

MPC WEEKLY FRIDAY REPORT

DATE: AUGUST 9, 2019
 TO: DIRECTORS & MEMBERS
 FROM: KEVIN ABERNATHY, GENERAL MANAGER
 PAGES: 4



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MPC FRIDAY MARKET UPDATE

CHICAGO CHEDDAR CHEESE			CHICAGO AA BUTTER			NON-FAT DRY MILK		
Blocks	+ \$.0475	\$1.8675	WEEKLY CHANGE	-\$.0050	\$2.3150	WEEK ENDING 08/03/19		
Barrels	+ \$.0275	\$1.7200	WEEKLY AVERAGE	-\$.0060	\$2.3315	NAT'L PLANTS	\$1.0235	33,754,467
WEEKLY AVERAGE CHEDDAR CHEESE			DRY WHEY			PRIOR WEEK ENDING 07/27/19		
Blocks	+ \$.0450	\$1.8660	DAIRY MARKET NEWS	W/E 08/09/19	\$.3400	NAT'L PLANTS	\$1.0286	22,760,277
Barrels	+ \$.0030	\$1.7080	NATIONAL PLANTS	W/E 08/03/19	\$.3679			

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
AUG 9 EST	\$19.49 - \$19.99	\$17.53	\$17.61	\$16.60
AUG 1 EST	\$19.49 - \$19.99	\$17.51	\$17.29	\$16.62



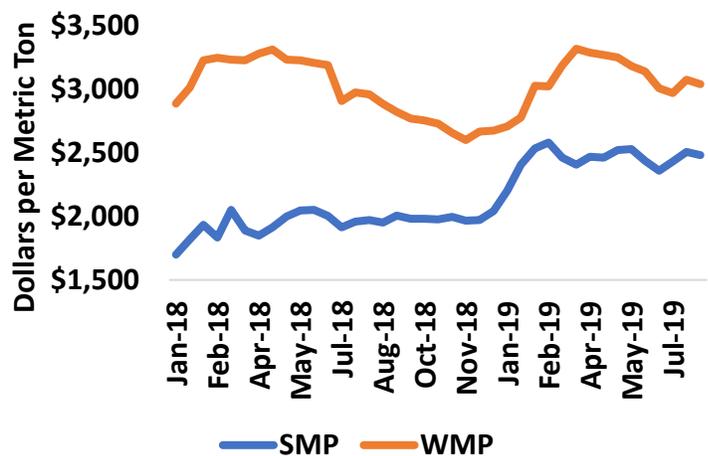
Milk, Dairy and Grain Market Commentary

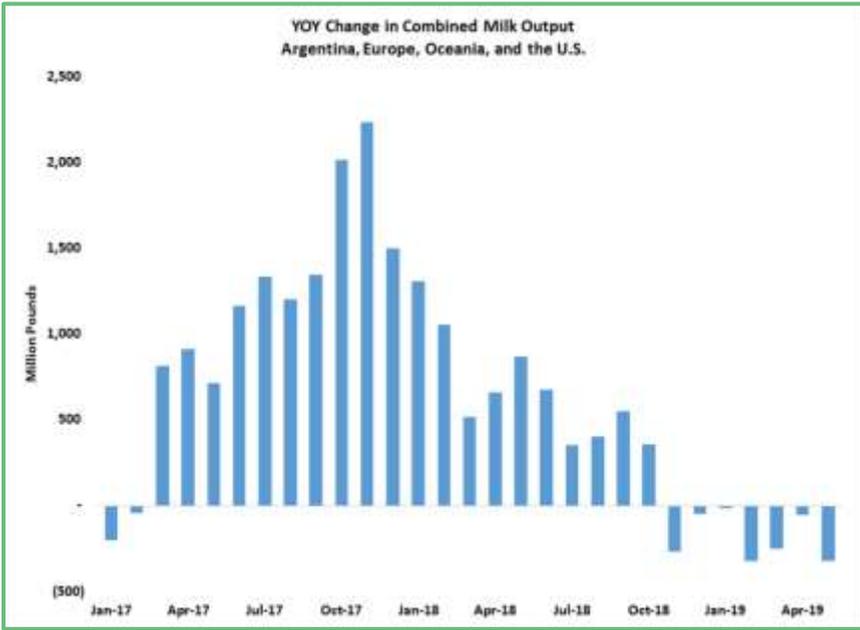
By Sarina Sharp, Daily Dairy Report
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Milk & Dairy Markets

The dairy market bulls stood their ground this week in the face of enormous outside pressure. The stock market suffered its worst losses of the year on Monday; the Dow closed more than 700 points in the red. The Chinese have opened up a new front in the trade war, deliberately devaluing their currency to encourage exports. The U.S. Treasury quickly returned fire, labeling China a currency manipulator. The U.S. is preparing a new list of Chinese goods to tariff, and China has reportedly told importers to cancel their orders for U.S. agricultural goods. Both sides have entrenched, preparing for a long, damaging stalemate. Farm exports are the

Global Dairy Trade Milk Powder Prices

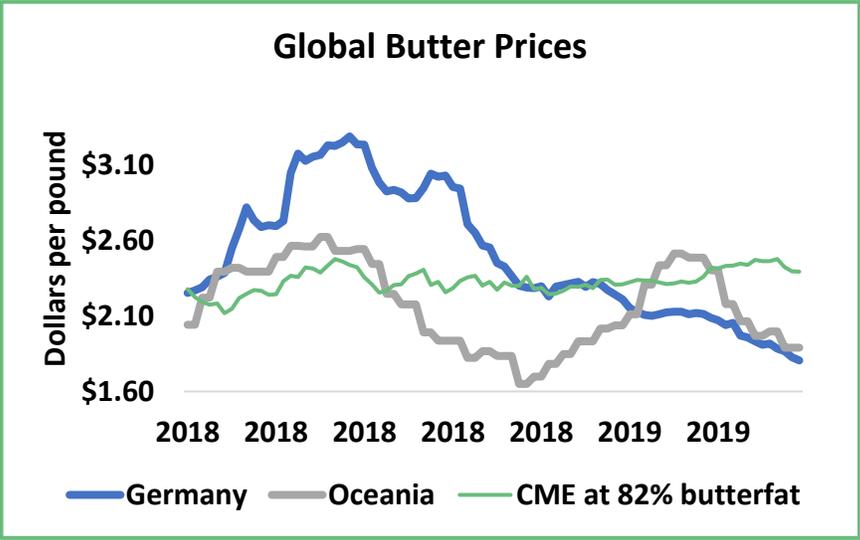




nation’s most obvious casualty. A protracted trade war could drag the global economy toward recession, further hampering demand, including for farm products.

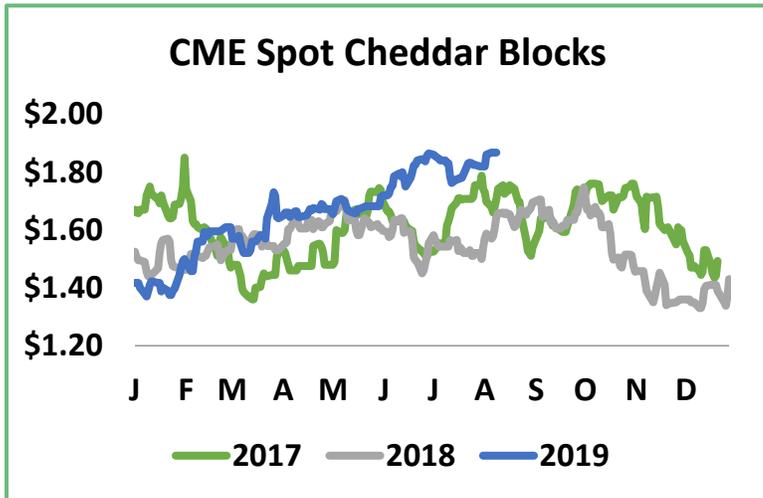
With the equity and commodities markets in freefall on Monday, CME dairy futures opened lower but Class III contracts settled higher. They followed up this impressive performance with a higher close on Tuesday as well, shrugging off a flood of red ink at the Global Dairy Trade (GDT) auction. The GDT Index fell 2.6%, enduring its fifth decline in the past six events. Butterfat values slumped; both butter and anhydrous

milkfat lost more than 5%. Cheddar dropped 2% from the previous auction. Whole milk powder (WMP) prices slipped 1.7%. Skim milk powder (SMP) prices fell 1.6% to the equivalent of nonfat dry milk (NDM) at \$1.20 per pound, still a steep premium to CME spot NDM. In Europe, cheese values held, but butter prices continue to slip. Benchmark butter prices in Germany and the Netherlands stand at their lowest value since August 2016.



The weakness in overseas pricing is out of harmony with global milk production trends. In the first five months of this year, combined milk output in Europe, the United States, Oceania, and Argentina was 1.7 billion pounds less than in January through June 2018, a decline of 0.6%. In the months since, Southern Hemisphere milk output has waned seasonally. Cows in the Northern Hemisphere have sweltered amidst a series of heat waves. July was the hottest month in recorded history, and temperatures were particularly extreme in Western Europe, where few dairies are equipped with adequate cooling. Milk yields have surely suffered.

As the *Daily Dairy Report* highlights, “Sustained downturns in global milk production are rare, and this one, coupled with shrinking stockpiles and brisk international trade, should translate into higher dairy product prices around the world.” But, for now at least, the major dairy exporters’ markets are playing disparate tunes. Europe’s anemic butter prices strike a particularly discordant note. Lower butterfat values in Europe have boosted U.S. butterfat imports, preventing a further decline in churning volumes. Eventually, restrained production and robust exports should reverse the downtrend in continental butterfat values. If that occurs, will the international dairy markets all sing with one bullish voice?



The U.S. dairy markets remain firmly supported as milk tightens. At the CME spot market, NDM climbed 0.75¢ to \$1.0275. Butter slipped a half-cent to \$2.315. Spot Cheddar blocks reached a fresh multi-year high at \$1.8675, up 4.75¢ from last Friday. Barrels added 2.75¢ and reached \$1.72. Dry whey was 1.5¢ higher. Compared to last Friday, August Class III futures jumped 30¢, while most Class III futures were a nickel or so higher. Class IV futures were mixed, with small losses in nearby contracts and small gains down the board.

Grain Markets

The feed markets climbed this week. September corn settled at \$4.1025 per bushel, up more than a dime from last Friday. Soybeans closed at \$8.7375, up nearly 20¢. The strength is surprising in the face of a renewed assault on U.S. agricultural trade prospects. Crop conditions improved modestly. Cooler than average temperatures are a mixed blessing. The lack of extreme heat during pollination will allow the grain to reach its full potential. However, the late-planted crop is abnormally immature, and these cooler days are not helping it to catch up. Harvest will be delayed, and an early frost would cap corn yields far below historic trends.

On Monday, USDA will publish its much-anticipated Acreage and Crop Production reports. The agency resurveyed farmers to assess the size of this year's record-breaking prevented planting acreage. Next week could be volatile.



Sustainable Conservation Hosts Drip Irrigation Field Days August 22 in Chowchilla & August 27 in Buttonwillow

By Kevin Abernathy, General Manager

Kevin@MilkProducers.org

Visit, learn, and speak with dairies operating sub-surface drip irrigation systems utilizing lagoon water on silage corn and winter forage during two upcoming field days on Thursday, August 22 in Chowchilla and Tuesday, August 27 in Buttonwillow. These two field days offer you the unique opportunity to see how these systems work, the on-farm results and hear directly from dairy farmers about their experiences.

See the tour flyer [here](#).

RSVP by August 15 to John Cardoza at jcardoza@suscon.org or 209-576-7731.

Learn more about subsurface drip irrigation systems utilizing dairy lagoon water.

Field Days | Bus Tours
2 dates/locations

Visit and hear from dairies about why they're using manure drip irrigation on forage crops. Join us to:

- Tour the subsurface drip irrigation system
- Learn about how the system works and its results
- Hear from dairy producers directly about their experiences
- Ask questions

Reserve now.
Rsvp by August 15 to John Cardoza at jcardoza@suscon.org or 209-576-7731.

CMAB Hosts District 6 Summer Social August 21 in Turlock

Courtesy of the California Milk Advisory Board



The California Milk Advisory Board (CMAB) will host a Summer Social on Wednesday, August 21 in Turlock from 6 to 9 p.m. Glenn Millar, CMAB's Director of International Business, will share ongoing dairy activities in Asia and Mexico to promote California dairy products.

Location: East Lake Ranch, 14011 East Avenue, Turlock, CA 95380 (Directions from Santa Fe Road: Head east on East Avenue for about one mile. The venue entrance is on the south side just before Hall Road).

Time: Social at 6 p.m. The Smokin' Portagee Food Truck from Hilmar will be on site taking dinner orders from 6:30 to 7:15 p.m., so please arrive during this timeframe.

You will have an option to order a meal from several dinner choices and dessert is rice pudding. Cheese and linguica bites will be served as appetizers in addition to beer and wine.

This meeting will be a more casual setting, but still an opportunity to get an update on CMAB programs. Please RSVP via reply to the [EVITE](#) invite or text Kris Costa at 209.678.3466 no later than August 16.

