

MPC WEEKLY FRIDAY REPORT

DATE: JULY 28, 2023
 TO: DIRECTORS & MEMBERS
 FROM: KEVIN ABERNATHY, GENERAL MANAGER
 PAGES: 5



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	+ \$.1250	\$1.9075	WEEKLY CHANGE	+ \$.0975	\$2.6800
Barrels	+ \$.1075	\$1.7625	WEEKLY AVERAGE	+ \$.0945	\$2.6540
WEEKLY AVERAGE CHEDDAR CHEESE		DRY WHEY		WEEK ENDING 07/22/23	
Blocks	+ \$.2385	\$1.8720	DAIRY MARKET NEWS	W/E 07/28/23	\$.2800
Barrels	+ \$.2785	\$1.7925	NATIONAL PLANTS	W/E 07/22/23	\$.2544
			LAST WEEK ENDING 07/15/23		
			NAT'L PLANTS \$1.1674 18,999,125		

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
JUL 28 EST	No Change	\$19.10	\$13.82	\$18.30
LAST WEEK	\$18.92 - \$19.42	\$19.11	\$13.81	\$18.28



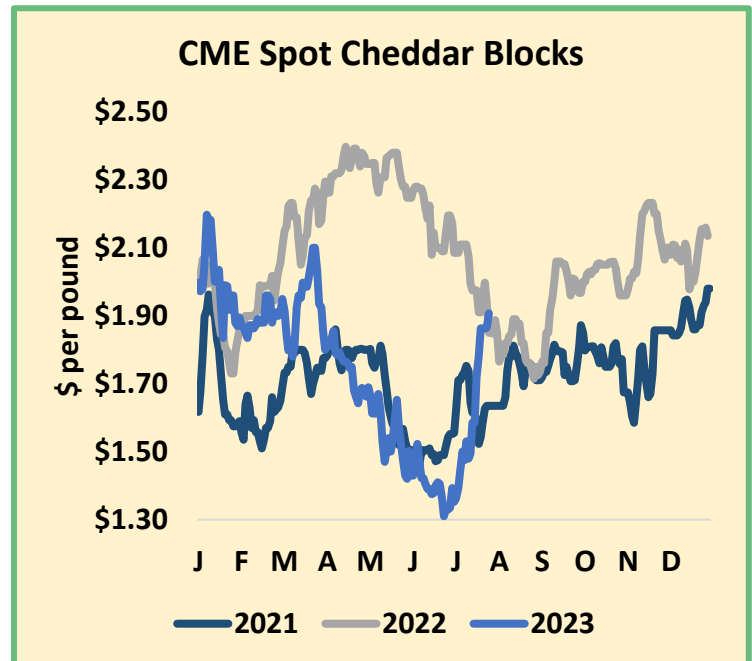
Milk, Dairy and Grain Market Commentary

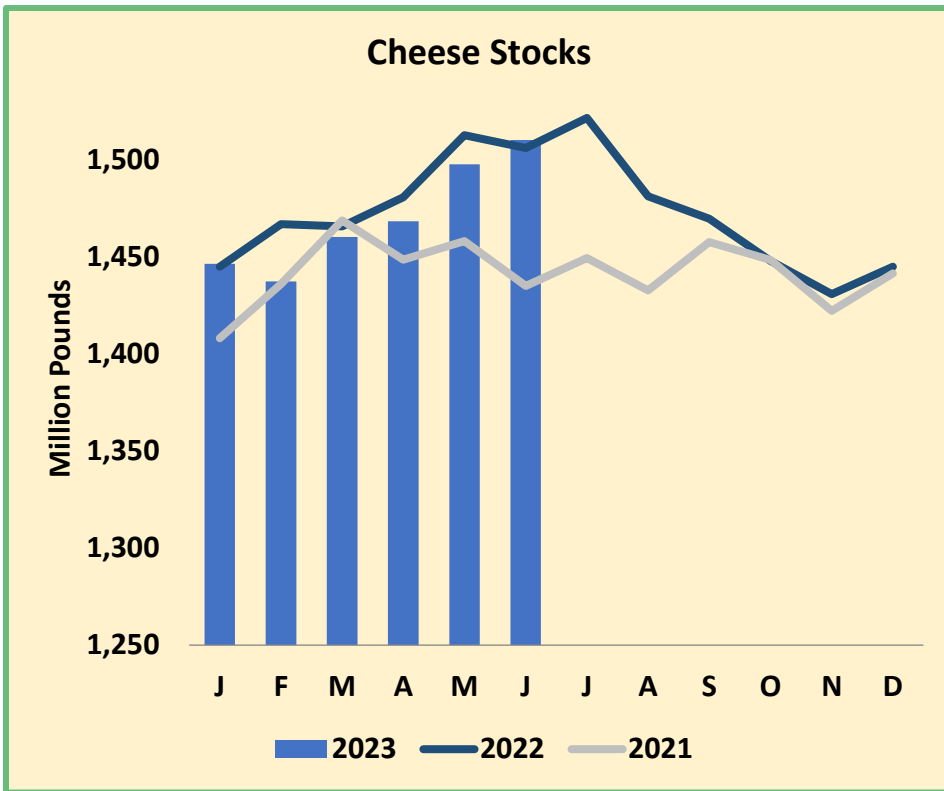
By Sarina Sharp, Daily Dairy Report
Sarina@DailyDairyReport.com

Milk & Dairy Markets

The dairy markets are still feeling that summer sizzle. Cheese and butter prices both jumped once again this week. CME spot Cheddar blocks leapt 12.5¢ to \$1.9075 per pound. That put them higher than year-ago prices for the first time since early February. Barrels rallied 10.75¢ to \$1.7625. The sudden strength in the cheese market reflects a shortage of Cheddar that is fresh enough to trade at the spot market in Chicago, a phenomenon that can lead to dramatic but often short-lived spikes in the sultry summer months.

Fresh Cheddar may be scarce, but there is plenty of cheese. On Tuesday, USDA reported 1.51





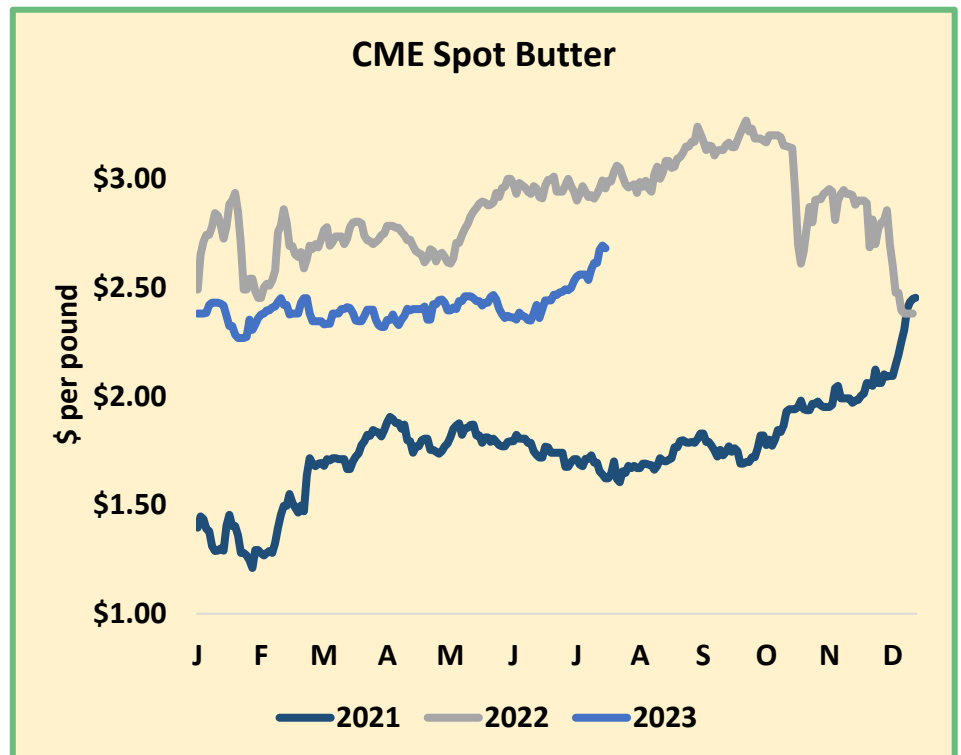
billion pounds of cheese in cold storage warehouses on June 30, the highest mid-year inventory on record. Stocks were 0.3% greater than in June 2022 and they grew 12.6 million pounds from May to June, a month in which cheese stocks often shrink. Inventories of American-style cheeses did decline modestly last month, but, at 853.3 million pounds, they were still up 0.8% from a year ago and notched the highest June stocks figure on record.

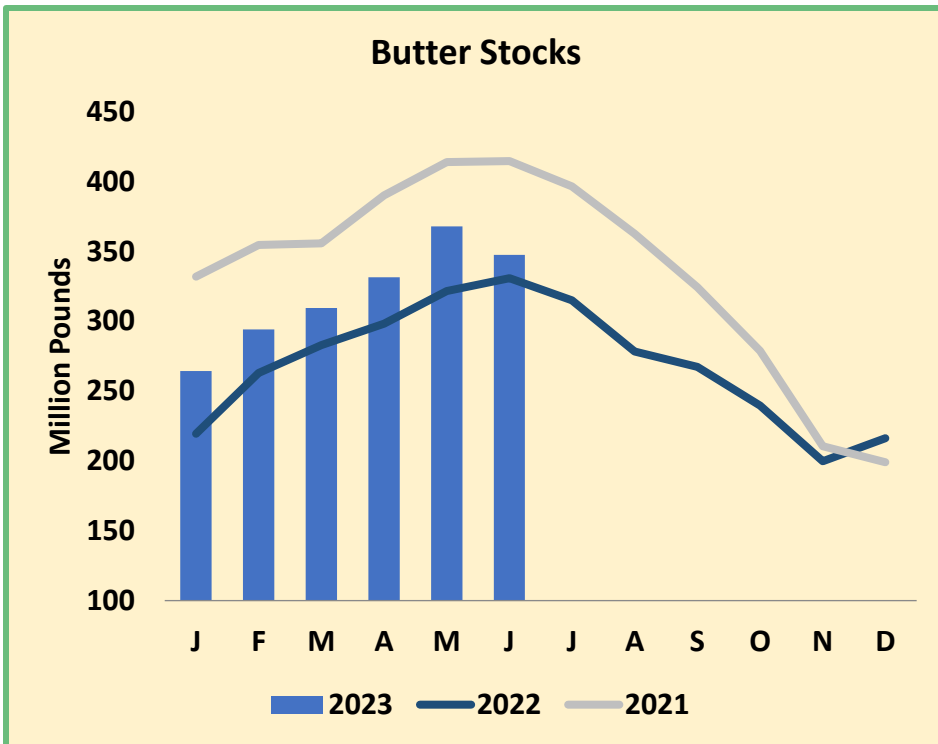
CME spot butter hiked to a new peak this week, touching a fresh 2023 high Thursday at \$2.6925.

It finished at \$2.68, up 9.75¢ since last Friday. Tuesday’s Cold Storage report helped to explain butter’s impressive summer climb. Butter stocks dropped unexpectedly in June, falling 20.4 million pounds last month to 347.5 million pounds. Stocks are 5% greater than the uncomfortably tight levels from this time last year, but they’re quite a bit lighter than butter buyers would like to see ahead of the fall baking season. Meanwhile, cream multiples are ramping up as scorching temperatures take a toll on milk production and components.

CME spot nonfat dry milk also logged impressive gains. It climbed 4¢ to a six-week high at \$1.16. Lower milk production is reducing the lineup of trucks at driers, and production is falling accordingly. Meanwhile, export demand remains strong thanks to robust orders from Mexico.

Spot whey powder slipped 0.25¢ to 25¢ per pound. USDA’s *Dairy Market News* describes demand for whey as “lackluster.” Cheese vats are full and whey production continues apace, leading to some concerns about storage space for dry whey and other dry products.





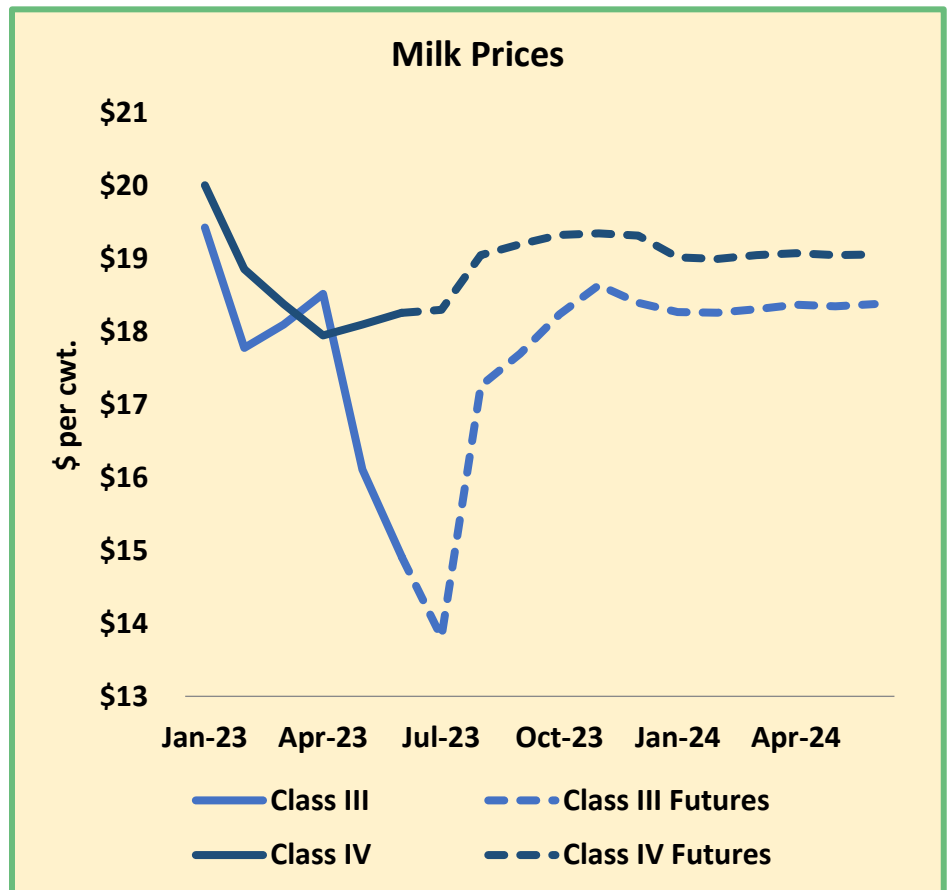
It's going to be hard to lift whey prices significantly when the trade is worried about having enough places to stash it.

Strong spot cheese prices propelled August Class up 55¢ this week to \$17.26 per cwt. Other Class III contracts finished a few higher, and fourth-quarter futures averaged \$18.43. Class IV futures logged strong gains. The August contract advanced 52¢ to \$19.05. Fourth quarter futures rallied about 70¢ to an average of \$19.33.

Today's futures prices are considerably better than those that determined the June milk checks or those on which July milk revenue will be based. But they're still not enough to pay the bills on many farms, especially for producers who will continue to suffer discounts on their already-low Class III revenue. Dairy producers are leaving the industry in growing numbers, and dairy slaughter volumes remain high. The milk-cow herd continues to shrink, setting the stage for higher prices in the year to come.

Grain Markets

It's certainly hot, but the weather was not as dry as feared. Scattered showers moved across the Corn Belt and they're expected to do so again next week. But moderate drought persists in most of the Farm Belt, and crop yields likely continue to slip. December corn futures fell 6¢ this week to \$5.3025 per bushel. November soybeans closed at \$13.825, down 19.5¢. September soybean meal closed at \$433.60 per ton, up another \$7.30.



CDQAP Update: Dairy Plus Program Funding; Composting Research

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

The California Dairy Quality Assurance Program recently released its July update, which you can read in its entirety [here](#).



First Round of Dairy PLUS Program Funds Have Been Released! Applications are due August 28, 2023

By Denise Mullinax, Executive Director, California Dairy Research Foundation; Assistant Director, CDQAP

The much anticipated first round of Dairy PLUS Program funding was released by CDFA on June 28, 2023. Applications are due by 5:00 p.m. on August 28, 2023.

The funds are the first of their kind to be offered to California dairy producers. They pair federal dollars secured by the California Dairy Research Foundation and the CDFA-UC-CA dairy industry team from USDA's Climate Smart Commodities Program with CDFA AMMP and DDRDP dollars to incentivize adoption of advanced climate-smart manure management practices. Advanced manure management practices address both methane emissions and nutrient surplus.

All California dairy producers are eligible to apply for Dairy Plus+ Program dollars, including producers that have previously received DDRDP or AMMP funds in the past.

Continue reading [here](#).

Composting Research Begins This Year

CDFA funds CDRF research to pave the way for emergency carcass composting

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

Every producer who has experienced a rendering service disruption has shared the same frustration.

When the number of deadstock needing disposal exceeds the state's rendering capacity, a complex and prolonged regulatory process is set in motion. Each county must individually declare an emergency and develop a plan designating where excess carcasses must go.

Landfills are typically restricted in both the type and tonnage of mortalities they can accept. Almost no landfills accept carcasses from outside their own counties. When landfill disposal is available, producers are responsible for both contracting a certified dead hauler and paying for tipping and biohazard fees.

Continue reading [here](#).

Reminder: Producer Review Board Meeting Monday, July 31

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

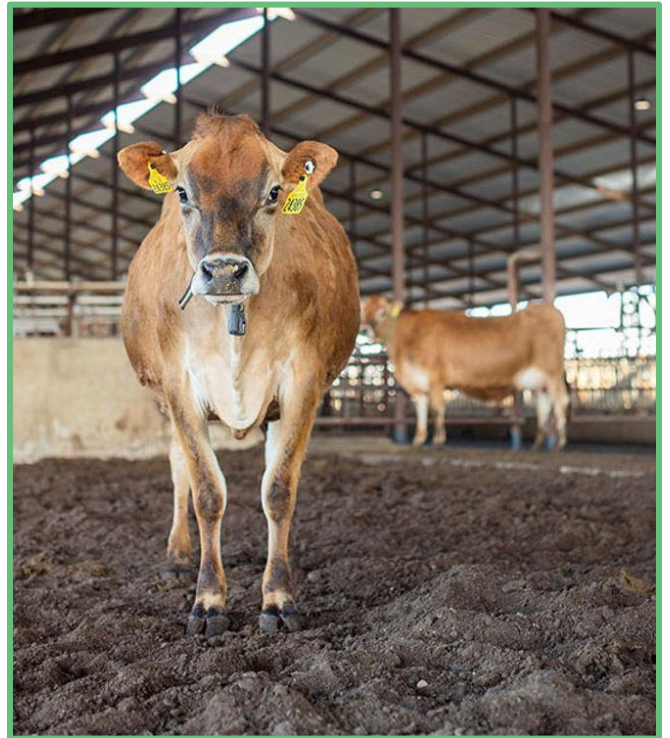
The next meeting of the Producer Review Board will be held from **10 a.m. to noon on July 31, 2023** at the **Stanislaus County Ag Commissioner's Office, Harvest Hall – Room A, B & C, 3800 Cornucopia Way, Suite B, Modesto**. This meeting is in-person only; no teleconference option will be offered.

Representatives from the vendor conducting the QIP Survey (Research America Inc.) will attend the meeting to review the survey questions and details. A copy of the meeting agenda is available [here](#).

Climate-Smart Cows: California Boosts Efforts to Reduce Methane with \$25 Million Investment

Courtesy of [Dairy Cares](#)

California's dairy sector is on a path to [achieving climate neutrality](#) by as early as 2027. Progress has been made through decades of advancing production efficiency and the [unprecedented, ongoing investments](#) in improved manure management. [Researchers anticipate](#) that the adoption of methane-reducing feed additives will soon be an added boost on this journey to climate neutrality. The state is advancing efforts with \$10 million in research funding and \$25 million to create a new, early adopter program to incentivize reductions of enteric methane emissions in the dairy and beef cattle sectors.



The new program will add momentum to multi-stakeholder efforts to turn cows into climate solutions. About 30 percent of California's total annual methane emissions come from beef and dairy cattle enteric releases (i.e., belching or enteric methane). Extensive university research demonstrates that promising feed additives are being developed to significantly reduce these emissions when included in feed rations. Seaweed, fatty acids, oregano, essential oils, and tannins are just a few of the materials being explored.

It is estimated that these feed supplements, when commercially available, could reduce dairy and beef cattle emissions by 30 percent or more. Given methane's short-lived nature, its reduction goes a long way in quickly reducing atmospheric warming. In California, stakeholders are addressing barriers and preparing to make climate-smart cows a reality.

Continue reading [here](#).