

MPC WEEKLY FRIDAY REPORT

DATE: JANUARY 24, 2025
 TO: DIRECTORS & MEMBERS
 FROM: KEVIN ABERNATHY, GENERAL MANAGER
 PAGES: 7



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MPC FRIDAY MARKET UPDATE

CHICAGO CHEDDAR CHEESE		CHICAGO AA BUTTER		NON-FAT DRY MILK	
Blocks	-\$0.0575	\$1.8325	WEEKLY CHANGE	NO CHANGE	\$2.5300
Barrels	-\$0.0700	\$1.8200	WEEKLY AVERAGE	-\$0.0390	\$2.5250
WEEKLY AVERAGE CHEDDAR CHEESE		DRY WHEY		WEEK ENDING 01/18/25	
Blocks	-\$0.0806	\$1.8019	DAIRY MARKET NEWS	W/E 01/24/25	\$7400
Barrels	-\$0.0490	\$1.8250	NATIONAL PLANTS	W/E 01/18/25	\$7283
			LAST WEEK ENDING 01/11/25		
			NAT'L PLANTS \$1.3904 15,163,902		
			NAT'L PLANTS \$1.3913 13,438,195		

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
JAN 23 EST	No Change	\$21.60	\$20.28	\$20.87
LAST WEEK	\$21.98 - \$22.48	\$21.64	\$20.30	\$20.96



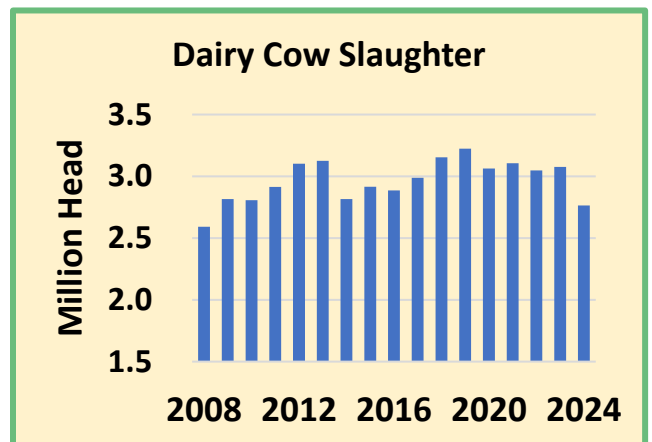
Milk, Dairy and Grain Market Commentary

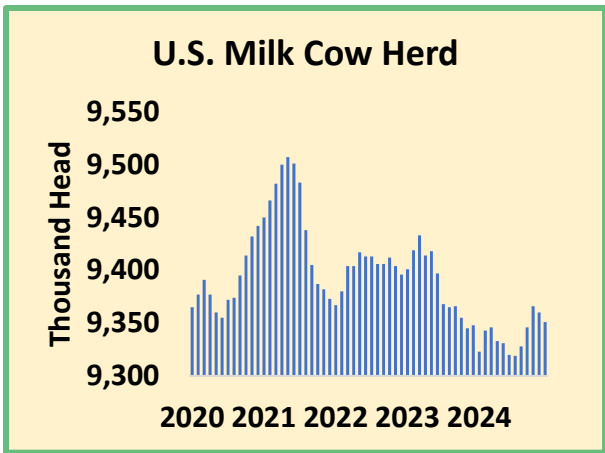
By Sarina Sharp, Daily Dairy Report
Sarina@DailyDairyReport.com

Milk & Dairy Markets

To the dismay of hamburger consumers across the nation, dairy producers sent just 2.76 million cows to slaughter in 2024. That was the lowest annual total since 2008. With cull rates at a 16-year low, the industry was able to stabilize the dairy herd, but growth was fleeting. There were 9.351 million milk cows in the final month of 2024, just 3,000 more than in December 2023 and 9,000 fewer than there were in November. Dairy producers will do all they can to add milk in 2025, and they'll likely best the very low volumes of 2024. But the heifer shortage will continue to restrain more rapid growth in milk production.

Milk output topped year-ago volumes in most of the major dairy states. Production was up 0.1% in America's Dairyland, and third-ranked Texas' milk output jumped 7.5% year over year. Production climbed



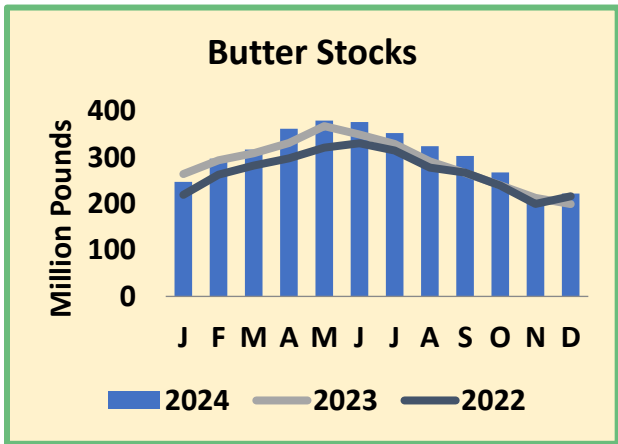


3.5% in Idaho, 0.7% in New York, and 1.4% in Michigan. But in California, production plummeted 6.8% as the bird flu continued to ravage herds in the nation’s top dairy state. January milk output will likely be much better. The California Department of Food and Agriculture reports that just 47 herds have reported new infections over the past 30 days, a steep decline from mid-December, when new infections peaked at over 300 herds. USDA’s *Dairy Market News* reports that California milk production has rebounded in January compared to November and December, although receipts are still “below

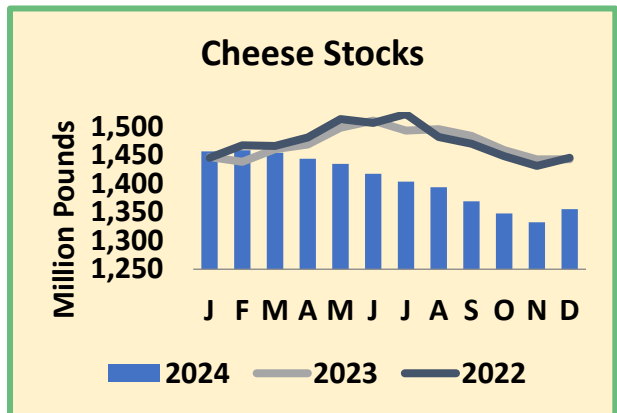
expectations” and lower than they were in January 2024.

All told, U.S. milk production fell 0.5% year over year in 2024. But that’s only part of the story. Thanks to high component levels, 2024 butterfat production jumped 1.9%, and protein output grew 0.5%. Production of nonfat solids fell 0.1% from 2023, while output of other milk solids dipped 0.4%.

That was more than enough butterfat to keep the larder full, especially after record-breaking imports of Irish butter boosted U.S. supplies. After the typical holiday drawdown in November, butter stocks grew in December, reaching 222.4 million pounds, up 11.4% from December 2023. That marks the highest end-of-year butter inventory since 2020, when pandemic shutdowns throttled foodservice demand and butter stocks ballooned. Setting aside 2020 as an anomaly, last month’s inventory was the largest December butter stockpile since 1993, at the height of the low-fat craze. But consumers are no longer trying to avoid dairy fats. Domestic butter consumption leapt 6% in 2023 and another 7% in 2024. Nonetheless, U.S. butter supplies are ample, prompting the steep decline in butter values in late 2024. Now, prices are holding steady. CME spot butter finished right where it started this week at \$2.53 per pound.



The cheese markets continued to whipsaw back and forth as the market transitions from tight stocks in 2024 to greater output – and the potential for tariffs to disrupt trade – in 2025. Stocks grew from



November to December, but, at 1.35 billion pounds, they were still 7% smaller than the year before. After a Monday rout and a late-week rally, CME spot Cheddar blocks fell 5.75¢ to \$1.8325 per pound. Barrels followed a similar path with a more tepid Thursday rebound. They closed at \$1.82, down 7¢ since last Friday.

High prices are curbing high prices in the whey market. Most whey powder buyers are living hand to mouth and hoping that greater cheese output will eventually lead to

an uptick in dry whey output and a downtick in prices. USDA’s *Dairy Market News* reports that “sentiment has shifted from bullish to quiet.” Spot whey powder fell 4¢ this week to 69.75¢, a two-month low. Demand for high-protein whey products remains formidable, and whey powder output is slow for now. That suggests that additional downside may be limited until whey powder production begins to climb.

Milk powder prices moved higher at this week’s Global Dairy Trade (GDT) auction, led by a 5% jump in whole milk powder (WMP) values. GDT WMP values haven’t been this high since July 2022, hinting at better demand for China’s preferred dairy import. Skim milk powder (SMP) prices rebounded 2% and landed in the middle of their recent trading range.

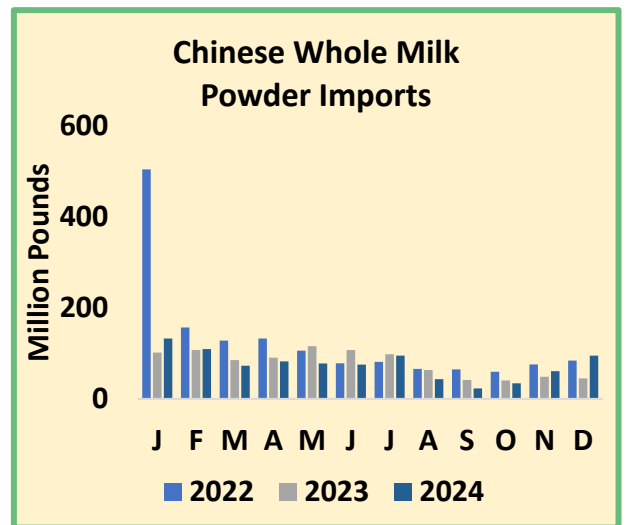
China’s appetite for foreign dairy appears to be perking up. The world’s foremost dairy buyer brought in more than twice as much WMP and 42% more SMP than it did in December 2023. Chinese imports of most other dairy products also topped December 2023 by wide margins, including whey powder (+12%), whey protein concentrates (+84%), butter (+39%), and cheese (+17%). But it was relatively easy to best the very low volumes of December 2023. The recent drop in Chinese milk output and uptick in imports inspires hope that Chinese buyers will return to the global marketplace. But the trade remains concerned about demand in a nation plagued with a real estate crisis and poor consumer spending.

With both GDT and Chinese milk powder imports on the rise, it would be reasonable to expect U.S. milk powder prices to climb. But they didn’t. CME spot nonfat dry milk fell 2.5¢ this week to \$1.3475. The independent streak likely reflects concerns – or at least uncertainty – about U.S. trade prospects. A rebound in production might also be a factor. *Dairy Market News* reports that milk powder output has been higher in January than it was in the fourth quarter of 2024, likely because California milk output is starting to recover from the worst of the avian influenza. But demand from Mexican and domestic buyers has not impressed.

With both cheese and whey on the back foot, Class III futures took a big step backward this week. The February contract closed at \$19.37 per cwt., 81¢ in the red. Most Class IV contracts lost a nickel or so. February Class IV closed at \$20.60.

Grain Markets

March corn futures moved back and forth but finished steady with last Friday at \$4.8575 per bushel. March soybeans added another 20¢ and reached \$10.55. Soybean meal futures jumped \$6.60 to \$304 per ton. It’s drier than farmers would like in Argentina and southern Brazil, but there are rains on the way, and conditions in central Brazil are excellent. Competition for exports continues to heat up. On Thursday, Argentine President Milei announced a temporary cut to corn and soy export tariff rates beginning next week.





White House Releases Memo on California Water

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

On January 20, the White House released a Presidential Action memo on California water (see below). While the intent of the memo is pretty clear, there are no details about how these goals would be carried out. President Trump is visiting California today, and it is possible that more specifics will be forthcoming.

And now an update from [last week's article](#) on the pumping restrictions for the delta smelt. While the throttling back of water exports for the delta smelt was terminated after two days, the pumping restrictions continued because of regulations just adopted by the Biden administration to "protect" the longfin smelt. The longfin smelt, which is struggling in the delta, but very healthy in the colder climate of the Pacific Northwest and therefore in no danger of going extinct, was listed as endangered in July of 2024. Same water cutbacks; different species. The bottom line is more water will go to the ocean in a year that, at least for the part of the state south of Sacramento, is looking very dry.

Presidential Memo Released January 20, 2025

MEMORANDUM FOR THE SECRETARY OF COMMERCE, THE SECRETARY OF THE INTERIOR

SUBJECT: Putting People over Fish: Stopping Radical Environmentalism to Provide Water to Southern California

I hereby direct the Secretary of Commerce and Secretary of the Interior, in consultation with the heads of other departments and agencies of the United States as necessary, to immediately restart the work from my first Administration by the National Marine Fisheries Service, U.S. Fish and Wildlife Service, Bureau of Reclamation, and other agencies to route more water from the Sacramento-San Joaquin Delta to other parts of the state for use by the people there who desperately need a reliable water supply.

During my first term, the State of California, at the direction of its Governor, filed a lawsuit to stop my Administration from implementing improvements to California's water infrastructure. My Administration's plan would have allowed enormous amounts of water to flow from the snow melt and rainwater in rivers in Northern California to beneficial use in the Central Valley and Southern California. This catastrophic halt was allegedly in protection of the Delta smelt and other species of fish. Today, this enormous water supply flows wastefully into the Pacific Ocean.

The recent deadly and historically destructive wildfires in Southern California underscore why the State of California needs a reliable water supply and sound vegetation management practices in order to provide water desperately needed there, and why this plan must immediately be reimplemented.

Within 90 days of the date of this memorandum, the Secretary of Commerce and Secretary of the Interior shall report to me regarding the progress made in implementing the policies in this memorandum and provide any recommendations regarding future implementation.



CDQAP 2024: Year in Review

Courtesy of the [California Dairy Quality Assurance Program](#)

As the year closed out, California's dairy industry was managing HPAI and its ever-changing landscape. For both HPAI and other issues, CDQAP has been striving to provide industry with timely actionable information. Particularly for HPAI, a focus has been on disease status, treatment options, worker safety and educational resources available for producers. Here's the 2024 year in review.

Highly Pathogenic Avian Influenza – [HPAI-H5N1](#) or “Bird Flu” was first [confirmed](#) in California dairy cattle on August 30, 2024. As of January 7, a total of 718 herds had been identified as infected, with 618 remaining under quarantine and 100 herds having been released from it. Thus far the outbreak has remained in the Central Valley. The virus has also spread to commercial poultry with 61 flocks having completed or awaiting depopulation.

There have been 37 human cases of HPAI reported in California, all but one in dairy employees. All employee infections have included conjunctivitis (“pink eye”) and some have also included mild respiratory symptoms. All human cases in California have recovered uneventfully. CDQAP provided constant science-based information to national print and broadcast media regarding the safety of pasteurized dairy products.

Partnering with CMAB and UCCE, CDQAP provided weekly updates to processors and trade groups, in addition to half a dozen topic-focused webinars, including [visitor biosecurity](#), [outbreak management](#), [wild bird control](#), and [emergency funding](#), as well as ongoing research. Publications have addressed both worker safety and [treatment](#).

CDQAP continues to provide [newsletter articles](#) and industry alerts providing time-sensitive, actionable information during the outbreak. In between newsletters, CDQAP distributed advisories on [employee safety](#), [PPE](#), [mortality management](#), [cow treatment](#), [testing requirements](#), the Governor's [Emergency Proclamation](#), [in-person workshops](#), and collections of producer [resources](#).

Minimizing Fees Through Certification – Currently, 765 California dairies are certified through CDQAP's [third-party environmental stewardship evaluation program](#) and receive a 50% discount in water board fees. The program continues to provide on-farm evaluations year-round for interested producers.

Dairy PLUS Funding for Sustainable Facilities – CDQAP is part of the groundbreaking collaboration, [Dairy PLUS](#). Part of the USDA-NRCS Partnerships for Climate Smart Commodities grant, the federal-state-industry collaboration provides support for farm improvements which protect both air and water quality. This year, we saw the first round of proposal selections, and 14 projects were funded. Forty-nine applications for the second round of funding were received by CDFA by October 2024.

Continue reading [here](#).

**Dairy Risk Management Meetings with Marin Bozic
in Visalia, Bakersfield February 26-27**

Courtesy of [AgWest Farm Credit](#)



200 E. Cartmill Avenue, Tulare, CA 93274

Save the Date
Dairy Risk Management Meeting
with Marin Bozic

Feb. 26, 2025 - 4 p.m.

The Vintage Press

216 N Willis St, Visalia, CA

Feb. 27, 2025 - 10 a.m.

Luigi's Restaurant -

725 E 19th St, Bakersfield, CA

Invitation to follow

Ready to register now?

Scan the QR code to reserve your spot.

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USDA Reminds Livestock Producers of January 30 Disaster Assistance Application Deadline for 2024 Losses

Courtesy of [USDA Farm Service Agency](#)

Dairy Producers with Milk Loss Due to H5N1 are Eligible to Apply Before January 30, 2025, Deadline.

The U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA) reminds producers, including **dairy producers** impacted by H5N1, that the deadline to apply for financial assistance through the Emergency Assistance for Livestock, Honeybees and Farm-raised Fish Program (ELAP) is **January 30, 2025**, for losses due to specific adverse conditions that occurred in 2024.

Dairy H5N1 Eligibility

Dairy producers are reminded eligible adult dairy cattle under this new H5N1 provision of ELAP must be maintained for commercial milk production and be currently lactating. Assistance is available for up to 120 days after the sample collection date for the positive H5N1 test. Producers submitting an application for assistance under this provision, if their 120-day impact period starts in 2024 and extends into 2025, will need to submit a notice of loss and application for payment by January 30, 2025, for the days impacted in 2024, and then submit a notice of loss and application for payment for the remainder of the 120 days that occur in 2025.

For more ELAP information, visit [ELAP for H5N1-impacted dairies](#).

Rollins Discusses USDA Goals During Senate Hearing

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

Following the inauguration Monday of President Trump, the focus on Capitol Hill shifted to the consideration and approval of the president's cabinet nominees. Former Senator Marco Rubio is now officially the Secretary of State, and other nominations are moving at varying degrees of speed through the advice and consent process.

Agriculture Secretary nominee Brooke Rollins received a Senate Agriculture Committee hearing on Thursday, where she discussed her worldview on America's farmers and food supply. The Texas native pledged to support farmers economically, including in the event of a trade war that imposes new barriers to U.S. farm exports. During the first Trump administration, former secretary Sonny Perdue helped channel \$23 billion to farmers through the Market Facilitation Program that was created using USDA's Commodity Credit Corporation. In response to a query about the farm labor supply, Rollins said she would work with ag groups to "reform and perhaps modernize" the H-2A visa program, which is overseen by the Labor Department.

I expect Rollins will receive a vote in the committee shortly, followed by full Senate confirmation. The vetting process will then turn its attention to the nominee for the Department of Health and Human Services, Robert Kennedy Jr.

