

# MPC WEEKLY FRIDAY REPORT

DATE: APRIL 19, 2024  
 TO: DIRECTORS & MEMBERS  
 FROM: KEVIN ABERNATHY, GENERAL MANAGER  
 PAGES: 7



P.O. Box 4030, Ontario, CA 91761 • (909) 628-6018  
[Office@MilkProducers.org](mailto:Office@MilkProducers.org) • [www.MilkProducers.org](http://www.MilkProducers.org) • Fax (909) 591-7328

## MPC FRIDAY MARKET UPDATE

<b>CHICAGO CHEDDAR CHEESE</b>		<b>CHICAGO AA BUTTER</b>		<b>NON-FAT DRY MILK</b>	
Blocks	+ \$.1450	\$1.6800	WEEKLY CHANGE	<b>No CHANGE</b>	\$2.9200
Barrels	+ \$.0875	\$1.6600	WEEKLY AVERAGE	<b>-\$0.0115</b>	\$2.9250
<b>WEEKLY AVERAGE CHEDDAR CHEESE</b>		<b>DRY WHEY</b>		<b>WEEK ENDING 04/13/24</b>	
Blocks	+ \$.0685	\$1.6155	DAIRY MARKET NEWS	W/E 04/19/24	<b>\$.4800</b>
Barrels	+ \$.0505	\$1.6125	NATIONAL PLANTS	W/E 04/13/24	<b>\$.4425</b>
				<b>LAST WEEK ENDING 04/06/24</b>	
				NAT'L PLANTS	<b>\$1.1746</b> 19,912,096
				NAT'L PLANTS	\$1.1778 13,537,282

## CALIFORNIA FEDERAL MILK MARKETING ORDER PRICE PROJECTIONS

PRICE PROJECTIONS	CLASS I ACTUAL (RANGE BASED ON LOCATION)	CLASS II PROJECTED	CLASS III PROJECTED	CLASS IV PROJECTED
APR 19 EST	No Change	<b>\$21.22</b>	<b>\$15.57</b>	<b>\$20.14</b>
LAST WEEK	\$20.78 - \$21.28	\$21.18	\$15.40	\$20.06

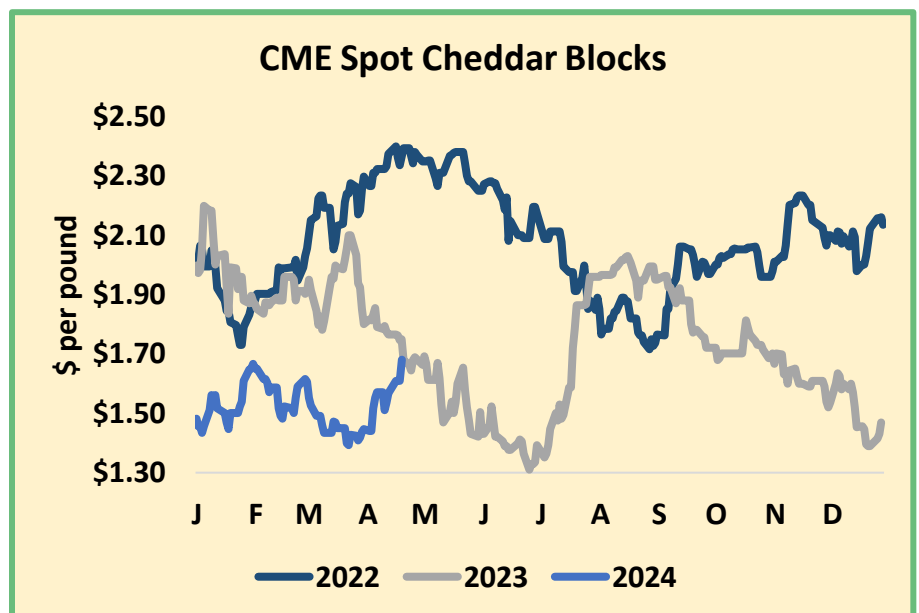


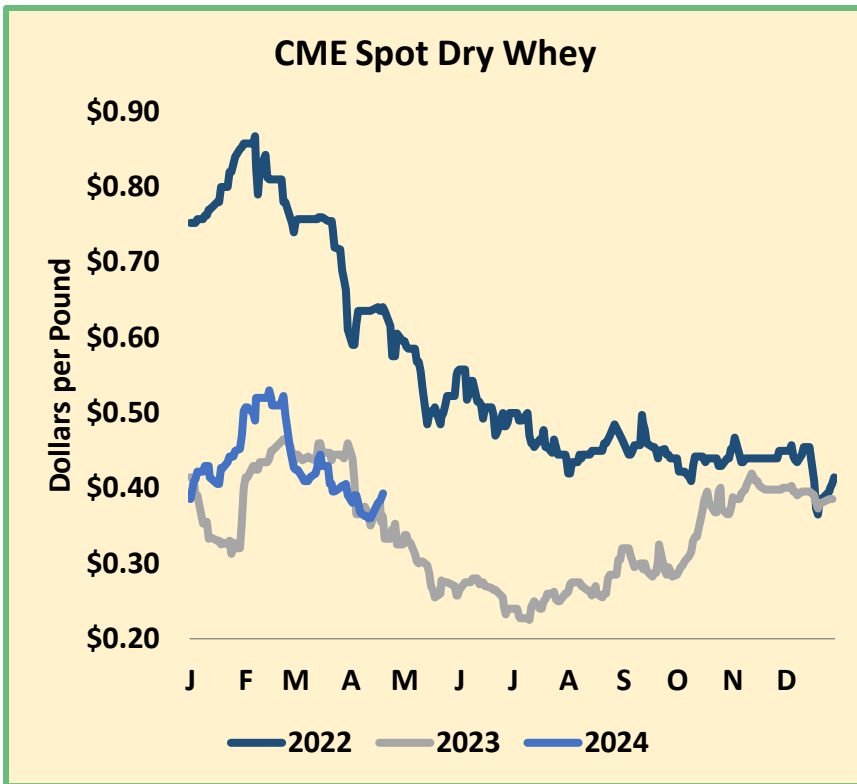
### Milk, Dairy and Grain Market Commentary

By Sarina Sharp, Daily Dairy Report  
[Sarina@DailyDairyReport.com](mailto:Sarina@DailyDairyReport.com)

#### Milk & Dairy Markets

Class III futures came roaring back this week, led by a sizable rally in the cheese markets. USDA's *Dairy Market News* reports that domestic cheese demand is perking up. Grocery shoppers have embraced the advent of grilling season with shopping carts full of ground beef and all the fixings for cheeseburgers. However, cheese orders from foodservice outlets remain lackluster. Mexican importers continue to buy U.S. cheese at a healthy clip. But because



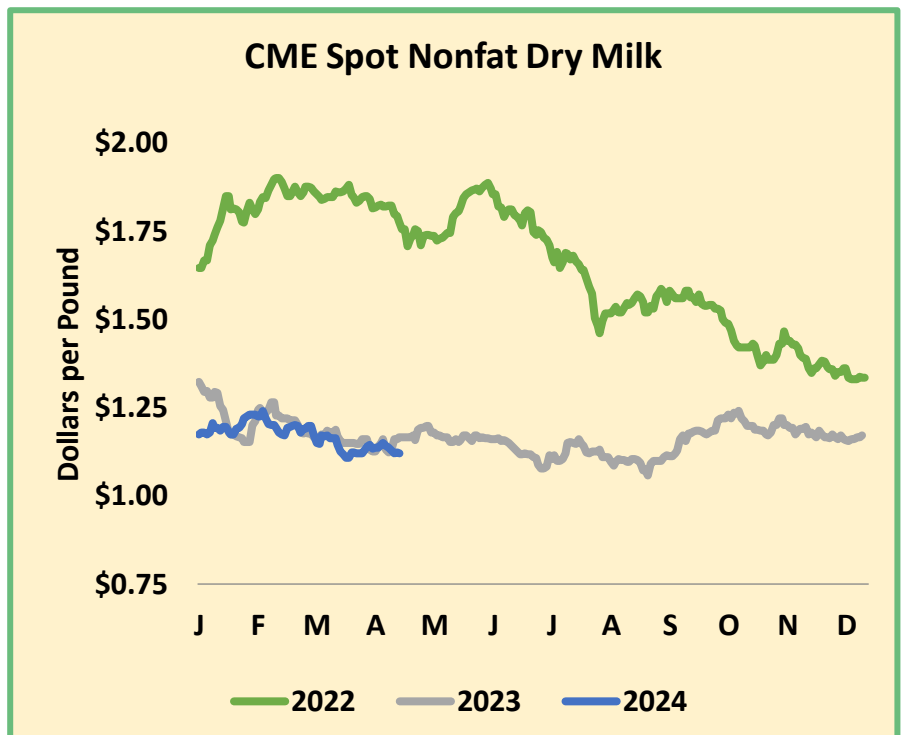


nearby cheese futures are much lower than deferred contracts, importers continue to book only enough to satisfy short-term needs. Long-term sales commitments are largely off the table. All told, demand is looking a little livelier and there are anecdotal reports that a major cheese processor is short of milk. That was enough to propel CME spot Cheddar blocks to a year-to-date high at \$1.68 per pound, up 14.5¢ since last Friday. Barrels jumped 8.75¢ to \$1.66.

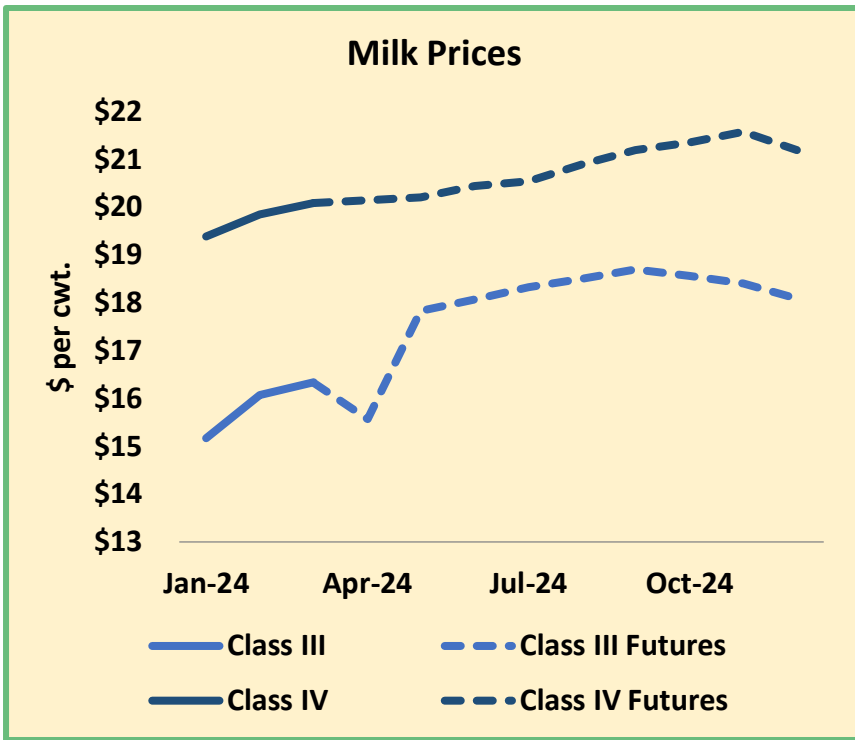
Whey moved higher too. CME spot whey powder climbed 3.25¢ to 39.25¢. Firm demand for higher-protein whey concentrates continues to divert some liquid whey away from driers. But whey

powder stocks are ample and export orders remain slow. Other indications of whey powder prices around the nation retreated this week. The spot market rally looks more like a rebound from the lows rather than the start of a more sustained ascent.

Milk powder retreated. CME spot nonfat dry milk (NDM) fell 2.25¢ to \$1.12, on the low end of the 2024 trading range. Driers are ramping up production to absorb the spring flush, but output remains well below year-ago volumes. According to USDA’s *Dairy Market News*, “Demand is not robust, but some contacts are suggesting that Mexican interests are expected to pick up later in the month or early May.” Pared-back production and lower stocks should support milk powder prices eventually, but until demand improves, that is only enough to provide a firm floor under the milk powder market.



The butter market was uncharacteristically boring. CME spot butter finished right where it started at



\$2.92. Churns are running hard, and both butter makers and butter buyers are trying to put away product ahead of the holiday baking season. Prices are historically high across the butter futures board.

Class IV futures went nowhere at all this week. They are holding strong at levels that promise prosperity for the minority of dairy producers who benefit from Class IV revenue. Second-quarter Class IV milk averaged \$20.26 per cwt., and second-half contracts averaged \$21.13.

Class III futures staged a huge recovery. The April contract climbed a modest

16¢ to a paltry \$15.57. But May leapt \$1.45 to \$17.84 and June jumped \$1.30 to \$18.07. Second-half contracts also posted strong gains. The rebound in the cheese markets is welcome news for dairy producers around the country who have been struggling with low Class III prices and steep discounts.

According to the official count from USDA, there are bird flu infections in 28 dairy herds in eight states. Unofficially, there could be more. Without a reliable count of infections, it's difficult to assess the impact of the flu on milk production. But it is certainly not positive. Dairy producers who combat the virus suffer a steep – albeit temporary – drop in milk production and are forced to cull cows that don't bounce back. Amid tight heifer supplies, culling these cows will almost inevitably reduce the dairy-cow head count. For uninfected herds, the mere threat of the virus is having a chilling effect on milk production as some dairy producers let stalls set empty rather than fill them with heifers raised in areas where the sickness is prevalent.

Low Class III prices, tight heifer supplies, and the bird flu are all weighing on U.S. milk production prospects. If demand cooperates, milk prices could move sharply higher.

### Grain Markets

The feed markets moved back and forth this week, but when the closing bell rang, prices were lower than they were last Friday. The strong dollar and big South American crops are working against U.S. export prospects and emboldening the bears. But the bulls point to adverse weather in Brazil and a corn stunting disease in Argentina, arguing that, while South America is sure to harvest a large crop this year, it's not as big as it was presumed to be a few months ago.

July corn closed today at \$4.43, down a few cents for the week. July soybeans finished at \$11.655, more than 20¢ below last Friday's close. July soybean meal slipped a dollar to \$343 per ton.



## State Board puts Tulare Lake Subbasin into Probation

By Geoff Vanden Heuvel, Director of Regulatory and Economic Affairs  
[Geoff@MilkProducers.org](mailto:Geoff@MilkProducers.org)

A wise man once said, “You have to deal with the world the way that it is, and not the way you wished it would be.” This is the reality facing the good people in the Tulare Lake Subbasin. If you would like to read a news article about the State Water Board Hearing that took place this past Tuesday, a couple of good ones are available [here](#) and [here](#).

Nearly eight hours of very sincere and substantive testimony from many stakeholders was presented on Tuesday. The bottom line is the fact that the five Groundwater Sustainability Agencies (GSAs) that make up the Tulare Subbasin did not submit an updated Groundwater Sustainability Plan (GSP) to address the deficiencies the State had identified in Tulare Lake’s last submitted GSP in July of 2022. This left the State Board with very little reason not to place the subbasin in probation and voting for probation is what they did 5-0.



The question is where do we go from here? How the local folks respond will determine whether this is just another step on the road to sustainability, or if this is the beginning of a very dark period in Tulare Lake Subbasin. There are both policy problems and process problems that have to be addressed. The biggest policy problem is how to tackle the pumping in the basin that is causing subsidence. At the hearing, water agencies from both west and east of the Tulare Lake Subbasin complained of impacts in their subbasins, which they blame on Tulare Lake parties. There was some interesting pushback from one of the Tulare Lake water districts to taking the whole blame for issues in the neighbor to the East. But the Tulare Lake GSAs themselves have different approaches to arresting and eventually eliminating subsidence that will need to be scientifically defended and coordinated.

The process problems are also significant. Recent actions by the Mid Kings River GSA to implement significant fees and pumping allocations were done without the benefit of a formal stakeholder process during the fee development phase. As the community heard about these major changes and costs, the reaction was understandably negative. With Tulare Lake now formally in probation, there is some time – months not years – for the GSA to get a stakeholder committee process in place and work together to come up with changes that folks can live with. The other GSA in Tulare Lake that has a lot of



stakeholders and has not had a stakeholder process is the South Fork Kings GSA. This GSA is in the process of hiring a new management team who will have to hit the ground running to put in place a process that is inclusive that can make the changes to its GSP that will make it acceptable.

There is a lot to do. The State Board did indicate they would assign specific staff to help interface between the State and the GSAs. The probation requirement for landowners to register their wells and report individual groundwater pumping will start in July. The State Board fee to register a well is \$300 plus \$20 per acre-foot pumped initially, but it was made clear by the State Board this week that the purpose of the fee is only to cover the State Board cost of managing the Probationary process – not anything else. If \$20 per acre foot is too high – which seems likely – it can be reduced through the regular process the State Board goes through to adjust fees. At this point, the State is only requiring pumping information and fees to cover only the additional costs the State Board will incur managing the probation. The GSAs can submit an updated GSP at any time and if it satisfactorily addresses the deficiencies State Board staff identified, then the State Board can end the probation. However, failure by the GSAs to submit an acceptable updated GSP would open the door for the State to impose their own “interim plan” a year from now. Let’s hope and pray we don’t have to cross that bridge.

## **Producer Review Board Meeting 10 a.m. May 1 in Tulare**

*Courtesy of the [California Department of Food and Agriculture](#)*

The Producer Review Board will hold its next meeting at **10 a.m. Wednesday, May 1** at the **Tulare County Ag Commissioner’s Office Auditorium**, 4437 S. Laspina Street in Tulare. This will be an in-person only meeting, with no teleconference option offered. A meeting agenda is available [here](#).

## **CDQAP Update: Bird Flu, Forage Sampling, Dairy PLUS Workshops**

*Courtesy of the [California Dairy Quality Assurance Program](#)*

The California Dairy Quality Assurance Program (CDQAP) published its latest update this week, with excerpts below. Read the entire update [here](#).



### **Keeping Herds Safe from Bird Flu**

*By Dr. Michael Payne, UC Davis, School of Veterinary Medicine and Director of CDQAP*

For many producers there is a no more pressing concern than the identification of Highly Pathogenic Avian Influenza ([HPAI](#)) in dairy cattle. As of this writing there has been laboratory [confirmation](#) of HPAI infection in 26 herds in 8 states including Texas, Kansas, Michigan, New Mexico, Idaho, Ohio, South Dakota and North Carolina.

The disease syndrome has not been reported in California nor in beef cattle in any state. As new rounds of testing are completed, there will likely be additional infected herds identified. Importantly, there is epidemiologic evidence that the disease has been passed from infected herds to uninfected herds through the transfer of infected, but asymptomatic cattle.

## **So much guidance, so little time.**

Producers are understandably concerned about protecting their herds and you can't swing a barn cat around without hitting a new guidance telling producers what to do. [USDA](#) and [NMPF](#) have both produced biosecurity recommendations. [CDQAP outreach](#) has focused on California producers. CDC has released interim [guidance for employees](#) on infected farms. The list of recommendations seems to grow overnight.

We still don't know exactly how the virus is passed from bird-to-cow or from cow-to-cow, making it challenging to have confidence in prioritizing specific preventative actions. Over the last several weeks however, laboratory and epidemiologic investigations have yielded important clues about which actions might be effective.

## **Wild birds introduced Bird Flu to Midwest cattle: it could happen in California too.**

Genetic sequencing of virus samples from both affected cattle and wild birds found on affected farms confirmed the same HPAI [strain](#) and lineage that has been circulating within North American wild birds for the last several years. The same strain was also detected in barn cats and the single [human case](#) in a dairy employee. This has led both researchers and regulators to conclude that wild birds were the source of the original virus introduction of into the Midwest dairy industry.

This same viral strain has been circulating in wild birds in California, with almost half of the state's counties reporting HPAI detection in wild birds over the last year. This raises the specter of West Coast dairy herds becoming infected from wild birds independent of importation of infected Midwest cattle. CDQAP and CDFA will deliver more outreach on [wild bird control](#) on dairies soon.

*Continue reading [here](#).*

## **Forage Anyone?**

*By Deanne Meyer, Ph.D. Livestock Waste Management Specialist, Department of Animal Science, UC Davis and UC ANR*

The wet winter has given way to peak activity for harvest. Do remember to take appropriate representative samples for analysis.

Sampling forage from each field where manure was applied is an important component of nitrogen management. A composite sample from each field consists of grab samples from multiple truckloads. To get best results take multiple grab samples from truckloads throughout the field. The more variable the field the more loads to grab samples from for the composite. Chill or refrigerate individual grab samples until you're able to make the composite. Mix these together on a tarp or in a bucket and remove a composite. Store composite samples in an ice chilled area and deliver to the analytical laboratory as soon as possible.

*Continue reading [here](#).*

**Dairy PLUS Practice Field Days Coming in May – Watch for Registration Info**  
Stay tuned for more details on where you can see practices first-hand and learn if these technologies are a fit for your farm:

- May 16 – Subsurface Drip Irrigation (SDI) with Manure Effluent
- May 23 – Vermifiltration
- May 30 – Weeping Wall

## **NMPF Hosts Second Webinar with Updates on Bird Flu Situation**

*Courtesy of Gregg Doud, President & CEO  
[National Milk Producers Federation](#)*

National Milk continued this week to gather and share information about preventing the spread of Highly Pathogenic Avian Influenza in cattle. On Wednesday, NMPF, in partnership with the National Dairy FARM Program and American Association of Bovine Practitioners, released a [Spanish-language version](#) of its HPAI biosecurity recommendations for dairy farms. We also held a second webinar with the latest on the situation; [a link to the recording is here](#). Visit [www.nmpf.org/hpai](http://www.nmpf.org/hpai) for all of our information and a full listing of HPAI and biosecurity-related resources.

Meanwhile, USDA's APHIS has several new resource documents: One has recommendations [for State Animal Health Officials, Accredited Veterinarians and Producers](#), and the other document has recommendations [for Workers](#). The primary APHIS website on this issue [is here](#).

We have much still to learn about HPAI, including why we are just now seeing this disease in cattle after the virus has circulated in U.S. wild and domestic poultry for years. I strongly encourage farmers to work with veterinarians in identifying suspect cases so that we can fully trace the spread of the virus. The good news this week is that so far (as of this morning), only one additional herd has found a positive animal, bringing the total to 29 herds in eight states.