

MPC WEEKLY FRIDAY REPORT

DATE: DECEMBER 6, 2019
 TO: DIRECTORS & MEMBERS
 FROM: KEVIN ABERNATHY, GENERAL MANAGER
 PAGES: 6

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	\$1.9700	WEEKLY CHANGE	-.0825	\$1.9150	WEEK ENDING 11/30		
Barrels	-.0200	\$2.2275	WEEKLY AVERAGE	-.0703	\$1.9355	NAT'L PLANTS	\$1.1775	18,053,214
WEEKLY AVERAGE CHEDDAR CHEESE			DRY WHEY			PRIOR WEEK ENDING 11/16		
Blocks	+.0345	\$1.9595	DAIRY MARKET NEWS	W/E 12/06/19	\$3.3450	NAT'L PLANTS	\$1.1549	15,216,271
Barrels	+.0543	\$2.2485	NATIONAL PLANTS	W/E 11/30/19	\$3.3220			

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
DEC 6 EST	\$20.93 - \$21.43	\$16.99	\$19.55	\$16.74
FINAL NOV '19	\$19.74 - \$20.24	\$16.85	\$20.45	\$16.60



Milk, Dairy and Grain Market Commentary

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

Milk & Dairy Markets

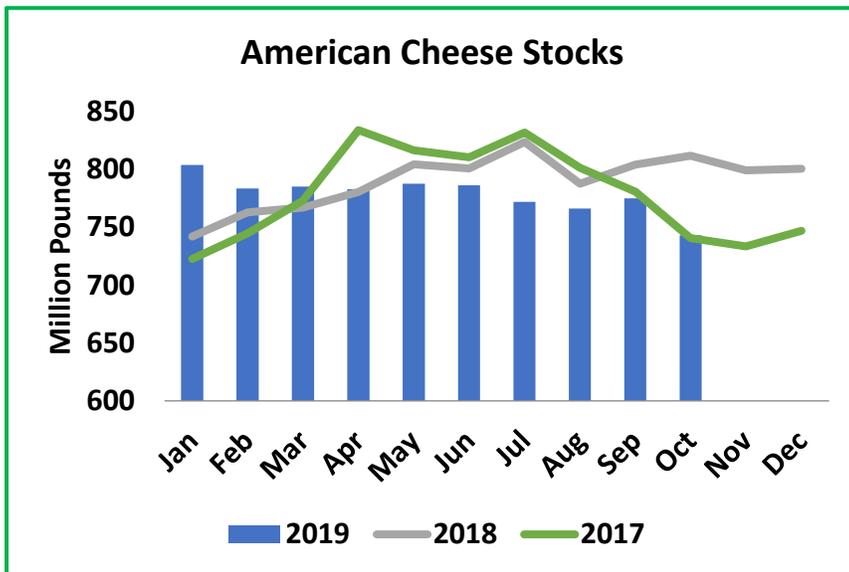
Pass the eggnog, please. Dairy producers should be brimming with holiday spirit this year, as Christmas present promises to be much more cheerful than Christmas past. USDA announced the November 2019 Class III price at \$20.45 per cwt. That's the highest Class III price in five years and it is more than \$6 – yes, \$6! – above where it was a year ago. That's a lot of Christmas cheer heading for dairy producers' mailboxes. At \$16.60, the November Class IV price pales in comparison but it is still up 21¢ from October and \$1.54 better than November 2018.

As befits the season, the dairy trade has feasted on data since last week. For the most part, the Dairy Products and trade reports confirmed the fundamentals behind recent price trends. Global demand for milk powder is strong, exports are booming, and stocks are shrinking noticeably. Cheese output continues to fall short of last year, supporting historically lofty values. Butter production has outpaced demand, and heavy stockpiles are weighing on prices. Whey powder output has accelerated, but exports continue to languish. Nonetheless, whey stocks are slipping a bit, which has allowed the whey market to stabilize.

At the Global Dairy Trade (GDT) auction on Tuesday, butterfat products moved lower, while Cheddar

and milk powder moved higher. Both skim milk powder (SMP) and whole milk powder (WMP) climbed to five-year highs. CME spot nonfat dry milk (NDM) echoed the GDT strength. It closed today at \$1.2675 per pound, also a five-year high. Spot NDM has advanced 4.75¢ in the past two weeks. Despite an uptick in drying activity in October, manufacturers' stocks of NDM contracted to their smallest sum in nigh on three years. Exports are lapping up a lot of product. The U.S. sent 156 million pounds of NDM/SMP abroad in October, 16.6% more than last year and the third-highest monthly volume on record. Chinese SMP imports dropped below year-ago levels in October, but they are still more than 27% ahead of 2018 for the year to date.

The butter market is suffering a holiday hangover. Sales are strong, but churns remain active. U.S. butter consumption is running about 2.5% higher than last year, but domestic output exceeded the prior year by 5.9% in July, 2.8% in August, 2.1% in September and 5.4% in October. At 157 million pounds, October butter production was the highest ever for October in more than a century of USDA records. Cream is cheap and so are imports, which will make it difficult to reduce butter inventories in the near term. The butter market has been crushed under the weight of these heavy supplies. CME spot butter closed today at a three-year low of \$1.915, down 11¢ over the past two weeks. Lower butter values dragged on nearby Class IV pricing, while deferred contracts continued to gain ground. In the past two weeks, December through February Class IV futures have lost around 25¢. 2020 Class IV futures average near \$18 per cwt.



CME spot Cheddar blocks staged an impressive comeback, although most of the gains took place before Thanksgiving. Blocks closed today at \$1.97, up 12.75¢ over the past two weeks. Barrels lost ground this week and closed at \$2.2275, 4.25¢ higher than where they stood on Friday, November 22. U.S. cheese output reached an all-time high in October 2018; production fell 2.1% short of that mark this year, but it was still quite high. For the year to date, U.S. cheese production is 0.8% greater than in the first ten months of 2018. However, Cheddar production continues to lag, as cheesemakers focus

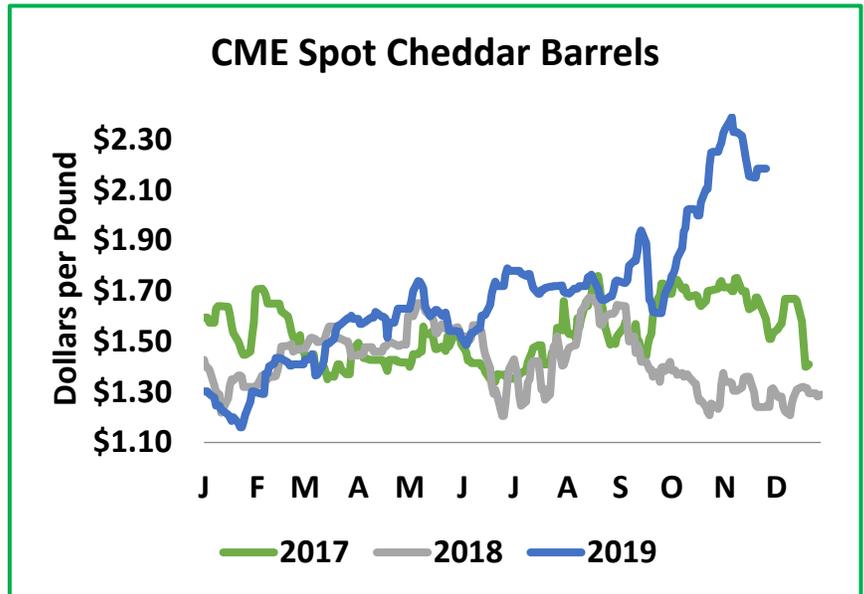
on consumer preferences rather than forcing as much milk as possible into commodity cheese vats. In October, Cheddar output was 4.2% smaller than the prior year, widening the year-to-date deficit to 2.6%.

Whey values continued to rebound. CME spot whey climbed 2¢ to 36.75¢, the highest value since September. A modest decline in whey stocks likely allowed the spot market to stabilize after the steep selloff in October. However, the fundamentals of the whey market remain a concern. Dry whey output has topped the prior year in each of the past three months despite lower cheese output, as whey processors have slowed output of value-added products like whey protein concentrate, signaling poor demand. Tariffs continue to bite. Whey powder exports were abysmal. They fell to less than 22 million pounds in October, the smallest monthly volume in 15 years. So far in 2019, the U.S. has exported 133 million fewer pounds of dry whey than in the first ten months of 2018.

With firming spot markets, nearby Class III futures gained considerable ground last week. The December contract jumped 7¢ to \$19.54. Most 2020 futures climbed to life-of-contract highs last week, but then retreated in the latter half of this week. At the closing bell, first-quarter contracts were higher than they were in the week before Thanksgiving, while most deferred contracts were a penny or two lower.

Grain Markets

The grain markets moved back and forth but ultimately settled lower than they did two weeks ago. March corn closed at \$3.765 per bushel, down 2¢. At \$8.89, January beans were 8¢ in the red. The soybean market remains vulnerable to trade headlines. A Chinese official says China has waived the tariff on U.S. soybean imports, but details are scant.



Harvest has slowed to a crawl in the northern states, where around 1.5 million bushels of corn are still in the field. Several weeks of wind and snow surely didn't do the crop any favors. U.S. corn demand has been unusually soft, muting the impact of the poor, drawn-out harvest. Ethanol output slowed this summer and into the fall, when the corn basis reached untenable heights. Export volumes have languished as the basis and the strong dollar made South American crops more affordable in foreign currencies. Now, ethanol production is back near year-ago volumes, and South American grain bins are mostly empty. U.S. corn demand is poised to improve which should at the very least provide a floor under the corn market.



“STOP QIP” Files Lawsuit
By Geoff Vanden Heuvel, Director of Regulatory and Economic Affairs
Geoff@MilkProducers.org

This week, STOP QIP filed a lawsuit against the California Department of Food and Agriculture (CDFA) challenging the Quota Implementation Plan (QIP). STOP QIP is seeking an order from the court declaring that CDFA adopted the QIP in violation of the law and that the QIP, in its present form, is invalid. They are asking the court to vacate the QIP and cease all QIP operations. You can read the filing [here](#).



California Association of Pest Control Advisors Offers Pesticide Application Education in Fresno and Tulare
By Kevin Abernathy, MPC General Manager
Kevin@MilkProducers.org

Spray Safe is a free half day training program, offering Continuing Education Units (CEUs) for eligible employees and course work that focuses on the prevention of pesticide-exposure incidents. The mission of Spray Safe is "To encourage the safe application of agricultural chemicals

through education and farmer-to-farmer communication and cooperation". It is also an excellent opportunity to improve communication among growers, chemical applicators and farm employees. There will be live demonstrations in English and Spanish on the topics of field worker safety, equipment calibration and maintenance, laws and regulations and more. All agriculture employees are encouraged to attend.

Please mark your calendars for a great day of education. To register for the **Fresno-Madera Spray Safe event held at the Fresno Fairgrounds on January 10, 2019** event please register [here](#). In addition to this event, there will be a **Tulare-Kings Spray Safe event on January 16 at the International Agri-Center**. To register for the Tulare-Kings Spray Safe event please register [here](#).

Deadline Extended: Confined Cattle Operations, Including Dairy Heifer Ranches, Have Until December 20 to Sign Up for Representative Monitoring Program and Avoid Late Fees

Courtesy of Central Valley Dairy Representative Monitoring Program

Earlier this year, the Central Valley Dairy Representative Monitoring Program (CVDRMP) opened its membership to non-dairy cattle operators – including stand-alone dairy heifer ranches – to assist these newly regulated operations in meeting groundwater monitoring requirements.

CVDRMP's recently created membership category is for confined bovine feeding operations (confined feedlots and ranches, including dairy heifer ranches, beef feedlots, and calf ranches) regulated under the Central Valley Regional Water Quality Control Board's (Regional Board's) General Order R5-2017-0058, "WASTE DISCHARGE REQUIREMENTS GENERAL ORDER FOR CONFINED BOVINE FEEDING OPERATIONS" (Bovine Order).

A great majority of eligible operations submitted applications before CVDRMP's original deadline of November 22 – however, a couple of dozen operations did not submit applications. To ensure that any operations that wish to join can do so without facing late penalties, and at the request of cattle industry groups, CVDRMP is offering a one-time, penalty-free extension of the application deadline. ***Applicants must sign up by December 20, 2019*** for the program and pay a registration fee of \$500 (\$1,000 for feedlots with 5,000 or more animal units). All applications received after December 20 will be charged a ***late fee, beginning at an additional \$500 and increasing over time***.

Central Valley confined cattle operations regulated under the Bovine Order are required to submit a "workplan for well installation for [an] individual groundwater monitoring network" by July 1, 2020. However, cattle operations may fulfill this requirement by joining a representative monitoring program or RMP. CVDRMP is the only organization offering such a program for bovine operations. While membership in CVDRMP is completely voluntary, compliance with the Bovine Order is not, so all "full-coverage operations" under the order must either join an RMP or submit their own individual well monitoring plan.

Anyone interested in joining the Bovine RMP, or learning more, can visit CVDRMP's Bovine RMP website at www.bovinermp.org, or contact CVDRMP staff at (916) 573-3941 or bovinermp@gmail.com.

H.R.5038, The Farm Workforce Modernization Act, Set to Go to House Floor Next Week

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

Today, the House Rules Committee posted that it will meet Tuesday, December 10 at 3:45 p.m. to vote on the Rule for H.R.5038, “The Farm Workforce Modernization Act.” It appears the bill will be on the House floor the following day, Wednesday, December, 11. We encourage MPC members to contact their House Representatives to voice their support of H.R. 5038. You can read a summary of H.R.5038 from the November 22 edition of the MPC Friday Report [here](#).

Early Bird Registration for the California Dairy Sustainability Summit Ends December 20

Courtesy of Dairy Cares

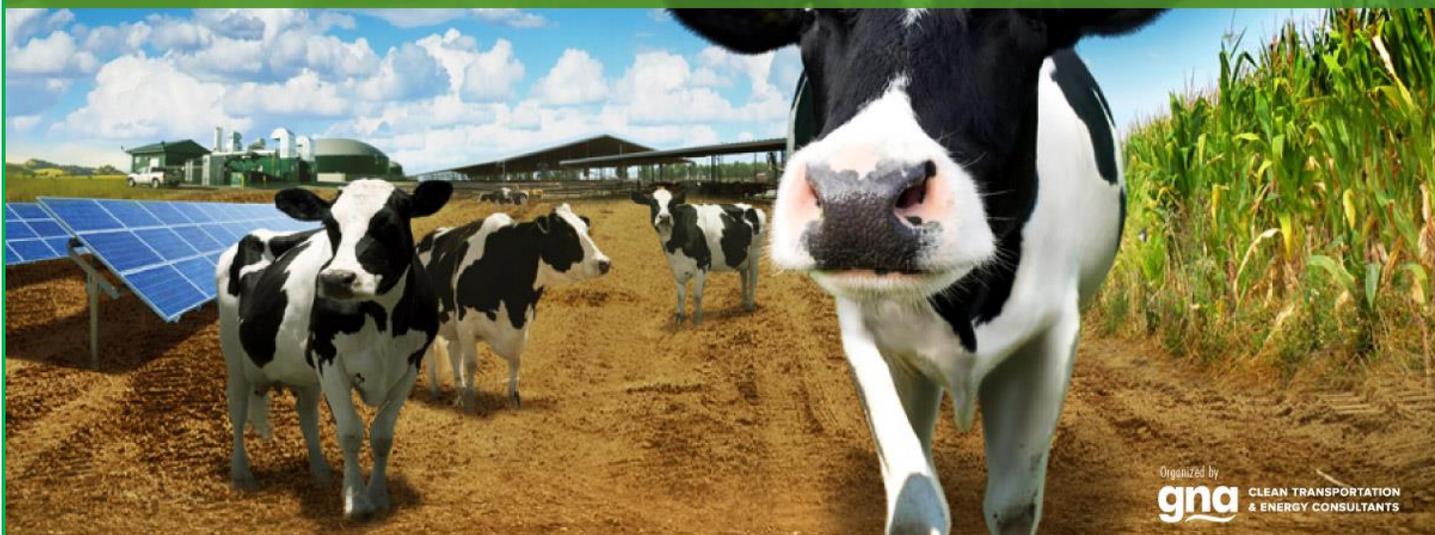
If you’re planning to attend the California Dairy Sustainability Summit, now is this time to register. Early bird registration ends on December 20. After December 20, prices for registration will increase.

For more information, visit the Summit website [here](#).



March 25–26, 2020 | Cal Expo | Sacramento, CA

EARLY BIRD REGISTRATION IS NOW OPEN



Organized by
gna CLEAN TRANSPORTATION
& ENERGY CONSULTANTS



Calling all California college students passionate about dairy science!

Dairy's Future Leaders College Student Writing Contest

Win a \$1,000 Scholarship!

The grand-prize winner will receive a \$1,000 scholarship and will be invited (expenses paid) to share their story with attendees at the California Dairy Sustainability Summit, taking place March 25-26, 2020 at Cal Expo in Sacramento. This important event brings together hundreds of dairy farmers and processors, state officials, researchers, dairy service/technology providers, and others **who all want to hear from you!**

First Place: \$1,000 scholarship and invitation to speak

Second Place: \$500 scholarship

Third Place: \$250 scholarship



The scholarships are **sponsored by Milk Producers Council.**

The top ten essays will be shared on the Summit website after the event.

To learn more about the event, visit CADairySummit.com.

Your Essay Should Tell Us...

- What has inspired you to be a part of the California dairy community?
- What does “sustainability” mean to you?
- How do you envision the future of California dairy?
- Why is dairy an important part of a sustainable, nutritious global food system?
- What are you most excited about as you think about your future in dairy?

Submitting Your Entry

Email your essay to Events@DairyCares.com. The deadline is **midnight, Friday, December 13**. Send with the email subject line, “Dairy’s Future Leaders.” Include your name, year in school, and the name of the university or community college you attend. Essays must be 1,000 words or less.



Look for the Seal
California Milk Advisory Board

What
Does
**SUSTAIN-
ABILITY**

Mean
to You?

