

MPC WEEKLY FRIDAY REPORT

DATE: FEBRUARY 23, 2024
 TO: DIRECTORS & MEMBERS
 FROM: KEVIN ABERNATHY, GENERAL MANAGER
 PAGES: 6



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MPC FRIDAY MARKET UPDATE

CHICAGO CHEDDAR CHEESE		CHICAGO AA BUTTER		NON-FAT DRY MILK	
Blocks	+\$.0700	\$1.5500	WEEKLY CHANGE	+\$.1000	\$2.8500
Barrels	+\$.0075	\$1.6150	WEEKLY AVERAGE	+\$.0791	\$2.8031
WEEKLY AVERAGE CHEDDAR CHEESE		DRY WHEY		NAT'L PLANTS	
Blocks	-\$.0096	\$1.5219	DAIRY MARKET NEWS	W/E 02/23/24	\$.5000
Barrels	+\$.0235	\$1.6100	NATIONAL PLANTS	W/E 02/17/24	\$.4739
				LAST WEEK ENDING 02/10/24	
				NAT'L PLANTS	
				\$1.2237	15,666,688
				\$1.2246	16,084,383

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
FEB 23 EST	No Change	\$20.54	\$16.14	No Change
LAST WEEK	\$19.59 - \$20.09	\$20.53	\$16.17	\$19.91

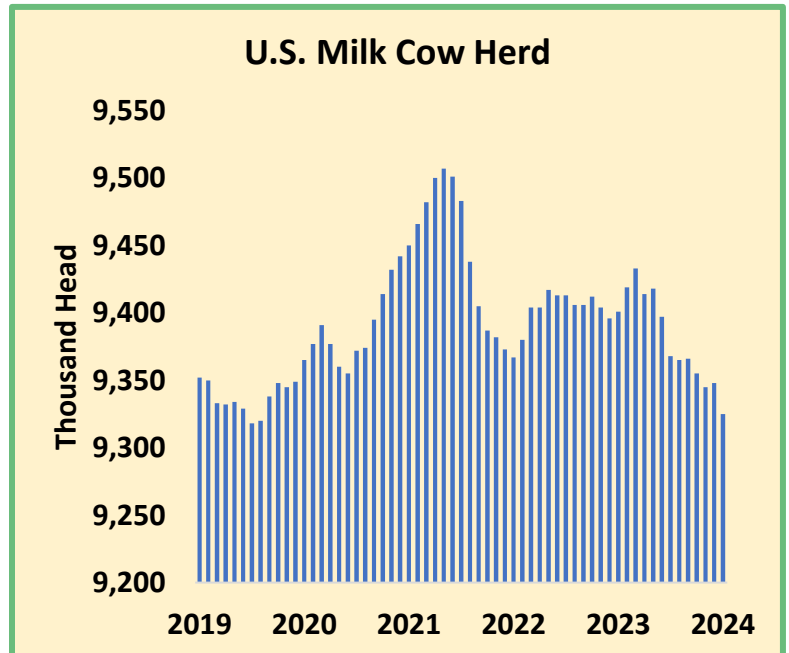


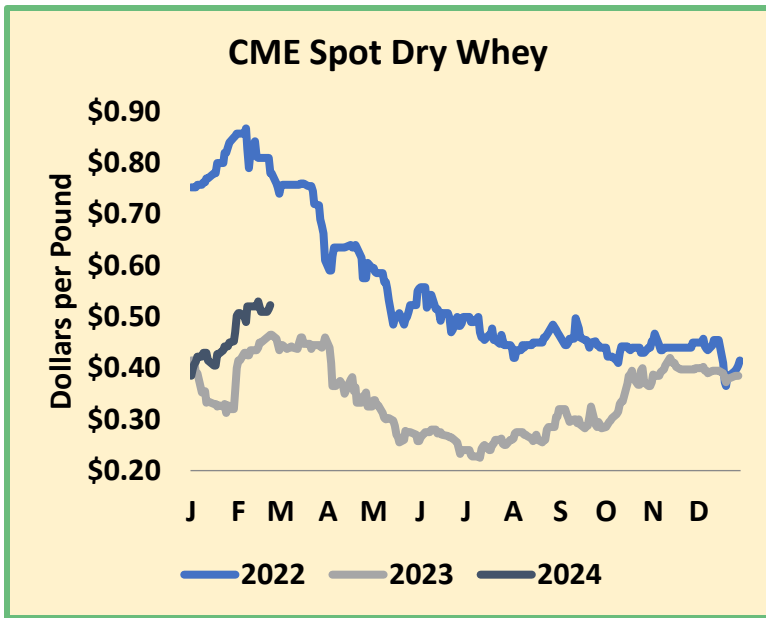
Milk, Dairy and Grain Market Commentary

By Sarina Sharp, Daily Dairy Report
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Milk & Dairy Markets

The U.S. dairy industry continues to shrink. In the latest Milk Production report, USDA trimmed its estimates of 2023 milk production, and it cut its assessment of the milk cow herd for every month last year. According to the latest figures, the milk-cow herd contracted nearly 50,000 head in 2023 and declined another 23,000 head from December to January. The agency pegged January's milk-cow herd at 9.325 million head, down 76,000 head from 2023 and the smallest tally since August 2019. The recent decline is the most astounding, because it coincides with a dramatic decline in dairy cow slaughter. From





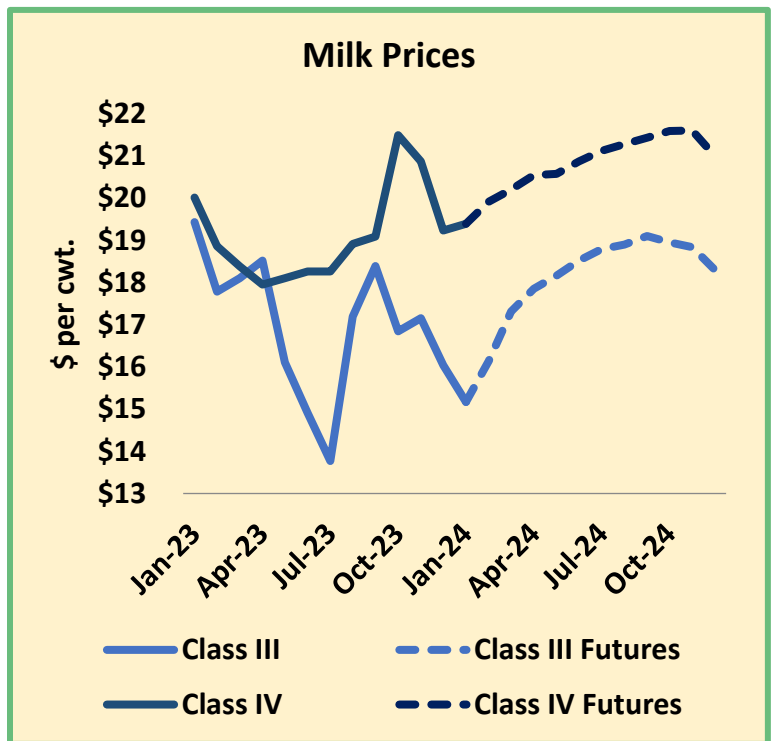
Slower milk output has helped to lift dairy product values, but further upside will require more robust demand. Prices were mixed at this week's Global Dairy Trade auction. Anhydrous milkfat had a strong showing, with values up 8.6% from the previous auction. Butter prices rallied 0.1% and skim milk powder (SMP) climbed 1.3%. But whole milk powder (WMP), which accounts for more than half the auction's volume, retreated 1.8%, its first decline since November.

Closer to home, CME spot nonfat dry milk (NDM) rallied 2.75¢ this week to \$1.1975 per pound. CME spot whey powder added a

quarter-cent and reached 52.25¢. Spot butter leapt a dime higher to \$2.85. Cheddar blocks rebounded 7¢ to \$1.55. Barrels added 0.75¢ and reached \$1.615.

USDA delayed publishing the much-anticipated Cold Storage report until Monday afternoon, citing technical issues. The industry will have to wait until next week to get a better handle on butter and cheese supplies. But, by all accounts, there is plenty of cheese to be had. Cheap, plentiful cheese pushed January Class III prices down to \$15.17 per cwt. February will be marginally better. The futures currently stand at \$16.14. But that's before accounting for discounts that are becoming steeper and more widespread. Although feed costs are dropping, many dairy producers are in financial trouble, and there is a growing list of dairies on the auction docket.

Thankfully, gains at the spot market and confirmation of contraction lifted milk futures this week. March Class III advanced 47¢ to \$17.31 per cwt. The April and May contracts added roughly 70¢. Class IV futures posted 10¢ to 30¢ gains, which was enough to push March through June futures above \$20. The futures promise \$21 Class IV milk throughout the second half of the year.



Grain Markets

March corn futures closed today at \$3.9975 per bushel, their first foray below the \$4 mark since November 2020. Corn prices dropped 16.75¢ this week as the market grew more and more confident that South America will harvest a large crop. Soybean meal prices continue to plummet. The March contract closed today at \$331.50 per ton, down another \$14.10 in just four trading sessions.

Central Valley Dairy Representative Monitoring Program Annual Meeting 1:30 p.m. March 11 via Zoom

Courtesy of [CVDRMP](#)

The Central Valley Dairy Representative Monitoring Program (CVDRMP) will hold its annual member meeting on **Monday, March 11 at 1:30 p.m.** via Zoom teleconference. CVDRMP Directors and staff will provide updates about the organization’s activities, member fees for 2024, and the Central Valley Water Board’s Nitrate and Salt Control Programs. Login information is included on page two of CVDRMP’s newsletter, which was mailed to all CVDRMP dairy and cattle operator members. You can read the entire newsletter [here](#) and an excerpt below.

More Dairies and Feedlots will Join Nitrate Management Zones in 2024

If you’re one of the hundreds of dairy and feedlot operators who received certified letters from the Central Valley Water Board in late December 2023, you are now required to comply with the Nitrate Control Program by joining a Nitrate Management Zone.

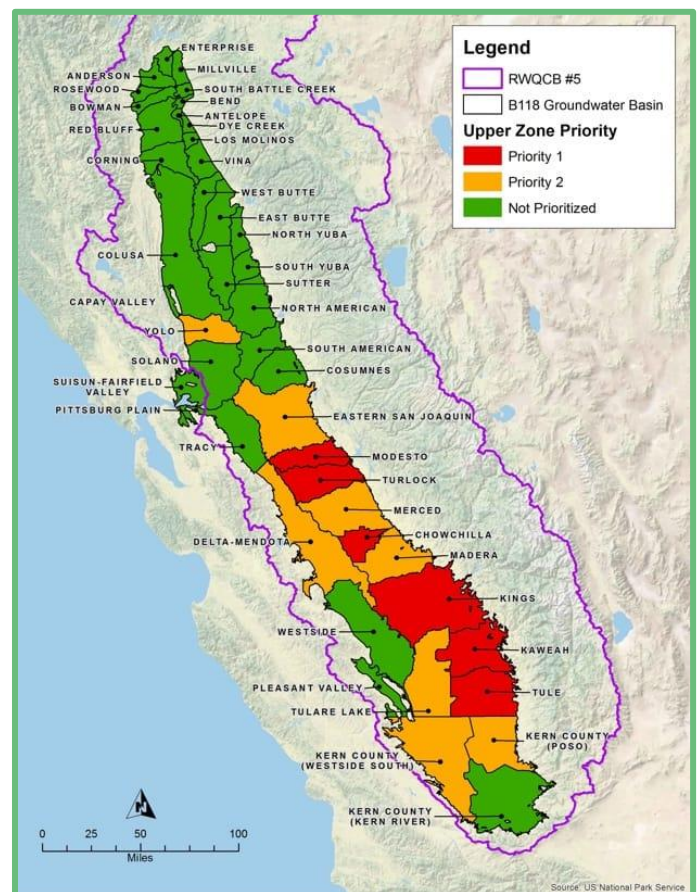
For hundreds of CVDRMP members, Nitrate Management Zones aren’t new – beginning in 2021, CVDRMP enrolled many of its members in “Priority 1” Management Zone areas such as the Turlock, Modesto, Chowchilla, Kings, Kaweah, and Tule groundwater basins. Since 2021, dairies in those basins have paid extra dues to cover their share of Management Zone costs.

This process now begins in “Priority 2” areas (see map), which include parts of **Kern County** and the **Tulare Lake, Madera, East San Joaquin, Yolo, Madera, Merced, and Delta-Mendota** subbasins.

So, for operations in the Priority 2 areas, what does this December letter from the Water Board mean and what do dairies and feedlots have to do?

The short answer is all CVDRMP members who are required to join Nitrate Management Zones will be automatically enrolled in their local zone through their CVDRMP membership. Costs for this will be included in your annual membership dues invoices, which will be sent out in the first or second quarter of 2024, depending on where you are located. Once your invoice is paid, there is no additional paperwork required, and CVDRMP will take care of making sure your enrollment and compliance is documented.

Continue reading [here](#).



Dairy Margin Coverage Program Enrollment Opens February 28

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

The enrollment period for the 2024 Dairy Margin Coverage (DMC) Program year begins **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.

DMC continues to offer protection to dairy producers when the difference between the all-milk price and the average feed price (the margin) falls below a certain dollar amount selected by the producer.

FSA has revised the regulations for DMC to allow eligible dairy operations to make a one-time adjustment to established production history. This adjustment will be accomplished by combining previously established supplemental production history with DMC production history for those dairy operations that participated in Supplemental Dairy Margin Coverage during a prior coverage year. DMC has also been authorized through calendar year 2024. Congress passed a 2018 Farm Bill extension requiring these regulatory changes to the program. Learn more [here](#).

CDRF Research Bulletin Review

Courtesy of the [California Dairy Research Foundation](#)

Each month, California Dairy Research Foundation Chief Science Officer, [Dr. Kevin Comerford](#), reviews emerging scientific articles that may have an impact on the dairy industry, specifically from a California perspective. See what's new in dairy research across topics such as environmental health, nutrition and human health effects, dairy economics, animal health and genetics, and food safety and security.



Topics from the most recent bulletin include:

- [Fifty years of environmental progress for United States dairy farms.](#)
- [Mitigation of gaseous emissions from dairy livestock: A farm-level method to examine the financial implications.](#)
- [Farmers' Perceptions on Implementing Automatic Milking Systems in Large USA Dairies: Decision-Making Process, Management Practices, Labor, and Herd Performance.](#)
- [Effects of simplified group housing on behavior, growth performance and health of preweaned dairy calves on a California dairy.](#)
- [Antimicrobial Susceptibility in Respiratory Pathogens and Farm and Animal Variables in Weaned California Dairy Heifers: Logistic Regression and Bayesian Network Analyses.](#)

Read the entire bulletin [here](#).

NMPF Urges Congress to Facilitate New Farm Export Opportunities

Courtesy of Gregg Doud, President & CEO

[National Milk Producers Federation](#)

NMPF joined a coalition of other food and ag organizations this week in urging Congress to continue focusing on policies intended to deliver new market access opportunities for America's farmers.

[The letter](#), signed by NMPF, USDEC and 18 other groups, was sent in response to the growing U.S. ag trade deficit. The USDA's Economic Research Service (ERS) says the U.S. ran a \$16.6 billion agriculture trade deficit the last fiscal year, and recently projected the deficit would reach \$30.5 billion for fiscal 2024 in FY2024, with declining sales in dairy, as well as exports of corn, soybeans, livestock and poultry.

The letter noted that the current deterioration in the ag trade balance reflects recent U.S. trade policy that is forfeiting overseas markets to America's economic competitors. "Failing to keep pace with opening new markets is impacting the economic profitability of food and agriculture including jobs, U.S. competitiveness, and ultimately our strategic advantage," the letter noted.

The banner is for the "California Dairy Sustainability Summit" on March 26, 2024, at the UC Davis Conference Center. It features a large green banner with the text "Register Today!" and a photograph of a dairy farm with cows and solar panels. The bottom section lists the hosts: Dairy Cares, California Dairy Quality Assurance Program, California Dairy Research Foundation, Dairy Council of California, and Real California Milk.

 **California Dairy Sustainability Summit** | March 26, 2024
UC Davis Conference Center

Register Today!

Hosted by:

-  DAIRY CARES
-  CALIFORNIA DAIRY Quality Assurance PROGRAM
-  CALIFORNIA DAIRY RESEARCH FOUNDATION Science for a Sustainable Future
-  Dairy Council of California®
-  REAL CALIFORNIA MILK LOOK FOR THE SEAL. RealCaliforniaMilk.com