

WEEKLY UPDATE

JANUARY 18, 2018

Emergency price increase petition filed with CDFA

WUD and CDC filed a petition with the California Department of Food and Agriculture (CDFA) today requesting the call of an emergency hearing to consider increases to Class 1,2,3, 4a and 4b prices for a period of twelve months. The requested increase would add approximately \$0.35/cwt to the overbase price.

California dairy families have suffered severe economic hardship in the past three years. Many have gone out of business or acquired massive debt on top of eroded equity. The significant negative margins witnessed every quarter since January 2015 have placed many producers in a dire financial situation. 2017 displayed a modest recovery in the markets but the improvements were short lived and not significant enough to allow for positive margins. According to CDFA's cost of production data, the smallest loss recorded these past three years was \$0.23/cwt of milk produced during the first quarter of 2017.

You have likely read this newsletter's milk price forecast with concern. WUD and CDC's boards had the same reaction and decided action must be taken against those spiraling prices. 2017 ended on a sour note, with the estimated overbase price reaching the lowest level since June 2016. As we start 2018, producers are facing an even lower overbase price, with current commodity prices yielding an overbase of \$13.29/cwt for January. Looking down the following few months is even less pleasant, with potential for prices to fall below \$13/cwt. The first quarter of 2018 price forecast is set to be 12% below the last quarter of 2017. Compared to the latest cost of production of \$18 per hundredweight released by CDFA (third quarter of 2017), this clearly illustrates how the price of milk will be insufficient to cover costs.

While the FMMO hearing is behind us, the process is not over. USDA still has not released its final decision for a California FMMO. Even when it does, there will be a referendum process (likely a few months) and an implementation period if the vote is a yes. Until then, we cannot sit idly while more dairy farms go out of business in the state. California's milk production pattern relative to the rest of the country is concerning, with year-over-year milk production down 1.1% in November (the U.S. was up 1%). This is not a recent pattern: California's milk production declined in 32 of the past 36 months. California dairy families clearly need additional revenues and we believe the CDFA should provide pricing assistance while we await USDA's final decision. If you are also concerned with milk prices, you can call CDFA at 916-654-0462 or submit a letter to dairy@cdfa.ca.gov to voice your opinion on this matter.

CDFA has 15 days to grant or deny a hearing, so stay tuned for more details as we await the Secretary's decision!

CONTACT US @

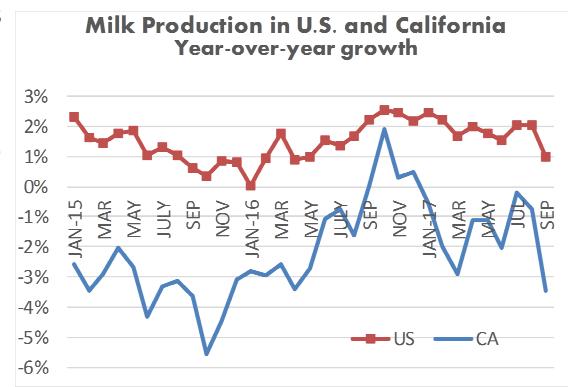
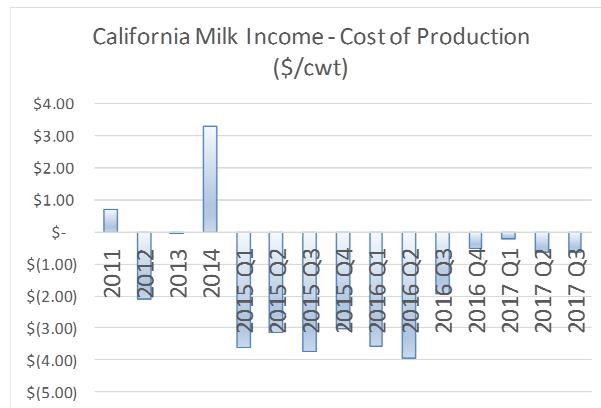
1315 K Street, Modesto, CA
95354 Telephone: 209.527.6453
Fax: 209.527.0630
info@westernuniteddairy-men.com

WEEKLY UPDATE DELIVERY OPTIONS

Send change of address or request for Update delivery to WUD by phone or fax, or email to info@westernuniteddairy-men.com

LIKE US ON FACEBOOK!

Western United Dairymen has a Facebook page. "Like us" today and join in on the conversation about California dairy families.



GET INVOLVED

For more information on how to get involved in WUD's political machine, visit WUD's website www.westernuniteddairy-men.com Or californiaagaction.com to see how you can be part of the action.

MEMBER PORTAL

As a member of WUD, you have access to exclusive pricing and labor information in the Member Portal on the WUD website. If you need your information to access the member portal, please contact your field rep.

KEEPING OUR EYES ON NATIONAL MATTERS

WUD

WESTERNUNITEDDAIRYMEN

SAVE THE DATE

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**WESTERN UNITED DAIRYMEN**  
**2018 ANNUAL MEETING AND CONVENTION**

March 27th - March 28th, 2018  
(STARTS TUESDAY EVENING AT 7:00PM )

**Double Tree Hotel**  
1150 9TH STREET • MODESTO, CA 95354

**VIRTUAL TRADE SHOW ALL DAY  
MID-MORNING AND MID-AFTERNOON SOCIAL BREAKS**

The following major topics for 2018 will be presented:

- LEGAL UPDATES
- INSURANCE REQUIREMENTS
- ANNUAL MEETING OF MEMBERS
- MEMBER AND SPONSOR DINNER AND PARTY  
FAMILY ENTERTAINMENT AND ATMOSPHERE!

[WWW.WESTERNUNITEDDAIRYMEN.COM](http://WWW.WESTERNUNITEDDAIRYMEN.COM)

## CERCLA Reporting: Some Uncertainty Remains

By Paul Sousa, Director of Regulatory and Environmental Affairs

Last fall I wrote a couple of articles about USEPA's Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) reporting rule for livestock operations. At that time USEPA decided that reporting was not necessary until "the DC Circuit Court of Appeals issues its order, or mandate, enforcing the Court's opinion of April 11, 2017". Well that mandate is now expected as early as next week. There is still some ambiguity over who should report as methods to determine emissions levels are not entirely clear. During that extra time USEPA has been preparing a more streamlined reporting process for agriculture. Reporting can now be done by e-mail and additional information, including a new factsheet, can be found at: [www.epa.gov/animalwaste](http://www.epa.gov/animalwaste)

CERCLA requires reporting of certain air emissions over a certain threshold. For livestock operations, the most common reportable emissions are ammonia and hydrogen sulfide. The reporting threshold for both those compounds is 100 pounds per day. The website above has resources for calculating your dairy's estimated emissions to determine if reporting is necessary using the best available information. Facilities with more than about 1,500 head are generally above the reporting threshold; however in some cases smaller operations could also exceed the threshold. If you have any questions on this issue please give me a call before reporting. The solution is to have Congress correct this issue and WUD is in the lead on that front.

## Annual Convention – Registration is OPEN!

WUD would like to welcome you to our 2018 Annual Convention in Modesto, CA on March 28<sup>th</sup>, 2018. The event will kick off with a social on Tuesday, March 27, 2018 at 7pm at the Doubletree Hotel Bar.

To register for your Convention spot, please click the link below and follow the on screen instructions. <https://westernuniteddairymen.com/annual-conference/>

If you have any questions regarding registration and/or sponsorship, please contact Katelyn Lewis by call/text 209-769-3884 or by email at [klewis@westernuniteddairymen.com](mailto:klewis@westernuniteddairymen.com).

We appreciate our new sponsors!



As a reminder for those who have not done so yet, please send in your sponsorship renewal or new application before January 30th. Forms can be found at: <https://westernuniteddairymen.com/annual-conference/>

## Latest commodity prices

| Average (\$/lb)       | AA Butter   | NFDM       | 40# Blocks   | Barrels  | Dry Whey   |
|-----------------------|-------------|------------|--------------|----------|------------|
| <b>December</b>       | \$2.2089    | \$0.7483   | \$1.5049     | \$1.5630 | \$0.2963   |
| <b>January</b>        | \$2.1861    | \$0.7225   | \$1.4939     | \$1.3583 | \$0.2644   |
| <b>January 18</b>     | \$2.1325    | \$0.7110   | \$1.5500     | \$1.3500 | \$0.2600   |
| <b>From last week</b> | -2.25 cents | -0.56 cent | +11.25 cents | +6 cents | -0.25 cent |

## Latest class prices

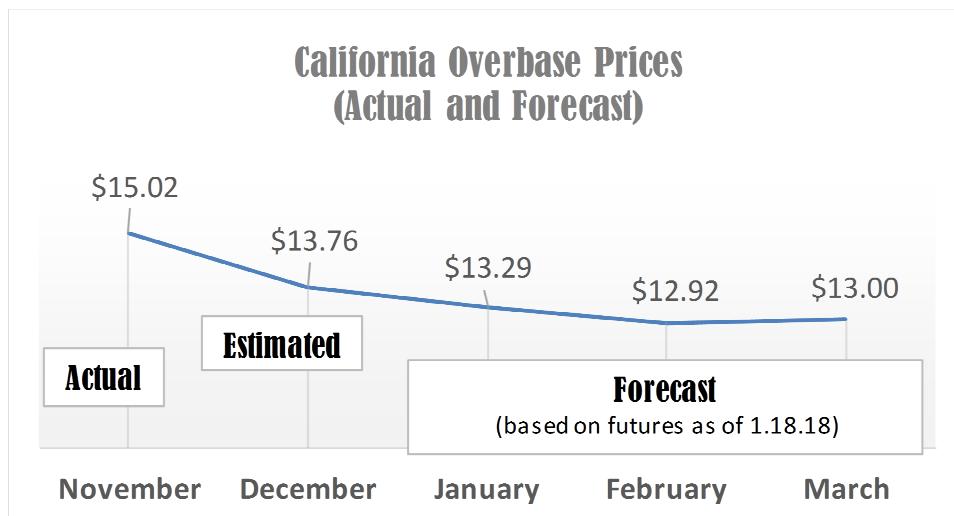
| Price (\$/cwt)  | Class 1        | 4a             | 4b             | Overbase       | Quota          |
|-----------------|----------------|----------------|----------------|----------------|----------------|
| <b>November</b> | <b>\$18.63</b> | <b>\$13.62</b> | <b>\$15.52</b> | <b>\$15.02</b> | <b>\$16.72</b> |
| <b>December</b> | <b>\$18.10</b> | <b>\$13.36</b> | <b>\$13.52</b> | <b>\$13.76</b> | <b>\$15.46</b> |
| <b>January</b>  | <b>\$16.22</b> | \$13.04        | \$13.28        | \$13.29        | \$14.99        |

*Prices in italics are estimates*

## Federal Order Class Prices

| Month           | Class I base | Class II | Class III | Class IV | Nov all-milk |
|-----------------|--------------|----------|-----------|----------|--------------|
| <b>December</b> | \$16.88      | \$14.49  | \$15.44   | \$13.51  | \$18.10      |

\*The all-milk price is the price used in the MPP formula to calculate the milk price side of the equation. It is not a number that can be compared to the California overbase price. The all-milk price is calculated by using total dollars paid to producers at average fat test, including any premiums or discounts (prior to deductions for hauling, promotions, or dues) divided by total pounds of milk. Total dollars paid would not include any dividends paid by coops or hauling subsidies. The data comes from various sources. In some states, USDA calculates a price using data collected on surveys of plants that purchase milk from farmers. In some states, USDA uses data obtained from Coops or Federal Milk Marketing Orders. In California, USDA uses data provided by CDFA. To calculate a U.S. price, USDA weighs the top 23 states' price estimates by the states' monthly milk production estimates.



*Forecasted prices are not a guarantee of future prices and are subject to change as markets fluctuate..*

**Ask WUD**—Based on feedback received from members, we will add a questions corner in the Friday Update. Please send us your questions you would like to see answered in the Update to annie@westernuniteddairymen.com. Questions can be pertaining to pricing, policy, regulatory matters, environmental issues. WUD's experts are ready to answer what matters to you!

