

MPC WEEKLY FRIDAY REPORT

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TO: DIRECTORS & MEMBERS

FROM: KEVIN ABERNATHY, GENERAL MANAGER

PAGES: 6



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 BLOCKS	CHICAGO AA BUTTER	NON-FAT DRY MILK
WEEKLY CHANGE +\$1.1450 \$1.8500	WEEKLY CHANGE -\$0.0900 \$2.3550	WEEK ENDING 08/02/25
WEEKLY AVERAGE +\$0.1325 \$1.8115	WEEKLY AVERAGE -\$0.0610 \$2.4175	NAT'L PLANTS \$1.2746 15,016,338
	DAIRY MARKET NEWS W/E 08/08/25 \$0.5850	LAST WEEK ENDING 07/26/25
	NATIONAL PLANTS W/E 08/02/25 \$0.5747	NAT'L PLANTS \$1.2787 14,555,815

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
AUG 7 EST	No Change	\$19.26	\$17.36	\$18.70
LAST WEEK	\$21.23 - \$21.73	\$19.40	\$17.13	\$18.99



Milk, Dairy, and Grain Market Commentary

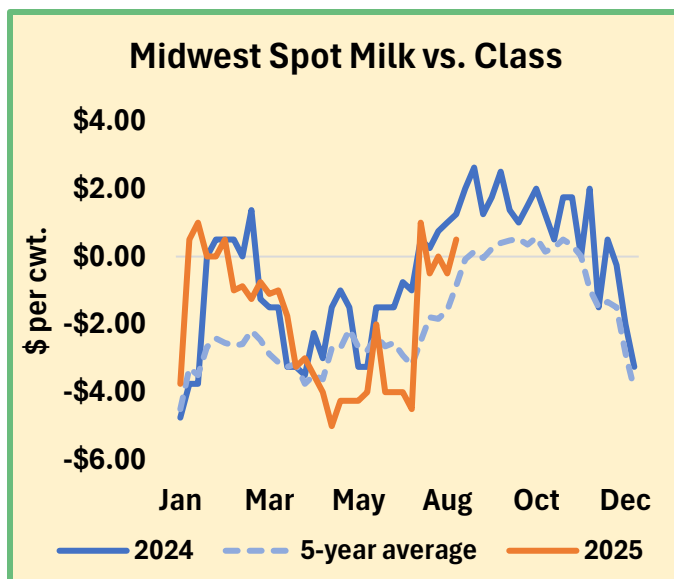
By Monica Ganley, Quarterra

Monica.Ganley@QuarterraGlobal.com

Milk & Dairy Markets

As summer moves into the home stretch, the spot market for milk is tightening up. The typical seasonal decline in milk production has combined with hot and sticky summer weather in some areas to push down on output. At the same time, bottlers are preparing for the start of the school year and have begun to increase their demand, further reducing milk availability for manufacturers. As a result, processors in the Upper Midwest this week paid an average of 50¢ over Class III for spot milk, a dollar more than last week.

However, the current tightness for spot milk belies the broader industry trend. U.S. milk production continues to run well above prior year levels, with



nearly every region in the country experiencing substantive increases. This growth in production has ushered in stronger production levels for most dairy products. With output up and domestic demand still uninspired, exports have become an increasingly important tool for clearing product and keeping prices supported.

Perhaps no product illustrates this dynamic as clearly as cheese. Cheese production has risen dramatically in recent months as milk production has recovered and new facilities have come online. Total U.S. cheese production reached 1.203 billion pounds in June, the highest volume ever recorded for the month and a full 4.2% more than was made in the same month last year. Stronger production of both American and Italian varieties, up 4.8% and 5% year over year, respectively, contributed to the higher figure. Cheddar production alone, the only variety of cheese sold at the CME, was up an astonishing 8.3% for the month.

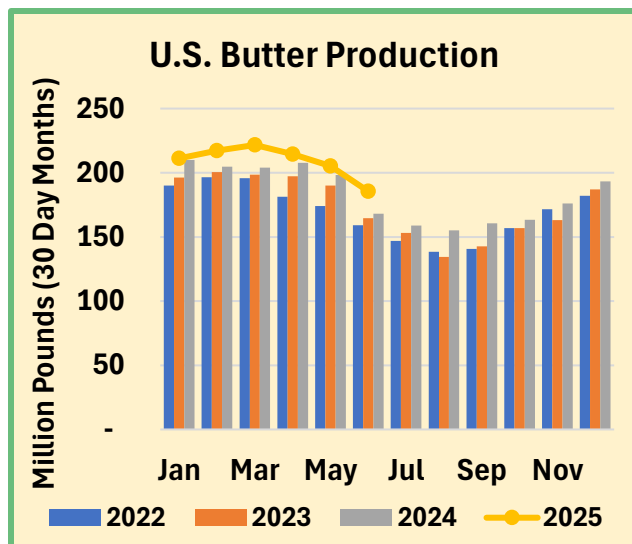
At the same time that cheese production has grown, domestic demand remains tepid. While June data is still outstanding, the Economic Research Service of the USDA estimates that during the first five



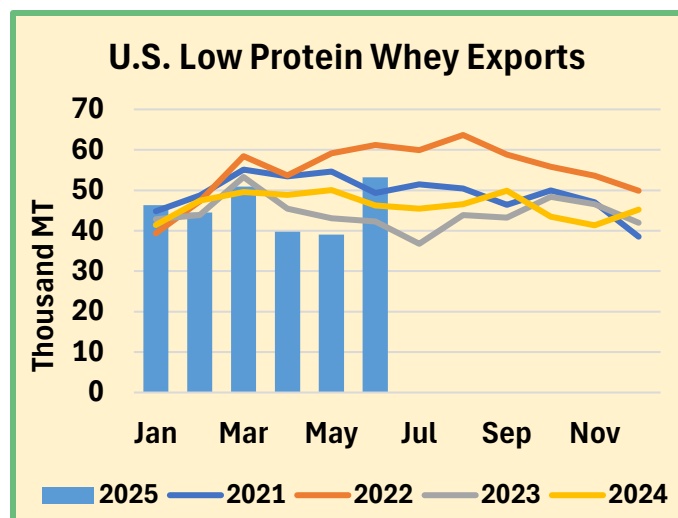
months of the year, cumulative domestic disappearance of cheese fell 0.4% versus the same period in 2024. Normally, the combination of stronger production and weak demand would lead to an accumulation of stocks and a decline in prices, but the CME spot price has largely remained above \$1.60/lb. since late last year and, in fact, has moved upward in recent weeks. Today's spot session ended with Cheddar blocks at \$1.85/lb., up 14.5¢ from last Friday's close, with 14 loads moving over the course of the week.

The discrepancy can be explained by exports, which have soared to record high levels. After crossing the 50,000 metric ton (MT) threshold for the first time in May, U.S. cheese exports notched another record in June with shipments reaching 52,191 MT, or an equivalent of 115.1 million pounds. Stronger exports to key destinations like Mexico, South Korea, and Japan all supported the record high figure. Over the first half of the year, cheese exports have accounted for nearly 9% of cheese production, up from about 5% a decade ago. The increase in shipments has played a critical role in preventing stock accumulation and price deterioration.

A similar situation has developed in the butter market. Rising component tests and a reshuffling of the manufacturing footprint have resulted in strong cream availability. Butter manufacturers have capitalized on this opportunity and butter production jumped 10.4% in June to 185.5 million pounds, the largest volume ever recorded for the month. But at the same time, U.S. butterfat exports have also rocketed upward, riding the



wave of ample production and highly competitive prices compared to other international suppliers. Butter exports of 6,420 MT in June were more than twice last year's volume, while shipments of

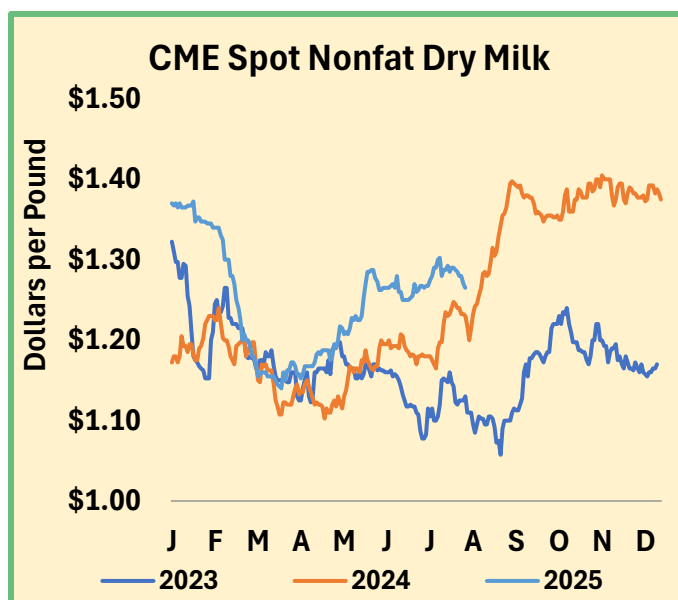


anhydrous milkfat jumped 34% year over year to 2,349 MT. The U.S. is not often a net exporter of butter, but strong export performance during the first half of 2025 has made it so this year. Strong export activity has likely kept a floor on the butter market but with production reaching such high levels, the veneer may be starting to crack. The spot butter price descended to \$2.355/lb. this week, the lowest price since May, and representing a dip of 9¢ compared to last week as 17 loads traded hands.

With cheese production on the rise, whey is plentiful, and manufacturers continue to show a preference for

routing the raw whey stream into higher value products. Production of whey protein isolates (WPI) rose 11.1% year over year in June to 18.1 million pounds while total dry whey output was up just 0.7%. Whey protein concentrates (WPC) for human consumption came in at 42 million pounds, up 5.5% compared to June 2024. Whey exports improved dramatically in June with shipments of low protein whey products rising 15% year over year while exports of WPC80 and WPI were up 15.3%. However, some of this increase was surely a reflection of pent-up demand as whey exports from the U.S. to China plunged in April and May in response to the trade conflict between the two countries. While the situation remains fluid, the dry whey market found enough evidence this week to rise 3¢, ending today's session at 58¢ per pound.

In stark contrast to the other products, milk powder production continued to falter in June with combined production of nonfat dry milk (NDM) and skim milk powder falling to 193.7 million pounds, a dip of 1.4% year over year. Milk powder exports were also weak in June, down 1.7% compared to the same month last year, even though shipments to Mexico, the largest customer of the U.S., were up by 13.7% year over year. The unenthused NDM spot market fell to \$1.265/lb. this week, down 2.25¢ compared to last Friday's close.



Grain Markets

Favorable weather continues to support expectations for a robust crop this year. Strong crop condition scores have led many analysts to predict record high yields for both corn and soybeans ahead of next week's highly anticipated Crop Production report from USDA. These expectations have kept pressure on futures values. On Thursday, DEC25 corn settled at \$4.07/bu., down a few cents from last Friday. Meanwhile, soybeans managed to find a little traction with DEC25 soybean meal settling on Thursday at \$285.20/ton.

San Joaquin Valley Farmers Left High and Dry

By [Water Blueprint for the San Joaquin Valley](#)

Following multiple wet years in California, you'd think the state's most productive farmland would finally have received its fair share of water. Instead, San Joaquin Valley farmers continued to receive just a fraction of their normal supplies. This baffling and troubling reality threatens the region's entire economic future.

Despite reservoirs brimming and the Sierra Nevada's three straight years of average or above average snowpack, many San Joaquin Valley farmers reliant on the Central Valley Project (CVP) and State Water Project (SWP) have only received roughly half of their contracted water supplies. In some districts, the allocations have been even lower.

This is more than a missed opportunity, it's an abysmal failure of the state's existing water supply infrastructure and failed environmental water policies. And the consequences are staggering.

According to the [Public Policy Institute of California](#), without new water supplies the San Joaquin Valley could see 650,000 to 900,000 acres of farmland permanently fallowed. However, if the region were able to secure just one million additional acre-feet of water annually, that fallowed land could be significantly reduced to around 500,000 acres.

Much needed investments in updated infrastructure, better groundwater recharge, and flexible water trading would save hundreds of thousands of prime food-producing acres from being lost. Without action, widespread land fallowing will ripple through the region's economy, leading to the **loss of 42,000 farmworker jobs**, closures of food processing plants and agricultural businesses **causing \$1.1 billion in losses to employee income**, and a **reduction of \$242 million in local taxes** that will hit local schools and public services hard.

Investing in water solutions isn't just about crops, it's about protecting entire San Joaquin Valley communities that depend on agriculture and water to survive.

The San Joaquin Valley needs comprehensive water reforms and investments that ensure sufficient supplies now and in the future.

Behind the Scenes with Steve Maddox: California Dairy's Legacy and Future

By Kylie Dow, [AGC News](#)

The Ag Center News recently sat down with Steve Maddox, a third-generation dairyman and owner of RuAnn Genetics and Maddox Dairy, for an exclusive interview about the state of California's dairy industry. Steve leads one of the most respected dairy operations in the state, built on generations of

family commitment, thoughtful innovation, and a forward-thinking approach to both herd health and business sustainability.

From running day-to-day operations to influencing national dairy policy through his work with the National Milk Producers Federation and DairyAmerica, Steve Maddox's reach extends far beyond his own corrals.

Built on Family Values, Run with Precision

The Maddox family dairy story began in the 1950s, when Steve's father started with just one cow and a commitment to doing things the right way. What began as a small, single-cow operation has grown into one of the most respected dairy businesses in the state — RuAnn and Maddox Dairies — now caring for over 3,500 head.



When asked what's guided them through decades of growth and change, Steve shared the same philosophy that's been passed down through generations: "We've always said, 'Treat every cow like it's your only cow.' That still holds true today."

That mindset continues to shape the way the Maddox family runs their operation — combining close attention to animal care with innovation, efficiency, and a deep respect for the land and the industry they serve.

Challenges on the Horizon — and at Home

Steve discusses how many California dairymen are facing a long list of challenges in 2025: labor shortages, rising input costs, and increasing environmental scrutiny, to name a few. From many different standpoints, every decision on the dairy is weighed carefully. Steve opened up about the pressures farmers are feeling and the ways his operation is adapting to stay efficient and resilient.

He also addressed the ongoing impacts of avian influenza and how it has affected the dairy sector — a concern that continues to evolve.

Technology, Adaptation, and the Path Forward

Despite the pressures, Maddox Dairy continues to evolve. Steve spoke about the role of automation, solar investments, and data-driven decisions in keeping their operation competitive while honoring the traditions of family farming.

"Technology doesn't replace hard work — it enhances it," Steve said. "We've learned how to blend the old ways with the new tools."

Continue reading [here](#).

Voting Period for Current QIP Referendum Ends September 10

MPC News Update

The California Department of Food and Agriculture (CDFA) mailed ballots in June to producers regarding a referendum vote to consider whether the Quota Implementation Plan (QIP) should be terminated effective immediately. The voting period ends on September 10, 2025. A “yes” vote would immediately terminate the QIP. A “no” vote will result in no change to the existing QIP.

CDFA created a [QIP 2025 Referendum](#) page with various referendum materials for producers to review, including the official notice, exhibits, frequently asked questions, ballot checklist, and hearing findings. See these materials [here](#).

Higher Tariffs Implemented Thursday for Many Nations

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

The higher tariffs that the Trump Administration first promised four months ago finally arrived this week for dozens of different countries exporting to the U.S., although talks are still ongoing with major partners including China and Mexico – meaning that while the general direction of tariff policy is now clear, the final details continue to shift.

As I mentioned last week, among the top 10 U.S. export markets, the ones that have not yet secured new agreements are only Canada, Taiwan and India, along with Mexico, where talks will continue for the rest of the summer. Earlier this week, the President bumped up import tariffs on India to a total of 50%, while also promising to raise tariffs on semiconductors and computer chip imports to 100% for companies not looking to shift their production to the U.S. China is facing a deadline next week after which tariffs will escalate, although the signs are that the deadline will be pushed back into the fall.

