

# MPC WEEKLY FRIDAY REPORT

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 TO: DIRECTORS & MEMBERS  
 FROM: KEVIN ABERNATHY, GENERAL MANAGER  
 PAGES: 4



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## MPC FRIDAY MARKET UPDATE

<b>CHICAGO CHEDDAR CHEESE</b>		<b>CHICAGO AA BUTTER</b>		<b>NON-FAT DRY MILK</b>	
Blocks	-\$0.0600	\$1.8875	WEEKLY CHANGE	-\$0.0625	\$2.6250
Barrels	-\$0.0675	\$1.8875	WEEKLY AVERAGE	-\$0.0595	\$2.6610
<b>WEEKLY AVERAGE CHEDDAR CHEESE</b>		<b>DRY WHEY</b>		<b>WEEK ENDING 10/05/24</b>	
Blocks	-\$0.1125	\$1.9240	DAIRY MARKET NEWS	W/E 10/11/24	\$0.5750
Barrels	-\$0.2150	\$1.8890	NATIONAL PLANTS	W/E 10/05/24	\$0.5461
				<b>LAST WEEK ENDING 09/28/24</b>	
				NAT'L PLANTS \$1.3328 17,482,773	
				NAT'L PLANTS \$1.3111 17,235,714	

## 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
OCT 10 EST	No Change	\$21.20	\$22.60	\$21.13
LAST WEEK	\$24.77 - \$25.27	\$21.24	\$22.89	\$20.98



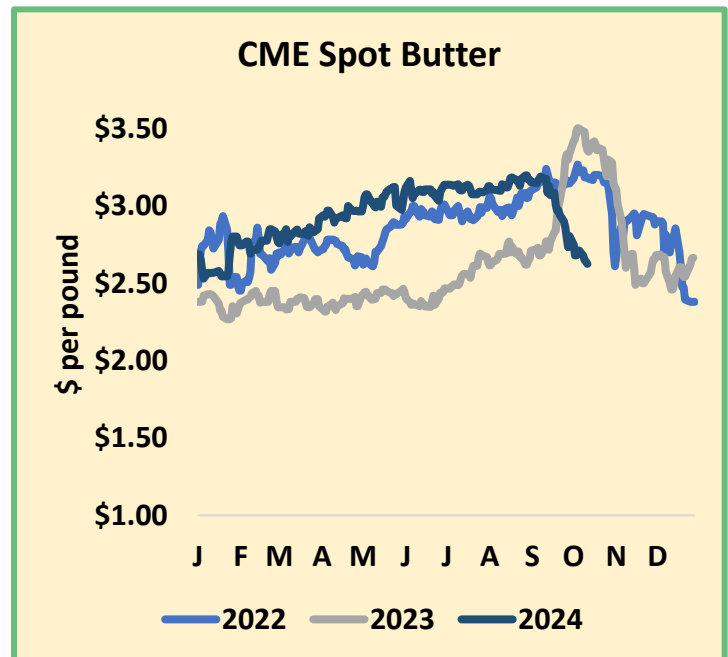
### Milk, Dairy and Grain Market Commentary

By Sarina Sharp, Daily Dairy Report  
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#### Milk & Dairy Markets

The dairy markets are seeking a balance at prices that encourage greater milk output without killing demand. For several weeks, that required a steep descent from a dizzying peak. This week, most milk and dairy product prices finished lower than where they stood last Friday, but they appeared to find their footing. Week-to-week losses were modest and several Class III and Class IV futures contracts managed to climb a few cents this week. Dairy producers can expect milk revenues around \$20 or \$21 per cwt. for the next several months.

Butter prices continued to decline. Butter buyers spent most of the year bidding aggressively to





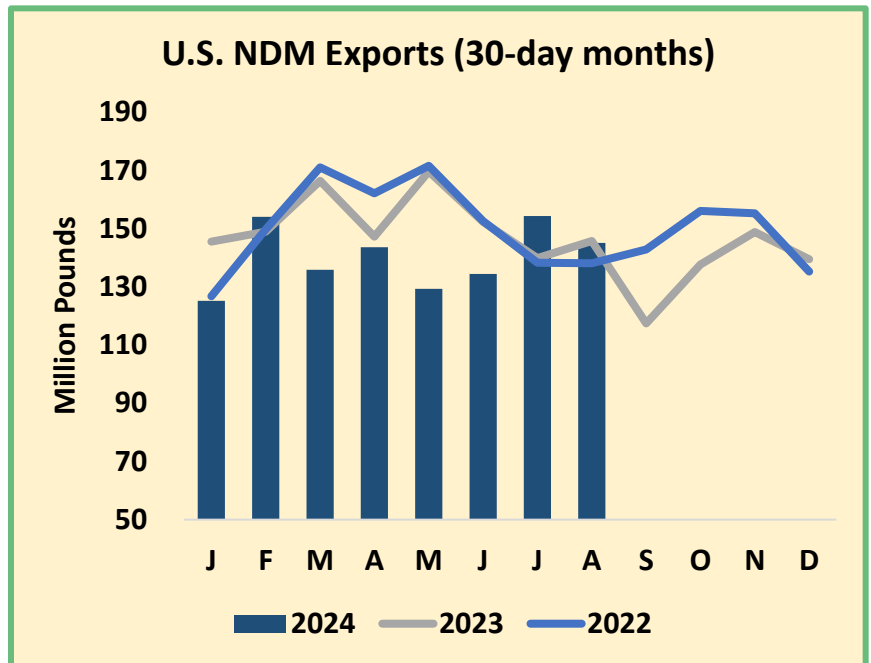
stock up ahead of the pre-holiday rush. They hoped to avoid the kind of fall spike that they suffered in each of the past two years. Their fear of paying \$3.50 for the last few loads of butter needed to supply the holiday baking season pushed them to spend nearly \$3 on every load they put away for eight months. But that's over now. CME spot butter fell another 6.25¢ to \$2.625 per pound, the lowest price since January.

Cheese prices also retreated. CME spot Cheddar blocks dropped 6¢ to \$1.8875. Barrels lost 6.75¢ and closed at \$1.8875.

Just two weeks ago, barrels stood nearly 40¢ higher than blocks. Today, they are exactly even. The summer shortage of fresh barrels was a flash in the pan. Cheddar output remains below year-ago levels, but the deficit narrowed to just 1% in August. Meanwhile, Cheddar exports slowed as high prices deterred foreign buyers. U.S. exports of other cheese varieties remained strong. Total U.S. cheese exports topped year-ago volumes by 14% in August, setting a new record for the month. Shipments to Mexico were especially robust. The combination of tight milk supplies and big exports has helped to keep U.S. cheese inventories in check. But the trade is concerned about a big uptick in Cheddar stocks once new plant capacity comes into play.

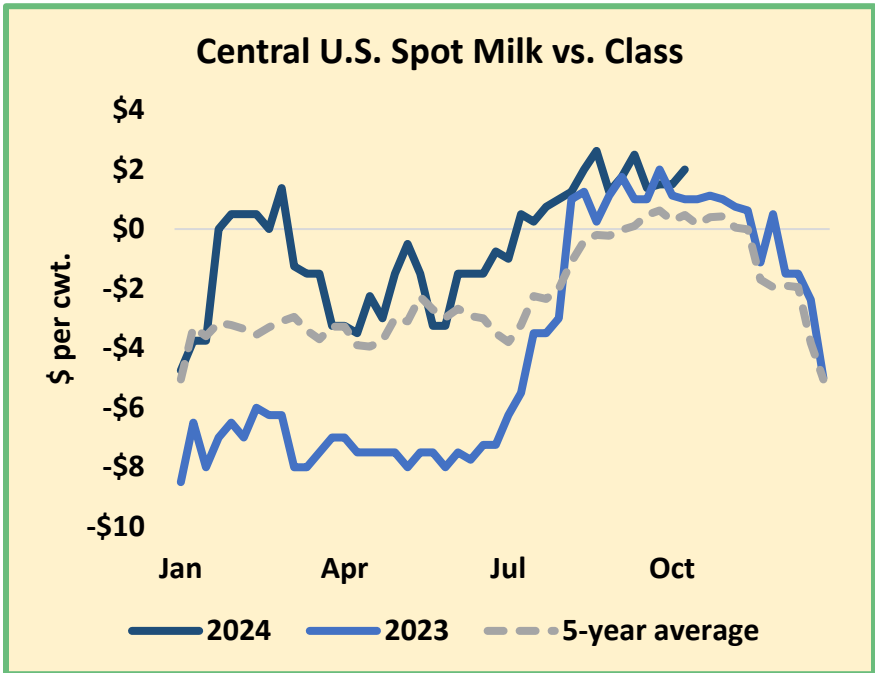
CME spot whey powder dropped a penny this week to 59.5¢. Formidable demand for high-protein concentrates and isolates continues to restrict whey powder production. American consumers are using up so much high-protein whey products that there is little leftover for foreign buyers. U.S. exports of whey protein concentrates dropped 7.5% below year-ago volumes. But whey powder shipments grew 14.5% year over year in August. Stronger exports and slower production have put a firm floor under whey powder values.

U.S. milk powder exports tallied 145 million pounds in August. While a respectable volume, it was 0.4% lower than August 2023. Milk powder exports to Mexico were record-large for the month, up 9.1% year over year. So far this year, U.S. milk powder shipments through August were 7.9% lower than the first eight months of last year and exports to Mexico were off 11.6% from the 2023 pace. But after a slow start,



Mexico’s milk powder imports sped up in July and accelerated further in August, signaling that high cheese prices have enticed processors in the United States’ top market to fortify their vats to boost domestic cheese production. Going forward, strong demand from Mexico will be vital, because the United States has lost its advantage in more distant markets due to an uptick in milk powder output in Oceania.

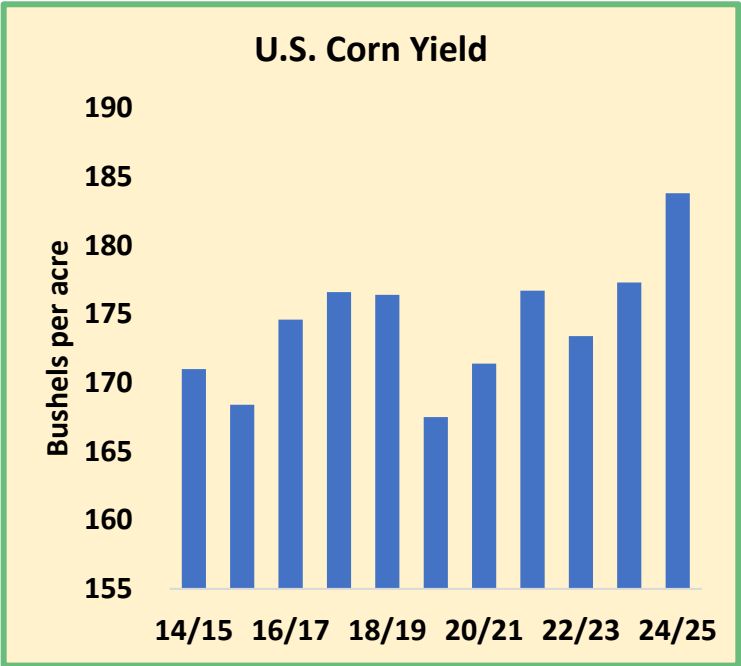
CME spot nonfat dry milk (NDM) held steady this week at \$1.3525. Tight milk supplies continue to restrict milk powder production, which lagged the prior year by 14.8% in January through August. Spot milk is trading at steep premiums in the Upper Midwest, signaling that processors want more milk than they can find. In California, which accounts for about 40% of U.S. NDM production, avian influenza is spreading rapidly, which suggests that fourth-quarter milk powder output could plummet. It’s difficult to overstate the scale of California’s dairy industry and how quickly the bird flu could spread through the world’s most important milk shed. A severe decline in California milk output could have an explosive impact on dairy product prices in an already tight milk market.



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**Grain Markets**

The U.S. corn crop is even bigger than previously thought. In USDA’s monthly update to its crop balance sheet the agency raised its corn yield estimate to 183.8 bushels per acre, up 0.2 bushels from the September assessment. This year’s national average yield is a whopping 7.1 bushels higher than the previous record high. But, because farmers planted about 4 million fewer corn acres than last year, this year’s crop is still slightly smaller than the 2023-24 harvest. USDA also raised its estimate of corn demand in both the 2023-24 and 2024-25 crop years. But the big picture has not changed. With big harvests in back-to-back years, U.S. corn is plentiful. December corn futures retreated to \$4.155 per bushel, down a dime this week. Soybean and soybean meal futures also lost ground. November soybeans dropped to \$10.07 per bushel, down 30¢ from last Friday. December soybean meal plummeted \$28 to \$316 per ton.



## QIP Hearing Transcript, Findings Released; Ballots to be Mailed Today

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

CDFA this week posted the transcript of the September 9 public hearing on quota, along with the hearing findings. Both documents are available [here](#). CDFA will be mailing QIP referendum ballots to producers today.

## Dairy Farmers' Clean-Air Vision Comes to Life

Courtesy of [Dairy Cares](#)

Dairy farming is a labor of love. Dairy families work hard to not only meet the needs of today—creating wholesome, nutritious and affordable milk and dairy products—but to create a better future. They aim to make their operations more sustainable so farms can be passed down to the next generation. California's dairy farmers also strive to protect their communities by adopting cleaner technologies.

These clean-air efforts have been making a big difference, especially in the San Joaquin Valley. The electrified feed mixing program is a star example. The program was recently highlighted on the cover of [Progressive Dairy](#), where California dairy farmer Danny Martins and his family shared their farming story.

“Working alongside my parents, my wife and kids daily is priceless. Life is short and you got to do what makes you happy, and I honestly can't see myself doing anything else,” Danny told *Progressive Dairy*. “I've been truly blessed that my dad is still working on a day-to-day basis. He absolutely loves what he does, and I'm fortunate enough to have my best friend working alongside me.”

Danny's parents started dairy farming in 1982 on a rented facility, milking about 75 cows. In 1991, they purchased the farm in Stanislaus County where they have since grown their operation to about 4,500 cows. Danny's father, Valdemiro Martins supports his son's efforts to modernize the dairy, and he is blown away with how far they have come—being the first with a fully-automated feed center and near-zero-emission daily feeding operation. This is a project that Danny hopes his three young daughters will benefit from, if they choose to carry on the family business one day.

Funding from the San Joaquin Valley Air Pollution Control District's [Electrified Dairy Feed Mixing Program](#) played a critical role in making Danny's dream for a first-of-its-kind system a reality.

Continue reading [here](#).



Danny Martins and his family appear on the cover of the July 19th issue of Progressive Dairy, for a story about their fully automated feed center.

