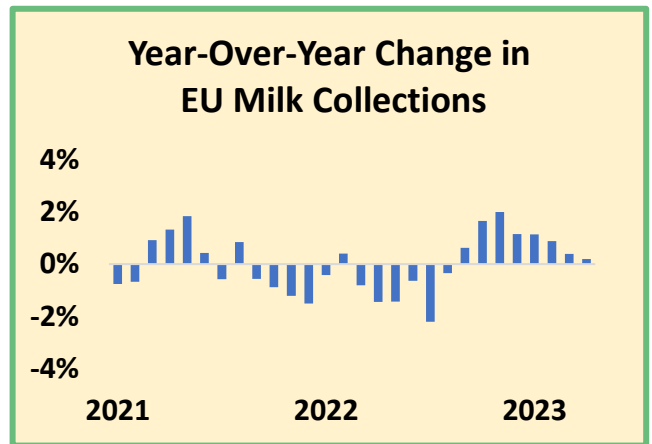


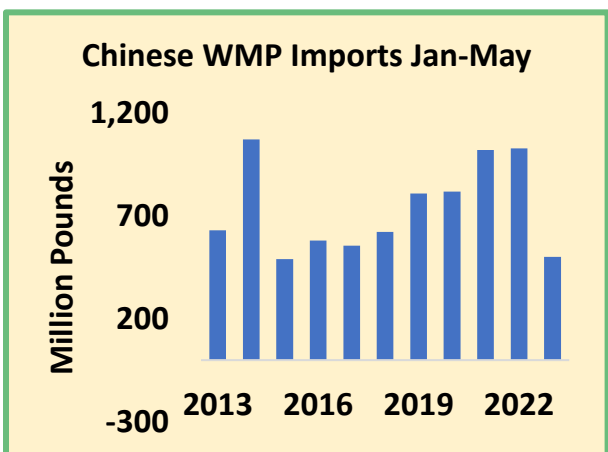
Milk output was lower than the prior year in the rest of the West. But strong growth in the heart of the country pushed national milk production to 19.9 billion pounds, which was higher than the market expected and up 0.6% from the year before. Dairy producers milked 9.43 million cows last month, 13,000 head more than in May 2022. Cow numbers held steady from April to May.

Over the past few weeks dairy producers cashed paltry May milk checks while feed costs and beef cow prices surged. Many of the same Midwestern dairy producers who faced another month of revenue deductions are struggling through a discouragingly dry start to the farming season. The auction docket is full of herds from the southwest, and sales are ramping up in the Midwest too. For months, many cows sold at the auction simply moved to new homes, but now it seems that more are going to the packer. In the week ending June 10, dairy cow slaughter volumes jumped 31% year over year in Region 5, which includes most of the Midwestern dairy states, and they leapt 47% in Region 6, home to Texas and New Mexico. We didn't lose any cows in May, but the table is set for sustained contraction in the U.S. dairy herd going forward.



Across the pond, growth in milk output slowed to a crawl. European milk collections topped those of April 2022 by just 0.2%, barely clearing the very low bar set in April 2022, when output dropped 1.3% from the year before. Germany, the Netherlands, and Poland put in a strong performance, but milk output faltered in France, Italy, and Ireland. Dairy product values are starting to perk up in Europe, which could make room for U.S. exports to regain some marketshare.

On the other side of the world, New Zealand managed to eke out a gain for the 2022-23 season, thanks to record-breaking output in April and May. New Zealand milk solids collections for 2022-23 were 0.2% greater than the previous season, but still well off the peak set two years before.

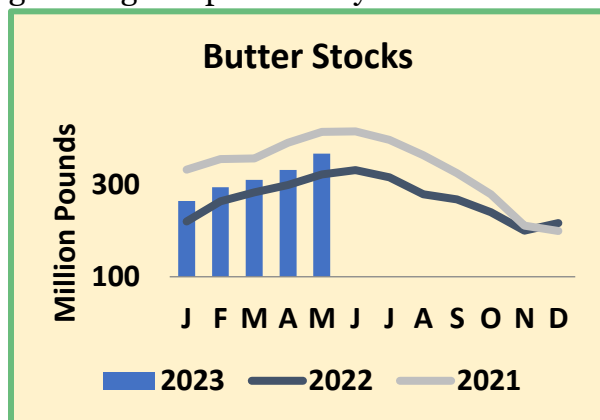


Slowing growth in global milk production could lead to better prices, especially if demand improves. And there are some fledgling signs of hope on that front. Chinese skim milk powder (SMP) and whey imports continue to run at the second-best pace on record. Chinese whole milk powder (WMP) imports finally topped year-ago volumes in May. That won't be enough to make up for the January to April deficit – not by a long shot – but it's nice to see a move toward growth, albeit a small one. On the other hand, Chinese milk powder buyers were conspicuously

quiet at Tuesday's Global Dairy Trade (GDT) auction. SMP dropped 2.3% at the GDT. In Chicago, nonfat dry milk (NDM) also faltered. CME spot NDM slipped 2.5¢ this week to \$1.1325. Whey powder dropped a penny to 26.5¢.

Cheese prices diverged. Spot Cheddar blocks bounced back from last week's three-year low, climbing 3¢ to \$1.405. Barrels fell 2.5¢ to \$1.50. Cheese stocks grew seasonally from April to May, but they failed to keep pace with the unusually large increase of May 2022. Total cheese stocks rose to 1.49 billion pounds. That was 1.5% lower than the prior year but otherwise the largest May cheese stockpile on record. Inventories of American-style cheeses, including Cheddar, swelled to 852.5 million pounds. American cheese stocks were 0.6% lighter than the year before but still abundant by historic standards.

Butter stocks jumped 35.2 million pounds last month, logging the largest April-to-May stock build since 1990. At 366.69 million pounds, butter inventories were up 14% from a year ago. It seems increasingly unlikely that butter buyers will suffer a repeat of last fall, when product was scarce throughout the holiday baking season. But they aren't taking that chance. Butter values remain resilient. Buyers are happy to secure product at prices that seem a bit rich for such a well-supplied market because they're a bargain compared to a year ago. CME spot butter climbed 5.5¢ this week to \$2.42.



After several weeks in decline, the milk markets took a breather and simply rested. Class III futures finished within a few cents of last Friday's settlements. Nearby Class IV futures moved a little higher while fourth quarter contracts dropped slightly.

Grain Markets

Drought intensified across the Corn Belt this week. The young crops have depleted soil moisture reserves on many farms and 27% of U.S. corn production is on ground that is struggling with severe, extreme, or exceptional drought. Rains are expected this weekend and they will be crucial. The futures have whipsawed with every new forecast. On Wednesday, when it looked like weekend rains would be inadequate, December corn futures climbed to an eight-month high at \$6.2975 per bushel. But the latest outlook looks wetter, so the futures took a huge step back. The December contract closed at \$5.88, down nearly a dime for the week. July corn futures fell back at a similar rate and settled at \$6.3075. If this weekend's rains disappoint, prices will go right back up on Monday.

The soybean meal market struggled through all the same weather drama as corn with some political excitement to boot. The soy industry is ramping up crushing capacity hoping to cash in on tax credits from the bioenergy boom. This week the EPA once again trimmed its mandate for soybean-based biodiesel in 2024 and 2025. The changes were slight, but they were a real disappointment for an industry with big ambitions. Soybean oil values plummeted, and soybean meal prices soared in the wake of the news, because if processors are not incentivized to crush soybeans for oil, they'll make less soybean meal. But by Friday the weather won out and soybean meal prices followed corn and beans lower. The July contract closed at \$410.70 per ton, down \$5.70 on the week.

MY JOB DEPENDS ON
WATER
Farming in the SGMA Era

GROWER EVENT

Hosted by the Kaweah Subbasin Groundwater Sustainability Agencies



Thursday, July 13th, 2023 | 7:30 AM - 1:30 PM

BBQ LUNCH PROVIDED

Reserve your lunch by July 6th
at ekgsa.org/rsvp
or call 559-697-6095



International Agri-Center in Tulare
in the Banquet Hall
4500 S. Laspina St.
Tulare, CA 93274

| | |
|---------------------------|---|
| 7:30 AM | Check-in begins |
| 7:30 AM – 8:30 AM | Vendor fair, coffee & donut social |
| 8:30 AM – 11:00 AM | Kaweah and Friant water supply updates, Kaweah Subbasin SGMA coordination, irrigation tools & funding for growers |
| 11:00 AM – 1:30 PM | BBQ lunch, vendor presentations, vendor fair, and raffle |

The Kaweah Subbasin GSAs are partnering to equip growers with tools and expert advice on water management for their farms. Join us for a CVP water supply issue briefing from Friant Water Authority CEO Jason Phillips, catch up on groundwater management from your GSA leaders, and learn from other experts on grant funding for growers and the status of water in your area.

- **EQIP & SWEEP grant funding for growers**
- **Surface water supply issue briefing**
- **SGMA and groundwater updates**



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Real California Milk Excelerator, Powered by VentureFuel, Returns for 5th Year with Renewed Commitment to Open Innovation Using Dairy from Golden State

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

The [California Milk Advisory Board](#) (CMAB) announced the return of the [Real California Excelerator](#) competition, created in partnership with innovation advisory [VentureFuel](#), for its fifth year.

As the largest global dairy accelerator, the program seeks anyone building any product made with at least **50 percent dairy**, including, but not limited to foods, beverages, personal care products, packaging, material sciences, textiles, pet products, or anything else using dairy in an innovative way. This



year's competition offers a value of up to \$500,000 in prize money and program value for products that introduce novel applications in any form and drive utilization of **Real California dairy**.

Over the past 4 years, the Real California Milk Excelerator has worked with 45 startups across numerous categories including food, beverage, direct-to-consumer platforms, textiles, and personal care. Representing nearly 40 percent of states across the U.S., program alumni have gone from idea to distribution with organizations such as UNFI and KeHE; and many can now be found on the shelves of retailers like Walmart, Safeway, Kroger, Amazon, and Whole Foods.

“The program has grown and evolved over the last five years as we’ve had the pleasure of bringing some interesting, innovative, and delicious products to the market using milk from our California dairy families. What hasn’t changed is our focus on creating the future for dairy product innovation in whatever form that takes,” said John Talbot, CEO of the CMAB. “Real dairy continues to be an attractive tool for product developers, with functional and practical benefits hard to replicate. The business insight, contacts, and tools this program offers, along with the marketing power of the Real California Milk seal, makes this a golden opportunity for brands.”

Each of the eight participants selected for the 2023 cohort will have access to a group stipend and a robust network of resources to refine and scale their product and business. They will also participate in the CMAB/VentureFuel Mentorship Program, consisting of elite counsel from successful founders, investors, leading corporate executives, and experts across design, marketing, sales, manufacturing, distribution, farming, and processing industries. Past mentors have included venture capitalists, successful entrepreneurs, and executives from organizations like Unilever, UNFI and Mondelez to name a few.

More details including competition rules, timeline and application are available at realcamlkexcelsator.com. The deadline to apply is July 7, 2023.