# Milk Producers Council

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**TO: DIRECTORS & MEMBERS** **FROM: John Kaczor**

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## *MPC FRIDAY MARKET UPDATE*

**CHICAGO MERCANTILE EXCHANGE**

| | | |
|---|---|---|
| Blocks | *+$.0025* | $1.2700 |
| Barrels | *+$.0025* | $1.2650 |

**Weekly Average**

| | | |
|---|---|---|
| Blocks | *-$.0065* | $1.2680 |
| Barrels | *+$.0085* | $1.2630 |

**CHICAGO AA BUTTER**

| | | |
|---|---|---|
| Weekly Change | *+$.0150* | $1.4700 |
| Weekly Average | *-$.0150* | $1.4560 |

**DRY WHEY**

| | | |
|---|---|---|
| **WEST MSTLY AVG** | w/e 3/12/10 | $.4038 |
| **NASS** | w/e 3/13/10 | $.3802 |

**NON-FAT DRY MILK**
**Week Ending 3/12 & 3/13**

| | | |
|---|---|---|
| Calif. Plants | $1.0196 | 12,723,537 |
| NASS Plants | $1.0490 | 23,610,170 |

**CHEESE MARKET COMMENTS:** The number of trades on the CME this week is lower than last week, but is still considered to be active. Prices for blocks and barrels held steady through the week and each gained $.0025 per lb on Friday. Yesterday, Cooperatives Working Together announced the reactivation of their export subsidy program for cheddar cheese. No budget for the program was mentioned – very little is left in CWT's line of credit for any additional activity this year, but whatever help this provides in moving product is welcome. CWT says they are targeting five countries for extra support. So far it sounds like no more than an afterthought. *Dairy Market News (DMN)* reports that the apparent settling of prices is encouraging cheese buyers to add to storage. Good prices; good products; need customers.

**BUTTER MARKET COMMENTS:** Butter sales leading into Spring are "quite good" according to DMN reporters. Production is increasing somewhat as butterfat content in milk is rising – along with the amount of milk being produced. Prices on the CME this week added $.015, with little trading activity. The balance between supply and demand for butter continues to look good.

**POWDER MARKET COMMENTS:** The tone of this market is decidedly better than it has been for some time. The low end of the price range this week in the West in now above $1.00 per lb; manufacturers are reporting that, after having dumped their excess stocks, they no longer have need to discount prices, and even orders for exports appear to be improving. All good. Prices for dry buttermilk are higher and the market is described as tight. Prices for dry whole milk are steady. Production of all products is expected to begin to increase along with spring milk production.

**WHEY PRODUCTS MARKET COMMENTS:** According to DMN reporters, the market for dry whey is tight in the East, weaker in the central region, and steady in the West. The average of the West's "mostly" price series this week was unchanged. The national average price for dry whey reported to NASS for current sales slipped again this week and is now almost $.02 per lb below the West's "mostly" price. Whey protein concentrate prices appear to be weakening a bit; interest is described as light. The nonfat dry milk that was sold for "other than human uses" continues to affect sales of dry whey and WPC.

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**FRED DOUMA'S PRICE PROJECTIONS…**

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|---|---|---|---|---|
| **Mar 19 Est:** | **Quota cwt. $ 14.09** | **Overbase cwt. $12.39** | **Cls. 4a cwt. $12.82** | **Cls. 4b cwt. $11.08** |
| **Last week:** | **Quota cwt. $ 14.08** | **Overbase cwt. $12.38** | **Cls. 4a cwt. $12.80** | **Cls. 4b cwt. $11.08** |

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**FEBRUARY MILK PRODUCTION REPORT:** The news is disappointing, but is not unexpected because of recent trends. The number of cows nationally again increased by a few thousand above January's level, and production per cow was up strongly. Total milk produced during the month is estimated by USDA to be slightly higher than last February (+0.1%), despite there being 168 thousand fewer cows to produce the milk. California produced 1.6% less milk with 65 thousand fewer cows. Further analysis will be provided next week.

**TRYING TO MAKE SENSE OF WHAT'S HAPPENING ON THE CME (AGAIN):**

*The article originally published in our March 19, 2010 newsletter outlined trading activity on the Chicago Mercantile Exchange's (CME) cheese market by Davisco-Jerome, a cheese maker in the U.S. Given the vast importance of the CME cash cheese price in determining the market value for raw milk across the nation, the article attempted to identify reasoning behind what appeared to be unusual activity in the cheese market. We have been notified that Davisco-Jerome believed the article was a direct attack on them. It was not intended to be so, and has therefore been removed. We apologize for any misunderstanding. Any questions can be directed to Milk Producers Council at (909) 628-6018.*

**REMINDER: YOU HAVE LESS THAN TWO WEEKS TO FILE YOUR DIESEL-POWERED VEHICLES WITH THE AIR RESOURCES BOARD:** *(By Rob Vandenheuvel)* The California Air Resources Board (CARB) is in the process of implementing a new rule affecting diesel-powered vehicles, including ag vehicles such as feed trucks and manure spreaders. Depending on the annual mileage of your vehicle, you may be able to delay the implementation of this rule until 2017 or later.

In order to receive this temporary exemption from the rule, dairies will have to submit a form to CARB for each truck by March 31st. For more information, CARB has a fact sheet on the new rule (http://www.arb.ca.gov/msprog/onrdiesel/documents/tbagfs.pdf) as well as the form that needs to be submitted for each truck (http://www.arb.ca.gov/msprog/onrdiesel/documents/TBReportingForm091222.pdf).

MPC members wanting assistance in filing this paperwork should contact Betsy Hunter (Central Valley Representative, 661-205-6721) or Rob Vandenheuvel (909-992-9529).