

MPC WEEKLY FRIDAY REPORT

DATE: APRIL 30, 2021
 TO: DIRECTORS & MEMBERS
 FROM: KEVIN ABERNATHY, GENERAL MANAGER
 PAGES: 4

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P.O. Box 4030, Ontario, CA 91761 • (909) 628-6018
 2328 Jonathon Court, Escalon, CA 95320 • (209) 691-8139
Office@MilkProducers.org • www.MilkProducers.org • Fax (909) 591-7328

MPC FRIDAY MARKET UPDATE

CHICAGO CHEDDAR CHEESE		CHICAGO AA BUTTER		NON-FAT DRY MILK	
Blocks	+ \$.0075	\$1.8000	WEEKLY CHANGE	-\$.0175	\$1.7525
Barrels	+ \$.0300	\$1.8350	WEEKLY AVERAGE	-\$.0080	\$1.7860
WEEKLY AVERAGE CHEDDAR CHEESE		DRY WHEY		WEEK ENDING 04/24/21	
Blocks	+ \$.0085	\$1.8010	DAIRY MARKET NEWS	W/E 04/30/21	\$.6550
Barrels	+ \$.0205	\$1.8110	NATIONAL PLANTS	W/E 04/24/21	\$.6231
				PRIOR WEEK ENDING 04/17/21	
				NAT'L PLANTS	\$1.1761 18,181,710
				NAT'L PLANTS	\$1.1645 19,970,007

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
APRIL 30 EST	\$17.11 - \$17.61	\$15.59	\$17.64	\$15.52
LAST WEEK	\$17.11 - \$17.61	\$15.59	\$17.64	\$15.52

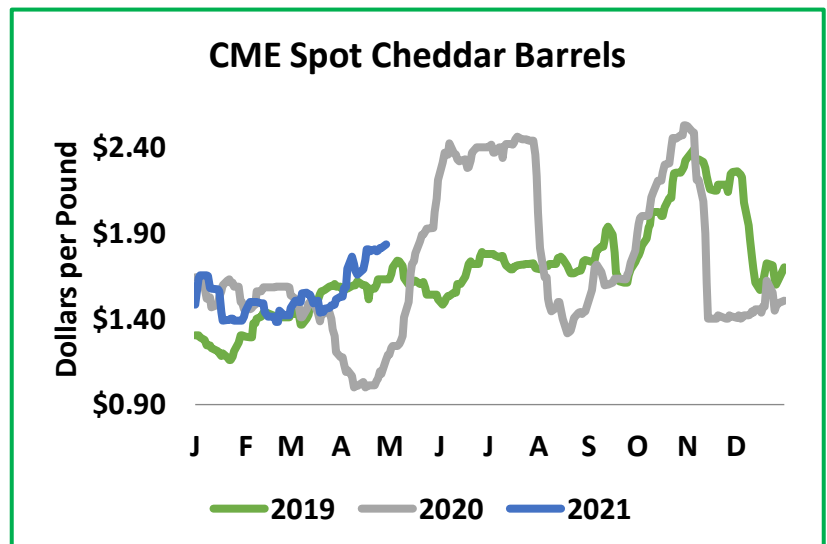


Milk, Dairy and Grain Market Commentary

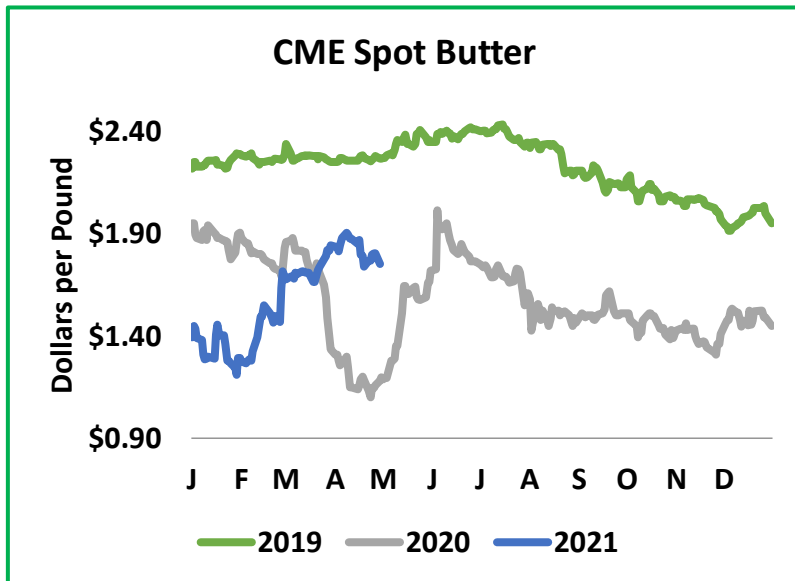
By Sarina Sharp, Daily Dairy Report
Sarina@DailyDairyReport.com

Milk & Dairy Markets

The bulls continued their leisurely stroll through the dairy pits this week and the milk markets moved higher. Class III futures posted sizeable gains. Summer contracts added a half-dollar or more, which lifted them well above \$19 per cwt. June through October Class IV contracts added 30¢ to 40¢. May Class IV settled at \$16.21, and the other contracts all topped \$17, a welcome sight for dairy producers who don't get the full benefit of the sky-high Class III market.



It's been a big month for barrels. They closed today at \$1.835 per pound, up 3¢ since last Friday and up an impressive 35.25¢ since the end of March. CME spot Cheddar blocks added a more modest 0.75¢



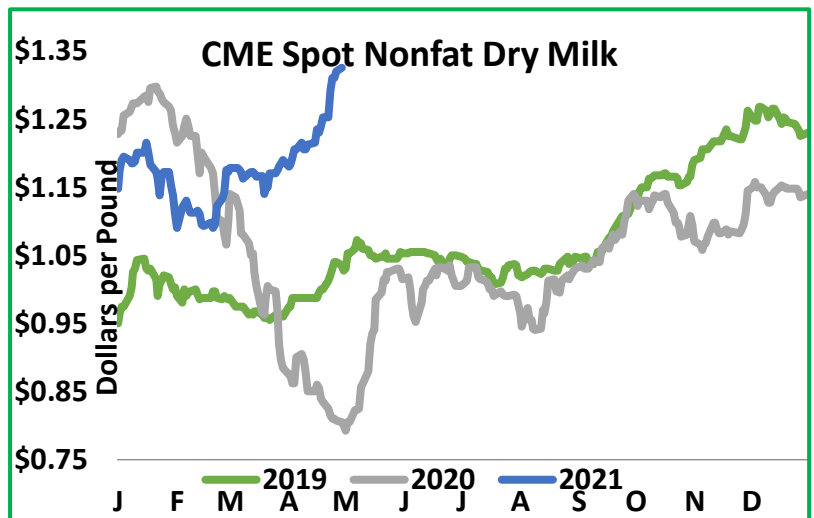
this week and were up 6.25¢ for the month. Cheesemakers tell USDA’s *Dairy Market News* that sales have plateaued, as restaurants have largely restocked.

Butter sales are starting to slip. *Dairy Market News* notes that foodservice orders have ebbed and retail requests are “lackluster.” Uninspiring demand dragged prices lower. CME spot butter fell 1.75¢ this week to \$1.7525. Butter closed out the month 6.5¢ lower than where it began.

Cream is plentiful in the West, and churns there are running hard, as befits the season. Supplies are tighter in the Midwest and the

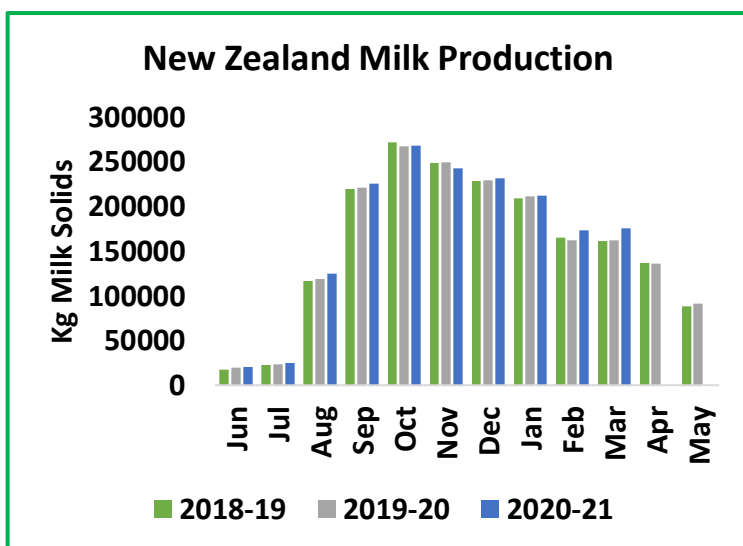
Northeast, and the shortage of trucks and drivers has exacerbated the regional imbalance. Logistical headaches are rippling through the dairy supply chain, preventing milk and cream from flowing smoothly to its most profitable outlet.

The powders remain strong. CME spot dry whey finished the month right where it started, at 66¢ per pound. That was up 4¢ from last Friday. Spot nonfat dry milk (NDM) jumped 7.25¢ to \$1.325, the highest spot value since October 2014. Thanks to strong foreign demand, spot NDM rallied 14¢ this month, a 12% increase. U.S. milk powder is priced to move, and Mexico is finally stepping up purchases. Europe has very little SMP available for sale, and most milk powder in Australia and New Zealand is already committed to buyers in Southeast Asia. That leaves the United States and South America to capture new orders.



Milk output was very strong in New Zealand in March. Collections jumped 9.8% from the prior year, bringing season-to-date collections to the highest June to March tally on record, up 2.1% from last year. Timely rains in February and early March promoted grass growth and lifted milk output last month. But the rains have slowed, which could make for slower growth in the final two months of the 2020-21 season.

In Australia, milk output improved in February but faltered in March. For the season to date, Aussie milk collections are 1% greater than the very low volumes of last year. After several years

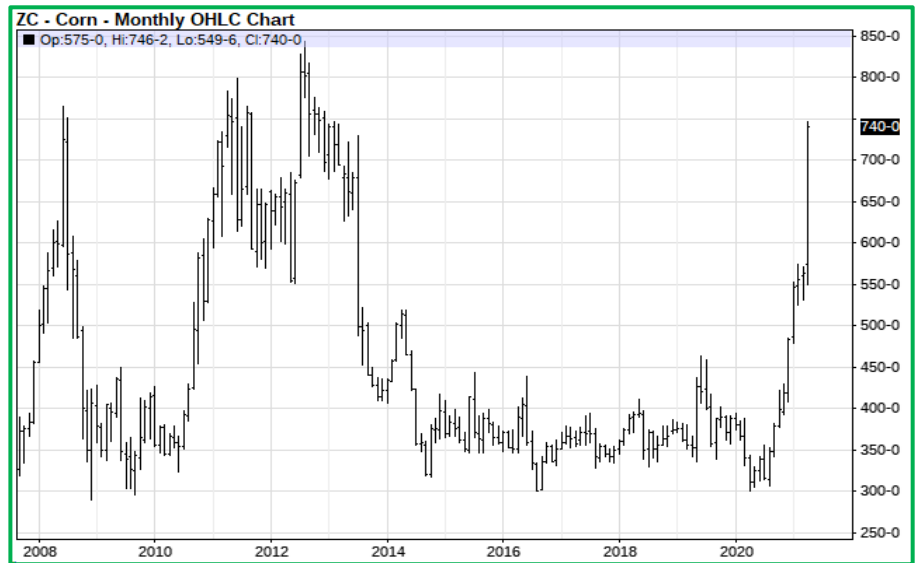


of drought, Australian dairy producers are grateful for much greener pastures. But they face new hurdles. The island has been extremely isolated. That's kept the pandemic largely at bay, but it's also reduced the labor pool, and many producers can't find enough help. Now that Australia and New Zealand have agreed to merge their travel bubbles, Australia is seeking farmworkers in New Zealand, promising airfare and good wages. In response, kiwi producers are stepping up efforts to retain experienced farmhands.

In the United States, the flush is in full swing and milk is plentiful. The weak dollar and tight global inventories for milk powder are helping to lift Class IV values despite domestic abundance and all the headaches of global trade.

Grain Markets

The corn market just keeps climbing. May corn futures jumped 38¢ today as traders who were caught short rushed to buy back their positions before they were obligated to deliver corn to Chicago. May corn settled at a seven-year high of \$7.40 per bushel, up more than \$1.75 this month. July corn closed at \$6.7325, up 41¢ this week.



The U.S. has exported huge volumes of corn and there is no sign of a slowdown. Brazil's corn crop is withering and there is little rain in the forecast. In the Corn Belt, planters are rolling. Farmers and feed-buyers are hoping for big yields, but there is a lot of weather between now and harvest.

Soybeans followed corn higher. July soybeans closed at \$15.3425, up 18.25¢ from last Friday. July soybean meal closed at \$426.10 per ton, up 30¢. Feed costs are rising quickly.



State Bill Authorizing Funding for Canal Repairs Clears First Legislative Hurdle

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

The ability to receive rain and snowmelt generated hundreds of miles away is a key component in managing the water supply that makes modern California possible. Several of the major surface water delivery systems in California that form the backbone of the network that supports our farming and urban communities are suffering from subsidence and in need of repair. Fixing and upgrading these facilities is absolutely essential to sustaining our way of life. In addition to local contributions, there will need to be investments from the federal and state governments to make this possible. Senator Melissa Hurtado (D-Fresno) introduced SB 559, a legislative vehicle to authorize state investment to improve our water infrastructure. Milk Producers Council strongly supports SB 559, and earlier this week it passed the first committee vote necessary to advance in the legislative process. We are grateful for the energy and passion Senator Hurtado is investing in this very important legislation.

Read more about the bill from the *Hanford Sentinel* [here](#).

CDQAP Update: Rendering Disruption Plan, Forage Sampling, Water Board Requirements, Cow Cooling Systems

Courtesy of California Dairy Quality Assurance Program

The California Dairy Quality Assurance Program (CDQAP) recently published its April 2021 Quality Assurance Update. Below are excerpts from the Update, which you can read in its entirety [here](#).



A Plan for Rendering Disruptions

By Dr. Michael Payne, UC Davis, School of Veterinary Medicine and Director, CDQAP

Only four of the state's 46 rendering facilities process animal mortalities. Those that do typically operate at near capacity, meaning a heat event or mechanical problem in a single plant can disrupt mortality pick-up for hundreds of producers throughout a broad swath of the state. [Continue reading.](#)

Chopping and Planting Require Sampling

By Deanne Meyer, Ph.D., Livestock Waste Management Specialist, UC Davis, Department of Animal Science, UC ANR

Winter rains were few this year. Forage harvest is a bit light, depending on your location and water use. It's important to remember to sample forage. [Continue reading.](#)

Is Your Dairy Open or Closed?

No matter where a dairy is in California, it's important to contact the local Regional Water Quality Control Board when the dairy is vacant. Annual record keeping and reporting is still required of a vacant dairy. [Continue reading.](#)

Time to Check Cow Cooling Systems

For California cows with access to shade but not fans or sprinklers, losses are estimated to average \$110/cow/year. For everything you need to know on the subject, visit CDQAP's webpage [Heat Stress in Dairy Cows](#).

