

# MPC WEEKLY FRIDAY REPORT

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 TO: DIRECTORS & MEMBERS  
 FROM: KEVIN ABERNATHY, GENERAL MANAGER  
 PAGES: 6



P.O. Box 4030, Ontario, CA 91761 • (909) 628-6018  
[Office@MilkProducers.org](mailto:Office@MilkProducers.org) • [www.MilkProducers.org](http://www.MilkProducers.org) • Fax (909) 591-7328

## MPC FRIDAY MARKET UPDATE

<b>CHICAGO CHEDDAR CHEESE</b>		<b>CHICAGO AA BUTTER</b>		<b>NON-FAT DRY MILK</b>	
Blocks	-\$.0300	\$1.8800	WEEKLY CHANGE	+\$0.0825	\$2.9900
Barrels	-\$0.0325	\$1.8875	WEEKLY AVERAGE	+\$0.0345	\$2.9650
<b>WEEKLY AVERAGE CHEDDAR CHEESE</b>		<b>DRY WHEY</b>		<b>NAT'L PLANTS</b>	
Blocks	-\$0.0250	\$1.9240	DAIRY MARKET NEWS	W/E 07/29/22	\$0.5100
Barrels	-\$0.0665	\$1.9235	NATIONAL PLANTS	W/E 07/23/22	\$0.5494
				<b>WEEK ENDING 07/23/22</b>	
				NAT'L PLANTS	
				<b>LAST WEEK ENDING 07/16/22</b>	
				NAT'L PLANTS	
				19,007,022	
				18,660,375	

## 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
JUL 29 EST	\$27.47 - \$27.97	\$26.68	\$22.52	\$25.81
LAST WEEK	\$27.47 - \$27.97	\$26.71	\$22.52	\$25.86

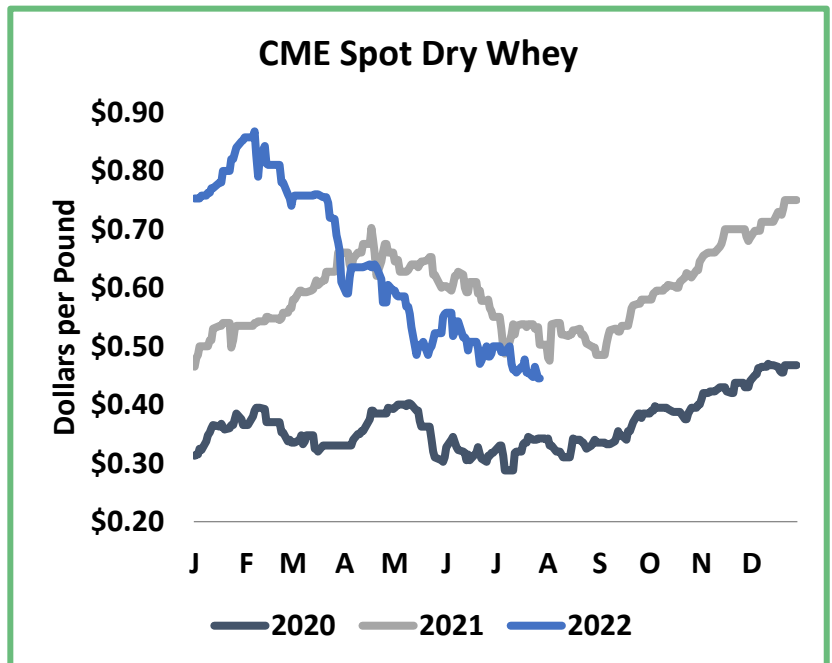


### Milk, Dairy and Grain Market Commentary

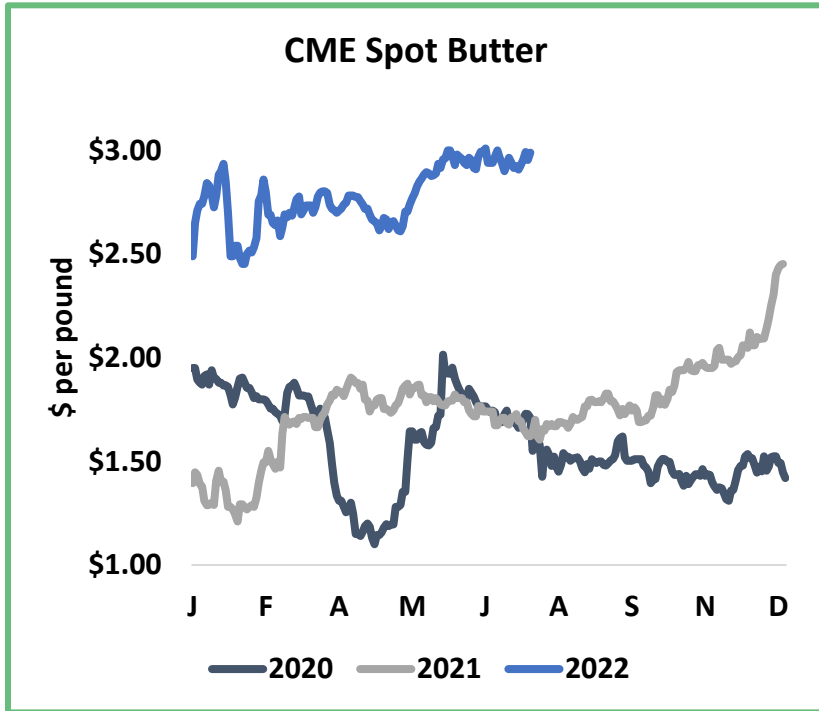
By Sarina Sharp, Daily Dairy Report  
[Sarina@DailyDairyReport.com](mailto:Sarina@DailyDairyReport.com)

#### Milk & Dairy Markets

The bulls and bears squared off in Chicago this week, and the dairy markets lurched this way and that as the two sides fought for control. Class III futures moved higher on Monday and Tuesday, helped by last Friday's Cold Storage report, which reassured the trade that cheese demand remained healthy through mid-year. But on Wednesday and Thursday, the bears won the upper hand, fueled by news that the U.S. economy contracted in the first half of the year, and that the Federal Reserve hoped to tamp down inflation by raising interest rates yet again. That stoked fears about consumers' propensity to spend on dairy products going forward. The trade is likely to



remain anxious about demand until the economy is on surer footing. But it seems that prices have fallen back far enough for now. When the closing bell rang, the bulls came out on top, and Class III markets bounced back today. August Class III climbed 18¢ to \$20.41 per cwt. and the September contract jumped back over the \$20 mark. It closed today at \$20.31, up 42¢ from last Friday. Deferred contracts also finished higher. Fourth-quarter contracts added 30¢, on average, and Q1 2023 futures leapt 37¢.



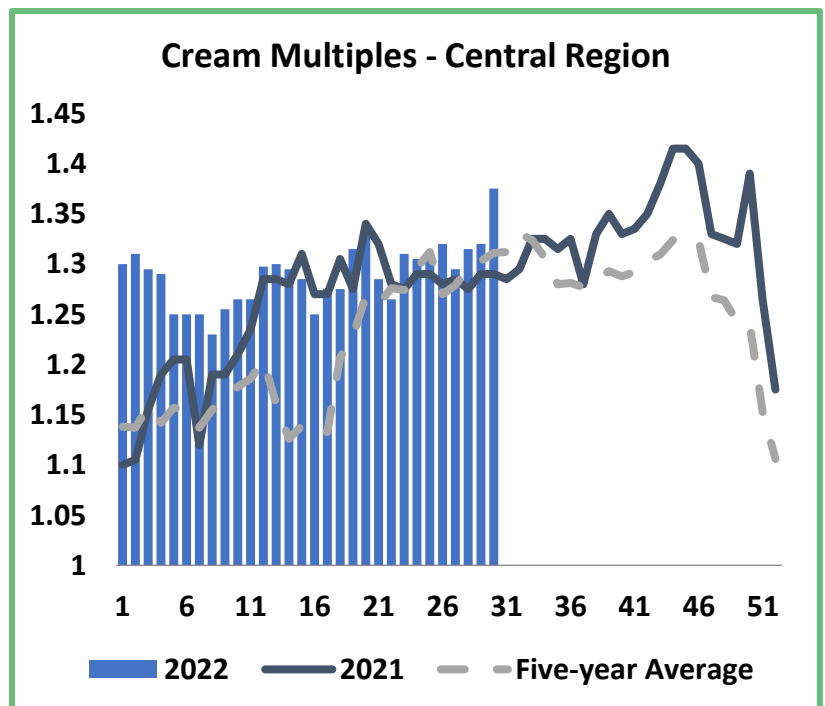
Nearby Class IV futures posted similar gains, while deferred futures made a smaller advance. August Class IV closed at \$24.81.

There is still plenty of fresh product to be had, and the spot markets took another step back. CME spot Cheddar blocks slipped 3¢ to \$1.88 per pound, and barrels fell 3.25¢ to \$1.8875. Those mark the lowest spot cheese values since early February. Spot nonfat dry milk (NDM) scored a new low for the year at \$1.64, down 4.5¢ since last Friday. Whey powder dropped a penny to 44.5¢, its lowest value since late 2020, when many Americans were at home making sourdough in their sweatpants, rather than pumping iron and pounding protein shakes at the gym. In contrast to its feeble peers, spot butter

looked strong. It jumped 8.25¢ to \$2.99, toward the high end of its well-defined trading range.

All year, pricey cream and a lack of carry in butter futures has discouraged processors from churning butter and storing it for use later in the year. Now that fall baking season looms large, butter buyers are scrambling for product. And processors aren't likely to step up churn rates anytime soon. It's hot, which means that ice cream makers are running hard, and cows are struggling to make as much milk – let alone cream – as they did in the spring. Cream multiples in the Midwest soared to the highest levels since the weeks leading up to Christmas.

It's hot in Europe too, which is surely weighing on milk yields. Milk collections in the EU-27 and the United Kingdom dropped 1.6% below year-ago levels in May, tied with April for the worst European deficit since 2016, when the government paid producers to pull back. Anecdotal reports suggest that output was not down quite so hard in June, but the July heat wave pushed production southward once again. Aside from a brief respite in February, European milk output







## Weekend Water Reading List

By Geoff Vanden Heuvel, Director of Regulatory and Economic Affairs  
[Geoff@MilkProducers.org](mailto:Geoff@MilkProducers.org)

There is a lot happening on water right now. What follows is a list of relevant water articles I have read this week. I share them because water availability is a foundational piece of what makes agriculture – and frankly, our whole way of life – in California possible. We are not in a good place. That doesn't mean there is no hope, but it does mean we need to pay attention and we need some good decisions out of our policy makers.

### Article #1

A *Sun Gazette* (Exeter, California) article that details some positive news about the Friant-Kern Canal (FKC) water supply. The FKC supplies water to the Southern San Joaquin Valley where we have a lot of dairy. **Read [here](#).**

### Article #2

A piece by the Northern California Water Association outlining the impact of massive and unprecedented reductions in surface water deliveries to the Sacramento Valley. These reductions were triggered by dry conditions in the Lake Shasta watershed and by the government's decisions in how to allocate the limited supplies. **Read [here](#).**

### Article #3

A piece written by Brad Hooker in *Agri-Pulse* describing a significant error in calculating runoff from last winter's snowpack. The California State Auditor has launched an investigation into the forecasting mistake which led to state officials releasing hundreds of thousands of acre feet early to the ocean. **Read [here](#).**

### Article #4

An article in the *L.A. Times* titled, "Wastewater recycling provided hedge against drought." This article does a good job of explaining a new path forward for the Southern California water supply. Why should agriculture care about this? Because So Cal is a huge importer of surface water. Southern California was developed on a model that imported water from somewhere else, used it once and then discharged it to the ocean. While significant strides have been made in So Cal water recycling, they are still discharging 1.1-million-acre feet per year to the ocean. This does not include uncaptured storm water, which could add significant additional supplies to So Cal if they build the infrastructure. **Read [here](#).**

### Article #5

A piece written by Brett Walton of the Circle of Blue titled, "A Colorado River Glossary. Jargon Explained." The Colorado River is the key to the success of the civilizations in the Southwest for both water and power. The two big lakes of that system, Lake Powell and Lake Mead, which were full as recently as 1999, are nearing unprecedented low levels. Things are getting critical on the Colorado River and the impacts to agriculture and the cities of the Southwest will be profound. **Read [here](#).**

### Article #6

This is actually a Frequently Asked Questions paper on the Colorado River produced by the University of Colorado Law School. It is very readable. It was produced in 2011, but the "Law of the River" has not changed since then. It is in times of shortage that these rules kick in. **Read [here](#).**

## Article #7

Finally, the Public Policy Institute of California released a poll this month that showed that 68% of Californians say that the supply of water is a big problem in their part of California. Getting and holding the public's attention on water is what it is going to take to make changes. The challenge for us in agriculture, and in the society at large, is to get a change that values human flourishing. **Read [here](#).**

I welcome your feedback on this or any other issue. Happy reading!

### **Almond Hulls in TMR | Navigating Environmental Regulations**

*Courtesy of the Golden State Dairy Newsletter*

*University of California, Agriculture and Natural Resources, UC Cooperative Extension*

*[JMHeGuy@UCDavis.edu](mailto:JMHeGuy@UCDavis.edu)*

The UC Cooperative Extension recently published its August edition of the Golden State Dairy Newsletter. Below are excerpts from the newsletter, which you can read in its entirety [here](#).

#### **Utilizing Almond Hulls as a Concentrate Replacement**

*Jennifer Heguy - UCCE Stanislaus, Merced & San Joaquin & Ed DePeters - UC Davis Animal Science  
Collaborators: Katie Swanson, Hannah Bill (UC Davis Animal Science) & Jed Asmus (January Innovations)*

Almond hulls are a versatile feedstuff in California dairy rations. From a 2019 survey, 70% of nutritionists reported utilizing almond hulls as both a forage and a concentrate in lactating cow rations. Almond hulls might serve as a replacement for forages as water shortages reduce silage production and availability. Challenges with feedstuffs arriving by rail might increase almond hull use as a concentrate replacement.

**The Research:** In 2019, a feeding study with 12 lactating Holsteins (first-calf heifers and multi-lactation cows) was conducted at UC Davis. Increasing amounts of almond hulls were added to the total mixed ration (TMR) to replace concentrates. Almond hulls are low in crude protein (< 6%) but high in fermentable carbohydrates (>30%). The highly fermentable sugars, such as sucrose and glucose, in almond hulls could make them a better replacement for concentrates in a lactating cow diet instead of forages that offer more digestible fiber.

*Continue reading [here](#).*

#### **Succession Planning: Is the Next Generation Ready to Navigate Environmental Regulations?**

*Deanne Meyer – Livestock Waste Management Specialist, UC Davis and UC ANR*

Just do it!

Dairying is a complex business. Transitioning from one generation to the next can be emotionally filled: pride, fear, anticipation, regret, etc. It's important to have a plan so the next generation has the skillsets to succeed. Your next generation needs skills in managing people, cow husbandry, feed inventory and farming. They'll work with the accountant, nutritionist, veterinarian and numerous other consultants to make informed business decisions. Determining where and when to invest in facility infrastructure is also critical to the success of the operation.



Let's spend time thinking through the quagmire of environmental regulations necessary to consider as your facility continues. Decisions in this area will impact the entire operation and economics. This is (unfortunately) not an exhaustive list. For dairies in the Central Valley the looming changes associated with sustainable groundwater management, improving groundwater quality and reducing greenhouse gases create a thought-provoking trifecta.

Growing forage controls feed costs AND uses manure nutrients. Both are critical for sustainability. Modifications to water use and manure management effect the use of nutrients on cropped fields and the need to export nutrients (nitrogen).

Continue reading [here](#).

## California Dairy Leader, Mary Cameron Passes

Courtesy of [California Dairy](#)

### From Kevin Abernathy, MPC General Manager

*I had the pleasure of knowing and working with Mary Cameron for nearly three decades, going all the way back to my days when I worked for BECO Dairy Automation. Mary was a trailblazer in the California dairy community and I always appreciated her willingness to host events and meetings at her home. God speed, Mary.*

Lifelong dairy farmer and leader Mary Cameron passed away after several years of growing disability on June 22, 2022. She lived a long, rich life. Mary was a daughter, sister, mother, and grandmother, and her family meant everything to her. For over 60 years, she was also a dairy producer, and very proud of it. She loved her cows, and all things associated with that industry.



She was born Mary De Voss on February 4, 1930, the only daughter of Andrew (Inze) and Alice (Eelkje) De Voss, and younger sister of brothers Arthur (Art) and Henry (Hank), in Bellflower, California. Her parents had both emigrated from Friesland, The Netherlands, and she was born into a community of Dutch emigres, most of them dairy farmers, as was her father. Mary graduated from Redlands University in 1950, and married Arthur (Atze) Atsma, who had come from Friesland in 1949. They built a dairy farm in Artesia, and settled in with their four children – Gary William, Andrew Michael, Richard Allen and Alicia Jean. Mary's parents soon built a home next door. The years were filled with family, as two of Atze's brothers joined them in the area. Atze died suddenly in a cycling accident in 1965, and with her father's support, and two of Atze's brothers working for her, Mary continued to run the dairy single-handed. She would remarry twice, first to John Storm, who had been a friend of Atze's. Her second marriage was to Louis Cameron, and with him and their expanded family, she moved up to Hanford, California in 1974. Their dairy on Hwy. 198 was the base from which Mary did all things. She got very involved in Kings County Dairywomen, and eventually served in a number of positions relative to the industry.

Continue reading at [California Dairy here](#).