

MPC WEEKLY FRIDAY REPORT

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TO: DIRECTORS & MEMBERS
FROM: KEVIN ABERNATHY, GENERAL MANAGER
PAGES: 6



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MPC FRIDAY MARKET UPDATE

CHICAGO CHEDDAR CHEESE BLOCKS	CHICAGO AA BUTTER	NON-FAT DRY MILK
WEEKLY CHANGE -\$0.0250 \$1.7500	WEEKLY CHANGE -\$0.0650 \$2.2350	WEEK ENDING 08/16/25
WEEKLY AVERAGE -\$0.0190 \$1.8155	WEEKLY AVERAGE -\$0.0175 \$2.2835	NAT'L PLANTS \$1.2878 13,260,676
	DAIRY MARKET NEWS W/E 08/22/25 \$0.5650	LAST WEEK ENDING 08/09/25
	NATIONAL PLANTS W/E 08/16/25 \$0.5823	NAT'L PLANTS \$1.2870 14,359,838

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 21 EST	No Change	\$19.13	\$17.41	\$18.53
LAST WEEK	\$21.23 - \$21.73	\$19.15	\$17.38	\$18.54



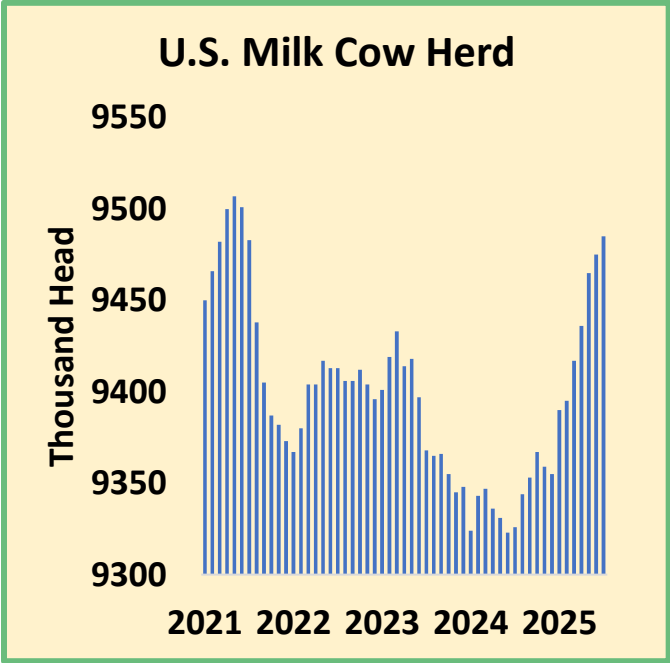
Milk, Dairy and Grain Market Commentary

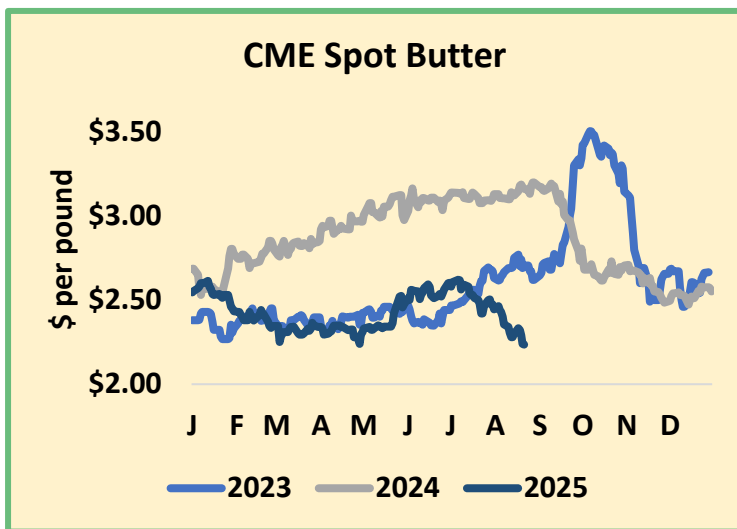
By Sarina Sharp, Daily Dairy Report
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Milk & Dairy Markets

The dairy markets have lost that summer sizzle. Prices plummeted this week on the heels of a Milk Production report that confirmed heady growth. Unseasonably cool overnight temperatures and another 10,000 cows pushed milk output upward in July. Production totaled 19.57 billion pounds, up 3.5% from July 2024. Once again, components supercharged the growth. The U.S. dairy herd made 4.7% more butterfat, 4.4% more protein, and 3.8% more nonfat solids than it did last July.

Dairy producers continued to hold onto as many cows as possible, allowing for expansion despite the heifer shortage. The dairy herd reached 9.485 million head last month, up 159,000 from July 2024 and the

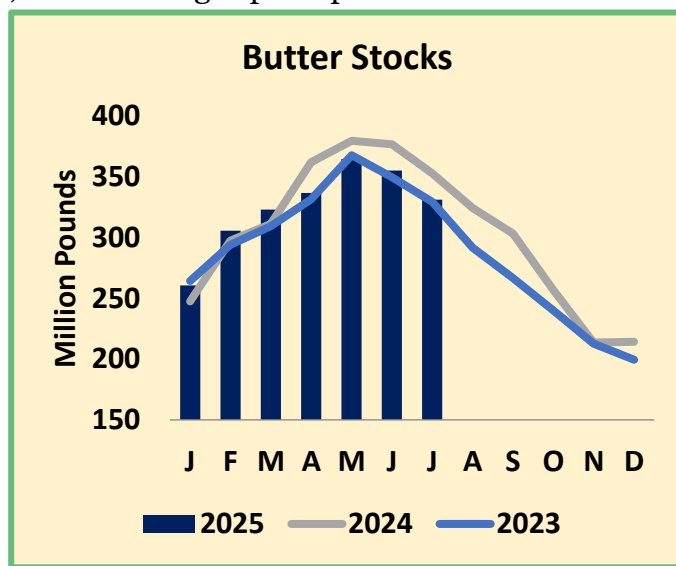




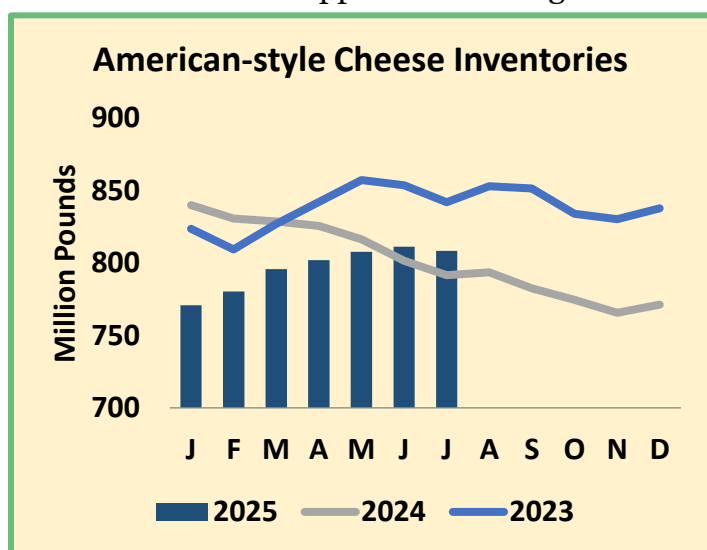
highest head count since May 2021. The year-over-year increase is large enough for producers to send an additional 900 head to slaughter each week and maintain an annual cull rate below 30%, on par with the 2024 rate that fostered rapid expansion. The recent uptick in slaughter volumes aligns exactly with these figures. Producers are sending a few more cows to slaughter than they did in August 2024, but cull rates remain depressed and growth continues.

The significant increase in butterfat allowed churns to run harder than they typically would

through the summer. But American butter is a bargain, and booming exports provided an outlet for the excess. Butter inventories shrank 24 million pounds from June to July, tied with last year for the greatest July drawdown since 1987. There were 331.4 million pounds of butter in cold storage warehouses at the end of last month, 6.1% less than on July 31, 2024. In a more recent snapshot, USDA's *Dairy Market News* reports that "inventory levels are higher than [they were] at the beginning of the month," although stocks of unsalted 82% butter are extremely tight due to international demand. Nonetheless, the trade is anxious about the supply of American-style salted butter. CME spot butter slumped 6.5¢ this week to \$2.235 per pound, the lowest price in Chicago since December 2021.



Cheese stocks also slipped from June to July, but only after USDA revised upward its estimate of June inventories. Cheese supplies are still higher than USDA's initial June estimate and the latest figures put

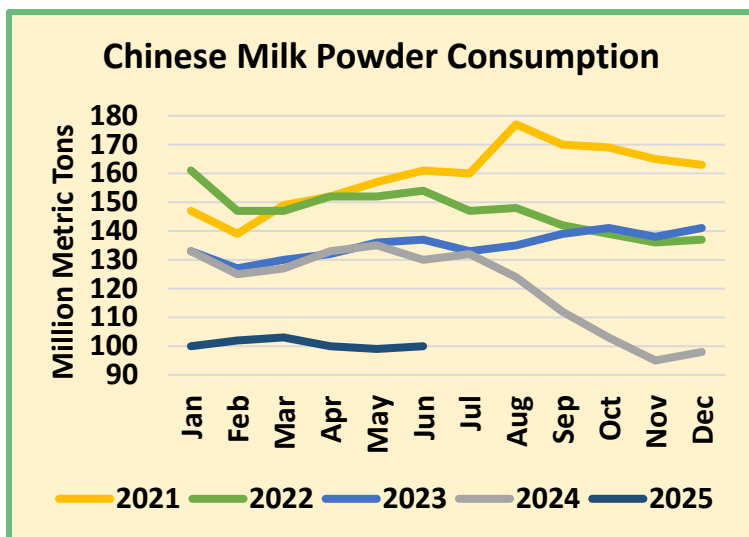


inventories for both June and July above year-ago volumes. Stocks of American-style cheese, including the Cheddar that determines Class III milk values, were 2.1% greater than in July 2024. And industry experts report that, after months of record-shattering exports, U.S. cheese is now too pricey to win a lot of new business. Prices dipped accordingly. CME spot Cheddar blocks fell 1.5¢ this week to \$1.76.

The whey market rallied in the first half of August, but this week it retreated. CME spot whey powder fell 4.5¢ to 55.5¢. Manufacturers continue to make

all the high-protein whey products they can, but there is still enough whey leftover to be dried into powder. Thankfully, when the U.S. and China agreed to a pause in the trade war in May, Chinese buyers returned to their favorite whey suppliers. After a June lull, Chinese whey imports topped the prior year by 16% in July, and China imported 27% more high-protein whey products than it did the year before.

Chinese demand for milk powder, on the other hand, remained lackluster. Accounting for the poor showing in July, the world's largest importer is buying foreign skim milk powder and whole milk powder at a year-to-date pace only slightly ahead of 2024, when Chinese milk powder imports plummeted to an eight-year low. Chinese consumer spending is weak and milk powder consumption is terribly depressed. But global milk powder output is also lower than it once was, and the market has struck a tentative balance. CME spot nonfat dry milk continues to tread in a tight range. This week it fell a penny to \$1.26.



The milk markets took another step back this week. Most Class III futures finished around 30¢ in the red. September Class III managed to remain north of \$18 per cwt., but after that the futures project milk in the high \$17s as far as the eye can see. Most Class IV contracts lost around 20¢ this week and settled in the low \$18s. The September contract closed at \$18.03.

Grain Markets

It didn't take long for sub-\$4 corn to attract new demand. A flurry of export sales fostered a quick rebound. Concerns about disease pressure and a growing consensus that August weather was not good enough for crops to meet USDA's sky-high yield forecasts also gave prices a boost. But there is no doubt that this year's harvest will be a big one. Scouts on the *ProFarmer* crop tour found greater corn yield potential and higher soybean pod counts in each of the seven states they surveyed, with two exceptions. Soy pod counts were 2.3% lower in Indiana than they were a year ago, and the Illinois corn yield was 2.2% behind last year's *ProFarmer* estimate. Those shortfalls will easily be offset by record-setting yields in the western Corn Belt. The tour pegged the Minnesota and South Dakota corn yields 23% and 11% higher, respectively, than they projected in 2024.

Soybean prices got a further lift from the EPA, which finally ruled on requests from small refiners that they would be exempt from either blending renewable fuels into their energy products or purchasing credits from those who blended more than was required. The agency granted exemptions or partial exemptions to 140 petitions, effectively wiping requirements for 5.34 billion gallons of biofuel. But the agency denied 35 requests and ruled seven petitions were invalid. These denials plus the partial exemptions suggest that biofuel blending will be higher than many had assumed after a seven-year backlog of these petitions. The news propelled soybean oil futures straight upward, with soybean futures hot on their heels. November soybeans closed at \$10.58 per bushel today, up 16¢ for the week. December soybean meal fell \$3.50 to \$291 per ton. December corn jumped 6.5¢ to nearly \$4.12.

45% of QIP Referendum Ballots Received by CDFA; Voting Period for QIP Referendum Ends September 10

MPC News Update

CDFA staff reported today that 45% of the ballots mailed for the current Quota Implementation Plan (QIP) referendum have been received by CDFA. The total number of valid ballots received will be determined when the envelopes are opened to tally, following the September 10 voting deadline. As a reminder, a “yes” vote would immediately terminate the QIP. A “no” vote will result in no change to the existing QIP. CDFA created a [QIP 2025 Referendum](#) page with various referendum materials for producers to review, including the official notice, exhibits, frequently asked questions, ballot checklist, and hearing findings. See these materials [here](#).

California Milk Advisory Board Meeting September 10-11 in Merced

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

The California Milk Advisory Board (CMAB) will host its next Board of Directors Meeting on:



**Wednesday, September 10 – 7:30 a.m.
Thursday, September 11 – 8 a.m.**

UC Merced Conference Center
5200 North Lake Road
Merced, CA 95343

The CMAB Board meeting is open to any California dairy producer. If interested in attending, please RSVP to Tracy Garza at tgarza@cmab.net or 209-690-8252.

California Milk Advisory Board Continuation Hearing September 16 at 10 a.m. via Tele/Video Conference

Courtesy of the California Department of Food and Agriculture

TO ALL INTERESTED PARTIES: The California Department of Food and Agriculture (Department) is calling a public hearing to receive testimony and evidence from the California dairy industry and the general public regarding whether the Marketing Order for Research, Education, and Promotion of Milk and Dairy Products in California (California Milk Advisory Board or CMAB) should be continued. The Department is required to conduct such a hearing every five years to determine if the CMAB tends to fulfill the declared purposes of the California Marketing Act (Act), under which the CMAB was created. The last public hearing regarding the continuation of the CMAB was conducted in 2020. The hearing will be held virtually, with no in-person option available. **The meeting is September 16 at 10 a.m.**

More details, including meeting **login information** and **testimony submission** are available [here](#).

CDQAP Update: FBI Reaches Out to Ag; Fallow Field Winter Prep; Forage & Soil Testing; Federal Drone Laws Help Farmers

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

The California Dairy Quality Assurance Program recently published its monthly update, which can be read in its entirety [here](#).



FBI's InfraGard Program Reaches Out to Agriculture

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

With 300,000 grocery stores, one million restaurants and 2 million farms, our country's Food & Ag [sector](#) is very big business. Unfortunately, at \$3.5 trillion and 5.5% of our gross domestic product, food and ag also generates the kind of money that attracts some very serious criminals.



Producers' first stop for law enforcement help is their local police or sheriff's department. This is particularly true in California, where the highly effective *Rural Crime Prevention Task Force* ([CRCPTF](#)) helps coordinate cross-county threats in rural areas.

Preventing and responding to national and international threats, however, requires more resources. This was the focus of the 3rd Annual Northern California FBI – InfraGard Symposium, held at the Cabral Ag Center on July 30.

The primary FBI partnership with private industry is the [InfraGard Program](#), which started after the 2001 September 11 attacks. After a brief background check, industry representatives can receive intelligence and training that are not typically available to the general public.

Here are some of the non-classified, open-source highlights shared at the symposium:

Suspicious Activity Reports (SARs) – A number of speakers emphasized the effectiveness of concerned citizens filing information potentially related to illegal activities. SARs can cover anything from violent threats on social media, indications of human trafficking or collection of hazardous materials. These reports are evaluated and entered into the national SAR database, where they are forwarded to the appropriate agency or law enforcement department. A number of dairy processor and trade staff have been trained to help assist producers in completing these reports.

Economic Espionage – A case history of [agricultural economic espionage](#) detailed the theft of \$120 million worth of [trade secrets](#) by a Coca-Cola chemical engineer working for the Chinese government. A startling [video](#) produced by the FBI provided additional examples of [insider espionage](#) in the energy, agricultural, and military sectors.

Continue reading [here](#).

Winter Preparation Includes A Nod to Fallow Fields

By Dr. Deanne Meyer, Livestock Waste Management Specialist, UC Davis and UC ANR

Forage harvest is underway or on the horizon. That means dairy farmers are thinking about winter preparations: removing manure from corrals, grading corrals before rains, where bedding will be stockpiled and covered, new practices for handling solids from settling basins or separators, etc. Some producers will need to rethink manure applications, as the Sustainable Groundwater Management Act (SGMA) kicks in and fields are fallowed. More producers are being impacted by SGMA. If a field isn't going to grow a crop, no manure should be applied to it. Consider where the manure will go to manage nitrogen. Each dairy operator will need to evaluate their farming situation and manure resources.

Test Forages and Maybe Soils Too

By Dr. Deanne Meyer

As forages are harvested, make sure to record field harvest weights for each crop in each field. It's important that representative samples of harvested material are taken for nutrient analysis. Composite samples are analyzed for percent moisture, ash (fixed solids), total nitrogen, total phosphorus, and total potassium. The field yield weights and sample nutrient composition results are used to calculate nutrients removed from each field.

Continue reading [here](#).

New Federal Drone Laws Help Farmers Push Back...

By: Dr. Michael Payne, Director CDQAP

Criminals are using drones to [scout rural property](#) for equipment to steal and animal rights activists also use drones to gather video footage at dairies and ranches. The audience at the FBI - InfraGard symposium was especially attentive to [Werner von Stein's](#) presentation describing the newly implemented federal drone regulations. von Stein, who is authorized by the FAA's [FAAST program](#) to teach drone safety and regulations, had the following recommendations for producers:

WHEN you see a drone near your property:

- Immediately request a response from local law enforcement explaining you are concerned about the safety of your employees and livestock.
- Capture cell phone video of the drone operator, particularly if they are on private land or are interfering with farm operations or endangering people or livestock.
- DO NOT threaten or accost the drone operator.
- DO NOT attempt to shoot down the drone.

Continue reading [here](#).