

# MPC WEEKLY FRIDAY REPORT

DATE: JULY 19, 2024  
 TO: DIRECTORS & MEMBERS  
 FROM: KEVIN ABERNATHY, GENERAL MANAGER  
 PAGES: 6



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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	-\$0.0250	\$1.8650	WEEKLY CHANGE	-\$0.0250	\$3.0750
Barrels	+\$0.0625	\$1.9125	WEEKLY AVERAGE	-\$0.0010	\$3.1140
<b>WEEKLY AVERAGE CHEDDAR CHEESE</b>		<b>DRY WHEY</b>		<b>WEEK ENDING 07/13/24</b>	
Blocks	-\$0.0855	\$1.8630	DAIRY MARKET NEWS	W/E 07/19/24	\$4850
Barrels	-\$0.0140	\$1.8980	NATIONAL PLANTS	W/E 07/13/24	\$4466
				<b>LAST WEEK ENDING 07/06/24</b>	
				NAT'L PLANTS \$1.2007 14,865,834	
				NAT'L PLANTS \$1.2007 9,403,697	

## 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 19 EST	No Change	No Change	\$19.84	No Change
LAST WEEK	\$22.71 - \$23.21	\$21.82	\$19.81	\$21.41



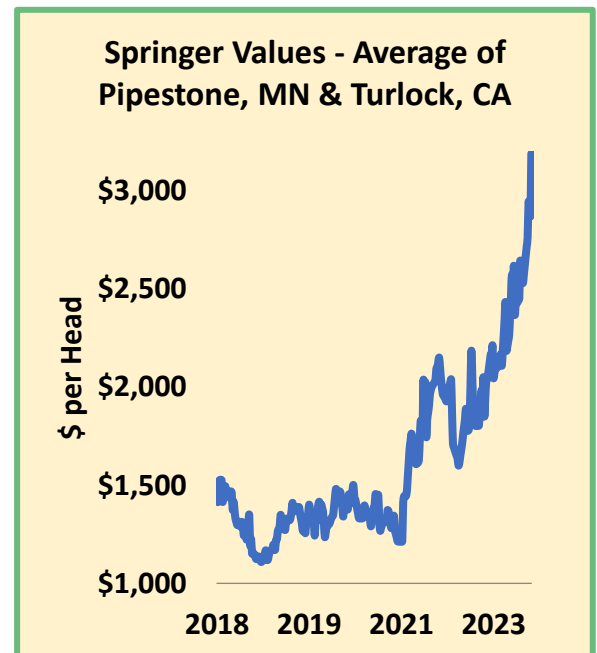
### Milk, Dairy and Grain Market Commentary

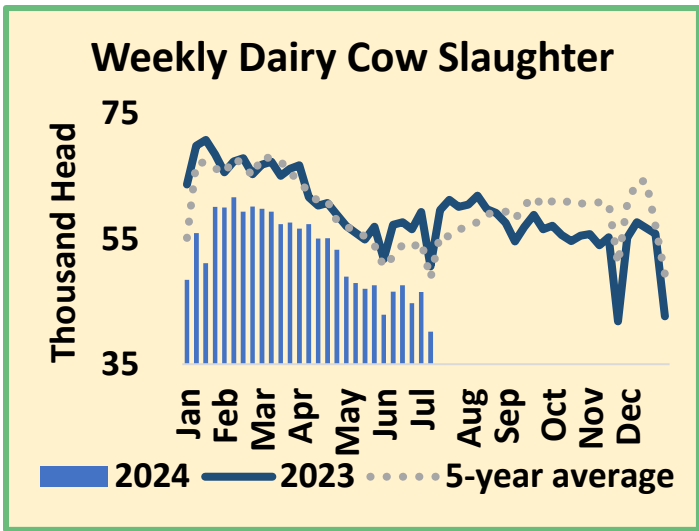
By Sarina Sharp, Daily Dairy Report  
[Sarina@DailyDairyReport.com](mailto:Sarina@DailyDairyReport.com)

#### Milk & Dairy Markets

Dairy producers have just cashed a very big milk check, and they're looking forward to similarly lucrative payments for the rest of the summer and fall. Beef revenues – from the sale of cull cows and bull or crossbred beef calves – are further padding the bottom line. Meanwhile, feed costs are low and falling. In a normal year, this kind of boom would set the stage for a rapid uptick in milk production and an inevitable bust in milk prices. But the heifer shortage has stymied dairy producers' efforts to quickly ramp up milk output. Elevated interest rates, sweltering summer temperatures, and the bird flu are also reining in growth in milk production.

Dairy producers are clearly doing all they can to keep their barns full. Heifer prices are through the roof. Last week, the

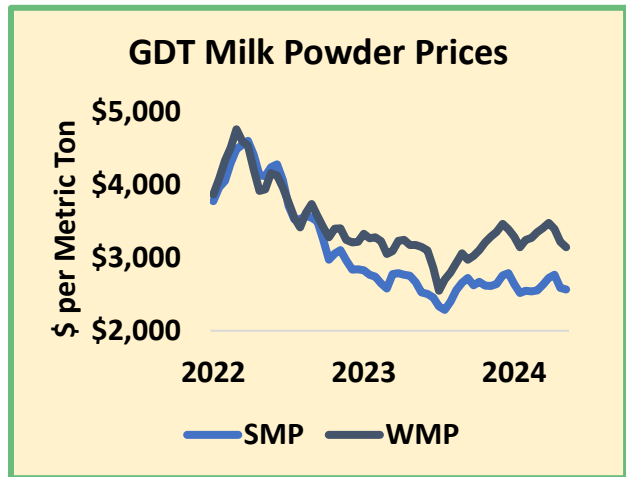




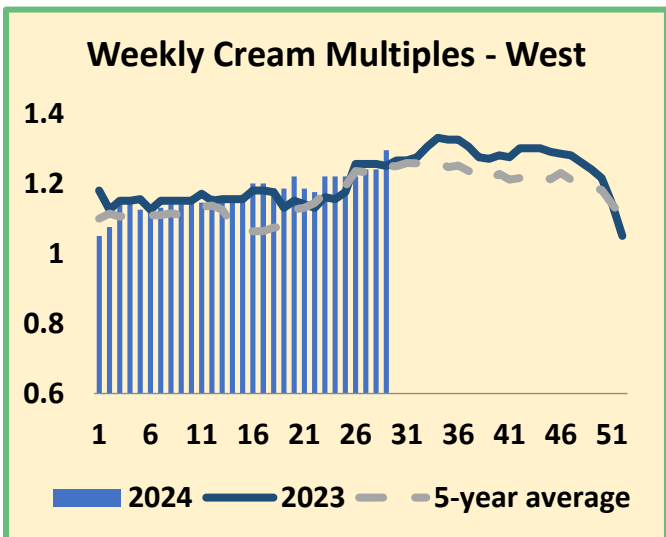
Turlock Livestock Auction Yard’s monthly video sale featured Holstein springers changing hands from \$2,850 to \$3,300 per head. At the monthly auction in Pipestone, Minnesota, this week, the top 25 springers brought \$3,150, on average. Meanwhile, cull rates continue to drop. In the week ending July 6, dairy cow slaughter plunged to 40,189 head, the lowest total in any week since Christmas 2009. The Independence Day holiday obviously contributed to the unusually depressed kill rate, but this is still an astoundingly low number. It is 20.6% lower than the same week in 2023, when the holiday was also a factor. With cull

rates in the basement, dairy cow head counts are likely to climb, and milk output could too. But milk yields will probably suffer as producers retain lower-production cows that they would have culled if there were more heifers available to replace them.

While oversupply is not likely to bust this market, poor demand might. Cheese consumption has been strong, as domestic retailers feature products and exporters ship cargoes priced several months back, when cheese was much cheaper. Record-shattering exports helped to whittle down cheese inventories throughout the spring, but export volumes are sure to fade in the second half of the year. Domestic cheese sales are harder to predict, but any slowdown would likely weigh on prices. The spot market reflects this uncertainty. CME spot Cheddar barrels climbed 6.25¢ this week to \$1.9125 per pound. But spot Cheddar blocks fell 2.5¢ to \$1.865.



The market appears more decisive. CME spot whey powder added another 0.75¢ this week and reached 51.75¢, its highest price since February. While exports have not impressed, robust domestic demand for high-protein whey products has helped to reduce dry whey output. Lower production whittled down stocks in May, and the price suggests that stocks have continued to shrink this summer. USDA’s *Dairy Market News* confirms that supplies are scarce. It characterizes availability in the Midwest as “snug to zero” and some manufacturers tell USDA that they are sold out through the rest of the month, with August loads offered north of 50¢.



Consistent shortfalls in U.S. milk powder output have also put a firm floor under nonfat dry milk futures, but disappointing export prospects have constructed

a low ceiling. Milk powder prices retreated at Tuesday's Global Dairy Trade (GDT) auction. Skim milk powder (SMP) fell 1.1% from the early July auction, and whole milk powder slumped 1.6%. CME spot nonfat dry milk (NDM) initially followed GDT SMP downward, but it bounced back late in the week and closed today at \$1.1975, up 1.75¢ since last Friday.



The hot weather has crimped milk production and taken a toll on butterfat levels. Cream prices jumped in the East and West regions, but they held steady in the Central region thanks to less oppressive conditions. Butter output is down in the West. Nonetheless, butter prices took a sizeable step back this week amid a flurry of trades in Chicago. The structure of the butter market – with relatively steady prices projected for August through October – encourages butter makers to sell product as soon as it's churned, rather than hold it and accumulate storage costs. There were plenty of merchants ready to sell butter at the CME spot market this week. An impressive 69 loads changed hands, the highest weekly trading volume in nearly a year. Despite high prices and the market structure, butter buyers are still bidding. They just can't shake off the fear that they'll run short of butter later this year.

The strong whey and Cheddar barrel markets gave a boost to 2024 Class III futures. The August contract rallied 28¢ this week to \$19.97 per cwt. The September and October contracts added roughly 50¢ and settled in the mid-\$20s. Class IV futures remain lofty, around \$21.50, but most contracts lost about a dime this week. These are prices that should cover the bills with enough left over to pay down debt or prepare for tougher times.

### **Grain Markets**

Feed costs just keep dropping. While there are some spots that are excessively wet or a little too dry, much of the Corn Belt has enjoyed a mix of rain and sunshine throughout the season. Most of the crop is in great shape. USDA rated 68% of corn and soybeans in good or excellent condition, an unusually high rating for this time of year, when the strains of summer temperatures and crop maturity start to show. While it's been extremely hot west of the Rockies and throughout the Southeast, July has been a bit cooler than normal in the Corn Belt. And the forecast calls for temperatures to remain several degrees below normal through the end of the month. Corn is acutely sensitive to temperature during pollination, and U.S. corn yields have typically impressed in years with cooler midsummers. The prospect of good yields dragged September corn futures into the \$3s, while the December contract closed at \$4.055 per bushel, down 9¢ since last Friday. While a return to hotter temperatures in August could stress the soybean crop during its peak pollination period, the market has grown increasingly confident in soybean supplies as well. November soybeans fell 30¢ this week to \$10.355 per bushel, and December soybean meal dropped \$6.70 to \$307.40 per ton. The markets are offering dairy producers an excellent chance to lock in feed costs at multi-year lows and to use the Dairy Revenue Protection (DRP) program or futures and options to ensure historically high dairy margins.

## Reminder: CDFA Announces Public Forums and Hearing Related to Proposed Changes to Quota Implementation Plan

*Courtesy of the [California Department of Food and Agriculture](#)*

Last week, CDFA announced it will hold a series of public forums and a public hearing related to proposed changes to the Quota Implementation Plan. See details about the upcoming meetings below. You can also read the official notice [here](#), which CDFA will be mailing to all dairy farmers of record. If you need to update your information with CDFA, please contact the Quota Administration Program at [pooling@cdfa.ca.gov](mailto:pooling@cdfa.ca.gov) or 916-900-5012.

Date and Time	Location
<b>July 29, 2024</b> Beginning at 10:00 a.m.	<b>Public Forum – In person</b> Sonoma County Ag Commissioner’s Office: <a href="#">133 Aviation Blvd #110, Santa Rosa, CA 95403</a>
<b>August 8, 2024</b> Beginning at 10:00 a.m.	<b>Public Forum – In person</b> Stanislaus County Ag Commissioner’s Office Harvest Hall – Room D & E: <a href="#">3800 Cornucopia Way, Suite B, Modesto, CA 95358</a>
<b>August 9, 2024</b> Beginning at 10:00 a.m.	<b>Public Forum – In person</b> Tulare County Ag Commissioner’s Office: <a href="#">4437 S Laspina Street, Tulare, CA 93274</a>
<b>August 15, 2024</b> Beginning at 10:00 a.m.	<b>Public Hearing – via Zoom</b> Teleconference Information: <b>Join by Zoom:</b>  <a href="https://us02web.zoom.us/j/84248601086">https://us02web.zoom.us/j/84248601086</a> <b>Meeting ID:</b> 842 4860 1086  <b>Passcode:</b> 4^5WBjb*  <b>Join by Telephone:</b> 1-669-444-9171  <b>Meeting ID:</b> 842 4860 1086  <b>Passcode:</b> 04670783

**Save the Date: CMAB Hosts Advocacy Workshops  
in Tulare, Modesto, Petaluma August 26-29**

*Courtesy of the [California Milk Advisory Board](#)*



**Mark your Calendar!**

# Dairy Advocacy Bootcamp

**Join CMAB for three in-person  
dairy advocacy workshops:**

## Flex your messaging muscles!

- 2 hours of advocacy education
- 1 hour of practice/practical application
- Take-home advocacy toolkit + tools
- On-Farm Crisis Planning Tools

## Save the Date:

9am-12pm

Monday, Aug 26, Tulare

Wednesday, Aug 28: Modesto

Thursday, Aug 29: Petaluma

## **Kings County Judge Rules State Overstepped by Requiring Farmers to Meter, Report Groundwater Extractions**

*By Lisa McEwen, [SJV Water](#)*

The first steps toward possible state control of groundwater pumping in Kings County were derailed under a ruling issued July 15 that said the Water Resources Control Board had overstepped its bounds by requiring meters on wells.

The [temporary restraining order and preliminary injunction](#) were issued by Kings County Superior Court Judge Kathy Ciuffini in a case brought by the Kings County Farm Bureau.

Requiring meters and reporting extractions were the first steps mandated by the Water Board in the Tulare Lake subbasin, which covers most of Kings County, as part of its enforcement of the Sustainable Groundwater Management Act.



The requirements were made after the subbasin was put into probationary status by the Water Board April 16 for failing to come up with a coordinated groundwater management plan.

It's unclear what effect Judge Ciuffini's ruling could have on five other San Joaquin Valley subbasins set to come before the Water Board for probation hearings in the coming months.

The Water Board disagreed with the ruling but said it would continue its work in the Tulare Lake subbasin while considering its legal options, according to an email sent by a spokesperson.

"I am encouraged by the judge's comments on the likelihood of the case's success," said attorney Valerie Kincaid, who is representing the farm bureau and several of its members. "That was the part that was the strongest for me."

Continue reading [here](#).

## Farm Bill Prospects Still Iffy in 2024 Following GOP Convention

Courtesy of Gregg Doud, President & CEO

[National Milk Producers Federation](#)

The national political focus this week was in Milwaukee at the GOP's nominating convention, where agriculture policy generally, and the 2024 farm bill specifically, were discussed in brief generalities. During a *Politico*-hosted event earlier this week, House Agriculture Committee Chair GT Thompson, R-PA, said that he remains hopeful that the full House will vote to approve the bill his committee passed with all Republican votes and four Democratic votes earlier in the summer. He is still seeking floor time for a House vote before the fall.

The bigger question is whether any action will occur yet this year in the Senate. The top Republican on the Senate ag committee, John Boozman, R-AR, told the audience at the *Politico* event that he's a bit more optimistic because, given the momentum Republicans appear to be building toward the November elections, the prospects of Republican control of the White House, House and Senate may prompt a greater desire by Democrats to finalize the farm bill this year, even in a lame duck session in the final weeks of 2024. However, Sen. Roger Marshall, R-KS, said that the potential for GOP control of Congress is precisely the reason why lawmakers should extend current policy another year and wait until Republicans are the majority in both chambers of Congress, along with the White House. In any event, it's not likely we'll see more movement on the farm bill prior to the congressional August recess.

