

MPC WEEKLY FRIDAY REPORT

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 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	-\$1.1275	\$2.1100	WEEKLY CHANGE	-\$0.2400	\$2.7325
Barrels	-\$0.2925	\$2.2975	WEEKLY AVERAGE	-\$0.1760	\$2.8445
WEEKLY AVERAGE CHEDDAR CHEESE		DRY WHEY		WEEK ENDING 09/21/24	
Blocks	-\$0.1030	\$2.1640	DAIRY MARKET NEWS	W/E 09/27/24	\$0.5600
Barrels	-\$0.1235	\$2.4520	NATIONAL PLANTS	W/E 09/21/24	\$0.5296
				LAST WEEK ENDING 09/14/24	
				NAT'L PLANTS	\$1.2965 15,462,303
				NAT'L PLANTS	\$1.2817 18,981,860

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
SEPT 26 EST	No Change	\$22.41	\$23.30	No Change
LAST WEEK	\$23.20 - \$23.70	\$22.36	\$23.32	\$22.30



Milk, Dairy and Grain Market Commentary

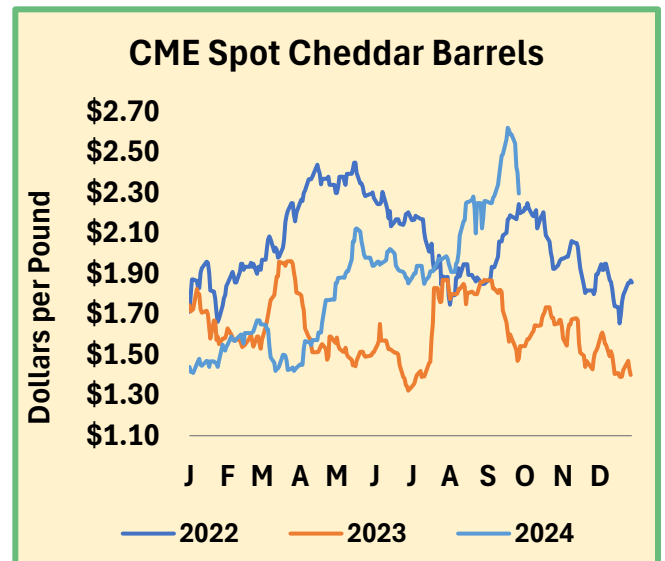
By Monica Ganley, Quarterra

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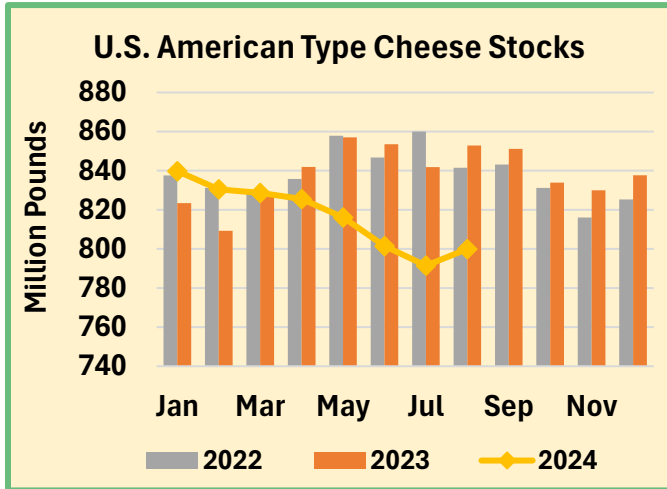
Milk & Dairy Markets

After the fireworks of last week, the cheese markets have spent the past few days coming back to earth. Barrels distanced themselves from the all-time high notched on Wednesday of last week, giving up 29.25¢ since last Friday to end the week at \$2.2975/lb. Blocks also moved downward, albeit more modestly, finishing today's session at \$2.11/lb., down 12.75¢ from a week ago. Despite the declines, the block-barrel spread remains inverted, but has narrowed to 18.75¢.

Despite the downward price movement, activity in the market was muted as only eight loads of blocks and no loads of barrels exchanged hands over the course of the week. Cheese is not exactly scarce, but relatively tight milk supplies and the decision of some plants to take



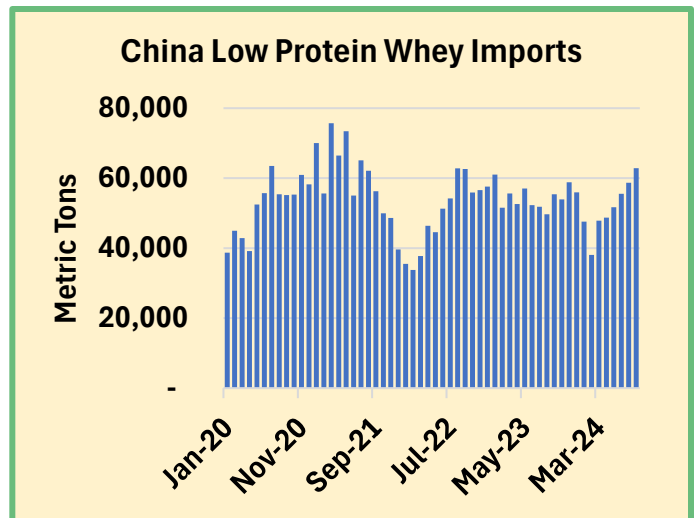
downtime is keeping tension in the market. At the end of August there were 1.4 billion pounds of cheese in storage, 0.2% less than at the end of July. It is common that cheese stocks dip between July and August as milk volumes begin to wane, but the 3.105-million-pound decline was far less than the five-year average loss of 13.693 million pounds. Even so, cheese inventories have been whittled down over the last six months, in sharp contrast to the standard seasonal trend and were 6.4% lighter at the end of August than at the same time last year.



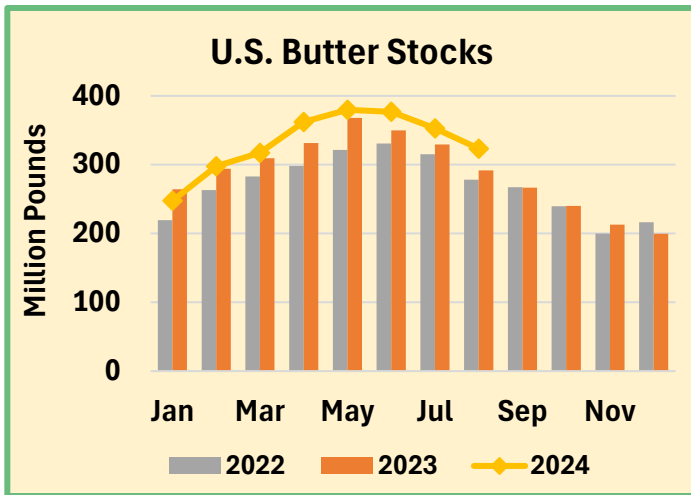
Curiously, even though Cheddar production has lagged over the summer and recent price strength suggest tightness in the market, inventories of American style cheeses ticked modestly upward in August. Stocks rose to 799.925 million pounds at the end of the month, up 1.1% versus the July figure but still down 6.2% compared to prior year. Meanwhile stocks of other styles of cheese, which is largely made up of Italian varieties, fell 2% compared to prior month and are down 6.8% year over year. Export demand for cheese remains robust though higher prices could dampen the enthusiasm of international

buyers. Domestic demand is getting a boost from meal deals in the fast food and quick service restaurant segment as chains battle to get consumers back in the door.

As cheese production presses ahead, there is ample whey available for processing. However, a sustained preference among manufacturers for the production of higher protein products such as whey protein isolate is limiting the availability of dry whey. While supplies are relatively fixed, demand has been robust, especially from the export sector. Chinese dry whey demand has risen dramatically recently as recovery in the country’s pork sector has increased the need for whey products that are typically incorporated into piglet feed. Low protein whey imports into China from all suppliers jumped to 62,855 metric tons (MT) in August, up 26.5% from the same month last year. At the CME, dry whey prices remained supported over the week, rising a penny to 59.75¢ per pound as seven loads traded hands.



Even as peak holiday and baking season loom on the horizon, spot prices for butter moved emphatically downward at the CME this week. The price dipped to \$2.7325/lb. on Friday, the lowest price since February and a 24¢ decline compared to last Friday. Activity was upbeat with 38 loads trading hands over the course of the week, including 18 on Friday alone. The price decline suggests that manufacturers and retailers feel comfortable with current inventory levels and confident that they will be able to meet their commercial commitments through the final quarter of the year. At the end of August, butter



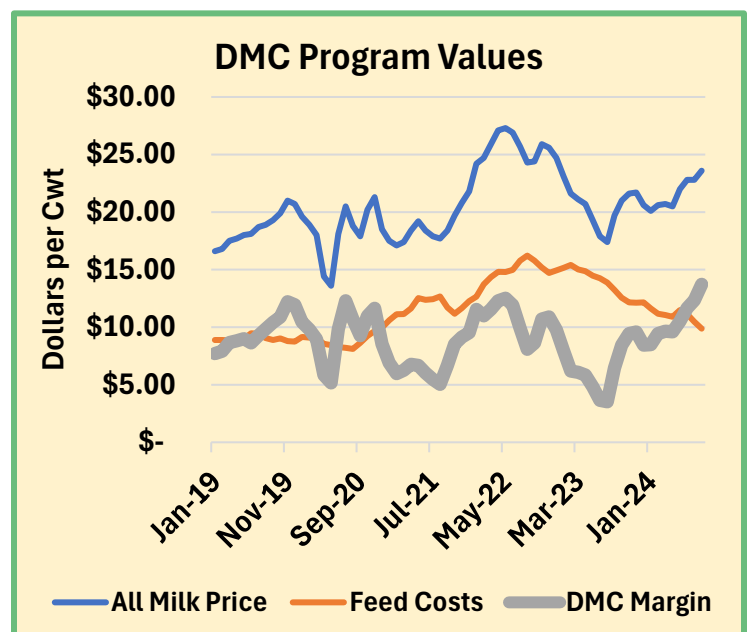
inventories totaled 323.284 million pounds. Although this is 8.4% less than prior month, in line with typical seasonal trends, stocks were 10.8% larger than at the same time last year. While overall milk production remains tight, butterfat tests in milk have been particularly strong and have boosted cream availability and butter production in recent months. Market participants comment that cream supplies remain available and that multiples have declined as a result.

On the other side of the Class IV complex, nonfat dry milk (NDM) has not experienced the same production benefit and milk powder output remains tight. Demand from international sources has improved with Mexico stepping back into the picture to procure powder for cheese vat fortification as well as to supplement ailing domestic milk production. In addition, buyers in Southeast Asia and the Middle East have also been active, providing a boost to suppliers in the U.S. and around the world. Despite constrained supply, improving demand, and rising international prices, the spot market finished the week at \$1.3575/lb., a decrease of 2.25¢ from last Friday as 35 loads were traded.

The market for spot milk remains unsettled but seems to have eased considerably in recent weeks. Last week's Milk Production report showed that output continued to trail prior year on a liquid basis. However, the year over year decline has narrowed and, combined with persistently strong component values, manufacturers are having less trouble locating milk and cream to meet their processing needs. Class I demand remains steady. While U.S. production seems to be moving in the right direction, European milk production has come under pressure from bluetongue disease, which is spreading across the continent. Meanwhile New Zealand production increased substantively in August though it remains early in their production cycle.

Grain Markets

According to the values included in today's Agricultural Prices report released by USDA, the average feed costs calculated by the Dairy Margin Coverage (DMC) program dipped to \$9.88/cwt. in August. This is a 59¢ decline from last month and represents the first time since 2020 that feed costs have dipped below \$10/cwt. Combined with an 80¢ increase in the All-Milk price, which rose to \$23.60/cwt., the margin calculated by the DMC program stretched to \$13.72/cwt., the strongest value recorded since the program's inception in 2019. Grain futures moved up modestly this week but remain subdued by historical standards.



Golden State Dairy Management Conference November 18 in Modesto

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



The **Golden State Dairy Management Conference** will share California research that addresses California dairy needs. The conference will take place **November 18, 2024**, at the **Stanislaus County Ag Center – Harvest Hall**, 3800 Cornucopia Way, Modesto from **11 a.m. – 3:30 p.m.**

The conference will welcome **Corey Geiger, Lead Dairy Economist of CoBank's Knowledge Exchange**, as its keynote speaker to discuss dairy's bright future. Scientific sessions will provide research

updates from University of California Farm Advisors, Specialists and Faculty.

Scan the QR code (or visit [here](#)) for conference details, including the full

agenda, registration link and sponsorship opportunities. The UC Golden State Dairy Management Conference occurs every other year. Questions: jmheguy@ucdavis.edu or 209-525-6800. **Register early for the best rate!**



Read more [here](#) from the Golden State Dairy Newsletter, including updates on Highly Pathogenic Avian Influenza, navel diseases in calves, and bovine respiratory disease management solutions for calves.

Save the Date! California Dairy Sustainability Summit: Farm Focus Announced for March 2025 in Visalia

Courtesy of [Dairy Cares](#)

The [California Dairy Sustainability Summit](#) organizing committee announced a new, farmer-focused event that will take place on **March 25, 2025, at the Visalia Convention Center in Visalia, California**. This added event will focus on equipping California dairy families and employees with information to further enhance and future-proof farming operations. The one-day conference and tradeshow will promote innovative, practical, and workable approaches to advance environmental and economic sustainability, enabling California's family dairies to continue producing nutritious milk and dairy foods for local and global communities.

The Farm Focus summit will host timely discussions as the California dairy sector is on track to achieve climate neutrality by as early as 2027. In addition to world-leading progress in methane reduction, the state's dairy farmers are advancing in clean, renewable energy, water conservation and protection, animal health and comfort, soil health, community nutrition programming, and more. Speakers will highlight the importance of California dairy's leadership and the technologies, strategies, and incentive programs helping farmers navigate challenges and tap into opportunities.

“California dairy farmers are world leaders in planet-smart dairy farming. The 2025 summit is designed to help them along this ongoing journey,” said Charles “Chuck” Ahlem, Hilmar dairy farmer and board member for several of the hosting organizations.

Held biennially since 2018, the California Dairy Sustainability Summit is co-hosted by Dairy Cares, California Dairy Research Foundation, California Milk Advisory Board, California Dairy Quality Assurance Program, and the Dairy Council of California. The 2025 Farm Focus will kick off with dynamic discussions among leaders from the dairy industry and its major customers. Interactive breakout sessions will allow attendees to dive deep into understanding the latest on-farm sustainability strategies. It will also be the first version of the summit to include an in-person Expo Hall since 2018. Attendees will explore solution provider booths and academic research posters, and will enjoy valuable networking opportunities.

“We are proud to be on the leading edge of sustainable dairy farming,” said Tony Louters, Merced dairy farmer and chair of the California Milk Advisory Board. “There are a lot of options for producers to consider as we work to make our operations even more sustainable. The 2025 Summit will be an important opportunity to explore those options, from what may already be tried and true practices for some, to the most cutting-edge pilot projects. Given the unique nature of each of our farms and the multiple environmental goals we are working toward, there is a lot to think about. We look forward to learning from experts and one another as we plan for the future of our family farms.”



The 2025 summit will engage dairy farmers, employees, and allied industry members—helping all navigate the rapid pace of California’s progressive policies, the new requirements on the horizon, and the innovative practices being deployed to further shrink dairy’s environmental footprint. Speakers will include dairy farmers highlighting the technologies, products, and strategies they use to boost sustainability through management efficiency, animal health and nutrition, breeding strategies, manure management, enteric methane mitigation, and more. Emphasis will be placed on successful local, state, and federal incentive programs and their key role as the industry continues to ramp up its own investments in innovation.

The summit’s mission is to promote education and collaboration for further advancing planet-smart dairy farm practices and to recognize and enhance dairy’s valuable role in sustainable, healthy, and equitable food systems. The 2025 summit is organized in partnership with JCS Marketing, Inc., a full-service agriculture marketing firm operating in the heart of the San Joaquin Valley. More information about the event program and sponsor opportunities will be announced soon. To learn more or to subscribe for updates, visit www.cadairysummit.com.

Congressman Valadao Introduces Supplemental Appropriations Bill to Assist Ag Producers Impacted by Natural Disasters

Courtesy of [Congressman David Valadao's Office](#)

Today, Reps. David G. Valadao (CA-22) and Jimmy Panetta (CA-19) introduced the *Agriculture Disaster Relief Supplemental Appropriations Act*. The bill provides an additional \$14 billion to the U.S. Department of Agriculture (USDA) to assist agriculture producers impacted by losses caused by natural disasters in 2023.

“Natural disasters like drought and flooding have caused devastating losses for Central Valley producers over the last two years,” **said Congressman Valadao**. “These extreme weather events negatively affect the security of our nation’s food supply, prices for consumers, and jobs throughout our community. My legislation provides USDA with the funding necessary to assist farmers in California and across the country who have been impacted by natural disasters. Producers in the Central Valley have had a difficult and uncertain couple of years, and I’ll continue working to ensure they have the resources and support they need to grow the food that feeds the world.”

“Our farmers and ranchers have been getting hammered with severe weather, significant flooding, smoke damage, and steep prices, which have all led to serious setbacks this season,” **said Rep. Panetta**. “The bipartisan Agriculture Disaster Supplemental Appropriations Act would allow the federal government to provide reasonable assistance as necessary for those in our agricultural industry to recover and continue moving forward. This bill is the least that Congress can do to ensure that the federal government plays its part to help those who help put food on our tables.”

The legislation is supported by American Farm Bureau, California Farm Bureau, Western Growers Association, National Milk Producers Federation, Milk Producers Council, California Dairies, Inc., Napa Valley Vinters, California Tomato Growers Association, Almond Alliance, and the Grower-Shipper Association of Central California.

“The Board of Directors at Milk Producers Council appreciates the bipartisan support of well-needed assistance due to substantial losses encountered due to climate variability,” **said Kevin Abernathy, General Manager, Milk Producers Council**.

Congressman Valadao has worked to ensure producers impacted by the 2023 atmospheric rivers and flooding in California have the resources they need to recoup losses. Last year, he introduced the [Emergency Assistance for Dairy Producers Act](#) to make Commodity Credit Corporation emergency assistance funds available for dairy producers. He also [questioned Secretary of Agriculture Thomas Vilsack](#) on disaster relief for Central Valley dairy producers during a House Appropriations Committee hearing this year to raise concerns over the distribution of disaster assistance for dairy producers.

Read the full text of the bill [here](#).

Read a one page summary of the bill [here](#).

House, Senate Pass Short-Term Government Spending Package

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

Lawmakers on Capitol Hill passed a short-term continuing resolution to keep the government running until Dec. 20. The funding measure will delay decisions on fiscal year 2025 appropriations bills until well into the fiscal year that begins on Tuesday and prevents a government shutdown.

Farm state lawmakers asked Senate and House leaders to leave a farm bill extension out of the spending measure, in expectation that a lame duck congressional session in December will present a window of opportunity to finalize a new bill or pass another extension.

More on those efforts to pass a new farm bill. As key House and Senate Agriculture Committee staffers continue to meet to determine a path forward for action this year, lawmakers are growing more vocal on the need to approve a law this year.

On the Republican side, Representatives Mark Alford, R-MO, Ashley Hinson, R-IA, Mary Miller, R-IL, and Jen Kiggans, R-VA, spearheaded a letter to House Republican leaders urging that a farm bill with a robust producer safety net be completed this year. NMPF and other agricultural organizations worked with the letter's lead offices to secure 140 co-signers, including a solid majority of House Republicans.

Meanwhile, the leaders of the New Democrat Coalition's Farm Bill Task Force penned their own letter to House and Senate leaders and Ag Committee principals urging a farm bill this year. The letter was signed by Representatives Kim Schrier, D-WA, Don Davis, D-NC, and Jim Costa, D-CA, the Chair and Vice Chairs of the Task Force, respectively.