

MPC WEEKLY FRIDAY REPORT

DATE: MARCH 14, 2025
 TO: DIRECTORS & MEMBERS
 FROM: KEVIN ABERNATHY, GENERAL MANAGER
 PAGES: 11



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MPC FRIDAY MARKET UPDATE

| | | | | | |
|--------------------------------------|-----------|--------------------------|-------------------|----------------------------------|----------|
| CHICAGO CHEDDAR CHEESE | | CHICAGO AA BUTTER | | NON-FAT DRY MILK | |
| Blocks | + \$.0700 | \$1.6925 | WEEKLY CHANGE | + \$.0325 | \$2.3425 |
| Barrels | + \$.0600 | \$1.6900 | WEEKLY AVERAGE | + \$.0350 | \$2.3325 |
| WEEKLY AVERAGE CHEDDAR CHEESE | | DRY WHEY | | WEEK ENDING 03/08/25 | |
| Blocks | + \$.0570 | \$1.6950 | DAIRY MARKET NEWS | W/E 03/14/25 | \$.5700 |
| Barrels | - \$.0325 | \$1.6680 | NATIONAL PLANTS | W/E 03/08/25 | \$.5717 |
| | | | | LAST WEEK ENDING 03/01/25 | |
| | | | | NAT'L PLANTS \$1.3071 27,381,382 | |

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 |
|-------------------|---|--------------------|---------------------|--------------------|
| MAR 13 EST | No Change | \$20.25 | \$18.59 | \$18.58 |
| LAST WEEK | \$22.62 - \$23.12 | \$20.30 | \$18.29 | \$18.71 |

FEBRUARY 2025 CA FMMO STATISTICAL UNIFORM PRICE ANNOUNCEMENT

| FEB '25 FINAL | CLASS I | CLASS II | CLASS III | CLASS IV | STATISTICAL UNIFORM PRICE (BLENDED PRICE) | NET PRICE AFTER QUOTA ASSESSMENT* |
|---------------------|------------------------------------|----------|-----------|----------|---|--------------------------------------|
| MINIMUM CLASS PRICE | \$22.87 TULARE \$23.37 L.A. | \$21.08 | \$20.18 | \$19.90 | \$20.04 TULARE \$20.54 L.A. | \$19.692 TULARE \$20.192 L.A. |
| PERCENT POOLED MILK | 15.0% | 3.9% | 39.0% | 42.1% | 100% (2.45 BILLION LBS. POOLED) | |

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

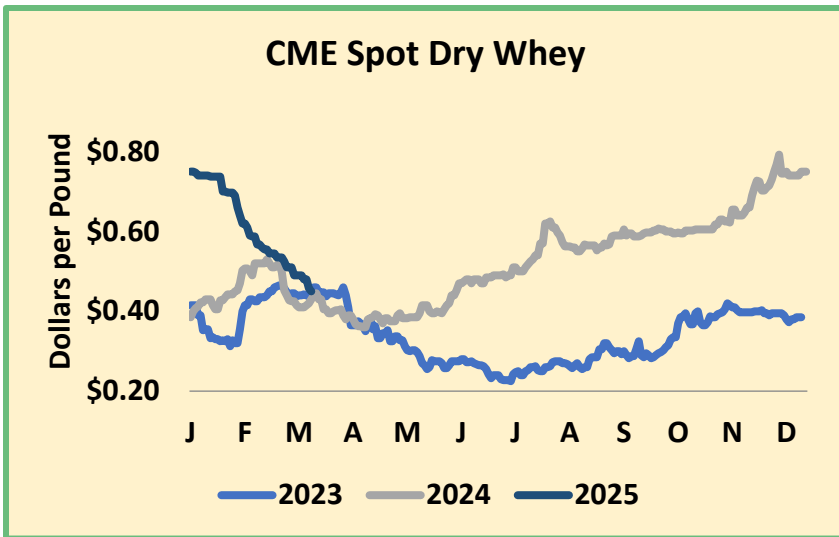


Milk, Dairy and Grain Market Commentary

By Sarina Sharp, Daily Dairy Report
Sarina@DailyDairyReport.com

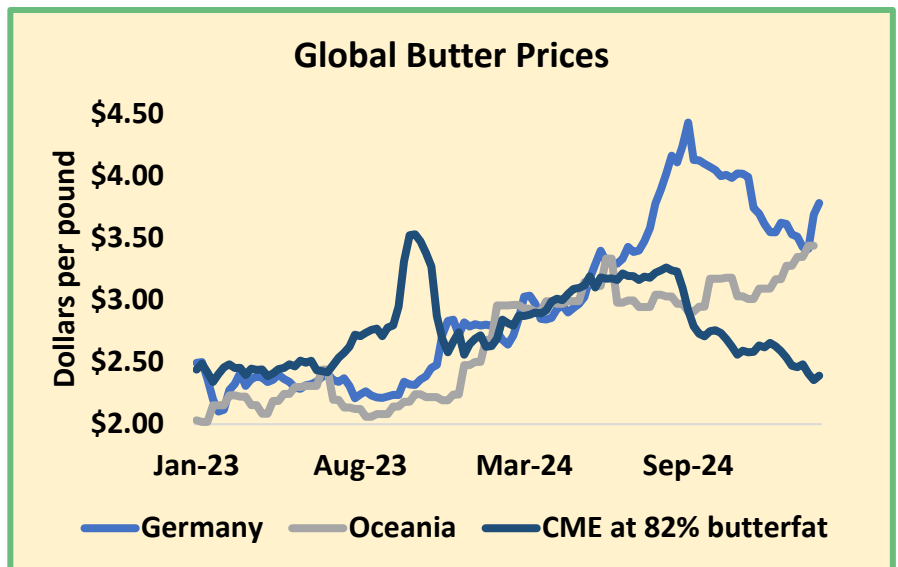
Milk & Dairy Markets

The dairy markets are adjusting to the new regime. Trade threats – and new tariffs on U.S. dairy exports to Canada and China – have spooked the markets and slowed sales. USDA's *Dairy Market News* reports that nonfat dry milk (NDM) buyers “are hesitant to add stocks beyond near-term

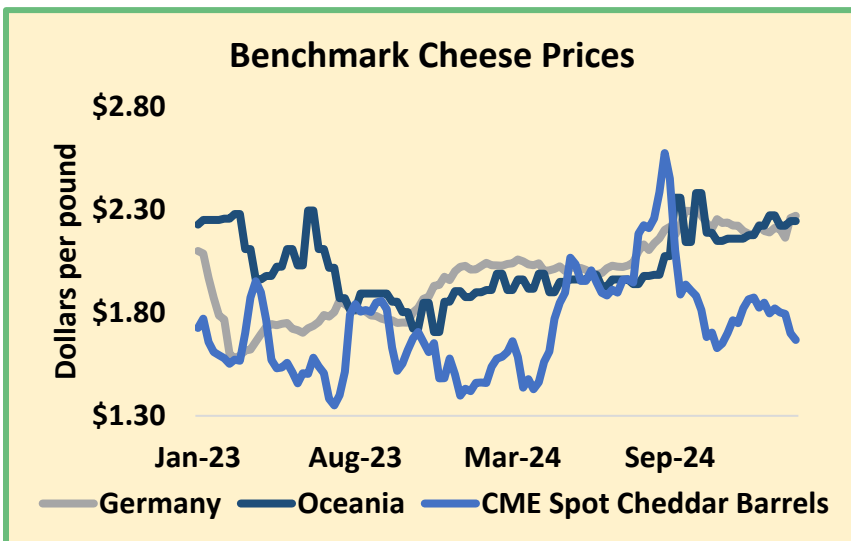


needs.” Importers don’t want to speak for milk powder that might face a tariff down the road. And domestic users are also going hand-to-mouth, anticipating further declines in this export-dependent market. Meanwhile, spring has arrived, and milk flows are climbing. The line-up at dryers is getting longer. CME spot NDM market perked up briefly this week, but it quickly retreated to \$1.155 per pound, matching the 10-month low set last Friday.

Whey prices just keep dropping. CME spot whey powder fell another 4¢ this week to 45¢, the lowest price since early June. USDA notes candidly, “There are growing concerns among market actors as to what international trading activity will look like over the next few months. Also, domestic end users are aware of market shifts and some report being uninterested in dry whey volumes that are priced above 50¢ per lb.” The agency went on to describe the market as bearish “with few indications of the alternative in the near term.” Demand for high-protein whey concentrates and isolates remains strong, but there’s plenty of whey left over for powder.



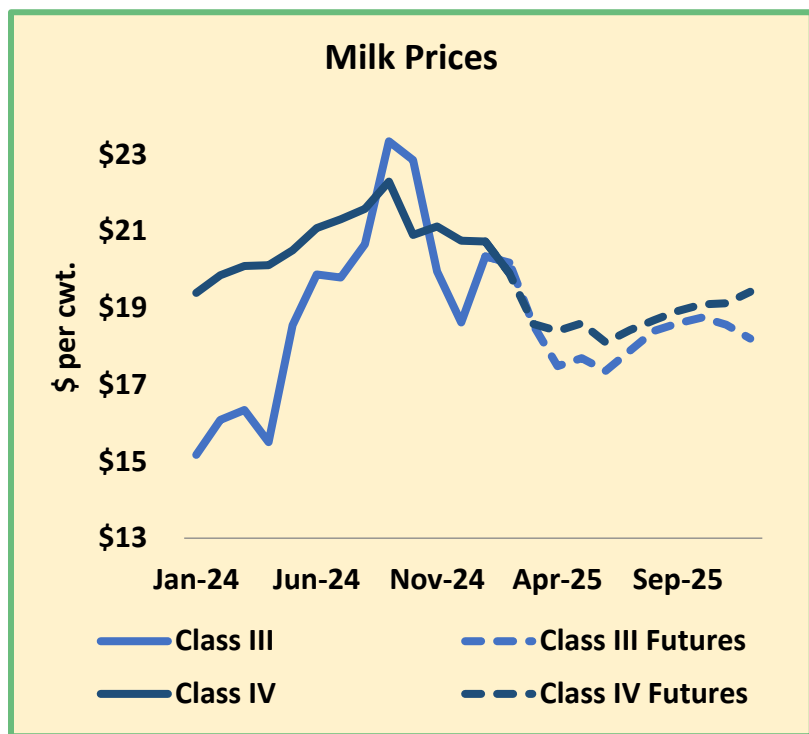
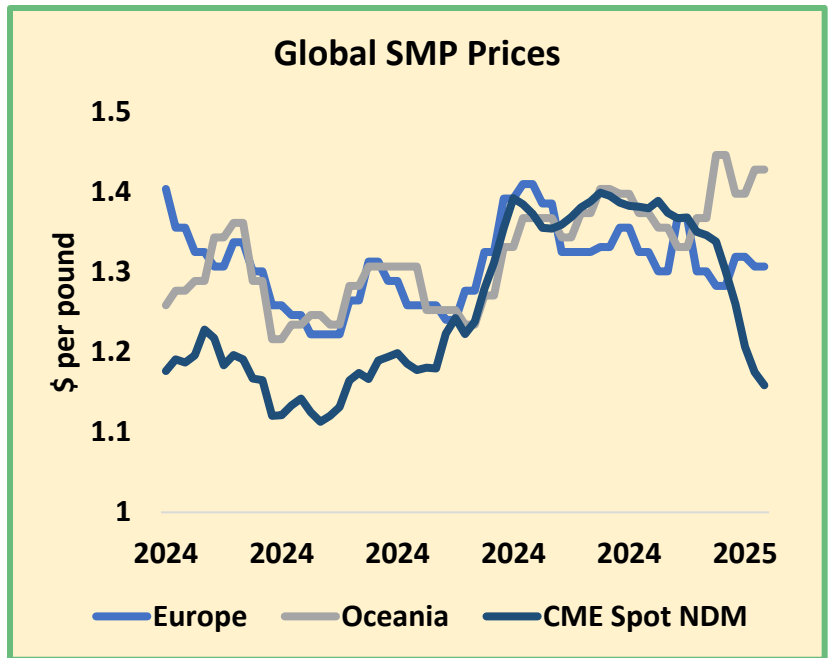
The bears had the run of LaSalle Street for several weeks. But, as it always does when the pendulum swings too far, the invisible hand swooped in to restore balance. While the powders continued to slide, other commodities in the dairy complex found their footing. CME spot Cheddar blocks jumped 7¢ this week to \$1.6925. Barrels rallied 6¢ to \$1.69. Butter added 3.25¢ and reached \$2.3425.



Many of the factors that caused the February collapse are still in play. Cream is abundant and cheap. Churns are running hard. U.S. cheese output is growing. And domestic demand for cheese and butter is lackluster. But prices have fallen low enough to attract

some attention. U.S. cheese and butter look especially affordable to foreign buyers. The dollar index is 5% lower than it was in early February, making foreign currencies stretch further when they purchase U.S. products. Meanwhile, dairy product prices in Oceania and Europe are steady to higher, widening the gap between U.S. and international values. Buyers willing to confront unsettled U.S. trade policy can scoop up products at bargain basement prices.

Unfortunately, the dairy industry is – potentially – winning exports by shrinking milk checks. The \$19 and \$20+ milk that prevailed from June to February has evaporated. This week Class III futures ranged from a June price of \$17.36 per cwt. to the promise of \$18.75 in October. The futures project Class IV milk from \$18.10 to



\$19.42 this year. The recovery in the cheese and butter markets helped to lift most contracts by about 20¢ from last Friday. But milk revenues will be much lower – and margins much thinner – than they were in the second half of 2024.

Grain Markets

It was another volatile week in the grain pits. May corn closed at \$4.59, a dime lower than last Friday. The May soybean contract finished at \$10.17, down 8¢. May soybean meal added another \$1.50 and closed at \$306 per ton. Corn and soybean futures are pricing in the risk that a trade war will cut into export prospects. Soybean and soybean oil prices are also under pressure amid concerns that the Trump

administration will not reup the renewable tax credits that incentivize refiners to blend soy-based biodiesel and renewable diesel into the fuel supply. The volume of soybean oil used for biofuels dropped unexpectedly in January. If that trend continues, soybean and soybean oil prices could decline further. However, a setback in biodiesel production might cause soybean crushers to slow soybean oil output. That would also reduce U.S. soybean meal production, and tighter supplies could boost U.S. soybean meal prices. While a modest rebound in soybean meal prices is possible, U.S. dairy producers should expect that feed costs will remain moderate.



SGMA Roundup

By Geoff Vanden Heuvel, Director of Regulatory and Economic Affairs
Geoff@MilkProducers.org

Semitropic Water Storage District in Kern County approved paying its share of the planning and permitting cost for the delta tunnel this week. The Delta Conveyance Program is part of the State Water Project, which you can learn more about [here](#). The next two years of planning costs \$300 million of which Semitropic's share is \$2.3 million. The actual cost to build the tunnel is currently estimated at over \$16 billion. Environmental regulations in the delta have reduced the long-term expected yield of the State Water Project down to 54% of their contracted water. The tunnel would create an intake on the Sacramento River in the northern delta where fish impacts are less, and transport that water underground to the California Aqueduct pumps in the southern delta. Semitropic's share of the firm yield of the project is relatively low, but by participating in the project, Semitropic gets access to surplus water in wet years. Semitropic has direct access to the California Aqueduct and a lot of groundwater storage capacity, so its hope is that it will be able to get more wet year water if the tunnel solves the fish problem. The commitment the Semitropic board made this week keeps them in the project. The big decision on whether or not to participate in the construction of the tunnel will be made in 2027.

In the **Tule Subbasin**, Pixley and Lower Tule River Groundwater Sustainability Agencies (GSAs) are working hard to get an exclusion from fees and reporting, which the State Water Board imposed when the Tule Subbasin was placed on probation last September. At that hearing, State Water Board members recognized that these two GSAs had made a lot of progress in addressing their plan deficiencies and indicated that an exclusion was possible. The State Water Board staff has been working closely with these two GSAs and wants to see evidence that the plan improvements they have made are being implemented. To that end, Pixley and Lower Tule have significantly reduced their groundwater pumping allocations and are requiring all agriculture wells to be metered by the end of 2025. The main purpose of metering is to inform the development of a subsidence management plan. Subsidence has emerged as the most serious and difficult problem to solve. It does seem like some targeted stopping of deep groundwater pumping would be a good initial step, but getting the data to identify what wells are causing the most subsidence is the challenge.

The **Kaweah Subbasin** also has a subsidence problem. They too are working on a subsidence management plan in collaboration with their neighboring subbasins. Kaweah's probationary hearing was canceled in January, and it is working hard to implement its Groundwater Sustainability Plans (GSPs) and get back to Department of Water Resources (DWR) control.

The enforcement of the State Water Board's probation on the **Tulare Lake Subbasin** is still on hold due to a [court-issued preliminary injunction](#). The State Board has filed a number of appeals that are pending. Meanwhile, the Tulare Lake GSAs are making good progress on updating their GSPs, including pumping allocations, with robust stakeholder engagement in the two GSAs that were the most challenged a year ago when the State Board voted to put them in probation.

The **Kings Subbasin** has an approved plan and continues to make steady progress in achieving groundwater sustainability. It helps when you have access to a mighty river like the Kings.

The **Madera Subbasin** also has an approved plan. The undistricted part of the subbasin is covered by the Madera County GSA. The plan involves strict groundwater pumping allocations that are reduced every year. The first five years of the ramp down was a reduction of 2% per year. The ramp down rate increases to 6% per year starting at year six. This same approach also applies to the Madera County GSA portion (the undistricted area) of the Chowchilla Subbasin. Managing the reduction in access to groundwater is about to get significantly more painful.

The portion of the **Chowchilla Subbasin** that is in the Chowchilla Water District is talking about establishing pumping allocations, but because of its access to both Friant water and the Chowchilla River, it has a little more time. The Chowchilla Subbasin is subject to State Water Board jurisdiction. It has updated its GSP, and indications are that great progress has been made in addressing the deficiencies that were identified in its plan.

The **Merced Subbasin** has an approved SGMA plan. The portion of the Merced Subbasin that is undistricted is also moving ahead with developing a pumping allocation program. There is also robust stakeholder involvement in this GSA. The Merced Subbasin GSPs set minimum thresholds for 2040 that are generally **HIGHER** than their current water levels. What this means is that over the next 15 years, Merced's plan is to actually elevate water levels in its subbasin by putting more water in the ground than it takes out. They have a plan and schedule for how they will accomplish this. I saw the numbers that the Merced Subbasin is reporting to DWR for the 2024 water year and so far, they are on track to meet their schedule. Having a good river and a big lake (McClure) helps. But they are rightfully very concerned about a State Water Board imposed regulation that could greatly reduce their access to the Merced River. You can learn more about this [here](#).

The **Delta Mendota Subbasin** is also under State Water Board jurisdiction. There are over 20 GSAs in this subbasin, but they have pulled together and resubmitted a unified GSP to the State Water Board that they believe addresses all of their deficiencies. They too have access to significant surface water supplies but are beginning the process of developing a groundwater allocation program.

The northern part of the Valley has some groundwater challenges too. But since they have access to much larger amounts of Sierra surface water, they have more options and less pain in complying with the requirements of SGMA.



ELAP Payment Update

By Kevin Abernathy, General Manager
Kevin@MilkProducers.org

Last week, I [reported on MPC's work with Congressional leaders](#) to try to unlock the freeze on producer ELAP payments for milk losses due to HPAI. Payments resumed last week, but then suddenly stopped again. We asked our members to let us know the status of your ELAP payments and I heard from a good number of you that you are still awaiting your funding. Thank

you to each of you for reaching out and sharing your status so we can take that to our contacts in Washington, D.C.

What we learned is that funding for ELAP payments was restored and payments to producers resumed. However, the funding requests submitted to the ELAP program by dairy, poultry and honeybees are so large that they are outpacing the replenishment of funding by the Office of Management and Budget into the ELAP account. Basically the money in the ELAP account is going out faster than what's being replenished by the government. This is what we understand about the situation as of today, and there may be more starts and stops in funding, but we certainly hope not. We will continue coordinating with our legislative partners in D.C. on this issue, and as always, I appreciate any updates our members have about your specific situation. Please do not hesitate to reach out to me at Kevin@MilkProducers.org.

Free Registration Available for Dairy Farmers for California Dairy Sustainability Summit in Visalia

Courtesy of [Dairy Cares](#)

If you are a dairy farmer, you can attend for free!

Email Office@MilkProducers.org to get your free registration code.

The registration deadline is March 20 – DON'T WAIT!

More info at CaDairySummit.com.



Panel Spotlight

**Tackling Water Scarcity:
Evolving policies & strategies
for improving water availability**



Thomas Harter, PhD
Distinguished Professor
University of CA, Davis



David DeGroot
CFO & COO
4Creeks, Inc./
California Bioenergy, LLC



Geoffrey Vanden Heuvel
Director of Regulatory &
Economic Affairs
Milk Producers Council



March 25, 2025 | Visalia Convention Center



Breakout Spotlight

**Sustainable Feed Solutions:
Cool new models for
growing & delivering
high-quality feed**

March 25, 2025 | Visalia Convention Center



Jack de Jong
Co-Founder, CEO, Chair
Forever Feed Technologies,
River Ranch Farms



Danny Martins
Owner
Martins Farms LP



Jason Prapas
Founder & CEO
FYTO



Michael Boccadoro
Executive Director
Dairy Cares

Moderator



Panel Spotlight

**Who's Driving Dairy
Sustainability?**

March 25, 2025 | Visalia Convention Center



Daniel Peerless
Global Sustainable Sourcing Lead
-Dairy, Meat, Poultry & Eggs
Nestlé



Hansel New
AVP of Sustainability
Strategy & Programs
Dairy Farmers of America



Jared Fernandes
Dairy Farmer
Legacy Ranches



Darrin Monteiro
SVP, Sustainability &
Member Relations
California Dairies, Inc.



Polina Surina
Sr Strategic Sourcing Manager
Mars



Michael Boccadoro
Executive Director
Dairy Cares

Moderator



Breakout Spotlight

Protecting the Herd: Proactive animal care in the H5N1 era

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Annette Jones, DVM
State Veterinarian, Director
Animal Health & Food Safety,
CA Department of Food & Agriculture



Jason Lombard, DVM
Veterinary Epidemiologist
Colorado State University



Jacob Zonneveld
President & CEO
Zonneveld Dairies, Inc.



Denise Mullinax
Executive Director
CA Dairy Research Foundation

Moderator



Panel Spotlight

The Ongoing Role of Digesters: Market outlook and long-term success



Michael Kotyk
VP of Commercial Dev.
California Bioenergy, LLC.



Justin Loyear
Business Development Manager
Cummins



Kaelen McCrane
Senior Originator
Mainspring Energy



Korey Reynolds
Senior Project Engineer
SkyNRG Americas



Michael Boccadoro
Executive Director
Dairy Cares

Moderator



Breakout Spotlight

Fighting to Feed People: How Sonoma County farmers wrote the playbook for local food production advocacy



March 25, 2025

Visalia Convention Center



Dayna Ghirardelli
Executive Director
Sonoma County Farm Bureau



Doug Beretta
Owner
Beretta Family Dairy



Panel Spotlight

Making the Most of Manure: Improving nutrient management & groundwater protection



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Michael Kopper
CEO and Founder
Centrisys/CNP



Steven Rowe
President
BioFiltro



Scott Harrison
CEO
Figure 8 Environmental



Richie Mayo
CFO
De Jager Farms

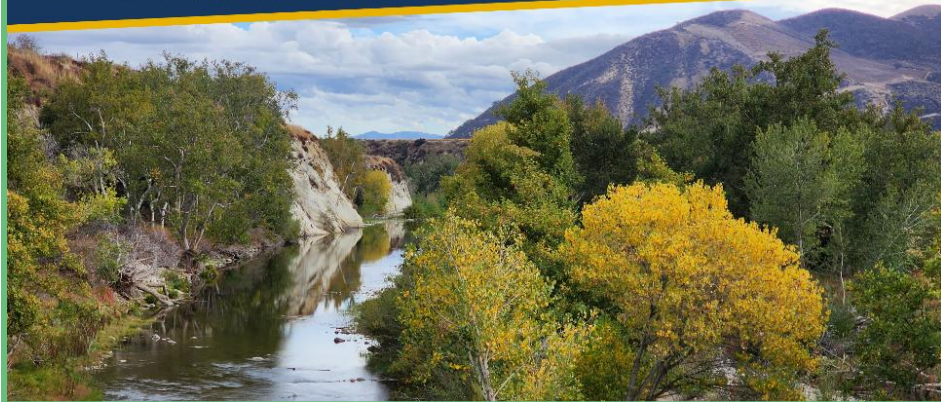


Moderator
J.P. Cativiela
Regulatory Director
Dairy Cares

Introduction to Groundwater, Watersheds, and Groundwater Sustainability Plans: Online Short Course

Courtesy of [University of California Agriculture and Natural Resources](#)

Introduction to **Groundwater, Watersheds, and Groundwater Sustainability Plans** An Online Short Course



Understanding groundwater and watersheds and how we monitor, assess, and sustainably manage these resources remains critical and integral to California Groundwater Sustainability Plan (GSP) implementation and other water management programs. Private citizens, professionals, decision makers, executives, agency employees, and stakeholders with diverse backgrounds and in a wide

variety of private, non-profit, and government responsibilities are increasingly engaged in the sustainable management and assessment of groundwater and surface water.

This online short course will review the fundamental principles of groundwater and watershed hydrology, water budgets, water quality, and water law and regulation in an intuitive, highly accessible fashion. Through real world examples, participants learn about the most common tools for measuring, monitoring, and assessing groundwater and surface water resources. We then review the key steps and elements of assessing groundwater sustainability and implementing projects and management actions (see [Program](#) for details).

Thursdays: April 3, 17, May 1, 15, and 29, 2025

9:00am – 12:00pm PDT

Cannot make it every time? Signed up later?

Video recordings of past lectures will be available

to all participants (including new registrants).

*Registration: \$100/\$70 (includes [textbook](#)); **Register [here](#).***

Reduced fees (\$70) are available to members of California Groundwater Sustainability Agencies (board, staff, advisory committees), to California state employees and to participants of the [WEF Water 101 Workshop](#), April 10, 2025 and the [GRA SGMA Implementation Summit](#), June 2025 (TBD).

For reduced fee coupon and questions please contact: GroundwaterUCD@gmail.com

NMPF: Government Shutdown; Trade Policy

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

Congress Poised to Avert Government Shutdown with Spending Patch

With overall federal funding slated to expire tonight at midnight, Congress is likely to send a bill to President Trump's desk to fund the government largely at current spending levels through the end of the fiscal year on Sept. 30. Republicans and Democrats were unable to reach final agreement on full-year spending bills for the current fiscal year, making a continuing resolution to avoid a funding lapse necessary.

The House passed the bill on Tuesday on a mostly party-line vote, with Republican Rep. Thomas Massie of Kentucky voting no and Democratic Rep. Jared Golden of Maine voting yes. This afternoon, 10 Democratic senators joined most Republicans in voting to break a filibuster on the bill, teeing it up to pass this evening. President Trump has indicated that he will sign the bill into law once it reaches his desk.

NMPF, USDEC Submit Fair and Reciprocal Plan Comments

This week NMPF and USDEC submitted joint comments for consideration as the Trump administration's development of its Fair and Reciprocal Trade Policy plans. The comments are also expected to help inform USTR's development of various trade recommendations to the president. The comments provide input on a wide variety of tariff and nontariff barriers confronting U.S. dairy exporters and encourage mutually beneficial negotiations with most trading partners.

NMPF also joined USDEC and the Consortium for Common Food Names in submitting extensive comments regarding the European Union's misuse of geographical indications to limit export opportunities for U.S. manufacturers using common food names like parmesan.

Senators Call for Canadian Scrutiny in USMCA Talks

Sens. Tammy Baldwin, D-WI, Roger Marshall, R-KS, Amy Klobuchar, D-MN, and Joni Ernst, R-IA, in a letter on Wednesday called on the Trump Administration to help level the playing field for dairy farmers as trade talks continue between Canada and the United States. "In upcoming negotiations with your Canadian counterparts, particularly those regarding USMCA, we ask that you address these longstanding issues that harm the United States' ability to export dairy products," the senators said.

NMPF staff played a key role in the letter, helping Sen. Baldwin shape the message sent to government agencies on Canada dairy priorities and the need to address them in the upcoming U.S.-Mexico-Canada review negotiations. NMPF staff also helped build bipartisan support.

