MPC WEEKLY FRIDAY REPORT

DATE: JUNE 6, 2025 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



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
JUN 5 EST	\$19.56 - \$20.06	\$18.84	\$18.74	\$18.42
MAY '25 FINAL	\$19.97 - \$20.47	\$18.72	\$18.57	\$18.13

Milk, Dairy and Grain Market Commentary

Like us on

Facebook!



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

Milk & Dairy Markets

U.S. milk and dairy product output is growing quickly. But formidable exports are keeping a firm floor under the dairy markets. Even after sizable spring rallies. American cheese and butter are the cheapest in the world. Exports of those products are strong and likely to remain so. Daily average U.S. cheese exports surged to an all-time high in April, up 6.7% from alreadylofty volumes in April 2024. U.S. exporters sent butter abroad at a good clip, but shipments fell well short of the pace set in February and March as sales to Canada



slowed. Tariffs and harsh rhetoric prompted some Canadian butter buyers to look elsewhere or do without despite the price advantage.

U.S. milk powder and whey prices are less competitive. U.S. whey exports face additional headwinds amid the U.S.-China trade war. China brought in huge volumes of U.S. whey powder in March to get ahead of tariffs, but imports from the U.S. faded in April as China turned to Belarus and New Zealand. If tariffs



continue to push China toward other suppliers, the U.S. will need to nearly double its exports to all other markets to make up for the loss. China typically accounts for about 40% of U.S. whey powder



exports. But domestic demand for high-protein whey products continues to restrain U.S. whey powder output and support prices. CME spot dry whey rallied 0.75α this week to 58α per pound, its highest price in nearly four months.

After a strong March, U.S. nonfat dry milk (NDM) exports slowed in April. The U.S. sent 113.5 million pounds of NDM and skim milk powder (SMP) abroad, 20.9% less than in April 2024. Shipments to Mexico remain strong,

but Europe is gaining marketshare in Southeast Asia.

The U.S. can afford to lose some NDM exports due to the multi-year decline in U.S. milk powder production. But exports have dropped roughly twice as fast as output. Combined production of NDM and SMP fell to 189.8 million pounds in April, down 7.6% - or 15.7 million pounds – from April 2024. U.S. NDM/SMP exports in April were 30 million pounds smaller than the year before. Fortunately, cheese processors are using increasing volumes of milk powder to fortify their vats and





maintain fat-to-protein ratios within their preferred range. Around the world, milk powder prices are retreating from recent highs, looking to stimulate demand. They took a step back at this week's Global Dairy Trade (GDT) auction and in Chicago. CME spot NDM fell $2.5 \not\in$ to \$1.2625.

Cheese processors stepped up output in April as new plants continued to work out the kinks. Cheese production reached 1.23 billion pounds, up 3.1%

from April 2024 and the highest daily average output on record. Cheddar production jumped 8.1% year over year, suggesting there will be more fresh Cheddar coming to Chicago eventually. Indeed, cheese processors tell USDA's *Dairy Market News* to expect "increased spot cheese availability in the coming weeks." Spot Cheddar tried but failed to reach the \$2 mark and then pulled back. It closed today at \$1.8575, down 9¢ from last Friday. Cheddar barrels dropped a penny to \$1.86.

Manufacturers filled their churns with cheap cream in April, and butter output jumped to 215.8 million pounds, the highest April volume since 2020. But healthy domestic demand and improving exports have largely offset the increase. Prices just keep climbing. Spot butter leapt 8¢ this week to \$2.555, a five-month high.

The setback in the cheese markets deflated nearby Class III prices. The June contract fell 41¢ to \$18.80 per cwt., and July fell nearly 70¢ to \$18.90. But deferred contracts inched upward, and the futures promise milk revenues in the high-\$18s and low \$19s into early 2026. Class IV futures continued to climb, with most contracts adding a dime or so. June Class IV settled at \$18.42, and July reached \$19.16. September through December Class IV futures are back above the \$20 mark. These are revenues that easily pay the bills, especially with the benefit of record-high beef revenues.

Grain Markets

The feed markets remain calm as planting season draws to a close. July corn finished at \$4.42 per bushel, down 1.5¢ this week. The December contract, which signals price expectations for corn after harvest, rallied more than 10¢ to \$4.49 per bushel. Farmers in Ohio, Pennsylvania, and the Southeast are struggling through a very wet spring. They pushed hard to sow corn early this week, but by Thursday heavy rains chased the planters back into the shed again. Now that insurance planting deadlines have passed, farmers will give up on some acres and let them go fallow. The market is aware but not overly concerned, as big rains were largely beneficial in the rest of the farm belt.

Rumors swirled that the Trump administration was close to reaching a decision on renewable fuel credits that will benefit biodiesel. Soybean oil prices climbed, giving a boost to soybean values. The July contract closed at \$10.58, up 16¢ this week. July soybean meal held steady once again at \$296 per ton.

Golden State Dairy Newsletter: Magnesium Testing for Cows; Summer Water Needs; Dairy Biosecurity; FMD Disease in Europe

Courtesy of <u>University of California Agriculture and Natural Resources</u>

Should We Test Commercial Magnesium Sources Used for Dairy Cows?

Jorge Bermeo - UC Davis, Rúbia Branco-Lopes – UCCE Tulare & Kings & Noelia Silva-del-Río – UC Davis & UC ANR

Magnesium (Mg) is an essential mineral and plays a critical role in bone development, muscle contractions, and nerve function. Unlike calcium or phosphorus, Mg stored in bone cannot be easily mobilized during periods of deficiency, it needs to be consumed daily. This is especially important for high-producing cows, which have greater nutritional demands. Blood concentrations of Mg within 2.19 to 2.92 mg/dL are considered normal. When blood Mg levels fall below this range, cows are at risk of developing hypomagnesemia.

Clinical hypomagnesemia should be suspected when cows show signs resembling milk fever, such as muscle tremors, seizures, or sudden death, along with low blood Mg concentrations (<1.95 mg/dL suspicious of hypomagnesemia; < 1.7 mg/dL hypomagnesemia). In early lactation, hypomagnesemia is frequently associated with hypocalcemia. Cows in mid-lactation are also at risk of hypomagnesemia, particularly during heat stress or when diets are high in potassium. A case study from a California dairy reported some mid-lactation cows that experienced sudden seizures and death during the summer due to hypomagnesemia. After increasing the dietary Mg level, no further cases occurred that season (Urdaz et al., 2003). Magnesium deficiency can result from low dietary Mg, or reduced absorption of the Mg included in the diet.

What Affects Magnesium Absorption?

Type and quality of Mg sources: Not all magnesium sources are created equal. Manufacturing processes, such as calcination (removes impurities) at ~800 °C, improve reactivity, and smaller particle size proportion (<200 mesh) significantly increases solubility and Mg uptake by the cow (Schonewille, 2013; Jesse et al., 1981). However, finely ground particles can be fluffy and difficult to handle, which may pose challenges during mixing and feed preparation.

Dietary antagonists: Potassium (K) is considered the main dietary antagonist of Mg; it interferes with Mg absorption in the rumen. For every 1% increase in dietary K, Mg absorption may decrease by up to 7.5% (Weiss, 2004). This is particularly relevant during summer, when dairies may supplement extra K in diets as a heat stress mitigation strategy.

Study. Our recent study at UC Davis evaluated the relative availability of five inorganic Mg sources commonly used in dairy diets (Silva-del-Río et al., 2024). The goal was to compare how different sources were absorbed and taken up by the cow.

Back to Basics: Adequate Quantities of Clean, Fresh Water Support Health and High Production Performance of Lactating Cows

Ed DePeters – UC Davis & Jennifer Heguy – UCCE Merced, Stanislaus & San Joaquin

Water is an essential nutrient for all animals and is particularly important for high-producing milking cows. A lactating dairy cow loses water through milk, feces, urine, respiration, and sweating. Milk is about 87% water, accounting for a tremendous amount of water loss each day by lactating cows. These water losses must be replenished.

Summer, with its high environmental temperatures, is approaching so now is the time to catch up on maintenance:

- thoroughly clean water troughs/tanks,
- check water-flow rates,
- perform repairs to prevent leaks or overflows,
- think about how your troughs meet the needs of your cows and if changes need to be made to function and design.

A lactating dairy cow will consume anywhere from 70% to 90% of her daily water intake as free water (drinking from the trough), with the remainder coming from feed ingredients. Silages and wet byproducts, commonly fed in total mixed-rations (TMR), are the main sources of water in feed. In a daily time budget for lactating cows housed in freestalls, cows spent approximately half an hour a day drinking. This is a small amount of time, but it is important. Cattle are suction drinkers, and a lactating dairy cow can drink water at a rate as high as 6.3 gallons/minute. A lactating dairy cow requires between 4.5 to 5 pounds of water for each pound of milk produced. For a herd average of 100 pounds of milk/cow/day, the average cow is drinking between 55 and 65 gallons of water each day. This quantity will vary, especially when high summer environmental temperatures greatly increase a lactating cow's consumption of water. Of the 30 minutes spent drinking, lactating cows tend to drink after feeding and after milking. These are important time points during the day when an adequate supply of clean, fresh water is needed to support health, productivity, and welfare.

Recommendations for providing water for lactating dairy cows are challenging to make because every freestall housing design differs. But we will make some "broad" recommendations to consider. Managers will need to consider their facility design and modify the recommendations.

• Water flow rate. To provide adequate water for cows during thirsty times, a flow rate of as high as 30 gallons/minute has been recommended by professionals. A range of 12 to 30 gallons/minute is probably typical on dairy farms.

Strengthening Biosecurity on Dairies: Best Practices for a Healthy Herd

Betsy Karle – UCCE Sacramento Valley & Northern California & Noelia Silva-del-Rio – UC Davis & UC ANR

As we continue to navigate Highly Pathogenic Avian Influenza (HPAI) H5N1 (Bird Flu) in our local dairy herds, reinforcing biosecurity protocols among employees and visitors remains critical. As of May 8, 2025, CDFA has confirmed a total of 771 infected dairies since the outbreak began in California. Over 600 of those dairies have been released from quarantine and Northern California still remains largely unaffected by HPAI H5N1 cases. Strengthening basic biosecurity practices is key for preventing HPAI H5N1 transmission but also for reducing the spread of other infectious diseases that threaten animal health and productivity. Here are some basic biosecurity recommendations:

Animal movement- It was clear that animal movement played a significant role in the HPAI H5N1 outbreak. Even if you've already navigated through the outbreak and have some level of herd immunity, it is still wise to evaluate animal movement protocols. Can newly arrived animals be isolated more effectively in the future? Can your daily procedures involve handling these animals last during daily chores? Is there a way to close the herd or limit animal movement? In an open herd, what other biosecurity practices can be implemented to mitigate the risk that animal movement poses? These are big questions that might not work for your facility but are worth pondering.

Visitors and traffic patterns- Vendors, consultants, haulers, and other visitors should understand they have a responsibility to adopt biosecurity practices, especially if they are visiting multiple farms on the same day. There should be a clear expectation that all visitors wear clean clothing and disinfected boots or disposable boot covers. Parking areas away from animal housing and handling areas should be used and visitors should not be driving around the dairy, especially in feed alleys. Higher risk traffic like rendering trucks should have a specific route that keeps them away from the herd.

Employee attire and PPE- Farm-specific boots and coveralls are a simple yet effective first line of defense to reduce the risk of pathogen transfer from employee clothing or footwear onto your dairy. Employee attire should remain on-site and be laundered at the facility. Such practices are especially important when employees work at multiple farm locations or share housing with individuals employed at other farms. Shared housing has been identified as a potential route for HPAI H5N1 transmission between dairy and poultry operations.

HPAI H5N1 is a zoonotic disease (meaning that it can spread from animals to humans) as are many other endemic diseases present on dairies. Personal protective equipment (PPE) should be used according to the level of risk present in the herd. While gloves are always mandatory for milkers, additional PPE should be worn when handling sick animals or milking cows during any disease outbreak. According to OSHA (Bird Flu Information for Employers), additional measures such as enhanced PPE use (protection for the eyes, nose, and mouth), biosecurity and PPE training, exposure controls, and written safety procedures are required in workplaces during the outbreak or quarantine.

Foot-and-Mouth Disease in Europe: Insights for California Dairy Farmers

Emmanuel Okello – UC Davis & UC ANR

Recent outbreaks of foot-and-mouth disease (FMD) in parts of Europe have raised concern among global livestock industries. While the disease is currently contained overseas, it serves as a stark reminder of the vulnerability of livestock operations worldwide, including right here in California.

What is Foot-and-Mouth Disease?

Foot-and-mouth disease is a highly contagious viral infection that affects cloven-hoofed animals such as cattle, pigs, sheep, and goats. It is endemic in many countries, particularly in regions like Africa, Asia, and South America. The United States has been free of FMD since 1929.

The typical clinical signs of FMD include blisters on the nose, tongue, lips, inside the mouth, and feet. Ruptured blisters can lead to severe lameness, reduced appetite, and hypersalivation. Other signs may include fever, depression, weight loss, and decreased milk production. In acute cases, death can occur before blister development.

The FMD virus spreads rapidly through direct contact, aerosols, and contaminated feed and equipment; it can also spread over long distances through the air. While FMD does not impact public health or milk safety, it poses significant challenges to the livestock industry due to trade restrictions, culling measures, and prolonged movement bans.

Recent FMD outbreaks in Europe

On March 7, 2025, an FMD outbreak was confirmed at a dairy farm in Hungary located near the Hungarian-Slovakian border. Two weeks later, Slovakia confirmed FMD outbreaks in facilities adjacent to the Hungarian border. Laboratory tests confirmed that the FMD virus from both outbreaks was a complete match. Both countries swiftly implemented animal health control measures following European Union regulations, including the culling of all cattle at the affected site and a contact establishment, as well as the establishment of a provisional restricted zone, ring vaccination, and surveillance. The outbreak has already led to temporary trade bans on meat and dairy products from affected regions.

Other recent outbreaks have occurred in Germany in January 2025, Georgia in 2023, Turkiye in 2023, and the United Kingdom in 2007. These outbreak events have reminded the global livestock community that FMD remains a persistent threat, especially in an era of global trade and increased movement of people and animals.

What Are the Risks to the U.S.?

Although the United States has been free of FMD since 1929, the risk of an outbreak remains. The FMD virus can be introduced through the illegal importation of contaminated meat products, infected animals, or travelers who have come into contact with affected livestock abroad. California, as the nation's leading dairy-producing state, has a lot to lose. An outbreak could halt exports, lead to the culling of thousands of animals, and severely disrupt the dairy supply chain.

Senate Ag Committee Backs Whole Milk Bill

Courtesy of Gregg Doud, President & CEO <u>National Milk Producers Federation</u>

June dairy month began with a bang this week when the Senate Agriculture Committee on Tuesday approved by voice vote a bill that would allow schools to serve whole and 2% milk varieties, one of the biggest legislative achievements for the dairy community in recent years.

The Whole Milk for Healthy Kids Act would expand the National School Lunch Act to let schools participating in the USDA-led program serve additional options in addition to the currently allowed fat-free and low-fat milks. To secure the support needed to win Senate passage of the bill, the committee modified the bill to also allow greater flexibility for schools to offer non-dairy beverages, but in a manner that preserves strict current law nutritional equivalency requirements for these beverages, does not mandate schools offer these products, and maintains the mandate to offer fluid milk.

As we noted <u>in our statement</u>, the Senate ag committee action represented a strong bipartisan endorsement of the bill, led by lead bill sponsors Senators Roger Marshall, R-KS, and Peter Welch, D-VT, with strong support from the committee's chairman, Sen. John Boozman, R-AR, along with Sen. Amy Klobuchar, D-MN, the committee's ranking member.

We are hopeful that the Senate will soon pass the bill via unanimous consent, sending it to the House for consideration. House Agriculture Committee Chairman GT Thompson, R-PA, and Rep. Kim Schrier, D-WA have introduced this legislation in the House, whose Education & the Workforce Committee approved the bill with bipartisan support on Feb. 12. NMPF has a <u>call to action</u> on its website urging dairy advocates to speak up on the bill.

