

MPC WEEKLY FRIDAY REPORT

DATE: SEPTEMBER 15, 2023
 TO: DIRECTORS & MEMBERS
 FROM: KEVIN ABERNATHY, GENERAL MANAGER
 PAGES: 7



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

MPC FRIDAY MARKET UPDATE

CHICAGO CHEDDAR CHEESE		CHICAGO AA BUTTER		NON-FAT DRY MILK	
Blocks	-\$0.450	\$1.8800	WEEKLY CHANGE	+\$0.0375	\$2.7175
Barrels	-\$0.175	\$1.8100	WEEKLY AVERAGE	+\$0.0170	\$2.7270
WEEKLY AVERAGE CHEDDAR CHEESE		DRY WHEY		WEEK ENDING 09/09/23	
Blocks	-\$0.490	\$1.9010	DAIRY MARKET NEWS	W/E 09/15/23	\$3.250
Barrels	-\$0.410	\$1.8165	NATIONAL PLANTS	W/E 09/09/23	\$2.844
				LAST WEEK ENDING 09/02/23	
				NAT'L PLANTS	\$1.1354 13,023,098
				NAT'L PLANTS	\$1.1066 16,988,929

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
SEPT 15 EST	No Change	\$19.66	\$18.40	\$18.70
LAST WEEK	\$20.50 - \$21.00	\$19.63	\$18.48	\$18.74

AUGUST 2023 CA FMMO STATISTICAL UNIFORM PRICE ANNOUNCEMENT

AUG '23 FINAL	CLASS I	CLASS II	CLASS III	CLASS IV	STATISTICAL UNIFORM PRICE (BLENDED PRICE)	NET PRICE AFTER QUOTA ASSESSMENT*
MINIMUM CLASS PRICE	\$18.22 TULARE \$18.72 L.A.	\$19.91	\$17.19	\$18.91	\$17.46 TULARE \$17.96 L.A.	\$17.173 TULARE \$17.673 L.A.
PERCENT POOLED MILK	19.2%	5.7%	73%	2.2%	100% (2.1 BILLION LBS. POOLED)	

*QUOTA RATE OF \$0.287/CWT. AS OF JULY 2023 MILK

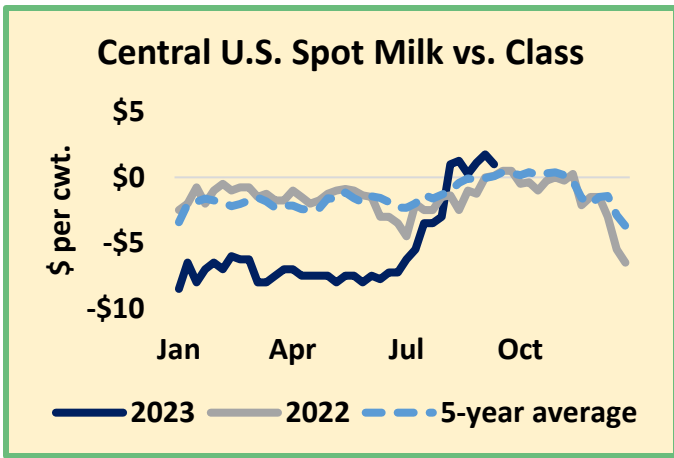


Milk, Dairy and Grain Market Commentary

By Sarina Sharp, Daily Dairy Report
Sarina@DailyDairyReport.com

Milk & Dairy Markets

The Class III markets took a big step back this week. Cooler weather has boosted yields, providing a little more milk for cheese vats. Loads of spot milk still command a premium in the Midwest, but they are slightly cheaper than they were in early September. Dairy cow slaughter is not



running as hot as it did this summer, which suggests that dairy producers were feeling a little more hopeful in late August and early September. Nonetheless, USDA notes that many are still selling or transitioning their herds, and there is “growing concern regarding the number of farms lost to the auction block.”

Those concerns were not likely assuaged by this week’s trade. CME spot Cheddar blocks plunged 4.5¢ to \$1.88 per pound, the lowest price since July.

Barrels slipped 1.75¢ to \$1.81. Cheese prices are too low to provide prosperity on the farm, but too high to attract exports. The market will have to solve this through the painful process of reining in supplies, because demand is not likely to improve in the near term.

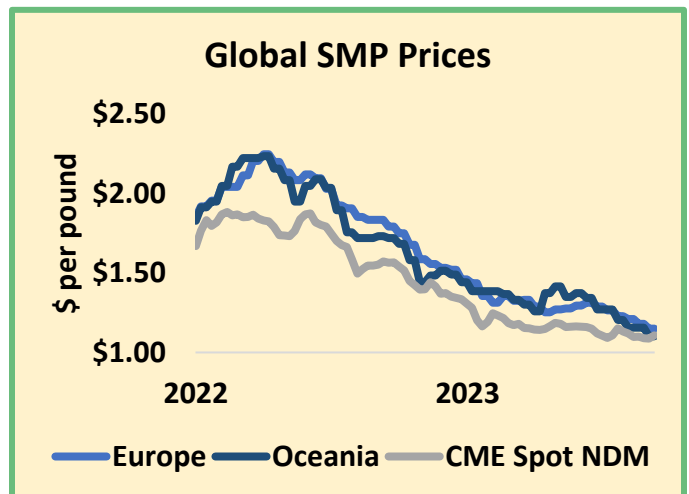
CME spot whey powder took a small step back, falling a quarter-cent to 30¢. USDA’s Dairy Market News cites numerous reasons to expect a recovery in whey prices, including “tightening milk supplies... firming high protein concentrate markets... and firming domestic demand. Additionally, some international customers have shown increasing interests.” However, until the market feels confident in Chinese demand, whey prices are not likely to soar.

The setback in the cheese and whey markets weighed heavily on October Class III futures. They dipped below \$18 per cwt. today, and they settled at \$18.10, down 91¢ from last Friday. November Class III dropped 54¢ and deferred contracts fell about 25¢. After flirting with \$19, Class III futures are hovering in the low \$18s.

The Class IV markets fared much better. October Class IV inched up 3¢ to \$18.96. Deferred contracts posted double-digit gains and topped \$19, buoyed by the outlook for lower U.S. milk output and a continued decline in the share of milk directed to balancing plants.

Still, anxiety about global demand for dairy is keeping rallies in check. The strong dollar and low global prices are limiting opportunities for U.S. milk powder exports. CME spot nonfat dry milk (NDM) climbed just 1.25¢ this week to \$1.1125.

The trade remains on edge about Chinese demand for foreign milk powder. Beijing reported disappointing economic data for July, showing much slower growth in consumer spending and industrial production. But both of those figures perked back up in August. There are still signs of trouble in China’s property sector, and youth unemployment is alarmingly high. But the industry should be relieved to see evidence of recovery in one of our most important markets.





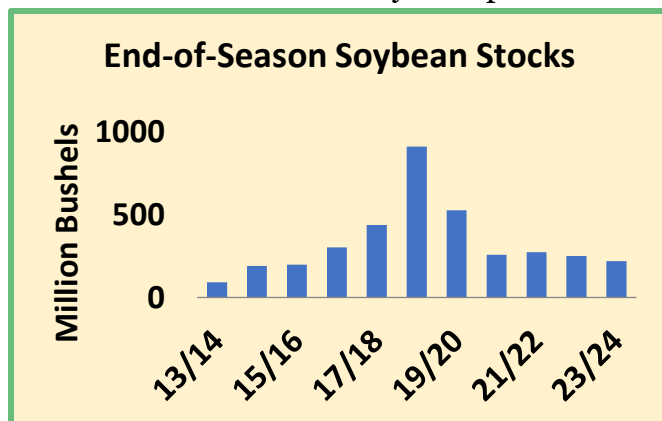
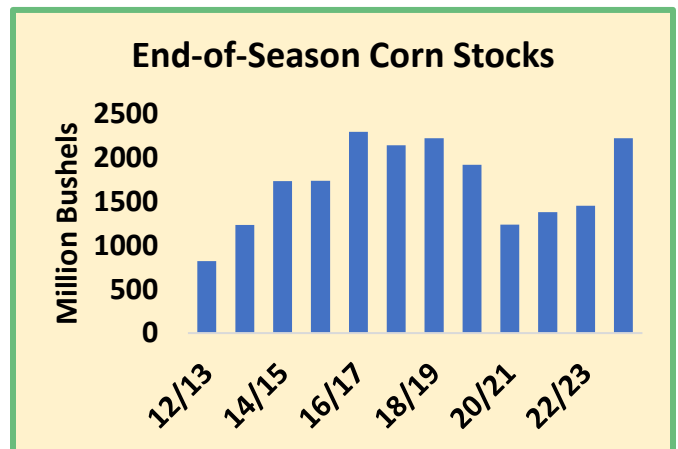
The butter market is largely shielded from the vagaries of international trade. Strong domestic demand and tight cream supplies boosted prices once again. CME spot butter notched a fresh 2023 high on Wednesday at \$2.7725. It finished well short of that mark, but still gained considerable ground. Spot butter closed today at \$2.7175, up 3.75¢ since last Friday.

Amidst mediocre milk prices, the brightest spot on dairy producers' income statements is their beef revenue.

It got another boost this week, as CME live cattle and feeder cattle futures reached new life-of-contract highs. Every animal on the farm is worth significantly more than it was in the past. That's likely to spur continued interest in beef crossbreeding programs and pull more dairy heifers into beef feedlots. There is a beef packer with deep pockets at every dairy sale, ensuring that some dairy cows are rushed to slaughter. The beef industry is chronically short of cattle and looking to dairy to fill the vacuum. Lofty beef prices are trimming the dairy cattle supply from all directions, and they're reducing milk production prospects at the margins.

Grain Markets

The feed markets took a big step back in the wake of USDA's latest update to its crop balance sheets. The agency acknowledged declining crop conditions and cut its estimate of both corn and soybean yields. But it also noted that farmers planted quite a bit more corn and a little more soybeans than previously thought. Higher acreage figures boosted projected corn supplies. USDA expects there will be 2.22 billion bushels left over at the end of the 2023-24 season, just before next year's harvest. That's tied for the largest U.S. corn stockpile since 2016-17. USDA expects soybean stocks to be much tighter, but the market fell nonetheless. Soybean prices retreated further today after the National Oilseed Processors



Association (NOPA) report showed slower soy crushing activity in August than expected. NOPA members reported a steep decline in soybean oil stocks, which boosted soybean oil prices and sent soybean meal prices sharply lower. November soybeans finished today at \$13.4025 per bushel, down another 22.75¢ this week. December soybean meal settled at \$392.10 per ton, down \$9.30. December corn fell 7.5¢ to \$4.7625, toward the low end of its recent trading range.



Federal Milk Marketing Order Hearing Report

By Geoff Vanden Heuvel, Director of Regulatory and Economic Affairs
Geoff@MilkProducers.org

Week four of the Federal Milk Marketing Order hearing in Carmel, Indiana was mostly about the make allowance. The following proposals were put in the record:

Proposal 7. The National Milk Producers Federation (NMPF) proposal raises the Class III make allowance by about 58 cents per cwt. and the Class IV make allowance by 53 cents per cwt. Remember, increasing the make allowance results in a corresponding decrease in producer price.

Proposal 8. The Wisconsin Cheesemakers proposal raises the make allowances in four annual increments. In year one, the Class III make allowance goes up 77 cents and the Class IV make allowance goes up 67 cents. In year two, the Class III make allowance goes up another 26 cents and the Class IV make allowance another 23 cents. In year three, Class III goes up another 26 cents, and Class IV goes up 22 cents. In year four, Class III goes up another 26 cents and Class IV goes up another 22 cents. The total make allowance increase in four years is \$1.55 for Class III and \$1.34 per cwt. for Class IV.

Proposal 9. The International Dairy Foods Association (IDFA) proposal is identical to Proposal 8 with the added provision that **if** USDA adopts new make allowances based on mandatory and audited make costs, then these automatic increases would be superseded by the new numbers.

Witnesses from a number of NMPF cooperatives testified in favor of Proposal 7 and against proposals 8 and 9. Witnesses from IDFA processor members testified in favor of proposals 8 and 9 and against proposal 7. And in between, Dr. Mark Stephenson, a recently retired dairy economist from the University of Wisconsin, was on the witness stand for parts of two days testifying about the [manufacturing cost studies](#) he had done in 2006, 2021 and 2023. He explained how he requested manufacturing plants to voluntarily provide him with their cost of processing data, and then he explained the methods he used to compile and report that data. His recent studies do show that there have been significant increases in costs for dairy manufacturing plants since make allowances were last changed in 2008. Of course, there was lots of cross-examination of Dr. Stephenson about his study and his opinions on other related milk pricing policy issues.

Next week we will likely hear from Select Milk Producers about proposals 10, 11 and 12, which seek to tweak the formulas with regards to farm-to-plant “shrink” and to add a value to the Class IV formula to account for buttermilk solids, which were ignored in the establishment of the current formula. With 21 total proposals to be considered, there is a lot more hearing to come.

View the hearing or, you may listen only, via cellular phone or landline

To view the webinar: <https://www.zoomgov.com/j/1604805748>

Or One tap mobile: +16468287666,,1604805748#

Or Telephone: +1 669 254 5252 Enter Webinar ID: 160 480 5748

If you have any technical difficulties, please email FMMOHearing@usda.gov.

USDA Announces Milk Loss Assistance for Dairy Operations Impacted by 2020, 2021 and 2022 Disaster Events

Courtesy of the [USDA Farm Service Agency](#)

The U.S Department of Agriculture (USDA) this week announced Milk Loss Program (MLP) assistance for eligible dairy operations for milk that was dumped or removed, without compensation, from the commercial milk market due to qualifying weather events and the consequences of those weather events that inhibited delivery or storage of milk (e.g., power outages, impassable roads, infrastructure losses, etc.) during calendar years 2020, 2021 and 2022. Administered by the Farm Service Agency (FSA), signup for MLP begins September 11 and runs through October 16, 2023.

Eligibility

The milk loss claim period is each calendar month that milk was dumped or removed from the commercial market. Each MLP application covers the loss in a single calendar month. Milk loss that occurs in more than one calendar month due to the same qualifying weather event requires a separate application for each month.

The days that are eligible for assistance begin on the date the milk was removed or dumped and for concurrent days milk was removed or dumped. Once the dairy operation restarts milk marketing, the dairy operation is ineligible for assistance unless after restarting commercial milk marketing, additional milk is dumped due to the same qualifying disaster event. The duration of yearly claims is limited to 30 days per year for 2020, 2021 and 2022.

How to Apply

To apply for MLP, producers must submit:

- FSA-376, *Milk Loss Program Application*
- Milk marketing statement from the:
 - Month prior to the month milk was removed or dumped.
 - Affected month.
- Detailed written statement of milk removal circumstances, including the weather event type and geographic scope, what transportation limitations occurred and any information on what was done with the removed milk.
- Any other information required by the regulation.

Most producers, especially those who have previously participated in FSA programs, will likely have these required forms already on file. However, those who are uncertain or want to confirm the status of their forms can contact their local [FSA county office](#).

**Golden State Dairy Newsletter: Alfalfa & Forage Field Day;
Buying Livestock Medication; Feeding Calves for Success**
Courtesy of the [University of California, Agriculture and Natural Resources](#)

2023 Annual Field Crops, Alfalfa and Forage Field Day

Friday, September 29th, 2023

8 AM – 12:00 PM

*UC Kearney Agricultural Research and Extension Center, Parlier
9240 S. Riverbend Ave., Parlier, CA 93648*

There is **NO FEE** to attend this public meeting, and all are welcome. See the full [agenda](#) for speakers, tour details & meeting info.

Pre-registration guarantees your lunch. Register [here](#). Agenda highlights include a field tour of **sorghum variety trails**, and sessions on **alfalfa weed management**, **compost application to alfalfa**, and **byproducts trends and opportunities** for the California dairy industry. Questions? Contact Nick Clark at neclark@ucanr.edu or Giuliano Galdi at gcgaldi@ucanr.edu.

Buying Livestock Drugs in California

By Morgan Doran - UCCE Napa, Yolo & Solano; Gabriele Maier - UC Davis & UC ANR; Roselle Busch - UC Davis & UCANR

A livestock producer recently (July 2023) contacted UCCE regarding a problem he was having getting livestock dewormers shipped to a California address from out-of-state online retailers. Three different online retailers told him that they didn't have a license to ship the products to California. This was a headsatcher since the same retailers had previously shipped the same products to California.

The problem triggered an exploration into the regulation of livestock drugs in California, which is helpful to understand the issue encountered with the online retailers.

Continue reading [here](#).

Research Roundup: Feeding Calves for Success

Betsy Karle UCCE Dairy Advisor- Sacramento Valley & Northern California

Prevention and treatment of disease in calves remains a challenge on dairies throughout the world. In the past several years, UC researchers have investigated the effect of management practices on dairy calves' health and their economic implications. Our work estimated the short-term cost of bovine respiratory disease (BRD) in preweaned calves to be \$42.15 per case (medication + labor + loss of average daily gain) and other researchers have placed the cost of a case of pre-weaned calf diarrhea at \$56. Beyond these short-term economic impacts, improved calf health has been linked to greater productivity in future lactations. The information that follows is an overview of preweaned calf feeding related research from recent local studies and thoughts on the direction of future studies.

Continue reading [here](#).

Sept 19 Webinar: Evaluation of Fodder Production Systems for Dairy Farms

Courtesy of [I-29 Moo University](#)

The I-29 Moo University 2023 Dairy Webinar Series continues on **Tuesday, September 19** from 10 to 11 a.m. PDT with a focus on feeding fodder to dairy cattle.



The webinar will feature Brad Heins, Professor of Organic Dairy Management at the University of Minnesota's West Central Research Center in Morris, Minnesota.

“Dr. Heins will present current research on the science behind feeding fodder to help clear up some of the information appearing in recent media articles,” said Fred Hall, dairy specialist with Iowa State University Extension and Outreach.

Sprouting grain for livestock feed has gained renewed interest as a method to produce a continuous supply of fresh, high-quality forage. We will discuss the feasibility, effectiveness and challenges of implementing sprouted grain systems on dairy farms.

There is no fee to participate in the webinar; however, registration is required at least one hour before the webinar. Register online at <https://go.iastate.edu/GSOWTo>

