Feed Cost Summary

In 2005, feed costs represented 49 percent of the total cost to produce a hundredweight of milk. This is roughly the same as 2004. Milk cow hay prices increased 14.6 percent compared to last year, averaging $163.79 per ton. Grain mineral and supplement prices increased by 1.2 percent compared to 2004, averaging $163.57 per ton.

Milk cow alfalfa hay prices are the story of 2005. Low hay inventories, reduced yield per acre, lower alfalfa hay acreage, and continued growth in dairy cow numbers all combined to create a year of high hay prices.

The wet 2004 fall weather not only curtailed alfalfa hay planting, but reduced the production of milk cow quality hay in September and October. This was a major reason for the lower alfalfa hay acres in 2005 and a factor in lower carryover supplies. The rain delayed start of the 2005 hay season combined with very hot July weather and army worm infestations in some areas, created yields that were disappointing through September. If a grower normally put hay in barns for winter customers, they more than likely did so. If a grower had barns but didn't have regular winter customers, the barns were likely empty or only partially filled. With record high prices on alfalfa and other hay there was no incentive to put hay in barns. Many dairies that normally feed 56 total digestible nutrient (TDN) or better milk cow alfalfa hay were forced to feed 53-to-55 TDN hay.

Demand improved for alfalfa hay from other states, particularly Utah. Alfalfa hay trucked into California the first ten months of 2005 was up 21 percent for the same period in 2004. Shipments of alfalfa hay from Utah in the same period were up 77 percent, due to very competitive prices.

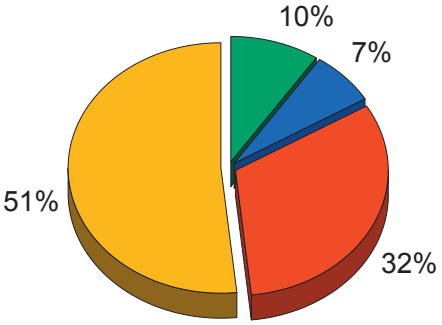
Higher hay prices contributed to an increase in silage prices. Oat silage was $23-to-$28 per ton in the field and corn silage was $28-to-$32 per ton in the field. Commodities contracted for the first nine months were generally higher than the first nine months of 2004. Commodities contracted in the fall of 2005 tended to be a little lower.

The U.S. corn harvest production came in just under last year's record high. This, combined with a large U.S. carryover of corn made the outlook for feed grain prices favorable for dairy producers, at least for the first half of 2006.

Cost of Feed Per Cow

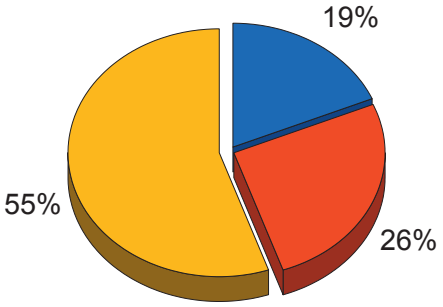
Average Monthly Cost of Feed Per Cows and Percentage by Feed Category, 2005 (Feed Costs Based on Milk Cows & Dry Cows)

North Coast



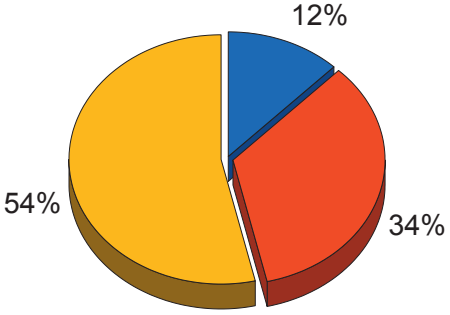
Cost per cow = $122.65

North Valley



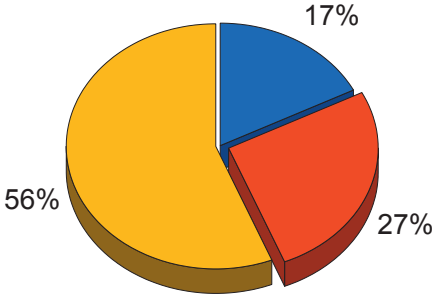
Cost per cow = $118.02

Southern California



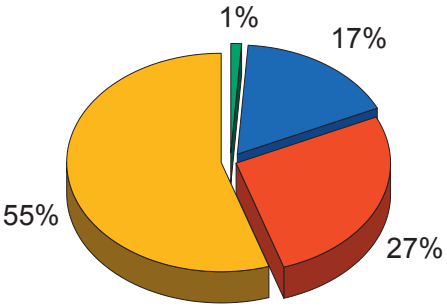
Cost per cow = $108.90

South Valley



Cost per cow = $117.34

State Average

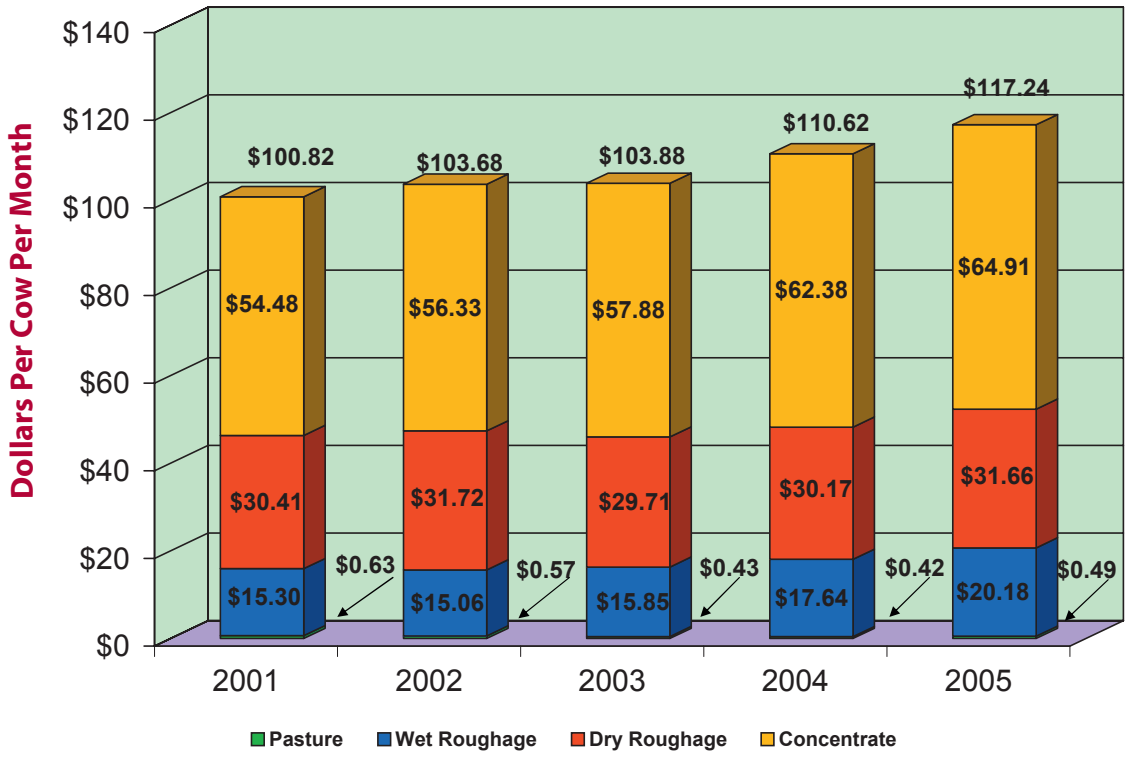


Cost per cow = $117.24

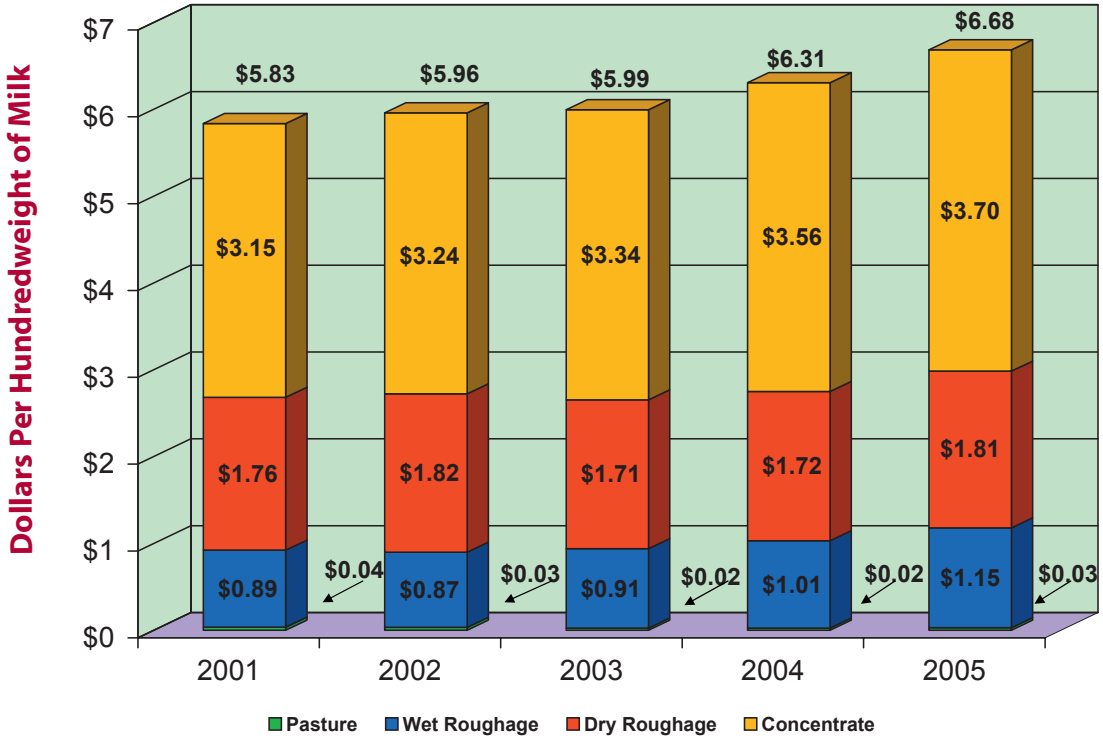
Pasture **Wet Roughage** **Dry Roughage** **Concentrate**

Total Feed Costs

Total Feed Costs Per Cow, Per Month [1/]
California, 2001-2005



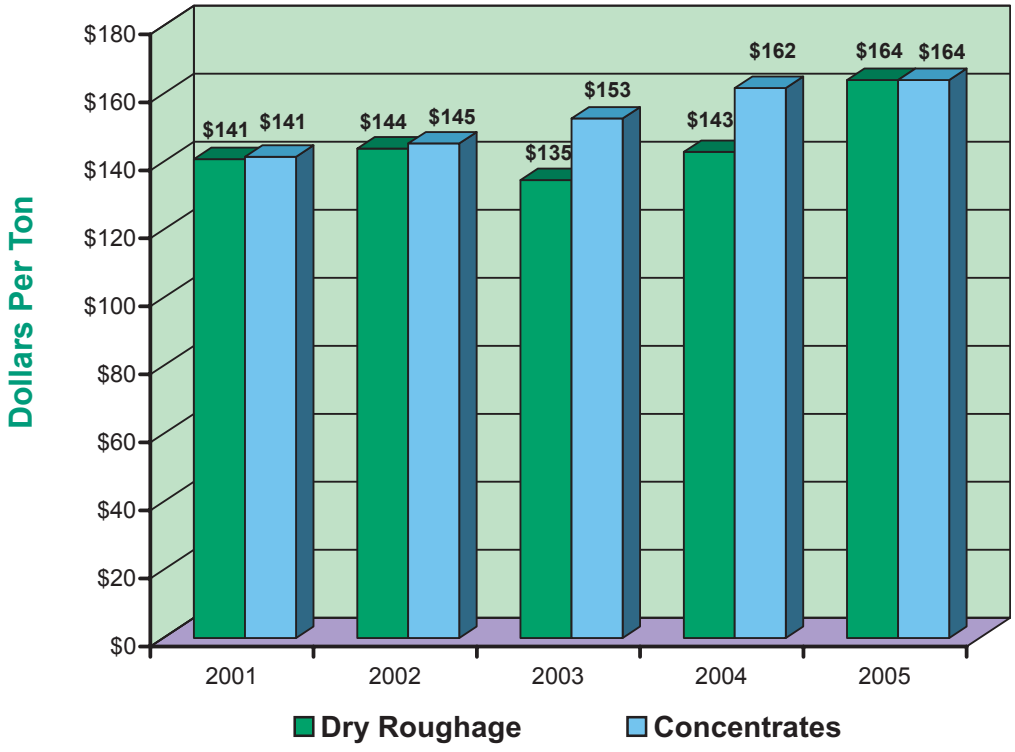
Total Feed Cost Per Hundredweight of Milk [1/]
California, 2001-2005



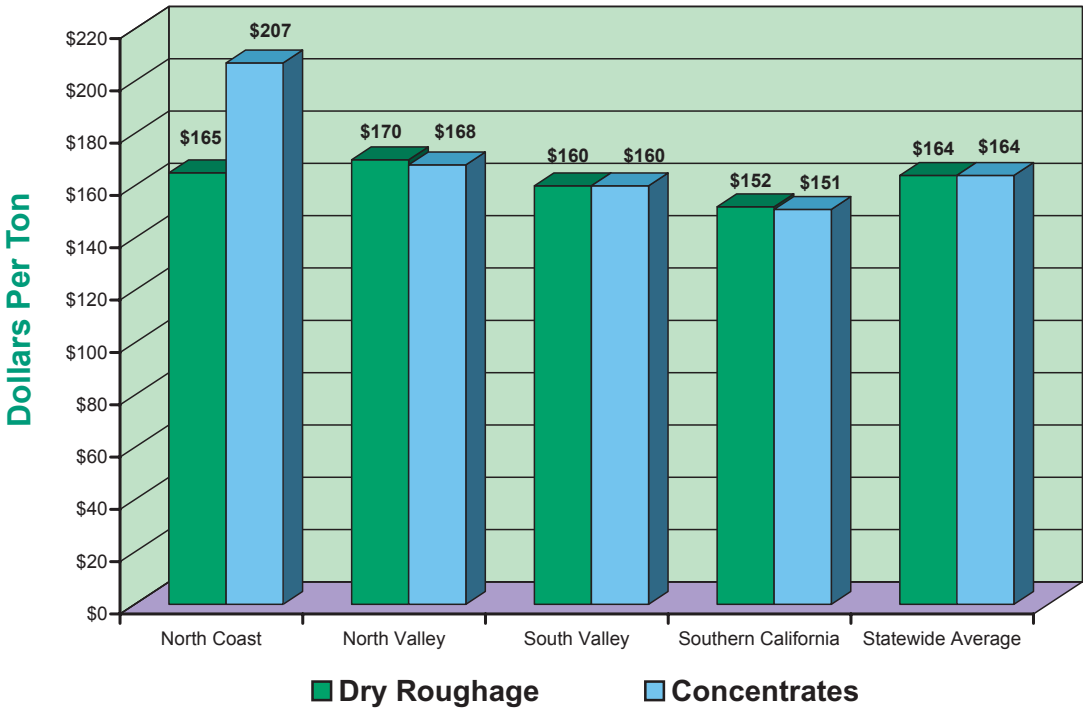
[1/] Includes feed costs for both milk cows and dry cows.

Dry Roughage and Concentrate

Dry Roughage and Concentrate Costs , California, 2001-2005



Dry Roughage and Concentrate Costs, California, by Area, 2005

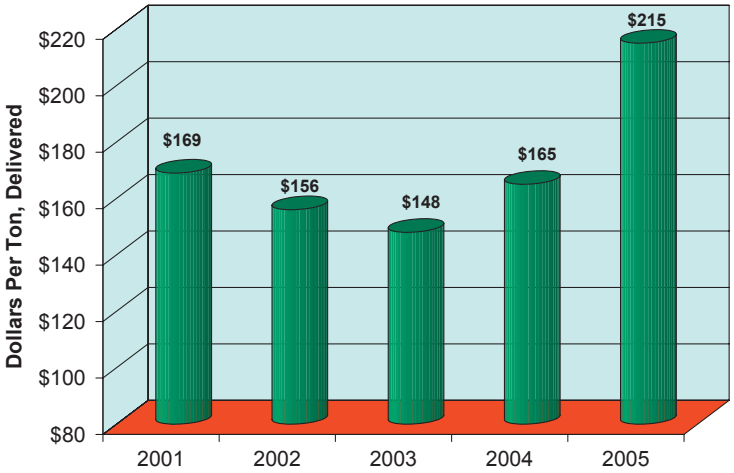


Average Supreme Alfalfa Hay Prices

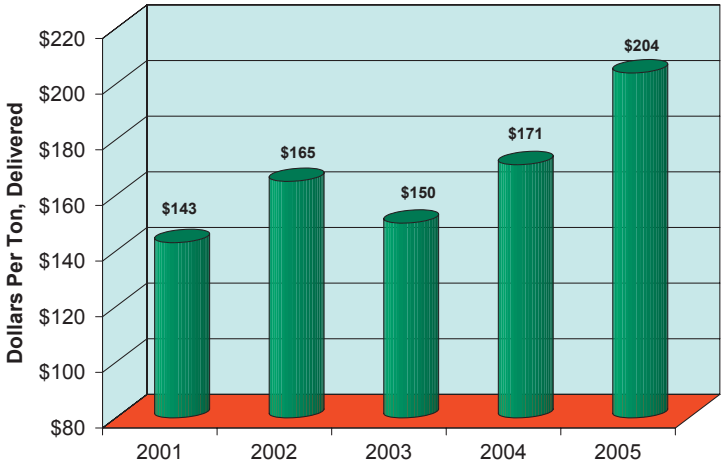
California, Selected Areas, 2001-2005

Petaluma

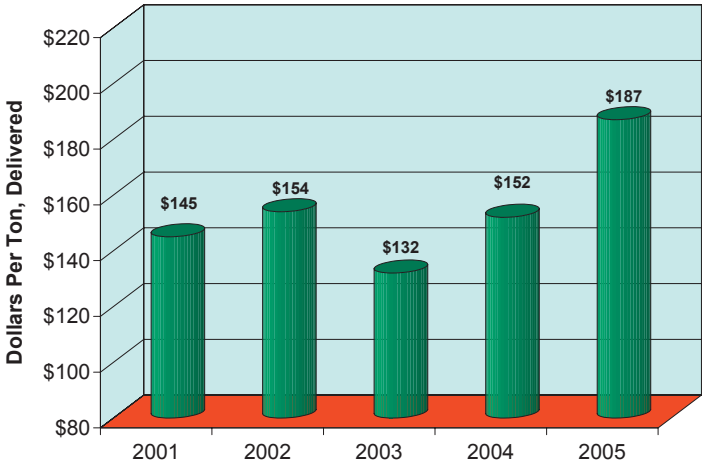
Escalon, Modesto, Turlock



Tulare, Visalia, Hanford



Chino Valley, Los Angeles



Source: USDA, Agricultural Marketing Services, Livestock and Grain Market News, 2005 Alfalfa Hay California Market Summary.