

# MPC WEEKLY FRIDAY REPORT

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 TO: DIRECTORS & MEMBERS  
 FROM: KEVIN ABERNATHY, GENERAL MANAGER  
 PAGES: 5



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## MPC FRIDAY MARKET UPDATE

CHICAGO CHEDDAR CHEESE		CHICAGO AA BUTTER		NON-FAT DRY MILK	
Blocks	<b>-\$0.0575</b>	\$1.7300	WEEKLY CHANGE	<b>-\$0.1675</b>	\$3.1925
Barrels	<b>-\$0.0275</b>	\$1.6825	WEEKLY AVERAGE	<b>-\$0.0905</b>	\$3.2965
<b>WEEKLY AVERAGE CHEDDAR CHEESE</b>		<b>DRY WHEY</b>		NAT'L PLANTS <b>\$1.1640</b> 19,281,147	
Blocks	<b>-\$0.0130</b>	\$1.7395	DAIRY MARKET NEWS	W/E 10/27/23	<b>\$0.3600</b>
Barrels	<b>+\$0.0310</b>	\$1.7070	NATIONAL PLANTS	W/E 10/21/23	<b>\$0.3173</b>
				LAST WEEK ENDING 10/14/23	
				NAT'L PLANTS \$1.1463 16,914,608	

## 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
OCT 27 EST	No Change	<b>\$21.92</b>	<b>\$16.85</b>	<b>\$21.60</b>
LAST WEEK	\$21.07 - \$21.57	\$22.13	\$16.88	\$21.59

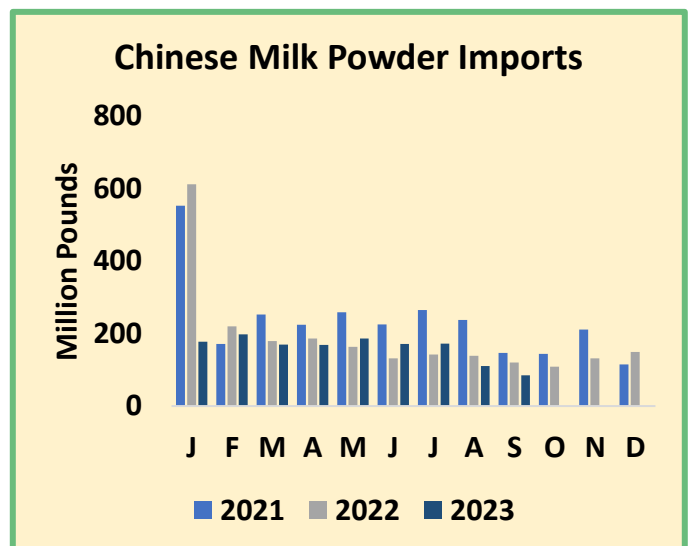


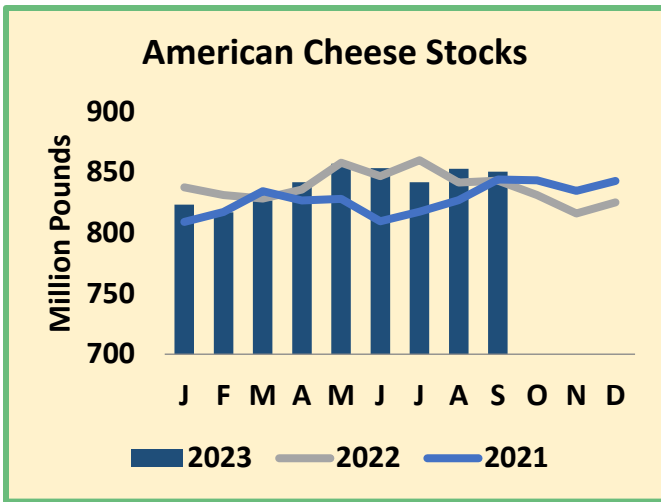
### Milk, Dairy and Grain Market Commentary

By Sarina Sharp, Daily Dairy Report  
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#### Milk & Dairy Markets

A poor showing at the Global Dairy Trade (GDT) Pulse auction spooked the milk powder markets this week and another month of disappointing trade data from China added further fright. The GDT debuted its Pulse auction in August, offering an indication of trends in whole milk powder (WMP) prices in the weeks between the full bimonthly events. This month, GDT added skim milk powder (SMP) to the Pulse docket. SMP values stabilized at the GDT in September and staged a convincing recovery in the first half of October. But SMP fell hard at the GDT Pulse event on Tuesday, retreating 4.7% from the comparable contract at last week's full auction. WMP prices also took a step back, slipping 1.1% from last week's mark. It's too soon to know whether the Pulse auction represents a good indication of global SMP values or if it can be



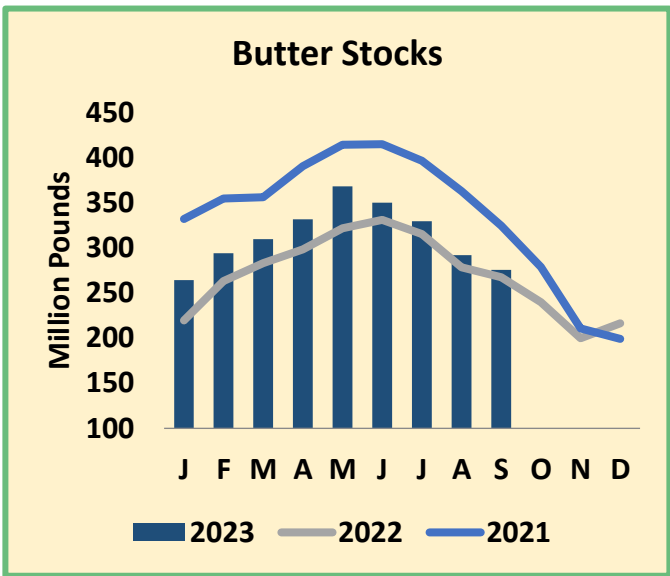


dismissed due to limited participation in such a nascent event. But it certainly sparked fears about the health of global demand for milk powder. CME spot nonfat dry milk slipped 3.5¢ this week to \$1.1975 per pound.

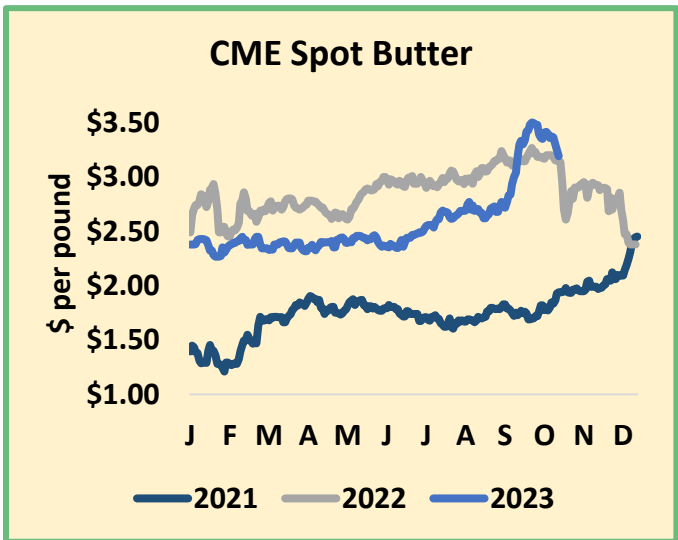
Chinese dairy import data was similarly unsettling. China brought in less than 42 million pounds of WMP in September, the lowest volume in five years. Chinese SMP imports also notched five-year lows at 43 million pounds. All told, Chinese milk powder imports fell 29.5% from year-ago volumes. These

numbers are disheartening but not surprising. The product that arrived on China’s shores in September was purchased months before, at a time when China was notably absent from the global marketplace. But Chinese milk production has fallen below year-ago volumes for several months now, and Chinese buyers have been a little more active at the GDT and elsewhere. China still has large milk powder stocks, but it’s possible that China’s appetite for foreign product will improve going forward.

China’s imports of other dairy products were more reassuring. Butter and cheese imports both topped year-ago volumes once again. Chinese whey imports fell 11.6% short of the September 2022 tally, but Chinese imports of U.S. whey jumped from the very low volumes seen in February through August.

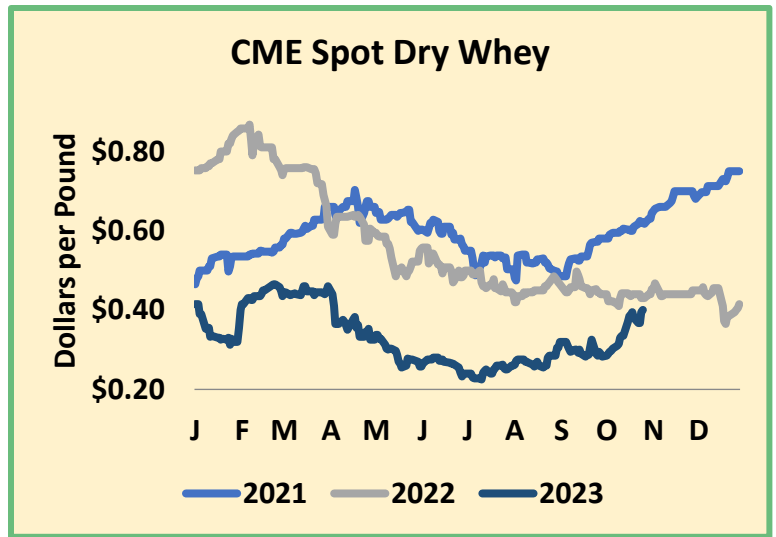


Closer to home, indications of demand were similarly mixed. USDA’s Cold Storage report showed that cheese stocks declined 23 million pounds from August to September. There were 1.47 billion pounds of cheese in refrigerated warehouses at the end of last month, up just 0.2% from September 2022. The



month-to-month decline was stronger than usual, which might hint that cheese demand was better than previously thought. But it’s more likely that buyers had some catching up to do after very slow sales in August. Inventories of American-style cheeses, including the Cheddar that determines CME spot market values, hardly budged, slipping just 2 million pounds for the month. American-style cheese stocks were up 0.9% from a year ago. There simply wasn’t enough good news in the Cold Storage report to prop up prices in Chicago. CME spot Cheddar blocks fell 5.75¢ to \$1.73. Barrels slipped 2.75¢ to \$1.6825.

Butter stocks dropped 16.3 million pounds from August to September, clocking in at 275.4 million pounds. Butter stocks declined at a rapid clip in June through August, but the drawdown lost some momentum in September as soaring prices deterred would-be buyers. September 30 stocks were much lower than those seen in 2019 through 2021, which explains why prices climbed this fall. But inventories were 3% greater than in September 2022, undermining the argument that prices should top year-ago levels. CME spot butter prices dropped hard this week, plummeting 16.75¢ to \$3.1925 per pound. As grocers and buyers finish stocking up for the holiday baking season, prices are likely to fall further, echoing last year's sudden selloff.



As it often does, the whey market bucked the trend. CME spot whey powder climbed a half-cent this week to 40¢, hitting that mark for the first time since April. Dairy producers can expect 60¢ per cwt. more from their Class III checks with whey at 40¢ per pound than they could when it was languishing at 30¢. Stronger Chinese imports of U.S. whey likely helped at the margins, but the real reason for the whey rally is a dramatic increase in domestic demand for high-protein whey concentrates.

With most dairy products in the red, both Class III and Class IV futures took a sizeable step back this week. November and December Class III futures lost 72¢ and 80¢, respectively. The futures forecast milk in the mid-\$17s into early next year. Class IV contracts lost nearly as much ground, but prices are much, much higher. The October contract settled at \$21.60, with November a dollar lower than that and December at \$19.49.

### Grain Markets

Combines are rolling and grain prices are falling. December corn settled today at \$4.8075 per bushel, down more than 15¢ for the week. There is plenty of corn on the U.S. balance sheet to satisfy domestic demand and keep prices relatively low. Grain values will spike if the trade becomes worried about a steep decline in South American crop prospects, which would quickly boost U.S. corn and soybean exports. But the forecast calls for showers in the driest parts of northern Brazil and Argentina, so those fears are taking a backseat for now. Indeed, U.S. corn and soy export prospects have diminished in the past few weeks as the dollar strengthened and U.S. export logistics faced additional complications. Low water levels on the Mississippi River have reduced barge traffic, and – just as grain started to flow in the northern United States and southern Canada – a labor strike has shut down all shipping on the St. Lawrence Seaway, a vital artery connecting the Atlantic Ocean to ports on the Great Lakes.

Nonetheless, USDA reported a spate of new corn and soybean export sales this week, and soybean meal is leaving our shores at a record-setting pace. Argentina is the world's largest soybean meal supplier, and the U.S. is filling in the vacuum left by last year's very small Argentine soy crop. December soybean meal jumped to \$442.40 per ton today, up \$18.50 from last Friday.

## Reminder: Producer Review Board Meeting October 30 at 10 a.m. in Modesto

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

The next Producer Review Board meeting will be held **Monday, October 30 at 10 a.m. in Modesto** at the Stanislaus County Ag Commissioner's Office Harvest Hall, Room D & E, 3800 Cornucopia Way. This is an in-person meeting only; no teleconference option will be offered. See the full agenda [here](#).

## CDQAP Update: Livestock Medications; Managing Liquid Storage

Courtesy of the [California Dairy Quality Assurance Program](#)

Read below excerpts of the California Dairy Quality Assurance Program's October update. The entire update is available [here](#).



### What's New with Livestock Mediations?

By Dr. Michael Payne, UC Davis, School of Veterinary Medicine and Director, CDQAP

Reducing medicated feed use, identifying the cheapest, most effective antibiotic to use and partnering with veterinarians are just a few examples of California's leadership to combat antibiotic resistance. Passage of [Senate Bill 27](#) back in 2018 gave CDFA the tools and funding necessary to start addressing the issue, with the bill introducing veterinary oversight of farm antibiotics.



It was only this year however that FDA [required other states](#) to similarly involve veterinarians, and by that time California already had a five year head start [making progress](#). Central to the effort to protect drug effectiveness is CDFA's [Antimicrobial Use and Stewardship \(AUS\)](#) program. Here are just some of the program's most recent successes.

**Reducing Antibiotics in Feed** – In the United States, antibiotics are no longer used for growth promotion or to increase production. In some situations, however, antibiotics in feed may be the only feasible way to combat a disease outbreak in a herd or flock. Since using antibiotics in the feed or water can also encourage resistance, the practice requires veterinary consultation and special prescription.

CDFA's AUS program tracks these [Veterinary Feed Directives \(VFDs\)](#), analyzing the types and amount of antibiotic used. The most recent annual VFD [summary report](#) reveals an impressive 45% reduction in amount of antibiotic used in feed during the period from 2018 to 2022.

**Measuring Local Resistance** – To both maximize effectiveness and minimize cost, veterinarians have to “pick the right drug for the right bug.” But knowing which antibiotic will be effective on a given farm can be challenging. Dr. Edie Marshall, director of CDFA's AUS program explains: “Our initial studies suggest that, for instance, respiratory pathogens can have surprising levels of variation in antibiotic resistance from one farm to another.”

Continue reading [here](#).

# Managing Liquid Storage is an Important Part of Your Bottom Line

By Deanne Meyer, Ph.D. Livestock Waste Management Specialist, Department of Animal Science, UC Davis and UC ANR

Dairy lagoons are used for biological treatment and to hold water and nutrients until they are needed by growing crops. It's important to manage storage capacity closely during fall and winter. Each dairy's Nutrient Management Plan identifies the frequency of liquid manure application during winter crop development to provide fertilizer for growing plants.

As sludge develops in ponds it occupies space that would otherwise hold water. Sludge creates a challenge during wet winters when much runoff occurs and is captured in ponds and fields require no irrigation from a water perspective. Regular removal and use of sludge is key to maintaining adequate storage capacity. Management of excavated sludge requires skill if it is to be dried down and blended with other material before land application.

Continue reading [here](#).

## CDRF Research Bulletin Review

Courtesy of the [California Dairy Research Foundation](#)

Each month CDRF Chief Science Officer, [Dr. Kevin Comerford](#), reviews emerging scientific articles that may have an impact on our industry, specifically from a California perspective. See what's new in dairy research across topics such as environmental health, nutrition and human health effects, dairy economics, animal health and genetics, and food safety and security.



Topics from the most recent bulletin include:

- [Influence of key factors on ammonia and nitrous oxide emission factors for excreta deposited by livestock and land-applied manure.](#)
- [How can better calf care be realized on dairy farms? A qualitative interview study of veterinarians and farmers.](#)
- [Whole-Milk Dairy Foods: Biological Mechanisms Underlying Beneficial Effects on Risk Markers for Cardiometabolic Health.](#)
- [Geographical trends for automatic milking systems research in non-pasture-based dairy farms: A scoping review.](#)
- [Heat stress-associated changes in the intestinal barrier, inflammatory signals, and microbiome communities in dairy calves.](#)

Read the entire bulletin [here](#).

