

MPC WEEKLY FRIDAY REPORT

DATE: MAY 16, 2025

TO: DIRECTORS & MEMBERS

FROM: KEVIN ABERNATHY, GENERAL MANAGER

PAGES: 7



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			CHICAGO AA BUTTER			NON-FAT DRY MILK		
Blocks	+\$0.1125	\$1.9300	WEEKLY CHANGE	+\$0.0125	\$2.3425	WEEK ENDING 05/10/25		
Barrels	+\$0.1100	\$1.8800	WEEKLY AVERAGE	+\$0.0115	\$2.3420	NAT'L PLANTS	\$1.1780	19,405,942
WEEKLY AVERAGE CHEDDAR CHEESE			DRY WHEY			LAST WEEK ENDING 05/03/25		
Blocks	+\$0.0395	\$1.8470	DAIRY MARKET NEWS	W/E 05/16/25	\$0.5100	NAT'L PLANTS	\$1.1722	18,506,670
Barrels	+\$0.0155	\$1.8025	NATIONAL PLANTS	W/E 05/10/25	\$0.5023			

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
MAY 15 EST	No Change	\$18.65	\$18.60	\$18.05
LAST WEEK	\$19.97 - \$20.47	\$18.68	\$18.56	\$18.02

APRIL 2025 CA FMMO STATISTICAL UNIFORM PRICE ANNOUNCEMENT

APR '25 FINAL	CLASS I	CLASS II	CLASS III	CLASS IV	STATISTICAL UNIFORM PRICE (BLENDED PRICE)	NET PRICE AFTER QUOTA ASSESSMENT*
MINIMUM CLASS PRICE	\$21.17 TULARE \$21.67 L.A.	\$19.22	\$17.48	\$17.92	\$17.87 TULARE \$18.37 L.A.	\$17.522 TULARE \$18.022 L.A.
PERCENT POOLED MILK	11.8%	3.7%	46.5%	38.1%	100% (3.27 BILLION LBS. POOLED)	

*QUOTA RATE OF \$0.348/CWT. AS OF NOVEMBER 2023



Milk, Dairy and Grain Market Commentary

By Sarina Sharp, Daily Dairy Report

Sarina@DailyDairyReport.com

Milk & Dairy Markets

The cheese markets soared. CME spot Cheddar blocks leapt 11.25¢ to \$1.93 per pound, their highest price since January. Barrels followed hot on their tail, climbing 11¢ to \$1.88. The widely anticipated increase in U.S. cheese output is underway, but the ramp up has been slower than

expected. Cheese buyers who were waiting for heavy supplies and lower prices to lock in their summer needs are now scrambling to get their hands on some product. USDA's *Dairy Market News* notes that spot cheese inventories are "somewhat tight" in the Central region. In the West, "Q2 production is heavily committed" due to booming export sales. The question now is, how high can prices climb before foreign buyers start to look elsewhere?

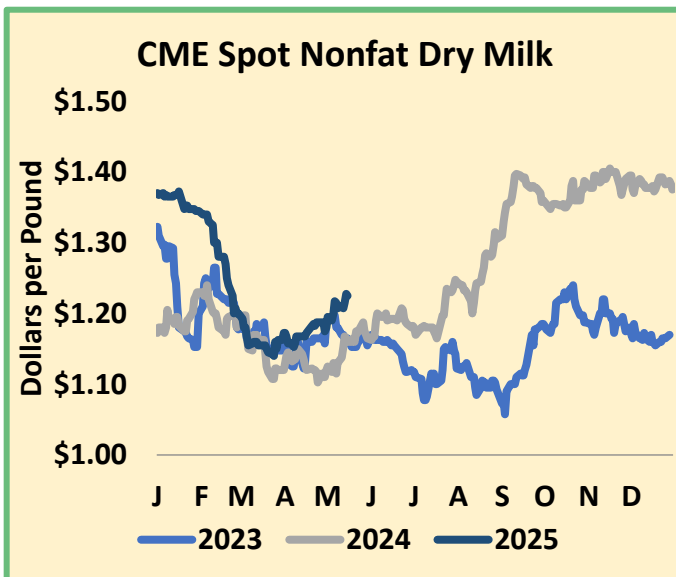
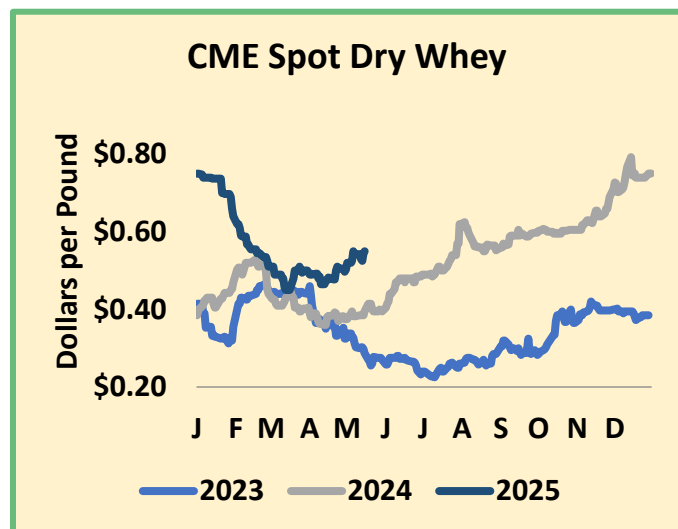
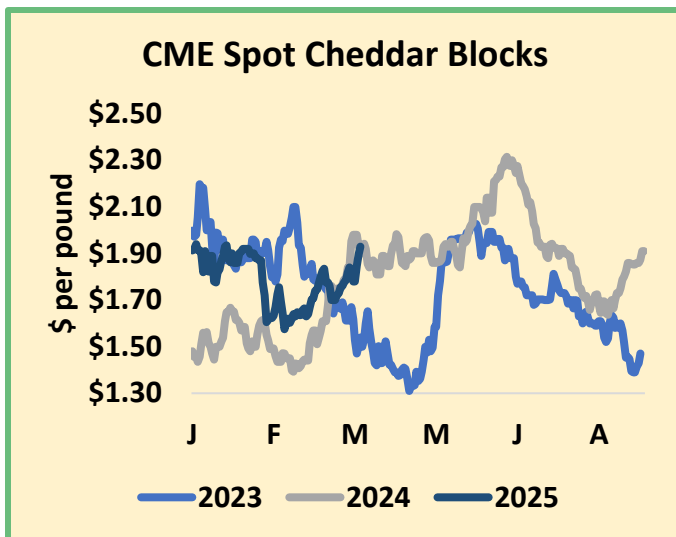
The other dairy markets also rallied, albeit with less verve. Spot whey powder advanced 0.75¢ to 55¢, matching a three-month high. China is the top foreign buyer of U.S. whey products, so the pause in the U.S.-China trade war has been a boon for the whey complex. Still, U.S. whey export prospects are not as favorable as they were before the trade war

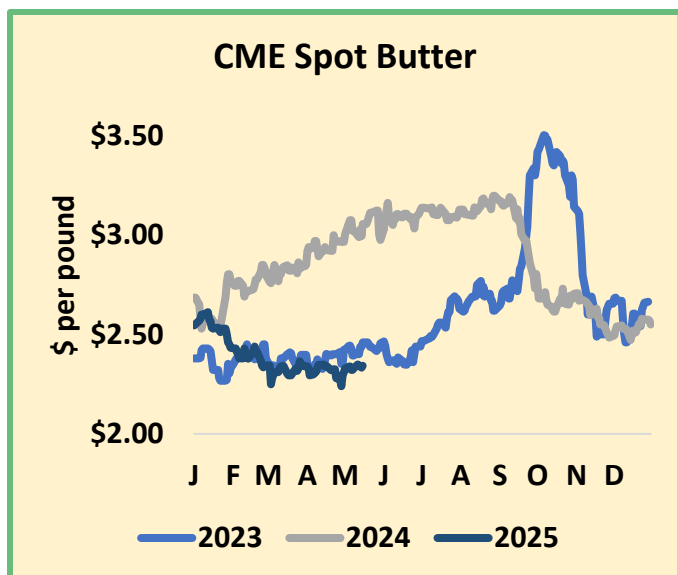
began. China continues to levy tariffs on U.S. imports at rates 10% higher than they did last year. And the 90-day negotiating period will pass quickly. For now though, the pause has sparked a rush to purchase U.S. whey while tariff rates are not any worse. *Dairy Market News* reports that domestic demand is also looking a bit more lively. But whey powder output is climbing along with cheese production.

The U.S. is facing less competition in the fight for milk powder exports. In Oceania, milk production is in its seasonal lull, and skim milk powder (SMP) production is fading. In Europe, milk output in

Europe is trailing the already unimpressive volumes of early 2024. In the first quarter, milk collections among the EU-27 and the United Kingdom fell 0.4% year over year. In the first two months of the year, European SMP production fell 3.3% after adjusting for leap day, and anecdotal reports suggest that both milk and milk powder production continue to lag year-ago volumes. The slowdown is sending more foreign buyers to our shores. Mexican importers are enthusiastically snapping up U.S. milk powder, and prices are rising accordingly. CME spot nonfat dry milk (NDM) jumped 1.75¢ to \$1.225.

The story is the same for butter. U.S. butter is the cheapest in the world, and big exports are helping to keep inventories in check. But, as befits the spring, churns are running hard and manufacturers are stocking their freezers with butter that can be turned into cookies, pies, and other holiday treats later this





year. While cream remains plentiful, that market has become a little less sloppy. Ice cream season has arrived. This week CME spot butter added 1.25¢ and closed at \$2.3425. Since March, CME spot butter has traded within an unusually tight 12-cent range.

In an impressive feat of strength and stamina, June Class III futures managed to outpace spot Cheddar’s uphill sprint. June milk closed at \$19.20 per cwt., not far from the life-of-contract high set Thursday, and up 89¢ for the week. Most other Class III contracts logged double-digit gains, and July through October Class III finished above the \$19 mark. Class IV was much quieter. Nearby contracts added a few cents

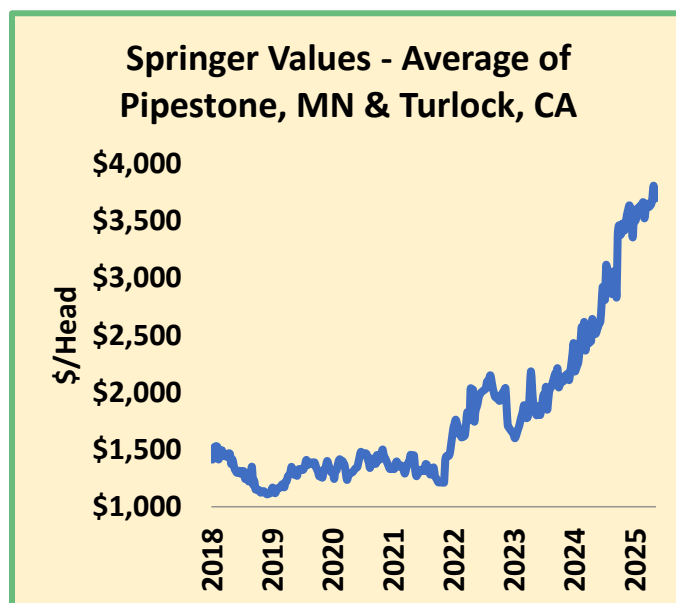
while fourth-quarter futures lost a little ground. Most summer Class IV contracts call for \$18 milk, and the futures forecast \$19 Class IV later this year.

Dairy producers will cash a paltry April milk check, but after that, revenues look much better. That’s spurring an appetite for expansion. But heifers remain scarce and costly. At the latest monthly dairy auction in Pipestone, Minnesota, the top 25 springers brought between \$3,800 and \$4,200 per head.

Grain Markets

The dairy industry isn’t the only ag sector to benefit from a weaker dollar and robust exports. Corn is leaving the U.S. at a heady pace. In its latest update to crop balance sheets, USDA confirmed these sales and predicted that they will remain strong into the 2025-26 crop year, which begins this fall. If USDA is correct, corn supplies will be tighter than previously thought both at the end of this summer and one year later. The new figures gave a temporary boost to the corn market, but it didn’t last. Rains moved across the Corn Belt this week, alleviating concerns about dry conditions and dampening the bulls’ enthusiasm. July corn closed at \$4.43 per bushel, down another 6¢ after big losses last week.

The soy complex also rallied on the heels of a friendly USDA report. But late in the week the EPA sent a draft to the White House proposing the volume of biofuels that U.S. refiners will be required to blend into the fuel supply. Rumors flew that the requirements were much lower than previous proposals. If correct, that would reduce demand for soybean oil sold for biodiesel. Soybean and soybean oil futures gave back all the ground they had gained earlier in the week and a little more. July soybeans settled at \$10.51, a penny lower than last Friday’s close. Initially, soybean meal prices climbed on the assumption that poor demand for soybean oil would slow the crush and reduce soybean meal supplies. But by Friday, soybean meal futures also moved lower. They finished at \$292 per ton, down \$2 for the week.



Saving California's Rural Water Users

By Edward Ring, [California Policy Center](#)

Despite its status as an agricultural superpower, eclipsing every other U.S. state in farm output, California's farming sector wields relatively little influence in Sacramento. When you evaluate the [state's GDP components](#), the sectors that dominate are financial, IT, and services, at around a half-trillion each, followed by manufacturing and government at around \$400 billion and \$300 billion, respectively. Against that economic power, the value of California's agricultural output – loosely estimated somewhere [around \\$60 billion](#) – is a rounding error.

It's not just money, [it's population](#). California's [top ten counties](#) for agricultural production – Fresno, Tulare, Monterey, Kern, Merced, Imperial, San Joaquin, Stanislaus, Santa Barbara, and Kings – are home to 5.2 million people. And even if every voter in those ten counties sent state legislators to Sacramento who were fully committed to protecting agriculture, they would only represent 13 percent of the electorate.

The conventional wisdom in Sacramento remains committed to water rationing and the elimination of up to [one million acres](#) of California's irrigated farmland, estimated today at around [8.5 million acres](#). Losing 12 percent of the richest farmland in the best climate in North America is bad enough, but for a look at the future, consider how much worse these policies are already playing out for farmers in smaller and more remote parts of the state.

In California's far north, Siskiyou and Modoc counties have a combined population of just over 50,000 people. But out of this sparsely populated region, farmers grow high quality alfalfa, barley, garlic, horseradish, onions, potatoes, sugar beets and wheat.

Unfortunately, the water they rely on from the upper Klamath River is reduced every year, along with the acreage these farmers can plant. More information about the unrelenting attacks on farmers in this forgotten corner of the state can be found [here](#), and [here](#), and [here](#). Since those reports were written, dams on the mid-Klamath River have been destroyed. We may now expect demands for more water to flow "unimpeded" from the upper Klamath downstream, even though historically, when the upper Klamath reached even moderate flood stage, excess water overflowed and poured into the wetlands of the Tule Basin, which also recharged aquifers that the farmers rely on for irrigation.

In another forgotten corner of the state, the [Potter Valley Project](#) diverts water stored in Lake Pillsbury from the upper Eel River through a tunnel to the headwaters of the Russian River. Already, these diversions have been cut from about 150,000 acre feet per year to only about 40,000 feet in recent years. That represents about one-half of one percent of the total [flow of the Eel River](#), but it may not last. Scott Dam is next on the list of dams to be destroyed, with the approval process well underway. Once it's gone, the [latest agreement](#) will reduce diversions to the Russian River to 32,000 acre feet per year, one fifth as much.

Continue reading [here](#).

Tulare Chamber to Honor Legacy, Leadership & Advocacy at Salute to Dairy Event

Courtesy of [California Ag Network](#)

The Tulare Chamber of Commerce invites the dairy community to the reimagined *Salute to Dairy*, an annual celebration of the Central Valley's proud agricultural and dairy legacy as well as the hardworking people who sustain it. The event takes place Friday, June 20, 2025, at the International Agri-Center's Heritage Complex in Tulare. Doors open at 6:00 PM for an evening of community connection, recognition, and celebration.



This year's *Salute to Dairy* honors the 2025 Dairy Family of the Year and shines a new spotlight on organizations and individuals whose advocacy efforts have significantly supported and uplifted the dairy industry in our region.

The program will feature a keynote address by Assemblywoman Alexandra Macedo, a passionate supporter of agriculture and a powerful voice for Valley communities. Known for her dedication to policies that protect and strengthen California's dairy sector, Macedo brings valuable insight into the challenges and opportunities facing the industry today. Her presence is sure to inspire as she shares her vision for a thriving future rooted in collaboration, resilience, and innovation.

In addition to the keynote, the Chamber will present its annual Dairy Family of the Year award. This cherished recognition honors a local family whose commitment to excellence, stewardship, and community service exemplifies the best of dairy farming throughout Tulare County.

New this year is a Spotlight on Dairy Advocates—a special recognition of three organizations and individuals who have demonstrated outstanding leadership in promoting, defending, and advancing the dairy industry. These advocates may be educators, policy leaders, media professionals, or community champions whose efforts have helped preserve the integrity of dairy farming, educate the public, and elevate the voices of farmers. Their contributions serve as a reminder that support for agriculture comes in many forms—and that every voice matters in telling the story of dairy.

Guests will enjoy a lively evening featuring a wine and cheese social, dinner, live and silent auctions, and a no-host bar. It's a chance to celebrate the people behind one of California's most iconic industries, while also investing in its continued success.

Tickets are \$75 through May 27 and increase to \$85 beginning May 28. To purchase tickets, visit the Tulare Chamber of Commerce website at www.tularechamber.org.

Join the Chamber for an evening of gratitude, celebration, and advocacy—where they will honor the past, support the present, and look ahead to a strong and sustainable future for dairy in the Central Valley.

NMPF: House Ag Committee Approves Budget Measure; House Ways and Means Approves Section 199A Extension

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

House Ag Committee Approves Budget Measure Including Farm Bill Elements

After two days of intense discussion and debate, the House Agriculture Committee this week approved a spending package that reduces Supplemental Nutrition Assistance Program spending while also extending and updating key farm bill programs, including the Dairy Margin Coverage program.

The bill, which passed the committee Wednesday, cuts \$290 billion from nutrition assistance spending over the next 10 years by gradually requiring states to cover program costs using a sliding scale based on their payment error rates. Some of the resulting savings are targeted at increasing spending on commodity programs, crop insurance and other farm bill programs such as trade, research, animal health programs.

In [our statement](#) Wednesday, we thanked the committee for extending the DMC program through 2031, providing dairy producers with much-needed continuity. The package also bases the program's production history calculation on a farmer's highest production year out of 2021, 2022, or 2023, an update to better reflect recent farm production levels. The bill also includes NMPF's request to fund

mandatory USDA dairy processing plant cost surveys every two years, which will better inform future make allowance conversations

The legislation ultimately will be folded into a broader budget reconciliation package that will include an extension of current tax policies while increasing funding for border security and national defense (see story below).

House Ways and Means Committee Approves Section 199A Extension

In tax policy, the House Ways and Means Committee also worked this week on its part of the overall budget reconciliation bill. The measure approved Wednesday by the panel extends many provisions of the 2017 Tax Cuts and Jobs Act, including the Section 199A deduction for pass-through business income, a goal sought by NMPF and other farm organizations.

In addition to making the 2017 tax cuts permanent, the Section 199A business income deduction would also increase from 20% to 23%, lowering the top tax rate for individuals with farm or small business income to 28.5% from the current 29.6%.

Now that House committees of jurisdiction have completed their work, the Budget Committee must vote to combine these various elements into one large package. The committee met this morning but does not yet have the votes to move forward due to conservative objections with portions of the bill. Republican leaders are expected to negotiate with members throughout the weekend, with the goal of reconvening the Budget Committee on Monday to advance the bill. If this happens, the full House may vote on the package before the end of next week.

