

# MPC WEEKLY FRIDAY REPORT

DATE: SEPTEMBER 2, 2022  
 TO: DIRECTORS & MEMBERS  
 FROM: KEVIN ABERNATHY, GENERAL MANAGER  
 PAGES: 4



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## MPC FRIDAY MARKET UPDATE

<b>CHICAGO CHEDDAR CHEESE</b>		<b>CHICAGO AA BUTTER</b>		<b>NON-FAT DRY MILK</b>	
Blocks	+ \$.0250	\$1.7650	WEEKLY CHANGE	+ \$.0175	\$3.1000
Barrels	-.0250	\$1.8575	WEEKLY AVERAGE	+ \$.0375	\$3.0760
<b>WEEKLY AVERAGE CHEDDAR CHEESE</b>		<b>DRY WHEY</b>		<b>WEEK ENDING 08/27/22</b>	
Blocks	-.0320	\$1.7380	DAIRY MARKET NEWS	W/E 09/02/22	\$ .5350
Barrels	-.0255	\$1.8535	NATIONAL PLANTS	W/E 08/27/22	\$ .4896
				<b>LAST WEEK ENDING 08/20/22</b>	
				NAT'L PLANTS \$1.6868 16,410,339	

## 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
SEPT 2 EST	\$25.22 - \$25.72	\$26.28	\$19.75	\$24.02
AUG '22 FINAL	\$26.73 - \$27.23	\$26.91	\$20.10	\$24.81

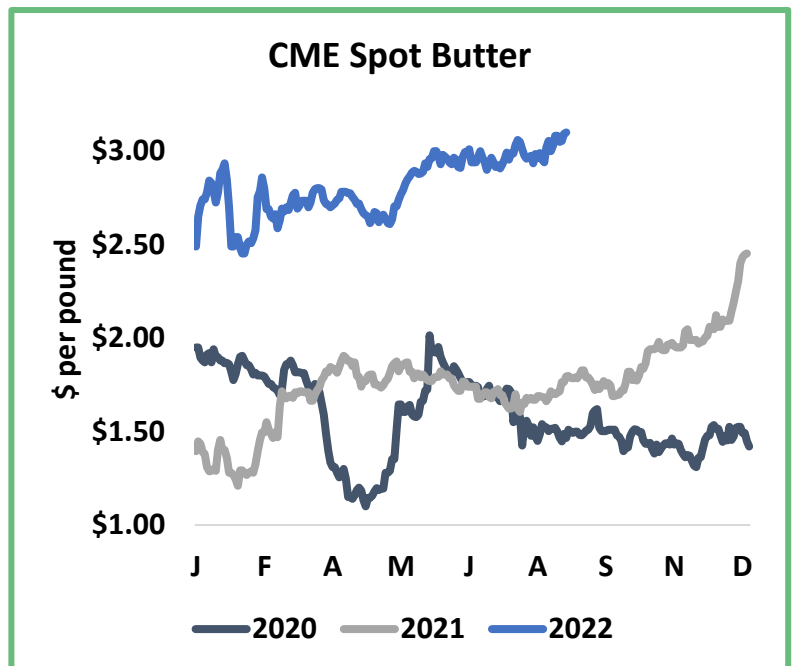


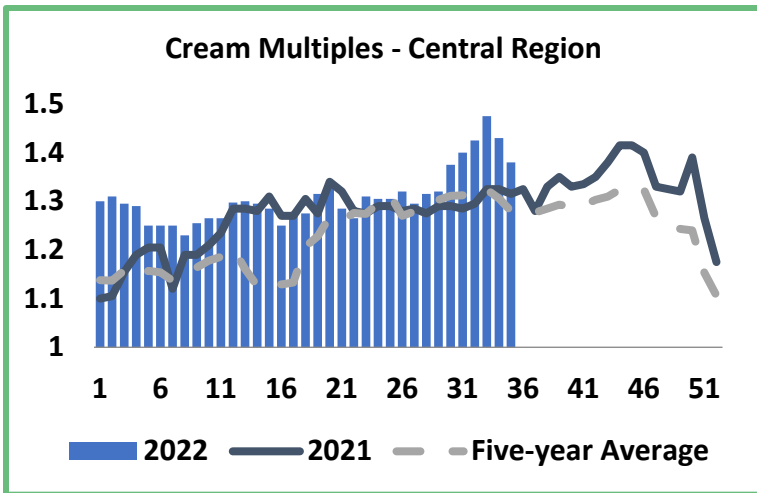
### Milk, Dairy and Grain Market Commentary

By Sarina Sharp, Daily Dairy Report  
[Sarina@DailyDairyReport.com](mailto:Sarina@DailyDairyReport.com)

#### Milk & Dairy Markets

The bulls remain in charge in the butter pit. CME spot butter added another 1.75¢ this week and reached \$3.10 per pound, tied for the second-highest trade ever. Grocers are anxious about stocking their shelves with enough product to last through the holiday baking season, and USDA's recent reports have not calmed their fears. Last week's Cold Storage report showed July 31 butter stocks at the lowest volume for the month since 2017, when demand was much smaller. Today, USDA's Cold Storage report showed July butter output at 151.7 million pounds, up 3.1% from July 2021. The unexpected year-over-year increase implies strong demand, making it clear that production did not keep up with



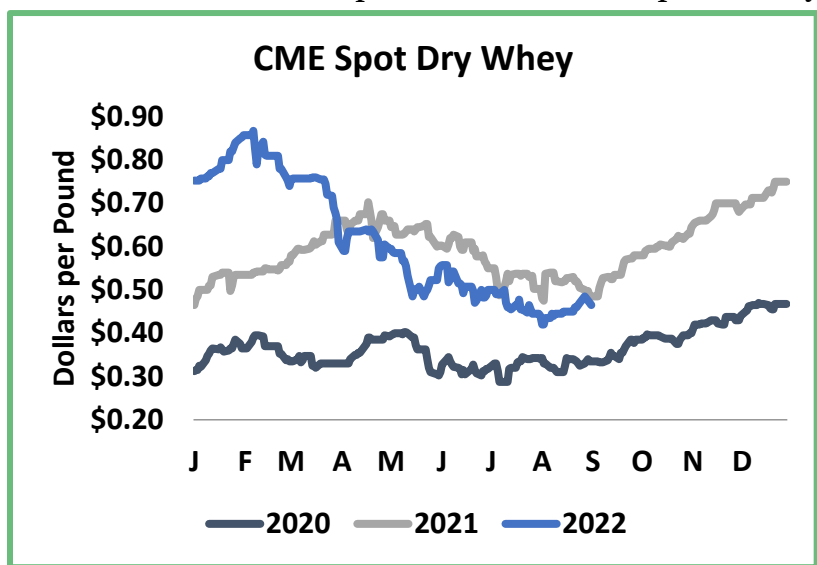


consumption this summer. The churns surely didn't run any harder in August, when cream multiples in the Midwest soared to unprecedented heights. Butter supplies are likely to remain tight, and the market is on edge. But these high prices are already doing their job. U.S. butter imports are on the rise and sticker shock will likely slow sales. The futures project that butter will drop from north of \$3 in September to around \$2.56 by January.

The cheese markets were mixed. CME spot Cheddar blocks climbed 2.5¢ to \$1.765. Barrels

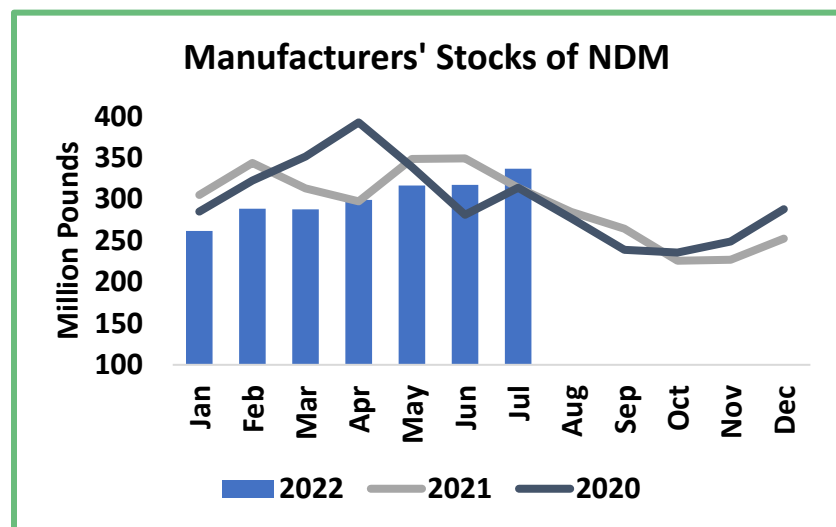
fell by the same amount and closed today at \$1.8575. Both blocks and barrels are hovering a little above the 2022 lows, weighed down by heavy inventories and formidable production. USDA reported July cheese production at 1.157 billion pounds, up 1.1% from July 2021. Milk is plentiful in the cheese states and production is likely to remain strong. Thankfully, robust exports are preventing cheese stocks from becoming even more burdensome.

With cheese vats full, whey output is going strong. USDA reported July whey powder production at 82.1 million pounds, up 7.4% from a year ago to an 18-month high. Formidable output helps to explain the swift selloff in the whey market earlier this summer. CME spot dry whey slipped a half-cent this week to 46.5¢.



Milk powder prices also lost a little ground this week. CME spot nonfat dry milk (NDM) fell 4¢ to \$1.52. Combined production of NDM and skim milk powder totaled 216.5 million pounds in July. That is pretty typical for mid-summer drying, but it was 7.1% greater than July 2021, and stocks climbed. Lower

prices are starting to attract some interest from Mexican milk powder buyers, but USDA describes the milk powder market overall as "quiet."



The milk markets sprinted higher into the holiday weekend and logged substantial gains today. But it was not enough to undo significant losses from early in the week. Class III futures settled 30¢ to 90¢ lower than last Friday, and the September and October contracts slumped below the \$20 mark. Class IV futures are still sitting

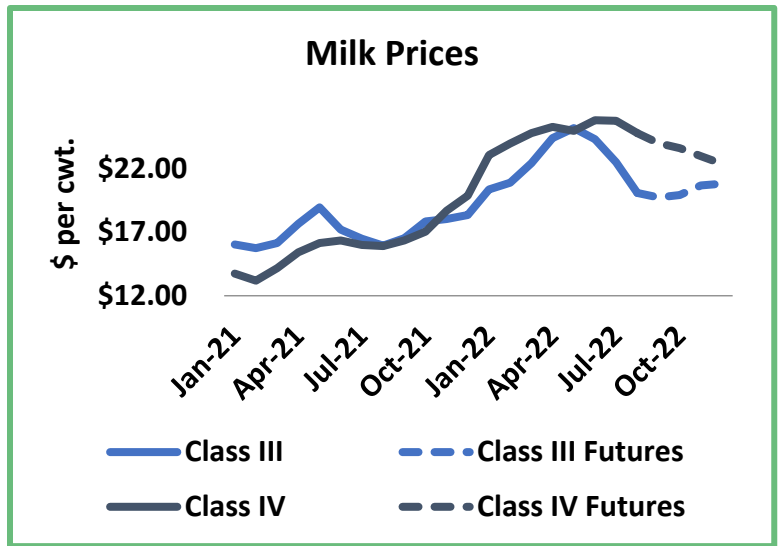
comfortably in the low- to mid-\$20s, but they also lost considerably ground this week.

USDA announced the August Class III price at \$20.10 per cwt., down \$2.42 from July but still up \$4.15 from last year. At \$24.81, August Class IV milk was 98¢ lower than July. August Class IV was an astounding \$8.89 higher than Class IV milk in August 2021.

### Grain Markets

After much back and forth, the corn markets finished the week not far from where they began it. December corn settled at \$6.6575 per bushel, up a penny and a half. The trade has come to a consensus that the national average corn yield is somewhere in the low 170s. Corn prices will have to remain high enough to deter new export sales and keep sufficient corn at home to last until next year's harvest.

The bean markets took a big step back. Thanks to timely rains, the crop is looking great. November soybeans settled at \$14.205, down more than 40¢ for the week. October soybean meal dropped more than \$10 to a still-pricey \$424 per ton.



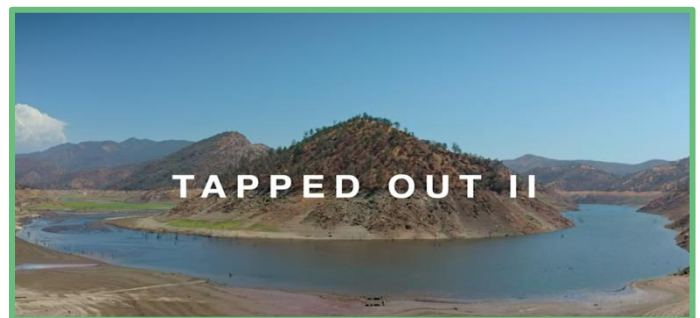
## Tapped Out 2: Valley PBS Original Documentaries

Courtesy of [Valley PBS](#)

**Note from Geoff Vanden Heuvel, Director of Regulatory and Economic Affairs**  
Water is a very big deal in California. Valley PBS broadcast an important documentary this week that you can watch [here](#). The documentary points out the problems, what is at stake and suggestions on a path forward.

I learned some things in this documentary and you might too. For example, we really do feed the country and the world. Here's what is produced within a 100-mile circle as Fresno as the focus of the circle:

- More milk than the state of Wisconsin
- 25% of all organic produce
- 14 times the number of peaches than Georgia
- 10 times the number of oranges than Florida
- 75% of all the almonds produced globally
- 100% of all the raisins in the U.S.
- 95% of the pistachios in the U.S.



All of this is done with less than 1% of the U.S. land mass, while producing 50% of all the produce, fruit and vegetables in this country.

I recommend watching.

## CDQAP Update: Heat Advisory, Mortality Disposal Update, Calf Care Instructor Training, Dairy Pest Management Planning Workshop

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

The California Dairy Quality Assurance Program (CDQAP) published its most recent update, which you can read [here](#).

### Heat Advisory

The National Weather Service has issued regional warnings for excessive [heat](#) throughout California, extending into next week. Highs could potentially reach up to 113 degrees for the coming six days. Particularly concerning for farmers is that [overnight lows](#) in many areas may remain in the mid to upper 70s, temperatures that don't allow for night time thermal recovery of livestock. For more information on how to protect livestock and employees from this heat event, see CDQAP's [dairy heat advisory](#).

### Mortality Disposal Update: Much progress has been made, but much is left to do.

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

With only four rendering facilities in California processing animal mortalities, a heat event can overwhelm the state's limited disposal capacity. Similarly, a mechanical problem in a single plant can disrupt mortality pick-up for livestock producers across an entire region. It's happened before and will happen again. California dairy producers experienced large-scale service disruptions in 2006, 2017, and 2020. During each of these incidents, CDQAP has spearheaded development of [county-by-county emergency disposal plans](#).

Continue reading [here](#).

### Calf Care Instructor Training September 20th in Tulare

The Calf Care & Quality Assurance ([CCQA](#)) program was developed through an alliance of [beef, dairy, and veal organizations](#) to promote science-based, commonsense practices resulting in better consumer confidence, health outcomes, and profitability. For interested producers or industry staff, CCQA instructor training is being offered at UC Davis' [VMTRC](#) in Tulare on September 20th. The event is free, but does require [online registration](#).

### Dairy Pest Management Planning Workshop

Stable flies, house flies, face flies... "Depending on the number and types of flies and the type of facility and management practices, milk production losses from flies can range from negligible to up to 30%." Come help the UC determine which pests are most important, what practices are still effective, and what research is needed.

