

MPC WEEKLY FRIDAY REPORT

DATE: FEBRUARY 16, 2024
 TO: DIRECTORS & MEMBERS
 FROM: KEVIN ABERNATHY, GENERAL MANAGER
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MPC FRIDAY MARKET UPDATE

CHICAGO CHEDDAR CHEESE		CHICAGO AA BUTTER		NON-FAT DRY MILK	
Blocks	-\$.0900 \$1.4800	WEEKLY CHANGE	+\$.0600 \$2.7500	WEEK ENDING 02/10/24	
Barrels	+\$.0300 \$1.6075	WEEKLY AVERAGE	-\$.0200 \$2.7240	NAT'L PLANTS \$1.2246 16,084,383	
WEEKLY AVERAGE CHEDDAR CHEESE		DRY WHEY		LAST WEEK ENDING 02/03/24	
Blocks	-\$.0790 \$1.5315	DAIRY MARKET NEWS	W/E 02/16/24 \$.4850	NAT'L PLANTS \$1.2115 15,075,775	
Barrels	+\$.0095 \$1.5865	NATIONAL PLANTS	W/E 02/10/24 \$.4498		

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
FEB 16 EST	No Change	\$20.53	\$16.17	\$19.91
LAST WEEK	\$19.59 - \$20.09	\$20.55	\$16.13	\$20.05

JANUARY 2024 CA FMMO STATISTICAL UNIFORM PRICE ANNOUNCEMENT

JAN '24 FINAL	CLASS I	CLASS II	CLASS III	CLASS IV	STATISTICAL UNIFORM PRICE (BLENDED PRICE)	NET PRICE AFTER QUOTA ASSESSMENT*
MINIMUM CLASS PRICE	\$20.08 TULARE \$20.58 L.A.	\$20.04	\$15.17	\$19.39	\$16.31 TULARE \$16.81 L.A.	\$15.962 TULARE \$16.462 L.A.
PERCENT POOLED MILK	20.1%	4.7%	72.6%	2.5%	100% (2.07 BILLION LBS. POOLED)	

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



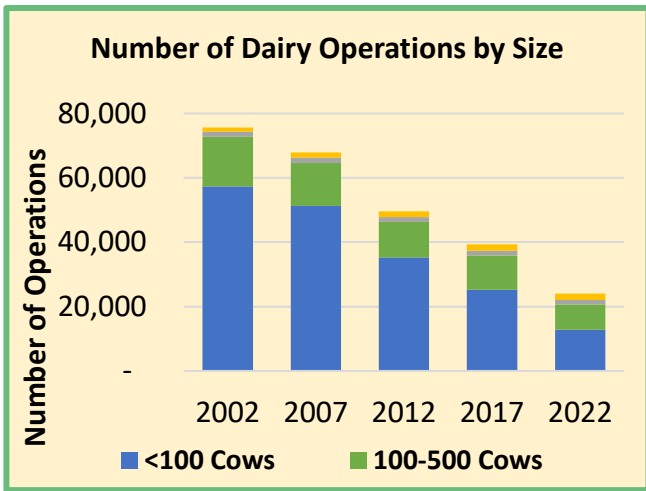
Milk, Dairy and Grain Market Commentary

By Monica Ganley, Quarterra

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Milk & Dairy Markets

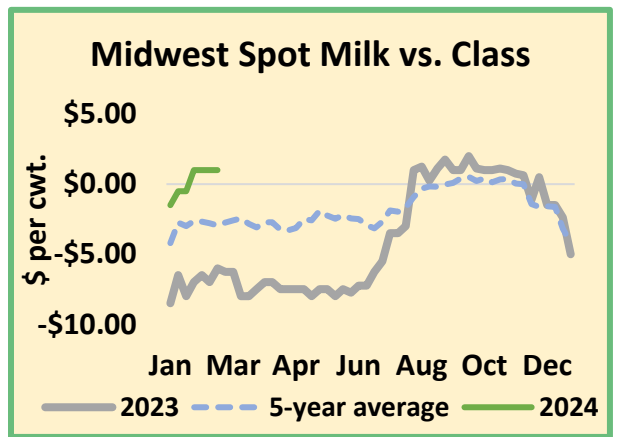
USDA released its 2022 Census of Agriculture earlier this week, providing the latest installment of the once-every-five-year report on the state of agriculture in the country. Unsurprisingly the report showed that farm numbers have fallen while expenses have risen, and the average American



farmer has aged. But the report provided some encouraging information, as well. Total farm income rose by 39.8% compared to five years ago, while average farm income increased by 50.2%. Furthermore, agricultural producers have seen their most critical assets appreciate significantly with the value of land and buildings coming in at an average of \$1.782 million dollars per farm, up 35.8% versus 2017.

On the dairy side of things, the report illustrated an industry that continued to consolidate. According to the census, there were 24,082 farms with off-farm milk

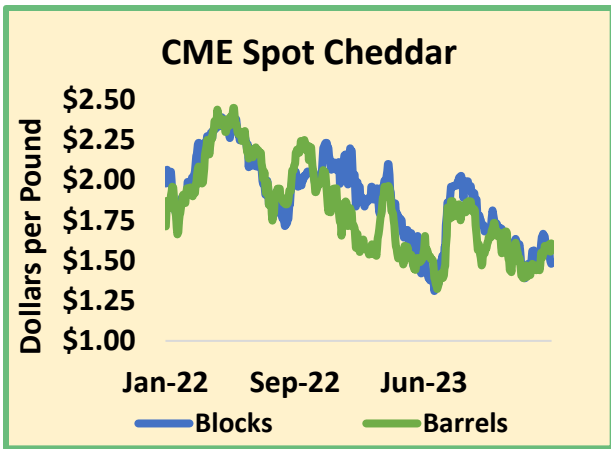
sales in 2022, down 38.7% from 39,303 in 2017. Farms have gotten larger and per the census, an estimated 65% of U.S. dairy cows are now found on operations with more than 1,000 head. This is 10% more than in 2017. 834 farms had more than 2,500 head as of the 2022 census, an increase of 16.8% compared to the last count. In turn, fewer dairy cattle also live on smaller farms. According to the census, 6.5% of cows were found on operations with less than 100 head in 2022, down from 12.7% in 2017.



With spring around the corner, milk production is steady to modestly higher in most parts of the country. Winter weather conditions have been mild in recent weeks and are helping to support seasonal growth in milk volumes, especially in the West. However, numerous market stakeholders indicate that output is down compared to last year given the exits and reductions that producers have made over the last 12 months. In the Central region, Dairy Market News writes, ‘overall milk availability is much lighter than it was at this time in 2023. This week’s reported spot milk price range was Class III to \$1 over. Last year, during week seven, spot milk prices ranged from \$10 to \$2 under Class. Bottler demand has been steady but with a short week ahead and spring vacations on the horizon, manufacturers are preparing to pick up the slack.

Lighter milk supplies have been felt by cheesemakers that have expressed their desire to increase processing to build inventories ahead of the spring holidays. A lack of spot milk supplies is being compounded by labor issues among some plants which have led to slower production schedules. Retail demand is mixed across the country as some regions report better performance than others. Meanwhile, foodservice demand is starting to show signs of life.

But if the market has begun to tighten up, the spot Cheddar block market refused to acknowledge it as prices eroded during the second half of the week. A brief 1.5¢ uptick on Monday was canceled out by losses on Wednesday, Thursday, and Friday. Blocks finished the week at \$1.48/lb., down 9¢ from last Friday as 16 loads traded hands. Meanwhile barrels marched steadily upward, notching a new high for

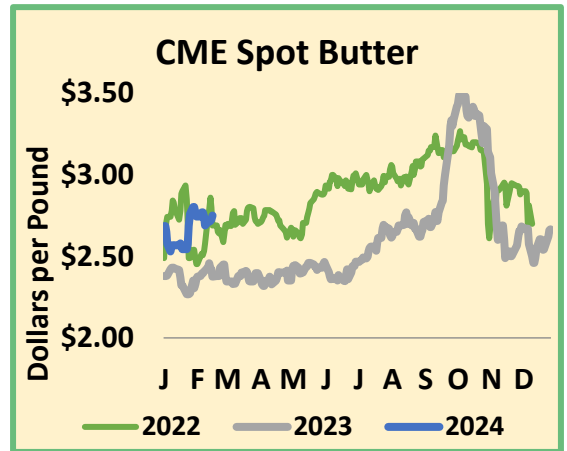


the year at \$1.6075/lb. This is 3¢ higher than last Friday's close while eight loads moved. This week's dynamics in the cheese market have pulled the inverted block barrel spread to 12.75¢, the largest gap since June 2023.

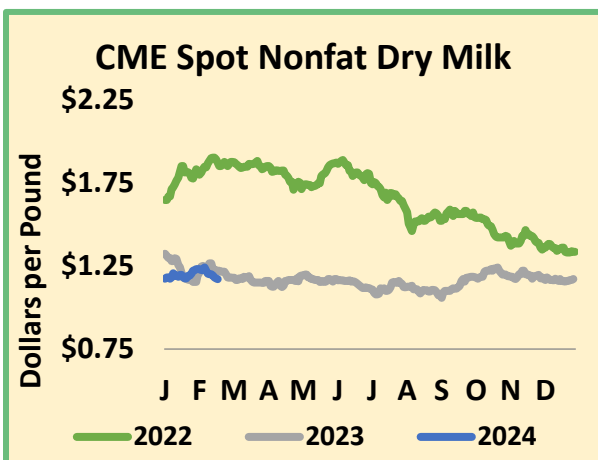
After weeks of protagonist tendencies, the whey market was remarkably subdued over the last few days. The CME spot dry whey market sat unchanged for the first half of the week before adding a penny on Thursday and immediately wiping it away on Friday as the week's only load changed hands. The end result was that the market

finished Friday's trade unchanged at 53¢ per pound. Slower than desired cheese production has reduced the whey stream and tightened up the whey market at the edges. Product remains available, and higher protein products continue to capture a meaningful share of the raw whey stream, but there is certainly some additional tension in the market.

The Class IV markets moved in opposite directions this week as the butter market gained ground while nonfat dry milk (NDM) gave up terrain. Across the country, cream is available and butter churns are maintaining active schedules. Even so, inventories are not excessive, and demand remains upbeat. After retreating from the highs seen during the final days of January, the spot butter market found traction this week.



Except for taking a breather on Tuesday, the market moved continuously upward during the other days and ended Friday's session at \$2.75/lb., up 6¢ from the prior week.



On the other hand, NDM markets skidded downward. After remaining unchanged on Monday, the spot market lost value every other day of the week with the price falling to \$1.17/lb. when the dust settled. This represents a 3¢ decline compared to last Friday but keeps the NDM market soundly in the range that it has occupied in recent months. 16 loads of powder traded hands over the course of the week. Milk powder production is steady, but demand has been quiet, especially from key export customers in the Mexican market.

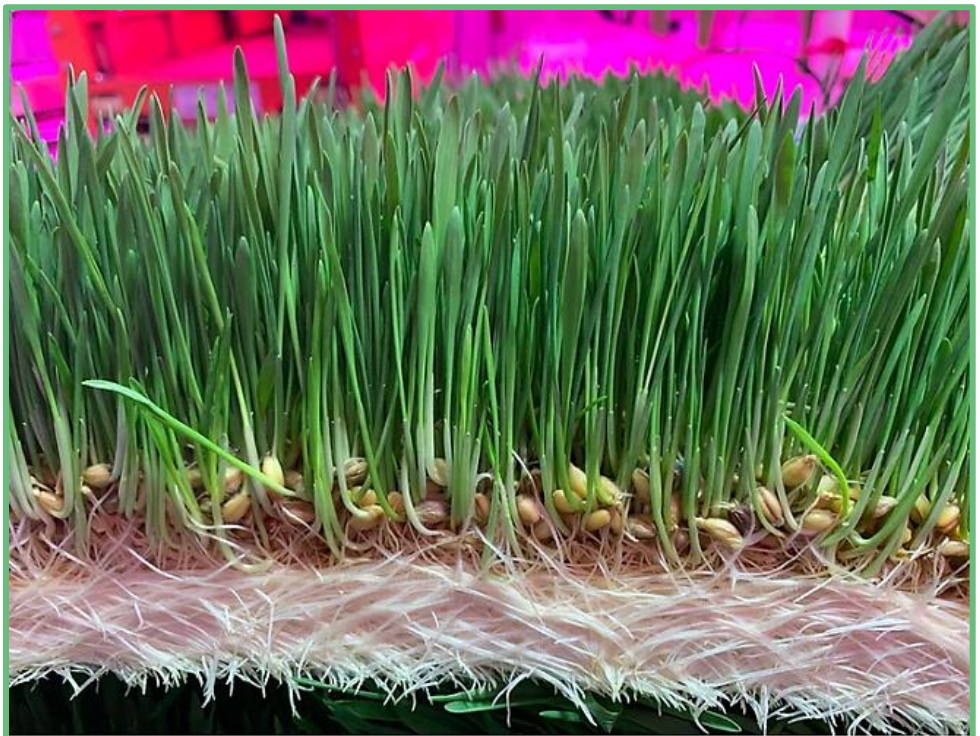
Grain Markets

The grain markets continued to move downward this week as agricultural economists and stakeholders gathered at USDA's annual Outlook Forum. Plentiful supply expectations and healthy inventory levels pushed the grain markets further downward which will be welcome news for dairy producers seeking additional feed cost relief. On Friday, MAR23 corn settled at \$4.165/bu., down 14¢ from Monday while MAR23 soybean meal took a more modest dip to \$345.60/ton.

New Planet-Smart Feeds Coming Soon to California Dairies

Courtesy of [Dairy Cares](#)

Animal nutrition is a major driver in dairy sustainability and a key factor in how California dairies have [already significantly reduced](#) their environmental footprint. As groundwater sustainability policies are implemented, dairy farmers are looking for new ways to grow highly nutritious feed using even less water and land. Through partnerships with tech companies, new ‘super plants’ (farmed by robots) are making their way onto California dairies, and into the mouths of cows and heifers. These new farming models offer tremendous potential to save water, curb greenhouse gas emissions, improve protection of water quality, reduce the need for diesel, and more.



Automated sprouted grains or ASG's grow in five days, using 95 percent less water than the field crops they replace. ASG's are highly nutritious and digestible for cows, providing feed efficiency benefits.

Automated Indoor-Growing Feed Mills

Forever Feed Technologies, based in Hanford, CA and American Fork, UT, secured a [multimillion-dollar investment](#) in 2023 from dairy and agriculture leaders. The company is gearing up to develop large, environmentally controlled, on-farm buildings or “feed mills” to produce sprouted grains that are harvested and fed fresh daily. Located on or near dairy farms, these buildings will be filled with automated growing trays, stacked vertically, where a high-quality wheat crop will grow in just five days.

Preparing for drought and increased water scarcity, California dairy farmer, Jack de Jong was searching for alternative ways to grow high-quality feed when he came across this model in 2018. A subsidiary of a cosmetic company, Grōv Technologies, had built an indoor growing system that was providing feed to dairy and beef operations in Utah, using about 95 percent less water than traditional field crops. After visiting with the farmers and their nutritionists, de Jong knew there were huge benefits to be gained, not just for the environment, but also for cows. When the parent company discontinued Grōv, de Jong teamed up with the former president, Steve Lindsley to co-found, Forever Feed Technologies and start developing the next version of the system. The first Forever Feed Technologies mill in California is expected to be operational in the fourth quarter of 2024 on de Jong’s dairy in Hanford.

Continue reading [here](#).

High Plains Dairy Conference March 5-6 in Amarillo, Texas

Courtesy of [High Plains Dairy Conference](#)

The High Plains Dairy Conference (HPDC) will be held in Amarillo, Texas March 5-7, 2024, followed by a Middle Managers workshop on March 7. The main HPDC conference commences on Tuesday afternoon, with dynamic panels examining the global dairy industry and the future market outlook. Given current economic challenges of the conventional dairy model we will explore alternative revenue streams; the future of exports, the possibilities of moving dairy beyond the commodity isle, cashing in and expanding opportunities with beef on dairy, and monetizing carbon and nutrients at the back end of the dairy.

On Thursday, March 7 the Middle Managers Workshop will be presented in Spanish and English. This 5-hour workshop focuses specifically on front-line supervisors and the challenges they face advancing from managing cows to managing people, and deals with topics such as effective communication, effective training and education, team building synergies, conflict resolution, scheduling, and more.

See the entire agenda and register [here](#).

House Agriculture Committee Hearing Reveals Farm Bill Fault Lines; Doud Meets with Thompson

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

The House Agriculture Committee heard testimony on Wednesday from Agriculture Secretary Tom Vilsack about a range of issues, mostly concerning how farmers are faring and what policies could help them the most. While the hearing was officially focused on the state of the farm economy, members in both parties voiced their disagreements over how to meet the various requests for new funding in the upcoming farm bill.

Republicans, led by Ag Committee Chairman Glenn ‘GT’ Thompson, R-PA, defended their proposal to meet farm bill budgetary needs by reallocating the Inflation Reduction Act’s (IRA) funding to increase the conservation baseline and meet other funding needs; modifying how USDA may make future updates to the Thrifty Food Plan to determine Supplemental Nutrition Assistance Program (SNAP) benefits; and tightening how USDA may use Commodity Credit Corporation (CCC) funding.

Democrats, led by Ranking Member David Scott, D-GA, voiced their opposition to the first two components of this plan, arguing that the IRA dollars should not be moved out of conservation programs and that no changes should be made to future SNAP benefit calculations. It is unclear for now if a compromise may ultimately be reached on the third component regarding CCC.

Following this hearing, I had the opportunity to meet personally with Chairman Thompson yesterday. He remains committed to advancing a farm bill this spring and is actively working with members in both parties. I made clear that we stand ready to work with him to get the job done this year.

California Dairy Sustainability Summit March 26 in Davis

Courtesy of [Dairy Cares](#)

The fourth [California Dairy Sustainability Summit](#) will be held as a one-day event on **March 26, 2024, at the UC Davis Conference Center**. The Summit brings together the dairy community, along with policymakers, regulators, researchers, supply chain partners, and other stakeholders to discuss the sustainability of California's family dairy farms. [Conference registration is now open](#). For those unable to come in person, [virtual registration](#) is complimentary for all dairy farmers using the code DAIRYFARMER. Virtual registration is also complimentary for all students (code DFASStudent), courtesy of Dairy Farmers of America.



The banner features a green header with the event title and date. Below is a large green button with the text 'Register Today!'. The central image shows a black and white cow in the foreground, with other cows and solar panels in the background. The footer contains logos for the event's hosts: Dairy Cares, California Dairy Quality Assurance Program, California Dairy Research Foundation, Dairy Council of California, and Real California Milk.

California Dairy Sustainability Summit | March 26, 2024
UC Davis Conference Center

Register Today!

Hosted by:

DAIRY CARES | **CALIFORNIA DAIRY Quality Assurance PROGRAM** | **CALIFORNIA DAIRY RESEARCH FOUNDATION** | **Dairy Council of California** | **REAL CALIFORNIA MILK** | **LOOK FOR THE SEAL.**