

MPC WEEKLY FRIDAY REPORT

DATE: SEPTEMBER 6, 2024
 TO: DIRECTORS & MEMBERS
 FROM: KEVIN ABERNATHY, GENERAL MANAGER
 PAGES: 6



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MPC FRIDAY MARKET UPDATE

CHICAGO CHEDDAR CHEESE		CHICAGO AA BUTTER		NON-FAT DRY MILK	
Blocks	+ \$.0600 \$2.2700	WEEKLY CHANGE	+ \$.0050 \$3.1750	WEEK ENDING 08/31/24	
Barrels	+ \$.0150 \$2.2750	WEEKLY AVERAGE	-\$.0226 \$3.1594	NAT'L PLANTS \$1.2359 16,700,844	
WEEKLY AVERAGE CHEDDAR CHEESE		DRY WHEY		LAST WEEK ENDING 08/24/24	
Blocks	+ \$.1083 \$2.2363	DAIRY MARKET NEWS	W/E 09/06/24 \$.5500	NAT'L PLANTS \$1.2394 14,247,637	
Barrels	+ \$.0473 \$2.2588	NATIONAL PLANTS	W/E 08/31/24 \$.5116		

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 5 EST	\$23.20 - \$23.70	\$22.45	\$22.61	\$22.34
AUG '24 FINAL	\$22.92 - \$23.42	\$22.05	\$20.66	\$21.58

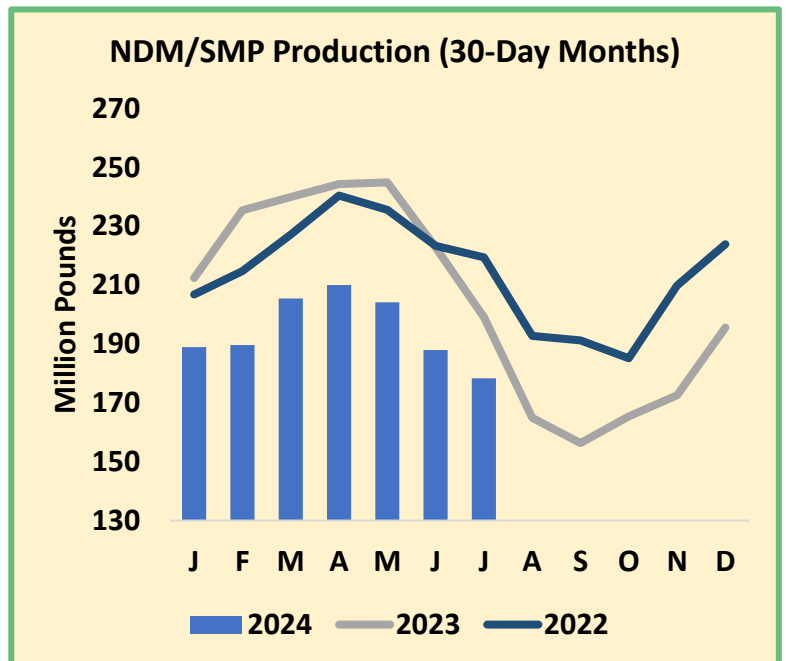


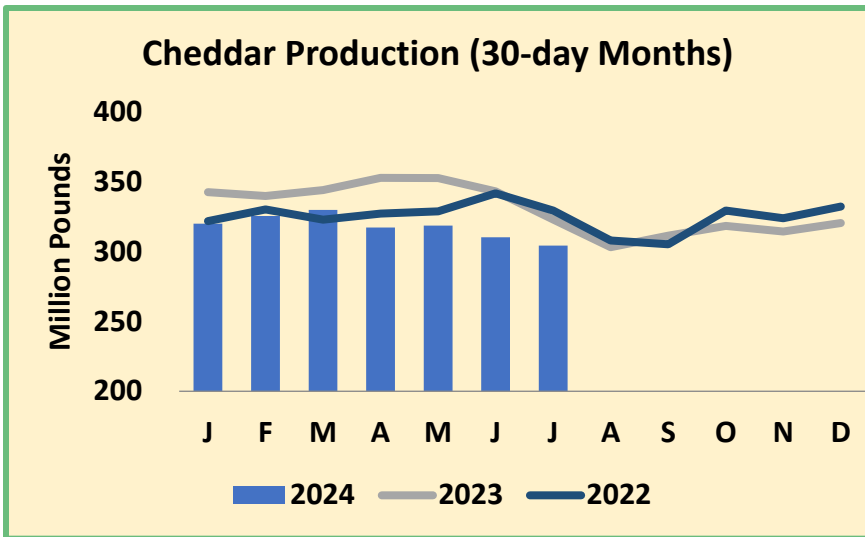
Milk, Dairy and Grain Market Commentary

By Sarina Sharp, Daily Dairy Report
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Milk & Dairy Markets

Tighter milk supplies and lower milk solids output have stiffened competition among dairy processors. While there are no obvious winners, there is a clear loser. Around the country, lines at the dryer are short, and output is waning. In July, combined production of nonfat dry milk (NDM) and skim milk powder (SMP) dropped to 184 million pounds, down 10.6% from the prior year. So far in 2024, milk powder output is 14.6% behind the 2023 pace and off to the slowest start since 2013. Meanwhile, NDM exports accelerated in July, outpacing the prior year by 10.3%. Shipments to Mexico jumped 20% year over year, and exports to

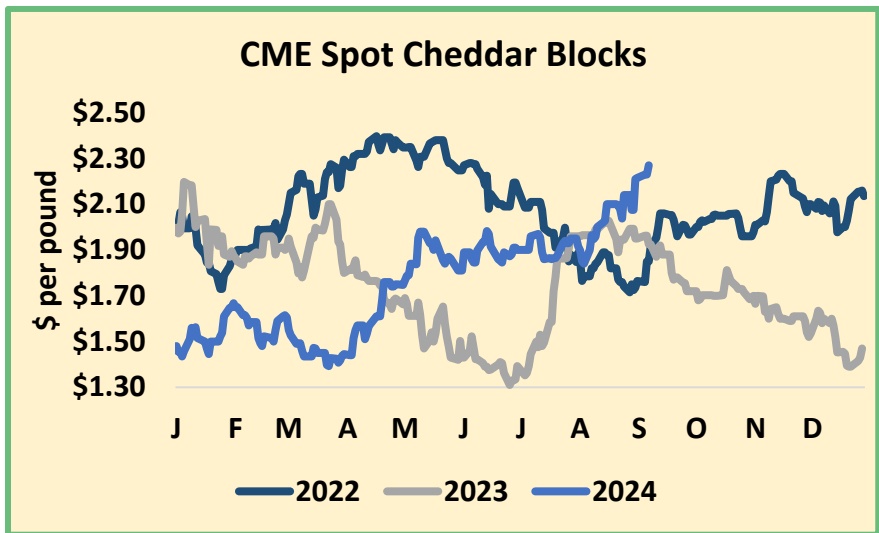




the Philippines – now our second-largest market – leapt 79%. Manufacturers’ stocks of NDM dipped to 269.7 million pounds, down slightly from June but up 0.4% compared to July 2023.

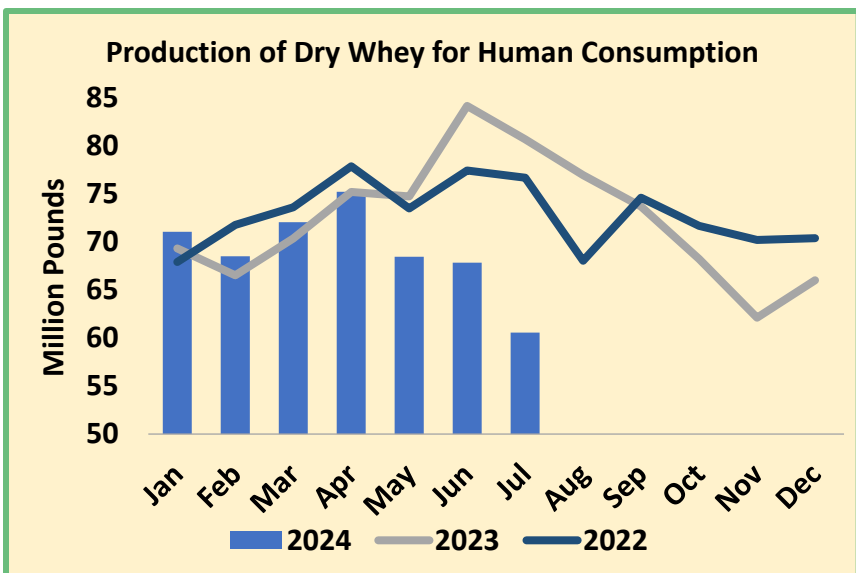
Stocks are getting snug around the world. USDA’s Dairy Market News reports that in Europe, SMP inventories are “thin,” and buyers are hurrying to secure product amid fears that bluetongue disease will reduce

SMP output. Prices are climbing everywhere. At Tuesday’s Global Dairy Trade (GDT) auction, SMP rallied 4.5% to its highest price since June. Whole milk powder (WMP) retreated, but the trade was encouraged to see China buying decent volumes for the third straight auction, a hint that the China’s WMP stockpile may be dwindling after years of very low imports. And concerns about U.S. milk production rose to the fore this week after confirmation that the avian influenza has indeed reached central California. That was enough to push CME spot NDM up another 3.5¢ to \$1.365 per pound, its highest price since late 2022.



CME spot Cheddar blocks also reached a multi-year high. They jumped 6¢ this week to \$2.27. Barrels rallied 1.5¢ to \$2.275. Manufacturers made plenty of cheese but very little Cheddar. While cheese output

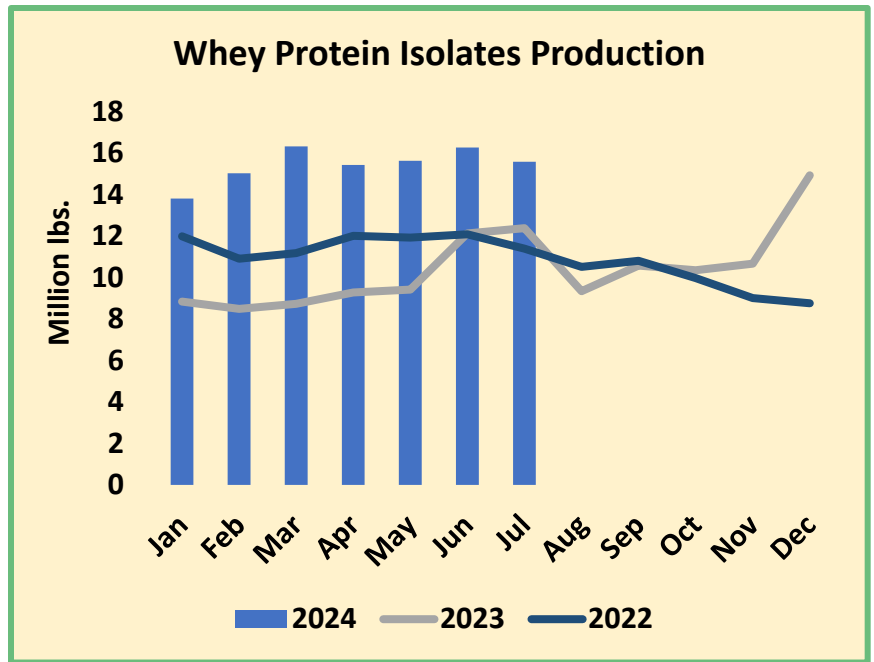
topped year-ago volumes by 1.9%, Cheddar production fell 5.8% to the lowest July total since 2019. So far this year, U.S. Cheddar output has run 7.2% behind the 2023 pace. That’s tightened up the supply of fresh Cheddar for sale in Chicago and propelled prices upward. But so far, high prices have not throttled U.S. cheese exports. The U.S. sent nearly 89 million pounds of cheese abroad in July, the highest volume ever for the month. While that was not as strong as the 100 million pounds



shipped consistently in February through May, it was much better than feared after the steep runup in U.S. cheese values.

Butter output remains strong. Manufacturers churned out 162 million pounds in July, 2.2% more than in July 2023 and a new high for the month. But demand is formidable, and prices remain high. CME spot butter climbed a half-cent this week to \$3.175.

Whey powder output dropped hard in July, and USDA revised its estimate of June whey production sharply lower as well. Manufacturers dried 62.6 million pounds of whey for human consumption, the lowest July output since 1984. Most of the whey stream is being distilled into high-protein concentrates and isolates. Whey protein isolate output topped year-ago volumes by 34% in June and 30% in July. Nonetheless, whey concentrates are not piling up, evidence that Americans are indeed consuming all this protein, or at least purchasing a big tub for their pantry. As for whey powder, stocks are short. They dropped to 60.4 million pounds, down 27.7% from July 2023 and the lowest July tally since 2012. On LaSalle Street, CME spot whey advanced 2.75¢ this week to 58.75¢.



While CME spot dairy products moved upward, milk futures did not. New highs in the cheese market were enough to lift September Class III to \$22.77 per cwt., up 36¢ from last Friday. But all other Class III and Class IV futures lost ground this week with most contracts 20¢ to 30¢ in the red. The dairy markets are lofty and likely to remain so, but unless demand improves, they may have trouble climbing a lot higher.

Grain Markets

The feed markets continued to climb. Silage choppers are rolling, and yields are good. The trade is confident that the grain and soy harvest will be plentiful. But prices have clearly fallen far enough to attract new demand and tighten balance sheets at the margins. Ethanol output in July and August was 3.3% higher than the year before. The cattle industry is boosting beef production by raising cattle to record-high weights. And the U.S. is now the cheapest market – by far – for corn and soybeans. After months of ho-hum sales, business is picking up. The trade is also becoming concerned about dry conditions in Brazil. If dryness persists through the second half of the month, it could delay planting and trim yield potential. It's too soon to be overly anxious, but the market is starting to price in the possibility that Brazil's next crops may be a little smaller than the country's massive projections. With that, December corn added a nickel this week and closed at \$4.0625 per bushel. November beans rallied a couple of cents to \$10.02. December soybean meal was stubbornly strong. It climbed \$11 to \$324 per ton.



Some Potential Positive News on the Waterfront

By Geoff Vanden Heuvel, Director of Regulatory and Economic Affairs
Geoff@MilkProducers.org

Two weeks ago, [I wrote about a big water decision](#) concerning a current endangered species act regulation that requires the release of significant amounts of fresh water to the ocean in the Fall (September and October) in certain types of water years. The 2024 water year is classified as "above normal" and therefore triggers the Fall X2 regulation, which is estimated to cost 350,000 acre feet of water. Recent scientific studies have shown that the Fall X2 action has very little benefit for the legally protected delta smelt.

This past week, the regulatory agencies who were asked by the [water users](#) and [stakeholders](#) to make modifications to this regulation responded by [letter](#) saying in part:

"The Department of Water Resources and U.S. Bureau of Reclamation, in partnership with the California Department of Fish and Wildlife (CDFW) and U.S. Fish and Wildlife Service (USFWS), are currently exploring a revised CVP and SWP fall 2024 operations plan that may include a modification of the Fall X2 action from its description in the 2019 USFWS Biological Opinion and the 2020 Incidental Take Permit issued by CDFW. We will work with you as we prepare the appropriate documentation and applications for this modification under federal and state law."

California Natural Resources Secretary Wade Crowfoot was a keynote speaker at a water conference in Fresno this week and was asked about the Fall X2 issue. He confirmed that his departments are seeking to modify the plan, and he said he hoped to have an answer in the coming days. So progress, but not yet success.

You can read a more complete report [here](#).

Reminder! Quota Implementation Plan Public Hearing: Monday, September 9

Courtesy of the [California Department of Food and Agriculture](#)

Date & Time

10 a.m. September 9, 2024

How to Connect – Zoom Only – No In-Person Meeting

Join by Zoom: <https://us02web.zoom.us/j/84248601086>

Meeting ID: 842 4860 1086

Passcode: 4^5WBjb*

Join by Telephone: 1-669-444-9171

Meeting ID: 842 4860 1086

Passcode: 04670783

One-Stop Truck Event in Tulare September 17

Courtesy of the [California Air Resources Board](#)

Tulare is the next stop of a multi-stop roadshow throughout California by the California Air Resources Board (CARB). Join CARB, local agencies, and Air Districts as they provide insight, education, and resources on CARB's clean truck and diesel regulations, compliance, funding, and more. Each stop will provide an opportunity to listen to regulatory overview presentations, participate in one-on-one compliance discussions and meet CARB regulatory experts and incentive program staff.

Event Details

Informational event for medium- and heavy-duty vehicle owners, operators, fleets, and motorhomes; free admission & parking.

September 17, 2024

9:00 a.m. - 1:00 p.m. (registration begins at 8:30 a.m.).

International Agri-Center

[4500 South Laspina Street, Tulare, CA 93274](#)

Registration is required for this event. Register [here](#).

Event Highlights

One-on-One Compliance Assistance

Overview Presentations of Clean Truck Check, Advanced Clean Fleets, and the Off-Road Regulation Enforcement Overview

Incentive Funding Opportunities

California Milk Advisory Board Meeting September 11-12 in Modesto

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

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



Wednesday, September 11, 2024 – 7:30 a.m.

Thursday, September 12, 2024 – 8 a.m.

DoubleTree by Hilton Hotel Modesto
1150 Ninth Street
Modesto, CA 95354

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.

DEMO DAY

MONDAY, SEPTEMBER 9, 2024

10:30 AM – 12:30 PM

Scan or Click QR Code



RSVP Required by Sept 1

LEARN HOW TO MAKE THE MOST OF EVERY ACRE WITH FYTO'S AQUATIC CROPPING SYSTEM

Join us to learn about Fyto's automated **ReCover™** cropping system, the most productive manure management solution for Central Valley dairies. Unlock nutrient recycling rates (>3x more nitrogen per acre than corn-wheat double cropping) and yields (>5x more protein per acre than alfalfa) that maximize the potential of every acre by farming water lentils, the world's fastest growing crop. During the event, you will have a chance to see an in-field demonstration and hear from a great line-up of speakers on the steps being taken by Fyto and industry partners to support the long-term prosperity of California dairy farming families.

HOSTED BY



LOCATION

Rancho Teresita Dairy
21744 Rd 152, Tulare, CA

SCHEDULE

10:30	Check-In
11:00	Intro & Overview
11:30	Field Demo
12:00	Lunch

Contact John Farmer at (559) 239-6766 or jfarmer@fyto.us with any questions or to RSVP directly

- ✓ Enhance water quality
- ✓ Optimize water use
- ✓ Reduce application area
- ✓ Diversify farm revenue
- ✓ Reduce GHG emissions
- ✓ Increase farm profitability



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Register for FYTO's Demo Day [here](#).