

MPC WEEKLY FRIDAY REPORT

DATE: AUGUST 19, 2022
 TO: DIRECTORS & MEMBERS
 FROM: KEVIN ABERNATHY, GENERAL MANAGER
 PAGES: 5



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MPC FRIDAY MARKET UPDATE

CHICAGO CHEDDAR CHEESE		CHICAGO AA BUTTER		NON-FAT DRY MILK	
Blocks	- \$.0250	\$1.8200	WEEKLY CHANGE	+\$.0050	\$2.9400
Barrels	+\$.0075	\$1.8950	WEEKLY AVERAGE	+\$.0040	\$2.9665
WEEKLY AVERAGE CHEDDAR CHEESE		DRY WHEY		WEEK ENDING 08/13/22	
Blocks	+\$.0490	\$1.8710	DAIRY MARKET NEWS	W/E 08/19/22	\$.4900
Barrels	+\$.0630	\$1.9370	NATIONAL PLANTS	W/E 08/13/22	\$.4872
				LAST WEEK ENDING 08/06/22	
				NAT'L PLANTS	\$1.7052 19,673,472
				NAT'L PLANTS	\$1.7327 20,644,694

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 19 EST	\$26.73 - \$27.23	\$26.96	\$20.08	\$24.65
LAST WEEK	\$26.73 - \$27.23	\$26.86	\$20.15	\$24.60

JULY 2022 CA FMMO STATISTICAL UNIFORM PRICE ANNOUNCEMENT

JUL '22 FINAL	CLASS I	CLASS II	CLASS III	CLASS IV	STATISTICAL UNIFORM PRICE (BLENDED PRICE)	NET PRICE AFTER QUOTA ASSESSMENT*
MINIMUM CLASS PRICE	\$27.47 TULARE \$27.97 L.A.	\$26.66	\$22.52	\$25.79	\$23.72 TULARE \$24.22 L.A.	\$23.355 TULARE \$23.855 L.A.
PERCENT POOLED MILK	20.6%	5.7%	69.7%	4%	100% (1.74 BILLION LBS. POOLED)	

*QUOTA RATE OF \$0.365/CWT. AS OF JUNE 2020 MILK



Milk, Dairy and Grain Market Commentary

By Monica Ganley, Quarterra

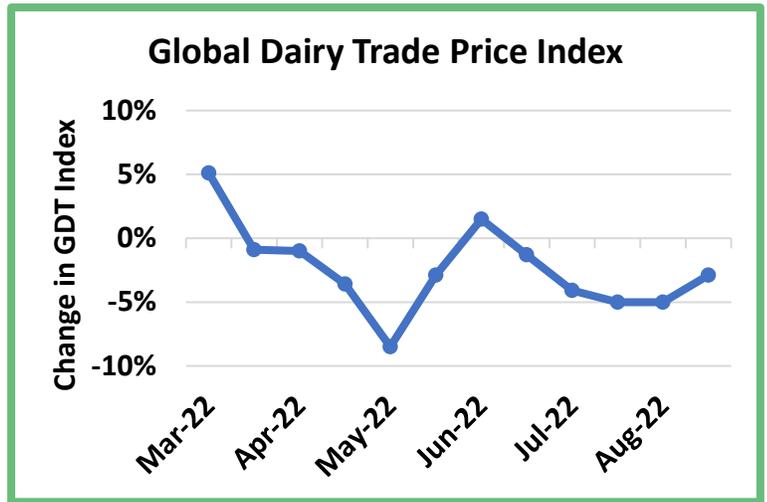
Monica.Ganley@QuarterraGlobal.com

Milk & Dairy Markets

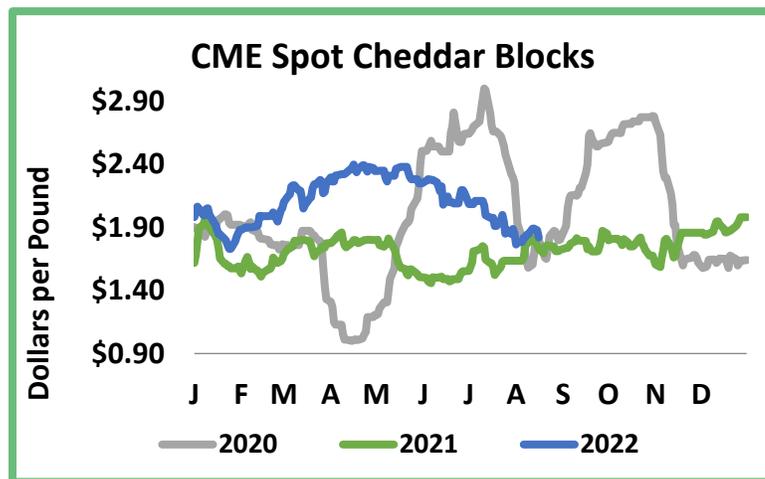
Market observers are paying close attention to an evolving global milk production scenario as many key supply regions witnessed a shift in trajectory during June. U.S. production moved into positive territory during the month, rising by a modest 0.2% after months of decline. Similarly, though in the lowest part of the season, milk production in New Zealand was up by 1.1% in June, the

first year over year increase since July 2021. Even losses have slimmed in Europe, where production continued to slide in June, albeit by just 0.4%. Seemingly bent on bucking the trend, Argentina also reversed course in June. After seeing production rise for most of this year, output slipped by 0.7% during the month.

While the shift in global milk production will have important implications for supply availability, demand feels far from robust. Chinese imports have been lackluster and with rumors of economic malaise and heavy inventories it seems unlikely that the situation will change materially in the coming months. These factors are weighing on global dairy prices. The Global Dairy Trade (GDT) index slipped by 2.9% during Tuesday's trading event, the fifth consecutive decline.



The U.S. dairy industry anxiously awaits USDA's next Milk Production report, scheduled for publication on Monday, which will disclose July production. In the meantime, even as the end of August bares down, summer doesn't appear to be budging. Hot temperatures have continued to be the norm with parts of the country seeing the mercury regularly top 100 degrees. Sweltering heat has been compounded by humidity in many areas, diminishing cow comfort and weighing on milk production. Drought concerns are also intensifying, especially in the West. Water authorities have implemented severe utilization restrictions on water sourced from the Colorado River as reservoir levels sink to historic lows. The cuts will have significant impacts for agricultural producers in Western states.

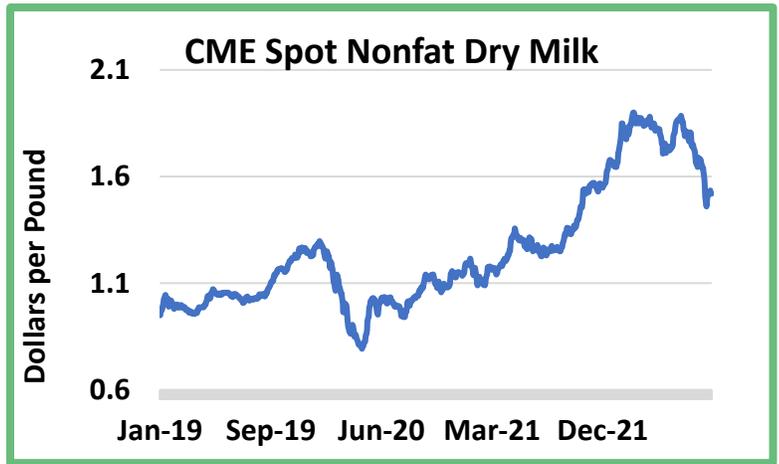


Output may be declining, but as students flood back into the classroom, Class I demand is on the rise and reducing the amount of milk that is available for manufacturing use. However, as labor and transportation challenges continue to chaff at the industry, and demand remains questionable, few processors are complaining about a lack of available raw milk supplies.

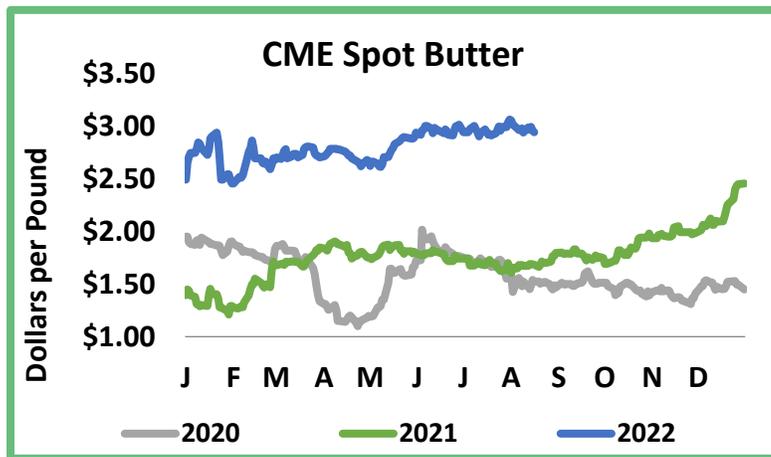
Performance in the spot market was mixed over the course of this week. Cheese demand has reportedly improved around the edges as lower prices managed to reignite some buyer interest from both domestic and international sources. Yet, manufacturers remain cautious, indicating that stocks are plentiful, and demand is precarious. While the optimism was sufficient to lift the spot Cheddar market on Monday, those gains were reduced, if not erased, later in the week. Blocks ended the week at \$1.82/lb., down 2.5¢ compared to last Friday while barrels added .75¢ to close out today's trade at \$1.895/lb. The block-barrel spread remains inverted and has stretched to 7.5¢.

The whey market managed to edge higher this week. Spot dry whey gained a half a penny on Tuesday before holding steady at 45¢/lb. the remainder of the week. As cheese production has remained perky, raw whey supplies have been relatively ample for dryers. Lower prices have helped to revive domestic

interest in most parts of the country. However, *Dairy Market News* indicates that international buyers remain resistant, even at lower price levels. Higher protein products are still offering manufacturers better margins, so where possible, processors are routing the whey stream toward the production of whey protein concentrates (WPC) and whey protein isolates. WPC34 prices have come under pressure as nonfat dry milk (NDM) markets have declined from their highs earlier this year.

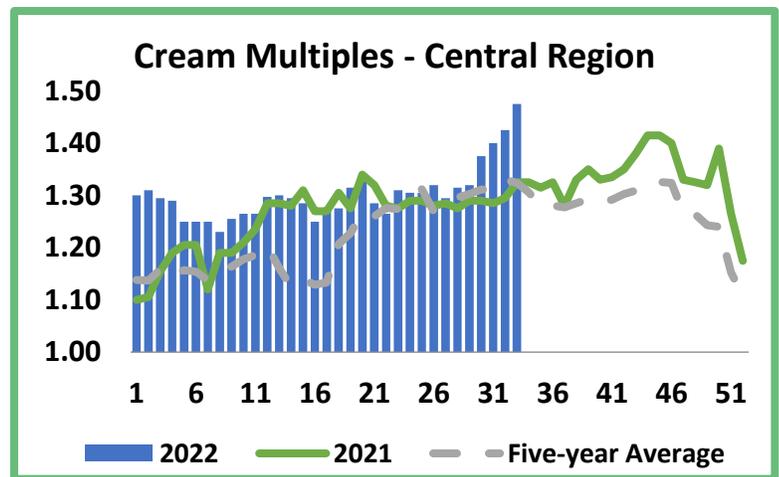


The spot NDM price increased modestly this week, even as the market prices reported by *Dairy Market News* continued to deteriorate. At the CME, 13 loads changed hands as the price added .25¢ over the week, ending Friday’s session at \$1.52/lb. Market participants report that stocks are heavy, and that processing has remained surprisingly robust. International buyers, including those from Mexico, have not yet been tempted by lower prices and have not stepped back into the market.



Volatility ruled in the spot butter market this week, with prices rising as high as \$2.99/lb. on Wednesday before sliding backward. When the dust settled, butter finished the week at \$2.94/lb., an increase of .5¢ compared to last Friday’s close. During the

week 48 loads of butter changed hands in Chicago, including 21 loads on Tuesday alone. Cream is extremely tight across the country and multiples have appreciated significantly. According to USDA, even though increased bottling demand has augmented cream supplies, especially in the East, this volume is quickly being gobbled up by Class II manufacturers. Even with sufficient stocks and mediocre demand, tight cream markets are expected to underpin elevated butter prices for the foreseeable future.



Grain Markets

Persistent drought conditions are also causing concern about the development of the nation’s crops. Even as grain costs have come down from the high levels experienced earlier in the year, feed prices are likely to stay elevated and continue to put pressure on producer margins. Following the action from last week’s World Agricultural Supply and Demand Estimates report, the futures markets were a bit quieter this week. Both corn and soybeans lost ground on Monday and Tuesday before compensating later in the week. Even so, contracts through the first half of 2023 generally settled just a few cents lower on Friday than on Monday.

California Milk Advisory Board Meeting September 21-22 in Modesto

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

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



Wednesday, September 21, 2022 – 7:30 a.m.
Thursday, September 22, 2022 – 8:00 a.m.

DoubleTree by Hilton Hotel Modesto
1150 9th Street
Modesto, CA 95354

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

Premium Alfalfa Hay Delivered by Amazon Prime

By [Karen Bohnert](#)
[Dairy Herd Management](#)

According to EarthWeb, Amazon reports that its Prime version had more than 200 million members in 22 countries in April 2021. From accessories to clothing to toiletries, households can get just about anything with one click through their Amazon app.

Dairy farmer, Steve Maddox knew his wife loved Amazon. Recently he also found a newfound love, as he began utilizing their shipping service. Earlier this month, an Amazon Prime truck hauled premium alfalfa dairy hay from his Logan, Utah hay ranch to his Riverdale, Calif. dairy farm.



Amazon worked with a dispatcher who then was able to fill the truck with Maddox's milk cow alfalfa hay. Although, the load of hay didn't qualify for free shipping.

"Amazon Prime back hauled 21 tons of hay from our hay ranch to our dairy," Maddox shares. "The cost of shipping was \$1,250."

He says his hay trucking cost is down from its peak in December 2021, at around \$2,000, but up considerably from 8 years ago.

"The cost of trucking from Utah to California back then was between \$900 to \$1,000," he says.

Continue reading [here](#).

