

# MPC WEEKLY FRIDAY REPORT

DATE: MAY 24, 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	- \$.0725	\$1.8700	WEEKLY CHANGE	+ \$.0525	\$3.1225
Barrels	-.1450	\$1.9800	WEEKLY AVERAGE	+ \$.0720	\$3.1125
<b>WEEKLY AVERAGE CHEDDAR CHEESE</b>		<b>DRY WHEY</b>		<b>WEEK ENDING 05/18/24</b>	
Blocks	-.0660	\$1.8700	DAIRY MARKET NEWS	W/E 05/24/24	\$ .4400
Barrels	-.0320	\$2.0355	NATIONAL PLANTS	W/E 05/18/24	\$ .4029
				<b>LAST WEEK ENDING 05/11/24</b>	
				NAT'L PLANTS	\$1.1619 20,329,916
				NAT'L PLANTS	\$1.1482 17,130,302

## 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
MAY 24 EST	No Change	\$21.48	\$18.57	\$20.57
LAST WEEK	\$20.06 - \$20.56	\$21.37	\$18.73	\$20.37



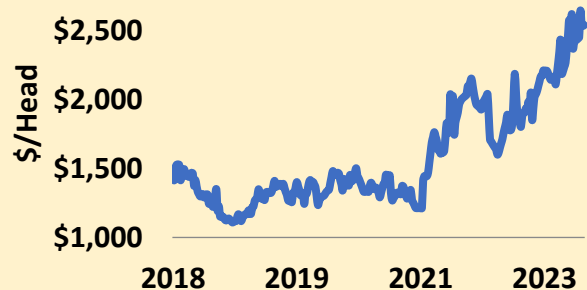
### Milk, Dairy and Grain Market Commentary

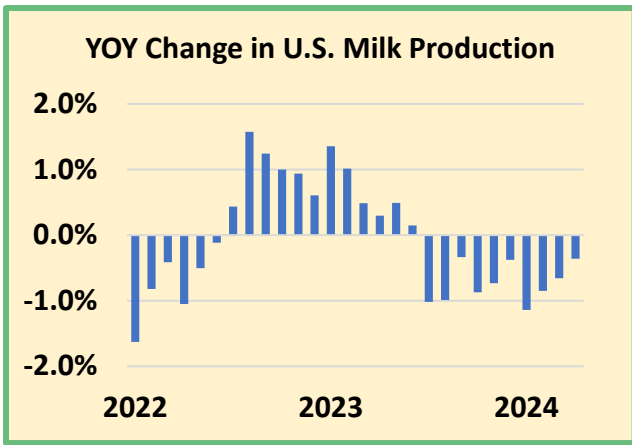
By Sarina Sharp, Daily Dairy Report  
[Sarina@DailyDairyReport.com](mailto:Sarina@DailyDairyReport.com)

#### Milk & Dairy Markets

The markets are screaming at dairy producers to make more milk, but there are formidable barriers to expansion. Producers who have relied on extra heifers from their neighbors or the latest dispersal auction find they are increasingly scarce and expensive. At last week's monthly auction in Pipestone, Minnesota, the top 25 springers ranged from \$2,550 to \$2,900 per head. But with Class III milk near \$20 per cwt., many producers are paying what they must to keep the barn full. They're also keeping lower-end milk cows in the herd for longer, which could weigh on national average milk yields. Slaughter volumes have been depressed since September, but in the first two weeks of May – when Class III prices pushed convincingly over \$19 for the first time – cull rates dropped even further. The

#### Springer Values - Average of Pipestone, MN & Turlock, CA Auctions





decline is especially impressive because it is accelerating even as avian influenza forces some producers to send a portion of their herds to the packer after the infection has run its course. The bird flu is circulating in Idaho and the Great Lakes states, boosting cull rates and curtailing milk production in these major milk sheds.

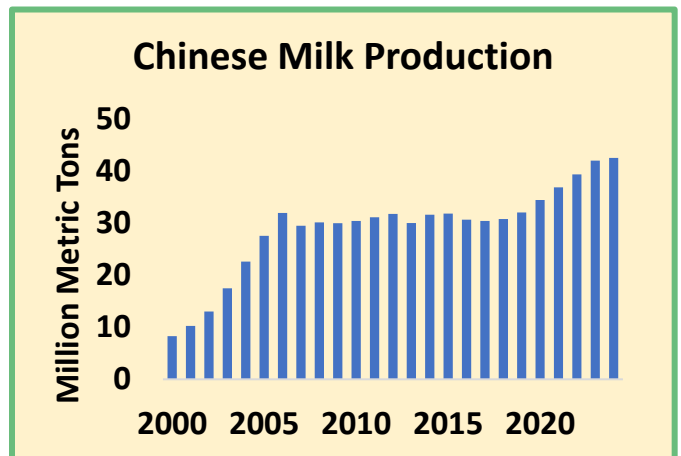
Milk output remained below year-ago levels in April, but the deficit narrowed to -0.4%. USDA also revised its estimates of March milk production and cow numbers, showing a smaller year-over-year decline in milk production than previously reported. The agency now believes that cow numbers bounced back in March before slipping again in April. The dairy herd stood at 9.34 million head, down 74,000 from April 2023. Dairy dispersals and the bird flu continued to restrain milk output in the Southwest, while modest growth persisted in the Midwest last month.

Milk and dairy product futures swung wildly back and forth once again this week. When the closing bell rang, nearby Class III futures settled significantly lower than where they began the week, but they were still much higher than the prices that have prevailed for the past 18 months. The June contract closed at \$19.88 per cwt., down \$1.58 from last Friday’s life-of-contract high. Deferred Class III futures were little changed. Most Class IV contracts added 20¢ to 30¢ this week. Class IV futures range from \$20.57 in May to \$22.47 in November.

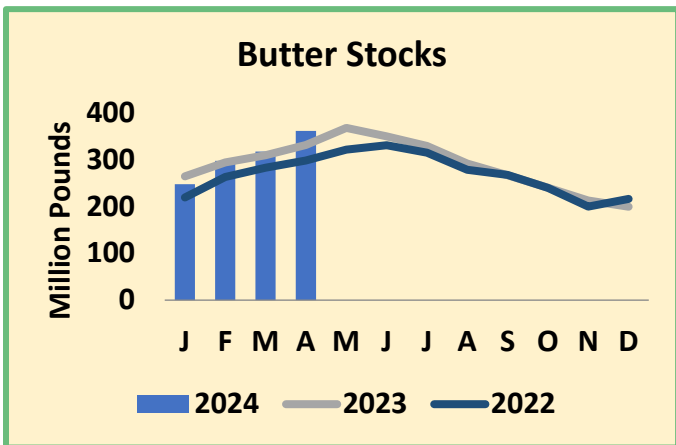
Most international milk and dairy product prices are perking up, although global cheese values are flat. At Tuesday’s Global Dairy Trade (GDT) auction, whole milk powder prices climbed 2.9% and skim milk powder rallied 3.5% to the equivalent of nonfat dry milk (NDM) at \$1.27 per pound, after adjusting for protein. Once again, China bought very little milk powder at the GDT, but buyers from other markets bid up prices nearly across the board.

Chinese imports of milk powder and whey once again trailed year-ago volumes by sizable margins. Through April, Chinese SMP imports were off to their slowest start since 2018. The global dairy industry has been closely watching for signs of a recovery in China’s appetite for imported dairy, which would likely kickstart a steep rally in dairy product prices. But the latest trade data suggests that dairy exporters must continue to cultivate buyers in other markets.

Chinese consumers have pared back spending or turned to domestic dairy. USDA’s on-the-ground analysts in Beijing raised their estimates of Chinese milk output. They now show roughly 7% growth in Chinese milk production every year from 2020 through 2023 and project Chinese milk output to grow another 1.3% in 2024.



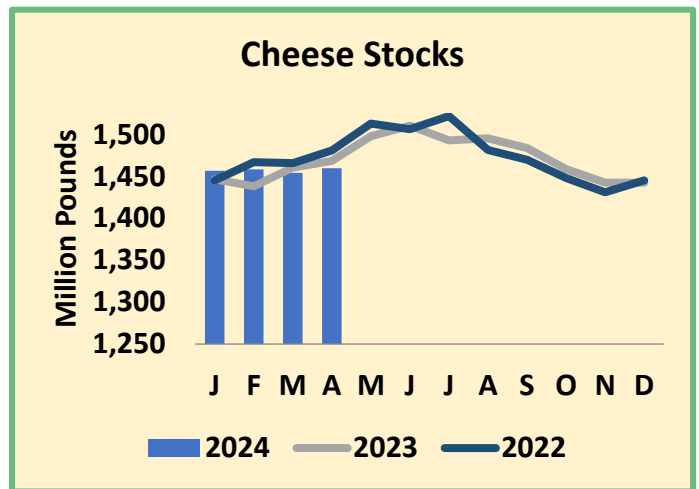
At the CME spot market, NDM added a penny this week and reached \$1.175 per pound, its highest price in nearly three months. Spot whey powder slipped 1.5¢ to 40¢. Anxiety about milk supplies continues to support milk powder prices, and USDA’s *Dairy Market News* reports that “there are growing concerns regarding late spring/summer milk volumes for Class III” as well. But for now, whey exports to China are slow and U.S. whey inventories are ample.



Butter just keeps climbing. CME spot butter added another 5.25¢ this week and reached \$3.1225, a record-shattering price given the season. But perhaps this afternoon’s Cold Storage report will reassure butter buyers that there will be plenty of product later this year, and they can stop bidding so aggressively. Butter inventories leapt 44 million pounds from March to April, the steepest April increase since 2020, when restaurant closures throttled butter demand. There were 361 million

pounds of butter in cold storage warehouses at the end of last month, 9% more than in April 2023. Cream is relatively inexpensive, and churns are spinning.

The cheese markets fell back from last week’s astoundingly lofty prices. CME spot Cheddar barrels plummeted 14.5¢ to a still high \$1.98. Blocks dropped 7.25¢ to \$1.87. Domestic cheese demand is on the rise as retailers feature cheese at prices more palatable to consumers. And cheese that importers bought months ago is moving out of our ports today, chipping away at inventories. There were 1.46 billion pounds of cheese in storage at the end of last month, 0.6% less than in April 2023. Tighter cheese stocks in April helped to propel the cheese market north of \$2 for a time, but now that U.S. cheese prices are less competitive for international orders, the market is seeking a price that better reflects the tenuous supply and demand balance.



**Grain Markets**

A big rally in wheat futures prompted an echo in the other crop markets. July corn climbed 12.75¢ this week to \$4.65 per bushel. July soybeans rallied 21.5¢ to \$12.495. July soybean meal jumped \$20 per ton to \$387.80. The wheat market is climbing amid increasing evidence that Russia will have a smaller crop than it did in 2022 and 2023, when cheap, plentiful Russian exports dragged the global price downward.

In the Corn Belt, some farmers have parked their planters and are watching young corn plants emerge in muddy fields. Others have more work to do, as regular showers and locally heavy rains have kept them out of the field. It’s going to be a wet holiday weekend, but they’re hoping to make progress later next week.



Learn if one of these Dairy PLUS-funded practices is right for your farm.



# CDQAP to Host Dairy PLUS Practice Field Days

## SEE TECHNOLOGIES IN OPERATION

### Join Us for the Field Days: 10 AM - 12 PM, Lunch to Follow

- May 16 – Subsurface Drip Irrigation, Merced County - **REGISTER**
- May 23 – Vermifiltration, Fresno County - **REGISTER**
- May 30 – Weeping Wall, Tulare County - **REGISTER**

Access all 3 links here:



Registration is required. The cost is \$20 (reimbursed with attendance).  
Locations of field days will be provided upon registration and verification.  
HPAI Precautions: please wear freshly washed clothes. Plastic booties will be provided.

The next CDFA Dairy PLUS solicitation for project funding is expected in June. Field days will help you be prepared to apply within the 90-day window.

- See technology installations in the field.
- Hear about management, operations & economics from dairy producers/operators.
- Ask questions to evaluate if the technology is for your farm.



DAIRY PLUS PROVIDES MILLIONS OF ADDITIONAL DOLLARS TO FUND CLIMATE-SMART ADVANCED MANURE MANAGEMENT TECHNOLOGIES!

FUNDING IS IN ADDITION TO AMMP AND DDRDP FUNDS!

Field Days Hosted by:



With Support From:



## The Crossroads of Kern County

Courtesy of [Edward Ring](#), Director of Water and Energy Policy, California Policy Center

With chronic uncertainty over water allocations for farm irrigation, and relentless and escalating regulatory assaults on its oil industry, the biggest economic sectors of Kern County are threatened. The irony is thick. Food and fuel are the prerequisites for civilization – the enabling foundation for California’s entire much broader and often spectacular economy – and yet the state government and its agencies are doing nothing to help. In most cases, their actions appear to be overtly hostile to the success of Kern County’s agriculture and energy industries.

To cover this situation, a staff writer for *Grist.org* has written an in-depth, [6,000 word report](#), published May 15, 2024, that tells the story of Taft, California, a town in Kern County that has, like so many others, been economically devastated by policies coming down from Sacramento. The author’s bias is revealed in the title: “Inside a California oil town’s divisive plan to survive the energy transition.” And again in the subtitle: “Kern County is betting on carbon capture to replace oil jobs and tax revenue. But will the county’s new economy repeat the sins of the old one?”

“Divisive.” “Sins.” Those are not adjectives to use lightly. But on one point we may all agree: Kern County is at a crossroads.

Here are two questions for the author of the Grist article to consider, along with any serious journalist. These are also questions to ask anyone in Kern County who is in a position to influence the policies and investments that will determine their future.

1 – When California still derives [50 percent of its total energy](#) from petroleum products, why should California shut down its own oil industry via “a new wave of environmental lawsuits and an oil permitting pause instituted by Governor Gavin Newsom,” merely so California can [import 70 percent of its oil](#) and the petrochemical industry can divert their new investments to North Dakota and Texas?

2 – Isn’t California well positioned economically and technologically, and couldn’t California be highly motivated to develop and demonstrate clean methods of extraction and refining, instead of exporting the environmental impact to states and nations that are far less committed to clean energy technologies?

Further on in the Grist article, the author points out how Kern County’s leaders have embraced, or “pivoted,” to “climate action” by supporting a plan to sequester millions of tons of CO<sub>2</sub> in depleted oil wells to “prevent greenhouse gasses from wreaking havoc on the atmosphere.”

The problem, unsurprisingly, is that CO<sub>2</sub> sequestration can’t occur unless there are ongoing activities involving combustion of fossil fuel. For climate action activists, that’s still unacceptable. “Net Zero” is not enough. It has to be zero.

Continue reading [here](#).

## What Ever Happened to the Milkman?

Courtesy of [HistoryFacts.com](https://www.historyfacts.com)

Grocery deliveries may be a modern convenience, but the service harkens back to a bygone era when clinking glass bottles signaled the arrival of the milkman. The milkman (or milkwoman, though the job was usually held by men) is a cherished fixture of American history, as a prominent part of much of the 19th and 20th centuries. While milk remains a staple of the American diet, changes in consumerism and technology have made the once-ubiquitous milkman a relic of the past.

Cattle farming was a common means of sustenance in the early United States, beginning with the colonial era in the 16th century and continuing for the next few centuries. Many farming families produced milk, butter, and cheese for themselves and their local community. By the 19th century, the U.S. saw a rapid transformation due to industrialization and urbanization; people moved from rural areas to urban centers where better employment opportunities awaited. Owning a cow and making milk was much more impractical for these new city folk, but the demand for dairy remained.

Continue reading [here](#).

## House Agriculture Committee Approves Farm Bill Draft

Courtesy of Gregg Doud, President & CEO

[National Milk Producers Federation](#)

The House Agriculture Committee approved the long-awaited 2024 Farm Bill earlier this morning on a vote of 33-21, although it doesn't appear that the measure will go to the full House for a vote at least until after Labor Day. The measure, which received unanimous approval by committee Republicans along with four Democratic votes, represents the arduous effort by Chairman GT Thompson, R-PA, to move the bill forward during the past 18 months. [Our statement](#) thanked Thompson for his work to emphasize many issues important to NMPF's members.

The measure includes key dairy priorities such as restoring the previous "higher of" Class I mover; requiring mandatory plant cost studies every two years; updating the Dairy Margin Coverage program's production history calculation; maintaining robust funding for conservation programs; language ensuring protections for the use of common food names in global markets; and boosting funding for the Market Access Program and Foreign Market Development Program.

Two measures we supported were offered as amendments during the markup, but then withdrawn, thus not appearing in the final version that passed. This includes an amendment authored by Rep. Dusty Johnson, R-SD, and supported by Rep. Nick Langworthy, R-NY, to modify the Rural Energy for America Program to add cooperatives with 2,500 or fewer employees as qualified entities, and an amendment from Rep. Derrick Van Orden, R-WI, to increase the authorization for the Dairy Business Innovation Initiatives from \$20 million to \$36 million. Chairman Thompson agreed to work with the amendments' sponsors to resolve issues and further vet both amendments with the goal of advancing them later in the process.



Democratic opposition to the bill mostly reflected concerns over the source of funding for certain priorities, including the use of Commodity Credit Corporation funds, adjustment or reallocation of conservation spending, and nutrition program funding, which differ from the Senate Democratic farm bill framework released two weeks ago. The committee yesterday rejected three amendments to alter the bill in those areas along party line votes.

Across the dome, Senate Agriculture Committee Ranking Member John Boozman, R-AR, reaffirmed this morning that he would soon be releasing his own farm bill framework. Congress needs to take action before the end of the year on farm policy. Some current farm bill programs expire on Sept. 30, although most of the commodity safety nets, including the Dairy Margin Coverage program, are funded through calendar year 2024.



# MEMORIAL DAY

REMEMBER AND HONOR