

# MPC WEEKLY FRIDAY REPORT

DATE: DECEMBER 13, 2024  
 TO: DIRECTORS & MEMBERS  
 FROM: KEVIN ABERNATHY, GENERAL MANAGER  
 PAGES: 5



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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	+ \$.1000	\$1.8000	WEEKLY CHANGE	-\$ .0800	\$2.4650
Barrels	+ \$.0375	\$1.7275	WEEKLY AVERAGE	-\$ .0130	\$2.5155
<b>WEEKLY AVERAGE CHEDDAR CHEESE</b>		<b>DRY WHEY</b>		<b>NAT'L PLANTS</b>	
Blocks	+ \$.0850	\$1.7595	DAIRY MARKET NEWS	W/E 12/13/24	\$ .6900
Barrels	+ \$.0510	\$1.7020	NATIONAL PLANTS	W/E 12/07/24	\$ .6154
				<b>LAST WEEK ENDING 11/30/24</b>	
				NAT'L PLANTS \$1.3936 14,424,287	
				NAT'L PLANTS \$1.3916 12,701,168	

## 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
DEC 12 EST	No Change	\$21.33	\$18.77	No Change
LAST WEEK	\$23.03 - \$23.53	\$21.32	\$18.79	\$20.75

## NOVEMBER 2024 CA FMMO STATISTICAL UNIFORM PRICE ANNOUNCEMENT

NOV '24 FINAL	CLASS I	CLASS II	CLASS III	CLASS IV	STATISTICAL UNIFORM PRICE (BLENDED PRICE)	NET PRICE AFTER QUOTA ASSESSMENT*
<b>MINIMUM CLASS PRICE</b>	\$24.13   TULARE \$24.63   L.A.	\$21.52	\$19.95	\$21.12	\$20.78   TULARE \$21.28   L.A.	\$20.432   TULARE \$20.932   L.A.
<b>PERCENT POOLED MILK</b>	22.6%	5.6%	54%	17.8%	100% (1.742 BILLION LBS. POOLED)	

\*QUOTA RATE OF \$0.348/CWT. AS OF NOVEMBER 2023



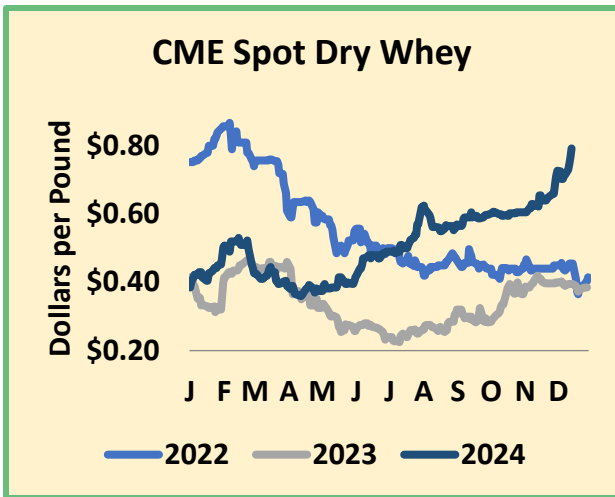
### Milk, Dairy and Grain Market Commentary

By Sarina Sharp, Daily Dairy Report

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#### Milk & Dairy Markets

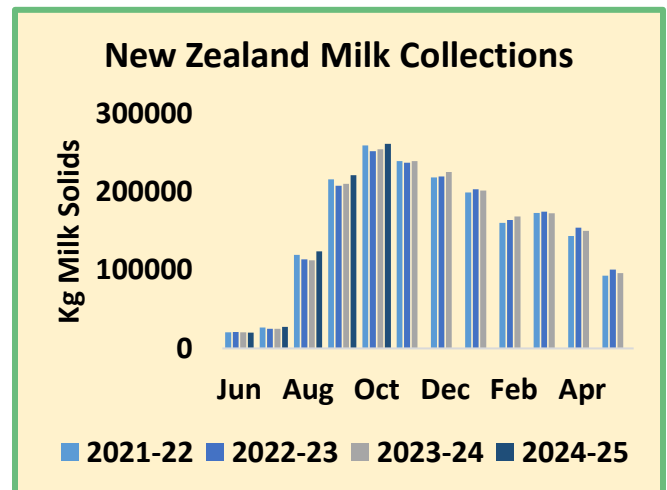
Class III futures bounced back bigtime this week, led by another strong performance in the whey market. CME spot whey powder rallied 8.25¢, notching a 12% increase in just five sessions. Spot whey now stands at 79.25¢ per pound, less than a dime from the historic high set in early 2022.



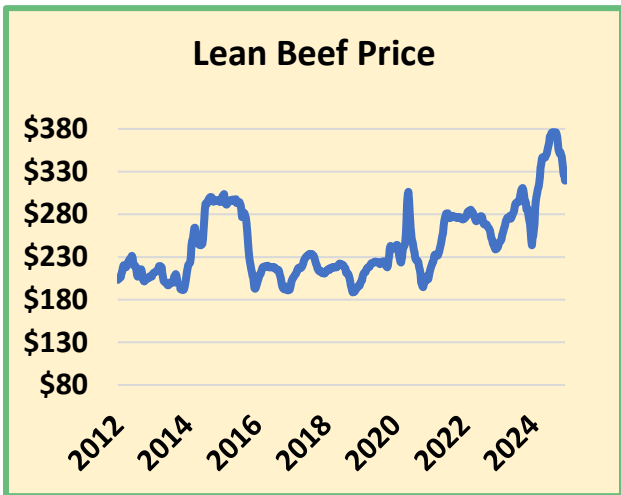
While 80¢ whey proved unsustainable last time around, the latest rally may have more staying power. Manufacturers continue to direct as much whey as possible into the highest-protein concentrates and isolates, limiting production of commodity whey powder. Through October, U.S. whey powder output was 10.2% lower than the year before, and production has remained light into December. Whey protein concentrate prices continue to climb, evidence of nearly insatiable domestic demand for protein. The bears argue that new cheese production capacity could boost whey supplies next year, and the futures reflect these concerns. They project that whey values will drop to a still lofty 70¢ by mid-2025. But for now, the bulls are in charge.

The cheese markets rebounded with surprising enthusiasm. CME spot Cheddar blocks jumped a dime this week to \$1.80, a six-week high. Barrels climbed 3.75¢ to \$1.7275. Milk is widely available, and cheese vats are full. USDA’s *Dairy Market News* reports, “Inventories are growing week over week, even as demand is strong.” Even after the rally, U.S. cheese is the cheapest in the world, and exports are flowing. The trade appears curiously unconcerned about the impact of new cheese production capacity and the potential for tariffs. The futures curve slopes upward, forecasting even higher prices in the second half of 2025. The market is offering producers the opportunity to lock in decent margins using Dairy Revenue Protection or similar risk management tools.

The Class IV markets took a step back this week. CME spot nonfat dry milk (NDM) inched lower, slipping 1.25¢ to \$1.3775. Global indications of milk powder prices are mixed. Prices retreated from recent two-year highs at the Global Dairy Trade’s Pulse auction on Tuesday. But European benchmark milk powder prices inched upward as the weak euro helped European exporters win new business. In Oceania, milk powder merchants are thrilled to be sending more milk powder to China. After years of slow imports, Chinese milk powder inventories have dwindled, and Chinese buyers are once again looking abroad. Fonterra is so confident that Chinese business will continue to improve, they raised their pay-price forecast by 50¢ per kilogram of milk solids. New Zealand’s largest cooperative now promises to pay farmers an all-time high of \$10 per kilogram. Fonterra CEO Miles Hurrell observed, “We’re seeing a recovery in demand in Greater China as domestic milk production rebalances and demand from Southeast Asia continues to be strong.” That’s welcome news for Kiwi dairy producers, as milk solids output was 2.8% higher in October than the year before, at the peak of New Zealand’s highly seasonal production cycle. For the season to date, New Zealand milk solids output is up 5% year over year, but lower than it was four years ago.



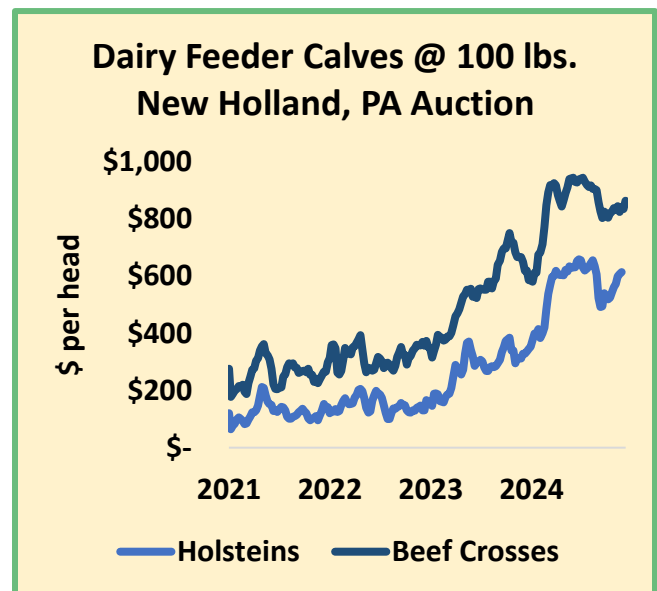
The butter market is suffering from a holiday hangover. Retailers are well stocked and refrigerated



warehouses have plenty left over. U.S. butterfat output continues to impress, and we're bringing in record-setting volumes of butter from Ireland. New Year's resolutions are just around the corner, and consumers will soon switch from cookies to smoothies. CME spot butter fell 7.25¢ this week to \$2.4725, a new 2024 low.

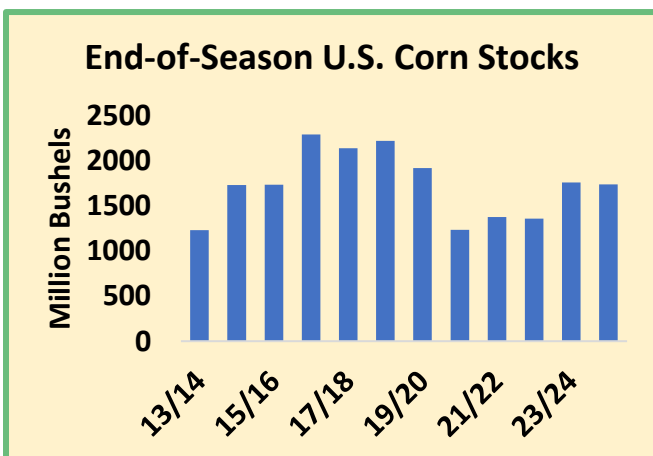
The setbacks in both powder and butter trimmed about a dime from first-quarter Class IV futures. But other Class IV contracts settled steady or even a little higher than last Friday's close, around \$20.60 per cwt. With both cheese and whey prices on the upswing, Class III futures surged. First-quarter futures traded briefly above the \$20 mark, and February through April Class III touched life-of-contract highs. They settled well north of \$19, up roughly 30¢ for the week.

Cattle futures also soared this week. Live cattle futures set an all-time high in June at \$195.65 per cwt. This week, December cattle climbed as high as \$193.825, making December 2024 the second-highest cattle futures contract in history. Dairy cull cow prices aren't nearly as close to their summer peak, due to seasonal declines in lean beef values. But cull cow checks are still much larger than they were at this time last year or at any other point in history. And bull calf values are perking up from already high levels. Beef income is adding significantly to dairy producers' bottom lines, and the futures promise more of the same.



### Grain Markets

The old LaSalle Street adage still rings true. Low prices cure low prices. This week USDA acknowledged the healing powers of cheap corn, which has prompted record-setting ethanol production and a surge in exports. The agency raised its estimate of corn used for ethanol or export by a combined 200 million bushels. That was enough to push USDA's projection for corn stocks on September 1, 2025 slightly below stocks leftover at the end of the previous season. There's still plenty of corn, but greater demand makes supplies feel less abundant. March corn topped \$4.50 per bushel on the heels of USDA's monthly update to its crop balance sheets. But amid concerns that exports may dry up due to a trade war, prices drifted back downward. March corn closed at \$4.425 per bushel, up a couple cents from last Friday. January soybean futures lost 6¢ and finished at \$9.89 per bushel. January soybean meal fell another \$1.40 to \$286 per ton.





## Producer Review Board Meeting Next Week

By Geoff Vanden Heuvel, Director of Regulatory and Economic Affairs  
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The Producer Review Board (PRB) will hold a meeting at **10 a.m. Tuesday December 17, 2024**, at the Stanislaus County Ag Commissioner's Office, 3800 Cornucopia Way, Modesto.

While the week before Christmas is not a very convenient time to hold a PRB meeting, the timeline requirements in the petition procedure regulation require a meeting within 60 days of the certification of a petition for a referendum (see QIP petition procedures [here](#)). On November 4, the California Department of Food and Agriculture certified the validity of a petition submitted by STOP QIP for a referendum to terminate the QIP program, and therefore a PRB meeting must be held in that timeframe.

It is important to note what the QIP regulation actually requires and does not require. Here is the direct quote from the regulation:

*Section 1103. Upon receipt of a petition signed by at least 25 percent of market milk producers regarding the amendment or termination of this Plan, the Secretary shall convene the Producer Review Board to review the merits of the petition and make a recommendation to the Secretary.*

Holding a PRB meeting is the only required outcome of a petition. There is no requirement in the regulation of the PRB as to what it must recommend when it holds that meeting.

In addition to dealing with the STOP QIP petition, there are other items that the PRB will be considering such as updates on the board nomination process (see [here](#)), the current referendum voting process (see [here](#)), a staffing update, a recommendation to adjust the current QIP assessments, and then five more hardship cases. See the entire agenda [here](#).

This meeting will have telephone access for those that cannot attend in person. See the agenda for details. Meanwhile, the deadline for producers to submit their ballots for the referendum that is currently occurring is **January 9, 2025**.

## NMPF Update: Farm Bill Extension; Dairy Consumption Increases

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

### Congressional Work Continues on Spending Bill, Farm Bill Extension

Lawmakers on Capitol Hill spent most of this week attempting to reach agreement on another short-term spending bill that will prevent a government shutdown after next Friday. The extension of the 2018 farm bill for another year has impacted the process, as the two parties are wrangling over how to pay for additional support for commodity producers. As of now, lawmakers are examining



incorporating emergency economic aid for row crop farmers into a disaster aid package that may also be attached to the short-term spending agreement.

### Dairy Consumption Returns to 1950s Levels

Ending this week's report on a high note, I want to tout this week's *Dairy Defined* [column](#) reporting on the latest USDA assessment of per capita dairy consumption – which reached a level not seen since the Happy Days of the 1950s. Propelled by record cheese use and gains in butter, cottage cheese and yogurt, U.S. per capita dairy consumption returned to [1950s](#) levels last year, according to [USDA data](#) released just before Thanksgiving. At 661 pounds per person, the amount of milk products Americans consume is back to where it was in 2021 – and that was the highest level in several generations. That's a number worth celebrating this Christmas season!



## Save the Date!



**California Dairy  
Sustainability  
Summit**

*Farm Focus - March 25, 2025*  
**Visalia Convention Center**



Hosted by:



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California Milk Advisory Board

