

MPC WEEKLY FRIDAY REPORT

DATE: MARCH 29, 2024
 TO: DIRECTORS & MEMBERS
 FROM: KEVIN ABERNATHY, GENERAL MANAGER
 PAGES: 5



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MPC FRIDAY MARKET UPDATE

CHICAGO CHEDDAR CHEESE		CHICAGO AA BUTTER		NON-FAT DRY MILK	
Blocks	+ \$.0250	\$1.4175	WEEKLY CHANGE	+ \$.0350	\$2.8425
Barrels	+ \$.0025	\$1.4250	WEEKLY AVERAGE	+ \$.0228	\$2.8438
WEEKLY AVERAGE CHEDDAR CHEESE		DRY WHEY		NAT'L PLANTS	
Blocks	-.0086	\$1.4280	DAIRY MARKET NEWS	W/E 03/29/24	\$.4900
Barrels	-.0492	\$1.4780	NATIONAL PLANTS	W/E 03/23/24	\$.4652
				LAST WEEK ENDING 03/16/24	
				NAT'L PLANTS	\$1.1969 22,932,817
				NAT'L PLANTS	\$1.1983 20,278,188

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
MAR 29 EST	No Change	\$21.05	\$16.34	No Change
LAST WEEK	\$20.40 - \$20.90	\$20.07	\$16.41	\$20.09



Milk, Dairy and Grain Market Commentary

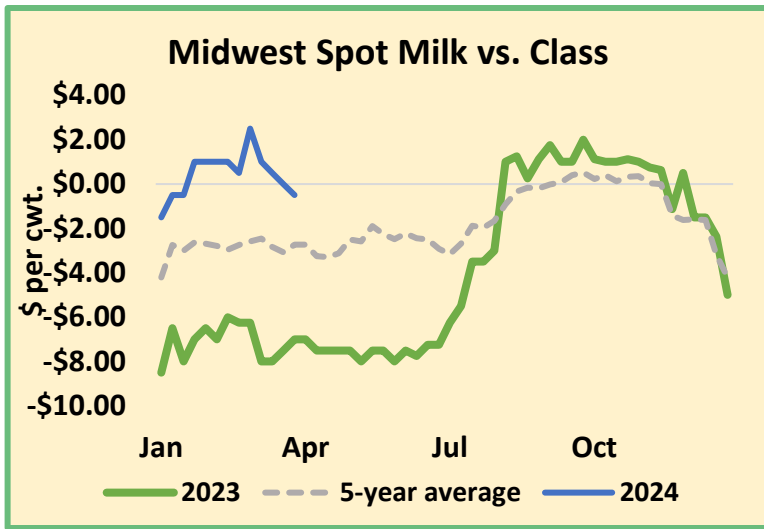
By Monica Ganley, Quarterra

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Milk & Dairy Markets

On Monday, the USDA announced that it had identified the mystery disease affecting dairy cattle in Kansas and Texas as Highly Pathogenic Avian Influenza (HPAI). According to the agency, the virus has likely been spread by wild birds that had contact with affected farms. Authorities are still determining whether the disease can be transmitted between cattle. For now, it appears that the risk of the virus potentially spreading to humans is low. The farm level biosecurity and milk pasteurization protocols currently in place are effective in protecting the safety of the U.S. milk supply from HPAI.

While herds affected by HPAI have seen a drop in milk production, the impact on overall milk supplies has been minimal. Volumes are expanding seasonally as the spring flush is imminent in many parts of the country. With many institutions enjoying their spring holidays the pull from bottlers has declined, leaving plenty of milk for manufacturers. In addition, mild weather and strong component values have loosened up the market for spot milk. Stakeholders surveyed by Dairy Market News report that spot

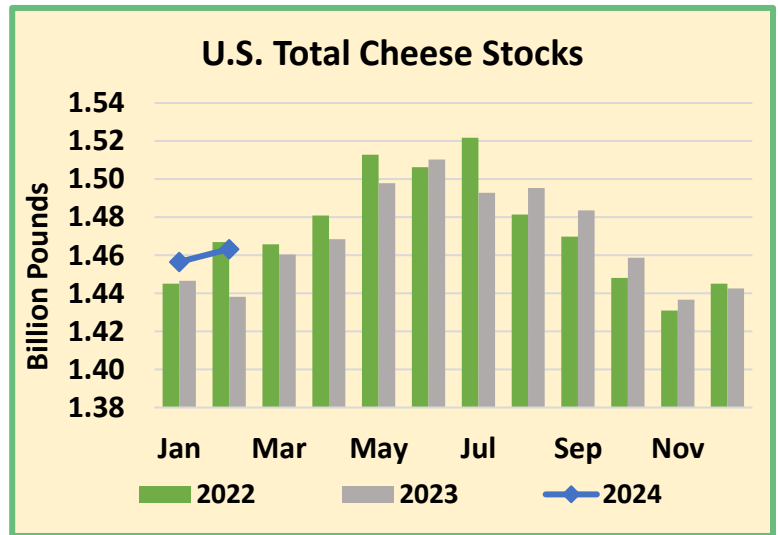


loads of milk for manufacturing can be obtained for \$4 and \$6 under Class III in the West and Central regions, respectively, with even greater discounts anticipated in the coming weeks.

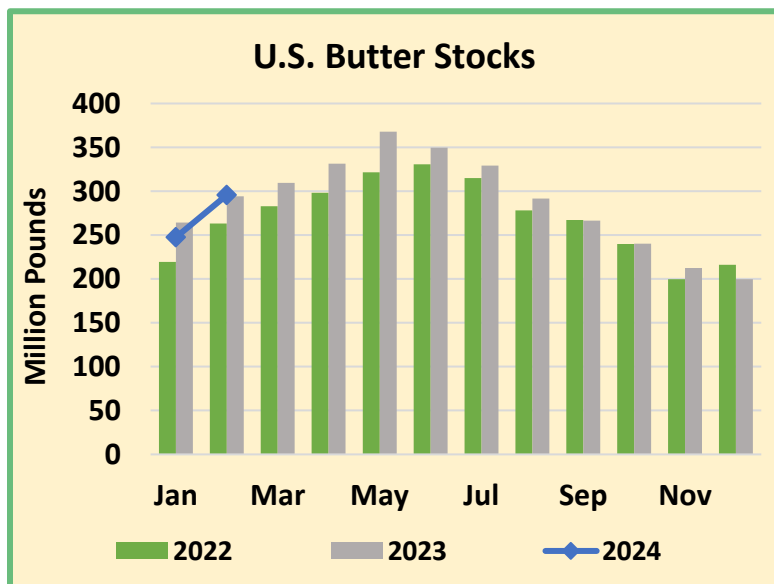
With abundant spot milk available, cheesemakers have been keeping their vats filled. But as demand remains tepid, much of this production has wound up in storage. At the end of February, total cheese inventories amounted to 1.463 billion pounds, according to USDA's Cold Storage report. This is a 0.5%

increase from January and 1.7% more than at the same time last year, though stocks remained just shy of February 2022's record highs. American cheese stocks declined by 0.8% from January to February but at 832.817 million pounds, rose 2.9% year over year and notched the largest volume ever recorded for the month.

Plentiful cheese, especially Cheddar, has bogged down the spot markets. During the holiday shortened trading week, spot Cheddar blocks attempted a rally on Monday by rising 3.5¢ before being knocked back down on Tuesday and Wednesday. A penny gain on Friday provided a modest lift with blocks ending the week at \$1.4175/lb., up 2.5¢ from last Friday. Barrels followed a similar pattern,

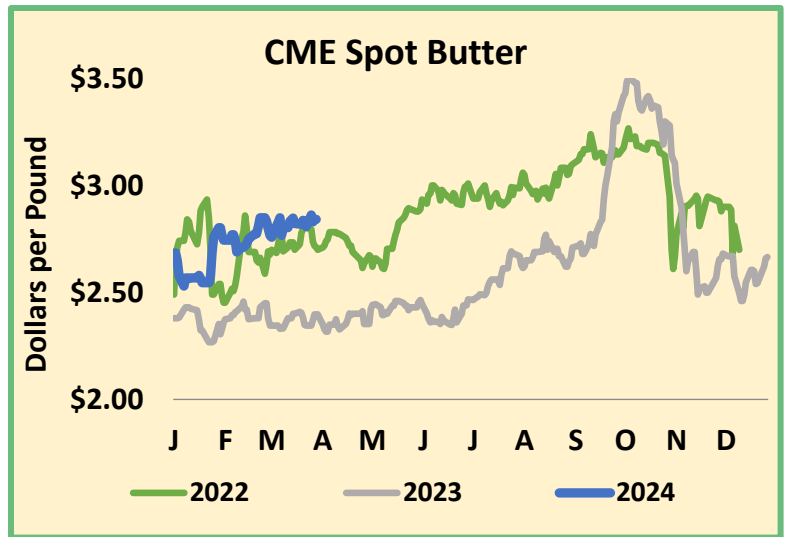


ending the week at \$1.4275/lb., up a quarter cent. It was an active week in the cheese markets as 25 loads of blocks and 22 loads of barrels moved over the four days. Cheese prices at these levels should help to stimulate additional demand, though this has been slow to materialize.

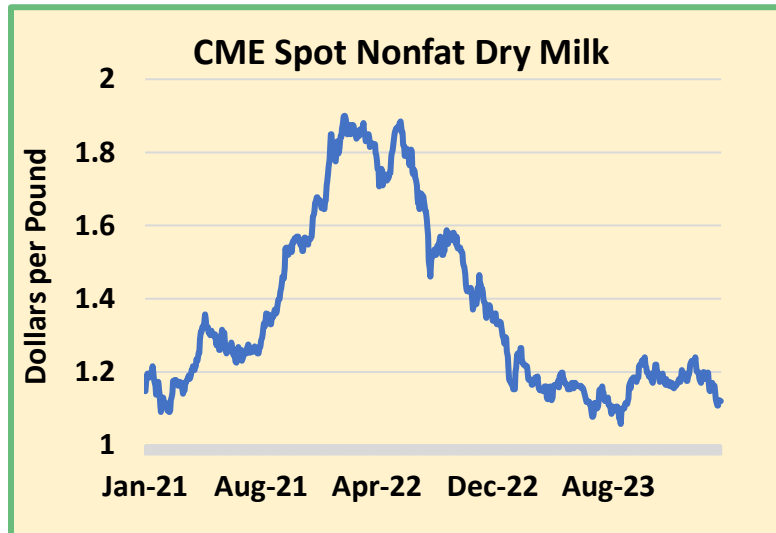


Meanwhile, butter prices have continued to appreciate, even as inventories have grown. Butter inventories expanded by 19.5% between January and February, following a typical seasonal pattern. At 295.809 million pounds, butter inventories were 0.6% greater at the end of February than at the same time last year. While market participants report that supplies are available, this has apparently been insufficient to quell the fears of butter buyers that are bidding the market

up. Spot butter prices began the week with gusto, adding 5.5¢ to fly as high as \$2.8625/lb. on Monday before retreating on Tuesday. Slight gains to round out the week brought the price to \$2.8425/lb. up 3.5¢ compared to the prior Friday as 16 loads moved. The spring holidays have helped to sustain demand for butter and cream, though orders have now largely been filled. Cream supplies are readily available, propped up by strong rising fat tests in milk.



The other side of the Class IV complex has been less inspired as nonfat dry milk (NDM) spot prices continue to sit at the lower end of the range that they have occupied over the last year. A 1.5¢ increase on Monday was partially wiped away on Wednesday, bringing the price to \$1.12/lb., up 1.25¢ from last week with 12 loads moving.



Seasonal expansion has ensured that milk supplies are readily available, and as some dryers have taken downtime, there is an excess of condensed skim available in parts of the country. In addition, demand has remained muted, including from export sources. Thus, while stocks are not burdensome, there is also not enough tension in the market to push prices upward.

After dipping into the 30s for the first time this year, the dry whey market made modest gains this week. Increases on Tuesday and

Wednesday lifted the spot price to 40.25¢ per pound, up 0.75¢ compared to last Friday. As cheesemakers keep busy, they are throwing off an abundant whey stream which is more than sufficient to meet domestic and international demand for dry whey. Inventories are adequate to meet current needs. Dairy Market News reports that demand for whey protein concentrate with 34% protein is softer, leading many manufacturers to focus on the production of higher protein products.

Grain Markets

USDA released its Prospective Plantings report this week, providing an initial assessment of anticipated crop plantings for this year. According to the report, U.S. producers intend to plant 90.036 million acres of corn this year, a decrease of 4.9% versus the prior year with important declines expected across many critical states in the Midwest. Some of these corn acres will be redirected into soybeans as soybean acreage is forecast to rise 3.5% to 86.51 million acres. While the trade had expected some shift, the size of the decline in corn acres spurred the corn futures market upward while soybean futures took a small step backward. DEC24 corn settled yesterday at \$4.7775/bu. while DEC24 soybean meal capped the trading session at \$346.3/ton.

Complimentary Virtual Webinar on Statewide Zero-Emission Class 8 Trucks, Combustion Freight, Marine Funding

Courtesy of the [San Joaquin Valley Air Pollution Control District](#)

The San Joaquin Valley Air District will host a free webinar regarding the current solicitation of approximately \$109.3 million in Volkswagen Environmental Mitigation Trust settlement funding available to entities throughout California for Combustion Freight and Marine and Zero-Emission Class 8 Trucks project categories. Applications are accepted on a first-come, first-served basis until funding is exhausted.

Date: **April 4, 2024**
Time: **10:00 a.m. PST**
Location: **Webinar/Teleconference**

*Please note that registration is **not** required.*

Join Zoom Webinar Meeting - from PC or Laptop. Join [here](#).

Zoom Webinar ID: 993 9268 7988 (applies to all)
Teleconference Dial In +1 669 900 6833 or +1 253 215 8782
One tap mobile +16699006833, 993 9268 7988# or +12532158782, 993 9268 7988#

Slides and video recording will be made available on the [VW website](#) after the webinar has concluded.

USDA Secretary Faces Tense Budget Questioning by House Appropriations Subcommittee

Courtesy of [RFD TV](#)

Note from Kevin Abernathy

Since the hearing reported below, we have had multiple conversations with Central Valley Congressional staffers about how the exchange between Congressman Valadao and Secretary Vilsack highlights the frustration we have had getting producers resources to recover from the 2023 floods. Congressman Valadao's HR 6690 will grant the authority to the Secretary that his legal counsel believes he needs, despite the fact that his predecessor exercised the same authority.

WASHINGTON, D.C., March 22 – Things got heated on Capitol Hill yesterday as U.S. Secretary of Agriculture Tom Vilsack appeared before the House Appropriations Subcommittee to discuss the [USDA's](#) 2024-2025 budget. Amid the discussions, several representatives raised pressing concerns, creating a charged atmosphere.

Representative John Moolenaar (R-MI) expressed concerns about increasing farm labor costs, urging Secretary Vilsack to advocate for American farmers. Moolenaar emphasized, “So, Mr. Secretary, I would ask you to stand up for American farmers, and you’re the only one in the administration that can do it.”

“I stand up for farmers every single day, sir,” Vilsack responded, defending his commitment to supporting both farmers and farmworkers.

However, the meeting took a more contentious turn when Representative Ben Cline (R-VA) questioned a \$1 million bird flu research collaboration between the USDA and the Chinese Academy of Sciences. Cline raised concerns about the collaboration’s alignment with U.S. grant policies and the handling of COVID-19 investigations. Secretary Vilsack defended the research collaboration, emphasizing the need to address the devastating impacts of avian flu on the poultry industry.

Vilsack also faced criticism regarding the administration’s handling of free trade agreements. He advocated for the passage of a ‘Trade Promotion Authority Bill,’ which would streamline the approval process for trade agreements and limit congressional amendments. Vilsack argued, “Without that bill in place, it’s hard to settle on deals with other countries especially when hundreds of lawmakers could add amendments.”



Congressman David Valadao (R-CA), a dairy farmer himself, pressed Secretary Vilsack on disparities in aid between Puerto Rico and California’s dairy industries following natural disasters. Valadao urged Vilsack to assist California’s dairy industry within existing guidelines, highlighting the state’s significant agricultural contributions.

In response, Secretary Vilsack emphasized the importance of adhering to guidelines and the USDA’s efforts to support various agricultural programs. However, Valadao expressed frustration over what he perceived as a lack of assistance for sectors like dairy, leading to a fundamental disagreement between the two.

View video highlights of the hearing [here](#).

HAPPY EASTER

THE MPC BOARD OF DIRECTORS & STAFF
WISH YOU AND YOUR FAMILY A BLESSED EASTER!

