

# MPC WEEKLY FRIDAY REPORT

DATE: MARCH 24, 2023  
 TO: DIRECTORS & MEMBERS  
 FROM: KEVIN ABERNATHY, GENERAL MANAGER  
 PAGES: 7



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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	+ \$.1025	\$2.1000	WEEKLY CHANGE	-\$ .0550	\$2.3450
Barrels	+ \$.0025	\$1.9625	WEEKLY AVERAGE	-\$ .0100	\$2.3780
<b>WEEKLY AVERAGE CHEDDAR CHEESE</b>		<b>DRY WHEY</b>		<b>WEEK ENDING 03/18/22</b>	
Blocks	+ \$.1000	\$2.0290	DAIRY MARKET NEWS	W/E 03/24/23	\$ .4425
Barrels	+ \$.0795	\$1.9535	NATIONAL PLANTS	W/E 03/18/22	\$ .4195
				<b>LAST WEEK ENDING 03/11/22</b>	
				NAT'L PLANTS \$1.2249 20,087,753	
				NAT'L PLANTS \$1.2146 19,980,241	

## 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 24 EST	\$20.59 - \$21.09	\$19.51	\$18.10	\$18.42
LAST WEEK	\$20.59 - \$21.09	\$19.48	\$18.07	\$18.39



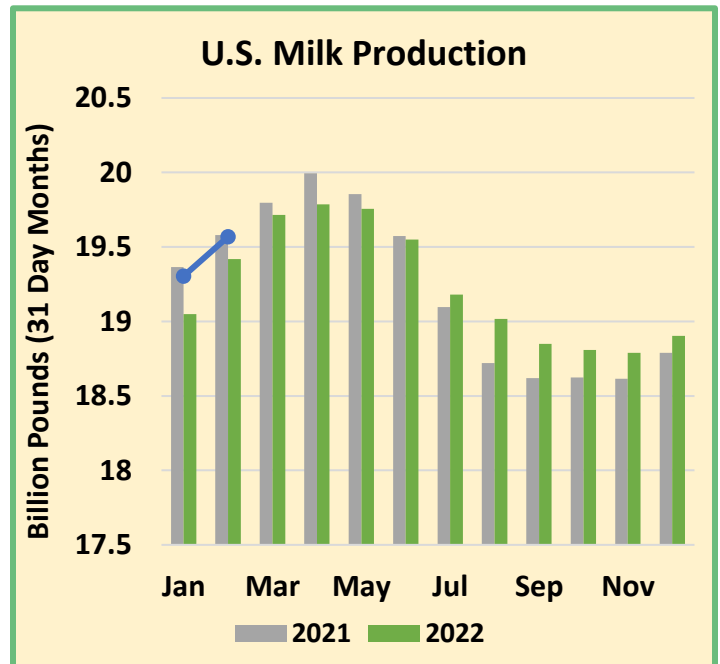
### Milk, Dairy and Grain Market Commentary

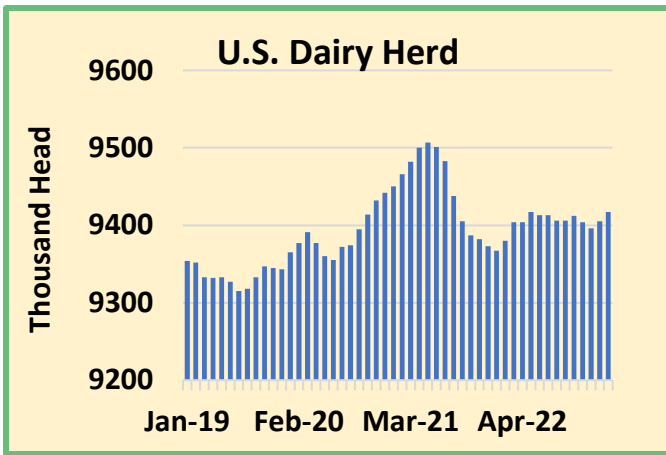
By Monica Ganley, Quatterra

[Monica.Ganley@QuatterraGlobal.com](mailto:Monica.Ganley@QuatterraGlobal.com)

#### Milk & Dairy Markets

Despite significant challenges, milk production continues to grow in the United States. USDA published its monthly *Milk Production* report on Monday, indicating that national output rose to 17.675 billion pounds in February, an increase of 0.8% versus the same month last year. Production growth was concentrated in the center of the country while output in most of the Western states struggled. Even though margins are being pressured and slaughter numbers remain elevated, expansion of the milking herd contributed to the increase. At 9.417 million cows, the national herd grew by 12,000 head compared to January and was 37,000 head larger than at the same time last year.

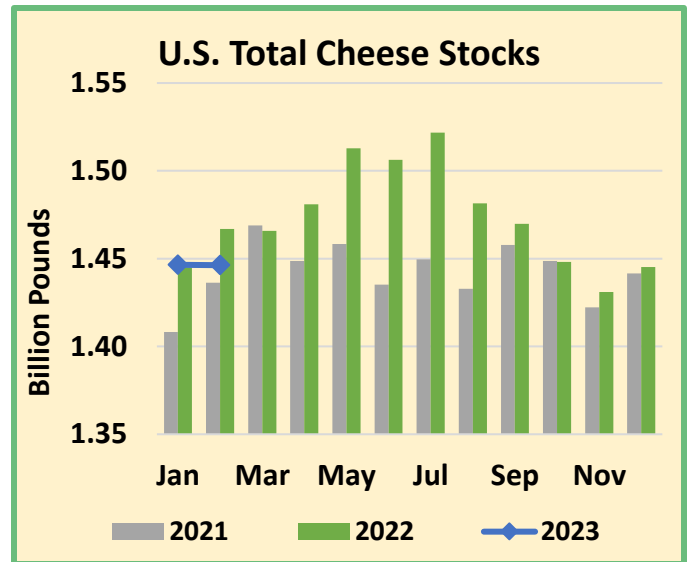




Unrelenting rains continued to saturate parts of California over the past week, forcing some producers to evacuate their herds. The risk for future flooding remains high as critical infrastructure is under significant pressure. Furthermore, snowpack levels are more than twice the normal level. Should this snowpack melt at an accelerated rate, it could place additional pressure on California’s water management systems. In other parts of the country milk production is nearing seasonal peak levels. In the Northeast, milder conditions in the run up to

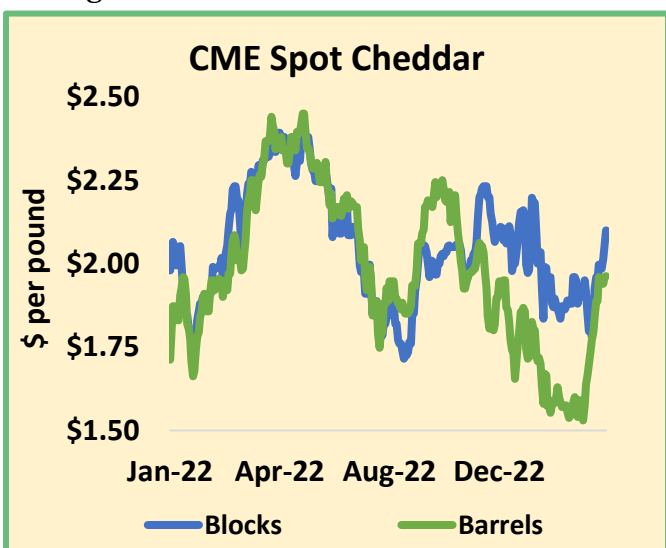
spring have helped to bolster output while Dairy Market News reports that “flush levels of milk are expected within the next three weeks”.

Milk remains plentiful and spot loads of milk continue to be available at a significant discount. As a result, Class III and IV manufacturers are working hard to process additional loads. However, at least through the end of February, this additional production did not translate into excessive inventories, especially in the case of cheese. According to the USDA’s *Cold Storage* report, released Thursday afternoon, cheese stocks at the end of February totaled 1.446 billion pounds, virtually unchanged from the prior month. This suggests that even though cheese vats were active during the month, demand improved enough to prevent stock hangover.



Much of the demand likely came from the international market and probably reflects exports that were booked when the U.S. boasted a significant price advantage compared to international alternatives – an edge which has now diminished. The domestic demand picture is more mixed and includes

supermarket data which suggests that retail cheese demand has been stable. Nevertheless, increased tension between supply and demand this week was sufficient to drive spot Cheddar prices upward at the CME. Following modest declines on Monday and Tuesday, Block prices moved markedly higher the balance of the week, breaking through the \$2/lb. threshold for the first time since January. Ultimately the Cheddar block price ended the week at \$2.10/lb., 10.25¢ higher than last Friday. The Cheddar block rally has been impressive, adding 32¢ in just 11 trading sessions. Barrel prices made more modest gains over the week. Spot Cheddar barrels ended the



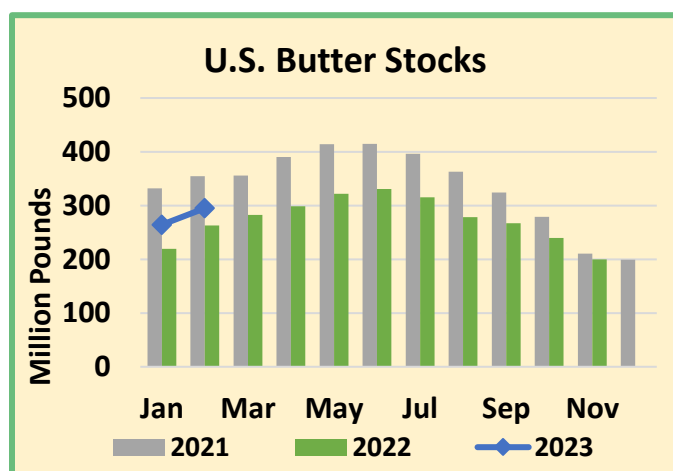
week at \$1.9625/lb. a quarter cent higher than last Friday with 19 loads changing hands. After narrowing to as little as 3.25¢ on Wednesday, price dynamics have now pulled the block-barrel spread back to 13.75¢.

Activity in the whey market has been more subdued. Spot dry whey gave up 1.5¢ over the week as an increase during today's trade was insufficient to erase losses on Monday and Thursday. Spot dry whey closed the week at 44.5¢ per pound as 5 loads traded hands. Market participants report that prices for higher protein products such as whey protein concentrates (WPC) are falling, pushing whey manufacturers to favor the production of dry whey. China remained an important destination for whey products from the U.S. and other suppliers. Between January and February, China imported a cumulative 250 million pounds of whey products. This represents an increase of 61.4% compared to last year but falls 10% short of the 2021 figure. The U.S. was the top supplier, boasting a 49.5% share.

Chinese imports of milk powder were significantly weaker, however. Part of the decline is likely due to shifting trade and tariff rules. Even so, Chinese imports of whole milk powder in January and February tumbled by 68.2% to 210.2 million pounds. Skim milk powder imports fared better, slipping by just 2.1% to 164.7 million pounds with U.S. suppliers claiming 8.1% share.

Closer to home, the spot price for nonfat dry milk (NDM) came under pressure this week. The market declined on Monday, Tuesday, and Wednesday before coming to rest at \$1.15/lb., the lowest price in two years. Activity was muted with only three loads changing hands. Dryers are also keeping busy thanks to ample milk supplies and market participants report that volumes are readily available. Less expensive WPC34 has also reduced NDM demand in some cases.

Cream supplies remain plentiful although there is increasing evidence that the market is beginning to tighten somewhat. Multiples are starting to climb as demand perks up. Manufacturers report that spring holiday orders persist while increased pull from ice cream and Class II manufacturers is also keeping some tension in the cream markets. Nevertheless, supplies remain ample and butter inventories have been building. At the end of February butter stocks totaled 295 million pounds, up 11.6% or 30.7 million pounds compared to prior month. Butter inventories also remain 12.2% larger than at the same time last year. Healthy stocks may have put some pressure on the spot butter market this week. After adding a penny on Monday, butter prices declined over the rest of the week, falling to \$2.345/lb. a decline of 5.5¢ compared to last Friday.



### Grain Markets

Nearby corn futures appreciated over the course of the week. The MAY23 contract settled on Friday at \$6.43/bu., up a dime from Monday's settlement while the remaining 2023 contracts saw more modest gains. Soybeans experienced the opposite trajectory, with prices softening during the week. The MAY23 soybean meal contract settled on Friday at \$445.10/ton, \$17.60 lower than Monday's settlement.

## Flood Damage, Loss Reporting in Kings, Tulare, Kern Counties

By Kevin Abernathy, General Manager

[Kevin@MilkProducers.org](mailto:Kevin@MilkProducers.org)

It's been a stressful, agonizing week for many of our dairy families in the Tulare Lake Basin and by no means are we out of the woods yet. I've described it as a triage situation, with producers having to quickly decide how to best protect their families, employees, neighbors, animals, homes and crops.

The last thing anyone wants to think about now is completing paperwork or making phone calls to agencies; however, these steps will be necessary for producers to get the support and relief our industry needs in the long run. If your facility has been impacted by flooding, I recommend you get in contact with your environmental compliance consultant so they can notify the appropriate regulatory agencies.

When you can find a moment – which I know for many of you doesn't seem possible or foreseeable – take some time to report your flood damages and monetary losses to your county **Ag Commissioner** and/or **Office of Emergency Services**. This information from the local level is needed to activate FEMA aid and other resources. You may also need to contact your local **FSA office** and **insurance agent** regarding your losses. We've compiled contact information for various agencies below and if you have any questions please feel free to reach me directly at 209-678-0666. If you email information about flood damages and losses to your county, please copy me on the email at [Kevin@MilkProducers.org](mailto:Kevin@MilkProducers.org) and MPC will keep track of losses incurred by our members.



## Flood Damage & Loss Reporting Contacts

### Kings County

- Call Center for Livestock Operations: **559-852-2010**
- Property Damage Report Form: Click [here](#)

### Tulare County

- Flood Hotline: **559-802-9791**
- Property Damage Report Form: Click [here](#)
- Ag Commissioner Crop/Livestock Damage Estimates Form: Click [here](#)
- Property Tax Relief Information: Click [here](#)

### Kern County

- Ag Commissioner: **661-868-6300**
- Report of Loss Form: Click [here](#)

## CDQAP Update: Flood Resources; UC Davis AMMP & Healthy Soils Field Day

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

### Responding and Recovering From a Flood Event

By Dr. Michael Payne, UC Davis, School of Veterinary Medicine; Director, CDQAP

The current storm systems have caused historic flooding throughout the state, resulting in forced evacuation of dairies, property damage and significant feed losses. Here are some resources related to responding to and recovering from flooding.



### County & State Aid

While California mobilizes a [state-wide response](#), so do local agencies. During declared emergencies, aside from the universal 911 call, request for emergency aid typically starts at county level, through the county [Office of Emergency Services](#). Many counties have activated their operations centers. Phone hot-lines have been set up for Tulare County (559-802-9791) and for Kings County (559- 852-2010). These numbers can be used to request evacuation assistance or emergency work on roads, waterways, or levees.

### CDFA

Field staff in Fresno, Tulare, Kings, and Stanislaus counties have been working with dairies to assist with animal evacuation needs. A list of CDFA animal health field offices by county can be found [here](#). CDFA has also opened 11 fairgrounds as shelter and staging areas. For producers who have been forced to evacuate, an expedited equipment inspection will be needed to open a mothballed facility or repopulate the home dairy. Producers should either contact their county [milk inspection service](#) or their [regional milk inspection office](#). CDFA has developed a comprehensive [Flood Recovery Resources](#) page.

### USDA

Following major disasters, state and federal governments offer disaster relief grants or low-interest loans. In particular USDA's Farm Services Agency offers a variety of disaster relief programs; a comparison chart can be found [here](#). Producers can inquire about funding availability at their [local FSA service center](#). The USDA programs that are most applicable include:

*Continue reading about Flood Resources [here](#).*

### UC Davis Alternative Manure Management & Healthy Soils Project Field Day March 30 | 9 am to Noon | Hilmar

Learn about pelletized manure compost products that provide dairy farmers with an innovative way to export nutrients off the farm while generating revenue. Learn about the value of these products for improving soil health and reducing amendment application costs.

*Learn more on the last page of this report and register [here](#).*

## AgriTalk Podcast: Kevin Abernathy Discusses California Flooding

Courtesy of [AgriTalk](#)



MPC General Manager Kevin Abernathy was a guest on the March 23 edition of AgriTalk, where he discussed the flooding crisis in the southern San Joaquin Valley and how dairy farmers are working to survive. Listen to the episode [here](#).

## California Flooding Video

Courtesy of [Juan Browne](#)

### Note from Geoff Vanden Heuvel, *Director of Economic and Regulatory Affairs*

I came across this video on YouTube, which provides a great tutorial about the Tulare Lake Bed and the rivers that feed it. I highly recommend watching it if you're interested in an overview of the dams on each river and the recent flows they are experiencing. It's very well done. You can watch it [here](#).



**CONTINUE READING ON THE NEXT PAGE**



## UC DAVIS Alternative Manure Management & Healthy Soils Project Field Day

# JOIN US

@California Dairy Farms in Hilmar, CA  
**Register to receive the address**

2023  
March 30  
9 AM–12 PM  
Scan QR  
Code to RSVP



Come learn about pelletized manure compost products that provide Dairy farmers with an innovative way to export nutrients off the farm while generating revenue. Learn about the value of these products for improving soil health, reducing amendment application costs.

**Use QR Code or link to register. Registrants will be emailed event address. Late registrants may contact Hossein Edalati for info (Cell. 530-220-2489, text preferred).**



RSVP to register and for up-to-date information:

<https://bit.ly/UCDFD4-Registration>

