

# MPC WEEKLY FRIDAY REPORT

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



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## MPC FRIDAY MARKET UPDATE

<b>CHICAGO CHEDDAR CHEESE</b>		<b>CHICAGO AA BUTTER</b>		<b>NON-FAT DRY MILK</b>	
Blocks	+ \$.1650	\$1.7500	WEEKLY CHANGE	+ \$.0150	\$1.9500
Barrels	-\$ .0050	\$1.4975	WEEKLY AVERAGE	+ \$.0145	\$1.9625
<b>WEEKLY AVERAGE CHEDDAR CHEESE</b>		<b>DRY WHEY</b>		<b>WEEK ENDING 11/06/21</b>	
Blocks	+ \$.1090	\$1.7455	DAIRY MARKET NEWS	W/E 11/12/21	\$ .5950
Barrels	-\$ .0695	\$1.5310	NATIONAL PLANTS	W/E 11/06/21	\$ .5744
				<b>PRIOR WEEK ENDING 10/30/21</b>	
				NAT'L PLANTS	\$1.4382 17,545,077
				NAT'L PLANTS	\$1.4054 18,510,625

## 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 12 EST	\$19.58 - \$20.08	\$18.40	\$18.01	\$18.68
LAST WEEK	\$19.58 - \$20.08	\$18.34	\$17.81	\$18.65

## OCTOBER 2021 CA FMMO STATISTICAL UNIFORM PRICE ANNOUNCEMENT

OCT '21 FINAL	CLASS I	CLASS II	CLASS III	CLASS IV	STATISTICAL UNIFORM PRICE (BLENDED PRICE)	NET PRICE AFTER QUOTA ASSESSMENT*
<b>MINIMUM CLASS PRICE</b>	\$18.68 (TULARE) \$19.18 (L.A.)	\$17.08	\$17.83	\$17.04	\$16.79 (TULARE) \$17.29 (L.A.)	\$16.425 (TULARE) \$16.925 (L.A.)
<b>PERCENT POOLED MILK</b>	21.6%	6.3%	5.4%	66.7%	100% (1.895 BILLION LBS. POOLED)	

\*QUOTA RATE OF \$0.365/CWT. AS OF JUNE 2020 MILK



### Milk, Dairy and Grain Market Commentary

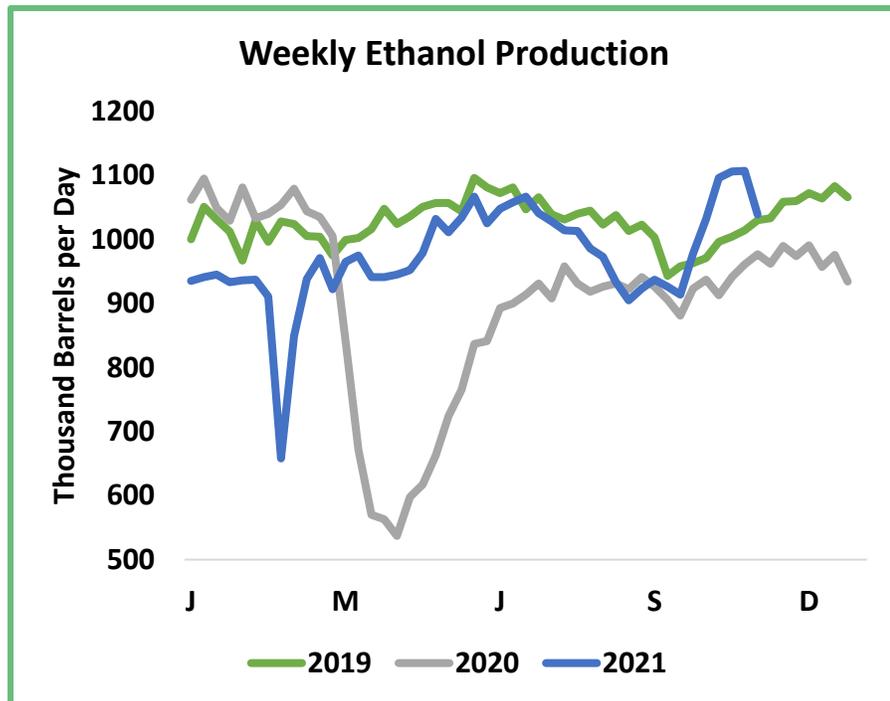
By Sarina Sharp, Daily Dairy Report  
[Sarina@DailyDairyReport.com](mailto:Sarina@DailyDairyReport.com)

Pretty much everything – except cheese – costs more than it did a year ago. Last month the average price of a basket of consumer goods jumped 6.2% year over year, the steepest increase in inflation since the days of neon tracksuits and acid-washed jeans. Shoppers are paying a little more for everyday items like food (5.3%), clothing (4.3%), and household furnishings (6.1%).

Meanwhile, on the farm, expenses are soaring. Labor is hard to find and commands a premium. Energy costs 30% more than it did a year ago, and freight expenses are on the rise. Fertilizer prices are at least twice as high as they were last year, and they're still climbing. Like every industry, dairy producers must also absorb the intangible expense of increased inefficiencies caused by product shortages and logistics headaches.

Feed costs are also sharply higher. December corn futures settled today at \$5.7725 per bushel, up 25.25¢ this week.

Soybean meal rallied nearly \$30 per ton to \$362.10, the highest price in nearly three months. USDA gave the bean market a boost early in the week when it unexpectedly lowered its estimate of the national average bean yield from 51.5 bushels last month to 51.2 bushels per acre. USDA raised its assessment of the corn yield to a record-high 177 bushels per acre, which was bearish in theory. But in reality, the

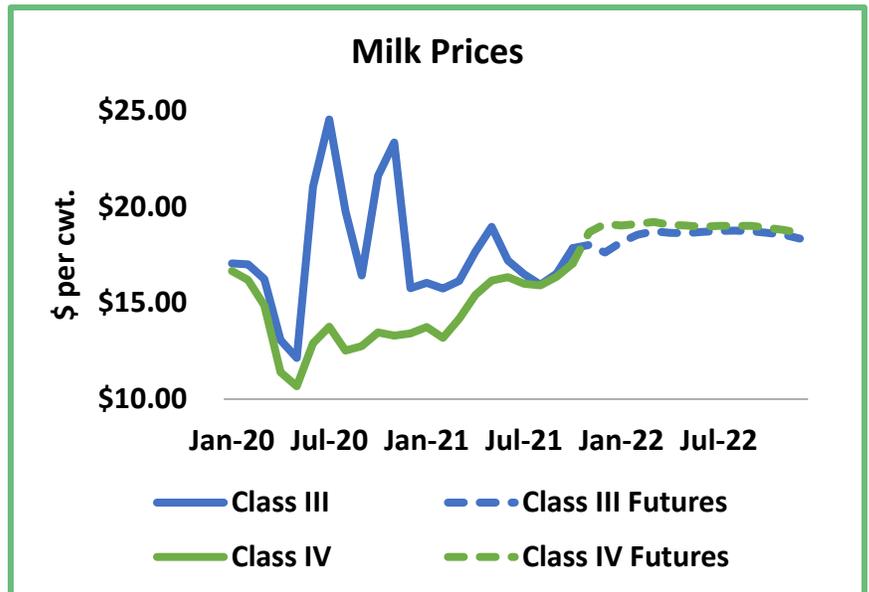


bulls ruled the grain pits. Chicago wheat values leapt to their highest price in nearly nine years this week, as Russia hinted at limits on exports and European prices reached all-time highs. Amid rising values for competing crops, overall commodity inflation, and formidable ethanol demand, the corn market bears were pushed into hibernation.

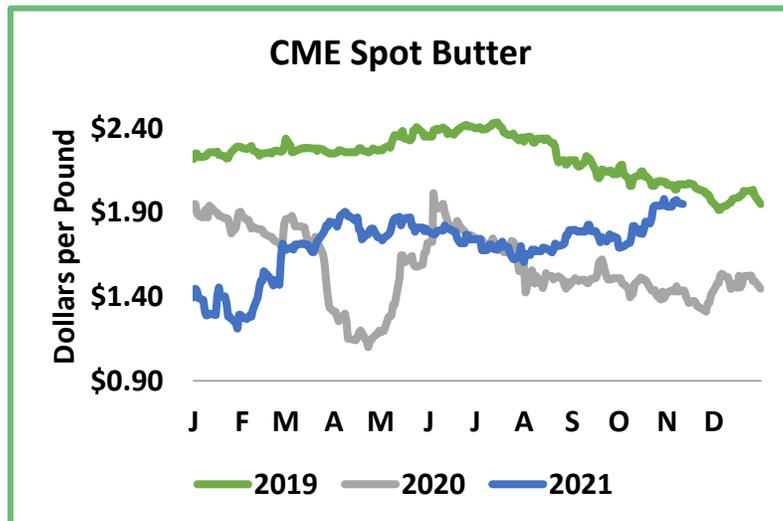
Higher operating expenses and feed bills have significantly raised the cost of production for dairy producers, eating deep into milk checks. Those dairy producers who recently suffered from depooling and low Class IV values can find some comfort in the fact that October milk checks will be much, much better

than last year. And the futures promise continued improvement. Most Class IV contracts added a few cents this week, and the December through May contracts stand north of \$19 per cwt. Class III futures moved higher as well. 2022 contracts posted double-digit gains and range from \$18.17 to \$18.76. Although these are historically lofty values, profits remain ephemeral. In the long run, higher costs will support dairy product prices by discouraging overproduction. But in the short run, they can really bite.

The spot market posted a mixed performance. CME spot butter inched closer to the elusive \$2 mark. It advanced 1.5¢ this week to \$1.95 per pound. In a world with very few bargains, grocers are putting butter on sale for the holidays, and product is moving. Meanwhile, “cream is reportedly tight and getting tighter,” according to *Dairy Market News*, as cream cheese and other Class II manufacturers are feeling festive. Between labor issues, delivery delays, and tighter cream supplies, butter output has slowed in the central and eastern United States.



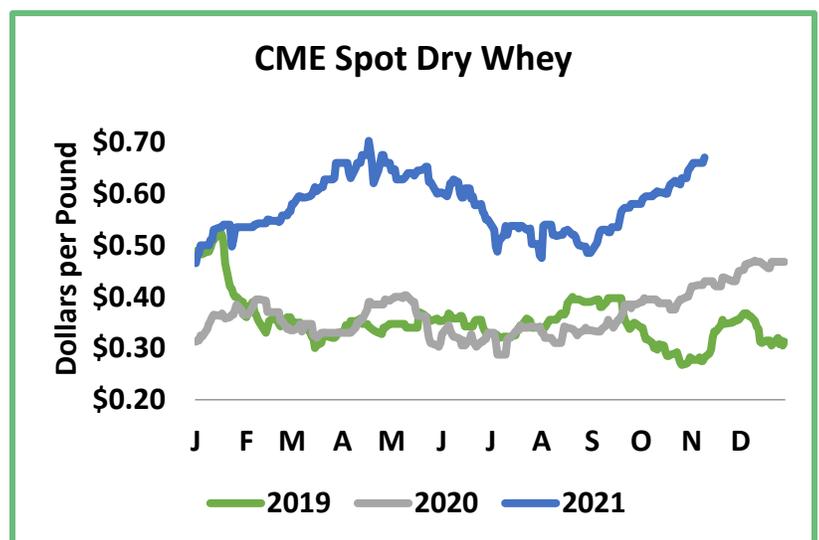
Cheese prices diverged. After a big setback last week, spot Cheddar blocks rebounded and then some.



They closed today at \$1.75, up 16.5¢ from last Friday. But barrels slipped 0.5¢ to \$1.4975. Supplies are heavy, and manufacturers unloaded 40 trailers in Chicago this week. Retail cheese demand is reportedly strong, but output is formidable.

Whey values climbed once again. CME spot whey added another penny and reached 67¢, a six-month high. Thanks to firm whey prices, dairy producers’ Class III revenue is \$1.27 per cwt. higher than it would have been if whey prices languished at last year’s levels. Asian buyers continue to lap up U.S. whey, and U.S. consumers are hungry for performance protein products, which has helped to keep commodity whey stocks low and prices high.

U.S. milk powder prices took a small step back this week. Spot nonfat dry milk slipped 2¢ to a still-lofty \$1.55. Foreign skim milk powder (SMP) prices are still climbing, but the currency markets are starting to eat into the American advantage in the export market. Accelerating inflation is likely to pressure the Federal Reserve to raise interest rates sooner than it would like, which strengthened the dollar index. The dollar looks particularly strong relative to the euro, which favors European dairy exports. However, European milk output has been slow all year, and dairy product inventories are tight. USDA’s *Dairy*



*Market News* characterizes European SMP production as “restrained” and notes that manufacturers have enough product to meet their contractual obligations, but little more.

USDA also reports that milk collections in Australia and New Zealand continue to lag, as the wet spring drags on. Eventually, these rains will likely result in greener pastures and better milk yields, perhaps extending the dairy season. But they have already hampered output in some crucial months, and odds are growing that milk collections for the 2021-22 season will fall short of last year. Around the globe, milk output is growing very slowly or not at all, which bodes well for dairy product prices as long as demand holds.

## Signature Gathering Underway for ‘More Water Now’ Ballot Initiative; Volunteer to Help the Effort – It’s Easy!

By Geoff Vanden Heuvel, Director of Regulatory and Economic Affairs  
[Geoff@MilkProducers.org](mailto:Geoff@MilkProducers.org)

The petition process to qualify the [More Water Now](#) initiative for the November 2022 ballot is officially underway. Signatures from 1.5 million registered voters must be gathered by April 15, 2022, just five short months from now. The campaign has a goal of collecting a third of the required signatures from paid signature gatherers (think the people outside your local big-box store), another third via direct mail and the final third from volunteers – the more volunteers engaged in the signature collection process, the better. It costs nearly \$4 per signature to hire a paid signature gatherer!

There are multiple ways you can volunteer to help gather signatures and support the effort:

- Request a petition from the [website](#), which will be mailed to you for your signature.
- Circulate petitions to gather multiple signatures from registered voters.
- Make [petitions available](#) to the public at your place of business.
- Spread the message on social media. Follow @MoreWaterNow on [Facebook](#) and [Twitter](#).
- Donate to cover the cost of printing and mailing petitions.

As we’ve noted in [previous MPC Friday Reports](#), this initiative provides an opportunity to make a substantial – and long overdue – investment in California’s water supply infrastructure, with funding put in place until **five million acre-feet of new water is developed**.

Learn more about volunteering at [MoreWaterNow.Com/Volunteer](https://MoreWaterNow.Com/Volunteer).



## Bar 20 Dairy Farm Announces Partnership to Generate Renewable Energy

*Courtesy of California Bioenergy*

Last Friday, Bar 20 Dairy Farm, along with California Bioenergy (CalBio), Bloom Energy and BMW North America, hosted a ribbon-cutting ceremony at its Kerman Dairy, announcing the launch of a next generation, climate-smart dairy solution. CalBio's dairy digester captures methane from dairy manure to fuel Bloom Energy Servers, which generate renewable electricity without combustion. The 100 percent carbon-neutral electricity is then transmitted via the grid to power BMW electric vehicles (EVs).

The methane emission reductions at the farm, when combined with the renewable energy generation, result in substantial emission reductions, the carbon emission equivalent to providing clean power to over 17,000 EVs per year. [Bar 20 Dairy](#)—owned and operated by the Shehadey family since 1957—is proud to work with partners to bring another innovative, planet-smart farming project to fruition.



*From left to right, Richard Shehadey, Scott Shehadey, Geoff Vanden Heuvel, Steve Shehadey, Kevin Abernathy and Amy Shehadey showcase two rows of clean electricity generating fuel cells.*

“When I was young, my grandfather told me that we make milk for people’s children,” says Steve Shehadey. “That has always stuck with us on the farm. We can’t offer anything but our best for children and the families who buy our milk. Today, that also means doing what we can to help clean the San Joaquin Valley air and to be part of a climate solution.”



*MPC General Manager Kevin Abernathy conducts a tour on the Bar 20 Dairy in Kerman, discussing dairy advancements in climate, air and water quality protection.*

What makes the digester at Bar 20 Dairy farm unique is that it feeds into fuel cells for electricity production. The on-site Bloom Energy Servers, comprised of solid oxide fuel cells, create renewable electricity in a highly efficient manner. By capturing methane from dairy manure that would otherwise be released into the atmosphere, the project provides a source of clean, renewable energy.

The Shehadey family of Bar 20 Dairy considers this project to be one of several ongoing investments in planet-smart dairy farm practices. The dairy also continues to adopt new strategies to ensure the best possible animal health and comfort. Farm employees use activity necklaces to closely monitor cow wellness, and to prevent any health issues. In 2020, the dairy began implementing an electric feed mixing system that significantly reduced the use of diesel for daily activities, in an effort to improve air quality. Barns are lighted with 100 percent LED bulbs, and electricity needs are offset by a two-megawatt, on-site solar array. By supplying milk to the Producers Dairy Foods plant, just 20 miles away in Fresno, the farm provides fresh milk daily that helps nourish local communities.

Watch coverage of the event from ABC Channel 30 [here](#).

## Kerman dairy farm turning methane into electricity, stopping greenhouse gases

 By Dale Yurong

Friday, November 5, 2021 6:45PM

