

MPC WEEKLY FRIDAY REPORT

DATE: APRIL 22, 2022
 TO: DIRECTORS & MEMBERS
 FROM: KEVIN ABERNATHY, GENERAL MANAGER
 PAGES: 6



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MPC FRIDAY MARKET UPDATE

CHICAGO CHEDDAR CHEESE		CHICAGO AA BUTTER		NON-FAT DRY MILK	
Blocks	+ \$.0200	\$2.3925	WEEKLY CHANGE	-.0875	\$2.6675
Barrels	-.0700	\$2.3700	WEEKLY AVERAGE	-.0649	\$2.7070
WEEKLY AVERAGE CHEDDAR CHEESE		DRY WHEY		WEEK ENDING 04/16/22	
Blocks	+ \$.0339	\$2.3695	DAIRY MARKET NEWS	W/E 04/22/22	\$.6550
Barrels	-.0103	\$2.3785	NATIONAL PLANTS	W/E 04/16/22	\$.7293
				LAST WEEK ENDING 04/09/22	
				NAT'L PLANTS \$1.8294 20,236,784	
				NAT'L PLANTS \$1.8316 18,715,315	

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
APRIL 22 EST	\$25.98 - \$26.48	\$25.68	\$24.32	\$25.20
LAST WEEK	\$25.98 - \$26.48	\$25.74	\$24.33	\$25.25

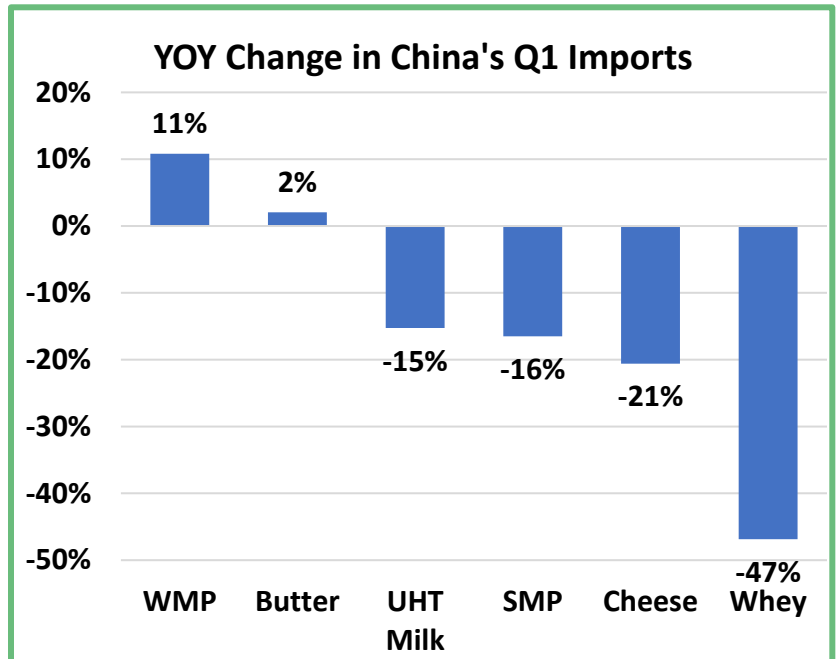


Milk, Dairy and Grain Market Commentary

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

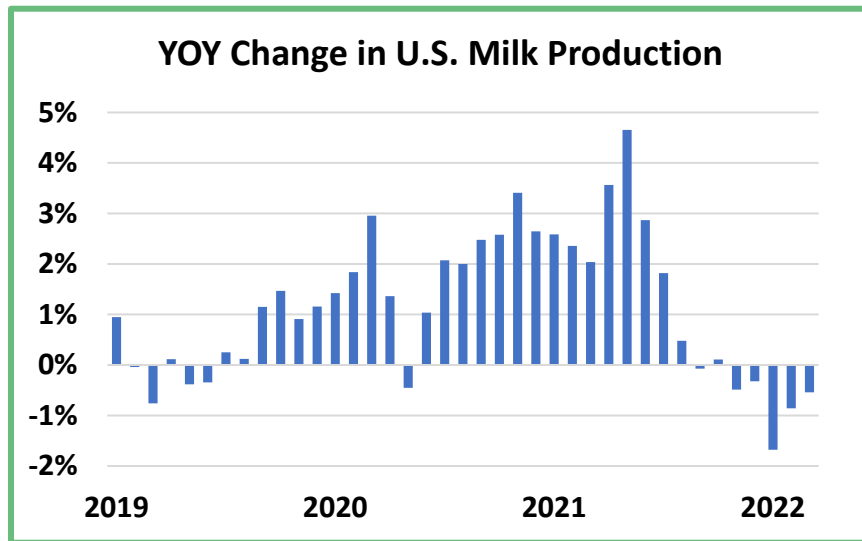
Milk & Dairy Markets

Spring has arrived, and the dairy markets swooned accordingly. Milk powder was especially weak. At Tuesday's Global Dairy Trade (GDT) auction, whole milk powder (WMP) prices fell 4.4%, logging their third straight decline. Skim milk powder (SMP) suffered its first setback at the GDT since July. It fell 4.2% to an average of \$4,408 per metric ton, roughly equivalent to nonfat dry milk (NDM) at \$2.13 per pound. In comparison, U.S. NDM looks like a bargain. CME spot NDM followed GDT SMP lower this week, dropping 6.75¢ to \$1.755, a three-month low.



Powders are under pressure amid concerns that lockdowns in major Chinese cities and backups at Chinese ports will stymie demand. March trade data neither fed nor assuaged those fears. Chinese milk powder imports were still healthy in comparison to most years, but they fell well short of the record-shattering volumes of 2021. China imported 128.1 million pounds of WMP last month, 30% less than the prior year. Still, thanks to an extremely strong showing in January, China's first-quarter WMP imports are up 11% from a year ago, logging the highest volume of any three-month period on record. Chinese SMP imports fell 27% year over year in March, dragging first-quarter imports down 16% from last year's record-setting pace. Chinese whey imports once again fell well short of the prior year. January through March whey imports plummeted 47% from the first three months of 2021. Chinese hog growers have been losing money for months, and they are unwilling to spend on whey for their rations.

Although the market will remain on edge about China's appetite for milk powder, supplies are likely to remain tight as long as global milk output is in the doldrums. The European Commission reported a surprising 0.3% year-over-year increase in European milk collections in February, the first sign of growth in Europe in six months. However, commentary from the Commission and USDA's *Dairy Market News* suggests that milk output fell short once again in March and April. In New Zealand, milk solids collections slipped 1.5% from a year ago in March, bringing season-to-date output down 3.8%.

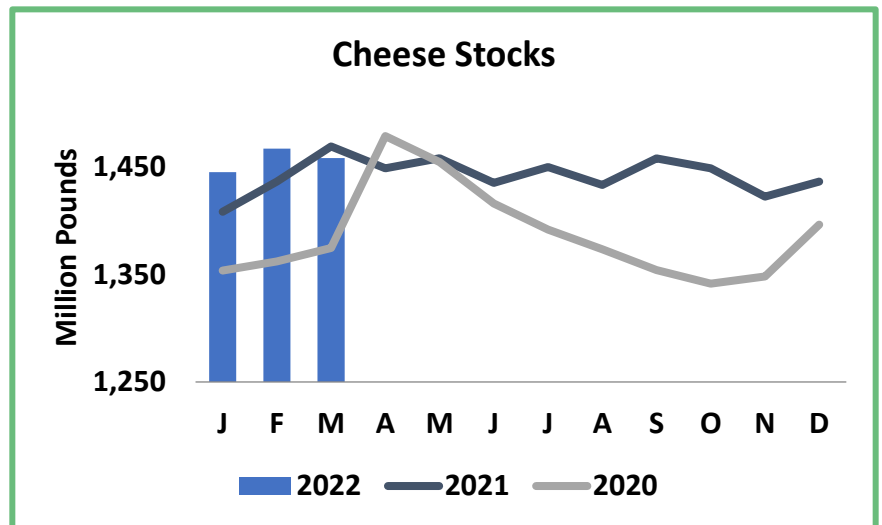


commentary from the Commission and USDA's *Dairy Market News* suggests that milk output fell short once again in March and April. In New Zealand, milk solids collections slipped 1.5% from a year ago in March, bringing season-to-date output down 3.8%.

Closer to home, U.S. milk output totaled 19.69 billion pounds in March, down 0.5% from last year. U.S. milk output has fallen short of the prior year

for six of the past seven months, its longest such streak since 2009.

Less milk – and ongoing issues at processing plants – may have resulted in lower cheese output in March. Either that, or demand was exceptionally strong. We'll know which cause to celebrate when USDA publishes the Dairy Products report in a couple weeks. Whatever the reason, the monthly Cold Storage report showed that cheese stocks declined 8.9 million pounds from February to March, the first decline in cheese inventories at this time of year since 2011. The U.S. cheese stockpile was still hefty, at 1.46 billion pounds, but it was 0.7% smaller than in March 2021.



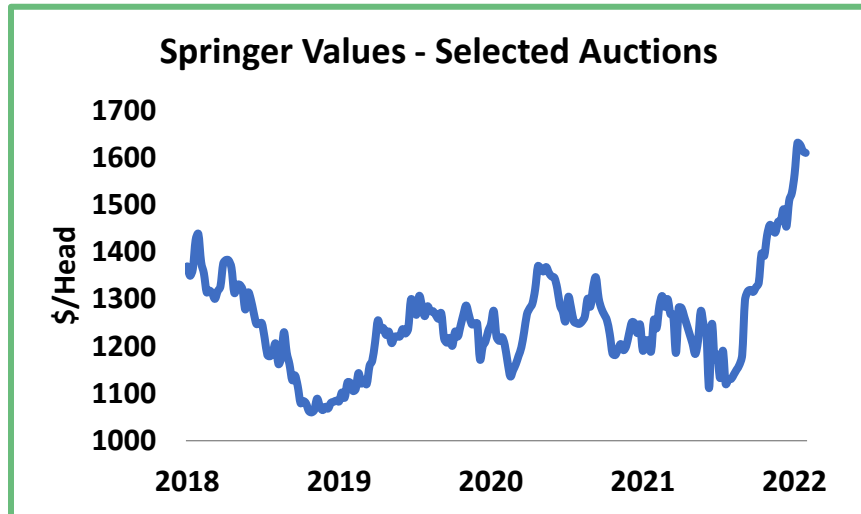
Conversely, butter stocks climbed rapidly in both February and March. At the end of last month there were 283 million pounds of butter in cold storage. That is still considerably below year-ago stock levels, but

the deficit has shrunk from 34% in January to 26% in February to 20% in March. Unexpectedly high stocks may explain why butter prices have fallen in April. This week, CME spot butter dropped another 8.75¢ to \$2.6675 per pound. Cheese prices were mixed. Spot Cheddar blocks rallied 2¢ to \$2.3925, just shy of the 2022 high. Barrels dropped 7¢ to \$2.37. Whey held steady at 63.5¢

According to USDA’s latest estimates, sky-high milk prices enticed dairy producers to add 13,000 cows in February and 15,000 in March, bringing the milk-cow herd up to 9.395 million head. That’s still down 87,000 head from March 2021.

Dairy producers may add fewer cows in the months to come. Painfully high feed costs are deterring growth, even in the face of massive milk checks and lofty futures prices. There are a few new or newly

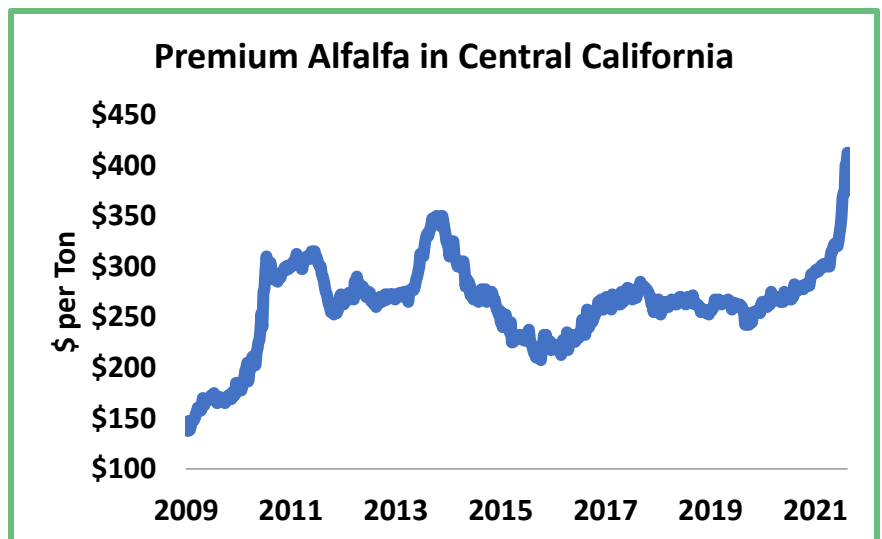
expanded dairies that will continue to fill their barns in the months to come, but once those expansions are complete, there are not many new dairies on the drawing board. Meanwhile, auction houses around the nation advertise a steady stream of sellouts. Despite these regular sales, heifers are scarce and pricey. At this week’s sale in Pipestone, Minnesota, the average price for the top 25 springers exceeded \$2,000 for the first time since 2016. High feed costs and high heifer prices will make dairy producers think twice – or thrice –



before they crowd their barns to take advantage of \$24 to \$25 milk.

Grain Markets

The corn market forged new multi-year highs once again this week and, once again, settled well below the mid-week peak. July corn closed today at \$7.89 per bushel, up 5.25¢ since last Thursday. December corn futures briefly traded above \$7.50, but they closed at \$7.245, down more than a dime for the week. July soybeans fell hard today, but their close at \$16.88 was up 22.75¢ from last week. July soybean meal futures slipped \$3.60 to \$452.10 per ton. Hay prices are climbing at an alarming rate. According to *The Hoyt Report*, dairy producers in central California paid between \$405 and \$420 per ton for premium quality alfalfa last week.



Planters are just starting to roll in the Corn Belt and the Plains. Cold temperatures and a relatively wet outlook are raising concerns that farmers will not be able to get in their fields as soon as they would like. If the weather hinders fieldwork for long enough, it could push even more acreage away from corn and into soybeans. That would be a real shame. The world is short of grain, and it needs every bushel.



Save Our Communities

Friday, May 6, 2022 • 9:00 am
Wyndham Visalia, 9000 W Airport Drive Visalia, CA

CONTACT



California Cotton Ginners & Growers Association (559) 252-0684



RSVP to shana@ccgga.org

Our future without **action!**

85 K

Jobs Lost Statewide
(Production & Service related)

\$2.1 B

Annual Lost Employee Wages Statewide
(Production & Service related)

\$7.2 B

Annual Lost Farm Revenue
(San Joaquin Valley)

Join us for an important **WATER** meeting with Legislators, County Supervisors, Mayors, City Council Members, Water Districts, GSA's, community business owners, school districts, all segments of agriculture, banks, and many others. The implementation of Sustainable Groundwater Management Act (SGMA), multiple year drought, and most significant restrictions on water in California's history will devastate communities. Years of inaction have led us to this disaster. The time to act is NOW!

The meeting is hosted in coordination with the following individuals and groups:

Mayor Victor Lopez - Orange Cove
Mayor Rolando Castro - Mendota
Mayor Alma M. Beltran - Parlier
Mayor Alvaro Preciado - Avenal
Supervisor Craig Pedersen - Kings County
Supervisor Doug Verboon - Kings County
Central Valley Mayors & Elected Officials Coalition
California Cotton Ginners and Growers Association

Western Agricultural Processors Association
Nisei Farmers League
African American Farmers of California
California Fresh Fruit Association
Tulare County Farm Bureau
Kings County Farm Bureau
Madera County Farm Bureau
Merced County Farm Bureau

Kern County Farm Bureau
Fresno County Farm Bureau
California Apple Commission
California Blueberry Commission
California Olive Committee
California Wild Rice Advisory Board
California Blueberry Association
Olive Growers Council of California

California Olive Oil Council
Tulare Lake Basin Water Storage District
Milk Producers Council
American Pistachio Growers
California Dairies, Inc.
Alliance of CA Farmers and Ranchers
California Agricultural Aircraft Association
Far West Equipment Dealers Association

Partial List



CMAB Spring Moosletter: Board of Directors Election, Retail Promotions, Research Update & More!

Courtesy of the [California Milk Advisory Board](#)

The California Milk Advisory Board (CMAB) recently published its Spring 2022 Producer Moosletter, which you can read [here](#).

Letter from John Talbot, CMAB CEO

As we opened 2022, we were looking forward to recovery from the pandemic and some return to normalcy in our lives. However, the way things are shaping up, this year could be just as tumultuous as the last two. Remnants of the pandemic are still affecting our lives, supply chain issues continue to constrain sales, competition is fiercer than ever, global trade issues challenge exports, inflation is higher than it's been since the 1980s, and war in Ukraine threatens peace and prosperity around the world.



This will likely have unprecedented impact on global dairy economics. Milk production is down around the world driving milk price higher than ever, but inflation is driving significant increases to input costs that will put further pressure on farming operations. The good news is global demand for dairy products is strong and there are ample opportunities for growth.

Continue reading [here](#).

NMPF Update: Supply Chain Action Needed

By *Jim Mulhern, President & CEO*
[National Milk Producers Federation](#)



NMPF Advises USDA on Needed Supply Chain Actions

NMPF and the U.S. Dairy Export Council (USDEC) took more actions this week to help alleviate food supply chain disruptions, urging additional steps by the Biden administration to provide relief and support to dairy farmers and exporters.

In a [letter](#) to Agriculture Secretary Tom Vilsack and Transportation Secretary Pete Buttigieg we called for improved interagency collaboration to enhance capacity at ports, incentivize carriers to load export cargo, and strengthen transparency throughout the supply chain.

Our primary recommendation calls for USDA's Agricultural Marketing Service (AMS) to restart its Ocean Shipping Container Availability Report (OSCAR). The OSCAR report, which AMS discontinued a few years ago, provided weekly snapshots on the availability and location of containers at ports and other intermodal facilities. Shipping containers for U.S. dairy exports continue to be in short supply at coastal ports, and even more scarce at inland locations.

The additional supply chain actions NMPF requested include:

- Establishing inland pop-up terminal yards, similar to those in Oakland and Seattle, in Minneapolis, Chicago, Detroit, Salt Lake City and Kansas City. This would enable greater access

inland to containers and improve the ability to secure vessel accommodations with short earliest-return-date windows at those locations;

- Developing the fast lane concept to incentivize the flow of agriculture exports into and from ports. This would include trucking lanes at port terminals that are dedicated to the expeditious delivery of perishable agriculture goods to ports;
- Incentivizing ocean carriers to load more export containers, instead of empty containers, through preferred or prioritized berthing access;
- Including real-time tracking of containers as part of the Administration's Freight Logistics Optimization Works initiative, and;
- Piloting projects with carriers for dual turns of containers, wherein containers delivering imports to an in-land location may be provided directly to an export-focused shipper, rather than being sent back empty to the port. This could be supported through the USDA's Commodity Credit Corporation resources.

