

MPC WEEKLY FRIDAY REPORT

DATE: MARCH 1, 2024
 TO: DIRECTORS & MEMBERS
 FROM: KEVIN ABERNATHY, GENERAL MANAGER
 PAGES: 8



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 Blocks N.C. \$1.5500 Barrels +.0350 \$1.6500 WEEKLY AVERAGE CHEDDAR CHEESE Blocks +.0721 \$1.5940 Barrels +.0520 \$1.6620		CHICAGO AA BUTTER WEEKLY CHANGE -\$0.0925 \$2.7575 WEEKLY AVERAGE -\$0.0016 \$2.8015 DRY WHEY DAIRY MARKET NEWS W/E 03/01/24 \$.5025 NATIONAL PLANTS W/E 02/24/24 \$.4979		NON-FAT DRY MILK WEEK ENDING 02/24/24 NAT'L PLANTS \$1.2021 20,890,232 LAST WEEK ENDING 02/17/24 NAT'L PLANTS \$1.2237 15,666,688	
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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
MAR 1 EST	\$20.40 - \$20.90	\$20.93	\$16.77	\$19.99
FEB '24 FINAL	\$19.59 - \$20.09	\$20.53	\$16.08	\$19.85

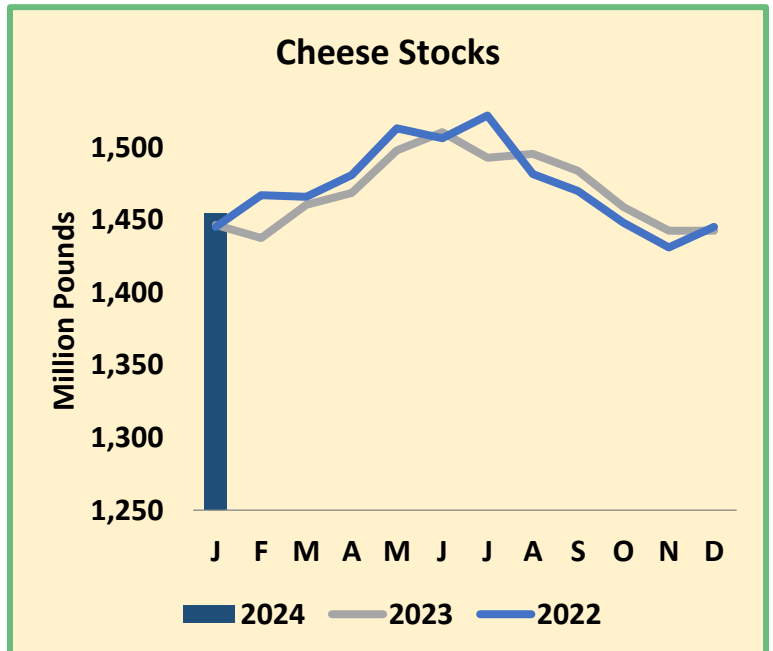


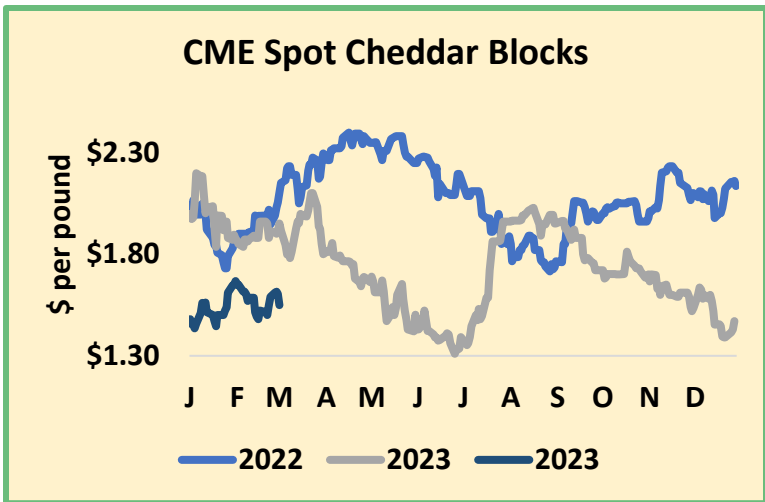
Milk, Dairy and Grain Market Commentary

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

Milk & Dairy Markets

It was a rough week on LaSalle Street. The trade had hoped that lower milk output and a smaller dairy herd would propel the markets upward. And they did, for a time. But mediocre demand continues to plague the dairy complex, quickly capping any significant rallies. Rebounds have been particularly short-lived for Class III, as relentless growth in cheese output undermines the theory that lower milk production is enough to trim supplies. Cheese inventories grew seasonably in January and topped 1.45 billion pounds at the end of the month, up 0.5% from January 2023. Cheap cheese helped to win some export sales, but the business

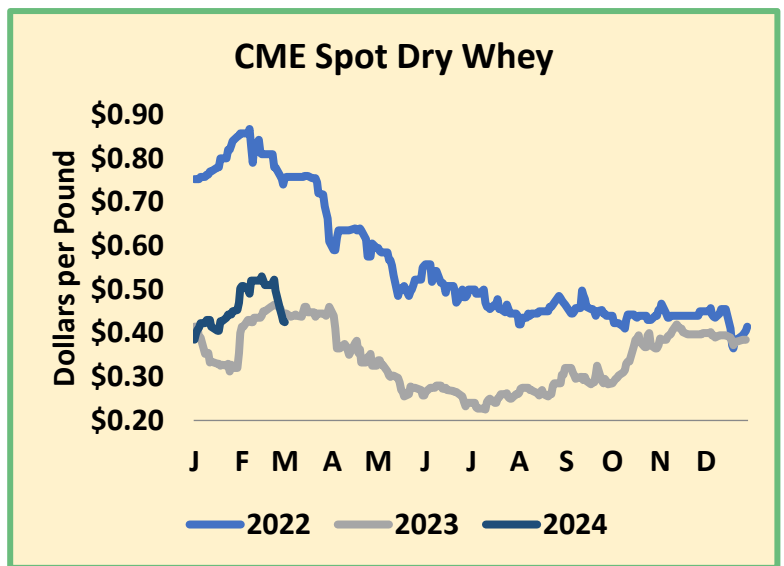




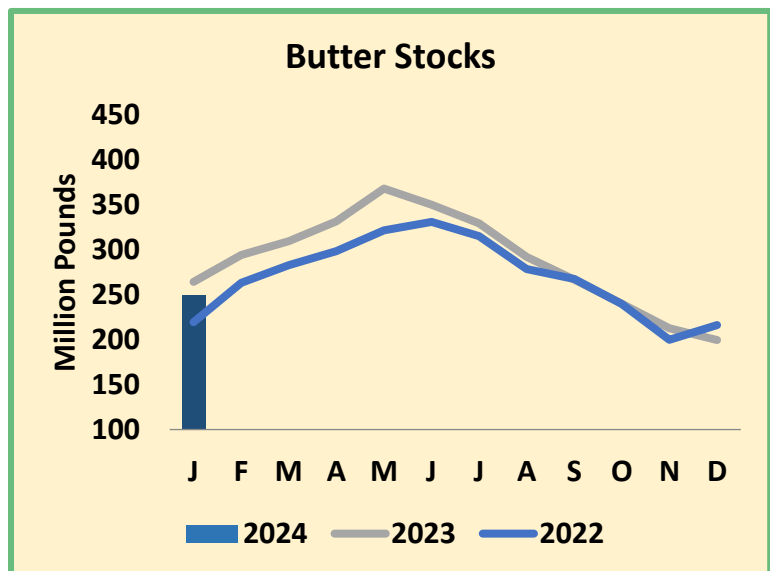
dried up as soon as prices climbed. Cheese prices must stay low enough to keep product moving abroad, which suggests continued volatility in the well-trodden range between \$1.45 and \$1.70 per pound. This week, after many ups and downs, CME spot Cheddar blocks finished right where they started, at \$1.55. Barrels climbed 3.5¢ to \$1.65.

Whey prices tumbled. CME spot whey powder fell 9.75¢ to 42.5¢, erasing six weeks of hard-won gains and slashing nearly 60¢ from

nearly Class III values. Domestic demand for high protein whey concentrates continues to reduce the share of the whey stream destined for the dryer, but greater cheese production portends larger whey output. USDA's *Dairy Market News* reported that Asian buyers have turned to Europe after a recent setback in European whey values. The strong dollar has further undermined U.S. whey export prospects. Since the turn of the year, currency relationships have made dairy products priced in euros 2% less expensive than the same product sold in dollars, before accounting for any declines in the European whey price. In a world with healthy supplies and tepid global demand, even small price differences can have a big impact.



The butter market retreated as well. After notching a year-to-date high, spot butter fell 9.25¢ this week to \$2.7575. There were 249 million pounds of butter in refrigerated warehouses on January 31. That's



5.8% less than last year, but considerably more than there was in January 2022. In both of the last two years, butter makers didn't put away enough inventory in the winter and spring to meet formidable holiday demand. Butter buyers hope that less expensive cream will spur greater output and help them to avoid the staggeringly high prices of the previous holiday seasons. But they're not taking any chances, and they're quick to buy when the market breaks. Despite this week's setback, butter prices are historically lofty and likely to remain so.

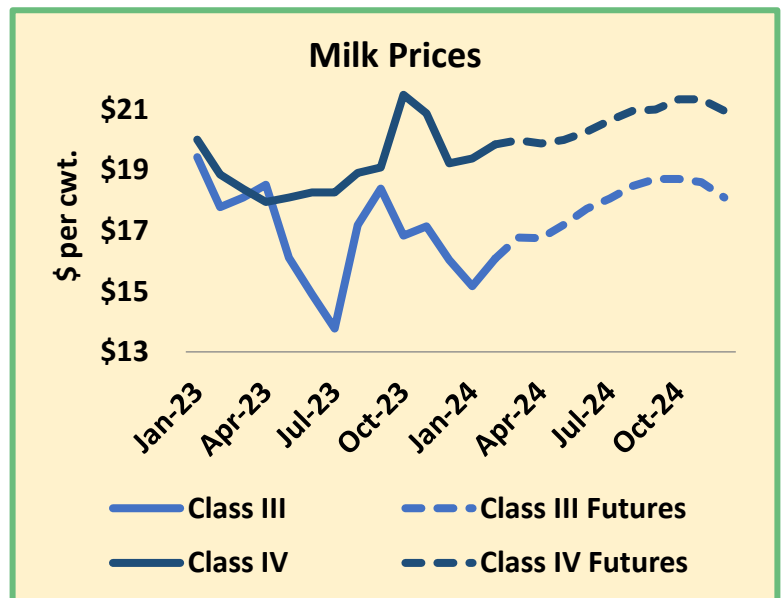
The milk powder market took a small step back. CME spot nonfat dry milk (NDM) slipped a quarter-cent to \$1.1975. Skim and whole milk powder values also pulled back from the highs at the Global Dairy Trade's Pulse auction. Global demand is lackluster, but domestic output is slow, and stocks are waning. *Dairy Market News* describes the market as “more steady than bearish.”

USDA announced the February Class III price at \$16.08 per cwt. That is up 91¢ from January's painful lows, but it is still inadequate, especially for producers who continue to suffer steep discounts despite a tighter milk market. The *Daily Dairy Report* states that, amid persistent deficits, some processors and cooperatives “have found ways to pass some of the red ink along to producers in the form of new pricing formulas, lower premiums paid for components, or basis deductions.” These discounts and the impact of depooling add up to lower milk revenue than milk futures imply, and Class III futures are already depressed.

The steep setback in whey prices took a big bite out of Class III values this week. The March contract lost 53¢ and dropped back to \$16.78. April Class III fell \$1.10 to \$16.75. Deferred futures also lost considerable ground.

Class IV prices are much better. The February contract went off the board at \$19.85, up 46¢ from January. Class IV futures took a large step back, but they remain elevated, with March and April just shy of \$20 and deferred contracts well above that mark.

Lofty Class IV values, falling feed costs, and record-high beef income will bring some relief, but not nearly enough for dairy producers who are cashing deeply discounted milk checks derived primarily from Class III milk. There is a lot of pain on the farm these days, and the auction line-up is large and growing. The dairy herd is in decline, and milk-cow head counts are likely to keep dropping. That will put a firm floor under dairy product values, but any further gains in Class III pricing will require better cheese and whey exports.



Grain Markets

Feed prices bounced back from last week's steep selloff. Central Brazil is trending a little drier, which could reduce yield prospects for the safrinah – or second – corn crop. The trade is also concerned that farmers will plant fewer acres than they typically do, because prices are simply too low to justify the input costs. Still, global grain stocks are large and South American farmers expect a massive harvest, the issues in central Brazil notwithstanding. The fundamentals do not justify a big rally in crop values. But prices have likely fallen far enough for now. May corn settled today at \$4.2475 per bushel, up 11.25¢ from last Friday's three-year low. May soybean futures closed at \$11.5125, up 10.75¢. May soybean meal finished at \$332.30 per ton, up \$5.10.

It's Not Too Early to Start Thinking About Fly Control

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

The California Dairy Quality Assurance Program (CDQAP) released its February update, which can be read in its entirety [here](#).



It's Not Too Early to Start Thinking About Fly Control

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

Storms have continued to pelt California and producers have understandably focused on [managing the dairy during heavy rainfall](#). These wet conditions however, when combined with spring's warmer weather, also make for perfect fly breeding habitat. Some flies can complete a full life cycle in as little as 7 days.

Here are a few key fly management concepts:



Flies can cost you money. Biting flies, including stable and horn flies, reduce feed intake. Depending on the number and types of flies, milk production losses can range from negligible to up to 30%.

Flies can transmit disease. House flies and face flies can transmit bovine pinkeye, particularly in youngstock. Flies can also act as a vector for mastitis pathogens, especially summer mastitis in heifers. Flies played a role in the recent [Vesicular Stomatitis](#) outbreak in California.

Know your fly enemy. To determine if additional investment in fly control is warranted, it is essential to first determine the [types of flies present](#) and the [fly burden](#) on your particular dairy. You veterinarian, field staff or [UCCE advisor](#) can help.

Start at the source. Because 80% of a dairy's fly population exist in the pre-adult stages in wet organic matter, good sanitation is the most cost-effective way to control all types of flies. Without managing the source it's virtually impossible to control flies using only pesticides.

Common problem areas. Greatest fly reduction is typically achieved managing manure storage, calf hutch and silage areas. Allowing manure to dry before stacking or (if piled wet) ensuring that piles reach composting temperatures are good tools. Diverting clean storm water and maintaining drainage in pens and silage areas is effective. Removal of old feed and repair of leaking water tanks can also help.

For a detailed review of fly control see CDQAP's [Dairy Fly Control and Your Bottom Line](#), and UCCE's [Predicting and Controlling Stable Flies on California Dairies](#).

Continue reading [here](#).

UC Dairy News: Byproduct Feeding, Dairy Plus Program, Winter Cereal Forage

Courtesy of the [University of California Agriculture and Natural Resources](#)

The recent edition of the University of California's Golden State Dairy Newsletter provides updates on a variety of practices for producers. Read the entire newsletter [here](#).

Byproduct Feeding Practices Important to California's Sustainability: Dry Cows & Heifers

By Jennifer Heguy – UCCE Stanislaus, Merced & San Joaquin, Rúbia Branco-Lopes – UCCE Tulare & Kern, Noelia Silva-del-Río – UC Davis Veterinary Medicine/UC ANR & Ed DePeters – UC Davis Animal Science

Nearly 41% of the California lactating cow ration is composed of byproducts. That number was calculated from responses to a 2022 survey of California dairy nutritionists. The data set represents approximately 936,700 lactating cows (26 returned surveys); 87.5% of those cows were housed in the San Joaquin Valley. Only 4% of lactating cows (38,100 cows) did not consume byproducts. In this article, we will present the data collected on dry cow and heifer rations in the State. Lactating cow ration data were presented in the April (2023) newsletter.

Byproduct inclusion rate. In the survey, we asked a series of questions about ration byproduct inclusion rates of nutritionists' herds. The values for dry cow and heifer rations are presented in Table 1. The range in byproduct feeding amounts was large. On average, California dry cow rations include 48% byproducts and heifer rations include 50% byproducts.

Continue reading [here](#).

Is Dairy Plus for Me?

By Deanne Meyer - UC Davis Animal Science/UC ANR

Dairy Plus is part of Partnerships for Climate Smart Commodities grant from USDA. A total of 15 projects (\$17.97M) from the first solicitation round are in the process of being awarded to California dairy operators. The purpose of these projects is to reduce greenhouse gas emissions AND improve nitrogen management on farms. The program is open to all producers, including those who have previously implemented improved manure management through the Alternative Manure Management Program (AMMP) or installed an anaerobic digester to capture biogas. Hence the name Dairy Plus...going beyond AMMP and digesters.

Dairy operators in Priority 1 or Priority 2 nitrate management zones may want to consider the Dairy Plus program as a possible means to improve nitrogen balance while reducing methane emissions. Important in the application process is understanding where your facility stands with respect to nitrogen management. Consider manure management in five years should your facility have water use limitations due to Sustainable Groundwater Management Act implementation. You can analyze your

annual report submitted to the Regional Water Quality Control Board to get an idea of nitrogen balance at your facility. Soon, a spreadsheet will be available to aid in this process.

Continue reading [here](#).

Recent Updates in Vesicular Stomatitis Virus

By Noelia Silva-del-Rio – UC Davis Veterinary School/UCANR

Vesicular Stomatitis Virus (VSV) has emerged as a concern for livestock producers across multiple states, including CA, NV, and TX. This viral disease primarily targets horses and cattle but can also affect swine, sheep, goats, llamas, alpacas, and even humans who handle infected animals. Although VSV rarely leads to fatalities in animals, it has a great impact on the livestock industry. One negative implication of VSV is its clinical resemblance with Foot and Mouth Disease (FMD; eradicated in United States in 1929). Laboratory testing is needed to confirm VSV cases and differentiate them from other diseases (e.g., FMD, swine vesicular disease).

Per CDFA's January 18, 2024 update release, since the outbreak's onset in May 2023 a total of 319 VSV-affected premises have been identified in CA, NV, and TX. Out of these, 96 have been confirmed as positive cases, while 220 remain suspect. Most of the affected premises housed equine species only (n = 309), however premises with cattle species only (n= 7; Fresno, San Diego, and Santa Barbara Counties), equine and cattle species (n = 2; Fresno and Mariposa Counties), and rhinoceros (n =1; San Diego County) have also been affected.

Continue reading [here](#).

ABC's of Winter Cereal Forages: Yield vs Quality

Ed DePeters – UC Davis Animal Science & Jennifer Heguy – UCCE Stanislaus, Merced & San Joaquin

Spring and winter cereal forage harvest are quickly approaching. Winter cereals are often the foundation of dry cow and replacement heifer diets. Depending on its quality, cereal silage can also be a component in lactating cow diets.

Work out of the University of Minnesota Extension demonstrated increased forage yield as winter rye matured from vegetative stages to flowering (Figure 1). As forage matured, digestibility decreased.

Harvesting winter cereals with a focus on forage quality is challenging. Variable rains in March and April complicate when forages can be harvested. Typically, winter cereals are harvested with more consideration for forage yield than forage quality, but quality should not be overlooked completely. This may be increasingly important as water restrictions reduce California's ability to produce year-round forage. Many factors affect forage quality. Important factors include plant species, variety, grain development, and plant maturity at harvest.

Continue reading [here](#).

Reminder: Dairy Margin Coverage Program Open Now Through April 29

Courtesy of the [United States Department of Agriculture](#)

The enrollment period for the 2024 Dairy Margin Coverage (DMC) Program year began **February 28, 2024**, and ends **April 29, 2024**. For those who sign up for 2024 DMC coverage, payments may begin as soon as March 4, 2024, for any payments that triggered in January 2024. Learn more [here](#).

California Milk Advisory Board Meeting March 6-7 in Lodi

Courtesy of the [California Milk Advisory Board](#)

The California Milk Advisory Board (CMAB) will host its next Board of Directors Meeting on:



Wednesday, March 6, 2024 – 7:30 a.m.

Thursday, March 7, 2024 – 8 a.m.

Wine & Roses
2505 W. Turner Road
Lodi, CA 95242

The CMAB Board meeting is open to any California dairy producer. If interested in attending, please RSVP to Tracy Garza at tgarza@cmab.net or 209-690-8252.

Temporary Government Funding Resolution Approved, Midnight Shutdown Averted

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

Stop me if you've heard this one before, but lawmakers on Capitol Hill agreed to adopt yet another short-term, stop-gap funding measure to prevent a partial government shutdown after midnight tonight. House and Senate leaders agreed Thursday to a one-week extension of funding for six FY 2024 spending bills, including those keeping the lights on at USDA and FDA. Four of those six agencies, including those two, were to run out of funding authority overnight.

The leadership deal now gives Congress until March 8 to finalize the six bills, while the remaining six federal agencies are funded until March 22. This two-step process is designed to avoid what many have complained is wrong with Congress's recent annual spending processes, where after a series of short-term funding extensions at the start of each fiscal year, the entire federal budget is rolled into one omnibus bill for an up or down vote.

The irony is that fiscal year 2025 begins seven months from today, meaning that whatever the ultimate resolution is for the current fiscal year's funding, the talks about next year's spending priorities will have to begin soon after this effort is complete.

California Dairy Sustainability Summit March 26 in Davis

Courtesy of [Dairy Cares](#)



Speakers Include...



Angela Anderson

Director of Sustainable Dairy
Starbucks



Jeffrey Simmons

President and CEO
Elanco Animal Health



Mary Ledman

Global Strategist — Dairy
Rabobank



Patrick Pulupa

Executive Officer
Central Valley Water Board



Mark van Nieuwland

VP Bovaer
dsm-firmenich



Karen Ross

Secretary
California Department of Food
and Agriculture



Darrin Monteiro

VP, Sustainability & Member Relations
California Dairies, Inc.



Dr. Frank Mitloehner

Professor & Air Quality Specialist
UC Davis

Register [here](#).