

# MPC WEEKLY FRIDAY REPORT

DATE: NOVEMBER 13, 2020  
 TO: DIRECTORS & MEMBERS  
 FROM: KEVIN ABERNATHY, GENERAL MANAGER  
 PAGES: 5

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## MPC FRIDAY MARKET UPDATE

<b>CHICAGO CHEDDAR CHEESE</b> Blocks - <b>\$.4250</b> \$1.9175 Barrels - <b>\$.7075</b> \$1.6100 <b>WEEKLY AVERAGE CHEDDAR CHEESE</b> Blocks - <b>\$.4465</b> \$2.1505 Barrels - <b>\$.4680</b> \$2.0030		<b>CHICAGO AA BUTTER</b> WEEKLY CHANGE - <b>\$.0300</b> \$1.4000 WEEKLY AVERAGE + <b>\$.0050</b> \$1.4330 <b>DRY WHEY</b> DAIRY MARKET NEWS w/E 11/13/20 <b>\$.4050</b> NATIONAL PLANTS w/E 11/07/20 <b>\$.3686</b>		<b>NON-FAT DRY MILK</b> <b>WEEK ENDING 11/07/20</b> NAT'L PLANTS <b>\$1.0945</b> 14,416,495 <b>PRIOR WEEK ENDING 10/31/20</b> NAT'L PLANTS \$1.0919 12,326,501	
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## 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
NOV 13 EST	\$19.64 - \$20.14	<b>\$13.95</b>	<b>\$23.13</b>	<b>\$13.43</b>
LAST WEEK	\$19.64 - \$20.14	\$14.14	\$23.20	\$13.56



### Milk, dairy and grain market commentary

By Monica Ganley, Daily Dairy Report  
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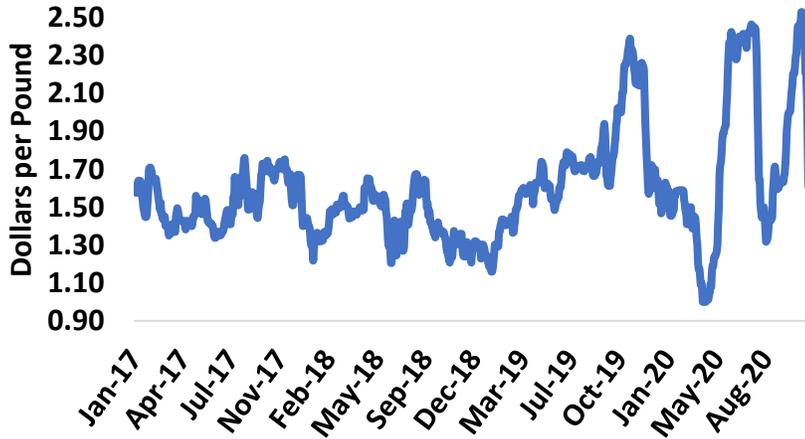
#### Milk & Dairy Markets

All eyes were on the CME spot Cheddar markets this week as blocks, and especially barrels, moved decisively lower. After beginning their downward slide last week, spot barrel prices plunged in recent days, giving up more than 70¢ over the course of the week, including a record 29¢ loss in today's session. Not to be left behind, Cheddar spot blocks also moved below \$2 for the first time since early September, giving up 42.5¢ versus last Friday and posting the third largest weekly average price decline on record. Blocks wrapped up the week at \$1.9175/lb. while barrels ended today's session at \$1.61/lb.

#### CME Spot Cheddar Blocks



### CME Spot Cheddar Barrels



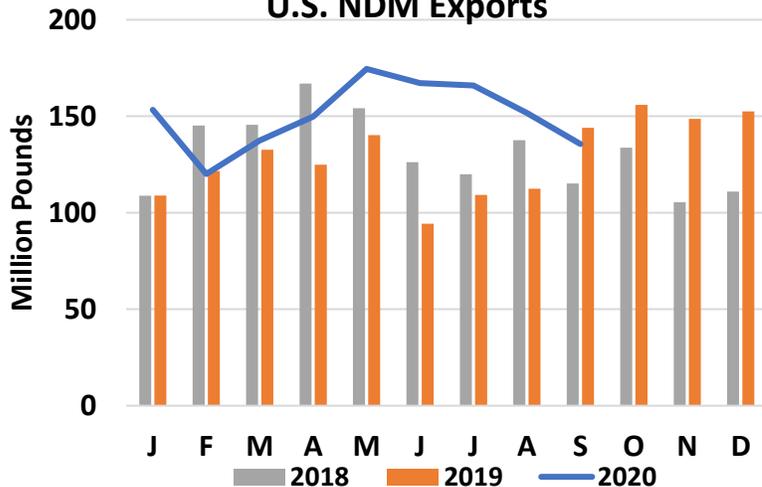
During the week, 32 loads of barrels and 14 loads of blocks traded hands, with unfilled offers remaining on the board following each session. Combined with anecdotal evidence from market participants, this indicates that much of the tightness in fresh cheddar that initially pushed prices upward has eased. New concerns about demand are also brewing as reinstated lockdown restrictions are dampening expectations for cheese consumption through foodservice channels and at holiday celebrations. Cheese manufacturers report that buyers

have temporarily stepped out of the market to see how much more prices will fall before placing additional orders, adding additional slack into demand.

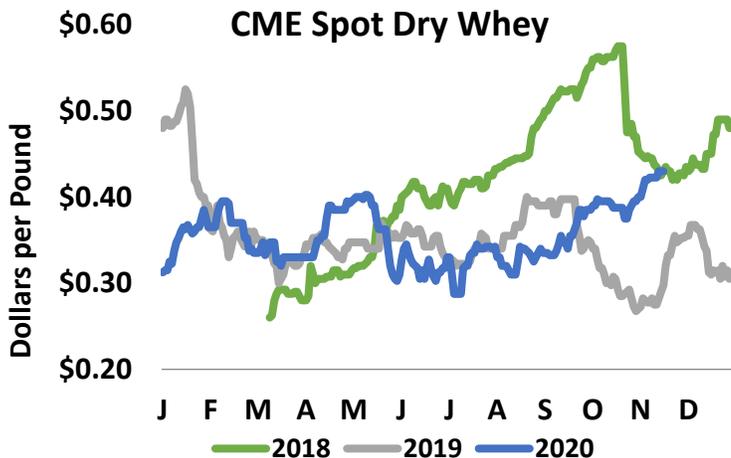
The CME spot butter market posted mixed performance as participants try to shake out the direction of the market. After opening on Monday with a 3.25¢ gain compared to the prior week, butter prices gradually lost steam over the course of the week, ultimately closing the Friday trading session at \$1.40/lb., a net loss of 3¢ versus the prior week. Cream is sufficiently available but manufacturers gearing up for holiday sales and preparing for a resurgence of the home baking craze has kept the market from

deteriorating too rapidly. Nevertheless, USDA reports that many butter manufacturers expect prices to ease further and are trimming inventories in anticipation of additional downward market movements.

### U.S. NDM Exports



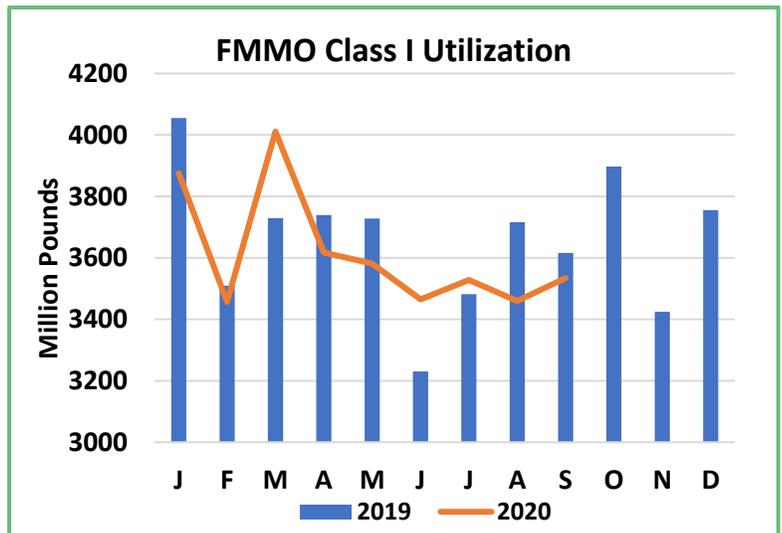
### CME Spot Dry Whey



Dry products were able to buck the trend and find a bit of strength at the CME spot market this week. Sustained interest from the export market helped to keep tension on nonfat dry milk (NDM) prices, even as demand from Mexico, the U.S.' largest trading partner, continues to be decidedly lackluster. Though it dropped a penny in today's spot session, CME spot NDM prices ended the week at \$1.0875/lb., up 2.25¢ for the week. Whey prices were also able to rise, adding .75¢ over the course of the week to end today's session at

\$0.43/lb. Cheese manufacturers, anticipating the price decline, have toned down production thus reducing the available whey stream. Meanwhile, firm demand, particularly from the export market has been supportive of prices. Sustained weakness of the U.S. dollar is expected to support the competitiveness of U.S. dairy exports in the near term.

Producers across most of the country are reporting production that is flat to slightly improved. Particularly in the West, improved weather has been supporting additional output in recent weeks. Fluid milk demand continues to suffer from a reduced pull by schools even as retail demand remains robust and coffee sales have demonstrated a remarkable recovery.



Milk prices were fickle over the course of the week as they digested the movements in the spot markets. Class III prices found some strength early in the week, but by Wednesday the losses in the cheese market became too much to bear. December Class III milk fell to \$17.71/cwt. on Friday, down \$1.35 since Monday. The January contract lost a more modest 83¢, but slipped below \$17, closing the day at \$16.96. Class IV prices were tempered by the more modest movements in the butter and NDM markets with the November contract losing just 20¢ from Monday to end the week at \$13.43/cwt.

**Grain Markets**

The USDA reduced its expectations for the size of the corn and soybean crops in its Tuesday World Agricultural Supply and Demand Estimates report, sending the grain markets skyward. Following the report’s publication, January soybean futures vaulted upward by 35.5¢, settling on Tuesday at \$11.46/bu. December corn futures also rallied, adding 15.5¢ on Tuesday and hitting \$4.23/bu. before easing through the balance of the week. Uncertainty about global supplies and a favorable export scenario emboldened by a weak dollar is likely to keep upward pressure on grain prices.



**In Defense of Federal Milk Marketing Orders**  
*By Geoff Vanden Heuvel, Director of Regulatory and Economic Affairs*  
 Courtesy of Hoard’s Dairyman  
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*This article was originally published by Hoard’s Dairyman on October 9, 2020.*

Like Rodney Dangerfield, who was a famed actor and comedian, Federal Milk Marketing Orders get no respect. Folks love to complain about them. Critics suggest that they are too complicated . . . too old . . . too focused on Class I . . . a detriment to growth in exports . . . too dependent on the Chicago Mercantile Exchange (CME) . . . and generally an outdated relic of the past. That being said, many among us suggest FMMOs need a radical overhaul.

# HOARD’S DAIRYMAN

I will address each of these complaints, but first, let us remember why Uncle Sam became involved in regulating milk prices in the first place. The reason the government is involved is because dairy farmers must sell milk every day of the year to a buyer who does not have to buy milk every day. That inherent imbalance in the transactional relationship between dairy farmers and processors is why the government gets involved. Federal officials essentially play the role of a referee — a referee who does not set the price or the terms but discovers the price and supervises the terms.

Continue reading [here](#).



## Four Dairy Snack Startups Compete for \$200,000 in Real California Milk Snackcelerator Competition Finals

*Courtesy of the California Milk Advisory Board*

Ice cream infused with vegetables, to-go premium cheese snacks, decadent chocolate mousse and flavored paneer make up the finalists announced yesterday in the Real California Milk Snackcelerator product innovation competition created by the [California Milk Advisory Board](#) (CMAB) and [VentureFuel](#). This is the second event of its kind by the California dairy industry designed to inspire ideas integrating the values of fluid milk and dairy ingredients into snacks to meet growing consumer demand and providing resources to help bring them to market.



Finalists include:

- **Peekaboo Ice Cream:** The first and only organic ice cream with the added nutritional benefits of vegetables.
- **Yummy Industries: Cheese Bits:** A line of all-natural, fresh and wood-smoked scamorza and chechil cheeses, conveniently shaped and packaged for on-the-go snacking.
- **Petit Pot:** An indulgent single-serve chocolate mousse dessert, perfect for family snacking, made with the best organic, local ingredients from the first brand to bring traditional French desserts to American grocery stores.
- **Sāch Foods Flavored Paneer:** The world's first flavored and artisanal paneer in a snackable form. Rooted in Indian cuisine paneer is a time-tested, nutrient-rich food and a high-protein favorite for millions around the world.

These four innovators were selected from a field of 16 sweet and savory semi-finalist competitors during a two-day virtual pitch event judged by a group of snack experts from Conagra, SnackRiot, Hershey's, Bristol Farms, General Mills, Unilever, Mondelez, Rosa Brothers, RangeMe, Acreage Holdings, Better Food Ventures and Trail Mix Ventures. A virtual fan vote, through [Perksy](#), which provides market research for the mobile generation, also was factored into the final decision.

Peekaboo, Yummy Industries, Petit Pot and Sāch Foods will move on to the final, live event November 19<sup>th</sup> hosted by [OS Studios](#) at <https://snackcelerator.splashedthat.com> where they will compete for \$200,000 in support to bring their visions to market with a runner up receiving \$100,000 towards the same goal. Each founder will be presenting to a field of judges from the CPG, retail, venture capital

and food science world representing such companies as Clorox, Mondelez, Whole Foods, CircleUp and more.

"This field of finalists represent the innovation we're seeing in better-for-you snacking today – highly flavorful, portable options with added benefits. And consumers agree. Through the Perksy platform, 2,000 consumers were introduced to these products during the semi-finals and voted on which they would be most interested in buying. Those scores were factored into the final judging and will be included on the 19<sup>th</sup>," said John Talbot, CEO of the CMAB. "Any of these four products will make a perfect partner for our real milk and dairy ingredients, which offer incredible functionality plus flavor and a host of naturally occurring nutrients. And, as the leading dairy state, our family dairy farms can provide a consistent, sustainable source of milk to fuel production of whichever product ultimately wins."

Continue reading [here](#).

