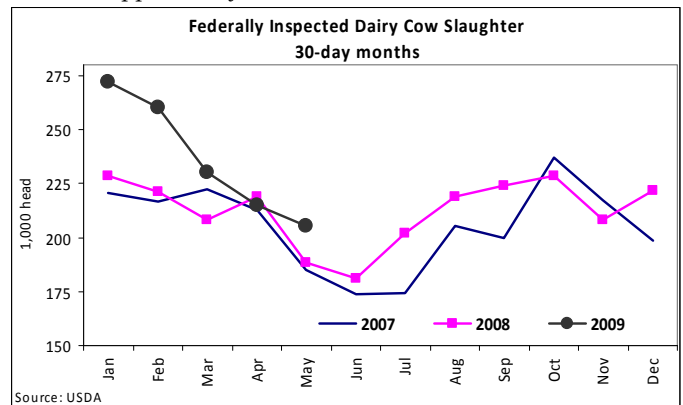
## EPA Extends comment period for Renewable Fuel Standard

The U.S. Environmental Protection Agency is extending the comment period by 60 days on its proposed rule revising the national Renewable Fuel Standard program, commonly referred to as RFS2. The original comment period that was to end on July 27, 2009, now ends on September 25, 2009. The proposed rule would dramatically increase the volume requirements for renewable fuels, establish four categories of renewable fuels, and require some renewable fuels to achieve greenhouse gas emission reductions compared to the gasoline and diesel fuels they displace. These revisions were mandated by the Energy Independence and Security Act of 2007. Go to <http://www.epa.gov/otaq/renewablefuels/index.htm> for information and instructions.

## MILC Payment Estimates

Month	Trigger	Class	Payment*
Feb-09	\$17.33	\$13.97	\$1.51
Mar-09	\$17.14	\$12.68	\$2.01
Apr-09	\$17.14	\$13.61	\$1.59
May-09	\$17.60	\$14.22	\$1.52
Jun-09	\$17.35	\$13.33	\$1.81
Jul-09	\$17.30	\$13.51	\$1.71
Aug-09	\$17.31	\$13.74	\$1.60
Sep-09	\$17.04	\$13.82	\$1.45
Oct-09	\$16.96	\$14.54	\$1.09
Nov-09	\$16.94	\$15.38	\$0.70
Dec-09	\$17.17	\$16.50	\$0.30
Jan-10	\$17.17	\$16.96	\$0.10
Feb-10	\$17.15	\$17.19	NA
Mar-10	\$17.28	\$17.19	\$0.04
Apr-10	\$17.32	\$17.73	NA
May-10	\$17.37	\$17.97	NA

\*MILC trigger payments are estimated using CBOT and CME futures prices for corn, soybeans and milk on 7/1/09. **Bold** are actual values and not estimate. Source: Cornell Program on Dairy Markets & Policy



## Weekly culling activity

Week ending	2008	2009	Change
6-Jun	45,100	60,800	15,700
13-Jun	43,800	60,500	16,700
20-Jun	42,300	59,500	17,200

**Month-to-date total >>>>>>> 49,600**

## Organic residuals symposium set for UC Davis Sept. 22-24

Methods for achieving greenhouse gas reductions and selecting and funding new technologies will be the main topics when the Pacific Organic Residuals Symposium is held September 22-24 at UC Davis. Western United Dairymen is one of the sponsors of the event which is intended for those involved in putting organic residuals to their best uses. Other sponsors include the U.S. EPA Region 9, California Integrated Waste Management Board, Central Valley Regional Water Quality Control Board, California Department of Food and Agriculture, Sustainable Conservation, California Association of Sanitation Agencies, Sacramento Municipal Utilities District, California Senate Office of Research, and the University of California at Davis. More information is available at <http://www.epa.gov/region09/waste/organics/symposium/index.html>.

## Immigration to inspect I-9's nationwide

U.S. Immigration and Customs Enforcement (ICE) has informed 652 businesses across the country that it will inspect the I-9 forms collected from employees, the first step in what the agency said is a renewed emphasis on employer compliance with employment eligibility verification. The crackdown was viewed by some as an attempt by the Obama administration to burnish its credentials in enforcement before trying to move a bill through Congress allowing undocumented aliens to regularize their status.

In the audit, companies are being asked to provide records without a subpoena. Instead, ICE is issuing Notices of Inspection (NOI). I-9 forms require employers to review and record a job applicant's identity documents and determine whether they "reasonably appear to be genuine and related to the individual," according to ICE. The businesses being presented with a notice of inspection were selected as the result of leads and information obtained through other investigative means. ICE declined to reveal names and locations of businesses to be audited.

## Vet licensure bill clears Senate committee

A bill to increase the number of practicing veterinarians in California passed the Senate Appropriations Committee this week. AB107 by Assembly members Cathleen Galgiani (D-Livingston) and Connie Conway (R-Tulare) is intended to address a chronic shortage of food-animal veterinarians. The bill, which has received only unanimous votes so far, now heads to the Senate floor. It would increase the number of licensing exams from one to two a year and modify rules for transferring a license from out of state.

A similar bill was vetoed last year along with many other bills, because Gov. Arnold Schwarzenegger and legislators were trying to cope with state budget negotiations.

## Indirect land use amendment fails by one vote

A move to reject indirect land use calculations for the ethanol industry was narrowly rejected recently in the House Appropriations Committee. The amendment to the \$10.6 billion EPA spending bill, by Congresswoman Jo Ann Emerson (R-MO), sought to block EPA from using indirect land-use calculations when measuring biofuel's greenhouse gas emissions. The amendment attempt failed in a vote of 29 to 30.

Several protections for large livestock operations made it into the EPA bill. Approved on a voice vote, one amendment would prevent the government from requiring livestock producers to obtain permits under the Clean Air Act. Another amendment would prevent funding of any bills that support rules of mandatory reporting of greenhouse gases from manure management systems on large farms. ❖

<b>WUD Calendar</b>	
Friday, July 3	WUD office closed – Independence Day
<b>WDR reports and activities</b>	
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"> <li>• Record visual inspections, value and date for each process wastewater application.</li> <li>• Record volume/density OR weight/moisture of solid manure applications.</li> <li>• Record yield and lab analysis data for each harvested crop</li> </ul>
July 1, 2009	Second annual report due to be filed with the CVRWQCB.

### Hay & Grain Report

Hay Grades	Tons	Wtd Avg
Petaluma – Delivered:		
Premium	100	150.00
Good	350	130.71
Fair	500	115.00
Modesto – Delivered:		
Supreme	500	149.00
Premium	2,450	139.74
Good	2,200	121.82
Fair	2,850	107.63
Northern Mountain – FOB:		
Fair	200	93.75
Tracy – FOB:		
Supreme	775	133.87
Premium	1,350	119.72
Fair	50	90.00
Sacramento Valley – FOB:		
Supreme	150	115.00
Premium	1,200	117.92
Good/Premium	300	110.00
Good	1,350	91.85
Fair	750	80.00
South Valley – Delivered:		
Supreme	600	153.75
Premium	250	135.00
Good	500	125.00
Fair	2,400	109.90
Corcoran – FOB:		
Premium	125	120.00
Good	500	100.00
Fair	1,200	91.46
Kern County – FOB:		
Good	400	100.00
Fair	4,200	89.61
Firebaugh – FOB:		
Premium	600	115.00
Fair	750	88.00
Dos Palos – FOB:		
Supreme	1,350	138.93
Premium	4,615	122.98
Good	2,800	104.55
Fair	3,850	90.65
South State – Delivered:		
Premium	125	145.00
Fair	25	110.00
Parker – FOB:		
Fair	1,000	80.00
Imperial Valley – FOB:		
Premium	125	110.00
Fair	325	88.85

### Grains

Soybean Meal, 47½ %:  
 Chino Valley 461.30 – 469.30  
 USDA Market News 7/2/2009