

MPC WEEKLY FRIDAY REPORT

DATE: JANUARY 12, 2024
 TO: DIRECTORS & MEMBERS
 FROM: KEVIN ABERNATHY, GENERAL MANAGER
 PAGES: 8



P.O. Box 4030, Ontario, CA 91761 • (909) 628-6018
Office@MilkProducers.org • www.MilkProducers.org • Fax (909) 591-7328

MPC FRIDAY MARKET UPDATE

CHICAGO CHEDDAR CHEESE		CHICAGO AA BUTTER		NON-FAT DRY MILK	
Blocks	+ \$.1275	\$1.4350	WEEKLY CHANGE	-\$.0075	\$2.5675
Barrels	+ \$.0350	\$1.4100	WEEKLY AVERAGE	-\$.0893	\$2.5595
WEEKLY AVERAGE CHEDDAR CHEESE		DRY WHEY		WEEK ENDING 01/06/24	
Blocks	+ \$.0717	\$1.4563	DAIRY MARKET NEWS	W/E 01/12/24	\$.4400
Barrels	+ \$.0400	\$1.4200	NATIONAL PLANTS	W/E 01/06/24	\$.4264
				LAST WEEK ENDING 12/30/23	
				NAT'L PLANTS	\$1.2144 10,201,403
				NAT'L PLANTS	\$1.1657 21,917,279

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
JAN 12 EST	No Change	\$20.00	\$15.15	\$19.28
LAST WEEK	\$20.08 - \$20.58	\$19.92	\$15.12	\$19.29



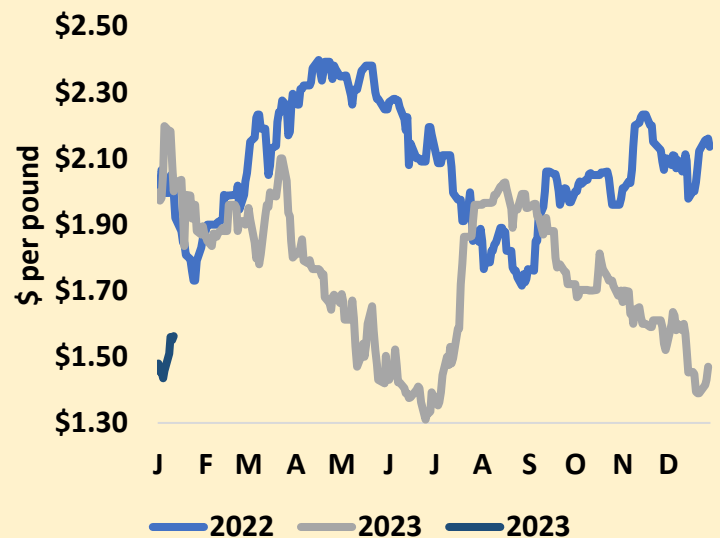
Milk, Dairy and Grain Market Commentary

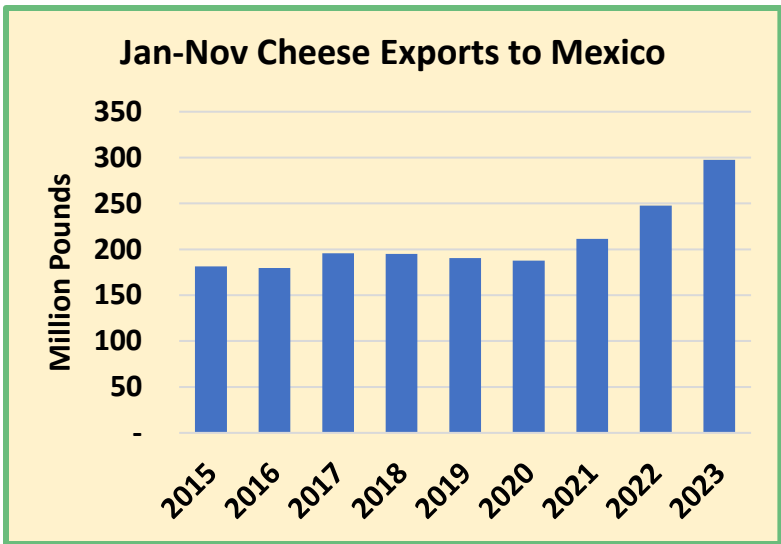
By Sarina Sharp, Daily Dairy Report
Sarina@DailyDairyReport.com

Milk & Dairy Markets

The dairy trade is feeling around for the bottom in the cheese market. Cheese output remains robust, but low prices have finally attracted international attention. U.S. cheese exports topped 85 million pounds in November, the highest-ever volume for the month, up 3% from the previous monthly high, logged in November 2022. Once again, record-setting shipments to Mexico helped to offset softer demand from Japan and South Korea. The trade is hopeful that the trend will continue. USDA's *Dairy Market News* reports that "domestic cheese demand remains weak," but exports are starting to pick up.

CME Spot Cheddar Blocks



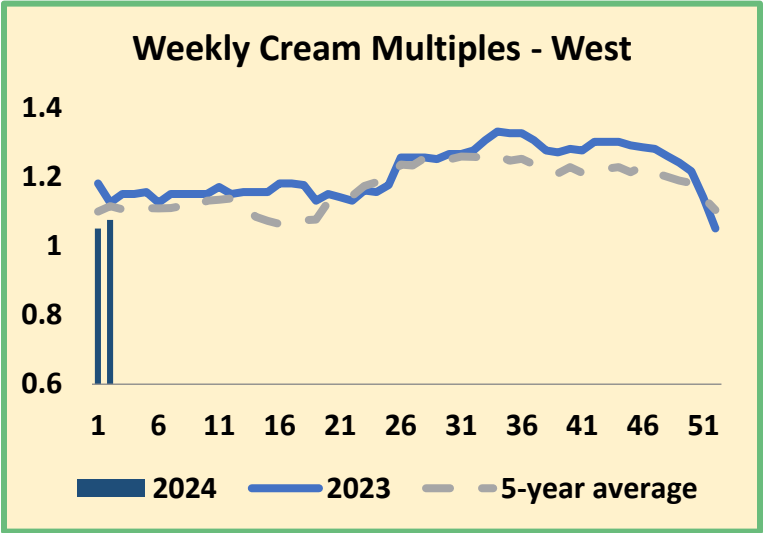


That sparked a rebound in Chicago. CME spot Cheddar blocks leapt 12.75¢ this week to \$1.5625 per pound. Barrels climbed 3.5¢ to \$1.445.

Further upside is possible, but the ceiling is likely far lower than dairy producers would like. Processors from Waupun to Warsaw to Waikato are boosting cheese output. USDA’s semi-annual Dairy: World Markets and Trade report notes that New Zealand cheese output surged 7% in 2023 and is likely to hold steady in 2024, even as milk output retreats.

In Europe, milk output is also expected to wane this year, but “processors are expected to funnel a larger share of the milk pool toward cheese production, prioritizing it over other dairy products.” There will be fierce competition for cheese exports. U.S. cheese prices will have to stay low enough to keep product moving.

Whey exports disappointed in November, falling 13.4% short of year-ago volumes. Slower shipments to China accounted for 97% of the decline. Whey export prospects have not improved since November, but domestic demand looks much better. American consumers are hungry for high-protein whey products, which is keeping more of the whey stream away from the drier. CME spot whey powder rallied 1.75¢ this week to a nine-week high at 43¢.



The strength in the spot markets helped nearby Class III futures to shake off the worst of their recent despair. The February contract jumped 37¢ and March Class III rallied 17¢ this week. Still, at \$15.90 per cwt. February Class III futures remain depressed, and the futures forecast that Class III prices won’t be high enough to pay the bills until later this spring.

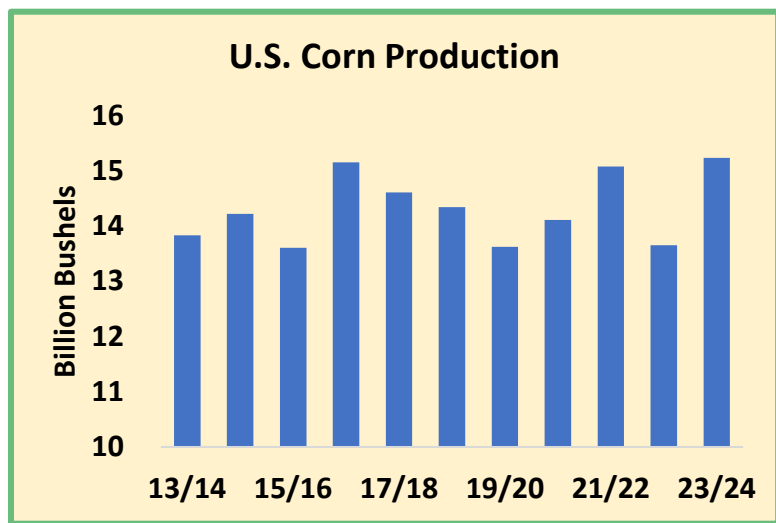
CME spot nonfat dry (NDM) milk gained a little ground this week and closed at \$1.185, up 1.25¢. NDM exports fell 4.1% short of year-ago volumes in November, the third straight month of year-over-year declines. Shipments to Mexico were respectable, notching the second-highest November exports on record. But they fell 5.4% below last year’s record-high volumes. For the year to date, U.S. NDM exports to all foreign markets were 2.7% lower than the 2022 pace, but year-to-date exports to Mexico were 18.1% greater than January through November 2022. There’s likely room for even stronger U.S. milk powder exports in 2024, as Europe and Oceania are likely to rein in output. That hints at higher prices ahead. But a significant rally would likely require improved demand from China, and there’s no sign of that yet.

The butter market took a small step back this week. Spot butter settled at \$2.5675, down 0.75¢ since last Friday. Butter demand is suffering the typical post-holiday hangover. Much of the nation is bracing for powerful winter storms, which will temporarily disrupt demand from foodservice. Cream is widely available and cheap. Churns are running hard and, in some cases, turning away cream because the plants are already full.

Class IV futures fell back, but, at \$19 and higher, they are more than adequate to provide profits for those dairy producers who benefit from Class IV income. The vast spread between Class III and IV values continues to create vast disparities in dairy producers' fortunes.

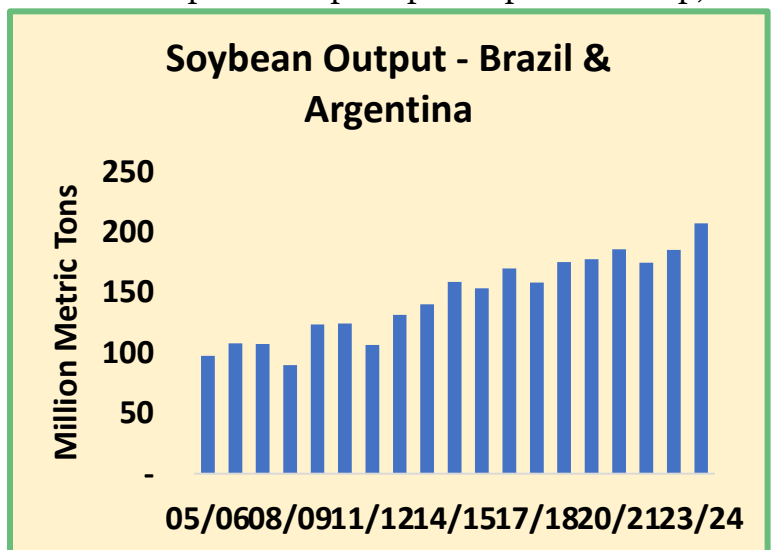
Grain Markets

USDA shocked the market today, raising its estimate of the 2023 corn yield to a new record at 177.3 bushels per acre. That's up 2.4 bushels from USDA's December estimate. USDA also trimmed its estimates for 2022 and 2023 corn acreage but not by enough to offset the impact from the huge jump in yields. Despite widespread drought through much of the growing season, the 2023 corn crop is officially the largest ever at 15.23 billion bushels. Last year's yields are a triumph of crop genetics and other modern farming advancements. Corn prices will certainly rally the next time the forecast looks less than favorable, but the bears will be quick to remind the trade about the surprisingly large harvest of 2023.



USDA also raised its assessment of U.S. soybean yields, which pressured soybean prices. Domestic soybean supplies are not nearly as large as corn inventories, but they are bigger than previously thought. USDA trimmed its estimate of Brazilian corn and soybean production, reflecting concerns that a dry December dinged crop prospects. However, Brazil is still expected to put up a respectable crop, and Argentina's corn and soy output will be much larger than last year's drought-stricken harvest. Thanks to the recovery in Argentina, South America expects its largest corn and soy crops ever, which will put further pressure on global grain and oilseed values.

March corn closed today at a new life-of-contract low of \$4.47 per bushel, down 13.75¢ for the week. March soybeans finished at \$12.2425, down 32¢. March soybean meal plunged \$7.30 to \$368.50 per ton.



Why Finding Labor, Especially in Agriculture, is Going to Continue to be a Challenge

By Robert Hagevoort, Ph.D.

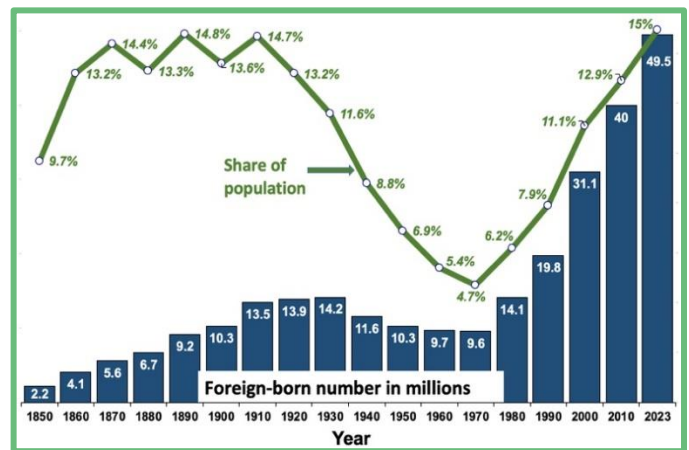
Extension Dairy Specialist at the Ag Science Center at Clovis, NM

Building on the previous Udder Report article based on a WSJ (September 25) article [“Why America Has a Long-Term Labor Crisis”](#), this month I would like to dive a little deeper on why we not only have a *long term labor crisis*, but that *there is likely no end in sight* to that crisis. This in turn indicates we will continue to have to focus on other options such as increased implementation of automation and robotics, increased productivity and performance of the current workforce, while training a future workforce which is going to have to be the stewards of those technologies, something we have largely neglected to date!

Diving deeper in some of the immigration and workforce data across the spectrum, ranging from information from the Center for Immigration Studies (a conservative think tank labeled a hate group by the Southern Poverty Law Center), to the CATO Institute (more libertarian, less government leaning think tank), the Pew Research Center, and verified by Census data from the US Bureau of Labor Statistics (BLS) and the Congressional Budget Office (CBO), paints quite an interesting, albeit challenging picture for our industry going forward: a baker’s story!

Foreign-born number and share of the US population are higher now than at any time in US history.

The number and foreign-born share of the U.S. population since 1850, which was the first time they were identified in the Census has reached its highest level ever in October of 2023. The number of immigrants has increased five-fold since 1970, 2.5-fold since 1990, and 59 percent since 2000. As a share of the population, even in 1890 (14.8 percent) and 1910 (14.7 percent) during what is often called the “Great Wave” of immigration, the foreign-born were a slightly smaller share of the population than they are today. The 15% in October of this year is the highest percentage ever reported in any Census or government survey in US history. The share is triple what it was in 1970 and nearly double that of 1990.



Latin Americans now make up 53.5% of the total foreign born immigrant population living in the US.

Looking at where the majority of the recent immigrants are coming from (Jan 2021 - Oct 2023), the largest numbers of immigrants are coming from South America (28%), Central America (25%) and the Caribbean (20%), while despite numerically still being the largest group, the growth in number of immigrants from Mexico has almost halted. In October 2023, Latin Americans made up 53.5% of the total foreign-born population living in the US. The increased numbers of Central Americans reported

Table 1. Immigrant Population in the United States by Country and Region, January 2021 to October 2023 (in thousands)

Region	January 2021	October 2023	Numerical Increase	Percent Increase	Share of Growth Accounted for by Region
Latin America	23,628	26,497	2,869	12%	63%
Mexico	11,966	12,054	87	1%	2%
Caribbean	4,485	5,395	910	20%	20%
Central America	3,831	4,780	949	25%	21%
South America	3,346	4,269	922	28%	20%
Sub-Saharan Africa	2,285	2,767	482	21%	11%
Indian Subcontinent	3,972	4,308	335	8%	7%
Europe	4,355	4,484	129	3%	3%
East Asia	7,801	8,236	436	6%	10%
Canada	682	743	61	9%	1%
Middle East	1,921	2,180	259	14%	6%
Oceania/Elsewhere	367	321	(46)	-13%	-1%
Total	45,010	49,535	4,525	10%	100%

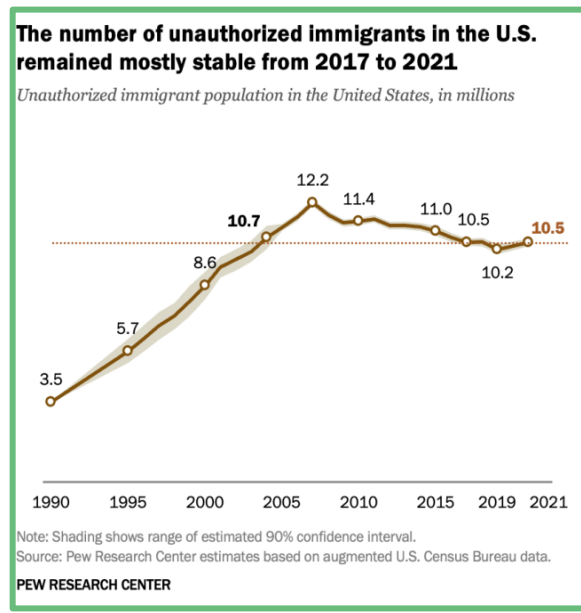
Source: January 2021 and October 2023 public-use files of the Current Population Survey. Regions defined in end note 9.

here coincides with trends we have observed in our dairy training numbers and points to an increasing population of primarily younger male individuals with limited educational background, a tendency to speak primarily indigenous languages, and typically of a shorter body stature compared to Anglo or Hispanic workers.

Number of unauthorized or illegal immigrants changing these survey numbers.

There is much discussion and debate across the spectrum of sources about how the numbers of

illegal or unauthorized immigrants impact survey numbers. The [Migration Policy Institute](#) reports detailed 2019 SIPP based data ([Survey of Income and Program Participation](#), US Census Bureau), indicating 11M unauthorized immigrants in the US: 54% male and 46% female, 74% under the age of 45, 46% has a below 12th grade education level, 24% with a HS or equivalent level education, and 30% has obtained some college, associate degree, BS, or advanced degree. The data indicate that 46% speak English “not well” or “not at all”, and 72% indicates Spanish as their language spoken at home. Interestingly, 30% of this group of immigrants reports not to be active in the labor force, 4% reports to be unemployed, which says that the Labor Force Participation rate in this group is comparable to that the overall US (62.7%) rate. More on that later. The PEW Research Center reports 10.5M unauthorized immigrants in 2021(22% of the total foreign-born population), a number fairly stable since 2005. In general, it seems widely accepted that roughly three quarters of the foreign-born immigrants are in the US legally while about one quarter is not.



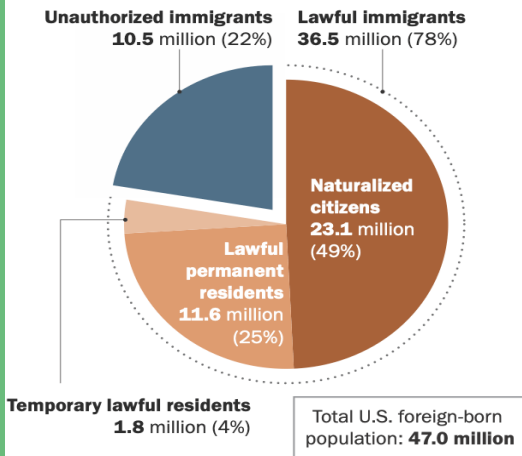
However, the [Center for Immigration Studies](#) on November 30 of this year reasons that the number of illegal immigrants, including newly released November 9, 2023 Census Data are already obsolete, and that the number could be as high as 15M as of October 2023 using Current Population Survey (CPS) data, pointing to a sharp increase of more than half (2.5 million) of the 4.5 million increase in the foreign-born population since January 2021 is likely due to illegal immigration.

What is the current labor pool in agriculture anyway?

Getting a good estimate for the current labor pool in agriculture is challenging at best, primarily because the Ag numbers have to be pieced together from several incomplete and inconsistent datasets providing data from different segments of the farm workforce ([Economic Policy Institute](#)). The most recent (monthly) employment survey data available through BLS focus on nonfarm payroll employment, even

Unauthorized immigrants were 22% of the U.S. foreign-born population in 2021

Foreign-born population estimates, 2021



Note: Some figures differ from published U.S. Census Bureau totals because they are adjusted to account for population undercount. The unauthorized immigrant population includes those with temporary protection from deportation under Deferred Action for Childhood Arrivals (DACA) and Temporary Protected Status (TPS), as well as pending asylum claims.
Source: Pew Research Center estimates based on augmented U.S. Census Bureau data (IPUMS).

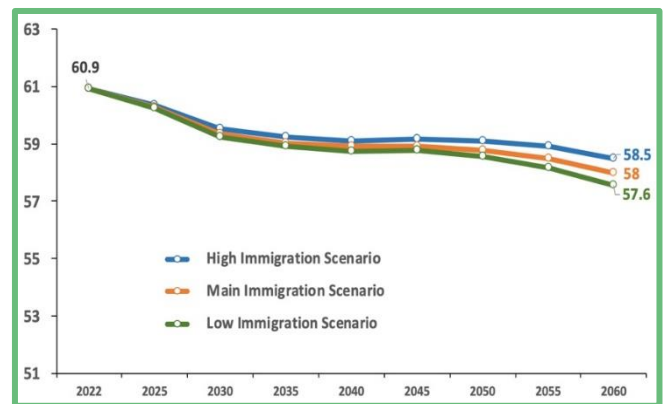
PEW RESEARCH CENTER

though one of their surveys, the household survey, has a more expansive scope and includes agricultural workers. The [October 2023 BLS](#) report indicates that there are 2.2M seasonally adjusted workers in agriculture and related industries vs. almost 160M in nonagricultural industries. The 2017 NASS census data reported 2.4M farmworkers, this number will likely be updated with the release of the 2022 NASS Census data by USDA on Feb 13, 2024. The 2.2M equates to 1.4% agricultural workers in the US workforce. The [Economic Policy Institute](#) in an October 3, 2023 article does a nice job explaining the complexity of determining the number of farmworkers in the US and reaches the conclusion that there are roughly 2.4M farmworkers, and that there are 1.5 farmworkers for every FTE in agriculture nationwide.

Getting to the point: with that many immigrants, why dairy continues to struggle to find labor?

Given all the reasons the September 2023 [BLS Employment Projection](#) report lists: a lower non institutional population growth (0.7% vs. 0.8% annually during 2012-2022), a fast

growth of age group 65+ with all baby boomers aging into that group by 2032, a slower annual civilian labor force growth (0.4% vs. 0.6% annually during 2012-2022), a decreasing labor force participation rate due to greater share of individuals over the age of 65 (projected to fall from 62.2 percent in 2022 to 60.4 percent in 2032); the total employment is projected to grow 0.3 percent annually from 164.5 million in 2022 to 169.1 million in 2032. **This 0.3% projected growth is much slower than the 1.2% annual employment growth in the 2012-22 decade**, which was marked by strong recovery growth following the 2007-09 Great Recession and 2020 COVID-19 recession. The BLS in their Occupational Outlook Handbook for Farming, Fishing and Forestry does mention that there will be an increased need (3% growth rate) for first line supervisors, which is easily explainable given the growth rate of farm sizes in animal agriculture in general.



Ultimately, an interesting and telling graph from a [Center for Immigration Studies](#) report (November 9, 2023) utilizing [BLS US Population Projections](#) indicates the impact immigration has on the working age share of the US population under three different immigration scenarios, and which in all three scenarios predicts **the number of working age share of the US population will continue to decline to between 57.6% and 58.5% by 2060, down from 60.9% in 2022.**

In other words, don't count on immigration - our main supply line for dairy workers - to fill the labor void on your dairy as decreasing labor participation will not only eat the icing, but also part of the cake!

USDA Livestock Roadshow January 17

Courtesy of [USDA-RMA](#)



Livestock Roadshow

In-Person Session

January 17, 2024
9 am - 12 pm PT
Davis Regional Office
430 G St
Davis, CA 95616



What is This?

From beef to dairy to pork...being a livestock producer comes with inherently unique and difficult challenges, and you want to make sure you know what options are available to best protect your operation. Buying a livestock insurance policy is one risk management option. Producers should always carefully consider how a policy will work in conjunction with their other risk management strategies to insure the best possible outcomes.

To help livestock producers know what insurance resources are out there and answer any questions, RMA is hosting a series of workshops for producers to learn about updates and improvements to several livestock risk management products. The improvements and expansions are based on feedback from America's livestock producers.

Topics for RMA's Livestock Roadshow sessions include:

- Dairy Revenue Protection
- Livestock Gross Margin
- Livestock Risk Protection
- Pasture, Rangeland and Forage

Virtual Session

January 17, 2024
7 pm - 10 pm PT tentatively
Additional information and link coming soon



Visit <https://www.rma.usda.gov/en/Topics/Livestock-Roadshow> or scan the QR code for more information.

To find an agent, please visit [rma.usda.gov/en/Information-Tools/Agent-Locator](https://www.rma.usda.gov/en/Information-Tools/Agent-Locator).

USDA is an equal opportunity provider, employer, and lender.

Save the Date: California Dairy Sustainability Summit March 26 at UC Davis

Courtesy of [Dairy Cares](#)

A one-day event that will:

- Showcase world-leading achievements and ongoing progress in planet-smart dairy farm practices
- Explore how policies, programs, research, and technological advancements can align to improve the sustainability and resiliency of family farms, while also better supporting the health well-being of vulnerable communities
- Demonstrate how dairy farmers are reducing climate emissions, improving protection of water and air, and helping fuel a clean energy future



Short-Term Extension Likely to Delay Farm Bill Action

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

A further short-term extension of a month or two is also likely to delay action, at least in the House, on the 2024 Farm Bill. House Ag Committee Chairman GT Thompson, R-PA, said on Wednesday he's still aiming to put his version of the Farm Bill on the floor in March, but acknowledged a continuing resolution to fund the government that runs through March could complicate the bill's prospects.