



Milk Producers Council

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DATE: March 16, 2018
TO: Directors & Members

PAGES: 5
FROM: Kevin Abernathy, General Manager

MPC Friday Market Update

CHICAGO CHEDDAR CHEESE

Blocks + \$.0150 \$1.5850
 Barrels + \$.0625 \$1.5600

Weekly Average, Cheddar Cheese

Blocks - \$.0160 \$1.5670
 Barrels + \$.0170 \$1.5260

CHICAGO AA BUTTER

Weekly Change +\$.0050 \$2.2100
 Weekly Average - \$.0045 \$2.2130

DRY WHEY

Dairy Market News w/e 03/16/18 \$2.538
 National Plants w/e 03/10/18 \$2.537

NON-FAT DRY MILK

Week Ending 3/9 & 3/10

Calif. Plants \$0.7150 14,784,441
 Nat'l Plants \$0.7061 14,931,985

Prior Week Ending 3/2 & 3/3

Calif. Plants \$0.7174 18,283,285
 Nat'l Plants \$0.7012 16,942,074

Fred Douma's price projections...

March 16 Est: Quota cwt. \$15.11 Overbase cwt. \$13.41 Cls. 4a cwt. \$13.10 Cls. 4b cwt. \$14.02
 Last Week: Quota cwt. \$15.10 Overbase cwt. \$13.40 Cls. 4a cwt. \$13.10 Cls. 4b cwt. \$13.99

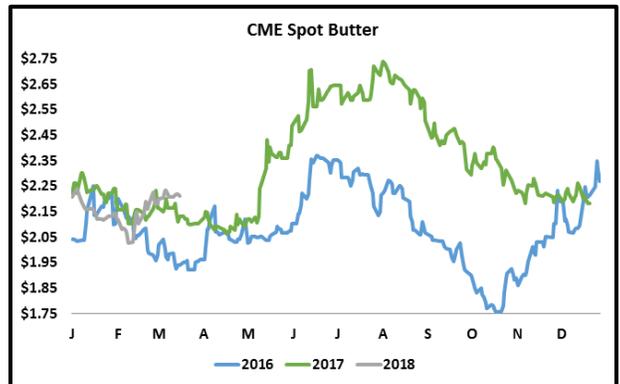
Market commentary

By Sarina Sharp, Daily Dairy Report, sarina@dailydairyreport.com

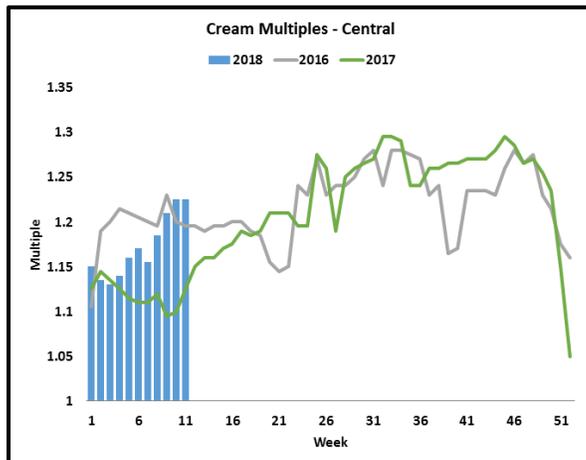
Milk & Dairy Markets

In characteristically subdued fashion, dry whey made its debut at the CME spot market. It opened Monday at 26¢/lb., on par with the foremost futures contract. Traders did not clamor to be the first to buy or sell CME spot dry whey; after a four-session drought a single load changed hands today. But the new trading product served its purpose, helping to set the tone on nearby dry whey pricing. Bids pushed the market higher day by day, and spot dry whey finished at 29.25¢, up 3.25¢ for the week.

Demand for whey products seems to be improving, particularly in Southeast Asia, where importers are back after the Lunar New Year hiatus. However, much of this is undoubtedly a function



of price. Whey has been inexpensive, and buyers may be stocking up while it's on sale. Rallies will likely be difficult to sustain. Protein – in the form of both milk powder and dry whey – is plentiful.



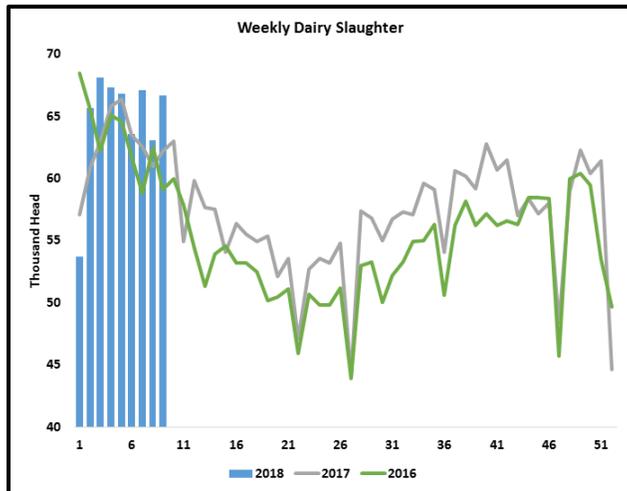
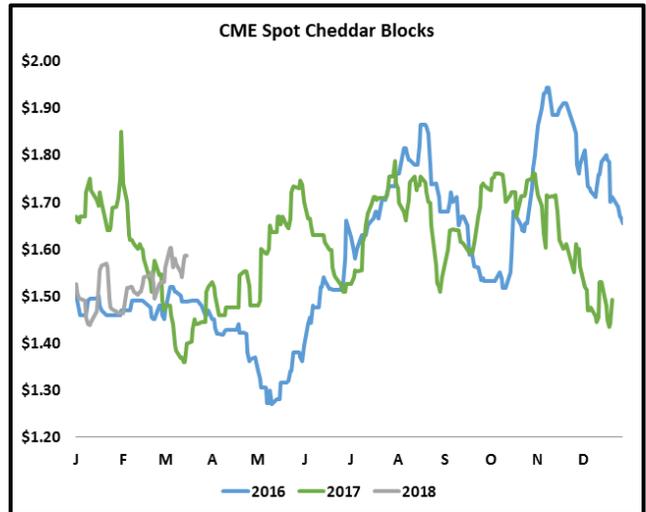
CME spot nonfat dry milk managed a modest rally this week, climbing a half-cent to 69¢. The spring flush got off to an early start in California and is ramping up elsewhere. Milk is abundant. Dairy Market News cautions, "With plenty of milk eventually bound for dryers and copious powder stocks currently available, languid buying practices are being heavily reported."

CME spot butter added another half-cent this week, echoing last week's small gain. But those steady increases are adding up; spot butter stands at \$2.21, toward the high end of the recent trading range. Easter is just

two weeks away, and manufacturers are seeking cream. Multiples are rising.

CME spot Cheddar blocks got off to an inauspicious start this week, falling 2¢ Monday and another penny on Tuesday. This translated to weakness in first-half cheese futures, and May cheese scored a contract low. But that was far enough. From there, the cheese markets bounced back and blocks closed at \$1.585, up 1.5¢. Barrels were full of vigor. They climbed 6.25¢ to \$1.56, a price not seen since mid-December. That helped Class III futures to a resilient finish. Most contracts added a few cents and April Class III settled 30¢ higher.

Strength in the cheese market is a bit surprising. It's March and cheese makers are running hard. Improved export demand has helped, but domestic demand accounts for about 95% of cheese consumption. It's going to be hard to make a dent in the massive cheese stockpile without a hearty domestic hunger for cheese. Ferocious winter weather in the heavily-populated Northeast likely diminished that appetite this week, and fresh cheese production declined accordingly.



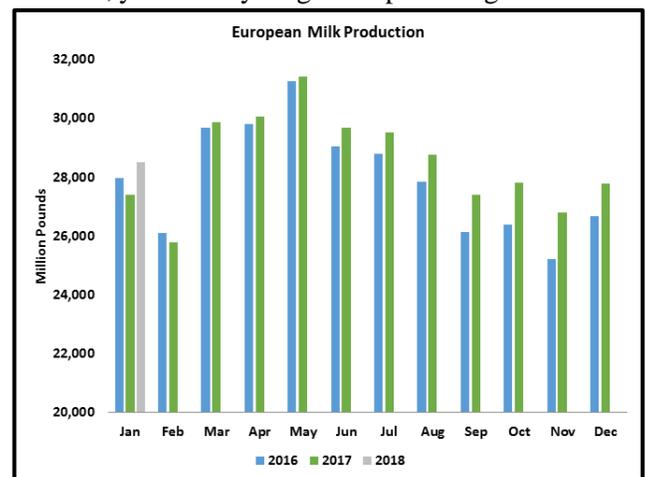
Evidence of pain on the farm continues to accumulate. Lenders are having frank discussions with their dairy clients. Auctioneers regularly announce herd dispersals. Cooperatives around the country – and particularly along the East Coast – are struggling to help their producers weather the storm. Dairy producers continue to cull aggressively. For the week ending March 3, dairy cow slaughter was 66,738, up 7.2% from the same week a year ago. This brings year-to-date slaughter up 3.5% from the 2017 pace.

Will these painfully low prices last? Much depends on European milk production prospects. Preliminary data from the Eurozone – assuming steady trends Greece, Spain, and Sweden, which have yet to report – shows January milk collections at 28.5 billion pounds. That is up 4% from a year ago and 2% greater than the formerly

record-breaking output of January 2016. All of the top-ten major dairy nations reported year-over-year increases, although improvements in Spain are assumed rather than official. Growth is likely to slow going forward. Harsh weather in late-February and March has hampered milk production per cow. Also, since June, year-over-year growth percentages have been misleading, as they are building on milk volumes in 2016 and early 2017 that were lower than the prior year. Beginning this month, if Europe can achieve continued growth in milk production, it will be building on last year's expansion, a surplus that the market may find it difficult to absorb.

Grain Markets

As befits a weather market, the soybean complex moved wildly back and forth this week. Ultimately, May soybeans settled at \$10.495 per bushel, up 10.25¢. May soybean meal futures closed at \$372.90, down 70¢. The corn market was much less volatile, but it did cover some ground. May corn finished today at \$3.8275, a 7.75¢ retreat.



It finally rained in a meaningful way in Argentina. Better late than not at all, but these rains were certainly late. They were also lighter and narrower in scope than farmers had hoped. There are chances for rain on Sunday and another shot next week. The trade will be watching closely.

Proposed House bill to protect farmers, ranchers, and dairy producers from increase in regulation

By Kevin Abernathy, MPC General Manager

On Wednesday, March 14, Congressmen Jim Costa of California and Billy Long of Missouri introduced the Agricultural Certainty for Reporting Emissions Act, or ACRE Act, in response to concerns from farming communities across the nation regarding the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA).

For nearly four decades, the purpose of CERCLA has been to ensure the cleanup of industrial toxic waste spills throughout the United States. Because of a recent court case however, as soon as May of this year agriculture operations across our country could fall under this label of industrial toxic waste. For farmers, this means that the CERCLA exemption we've been granted by the EPA since the Bush administration would be no more. We can expect heavy regulation, regular reporting, and even more paperwork, all of which would impact the daily routines of our dairy and farming operations.

MPC staff has been working Congressman Costa and others to ensure that this unnecessary regulation doesn't become a reality for our California dairy farmers. The ACRE Act will ensure that livestock, poultry, and dairy operations will not have to file for any of the reporting required under CERCLA. This common sense legislation has strong support from both sides of the aisle, and we are looking forward to seeing this bill become law. We have enjoyed these exemptions for decades and having it set in stone will benefit our industry and farming communities not only in California but across this nation.

MPC will keep you posted on the ACRE Act in future newsletters. Stay tuned.

USDA funding available for delayed harvests caused by Tricolored Blackbird nesting

By Kevin Abernathy, MPC General Manager

A reminder to all farmers in Fresno, Kern, Kings, Madera, Mariposa, Merced, Stanislaus, and Tulare county: If you have delayed harvest because Tricolored Blackbirds have nested in your fields, funding is available to cover your losses through the USDA. The USDA has nearly \$2 million allocated to compensating farmers who are unable to harvest their crops this season due to the nesting of tricolored blackbirds that are native to the San Joaquin Valley region.

Those interested in receiving funding must: 1) submit the application form, 2) meet program eligibility requirements, 3) develop a conservation plan, and 4) approve their 'EQIP schedule of operations.' The cutoff date for 2018 funding is April 20, May 18, and June 22.

Since 2015, conservation groups, government agencies, and various groups representing California agriculture like Farm Bureau and Dairy Cares have worked together to ensure that we not only preserve our state's natural wildlife, but also the economic viability of our farmers' operations.

More information on tricolored blackbird projects and funding can be found [here](#).

Sign Up for the free One-Stop Diesel Truck Event - Bakersfield, CA - April 17

Get answers to all your California Air Resources Board (CARB) compliance questions, find out about new technologies and learn about funding opportunities and rule updates at one location. CARB experts will be on hand to provide one-on-one assistance and to demonstrate heavy-duty vehicle inspections.

On Tuesday, April 17, 2018, join the California Air Resources Board, local agencies, and vendors to discuss diesel equipment requirements and ways to comply.

Register for the event online [here](#). Admission and parking are free.

Date: Tuesday, April 17, 2018
Time: 9 a.m. to 1 p.m. (Registration starts at 8:30 p.m.)
Location: Kern County Fair
1142 South P Street
Bakersfield, CA 93307

Topics:

- One-on-One Compliance Assistance
 - Overview of California Diesel Rules*
 - Funding Opportunities
 - Mock Truck Inspection
 - New Technology Demonstrations
 - CHP BIT Inspection Overview
 - Vendor Displays
- *Diesel Rules include Truck & Bus and Off-Road.

To Register:

1. Simply click [here](#) to register online.
2. Call the CARB Training Registrar line at [\(916\) 322-3937](tel:9163223937) (select option 1)
3. Email the CARB Training Registrar to arbtrain@arb.ca.gov

Additional dates and information is also available by clicking [here](#). To register as a vendor (space is available), please complete a vendor [request form](#).

Storm water sampling: A quick review just in case!

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

The California Dairy Quality Assurance Program featured important information about storm water sampling in its January e-newsletter. With current rainfall and the possibility of more, we are sharing Dr. Deanne Meyer's original article from January. ~ Kevin Abernathy, MPC General Manager

Happy New Year! Now that the rainy season is upon us, it's wise to review your Emergency Manure Management Plan and those unusual (wet weather) sampling times. Review your Emergency Manure Preparedness Plan to be sure you have updated contact information for farm staff to inform you of any emergency and for you to report the emergency to the appropriate agencies. Also be sure that the location/contact information for specialized equipment and services (backhoe, large tractors, graders, excavators, manure haulers, etc.) is current. An investment of 20 minutes today (when chaos is at a minimum) can save you much anxiety and frustration should an accidental discharge of manure occur. Thinking through your options is much easier when things are clam and you're not faced with an emergency.

The normal sampling (liquid manure quarterly, solid manure twice a year, forage at each harvest for each field, well water, soil in 20% of fields) is routine by now. However, with winter rains comes the potential for runoff



and special sampling needs.

A brief review of sampling requirements for off-site discharges:

Sampling of storm water discharges requires different sampling containers and preservatives and collection of much information. You may want to have your environmental consultant's number available should you find yourself needing these samples collected. Sampling and record keeping requirements of liquid manure or storm water discharges from the dairy proper or the cropland are detailed on pages 4-6 in Table 3 of the Monitoring and Reporting Program (beginning on page 42 of the file at this [link](#))



What needs to be sampled?

- ✓ liquid manure discharged from the production or land application area
- ✓ Storm water discharges to surface water from the production area
- ✓ Storm water discharges to surface water from each land application area (first storm event of the rainy season and during the peak storm season (typically February) from one-third of the fields
- ✓ Tailwater discharges to surface water from one-third of the land application areas if an irrigation occurred less than 60 days after application of manure

Storm water samples are taken from field when the storm produces runoff for at least one hour or a minimum of three hours in a 12-hour period. For Central Valley dairies, Tab 8 of your Water Quality Reference binder has documents for discharge monitoring should you need them. You can find them [here](#).

May the rains come with regularity and intensity for just the right watering of crops and may snow be plentiful in the mountains!
