

# MPC WEEKLY FRIDAY REPORT

DATE: MARCH 18, 2022  
 TO: DIRECTORS & MEMBERS  
 FROM: KEVIN ABERNATHY, GENERAL MANAGER  
 PAGES: 5



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	- \$.0600	\$2.1300	WEEKLY CHANGE	+ \$.0150	\$2.7250
Barrels	+ \$.0200	\$2.0300	WEEKLY AVERAGE	- \$.0075	\$2.7260
<b>WEEKLY AVERAGE CHEDDAR CHEESE</b>		<b>DRY WHEY</b>		<b>WEEK ENDING 03/12/22</b>	
Blocks	- \$.0945	\$2.1135	DAIRY MARKET NEWS	W/E 03/18/22	\$ .7600
Barrels	- \$.0435	\$2.0090	NATIONAL PLANTS	W/E 03/12/22	\$ .7958
				<b>LAST WEEK ENDING 03/05/22</b>	
				NAT'L PLANTS	\$1.7987 21,326,352
				NAT'L PLANTS	\$1.7817 22,271,426

## 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
MAR 18 EST	\$24.48 - \$24.98	\$24.69	\$22.41	\$24.80
LAST WEEK	\$24.48 - \$24.98	\$24.69	\$22.35	\$24.80

## FEBRUARY 2022 CA FMMO STATISTICAL UNIFORM PRICE ANNOUNCEMENT

FEB '22 FINAL	CLASS I	CLASS II	CLASS III	CLASS IV	STATISTICAL UNIFORM PRICE (BLENDED PRICE)	NET PRICE AFTER QUOTA ASSESSMENT*
MINIMUM CLASS PRICE	\$23.24 (TULARE) \$23.74 (L.A.)	\$23.79	\$20.91	\$24.00	\$21.47 (TULARE) \$21.97 (L.A.)	\$21.105 (TULARE) \$21.605 (L.A.)
PERCENT POOLED MILK	21.3%	5%	70.7%	3%	100% (1.72 BILLION LBS. POOLED)	

\*QUOTA RATE OF \$0.365/CWT. AS OF JUNE 2020 MILK



### Milk, Dairy and Grain Market Commentary

By Monica Ganley, Quarterra

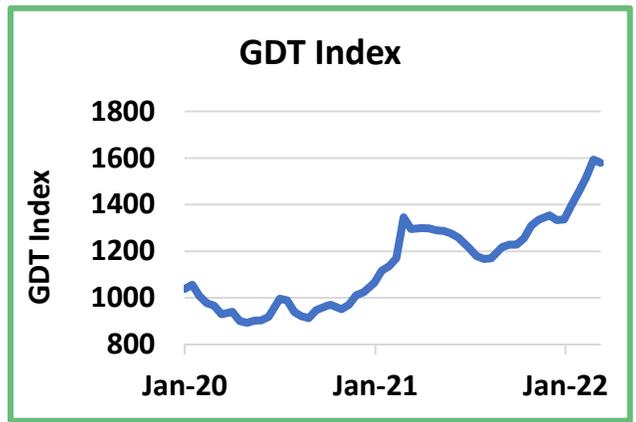
[Monica.Ganley@QuarterraGlobal.com](mailto:Monica.Ganley@QuarterraGlobal.com)

#### Milk & Dairy Markets

The commodity markets were unsettled this week as supply concerns, demand signals, and geopolitical conflict jockeyed for influence. Tuesday's Global Dairy Trade (GDT) index dipped for the first time this year, as some buyers stepped out of the market. Following four consecutive auctions where the GDT index rose by more than 4%, the 0.9% fall seen on Tuesday was particularly

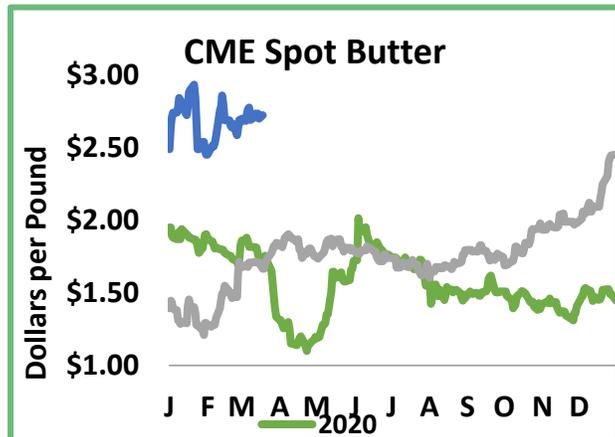
influenced by declines in the whole milk powder and butter price. Meanwhile, skim milk powder, cheddar cheese, and anhydrous milk fat saw prices climb.

Closer to home, milk volumes are increasing seasonally as spring approaches. Demand is robust from both manufacturers and bottlers though Class I demand is expected to wane in the coming weeks as schools begin to rotate through spring breaks. Despite relatively robust demand, some barriers are still preventing milk and cream from moving freely across the system. In some areas, inclement weather closed roads. More universally, however, a persistent shortage of truck drivers and escalating fuel costs are exacerbating logistical challenges.



Cream supplies are relatively available for the moment though demand is picking up. Soft product manufacturers, and especially cream cheese makers, are increasing their production in preparation of the spring holidays. Meanwhile, ice cream manufacturers are also increasing their cream demand as they begin to prepare for summer season. As butter manufacturers also gear up for the spring bump in retail sales, labor shortages are preventing them from running their churns as hard as they might like. Butter manufacturers report that inventory levels are comfortable, but not excessive, and if they could get the labor and cream supplies to do so, they would like to increase their stocks. Foodservice demand

for butter has improved as concerns over the Omicron wave of Covid-19 have subsided while retail demand for butter is stable.



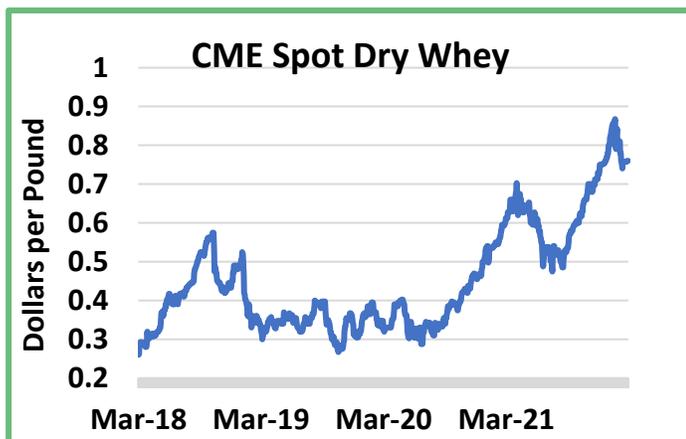
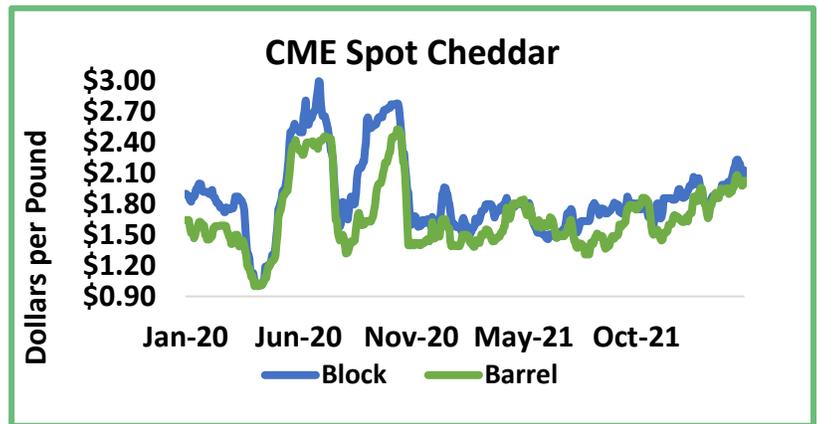
The spot butter market was mixed over the week, rising on Monday to \$2.735/lb. where it stayed through Wednesday. After giving up 3.5¢ on Thursday as 9 loads traded hands, the market ended the week on a positive note, rising to \$2.725/lb., an increase of 1.5¢ compared to last Friday. Over the course of the week 17 loads of butter moved at the CME.

On the other side of the Class IV complex, nonfat dry milk (NDM) spot prices moved within a relatively narrow range this week. After rising by a half penny on Monday, NDM remained unchanged at \$1.845/lb. for the first half of the week. A 1.75¢ gain on Thursday was partially undone by a modest drop during Friday’s session which brought the price back to \$1.86/lb. to end the week. This represents an increase of 2¢ compared to last Friday’s close. The NDM markets are choppy. Labor availability is limiting dryer activity. At the same time, traders report that export activity has slowed. Additional information will be necessary before the market can adopt a more defined direction.

The cheese spot markets saw declines early in the week before staging a comeback on Thursday and Friday. Cheddar blocks fell as low as \$2.05/lb. on Wednesday before bouncing back to close the week at \$2.13/lb. on Friday, a decline of 6¢ relative to last week. Barrels also slid early in the week, falling to \$1.98 midweek before coming back to end today’s session at \$2.03/lb., an increase of 2¢ versus last

Friday. Activity was upbeat with ten loads of blocks and 18 loads of barrels changing hands over the course of the week.

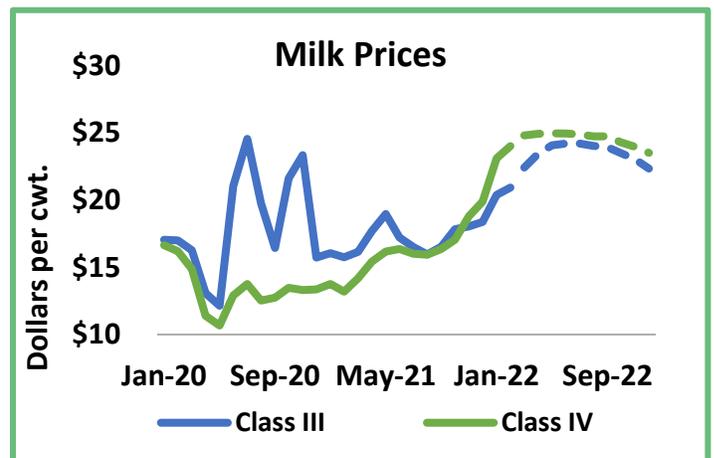
Cheese demand has improved in recent weeks, especially from foodservice channels and is helping to keep some tension in the cheese markets. Manufacturers, especially in the Western U.S., are reporting that internationally competitive prices are helping to support strong export demand for U.S. cheeses. Like other dairy product manufacturers, cheesemakers are grappling with labor scarcity and logistical challenges, but production remains robust, nonetheless.



After spending most of February continually setting new record highs, the dry whey markets seem to have found equilibrium below 80¢/lb. Exporters report that international interest has waned as higher prices and elevated logistics costs undermine the competitiveness of U.S. product. Healthy cheese production continues to throw off a plentiful whey stream and while some processors continue to demonstrate a definitive preference for higher protein products, dry whey supplies are reportedly available. In Chicago the dry whey spot market moved up just .25¢ on Wednesday, bringing the price to 76¢/lb. as just one load traded hands.

market moved up just .25¢ on Wednesday, bringing the price to 76¢/lb. as just one load traded hands.

Unsettled movements in the commodity markets were reflected in the milk futures markets. Class III markets lost ground on Tuesday and Wednesday before moving more decisively upward during the final days of the week. As of Friday's settlement, MAY22 through AUG22 Class III futures are all sitting above \$24 per cwt. Class IV futures also found some strength to end the week and by Friday the MAR22 through SEP22 Class IV contracts settled above \$24.70 per cwt. Despite these high prices, persistent concerns about the cost of production continue to weigh on producers' operating decisions.



### Grain Markets

The Russian invasion of Ukraine continues to wreak havoc on global grain markets. The corn and soybean futures markets were turbulent over the course of the week as they absorbed movements in the oil markets and news about developments in the war. On Friday, the nearby corn and soybean futures contracts settled marginally lower than on Monday. However, prices remain historically elevated with high feed costs almost certain to continue pressuring producer margins in the coming months.

## NRCS Extends 2022 Application Deadline for Conservation Stewardship Program | Financial Workshops Available

Courtesy of [NRCS-California](#)



**Financial Assistance Programs:**

**Conservation Stewardship Program (CSP)**

Fresno - FC Farm Bureau - 03/25 - 9-11am  
Madera - MC Farm Bureau - 03/25 - 2-4pm  
Tulare - UC Coop. Ext - 03/28 - 9-11am  
Kern - UC Coop. Ext - 03/28 - 2-4pm

USDA's Natural Resources Conservation Service (NRCS) has extended the deadline in California to apply for approximately \$8.6 million in funding available statewide through the Conservation Stewardship Program.

“We are pleased to be able to increase the timeline for accepting applications in 2022,” says Carlos Suarez, state conservationist for NRCS California. “We know many sectors of our diverse agricultural economy are learning more about CSP and are excited about the opportunities.”

While applications are accepted throughout the year, interested producers should act quickly to submit their application to their local NRCS office. Applications must be received no later than April 15, 2022, to be considered for 2022 funding.

Through CSP, producers earn payments for actively managing, maintaining, and expanding conservation activities integrated within their agricultural operations. CSP enhancements like cover crops, grazing management, ecologically based pest management and buffer strips help producers improve soil health while protecting water quality. Other CSP activities help sustain and increase pollinator and beneficial insect habitat in harmony with agriculture production on their land.

CSP also encourages the adoption of cutting-edge technologies such as advanced irrigation water management techniques and precision nutrient application. CSP helps increase plant community diversity on range and forestland, and improve water quality on all agricultural land uses.

CSP is an ideal program for producers who seek to extend conservation benefits they achieved using conservation management practices along with structural and vegetative practices to address resource concerns on their operations. Applicants will need to demonstrate a record of past management efforts, including past participation in NRCS management practices, to have a competitive application for CSP participation.

Producers interested in CSP are recommended to contact their [local USDA service center](#) or visit [www.nrcs.usda.gov/GetStarted](http://www.nrcs.usda.gov/GetStarted).

## Join us virtually on April 12-14 for the third California Dairy Sustainability Summit!

### Explore Innovative Ways to:

- Reduce Emissions
- Conserve and Protect Water
- Improve Use of Manure Nutrients
- Maximize Operational Efficiency
- Develop New Business Opportunities
- Advance Herd Genetics
- Reduce On-Farm Costs

### Hear from:

dairy farmers, regulators & policymakers, industry leaders, major dairy customers, tech providers, researchers, and other experts, as we promote the continued advancement of sustainable dairy farm practices

Learn more and register at [CADairySummit.com](https://CADairySummit.com)

### 50+ Speakers, Including...



**Dr. Sara Place**  
Chief Sustainability Officer  
Elanco



**Robert Bonnie**  
Under Secretary for Farm  
Production & Conservation  
USDA



**Kimberly Fisk**  
Global Head of Procurement-  
Commodities  
Nestlé



**Dr. Frank Mitloehner**  
Professor & Air  
Quality Specialist  
UC Davis



April 12-14, 2022  
Virtual Event

**WATCH PROMO HERE**