

MPC WEEKLY FRIDAY REPORT

DATE: AUGUST 2, 2024
 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	-\$.0800	\$1.8500	WEEKLY CHANGE	+\$.0150	\$3.1050
Barrels	-\$.0400	\$1.9300	WEEKLY AVERAGE	+\$.0255	\$3.1100
WEEKLY AVERAGE CHEDDAR CHEESE		DRY WHEY		NAT'L PLANTS	
Blocks	-\$.0085	\$1.9125	DAIRY MARKET NEWS	W/E 08/02/24	\$.5000
Barrels	+\$.0035	\$1.9635	NATIONAL PLANTS	W/E 07/27/24	\$.4605
				LAST WEEK ENDING 07/20/24	
				NAT'L PLANTS \$1.1866 19,800,815	
				NAT'L PLANTS \$1.1959 14,472,134	

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 2 EST	\$22.92 - \$23.42	\$22.07	\$20.40	\$21.57
JUL '24 FINAL	\$22.71 - \$23.21	\$21.82	\$19.79	\$21.31

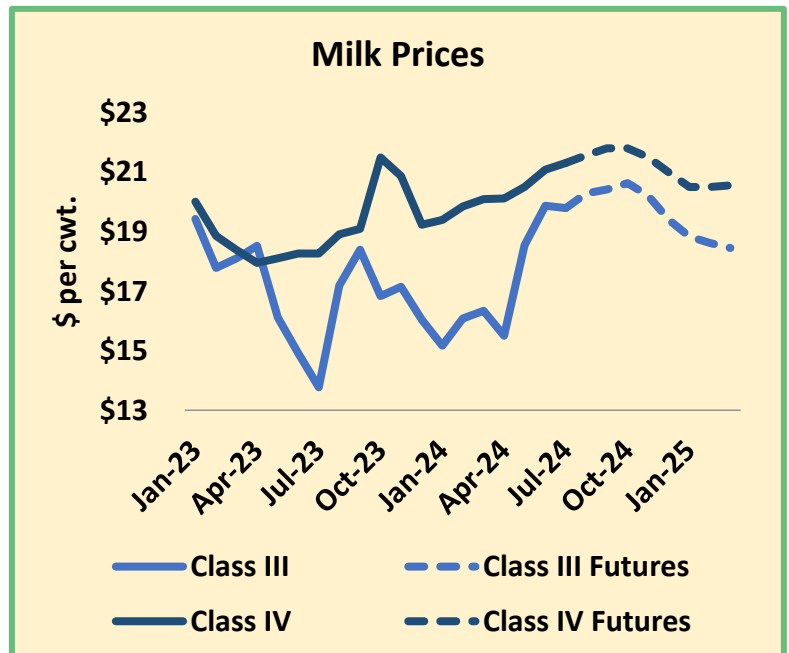


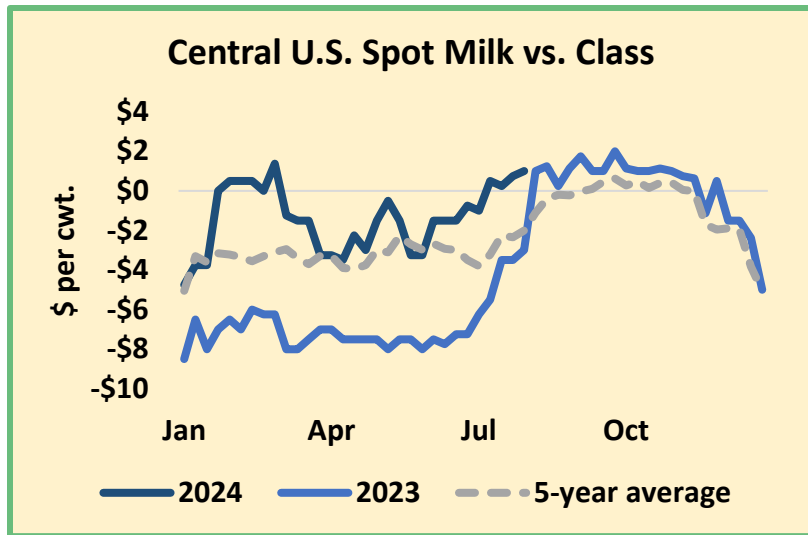
Milk, Dairy and Grain Market Commentary

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

Milk & Dairy Markets

Feed is cheap and milk revenues are lofty. USDA announced the July Class III milk price at \$19.79 per cwt. While that was 8¢ lower than May it was a whopping \$6.02 higher than July 2023. At \$21.31, the July Class IV price was up 23¢ from June and \$3.05 higher than July 2023. The futures forecast more of the same. Class IV futures held roughly steady this week, with all 2024 contracts at \$21 or higher. September through January Class III scored life-of-contract highs earlier this week, but then retreated. Most contracts finished about 20¢ lower than last Friday, but the September

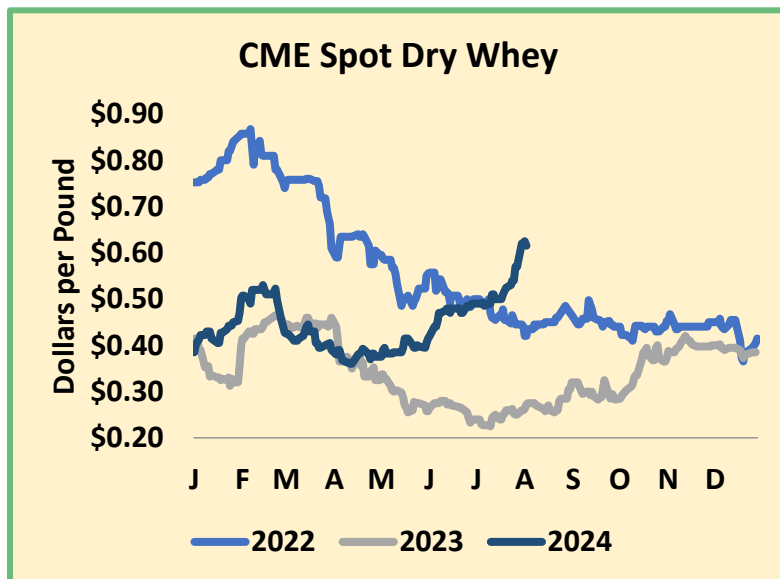




buttermilk, and lactose. The only section in which the agency did not reference tight milk was in its coverage of whey protein concentrates (WPCs), because manufacturers are directing as much of the whey stream as possible to WPC-80 and whey protein isolates (WPIs).

Cooler weather will give a seasonal boost to U.S. milk output later this year, but milk is likely to remain snug. U.S. dairy processing capacity has expanded, and milk production has not kept pace. This week, spot milk traded from steady to \$2 over Class III in the central region, the highest premium for early August since 2014. Spot milk has been pricier than the historic average in 48 of the past 52 weeks. Milk supplies are likely to tighten

further in the coming weeks as students head back to school and bottlers ramp up production. But tighter supplies can only lift prices so far. At some point, higher prices restrain demand and put a lid

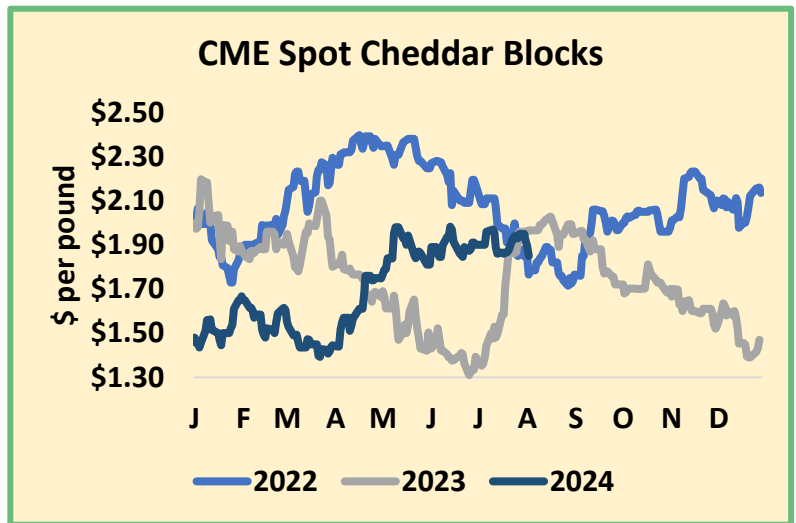


on the market. Demand is particularly vulnerable when consumers are weary of price hikes in restaurants and supermarkets. The bears emphasized their concerns about demand in the second half of this week amid huge losses on Wall Street. With that, the cheese market seems to have found its ceiling.

Spot Cheddar barrels were able to top the \$2 mark briefly in May and June, but they have tried and failed to conquer that peak again. This week, they climbed within a couple cents

contract fell hard, dropping 98¢. Still, Class III futures promise big milk checks with August through November north of \$20.

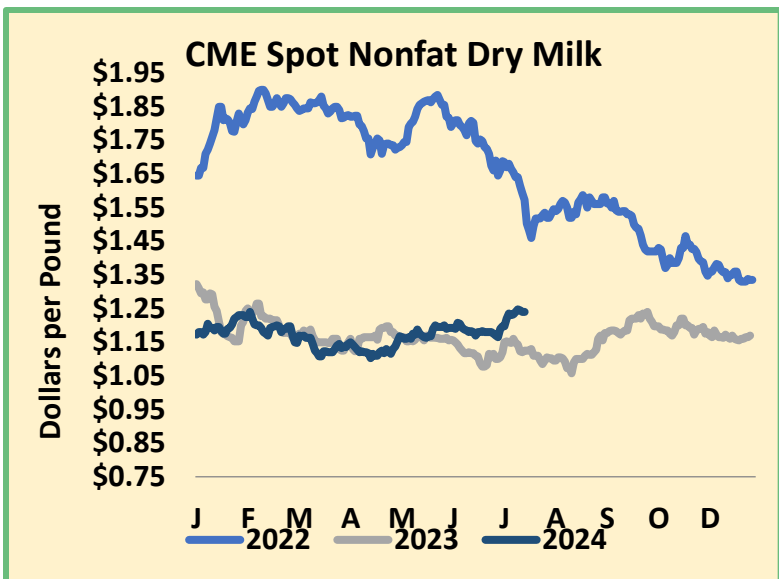
Hot weather, avian influenza, and scarce heifers continue to tighten milk supplies. In its weekly summary of the milk and dairy product markets, USDA's *Dairy Market News* specifically mentioned tight milk or seasonally lighter milk production in each of its sections covering fluid milk, butter, cheese, nonfat dry milk (NDM), whey, dry whole milk, casein, dry



of \$2 and then stumbled. They closed at \$1.93 per pound, down 4¢ since last Friday. Cheddar blocks fell 8¢ to \$1.85.

The other dairy product markets kept climbing. CME spot whey was the standout once again. In addition to strong demand for WPCs and WPIs, maintenance downtime at a whey manufacturer further reduced the flow of liquid whey to dryers. *Dairy Market News* reports that demand for dry whey has jumped in recent weeks, and supplies have gotten so tight that some buyers say their contracted orders have not arrived on time.

Spot whey soared to its highest price since April 2022. It closed today at 61.5¢, up another 4.5¢ this week.



There aren't a lot of tankers lined up at the dryer this summer, and the milk power market is rising. CME spot NDM climbed 0.75¢ to \$1.24, tied for its highest price since February 2023. But here too, demand is a problem. Chinese milk production has grown rapidly and displaced milk powder imports. Rabobank estimates that China now supplies 85% of its own dairy demand, up from 70% four years ago. Global milk powder supplies are slowly tightening, and the market is inching upward. If demand perks up, prices will shoot higher.

Butter is holding its ground. After a setback last week it rebounded 1.5¢ and closed at \$3.105. The fundamentals haven't changed. Production and stocks are notably higher than they were in 2022 and 2023, but buyers remain anxious about the fall baking season, and they're still bidding.

Milk income over feed margins look fabulous, and dairy producers continue to benefit from big beef checks as well. But cattle prices took a huge step back this week. A selloff on Wall Street spurred concerns about demand, and there were persistent rumors that a cattle packer would close one of its slaughterhouses in Nebraska. Such a closure would reduce demand for fed cattle and shift leverage from cattle feeders, who prefer higher cattle prices, to cattle packers, who want to spend as little as they can on livestock. Cattle packers enjoyed massive margins for several years, but they've been operating in the red for a while. Arguably, cattle prices have climbed too high and a setback was warranted. Red ink in the cattle pits will trim the price of dairy calves and cull cows, but even after this week's selloff, they're not far from all-time highs.

Grain Markets

The feed markets took another step back this week. In most areas, crops are thriving thanks to a healthy mix of sunshine and showers. The forecast calls for more of the same. December corn dipped below the psychologically-important \$4 mark for the first time in several years. It closed today at \$4.0375 per bushel, down 6¢ for the week. November soybeans dropped nearly 20¢ to \$10.29. December soybean meal held steady at \$325 per ton.

CDQAP Update: Visitor Biosecurity; Dairy Plus Project Solicitation & Application Tips

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

The California Dairy Quality Assurance Program (CDQAP) released its monthly update, which is excerpted below. You can read the full report [here](#).



What's Good Biosecurity for Dairy Visitors?

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

“What biosecurity precautions should I expect from visitors to my dairy?” As the number of U.S. dairy [herds infected](#) with HPAI (“Bird Flu”) exceeds 170, more producers are asking that question. On July 16th Federal, state and industry biosecurity experts joined CDQAP and CDFA to provide some answers. The webinar drew 86 registrants from the industry, regulatory, academic, and veterinary communities. The webinar was [recorded](#) and is available for viewing.

Highlights from the webinar include:

Current Status in California – California State Veterinarian Dr. Annette Jones reassured viewers that in spite of expanded surveillance, HPAI hadn’t yet been detected in California. In addition, CDFA was continuing to develop [contingency plans](#) which will allow business continuity for dairies in the event the virus enters the state. Dr. Jones emphasized that good biosecurity helps limit both within-herd spread and herd-to-herd spread. This protects not only a farm’s cows and employees, but neighboring dairies and flocks as well.

Continue reading [here](#).

2024 Dairy PLUS Solicitation for Projects is Out!

More information about this year’s solicitation is available on the CDFA Dairy PLUS and CDRF websites. Both CDFA and CDQAP will be hosting informational webinars in August. Producers and industry interested in learning more about this year’s program and tips for application prep are encouraged to attend.

CDFA Hosted Webinars:

- Wednesday, August 7 from 1pm - 4pm: [Register](#)
- Tuesday, August 13 from 9am – 12pm: [Register](#)

CDQAP Hosted Webinar:

- Thursday, August 29 from 3pm-5pm: [Register](#)



Tips for a Competitive Dairy PLUS Application

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

On July 23, CDFA opened the request for applications for the livestock manure methane reduction programs: the [Dairy Digester Research and Development Program \(DDRDP\)](#), [Alternative Manure Management Program \(AMMP\)](#), and [Dairy PLUS Program \(DPP\)](#). The DPP is funded by a USDA [Partnerships for Climate Smart Commodities](#) grant that CDFA administers collaboratively with the California Dairy Research Foundation. The 90-day application window will end on October 18, 2024. As the name Dairy PLUS suggests, there is a need to reduce carbon emissions PLUS improve nitrogen management with the proposed practice.

It's important to read the entire Request for Applications document BEFORE you begin. For Dairy PLUS, pay special attention to the Requirements and Limitations section. These funds are subject to federal terms and conditions.

Continue reading [here](#).

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

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

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



Join CMAB this August for Dairy Advocacy Bootcamp

Choose from one of three in-person
dairy advocacy workshops:

9am-12pm

Tulare: Monday, Aug 26

Modesto: Wednesday, Aug 28

Petaluma: Thursday, Aug 29

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 + additional resources

To register, click the link or scan the QR code

<https://forms.office.com/r/5QhMBmEQMU>

**Registration closes August 23rd at 5pm*



- You must be registered to participate
- Space is limited in each workshop. Preference will be given to dairy farmers. Industry partners will be added on a first-come, first serve basis.

Bipartisan Duo Introduce House Bill to Support H5N1 Response

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

Last Friday, Representatives Elissa Slotkin, D-MI, and David Valadao, R-CA, introduced the Avian Influenza Research and Response Act to bolster ongoing industry and USDA efforts to address the outbreak of the H5N1 virus in dairy cows (*see more on this issue in the story below*).

The bill directs USDA to establish a Dairy Biosecurity Education and Training program under which the department will award grants to eligible entities to provide training and related assistance to dairy farmers and workers to help implement biosecurity-related risk mitigation strategies. NMPF worked with the bill's sponsors to ensure that trade associations and farmer-owned cooperatives would be eligible entities under this program, which if enacted would have the potential to support the dairy sector's proactive work.

