

WESTERN UNITED DAIRYMEN

WEEKLY UPDATE
September 20, 2018

We received a few questions recently regarding the upcoming FMMO. Look up for questions for members and WUD's response in the next few weeks. As usual, if you have any questions please contact annie@westernuniteddairymen.com or call the office.



Question: When we switch to the FMMO in November, what will happen to my quota if my milk is shipped out of state?

Answer: When our California state system goes away to make way for the Federal Milk Marketing Order (FMMO) in November, the Quota Implementation Plan (QIP) will be the language in place to ensure the quota system's smooth transition into the FMMO

system. When we enter that new world, all market milk received from California producers at a California plant will be assessed for quota. By "received", the language defines "to convey milk physically into a milk plant where it is utilized within the plant, or stored within such milk plant and transferred to another plant for utilization". This means that a milk truck driver cannot drive by a plant, wave hello to an operator, and keep on going out of state and still call this milk received in California. Basically, if your California milk leaves the state, you will not be assessed for quota. But you also will not be paid for it. But, if your milk is 60% quota and only 40% of your milk goes out of state, you will be assessed on 60% of your milk and get paid quota on that same 60%. If your quota covers 100% of your milk and 40% of your milk goes out of state you will be assessed on 60% of your milk and get paid quota on that same 60%. In this instance, one could wonder if it makes much sense to keep your quota. While it may not make much economic sense to hold on to quota you are not paid for, some reasons may validate that decision (perhaps it is expected milk will be shipped to a California plant in the near future). If you were to decide to hold on to that quota, it is important to keep in mind that "if quota is not made active by shipments of market milk to a California plant or cooperative association or is not transferred within the 60-day period, such quota shall revert to the Department". This excerpt from the QIP means that if your quota milk is not paid on for over 60 days, you will lose it so you better sell it. This is likely going to be an issue if you ship to a proprietary plant and all your milk goes out of state. If you ship milk to a cooperative, there is more flexibility because that coop has the ability to combine quotas assigned to it by its members. So as long as the quota total within the coop is not larger than the total amount of market milk produced and received in California, then there should be no issue for you as a quota holder.

Question: what is defined as market milk?

Answer: Grade A milk. If your milk is Grade B, you cannot have quota now and will not be able to under the QIP. You will not be assessed for it either. Currently, only around 3% of the milk in California is Grade B. WUD will keep an eye out on this topic to ensure that percentage does not deviate significantly. As a reassurance, this is not something that could grow from 3% to 50% in a month since fluid milk is not allowed to take in Grade B milk and the three largest coops in the state (CDI, DFA and LOL) committed to not taking in any more Grade B milk after the transition to the FMMO.

CONTACT US @

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

WEEKLY UPDATE DELIVERY OPTIONS

Send change of address or request for Update delivery to WUD by phone or fax, or email to info@westernuniteddairymen.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.westernuniteddairymen.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.

August 2018 Milk Production report

USDA released its *Milk production* report this week, pointing to results as unexpected as a celebrity tweeting about trying cereal with milk for the first time. The report showed slightly higher than expected milk volumes in August, with U.S. milk production up 1.4% year-over-year, pushed upward by significant increases in some of the major dairy producing states. Texas led the way with a 9.5% year-over-year jump. New York and Wisconsin were up 1.7% and 1.4% respectively, while California was up 1.2% and Idaho 0.9%. This marked the highest August volume for California since August of 2015. Texas monthly gain of nearly one hundred million pounds was the equivalent of the volume gains incurred by California, Wisconsin and New York combined. New York, Wisconsin and California all trimmed the herd compared to last year—in line with expectations shown in increased slaughter numbers last month. Some top states did not follow the trend, with Idaho adding 4,000 cows and Texas adding 20,000 cows.

Field Representative Corner

Jake Oosterman

North Valley Field Representative

Greetings from the great central valley in the great State of California! We're in the middle of the last dog days of summer, thank God there has been enough irrigation water to get our crops to maturity. WUD is currently ramping up our efforts to help dairy families prepare for what we expect to be increased OSHA audits and visits. We've just conducted two OSHA update meetings for our members and we plan to hold more in the coming months.

The new information is now located on the member portal, be sure and check it out. An ounce of prevention is better than a fine from OSHA.

There are lots of WUD events and dates coming up. Write them on your calendar or smart device as you read about them in your Update. The WUD leadership nomination and election process started Monday September 17th. Nominations for Directors and Delegates are due **OCTOBER 26th**. WUD is also hosting a dairy risk academy in Visalia on September 25th and in Turlock on September 26th. Please RSVP to the office if you'd like to attend. Annie will be making her presence known at both meetings so if you'd like to talk dairy pricing Canuck style, be sure and attend!

Winter district membership meetings start right after Thanksgiving this year. All your WUD staff will be there to show off what your trade group has been working on. And the granddaddy of all events will be WUD's annual convention held at Tenaya Lodge in Yosemite, on March 27th-29th, 2019. Mark your calendars and watch your Update for registration information. Make plans to attend as this event will sell out early at the Lodge.

Have you seriously considered an AMMP funded project on your dairy? You might have to think outside the box. If you have aging infrastructure now is the time to upgrade. There might be new technologies to reduce your methane emissions. If you have any questions about which projects are qualifying—or ways to think outside the box—please contact Paul Sousa sooner versus later.

Be sure you enjoy the joys of family at your Thanksgiving dinner and the blessings of the Advent season at Christmas.

If you have any questions or comments, you can reach me at 209-535-1929

Last call to sign up for the California dairy risk academy

Come listen to a very educational day filled with practical discussions about dairy risk management in California. WUD dairy producer members can save \$100 and attend this full day seminar for free. Registration is required. Please contact Annie at the office or by email at annie@westernuniteddairymen.com if you would like to attend a seminar at one of the locations below. Breakfast will start at 8am and the program at 8:30am. It should wrap up by 4:45pm.

Tuesday, September 25, 2018
The Vintage Press
216 N Willis Street
Visalia, CA 93291

Wednesday, September 26, 2018
Turlock Golf & Country Club
10532 North Golf Link Road
Turlock, California 95380

WUD thanks its Gold sponsors!



FARM CREDIT

American AgCredit | Farm Credit West
CoBank | Fresno Madera Farm Credit
Golden State Farm Credit





**November 27–28, 2018
Sacramento Convention Center**



\$50 REGISTRATION
for Dairy Farmers thru Friday, Oct. 19th

Hosted by:



Look for the Seal
California Milk Advisory Board

Join us to learn about California's world-leading achievements in sustainable dairy farm practices and ways for dairy farmers to continue improving environmental sustainability, develop new business opportunities, and reduce on-farm costs.



Address Challenges and Improve your Bottom Line: The summit will serve as a forum for discussing technologies and strategies to address methane emission challenges, fast approaching water regulations, and rising labor and energy costs, all while optimizing cow health and comfort.



Food and Fun: Sacramento—America's Farm-to-Fork Capital—has more than 50 craft breweries and 200 wineries, award-winning restaurants, boutique shops, riverfront views, and historic attractions.

"As farmers, our leadership in sustainability is a legacy we leave to future generations. The California Dairy Sustainability Summit allows us to recognize farmers for leading the way with sustainability, while investigating further opportunities to advance and improve."

Dante Migliazzo

Chairman, California Milk Advisory Board
Director, California Dairy Research Foundation

"California dairy farmers are raising the bar for environmentally-friendly farming practices. The Summit will recognize their achievements to date and help build strong partnerships, as we serve as world leaders in sustainable farming."

Charles "Chuck" Ahlem

2017 World Dairy Expo Dairyman of the Year
Chairman, Dairy Cares
Director, Dairy Council of California
Director, California Dairy Research Foundation

Event Partners: California Cattlemen's Association, California Farm Bureau Federation, California Dairy Campaign, California Dairies, Inc., Dairy Farmers of America - Western Area, Dairy Institute of California, Hilmar Cheese Company, Land O' Lakes, Milk Producers Council, Producer's Dairy, Sustainable Conservation, Western States Dairy Producers Association, Western United Dairyman

Register at cadairysummit.com

Latest commodity prices

Average (\$/lb)	AA Butter	NFDM	40# Blocks	Barrels	Dry Whey
August	\$2.3033	\$0.7786	\$1.6034	\$1.5520	\$0.3913
September	\$2.2479	\$0.8042	\$1.6488	\$1.5217	\$0.4297
September 20	\$2.3050	\$0.8293	\$1.6150	\$1.3900	\$0.4350
From last week	+7 cents	+2.56 cents	-0.50 cent	-8 cents	-

Latest class prices

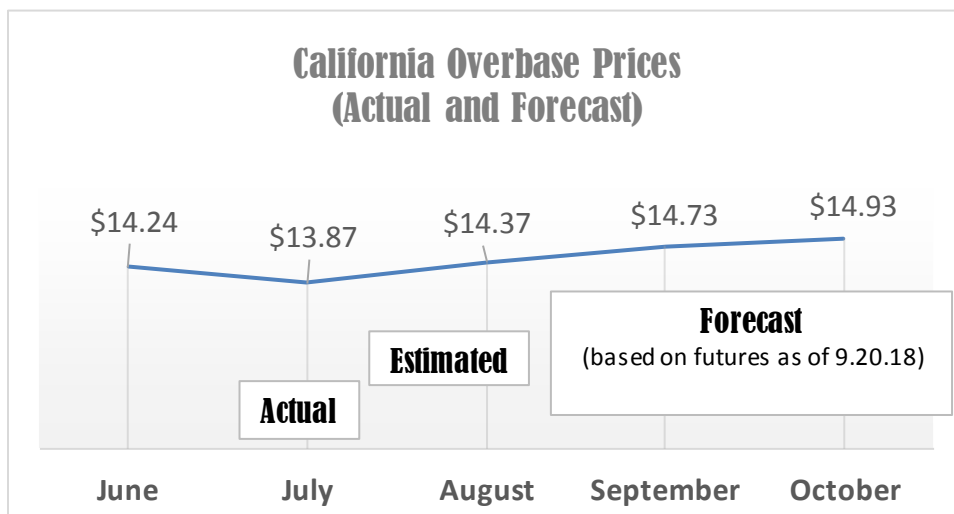
Price (\$/cwt)	Class 1	4a	4b	Overbase	Quota
July	\$17.00	\$13.72	\$14.09	\$13.87	\$15.57
August	\$16.28	\$14.05	\$15.06	<i>\$14.37</i>	<i>\$16.07</i>
September	\$17.01	<i>\$14.01</i>	<i>\$15.64</i>	<i>\$14.73</i>	<i>\$16.43</i>

Prices in italics are estimates

Federal Order Class Prices

Month	Class I base	Class II	Class III	Class IV	July all-milk price*
August	\$14.15	\$15.07	\$14.95	\$14.63	\$15.40

*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.



This forecast is for informational purposes only and should not be used as a price guarantee. It is subject to change as market conditions change.



Ask WUD—Based on feedback received from members, we have added the “Ask WUD” corner in the Update when we received questions.

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!