MPC Weekly Friday Report

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To: Directors & Members
From: Kevin Abernathy, General Manager
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P.O. Box 4030, Ontario, CA 91761 • (909) 628-6018
Office@MilkProducers.org • www.MilkProducers.org • *Fax (909) 591-7328*

MPC Friday Market Update

Chicago Cheddar Cheese Blocks	Chicago AA Butter		Non-Fat Dry Milk
Weekly Change	Weekly Change	-$.1900 $2.0450	Week Ending 08/23/25
+$.0250 $1.7750	Weekly Average	-$.1625 $2.1210	Nat'l Plants $1.2822 15,783,597
Weekly Average	Dry Whey		
-$.0325 $1.7830	Dairy Market News	w/e 08/29/25 $.5500	Last Week Ending 08/16/25
	National Plants	w/e 08/16/25 $.5730	Nat'l Plants $1.2878 13,260,676

California Federal Milk Marketing Order Price Projections

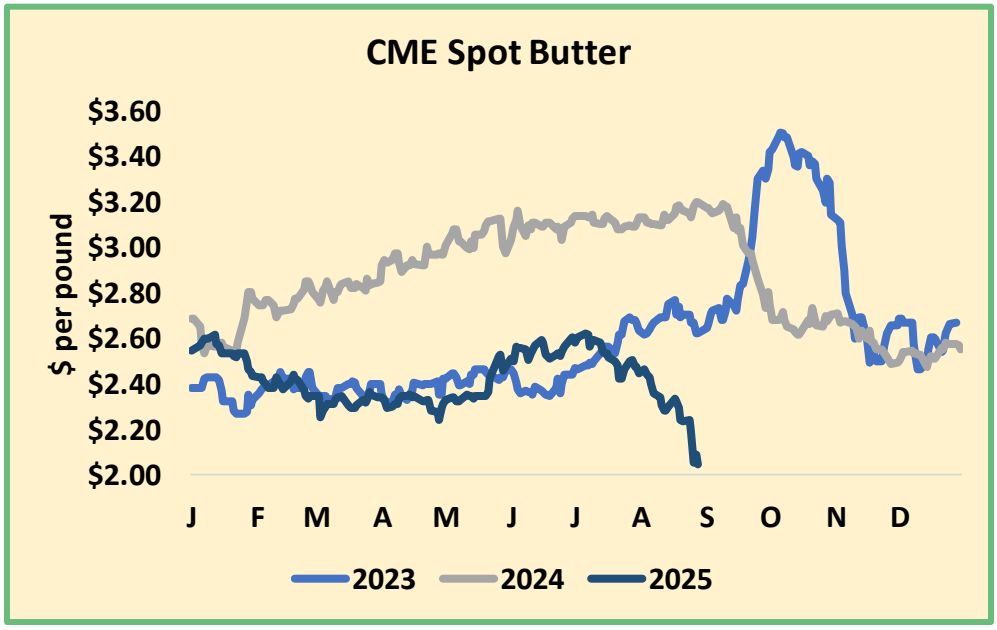
Price Projections	Class I Actual *(range based on location)*	Class II Projected	Class III Projected	Class IV Projected
Aug 28 Est	No Change	No Change	$17.28	$18.47
Last Week	$21.23 - $21.73	$19.13	$17.41	$18.53

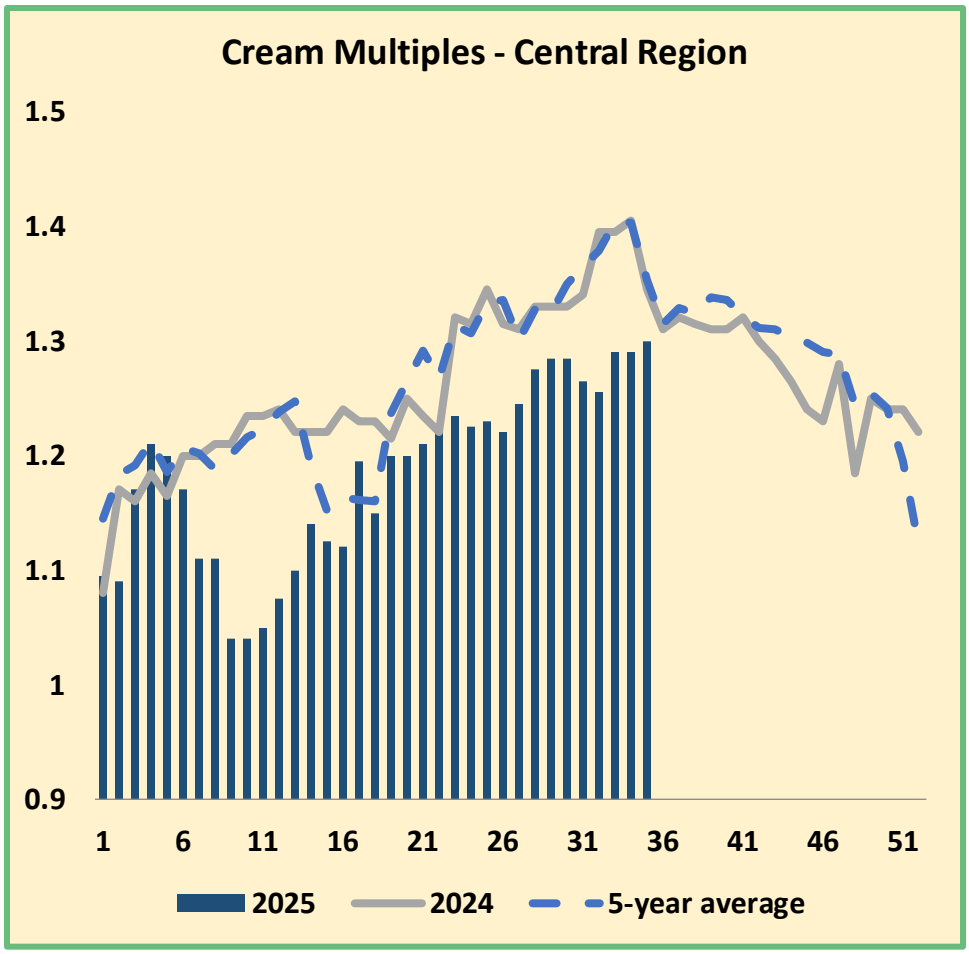
Milk, Dairy and Grain Market Commentary

By Sarina Sharp, Daily Dairy Report
Sarina@DailyDairyReport.com

Milk & Dairy Markets

The butter market melted down. CME spot butter plummeted 19¢ this week to $2.045 per pound, its lowest price in nearly four years. Last week's Cold Storage report showed that inventories were not burdensome as of July 31. But more recent commentary from USDA's *Dairy Market News* suggests that stocks are starting to pile up. U.S. butter is the cheapest in the world – by far – and exports remain



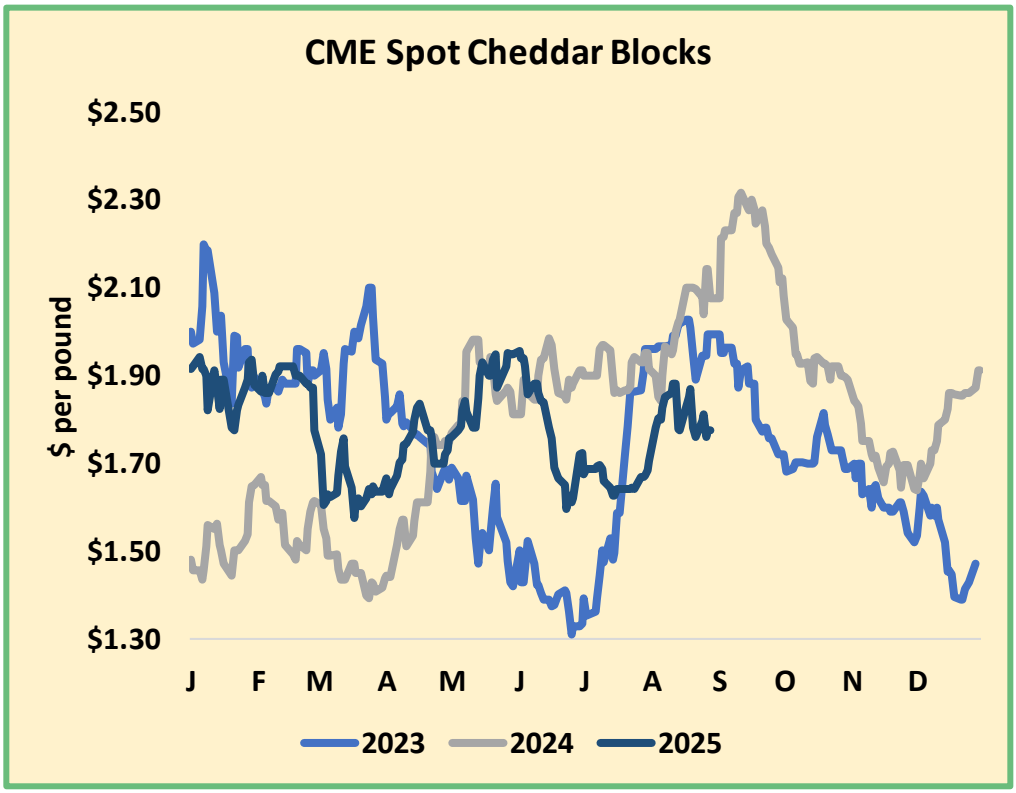


strong. But America's dairy cows are simply cranking out too much high-fat milk, especially those in the central region, where August temperatures have been unusually mild. The cream market is heavy, and it's dragging down butter prices.

The cheese market zigged and zagged but ultimately finished a little higher than last week. CME spot Cheddar blocks added 1.5¢ and closed at $1.775. Bottlers are taking more milk now that students are back in school, so there are fewer spot loads of milk moving to cheese vats. Nonetheless, production is strong. USDA reports that exports are strong but cheese stocks are starting to grow.

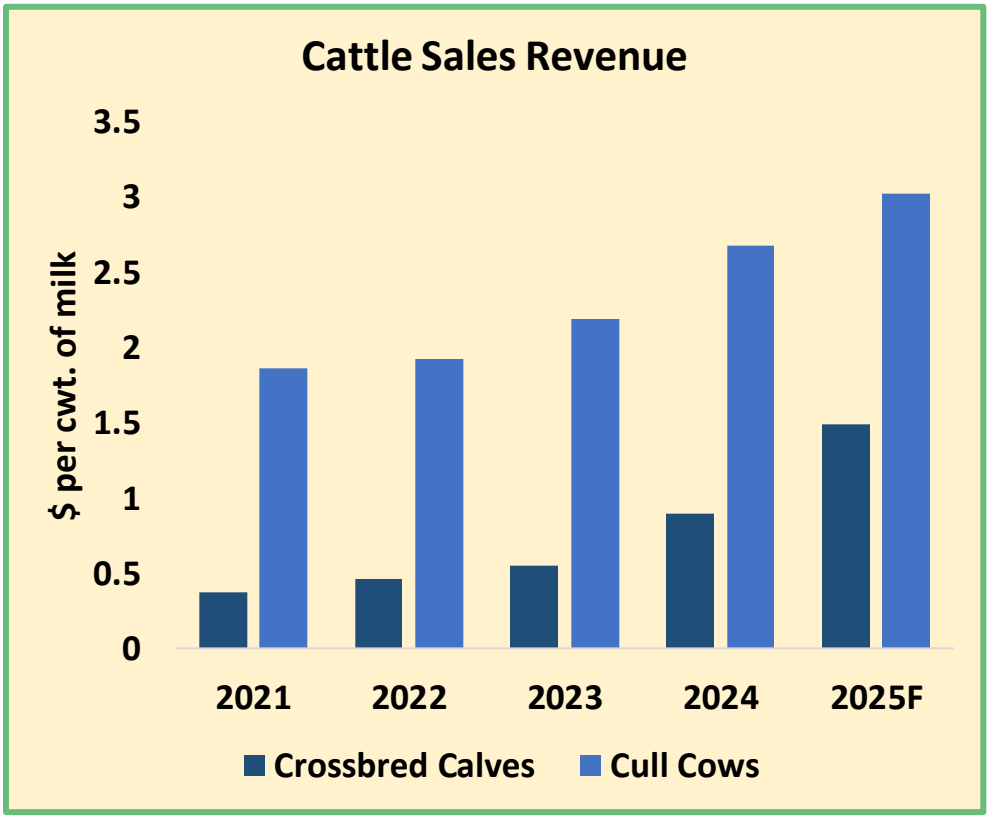
It's the same old story in the whey markets. Manufacturers continue to direct as much whey as possible to high-protein products, but there is still plenty leftover to be dried into powder. Exports are slowing as the U.S. faces increased competition in the global marketplace. CME spot dry whey rallied 1.5¢ this week to 57¢, comfortably within the recent trading range.

The milk powder market remains rangebound. In fact, CME spot nonfat dry milk (NDM) went nowhere at all this week. It finished at $1.26, exactly where it stood last Friday. Despite some weakness at last week's Global Dairy Trade auction, most indications of global skim milk powder values are holding steady as well. But



with milk output on the rise in most of the world's milksheds, the trade remains on edge about the future. While the spot market has held steady, deferred NDM futures have lost a lot of ground over the past six weeks.

The collapse in butter and the steady declines in NDM deflated the Class IV market again this week. Most contracts lost between 35 and 60¢. Both September and October Class IV finished at $17.40 per cwt. On the Class III side of the ledger, there were some winners and some losers, but most contracts finished not far from last Friday's settlement. September Class III dropped 16¢ to $18.11.



While some producers face the strain of steep discounts, most producers can make these prices work. Feed costs are low, and beef incomes just keep climbing. This week CME live cattle and feeder cattle futures once again scored all-time highs. Dairy producers are depositing checks from the sale of cull cows and beef calves that are larger than ever before. For dairies that use an equal mix of sexed semen for dairy heifer production and beef semen for crossbred calves, January through August cull cow and beef calf sales have added roughly $3/cwt. to their bottom line compared to the already-significant beef revenues they recorded in 2021. That kind of boost will mute the impact of any decline in income-over-feed margins. It's going to take excruciatingly low milk prices to deter continued growth in milk output.

Grain Markets

Corn prices wavered back and forth, but a Friday jump pushed them higher on the week. December corn closed at $4.20 per bushel, up 8¢. There wasn't a lot of news to fuel the rally. It looks like prices simply got too low to entice farmer selling, while buyers snapped up corn at prices that look like a bargain.

The corn crop pollinated in July, when rains were plentiful and conditions were excellent. Soybeans pollinated in August, which was much drier. The share of the soybean crop in drought climbed from just 2% in the week ending August 19 to 11% this week. The weather hasn't done significant damage, but national average bean yields will likely fall short of potential. Nonetheless, soybean prices retreated. November soybeans closed at $10.53, a nickel lower than last Friday. December soybean meal settled at $288.70 per ton, down roughly $2 from last week.

REMINDER: Voting Period for QIP Referendum Ends September 10

MPC News Update

The California Department of Food and Agriculture (CDFA) mailed ballots in June to producers regarding a referendum vote to consider whether the Quota Implementation Plan (QIP) should be terminated effective immediately. **The voting period ends on September 10, 2025.** A "yes" vote would immediately terminate the QIP. A "no" vote will result in no change to the existing QIP.

CDFA created a QIP 2025 Referendum page with various referendum materials for producers to review, including the official notice, exhibits, frequently asked questions, ballot checklist, and hearing findings. See these materials here. **If you would like to check if your ballot was received by CDFA, please contact David.Ko@cdfa.ca.gov.**

Producer Review Board Meeting September 22 in Sacramento

California Department of Food and Agriculture

The next Producer Review Board meeting is scheduled for **10 a.m. Monday, September 22** at the Cal Expo Clubhouse, 1600 Exposition Boulevard, Sacramento. This is an in-person only meeting; no teleconference option will be offered.

Secretary Ross Appoints Two Members to Producer Review Board

California Department of Food and Agriculture

CDFA Secretary Karen Ross recently appointed two dairy producers to the Producer Review Board (PRB). **Fred Leyendekker** of Visalia will complete a partial term ending December 31, 2025. **Travis Kamper** of Riverdale was appointed to his first term, which will end December 31, 2028. See the current PRB roster here.

Ringside: How Dredging the Delta Enables Groundwater Recharge

By Edward Ring; Courtesy of the California Globe

Note from Geoff Vanden Heuvel

This is a very interesting piece from our friend Ed Ring. Ed has the ability to look at the big picture, analyze and explain it and make common sense recommendations about the way forward. It's worth a read on this holiday weekend.

How Dredging the Delta Enables Groundwater Recharge

Or we can continue to frame every problem in terms of the climate emergency

ProPublica, a nonprofit news organization and winner of multiple Pulitzer prizes, recently published a report "The Drying Planet." They report that "Moisture lost to evaporation and drought, plus runoff

from pumped groundwater, now outpaces the melting of glaciers and the ice sheets of either Antarctica or Greenland as the largest contributor of water to the oceans."

That's a big claim, but the authors base it on a study, also published last month, "Unprecedented continental drying, shrinking freshwater availability, and increasing land contributions to sea level rise," written by a team led by Hrishikesh A. Chandanpurkar, a researcher at Arizona State University.

Unprecedented." "The Drying Planet." The message is clear: we face a climate emergency.

What does this have to do with dredging? We will get to that.

According to the study, about one millimeter per year of sea level rise is attributable to the reduction in land-based "total water storage" and 68 percent of that — or not quite 7/10ths of a millimeter per year comes from groundwater depletion. The study finds this amount to be roughly equal to the estimated contribution from Greenland's icecap melting, and to exceed the estimate for Antarctica, which is around 4/10ths of a millimeter per year.

While the cumulative effect of all this may be of concern, how reliable are these numbers? For example, according to NASA, Greenland has shed about 5,400 gigatons of ice, cumulatively, over the last 20 years. But Greenland's ice cap is estimated to be 2.9 million gigatons. Do we really possess sensors able to assess, on an island that's 836,000 square miles in size, a *cumulative* net loss of total ice mass over 20 years of only 0.19 percent?

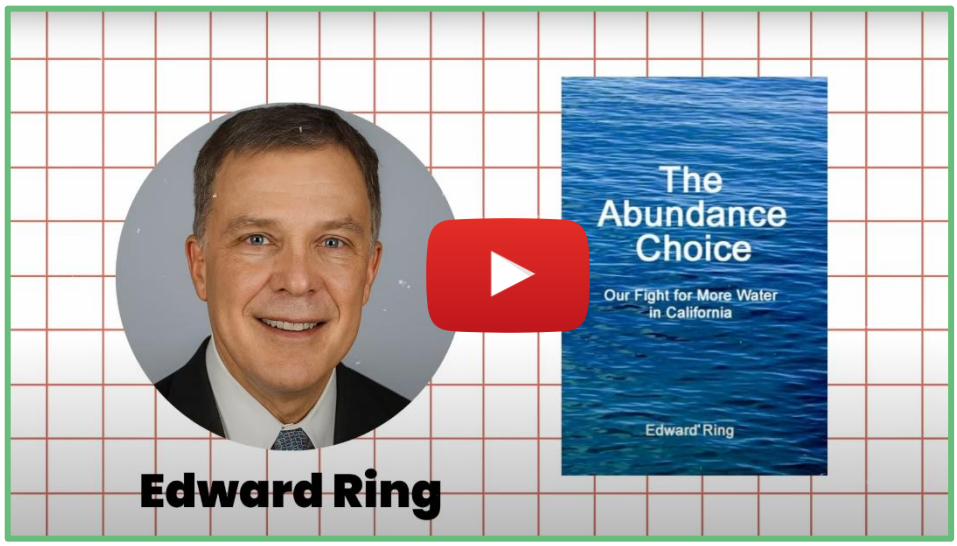
As for the measurement of groundwater depletion, there are a lot of variables involved, each of which is difficult to estimate, much less know how much weight to assign to it in the overall calculation. According to the Food and Agricultural Organization of the United Nations, total global water withdrawals per year are about 4 trillion cubic meters, which is equal to about 950 cubic miles per year. Of that, according to UNESCO, 70 percent is for agriculture, and 25 percent of agricultural water is sourced from aquifers. Meanwhile, of the remaining water withdrawals for urban and industrial use, 50 percent comes from aquifers. So far, then, we may assume that about 309 cubic miles of groundwater is extracted from the earth every year. Dumped into the world's oceans, that would equal 3.6 mm per year, far in excess of what the study estimates, 0.7 mm per year. There are many ways to explain that.

The study's authors evidently concluded that around 90 percent of groundwater withdrawals do not make it to the ocean because of either percolation (which can recharge aquifers), evapotranspiration, or reuse. And yet they found that the amount they arrived at, 0.7 mm/year, to match Greenland's contribution and actually exceed Antarctica's 0.4 mm/year contribution. At the same time, they concluded that the entire net impact of other forms of "global drying" (glacier melt, reduced water in lakes and snowpacks, and net loss of water bearing flora) only added 0.3 mm/year to sea level rise. The total, from all causes: 2.1 mm/year. If it continues at that rate, sea level will rise by two meters over the next century. Well, maybe. An annual rise estimated at 2.1 millimeters over 140 million square miles of ocean (321 *million* cubic miles) is, even in this age of satellites and sensors, a difficult measurement.

Continue reading here.

Watch: California's Billion Dollar Water Mistake That's Been Hidden Since the 70s, featuring Ed Ring

Courtesy of the State of Gold Podcast



What if California's biggest environmental crises — from water shortages to wildfires — were actually manmade policy failures? In this compelling episode, Edward Ring unpacks the unintended consequences of the state's well-meaning but often disastrous legislation. From banning dredging that would increase water flow, to mismanaging forest land and outsourcing oil refining to countries with no environmental standards – he exposes how California's current path is both ineffective and regressive. Whether you agree with his take or not, this episode will leave you thinking differently about California's future. Watch here.

California Farms Face Pressure as Water Supply Declines

Courtesy of PBS News Hour

The demand for water from the Colorado River is of paramount importance out West and the focus of some big battles. It's been especially critical for farming and agriculture. In California's Imperial Valley, there are growing questions over the use of that resource and whether bigger changes are needed. Science correspondent Miles O'Brien reports. Watch here.

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