

MPC WEEKLY FRIDAY REPORT

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



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MPC FRIDAY MARKET UPDATE

CHICAGO CHEDDAR CHEESE		CHICAGO AA BUTTER		NON-FAT DRY MILK	
Blocks	-\$0.0200	\$1.8300	WEEKLY CHANGE	-\$0.0800	\$2.3175
Barrels	-\$0.0875	\$1.7200	WEEKLY AVERAGE	-\$0.0534	\$2.3281
WEEKLY AVERAGE CHEDDAR CHEESE		DRY WHEY		WEEK ENDING 04/01/23	
Blocks	-\$1.541	\$1.8144	DAIRY MARKET NEWS	W/E 04/07/23	\$4300
Barrels	-\$1.1344	\$1.7656	NATIONAL PLANTS	W/E 04/01/23	\$4533
				LAST WEEK ENDING 03/25/23	
				NAT'L PLANTS \$1.1474 40,230,765	
				NAT'L PLANTS \$1.2204 20,553,292	

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 6 EST	\$20.45 - \$20.95	\$19.06	\$18.69	\$17.90
MAR '23 FINAL	\$20.59 - \$21.09	\$19.52	\$18.10	\$18.38



Milk, Dairy and Grain Market Commentary

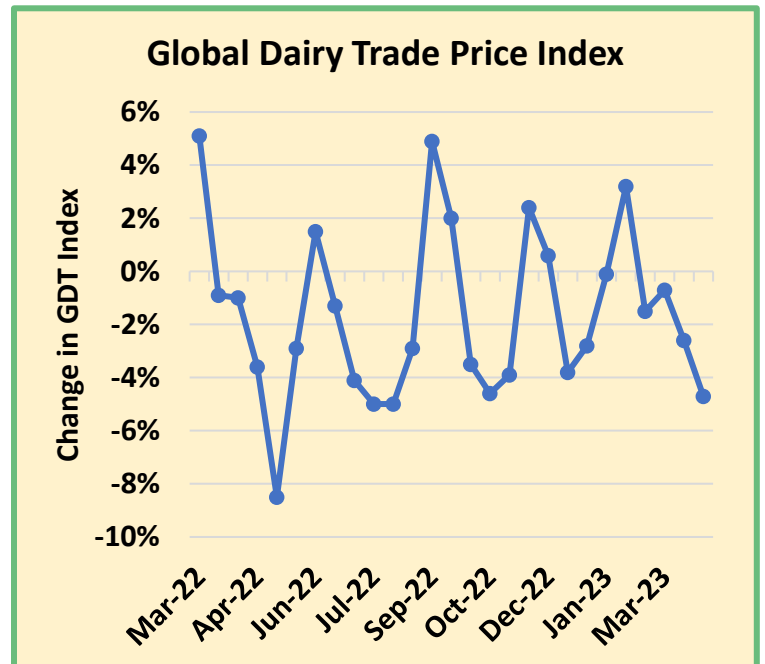
By Monica Ganley, Quatterra

Monica.Ganley@QuatterraGlobal.com

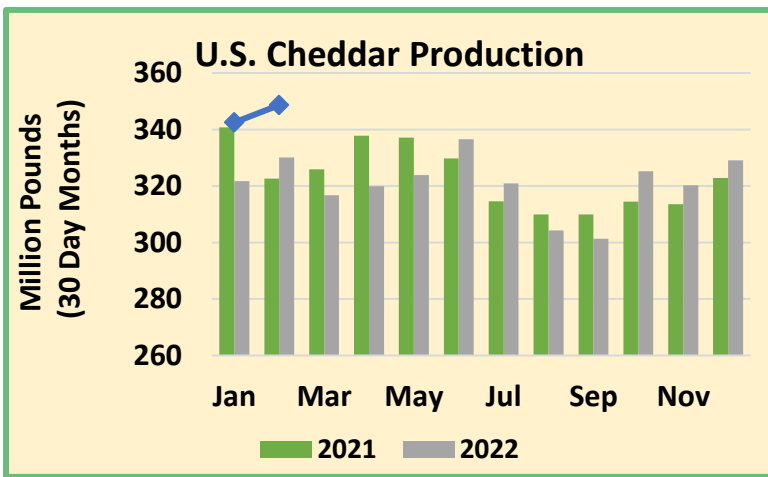
Milk & Dairy Markets

While the Easter bunny was finalizing preparations for the weekend, the bears were out in force in the dairy markets. Over the holiday shortened week, every commodity lost ground at the CME spot market. Price declines were not limited only to the United States, however. At Tuesday's Global Dairy Trade (GDT) event the GDT Index fell by 4.7%, weighed down by losses across every product except Cheddar cheese. This was the fourth consecutive loss and suggests that weakness persists across global dairy markets.

Back in the U.S., the Cheddar markets came under pressure. Cheddar blocks opened the



week by dropping a nickel on Monday. Despite interchanging modest gains and losses over the rest of the week, the market ultimately ended the week down 2¢ at \$1.83/lb. Movements in the barrel market were more definitive with losses seen every day. By the end of Thursday's trade, barrel prices had fallen to \$1.72/lb., a decline of 8.75¢ compared to last Friday and stretching the block-barrel spread to 11¢. Trading was active with 16 loads of blocks and 15 loads of barrels trading hands.



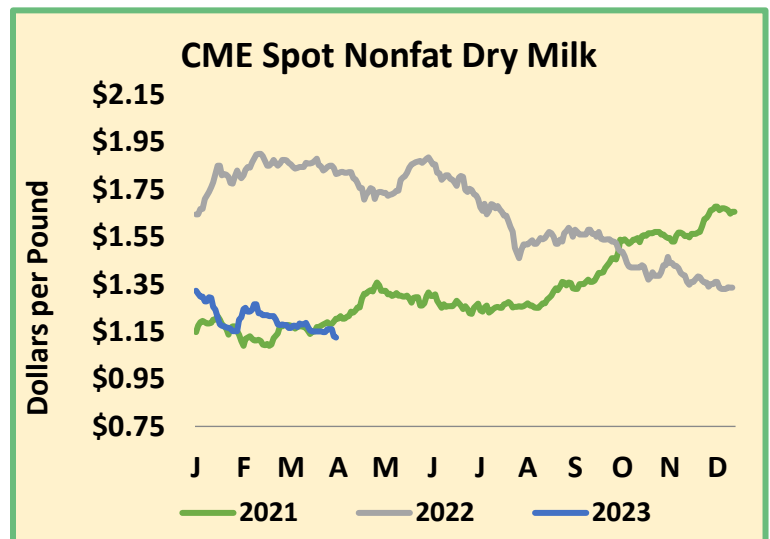
Cheese production is reportedly active as inexpensive spot loads of milk are readily available, especially in the Midwest. In the *Dairy Products* report released this week, USDA indicates that Cheddar production was strong in February, rising year over year by 5.6% to 325.4 million pounds. However, lower production of Italian style cheeses meant that total cheese production rose just a modest 0.4% compared to February 2022. Cheese exports were limited in February,

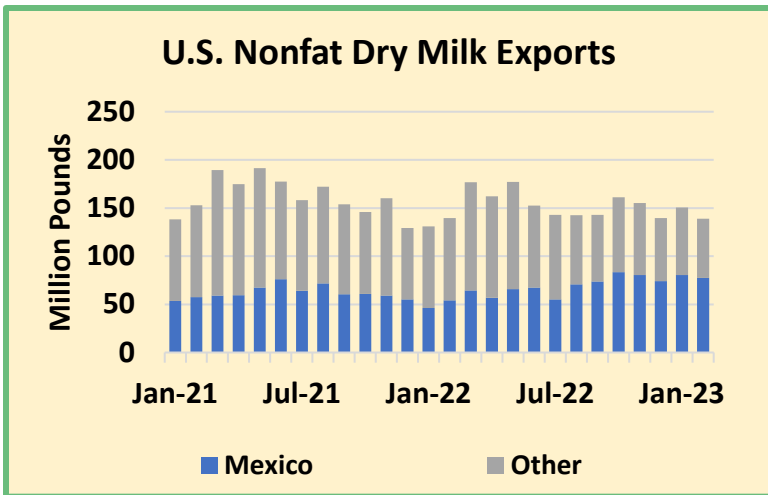
declining by a slim 0.2% year over year compared to last year's record high number. Taken together, the data implies that cheese has been plentiful and even though domestic demand appears to have been sufficiently strong to prevent excessive inventories from accumulating, it is likely that ample supply has been weighing on the price.

Curiously, even though cheese production was up, albeit modestly, in February, whey production across all key products fell. Dry whey production fell 5.3% to 66.5 million pounds while output of whey protein concentrates (WPC) and whey protein isolates (WPI) also fell by 9.8% and 19.5%, respectively. Despite lower production, manufacturer's stocks of all three products grew relative to prior month and prior year. Whey exports also slowed during the month, falling by 6.2% year over year even as whey exports to China increased by 0.6%.

Weak tones in the dry whey market manifested this week as the spot price tumbled. A 1.25¢ increase on Monday was wiped out by losses on Tuesday, Wednesday, and Thursday that pulled the price down to 36.5¢ per pound, a decrease of 8.25¢ compared to last week. Lower prices seemed to spur activity as the spot market had a particularly busy week with 17 loads trading hands.

The nonfat dry milk (NDM) spot price also moved downward. After sitting unchanged at \$1.16/lb. during the first two days of the week, a 3¢ loss on Wednesday followed by another half penny decline on Thursday, brought the price down to \$1.125/lb. This is the lowest price seen since February 2021. Just two loads traded during the week.

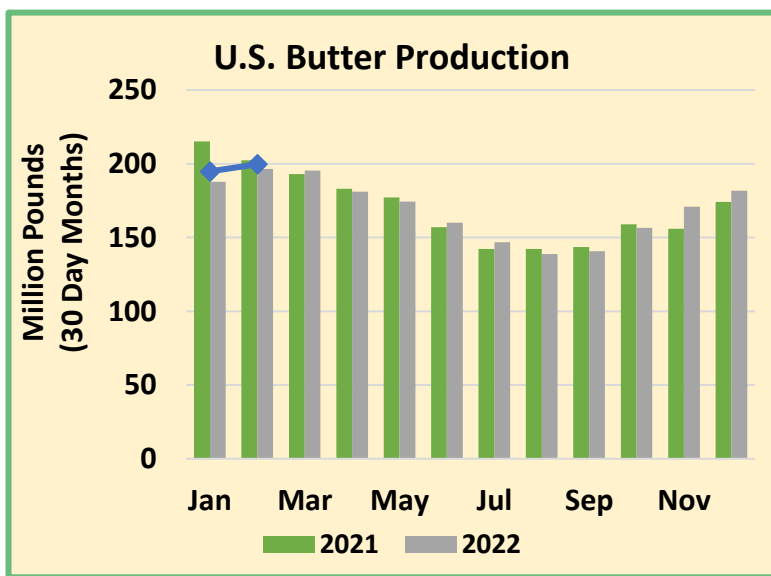




Milk powder is plentiful as ample condensed skim supplies have kept dryers busy. Combined production of NDM and skim milk powder (SMP) in February reached 216.7 million pounds, up 8.1% year over year. The 4.5% increase in NDM production was dwarfed by the 28.9% rise in SMP production, suggesting that dryers were manufacturing product for the export market. However, U.S. export data shows that powder exports fell by 0.5% in February to 139 million pounds, due especially to lower purchasing by customers in

Asia. Meanwhile, exports to Mexico, the U.S.' largest powder customer, jumped a dramatic 43.3% to 77.5 million tons in February, a record for the month.

With cream supplies also readily available, butter production increased in February. Churns turned out 186.4 million pounds of butter during the month, an increase of 1.6% compared to February 2022. Butter exports also fell in February, slipping to 7.6 million pounds, a decline of 31.8% year over year. Domestic demand was strong leading up to the spring holidays, but butter remains plentiful, and these ample supplies could continue to weigh on prices. This week at the CME the spot butter price gave up 8¢, falling to \$2.3175/lb. with seven loads moving.



Spot market declines pulled milk futures prices downward. By Thursday, all the 2023 Class III contracts had lost value with the MAY23 contract settling at \$17.95/cwt., 41¢ lower than Monday's settlement. Losses were also pervasive in the Class IV market where the MAY23 contract settled at \$17.59/cwt. on Thursday, down 45¢ from Monday. In most parts of the country milk volumes continue to grow seasonally though weather issues are complicating the production, transportation, and processing of milk in certain areas. Snowstorms in the upper Midwest and the continued impact of flooding in California are creating challenges across the value chain.

Grain Markets

Grain markets softened over the week as the market digested the USDA reports released last Friday. MAY23 corn futures settled on Thursday at \$6.435/bu. a decline of 14.25¢ versus Monday's settlements. Soybean meal futures also moved downward, with the MAY23 contract landing Thursday at \$454.3/ton, down nearly \$10 compared to Monday. Inclement weather in the grain belt has created some concerns that plantings will be delayed though most analysts feel that it is too early to be excessively nervous.

House Natural Resources Field Hearing in Tulare Tuesday, April 11 at 2 p.m.

Courtesy of the Office of Congressman David Valadao

On **Tuesday, April 11, 2023**, House Committee on Natural Resources Chairman Bruce Westerman (R-AK), Subcommittee on Water, Wildlife and Fisheries Chairman Cliff Bentz (R-Calif.) and U.S. Reps. David Valadao (R-Calif.) and John Duarte (R-Calif.) are hosting members for a field hearing and site visits to examine California's continued water storage issues and the impact on local communities.

Committee Members

House Committee on Natural Resources Chairman **Bruce Westerman** (R-Ark.)

Subcommittee on Water Wildlife and Fisheries Chairman **Cliff Bentz** (R-Ore.)

U.S. Rep. **David Valadao** (R-Calif.)

U.S. Rep. **John Duarte** (R-Calif.)

U.S. Rep. **Paul Gosar** (R-Ariz.)

U.S. Rep. **Doug LaMalfa** (R-Calif.)

U.S. Rep. **Tom McClintock** (R-Calif.)

U.S. Rep. **Jim Costa** (D-Calif.)



Congressman
David G. Valadao
Invites you to:

**Legislative Field Hearing on
the WATER for CA Act**
Committee on Natural Resources
Subcommittee on Water, Wildlife, &
Fisheries

When: Tuesday, April 11, 2:00 pm PT
Where: World Ag Expo
Heritage Complex Building, Conference Dining Room
Tulare, CA 93274

Webinar on USDA's Disaster Assistance to Help California Farmer and Agricultural Communities Recover

Courtesy of [USDA & CDEA](#)

The U.S. Department of Agriculture (USDA) and California Department of Food and Agriculture (CDFA) are hosting a webinar to help California farmers and agricultural communities impacted by current disasters understand programs and resources that may be available to them.

If your farming operation in California was impacted by a natural disaster or if you live in an agricultural community impacted and are looking for resources to recover and rebuild, please join us for a webinar that will be hosted on Microsoft Teams on Tuesday April 11, 2023 at 9 a.m. PT.

The webinar is free to join. You can join on your computer or via the Teams app on your smartphone. You do not have to RSVP in advance to attend. Attendees will have a chance to submit written questions during the event.

[RSVP Here](#)

UC Golden State Dairy Newsletter

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

UC Agriculture and Natural Resources recently released its April edition of the *Golden State Dairy Newsletter*. You can read the entire newsletter [here](#).

Byproduct Feeding Practices Important to California's Sustainability

Jennifer Heguy – UCCE Stanislaus, Merced & San Joaquin, Rúbia Branco Lopes – UC Davis, Noelia Silva-del-Rio – UC Davis & 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.

Our objectives were to quantify byproduct usage in dairy rations and to identify feeding trends and opportunities. Below are selected results from the study.

We asked a series of questions about byproduct inclusion rates of nutritionists' lowest and highest byproduct fed herds, as well as the average inclusion rate across all their herds. These values, as reported by nutritionists, are presented in **Table 1**. Average inclusion rate for the state was determined by weighting the nutritionists' "all herds" responses by number of lactating cows they fed. The result was a 41% average inclusion rate of byproducts in lactating rations.

Continue reading [here](#).

2023 National Mastitis Council Regional Meeting

Who should attend? Dairy producers, veterinarians, dairy processors, milking equipment specialists, pharmaceutical reps and consultants who help producers harvest quality milk.

Where? Visalia, California

When? May 2-4, 2023

Why? This meeting provides a forum for networking and sharing information about udder health, animal health and welfare, milk quality and milk safety.



2023 NMC Regional Meeting
Register Today!
Visit California – the top U.S. state for total milk production – for the 2023 NMC Regional Meeting!

Visit the website for more information: nmconline.org

April 13 Webinar: How to Bring Skilled Professionals to Your Farm Using Visa Programs

Courtesy of Fred Hall, Dairy Specialist, Iowa State University Extension and Outreach
fredhall@iastate.edu



Dairy Webinar Series

In collaboration with

IOWA STATE UNIVERSITY
Extension and Outreach



UNIVERSITY OF MINNESOTA
EXTENSION



SOUTH DAKOTA STATE UNIVERSITY EXTENSION



Thursday, April 13, 2023 - 12 noon -1 p.m. CDT

Miguel Rangel, DVM, will discuss the most common visas available for dairy producers and explain in which cases they can be used, as well as clarify common misconceptions. Dr. Rangel received his veterinarian degree from the National Autonomous University of Mexico (UNAM) in Mexico City. As a recipient of a TN visa himself, he knows the process and the industry firsthand.

Dr. Rangel has been the owner/operator of Optimum Dairy Consulting and Recruiting since 2021, specializing in maximizing profits in dairy operations and the recruiting of skilled professionals.

There is no fee to attend, but you must register at least one hour before the webinar at: <https://go.iastate.edu/TQ86YG>

For more information contact:

- Fred M. Hall, 712-737-4230
- Jim Salfer, 320-203-6093
- Heidi Carroll, 605-688-6623
- Jenn Bentley, 563-382-2949

FOR MORE INFORMATION AND TO VIEW ARCHIVES:
i-29moou.com/webinar



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Condolences to the Family, Colleagues of Clay Rodgers

By Kevin Abernathy, General Manager

Kevin@MilkProducers.org

We learned this week that Clay Rodgers, Assistant Executive Officer of the Central Valley Water Board, passed away unexpectedly. All of us at MPC offer our condolences to Clay's wife, Nancy, his family, and his colleagues at the Central Valley Water Board.

No one had a better understanding about dairies, water quality and solutions at the Central Valley Water Board than Clay. He worked at the Water Board from 1999 to 2003 and then since 2007, where he was pivotal in developing the Dairy General Orders our industry operates under. Clay was also deeply involved in the process of developing the next iteration of the Dairy General Order.

Clay was the kind of regulator I enjoy working with. You always knew where you stood with Clay, he was always willing to listen, he was reasonable, and he was dedicated to his charge of protecting the waters of the Central Valley. Godspeed, Clay.

