

MPC WEEKLY FRIDAY REPORT

DATE: OCTOBER 20, 2023
 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	+\$0.0875	\$1.7875	WEEKLY CHANGE	N.C.	\$3.3600
Barrels	+\$0.0650	\$1.7100	WEEKLY AVERAGE	-\$0.0560	\$3.3870
WEEKLY AVERAGE CHEDDAR CHEESE		DRY WHEY		WEEK ENDING 010/14/23	
Blocks	+\$0.0510	\$1.7525	DAIRY MARKET NEWS	W/E 10/20/23	\$3.500
Barrels	+\$0.0570	\$1.6760	NATIONAL PLANTS	W/E 10/14/23	\$3.131
				LAST WEEK ENDING 10/07/23	
				NAT'L PLANTS	\$1.1463 16,914,608
				NAT'L PLANTS	\$1.1405 17,048,863

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
OCT 20 EST	No Change	\$22.13	\$16.88	No Change
LAST WEEK	\$21.07 - \$21.57	\$22.08	\$16.84	\$21.59



Milk, Dairy and Grain Market Commentary

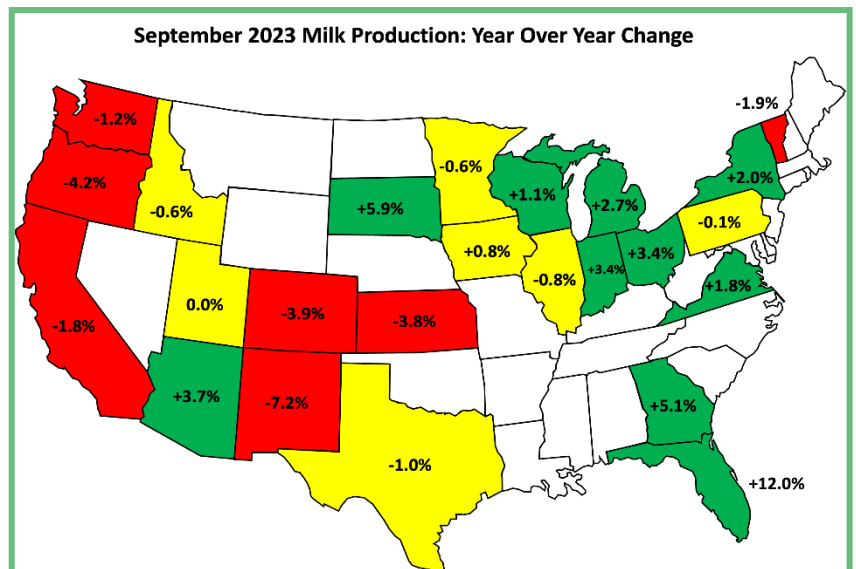
By Monica Ganley, Quatterra

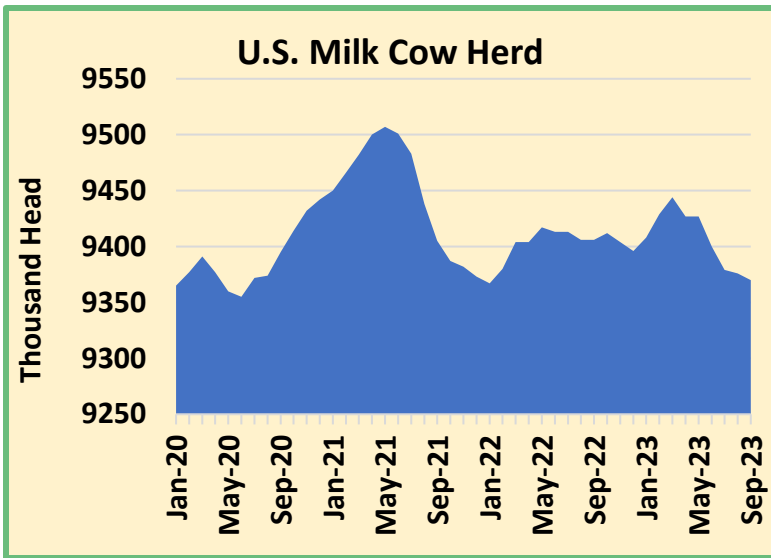
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Milk & Dairy Markets

USDA released its *Milk Production* report this week, indicating that national output

contracted in September for the third month in a row. Production for September totaled 18.21 billion pounds, a decrease of 0.2% compared to the same month last year. Lower production in the West and Southwest weighed on the national figure as production in California, Idaho, and Texas fell by 1.8%, 0.6%, and 1%. Volumes were stronger in the Midwest and Northeast. Wisconsin saw output rise by 1.1% while Michigan boasted growth of 2.7%. New York posted an increase of 2% compared to the same month last year.

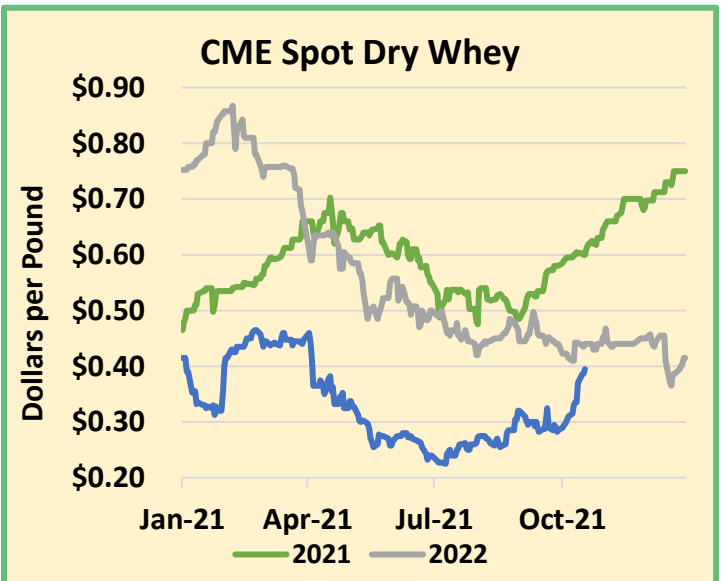




While USDA estimated only modest production losses for September, the agency made some important revisions to production in prior months. USDA revised production downward in every month since April with particularly large adjustments made to the August figures. Driven by both lower yields and fewer cows, USDA now estimates that production in August fell by 0.8% year over year, down from the 0.2% indicated last month. July production was also adjusted down to a 0.9% loss from a 0.7% decline in last month's report.

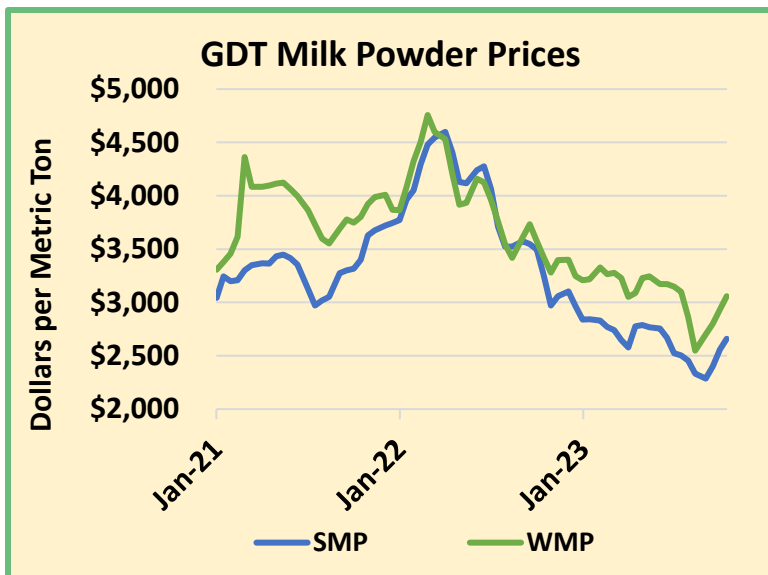
The new data suggests that the dairy herd has been shrinking more quickly than initially believed. This makes sense given the strong dairy slaughter numbers that were posted over the summer months. USDA now estimates that in September the national dairy herd was composed of 9.37 million head, 6,000 head fewer than in August. Notably, the July and August herd size estimates were revised downward by 11,000 and 14,000 head, respectively. September's herd was 36,000 cows smaller than at the same time last year and represented the lowest cow number figure since January of last year.

Lighter milk production has reduced milk availability for manufacturers, which has put upward price pressure on spot milk in recent weeks. However, the situation appears to be stabilizing. This week in the Central U.S., *Dairy Market News* reports that spot milk could be picked up for a premium of between \$0.25/cwt to \$1.75/cwt. over Class III pricing. The midpoint of the range is unchanged compared to last week, but spot milk is noticeably more expensive than at this time last year when product could be picked up at a discount to class pricing.



Pricier spot milk combined with seasonal maintenance has slowed cheese production. Set against a stable to active demand environment, this has helped to support cheese prices, which bounded upward at the CME this week. Spot Cheddar blocks remained unchanged on Monday then moved solidly upward in the middle of the week. A 2.5¢ loss on Friday couldn't undo the gains seen earlier in the week and the market ultimately closed at \$1.7875/lb., an increase of 8.75¢ compared to prior week as 29 loads changed hands. Barrels also found some strength, moving up every day but Monday and ultimately rising to \$1.71/lb., up 6.5¢ from last week.

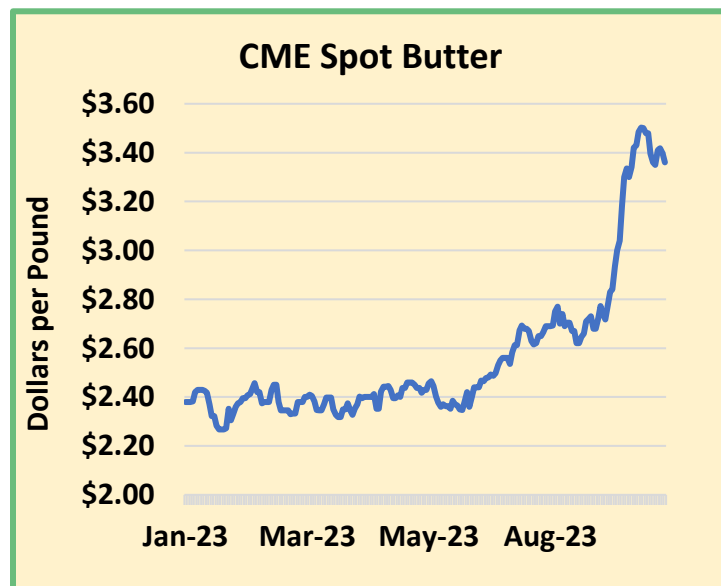
The bulls staked their claim in the dry whey market over the last few days. After remaining unchanged on Monday, the dry whey market added price over the remainder of the week, rising to 39.5¢ per pound,



up a meaningful 6¢ compared to last Friday’s close. While slower than last week’s flurry of activity, trading this week was still active as 30 loads of whey moved. Improving global demand prospects combined with continued strength in the higher protein product markets are underpinning gains in dry whey. Stronger whey markets have helped to bolster Class III prices. Following Friday’s trade, all Class III futures contracts between NOV23 and MAR25 settled above \$18/cwt.

Within the Class IV markets, nonfat dry milk (NDM) got a boost this week, following global

markets upward. Milk powders rallied at Tuesday’s Global Dairy Trade auction with skim milk powder and whole milk powder rising by 4.3% and 4.2%, respectively. Back at home, this increase fueled a penny gain at the CME the same day as ten loads of powder changed hands. Prices bobbed the rest of the week, falling on Wednesday and Friday while rising on Thursday. At the end of today’s session prices settled at \$1.2325/lb., representing an increase of 1.25¢ compared to last Friday’s price. *Dairy Market News* reports that condensed skim availability has improved and that while dryers are nominally busier, plenty of spare capacity exists in the system.



Following a few weeks in the spotlight, butter moved sideways this week. After losing a penny on Monday butter launched a new rally, adding 6¢ on Tuesday. The market quickly ran out of steam, however, and after a modest gain on Wednesday, lost ground on Thursday and Friday. When all was said and done butter finished the week at \$3.36/lb., unchanged compared to last week with 13 loads trading hands. Tones in the butter market are mixed as the bears and the bulls grapple with where to take the market next. Class IV prices remain resilient as the NOV23 Class IV futures contract settled at \$21.36/cwt. on Friday.

Grain Markets

The corn and soybean harvests are progressing at a pace slightly ahead of last year. In this week’s *Crop Progress* report, USDA reports that 45% of corn has been harvested, up from 43% at this time last year and ahead of the 42% five-year average. Meanwhile 62% of soybeans are harvested compared to 60% in 2022 and well ahead of the five-year average of 52%. As harvest progresses many producers are seeing yield prospects improve. Even so, concerns about global supplies are supporting elevated grain prices. On Friday DEC23 corn settled at \$4.955/bu. while DEC23 soybean meal settled at \$423.90/ton.

Producer Review Board Meeting October 30 at 10 a.m. in Modesto

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

The next Producer Review Board meeting will be held **Monday, October 30 at 10 a.m. in Modesto** at the Stanislaus County Ag Commissioner's Office Harvest Hall, Room D & E, 3800 Cornucopia Way. This is an in-person only meeting; no teleconference option will be offered. Agenda items include:

- QIP Fund Condition Update
- PRB Director Nomination Process Update
- Petition to Terminate the QIP Update
- QIP 5-year Effectiveness Survey Update

See the full agenda [here](#).

Reminder: Producer Review Board Nominations Due November 30

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

The California Department of Food and Agriculture (CDFA) earlier this month mailed producers nomination [notices](#) and [forms](#) seeking nominations for positions on the Producer Review Board. Market milk producers interested in serving can nominate themselves. The deadline for CDFA to receive the nomination form is **November 30, 2023**.

Nominations for CVDRMP Board of Directors Due October 25

Courtesy of [Central Valley Dairy Representative Monitoring Program](#)

The Central Valley Dairy Representative Monitoring Program (CVDRMP) is seeking nominations for candidates for election to its Board of Directors. Nomination forms were mailed in mid-September to current members and must be returned to the CVDRMP office by **October 25, 2023**. Nomination forms are also available at [CVDRMP.org/Election](https://cvdrmp.org/Election).

A total of seven seats are available for nominations, one for each CVDRMP "B" district seat listed below and an additional vacant "A" seat in District 5 to complete the 2023-25 term. Following the call for nominations, an election by mail-in ballot will be held in December 2023. Director terms for "B" seats are two years in length and begin in 2024.

Current "B" seats up for election and current seat holder:

- District 1 | Tulare County | Vacant
- District 2 | Merced & Madera counties | Jeff Troost
- District 3 | Kern, Fresno & Kings counties | Perry Tjaarda
- District 4 | Stanislaus County | Vacant
- District 5 | San Joaquin County & north | Rien Doornenbal
- At-large | All counties in Central Valley Water Board area | Scott Wickstrom

PG&E Rates Increasing Again!

Courtesy of the [Agricultural Energy Consumers Association](#)



PG&E rates, already among the highest in the nation, will go even higher. Exactly how much is still being determined, but according to a [San Francisco Chronicle analysis residential rates would rise as much as 12.2%](#) on January 1, 2024. That's on top of additional rate increases already implemented this year, totaling 11%.

Ratepayers are incensed. Enough is enough! **Policymakers and regulators need to say no to PG&E.**

Out of touch with reality, the utility originally proposed a \$3.2 billion rate increase driven by their flawed \$6 billion plan to underground 10,000 miles of power lines. PG&E's CEO Patti Poppe apparently doesn't think annual double digit rate increases are a problem, but then again she made [\\$65 million over the past two years.](#)

Ratepayers deserve better service, lower rates, and a CEO who isn't overpaid and out of touch with the reality that many Californians are simply trying to put food on their family's table.

Central Valley Explainer Video

Courtesy of [Visalia Stringer](#)

Note from Geoff Vanden Heuvel: I came across this video on Facebook and thought it was a great overview of what makes the Central Valley an agricultural wonderland. Watch the video [here](#).



NMPF Provides Feedback to Federal Maritime Commission on Supply Chain Transparency

Courtesy of Jim Mulhern, President & CEO

[National Milk Producers Federation](#)

NMPF and the U.S. Dairy Export Council (USDEC) [delivered comments](#) this week to William Cody, secretary of the Federal Maritime Commission, on the crucial issues of maritime data transmission, accessibility, and accuracy. NMPF emphasized the significant supply chain challenges that have been faced by American dairy exporters since the beginning of the COVID-19 pandemic.

Our comments in response to FMC's request for information were based on feedback from USDEC member dairy exporters. Half of respondents felt that in an environment where they were receiving better information about gate slots and vessel schedules, they could deliver over 25% more containers to ports with more accurate timing.