

MPC WEEKLY FRIDAY REPORT

DATE: MAY 2, 2025
 TO: DIRECTORS & MEMBERS
 FROM: KEVIN ABERNATHY, GENERAL MANAGER
 PAGES: 10



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MPC FRIDAY MARKET UPDATE

CHICAGO CHEDDAR CHEESE		CHICAGO AA BUTTER		NON-FAT DRY MILK	
Blocks	+ \$.0600	\$1.7600	WEEKLY CHANGE	+ \$.0500	\$2.3300
Barrels	+ \$.0500	\$1.7550	WEEKLY AVERAGE	- \$.0245	\$2.2900
WEEKLY AVERAGE CHEDDAR CHEESE		DRY WHEY		NAT'L PLANTS	
Blocks	- \$.0090	\$1.7330	DAIRY MARKET NEWS	W/E 05/02/25	\$.5100
Barrels	- \$.0400	\$1.7195	NATIONAL PLANTS	W/E 04/26/25	\$.4960
				LAST WEEK ENDING 04/19/25	
				NAT'L PLANTS \$1.1559 26,649,032	
				NAT'L PLANTS \$1.1704 20,275,642	

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 1 EST	\$19.97 - \$20.47	\$18.62	\$18.40	\$17.93
APR '25 FINAL	\$21.17 - \$21.67	\$19.22	\$17.48	\$17.92



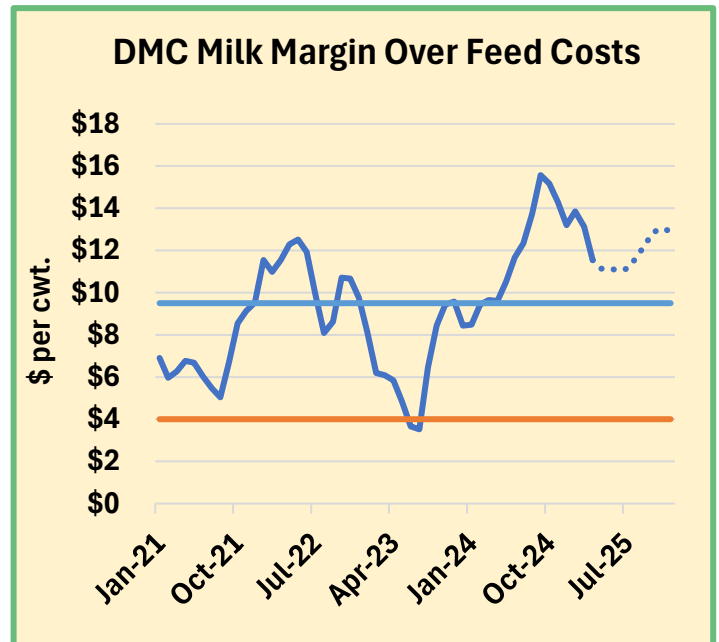
Milk, Dairy and Grain Market Commentary

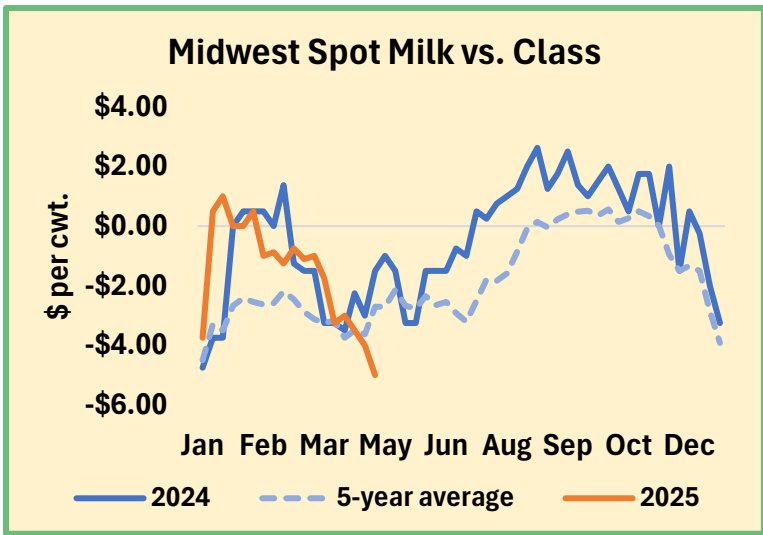
By Monica Ganley, Quarterra
Monica.Ganley@QuarterraGlobal.com

Milk & Dairy Markets

Ailing domestic consumption and dimming export prospects have weighed on dairy commodity values, and in turn, milk prices. The April Class III price was announced this week at \$17.48/cwt. while Class IV came in at \$17.92/cwt., representing the first time since October 2021 that both prices were below \$18. Modest relief may be on the way as futures markets currently predict that both Class III and Class IV values will improve slightly later in the year.

Bowing to the pressure of lower milk prices, the milk margin over feed cost reported by the Dairy Margin Coverage (DMC) program slipped to

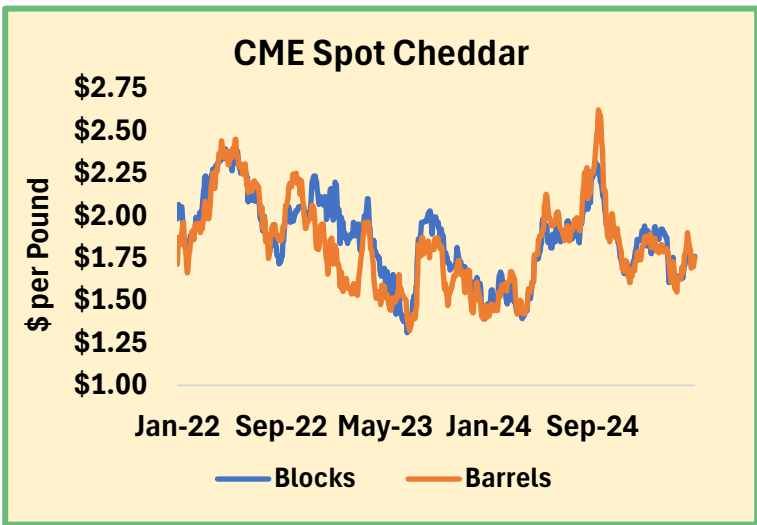




\$11.55/cwt. in March. This represented a decrease of \$1.57/cwt. compared to prior month and more than a \$4/cwt. decline versus the peak margin obtained in September of last year. Though margins are still soundly above the \$9.50/cwt. threshold at which the DMC program begins to issue payments, the decline is nevertheless an indication that milk prices are getting worryingly close to the cost of production for many producers.

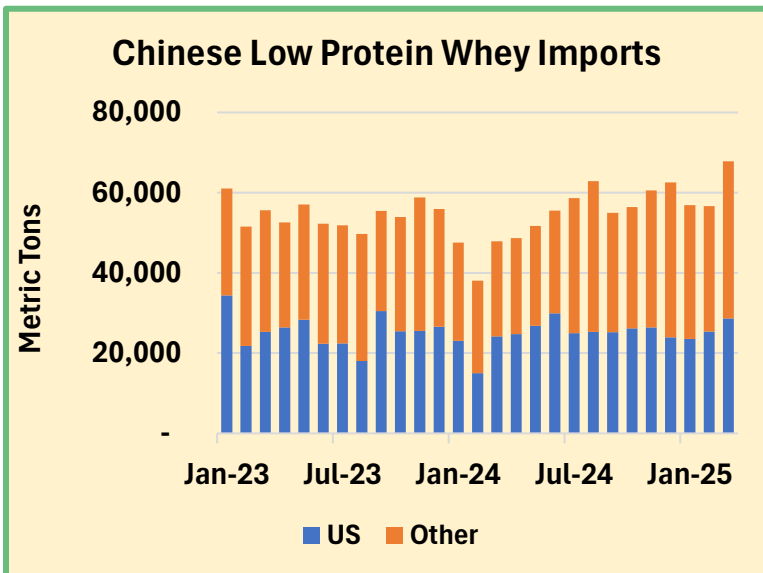
One factor that may help to mitigate the pain of low milk prices is the revenue that

producers are collecting from cull cows and calves. Beef prices persist at record high levels and crossbred calves destined for feedlots are regularly fetching upwards of \$1,100 per head. These towering values have become an important source of income and are likely to continue encouraging producers to employ a beef-on-dairy strategy in their operations, keeping heifer supplies relatively limited.



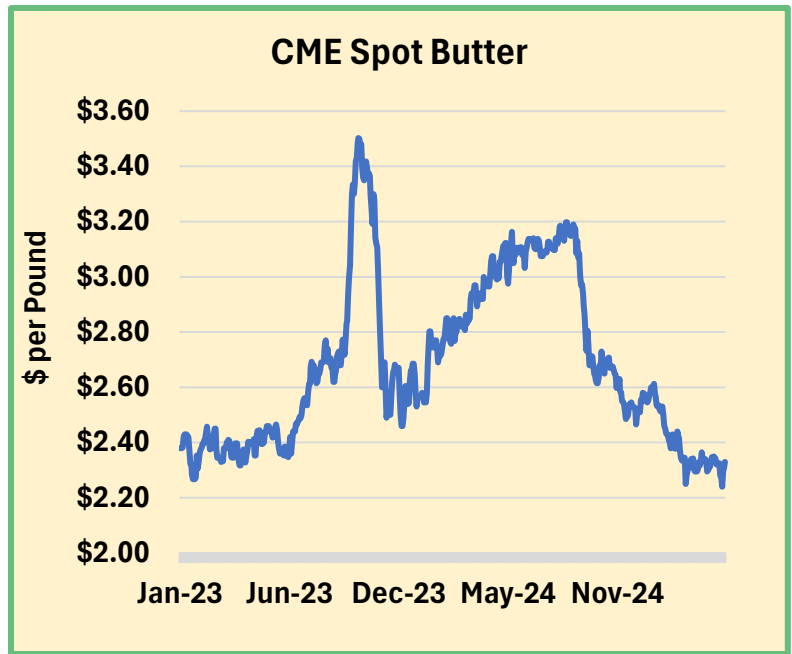
Despite the challenges, the national dairy herd and milk production continue to grow. In addition to rising year over year output, the spring flush is also driving ample milk availability in most parts of the country. Bottling demand is stable to softer and freeing up plenty of milk for processing. Spot milk for manufacturing could be obtained for about \$5 under Class III prices in the Central region this week – significantly lower than the \$1.50 discount available at the same time last year.

Inexpensive spot values and new capacity activation are likely to keep milk flowing into the cheese vat over the coming months. While production is upbeat, demand is more mixed. Deteriorating economic conditions are likely to put pressure on consumers. This will most likely manifest as lower demand through foodservice channels as consumers attempt to protect their household budgets by eating more frequently at home. Although this dynamic may be supportive of retail sales, it is likely to result in lower absolute cheese volumes, as consumers tend to eat less cheese



per meal when eating at home compared to out at a restaurant. As domestic consumption falters, export sales are likely to continue with strength. Even as trade drama swirls, U.S. cheese remains very competitively priced compared to international competition which is likely to support additional export sales.

The spot market for cheese seemed to capture that optimism this week as values for both Cheddar blocks and barrels moved upward. After remaining unchanged on Monday, the block market spent the rest of the week moving upward, rising 6¢ to \$1.76/lb. by the conclusion of Friday's session with a total of 28 loads changing hands. Barrels also added a nickel though in a more fraught fashion as losses on Tuesday and Wednesday were undone by gains later in the week. Barrels ended the week at \$1.755/lb., just a half cent shy of blocks.



Not to be left behind, the spot dry whey price also appreciated during the week, adding 1.5¢ to end Friday's trade at 52¢ per pound. The strength in whey markets is a bit surprising considering the trade complications that loom on the horizon. In 2024, just over 45% of Chinese low protein whey imports under HS code 040410 were supplied by the U.S. With a resolution to the conflict between China and the U.S. still elusive, it seems probable that this trade flow will come under pressure in the coming months. Chinese import data shows that shipments of low protein whey were up 37.4% in the first quarter, suggesting that importers increased purchases of these products ahead of the potential conflict. But it remains unlikely that the spat will be resolved before these inventories are used up.

Class IV products also found some traction at the CME this week. Despite a continued abundance of cream, the spot butter price added a half a cent, ending the week at \$2.33/lb. as 20 loads traded. U.S. butter remains at a stark discount to other global suppliers. Nonfat dry milk also eked out an increase, adding 0.75¢ to end the week at \$1.195/lb., the highest price seen since early March.

Grain Markets

Feed costs considered as part of the DMC margin calculation remained virtually unchanged in March, falling just 3¢ compared to February and landing at \$10.45/cwt. for the month. Corn farmers accelerated planting rapidly in late April as more agreeable weather aided their progress. For the week ending April 27, USDA reported that approximately 24% of corn had been planted, slightly ahead of the five-year average and a dramatic improvement from the 12% reported the week prior. For the same week, 18% of soybeans had been planted compared to the five-year average of 12%. Strong planting progress helped to keep pressure on prices. By Thursday, JLY25 corn futures settled at \$4.7225/bu. while the DEC25 contract came in at \$4.4725/bu. Meanwhile, JLY25 soybean meal settled at \$294.30/ton.

CDQAP Update: Mortality Management; CDQAP Certification; Nutrient Management Plans for Fallowed Fields

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

What in the World is Going on with Mortality Management?

New research and a legislative bill are putting carcass composting front and center.

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

Managing mortalities during emergencies has remained a stubborn challenge for California producers. Natural disasters like [heat](#) and [flood](#) events, as well as [disease](#) outbreaks have had producers struggling to find safe and legal disposal options. This is particularly true when local rendering services are [disrupted](#) or simply overwhelmed.



Historically, how producers can dispose of mortalities during emergencies [varies by county](#). On-site burial is typically prohibited in Central Valley CAFOs. Permitted landfills only rarely accept deadstock without special permission. In addition, existing state law requires that dead animals are transported only to [approved locations](#), unless having received a waiver from the State Veterinarian.

Nationally, the most common method of managing unexpected mortalities remains on-farm [composting](#). In California, because of historic concerns about environmental damage and disease spread, regulations prohibit the composting of mammalian carcasses.

CDFA Steps Up to the Plate

Fortunately for producers, in 2021 CDFA initiated a comprehensive [program](#) to address the problem. The agency started by creating a Composting Technical Workgroup consisting of CDFA, CalRecycle, and the State and Central Valley Regional water boards. This workgroup then launched an in-depth [survey](#) of existing state and county regulations related to mortality management.

In 2022, CDFA provided county-by-county [guidance](#) detailing disposal options available under existing regulations. The department even created a rendering disruption emergency hotline (916-900-5261) to answer producers' emergency disposal questions, even on nights or weekends.

CDFA & Industry Partner on Composting Research

Perhaps the biggest obstacle to emergency carcass composting remains regulatory concerns for air and water quality. To address these concerns, in July of 2023, CDFA awarded \$897,500 to the California Dairy Research Foundation ([CDRF](#)) to examine environmental impacts of mortality. The [three-year project](#) involved four research sites stretching from Humboldt to Tulare, engaging three commercial dairies and a poultry facility.

Continue reading [here](#).

Need CDQAP Certification/ Recertification?

Schedule evaluations by September 1 to meet deadline.

By Dr. Deanne Meyer, Livestock Waste Management Specialist, UC Davis, and UC ANR

Is your dairy certified in Environmental Stewardship? If it is, you know the value of certification. The California Dairy Quality Assurance Program (CDQAP) certifies dairies in environmental stewardship. Once certified, dairy owners have peace of mind that their facility is likely to remain in compliance with local, regional, and state environmental regulations. Certified facilities show their customers they care about the environment. Certified dairies also receive a 50% reduction in water quality fees for up to 5 years as long as they remain compliant with manure management regulations and rules.

CDQAP certification is easy and voluntary. It's a simple three-step process:

1. Complete educational classes (6 hours of water quality and 2 hours of air quality). The educational component is available online.
2. Complete required record-keeping documentation for water and air quality.
3. Complete an on-farm, third-party evaluation.

Evaluations cost \$550 per facility. To learn more about CDQAP Environmental Certification, your class completion status, or to schedule an evaluation, call (530) 574-0524. Evaluations are scheduled on a first-come, first-served basis. Call soon to schedule your evaluation. Evaluations for 2025 must be scheduled before September 1 to ensure that it can be completed before the deadline. The deadline for certification is September 30th to be eligible for a 50% discount on water quality fees for the 2025-26 billing cycle.

Continue reading [here](#).

Changes Needed to Nutrient Management Plans with Fallowed Fields

By Dr. Deanne Meyer, Livestock Waste Management Specialist, UC Davis, and UC ANR

As fields transition from winter forage to summer crops, some fields are fallowed. More and more, we're seeing the impact of implementing the Sustainable Groundwater Management Act (SGMA) at farm scale. Here are a few things to remember.

For dairies, Nutrient Management Plans (NMPs) are based on anticipated amount of manure applied to each crop in each field. It's important to modify your facility's NMP when fields need to be fallowed due to insufficient water.

Why go through this exercise? All manure needs to go somewhere. The nitrogen needs to be accounted for. If you are farming fewer acres (winter or summer) and the fallowed acres used to receive manure, it's important to move that manure elsewhere.

Continue reading [here](#).

How to Add 10 MAF/yr to California's Water Supply

Courtesy of Edward Ring, [California Policy Center](#)

There is a good chance that a Californian is going to be nominated to become the new Commissioner of the Bureau of Reclamation. One source of opposition to his confirmation could be senators representing states that share with California the waters of the Colorado River, concerned that a Californian will not sufficiently take into account their interests. But if California invests in projects to increase its water supply, it won't need as much water from the Colorado River.

What follows are ways California, and only California, has the potential to increase its annual water supply by 10 million acre feet per year. That's enough to cope with a prolonged drought without starving cities or farms of water. It's also enough to make generous deals with the other states that withdraw water from the Colorado River.

Thin the Water Guzzling Overcrowded Forests

This can be profitably handled [by the private sector](#). Thin our forests back to historically normal levels. A 2011 [study by experts from UC Merced](#) reported that 60 percent of the state's consumptive water comes in the form of Sierra runoff, and that when forest cover is reduced by 40 percent, total runoff increases by an estimated 9 percent. That means if California's forests were thinned appropriately, 2.2 million acre feet of water (40 MAF x 60% x 9%) would be added to California's annual water supply.

Dredge the Silt Out of the Delta and Delta Tributaries

If the maximum flow capacity through the delta was increased through dredging, it would be safe to fill reservoirs to higher levels. As it is, water is released from these reservoirs to reserve flood control capacity for a strong late spring storm or an abrupt melting of the snowpack. [Resuming dredging](#) of south delta channels, along with tributaries where silt has created flood risk, could allow another million acre feet per year to be retained in California's reservoirs.

Rewrite the Rules Governing the Delta Pumps

Together, the state and federal pumps situated at the southern end of the Sacramento-San Joaquin Delta have the capacity to move 900,000 acre feet of water per month, but rarely operate at capacity. According to [data provided by](#) the California Department of Water Resources, from December 2024 through March 31, 2025, 12.3 MAF flowed through the Delta, but only 1.5 MAF, only 11 percent of flow, was pumped south, only 40 percent of pump capacity. With modifications to operating restrictions, another million acre feet per year can be pumped south from the delta into the state and federal canals.

Build New Infrastructure to Harvest Delta Flows

In an average year [over 10 million acre feet of water](#) flows into the San Francisco Bay from the Sacramento-San Joaquin Delta in excess of what is required for ecosystem health. There are many ways to divert more of this water beyond what could be realized from dredging and higher utilization of the existing pumps.

Continue reading [here](#).

May 5 in Modesto: Public Hearing Related to Petition to Terminate the Quota Implementation Plan

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

TO ALL INTERESTED PARTIES:

The California Department of Food and Agriculture (Department) has scheduled a public hearing to receive comments from the California market milk producers and the general public on a petition titled “Petition to Terminate the QIP #5” resubmitted by Stop QIP to terminate the Quota Implementation Plan (Plan or QIP). The proposal in the petition was to ask the Secretary to call a referendum to immediately terminate the QIP.

The referendum process will begin with a public hearing scheduled as follows:

Date, Time, Location

**Monday, May 5, 2025
Beginning at 10:00 a.m.**

**Stanislaus County Ag Commissioner’s Office
Harvest Hall – Room D&E
3800 Cornucopia Way, Suite B
Modesto, CA 95358**

***No teleconference option will be available.**

BACKGROUND

On August 6, 2024, the Department received a petition to terminate the QIP entitled “Petition to Terminate the QIP #5”. A copy of the petition may be viewed [here](#).

The Department performed a review of the petition signatures and their respective reported volume and determined that the twenty-five (25%) threshold had been achieved. Per standard procedures, the petition was referred to the Producer Review Board (PRB) for consideration. At the meeting held on December 17, 2024, the PRB reviewed and discussed the merits of the petition and passed a motion recommending to the Secretary that the petition go to an industry referendum. After due consideration, the Secretary reviewed the PRB’s recommendation and approved it.

The referendum process will begin with a hearing to give producers the opportunity to provide input about the proposal.

**New Start Time of 1 PM for May 5
Producer Review Board Meeting in Modesto**

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

The Producer Review Board (PRB) meeting will be held on Monday, May 5 following the public hearing related to the petition to terminate the QIP. **Please note the new meeting start time of 1 p.m.** This meeting will be held in person, and no teleconference option will be available.

Agenda items include the election of the PRB Chairman and Vice Chairman, Quota Administration Program (QAP) updates, the 2025 referendum to terminate the QIP, and hardship consideration requests. The PRB will call for public comment following each agenda topic. A copy of the complete agenda is available [here](#).

Date, Time, Location

**Monday, May 5, 2025
Beginning at 1 p.m.**

**Stanislaus County Ag Commissioner's Office
Harvest Hall – Room D&E
3800 Cornucopia Way, Suite B
Modesto, CA 95358**

***No teleconference option will be available. In person only.**

California Milk Advisory Board Meeting May 7-8 in Visalia

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

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



**Wednesday, May 7 – 7:30 a.m.
Thursday, May 8 – 8 a.m.**

Visalia Marriott
300 S Court Street
Visalia, CA 93291

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

Bar 20 Dairy, MPC Host Elected Officials for Dairy Tour

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



We just wrapped up a tour today at Bar 20 Dairy in Kerman, where we hosted staff from various county, state, and congressional offices, as well as the San Joaquin Valley Air Pollution Control District (SJVAPCD). I want to personally thank everyone who attended, [CalBio](#) for sharing its expertise, and Steve Shehadey and his family for hosting the tour. We were able to showcase the various sustainability projects Bar 20 has invested in over the years, such as its electric feed mixer, dairy digester, fuel cells, solar installation, and recently completed hydrogen production facility.

Thank you for attending!

Dr. Alex Sherriffs | SJVAPCD

Mark Montelongo | SJVAPCD

David Santos | Office of State Senator Anna Caballero

Guillermo Gonzalez | Office of Congressman David G. Valadao

Ireland Comstock-Rush | Office of Congressman Vince Fong

Diego Cruz | Office of Congressman Jim Costa

Larry Salinas | Office of Congressman Jim Costa

Margaret Arechiga | Office of U.S. Senator Alex Padilla

Kathy Mahan | Office of U.S. Senator Adam Schiff

Sevag Tateosian | Fresno County Administrative Office

Serenity Anderson | Merced County Association of Governments

Nav Bagri | Merced County Association of Governments



House Ag Committee Wrangles with Reconciliation Process

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

Lawmakers returned to Capitol Hill this week after their two-week Easter recess to tackle the giant budget reconciliation bill that the White House hopes will advance a number of Trump Administration spending and tax priorities. For the House Agriculture Committee, the challenge will be finding ways to achieve \$230 billion in future savings, which is the goal specified in the congressional budget resolution approved last month by the Senate and House. Republican members of the committee met this week to discuss the matter but didn't finalize a game plan.

We're also hearing more talk about moving funding portions of the still-pending new farm bill into the reconciliation package — including a boost to reference prices, increased trade funding and research investments in land-grant universities — which would also have to be offset with spending reductions.

The biggest flash point is certain to be spending on SNAP benefits, an issue that so far is dividing the House GOP caucus. One approach is a cut in benefits through tightened eligibility requirements or similar means; another idea recently floated is to require states to share some of the costs of funding SNAP. How this issue gets resolved will help determine the fate of the budget reconciliation bill as well as farm policy. The Ag Committee is now most likely to advance its portion of the bill during the week of May 12.

