

MPC WEEKLY FRIDAY REPORT

DATE: OCTOBER 25, 2024
 TO: DIRECTORS & MEMBERS
 FROM: KEVIN ABERNATHY, GENERAL MANAGER
 PAGES: 7



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MPC FRIDAY MARKET UPDATE

CHICAGO CHEDDAR CHEESE		CHICAGO AA BUTTER		NON-FAT DRY MILK	
Blocks	-\$0.0250	\$1.9000	WEEKLY CHANGE	+\$0.0350	\$2.6950
Barrels	-\$0.1400	\$1.8700	WEEKLY AVERAGE	+\$0.0405	\$2.6815
WEEKLY AVERAGE CHEDDAR CHEESE		DRY WHEY		NAT'L PLANTS	
Blocks	-\$0.0120	\$1.9100	DAIRY MARKET NEWS	W/E 10/25/24	\$0.5800
Barrels	-\$0.0285	\$1.9085	NATIONAL PLANTS	W/E 10/19/24	\$0.5611
				LAST WEEK ENDING 10/12/24	
				NAT'L PLANTS \$1.3371 15,255,109	

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 24 EST	No Change	\$21.06	\$22.72	\$20.91
LAST WEEK	\$24.77 - \$25.27	\$21.11	\$22.58	\$21.06



Milk, Dairy and Grain Market Commentary

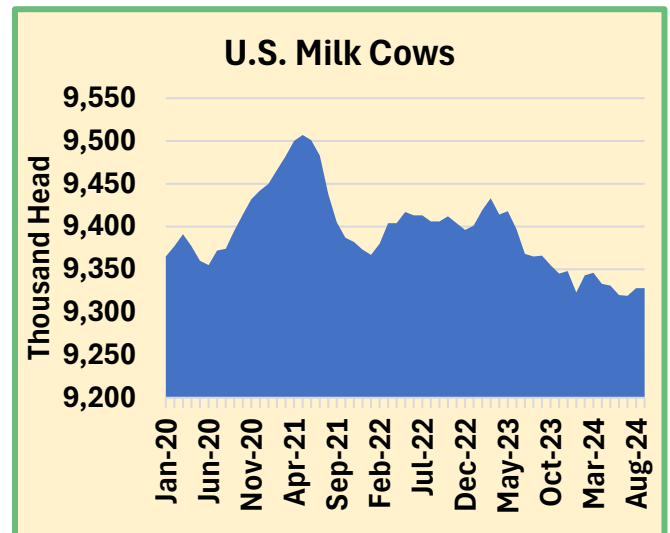
By Monica Ganley, Quarterra

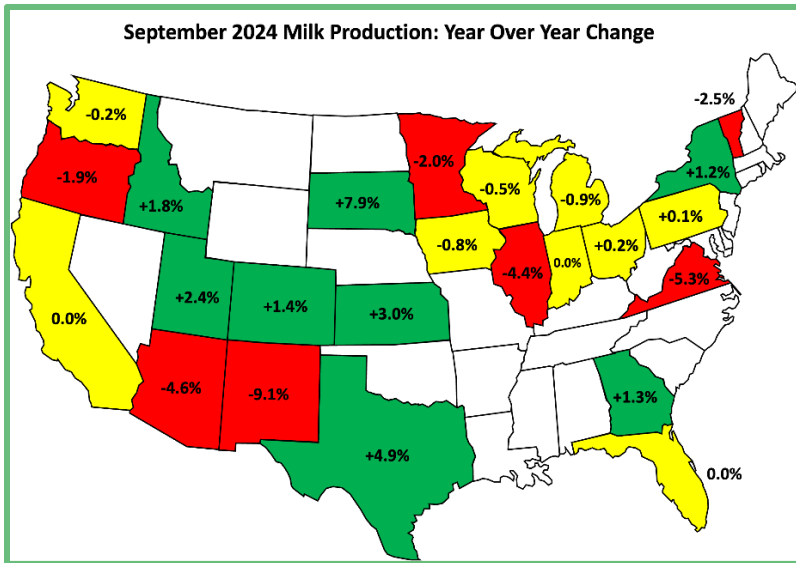
Monica.Ganley@QuarterraGlobal.com

Milk & Dairy Markets

Dairy market analysts got a surprise this week when USDA released its Milk Production report on Monday with stronger than expected results. According to the report, milk production grew by 0.1% year over year in September. But perhaps even more unexpectedly, the agency revised the August figure from a modest loss to a 0.4% increase. At 9.328 million head, the national dairy herd was unchanged in September compared to prior month. However, it remains 38,000 head smaller than at the same time last year. Milk per cow grew by 0.5% and, critically, milk component levels have continued to rise, further increasing the manufacturing value of the milk.

Milk production performance was mixed across the country's key dairy states. In California, September





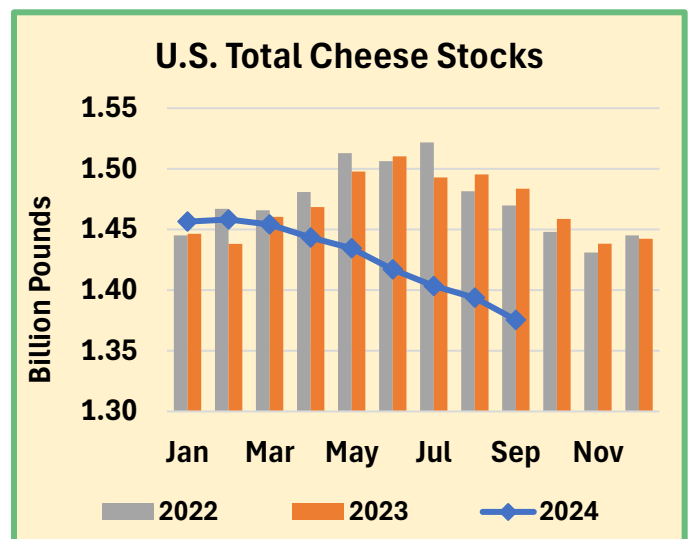
output was virtually unchanged from prior year. However, these statistics were likely collected before the most severe stages of the H5N1 outbreak which has gripped California in recent weeks and is reportedly having a substantive impact on production. Meanwhile, production faltered in the Upper Midwest with volumes down 0.5% year over year in Wisconsin. The country's other top five dairy states posted strong figures in September with Idaho production up 1.8% while Texas and New York posted gains of 4.9% and 1.2%, respectively.

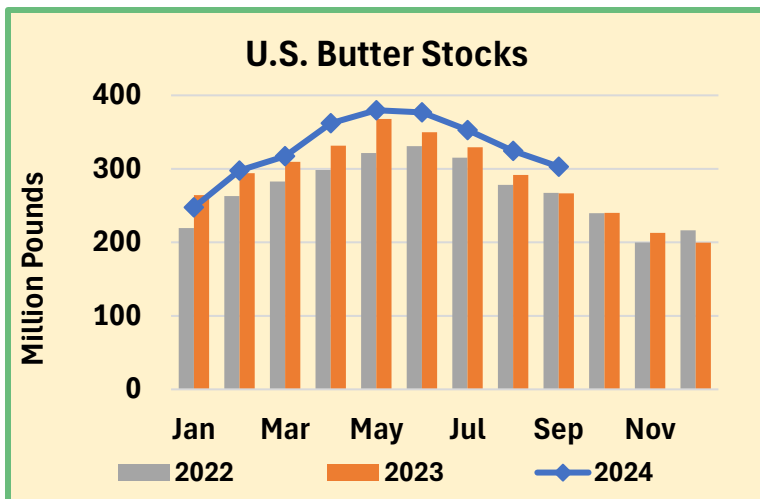
With these figures, a year of declining milk production has officially ended. However, the situation remains precarious as animal health issues persist and producers still face numerous barriers to expansion. But anecdotal evidence indicates that milk supplies have eased somewhat as cooler autumn temperatures have helped to boost output. Some cheesemakers in the Central region were even able to nab spot loads of milk at a discount to class prices this week. Demand from bottlers has generally been steady as the holiday season approaches.

As milk supplies loosen, cheese prices moved down at the CME this week. Cheddar barrels showed the most dramatic movement, giving up value every day as the price sank to \$1.87/lb. on Friday, a 14¢ dip compared to prior week. Cheddar blocks also moved downward but in fits and starts, ultimately giving up 2.5¢ to close the week at \$1.90/lb. Activity was muted in the cheese market with just five loads of blocks and nine loads of barrels moving over the course of the week. With these movements, the block-barrel spread has been restored to its historical average of 3¢.

Even as total cheese production has been running above prior year levels, inventories continue to shrink. In its most recent Cold Storage report, USDA pegged total cheese stocks at 1.375 billion pounds. This represents a 7.3% year over year decline and is the seventh consecutive month that inventories have decreased compared to prior month. This suggests that cheese demand has been relatively robust, despite mixed reports from the market. Persistently strong export demand is likely helping to clear product while some targeted foodservice offers may be helping to push more cheese through the channel. Stocks of American style cheeses contracted more dramatically than other styles in September, likely reflecting lower relative production.

While cheese stocks shrank, butter inventories continued to grow compared to prior year. At the end



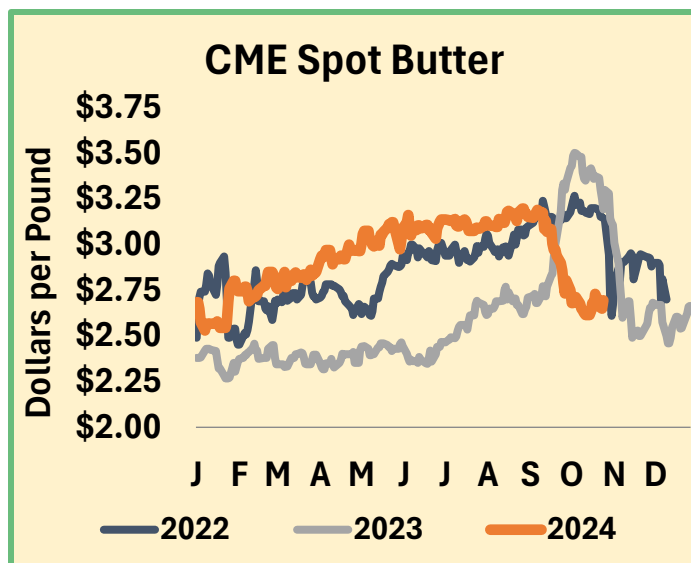


of September there was 302.995 million pounds of butter in storage. Inventories have been falling seasonally but were 13.6% larger in September than at the same time last year. Strong butterfat tests have fueled butter production in recent months and the increase in inventories suggest that the ability of manufacturers to move this product through the market is slowing. The accumulation in stocks help to rationalize the dramatic decrease in butter prices that were witnessed during the month. But despite sufficient

supplies, spot butter found some traction at the CME this week, adding a net 3.5¢ over the week to finish Friday’s session at \$2.695/lb.

On the other side of the Class IV complex, the nonfat dry milk (NDM) market gave up a half a penny during the week to end the trade at \$1.375/lb. Even though the price movements were modest, it was a relatively active week at 32 loads of product traded hands. NDM production is likely to remain challenged. Even as overall milk output is improving, restrictions in California are expected to disproportionately limit NDM production. Demand is mixed as some users report they are well supplied while others have found themselves short. Traders indicate that Mexican buyers are still active in the market.

Familiar themes continue to dominate the whey market. Upbeat cheese production has created a plentiful whey stream, but robust demand from higher protein products is limiting how much raw whey is actually dried. As a result of these competing forces, dry whey prices continued to sit comfortably at current levels, ending the week at 60.5¢ per pound, up just a quarter of a cent from last week. A total of 13 loads of whey moved at the CME during the week.



Grain Markets

The harvest continues to run slightly ahead of historical averages as the weather has largely been agreeable in recent weeks. According to USDA’s Crop Progress report, for the week ending October 20, 65% of corn in the top producing states had been harvested, compared to the five-year average of 52%. Similarly, the soybean harvest stands at 81% compared to the five-year average of 67%. While a successful harvest bodes well for long term feed supplies, corn futures nevertheless moved up this week as the MAR25 corn contract settled at \$4.35/bu. on Thursday. Soybean meal futures softened over the week with the JAN25 soybean meal contract settling at \$310.20/ton on Thursday.

9 Things You Should Be Doing Now About HPAI

By Dr. Michael Payne

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

As of this writing, CDFA has [confirmed](#) a total of 133 dairy herds infected with HPAI (“Bird Flu”) with several dozen additional herds pending final confirmation. To date, one turkey farm and one broiler farm have been infected. Similarly, the California Department of Public Health, CDPH, has [confirmed](#) 13 human cases, roughly one third of confirmed or presumptive cases nationally. Current [reports](#) are that almost all human cases were associated with dairy or poultry facilities, were mild in nature and responded well to treatment.

Industry and regulatory agencies have realized that the window for containing the virus to a localized region is closing or has closed, perhaps leading some producers to adapt a fatalistic attitude. There are at least four good reasons why producers should continue making biosecurity efforts:

- 1) In the other 13 affected states, not every dairy was affected, yours could be one of those in California that isn't.
- 2) The longer infection is delayed, the further we get into cooler weather, which reduces disease severity and forced culling.
- 3) There may be additional support funding for lost milk and cows available in the future which is not available now.
- 4) The longer infection is delayed, the greater the chance a vaccine for cattle will be available if your herd does become infected.

There are a number of comprehensive guidance documents about setting up biosecurity programs including those from [CDFA](#) and [USDA](#). Based on studies and observations over the last 6 months, however, there are at least 9 things producers should absolutely be doing now...

9 Things You Should Be Doing Now About HPAI (If you not doing them already...)

- Stop bringing untested lactating cows into the herd. Infected cows can be asymptomatic 2 to 3 weeks before exhibiting symptoms. Ideally, new additions should be segregated for 30 days as well.
- Segregate returning youngstock for 30 days. While the level of risk returning heifers play in disease spread is unknown, we do know apparently normal youngstock can carry the virus. To be safe returning heifers should be segregated from resident cattle for 30 days.
- Provide farm-specific boots and coveralls. Dedicated outer-wear that remains on the dairy reduces risk of bringing the virus onto the dairy or home to their families.

- Avoid sharing employees with workers from other herds or flocks. In studies in other states, employee cohabitation was a risk factor for spreading the virus between dairies and flocks.
- Stop all non-essential visitors. Work with essential visitors (vets, hoof trimmers, AI or equipment technicians) to ensure they only bring in sanitized equipment or vehicles. See this [article](#) about dairy visitors.
- Keep rendering trucks off the dairy. Move rendering pick-ups to a peripheral part of the facility so dead haulers don't have to drive through the dairy. CDFA released [guidance](#) on dead stock pick-up this week.
- Set up an HPAI protocol. Even if you're not using it now, setting up an HPAI treatment protocol (in DairyComp, DelPro, PCDART etc.) in advance will allow you easy documentation of which cows were affected, greatly assisting later application to USDAFSA for assistance for lost milk.
- Prepare equipment for drenching. Construct or order equipment necessary to rehydrate large number of cows efficiently. Some commercial companies will manufacture "drench carts" [Morris Levin](#) and [Drench-Mate](#). A variety of commercial drench powders ([TechMix](#), [MB Restore](#), [Drench-Mate](#)) or homemade electrolyte recipes are being used effectively.
- Stock up on PPE for employees. Free Personal Protective Equipment is available directly from the [state](#), but it's unknown how long supplies will last so, so act now.

FDA Warns Veterinarians Against Aspirin Use in Dairy Cattle

By Dr. Michael Payne

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

Last week, the FDA's Center for Veterinary Medicine ([CVM](#)) published a [letter](#) to veterinarians warning them that there are no aspirin products approved for use in cattle and therefore such use in dairy cows (or any other food animal species) is prohibited.

Also on Monday, the American Association for Bovine Practitioners ([AABP](#)) published a [podcast](#), which further explained this change in regulatory priorities.

Since at least the 1960s numerous brands of aspirin containing oral products have been marketed for cattle in the U.S. including bolus, powder and liquid formulations. None of these products, however, have completed the rigorous FDA animal drug approval process. Until CVM's letter dated October 11th, aspirin was a member of a very short list of unapproved animal drugs, including lidocaine, epinephrine and intravenous calcium solutions, for which FDA used "regulatory discretion" allowing continued marketing because they were of "low regulatory concern".

Increasing use of aspirin in cattle during the current HPAI outbreak, the availability of other anti-inflammatory drugs labeled for cattle and media inquiries about the potential impacts to food safety prompted the FDA to determine that aspirin in dairy cattle was no longer of low regulatory concern and publish the letter.

As an alternative to aspirin there are a number of anti-inflammatory products that have FDA label approvals for some diseases in lactating dairy cows, although importantly not HPAI. These includes at least [six](#) intravenous flunixin-containing products, all having the same 36-hour milk and 4-day slaughter withdrawal periods. There is also a single pour-on flunixin [product](#) with 48-hour milk withdrawal and 8-day slaughter withdrawal periods when used according to the label. Importantly the withdrawal times for this pour-on product are only valid for a single treatment. Extra-label usage for this product, which includes using additional treatments, would require the prescribing veterinarian to provide the appropriate indications for extra-label usage and the appropriate extended withdrawal times.

It is essential that hospital pen employees using flunixin products be properly trained in administration. Injection of flunixin outside the vein can result in damaged jugular veins and extended withdrawal times. IM or SQ injections can result in large, painful injection sites with tissue damage and extended meat and milk withdrawal times. Finally, veterinary literature and product labels generally caution against the use of flunixin in dehydrated animals to avoid GI and kidney damage. Your veterinarian might direct that cows be completely rehydrated before flunixin administration.

As with all prescription medications, producers considering flunixin use in cows should consult with their herd veterinarian. This is particularly true for flunixin products which are not labeled for use in cows infected with HPAI.

NMPF Holds Annual Meeting in Phoenix

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

From Kevin Abernathy, General Manager

MPC extends its congratulations to Darrin Monteiro of California Dairies, Inc. on his appointment to the National Milk Producers Federation Board of Directors!

We just concluded NMPF's 2024 annual meeting in Arizona, and I will start by thanking everyone who participated and contributed to the process. [This news release](#) provides a good summary of the many discussions and activities at the meeting. I also want to thank our partners at Dairy Management, Inc. for their collaboration in the meeting planning and execution.

NMPF's members discussed many topics, including the process that started three years ago to revamp the Federal Order system, a journey that will culminate this fall in a final decision by USDA. Dairy producers in the past year also have grappled with H5N1 and delays on a farm bill. We continued to make progress on a revamp of CWT. At the direction of the NMPF Board, Chairman Randy Mooney

soon will appoint a task force to review and refine the program, with an emphasis on assessing the optimal funding level necessary to encourage stronger participation in 2025 and beyond.

I want to welcome these new leaders to the organization, including the following new directors on our Board:

- Darrin Monteiro, California Dairies Inc.
- Dan Kullot, Dairy Farmers of America
- Kimberly Parks, Dairy Farmers of America
- Deric Lindstrom, Ellsworth Cooperative Creamery
- Joel Eigenbrood, Foremost Farms
- Jon Cowell, Maola

Cowell and Eigenbrood also were elected to NMPF's Executive Committee. The board also elected Craig Caballero of United Dairymen of Arizona to serve as its secretary. In addition, Jacob Larson of Southeast Milk, Inc. was elected chairman of the Small Cooperative Caucus and, in turn, to NMPF's Executive Committee.

Lastly, our traditional [cheese contest](#) expanded this year by adding butter to the competition categories. This year's Chairman's Award winner was a Garden Vegetable cheese with Sweet Basil Rub cheese from Ellsworth Cooperative Creamery in Menomonie, WI, while the Chairman's Reserve went to a salted butter from Upstate Niagara Cooperative Inc. of Batavia, NY.

