Southern California Cost Comparison

Production Cost Comparison 2005 1/	2004 Average	Under 700	701 - 999	1000 +	2005 Average	Percent Change
Number of Herds	19	4	6	3	13	
1. Total Feed Costs	**$106.09**	**$109.16**	**$108.88**	**$108.79**	**$108.90**	**2.6%**
Total Feed Costs (% of total Cost)	**48.9%**	**47.8%**	**49.1%**	**46.8%**	**48.0%**	
2. Total Labor	**$27.43**	**$29.44**	**$27.57**	**$29.65**	**$28.68**	**4.6%**
Total Labor Costs (%of total cost)	**12.6%**	**12.9%**	**12.4%**	**12.8%**	**12.7%**	
3. Herd Replacement	**$27.51**	**$27.70**	**$30.89**	**$34.35**	**$31.44**	**14.3%**
Total Replacement Costs (%of total cost)	**12.7%**	**12.1%**	**13.9%**	**14.8%**	**13.9%**	
4. Total Operating Costs	**$46.70**	**$51.43**	**$45.26**	**$50.39**	**$48.33**	**3.5%**
Total Operating Costs (%of total costs)	**21.5%**	**22.5%**	**20.4%**	**21.7%**	**21.3%**	
5. Total Milk Marketing Costs	**$9.29**	**$10.74**	**$8.99**	**$9.30**	**$9.46**	**1.9%**
Total Milk Marketing Costs (% of total costs)	**4.3%**	**4.7%**	**4.1%**	**4.0%**	**4.2%**	
6. Total Milk Marketing Costs ($/cwt.)	**$0.55**	**$0.62**	**$0.55**	**$0.54**	**$0.56**	**1.8%**
7. Total Cost ($/Cow/Month)	**$217.03**	**$228.47**	**$221.58**	**$232.48**	**$226.82**	**4.5%**
8. Total Cost ($/cwt)	**$12.80**	**$13.22**	**$13.43**	**$13.40**	**$13.37**	**4.4%**
9. Milk Production Data						
a. Adjusted Gross ($/cwt.)	$14.97	$14.15	$14.46	$14.00	$14.23	-4.9%
b. Milk Sold/Cow/Month (cwt.)	16.95	17.28	16.50	17.35	16.96	0.1%
c. Gallons sold/Milk Cow/Day	7.49	7.62	7.36	7.66	7.52	0.4%
d. Fat Test %	3.53%	3.45%	3.54%	3.52%	3.51%	
e. SNF Test %	8.72%	8.80%	8.67%	8.76%	8.73%	
f. Fat Sold/Milk Cow/Month (lb.)	69.21	68.87	68.20	70.42	69.12	-0.1%
g. SNF Sold/Milk Cow/Month (lb.)	170.94	175.51	166.95	175.46	171.72	0.5%
10. Related Data						
a. Percent Dry Cows	14%	13%	14%	13%	14%	
b. Yearly Cull Rate	35%	32%	32%	39%	34%	
c. Avg. Value ($/Drop Bull Calf)	$96.44	$104.26	$133.27	$137.49	$129.22	34.0%
d. Milk Cow Alfalfa Hay Price ($/ton)	$128.47	$148.74	$152.51	$154.68	$152.25	18.5%
e. Grain, Mnrls & Splmnts ($/ton)	$155.67	$150.19	$147.86	$155.17	$150.86	-3.1%
f. Grain, Mnrls. & Splmnts. (lbs/mc/day)	28.06	29.06	29.91	28.37	29.19	4.0%
g. Milkers ($/hr with benefits & taxes)	$16.58	$17.39	$17.23	$15.75	$16.72	0.8%
h. Total Feed Costs ($/Milk Cow/Day)	$3.77	$3.86	$3.87	$3.87	$3.86	2.4%
i. Milk Cow Feed Cost ($/cwt.)	$5.86	$5.91	$6.11	$5.88	$5.98	2.0%
j. Milk Cows (average herd size)	701	453	758	1,067	730	4.2%
k.Total Cows (average herd size)	811	523	885	1,232	847	4.5%

1/ All costs: per cow per month, unless noted

South Valley Survey Area

South Valley in 2005:

The South Valley area has a heavy influence on the statewide data, representing 49 percent of the state's milk production. The area continues to expand, with overall herd size and the number of dairies increasing. Since the year 2000, herd size has grown by about five percent annually. This increase in herd size is partly due to construction of new large dairies along with the expansion of existing dairies. Kern County leads the way in growth, adding four dairies and increasing in milk production by 16 percent. The trend of freestall barns continues, and of the dairies participating in the cost survey, approximately 50 percent are now freestall barn facilities. Due to land restrictions, some producers have expanded by purchasing existing facilities.

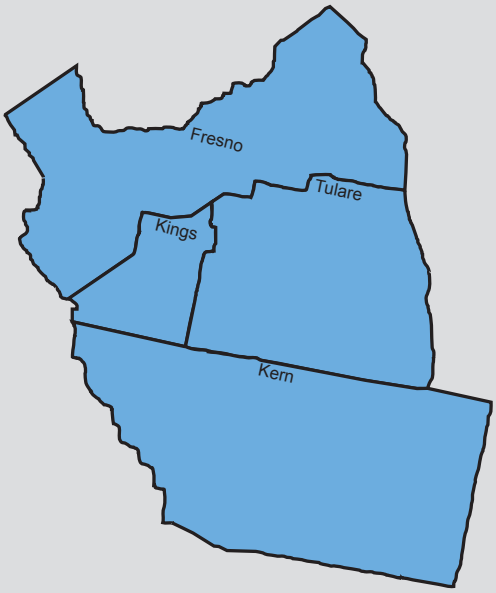
Environmental issues were a major topic this year. As producers face more regulations and agencies demand more information, some producers have contracted with consultants to assist in staying in compliance and in the filing of paperwok. Most dairies in this area will have to make changes in their management practices to meet the rules that will be implemented by the San Joaquin Valley Air District, as the average herd size is well over 1,000 cows.

The spread between milk prices and cost of production definitely narrowed this year as higher feed costs prevailed. Dry roughage, wet roughage, and concentrate prices all increased in 2005. Higher fuel costs added to expenses for hauling and harvesting crops, which resulted in an increase of feed costs. As alfalfa hay prices reached record highs, a lot of rations decreased use of alfalfa hay and increased use of grain and silage.

Operating costs and labor costs remain relatively stable in comparison to feed costs. Producers in this region have borrowed money to make improvements to facilities, expand or build new facilities or increase herd size. Dairy producer interest rates for feed and cow loans have almost doubled since the beginning of 2005. Milk hauling prices continued to climb through the year, as milk haulers passed on the higher cost of fuel.

Producers held on to cows a little longer, which resulted in the cull rate declining by two percent in 2005. High replacement values, profitable milk prices, and dairy herd growth contributed to these cows being kept in the herd longer than normal.

South Valley Survey Area



South Valley California Survey Area At A Glance . . .

Total Population: 2,145,681 People (2004)
Land Area: 20,319 Square Miles
Number of Dairies: 672 Dairies
Number of Dairy Cows: 857,211 cows
Milk Production in 2005: 18.5 Billion Pounds
2005 Average Cost of Production: $13.42/cwt.

South Valley Cost Comparison

Production Cost Comparison 2005 1/	2004 Average	Under 700	701 - 999	1000 - 1499	1500 Plus	2005 Average	Percent Change
Number of Herds	66	9	11	19	21	60	
1. Total Feed Costs	**$109.16**	**$109.72**	**$117.01**	**$113.81**	**$119.48**	**$117.34**	**7.5%**
Total Feed Costs (% of total Cost)	**49.3%**	**51.0%**	**49.2%**	**48.5%**	**48.4%**	**48.6%**	
2. Total Labor	**$25.38**	**$23.13**	**$26.93**	**$24.38**	**$26.60**	**$25.90**	**2.0%**
Total Labor Costs (%of total cost)	**11.5%**	**10.8%**	**11.3%**	**10.4%**	**10.8%**	**10.7%**	
3. Herd Replacement	**$29.75**	**$31.05**	**$33.76**	**$34.43**	**$34.19**	**$34.05**	**14.5%**
Total Replacement Costs (%of total cost)	**13.4%**	**14.4%**	**14.2%**	**14.7%**	**13.8%**	**14.1%**	
4. Total Operating Costs	**$49.34**	**$43.93**	**$52.26**	**$54.00**	**$58.48**	**$56.04**	**13.6%**
Total Operating Costs (%of total costs)	**22.3%**	**20.4%**	**22.0%**	**23.0%**	**23.7%**	**23.2%**	
5. Total Milk Marketing Costs	**$7.78**	**$7.17**	**$7.79**	**$7.95**	**$8.36**	**$8.14**	**4.6%**
Total Milk Marketing Costs (% of total costs)	**3.5%**	**3.3%**	**3.3%**	**3.4%**	**3.4%**	**3.4%**	
6. Total Milk Marketing Costs ($/cwt.)	**$0.44**	**$0.48**	**$0.46**	**$0.45**	**$0.45**	**$0.45**	**2.8%**
7. Total Cost ($/Cow/Month)	**$221.42**	**$214.99**	**$237.74**	**$234.57**	**$247.12**	**$241.47**	**9.1%**
8. Total Cost ($/cwt)	**$12.53**	**$14.30**	**$14.18**	**$13.40**	**$13.25**	**$13.42**	**7.1%**
9. Milk Production Data							
a. Adjusted Gross ($/cwt.)	$14.62	$14.15	$13.91	$13.87	$13.77	$13.82	-5.5%
b. Milk Sold/Cow/Month (cwt.)	17.68	15.03	16.76	17.50	18.64	18.00	1.8%
c. Gallons sold/Milk Cow/Day	7.82	6.67	7.46	7.75	8.23	7.96	1.8%
d. Fat Test %	3.65%	3.81%	3.68%	3.65%	3.62%	3.64%	
e. SNF Test %	8.78%	8.84%	8.75%	8.79%	8.79%	8.79%	
f. Fat Sold/Milk Cow/Month (lb.)	74.59	66.44	71.77	73.99	77.94	75.80	1.6%
g. SNF Sold/Milk Cow/Month (lb.)	179.65	154.40	170.89	178.07	189.35	183.05	1.9%
10. Related Data							
a. Percent Dry Cows	14%	14%	14%	14%	13%	14%	
b. Yearly Cull Rate	37%	33%	33%	37%	35%	35%	
c. Avg. Value ($/Drop Bull Calf)	$114.60	$121.49	$150.53	$148.51	$154.75	$151.38	32.1%
d. Milk Cow Alfalfa Hay Price ($/ton)	$141.70	$165.78	$162.83	$164.79	$157.54	$160.45	13.2%
e. Grain, Mnrls & Splmnts ($/ton)	$155.66	$164.26	$167.62	$154.52	$161.19	$160.30	3.0%
f. Grain, Mnrls. & Splmnts. (lbs/mc/day)	29.62	26.89	29.43	29.27	31.65	30.61	3.3%
g. Milkers ($/hr with benefits & taxes)	$12.30	$10.80	$11.18	$12.13	$12.91	$12.40	0.8%
h. Total Feed Costs ($/Milk Cow/Day)	$3.85	$3.89	$4.17	$4.02	$4.21	$4.14	7.4%
i. Milk Cow Feed Cost ($/cwt.)	$5.73	$6.80	$6.48	$6.06	$5.94	$6.05	5.5%
j. Milk Cows (average herd size)	1,259	466	713	1,070	2,306	1,359	8.0%
k.Total Cows (average herd size)	1,457	541	831	1,239	2,664	1,573	8.0%

1/ All costs: per cow per month, unless noted