

# MPC WEEKLY FRIDAY REPORT

DATE: OCTOBER 8, 2021

TO: DIRECTORS & MEMBERS

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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	<b>-\$0.0400</b>	\$1.8100	WEEKLY CHANGE	<b>-\$0.0275</b>	\$1.7200
Barrels	<b>+\$0.0450</b>	\$1.7900	WEEKLY AVERAGE	<b>-\$0.0545</b>	\$1.6990
<b>WEEKLY AVERAGE CHEDDAR CHEESE</b>		<b>DRY WHEY</b>		<b>WEEK ENDING 10/02/21</b>	
Blocks	<b>+\$0.0095</b>	\$1.8065	DAIRY MARKET NEWS	W/E 10/08/21	\$0.5575
Barrels	<b>+\$0.0945</b>	\$1.7855	NATIONAL PLANTS	W/E 10/02/21	<b>\$0.5298</b>
				<b>PRIOR WEEK ENDING 09/25/21</b>	
				NAT'L PLANTS	\$1.3045 16,030,314

## 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
OCT 8 EST	<b>\$18.68 - \$19.18</b>	<b>\$16.97</b>	<b>\$18.03</b>	<b>\$16.87</b>
LAST WEEK	<b>\$18.68 - \$19.18</b>	<b>\$17.07</b>	<b>\$18.13</b>	<b>\$16.93</b>



### Milk, Dairy and Grain Market Commentary

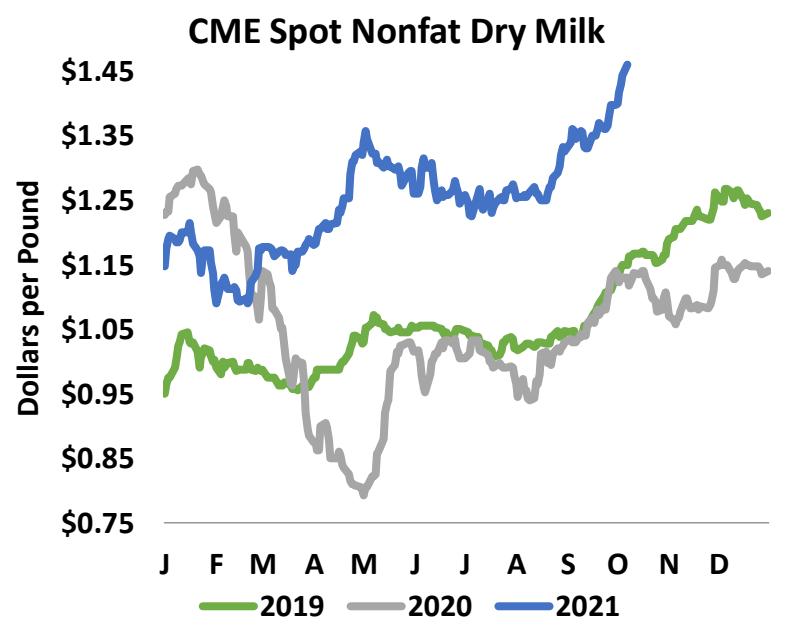
By Sarina Sharp, Daily Dairy Report

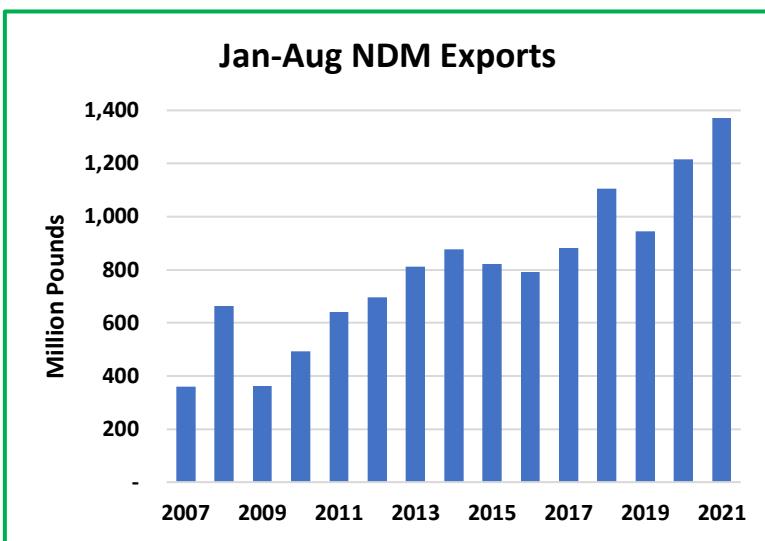
[Sarina@DailyDairyReport.com](mailto:Sarina@DailyDairyReport.com)

#### Milk & Dairy Markets

Like a protein-fueled crossfit fanatic, the milk powder markets just keep getting stronger. CME spot nonfat dry milk (NDM) leapt 6.25¢ this week to \$1.46 per pound, a seven-year high. Skim milk powder (SMP) prices continued to climb at the Global Dairy Trade (GDT) auction as well. The average auction price for SMP was 0.5% higher than the previous event.

Hot weather weighed on U.S. milk yields and slowed milk powder output in August. Combined production of NDM and SMP slumped to less than 183 million pounds in August, the lowest volume in nearly two years and 15.6% less than in August 2020.





As the impacts of the summer heat wave fade and bottlers settle into the school milk routine, there is more milk available for processing. But, like many industries, milk driers have been hampered by staffing shortages.

Despite historically high prices, demand remains strong. USDA's *Dairy Market News* reports that "the overall NDM market tone is resoundingly bullish." In Europe, SMP output has fallen well behind year-ago levels, and manufacturers are selling more product in the domestic market. That has left room for U.S. exports, which jumped to 174 million pounds in August, accounting for nearly the entire month's output. U.S. NDM exports were record-high in 2020, and 2021 exports are running an impressive 12.4% ahead of that pace. Still, U.S. warehouses are well stocked.

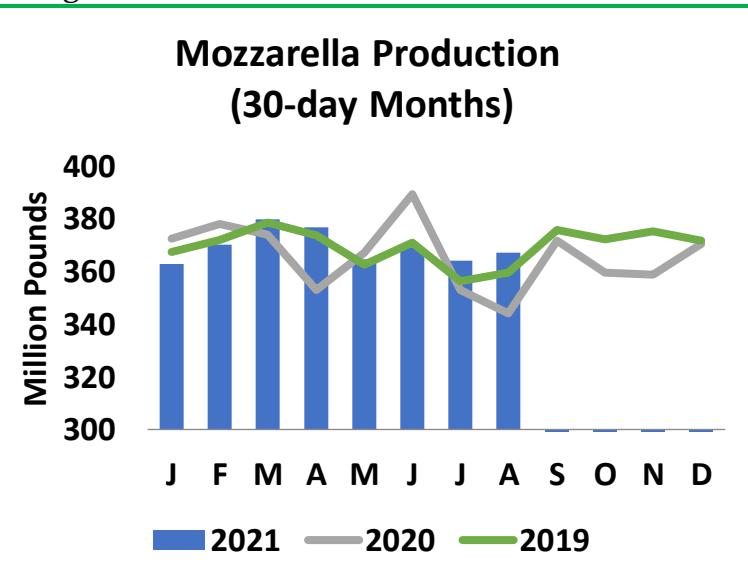
Whey prices are also high and rising. CME spot whey added another 1.5¢ this week and reached 59.5¢, its highest value in almost four months. Manufacturers continue to direct much of the whey stream into high-protein products, leaving less for the drier. Dry whey output in August slipped to 74.9 million pounds, down 2.6% from a year ago. Exports dropped below year-ago levels in August, but year-to-date exports are 13.5% ahead of 2020, thanks to a 59% increase in shipments to China.

Like the aforementioned crossfitter, whey is doing a lot of heavy lifting to boost the Class III price. So far this year, spot whey has averaged 57¢, compared to 37¢ in 2020 and 35¢ in 2019. If whey values were at 2020 levels, the Class III price would be roughly \$1.23 lower than it has been this year.

U.S. cheese output jumped 4.4% year over year in August and reached 1.14 billion pounds. Surprisingly, Cheddar production fell 1.5% year over year, which limited the impact of formidable cheese output on prices in Chicago. Cheesemakers made 6.7% more Mozzarella than in August 2020, a sign that consumers were hungry for pizza as they watched football or scrambled to keep up with new school schedules. Cheese exports remain strong. They were 18% greater than the prior year in August. For the year to date, they're up 7.2% from the record-breaking volumes of 2020.

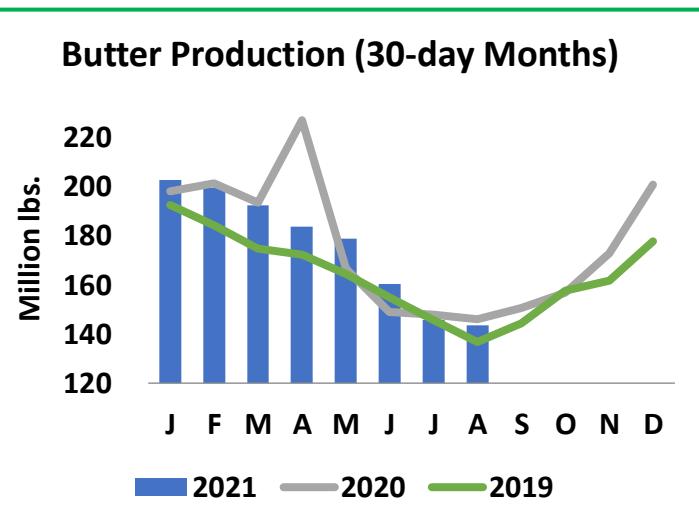
The Cheddar markets diverged this week. CME spot Cheddar blocks fell 4¢ to \$1.81. Barrels added 4.5¢, climbing to \$1.79. Class III futures moved higher again. The November contract advanced 57¢ to \$18.77 per cwt. After big gains this week, 2022 contracts now average \$18.04.

Spot butter took a small step back, retreating 2.75¢ to \$1.72. Butter demand is climbing seasonally, while output remains below prior-year levels. U.S. butter production dropped to just 148.4 million pounds in August, down



1.7% year over year and the lowest daily average production since September 2019. Butter makers are on edge as they work to keep their plants staffed and acquire packaging materials on time for holiday orders.

Despite the setback in butter, Class IV futures moved convincingly higher. Most contracts finished 20¢ to 30¢ above last Friday's settlements. Class IV futures average \$17.45 in the fourth quarter and \$17.75 next year. That's not enough to cover the rising cost of milk production for many producers, but it's the best Class IV price we've seen in seven years.



### Grain Markets

The feed markets retreated. December corn closed today at \$5.305 per bushel, down 11¢ for the week. Harvest is well underway, and farmers are presumably selling some of their crop, which puts the market under pressure. Corn prices need fresh news regularly to hold steady at this altitude, and it was simply too quiet this week.

December soybean meal dropped another \$8 to \$318.70 per ton. November soybeans slipped 3.5¢ to \$12.43. The trade expects USDA to raise its estimate of soybean stocks next week due to a combination of higher yields and lower exports. Both corn and soybean futures faded into the closing bell and finished near the lows of the day, which signals that the bears had the upper hand heading into the weekend.

### California Dairy Quality Assurance Program Update: Harvest Samples with the Harvest Moon

Courtesy of [CDQAP](#)

CDQAP recently released its latest Quality Assurance Update. Read the entire update [here](#).

### Harvest Samples with the Harvest Moon

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

Choppers are going full throttle. That means it's time to record harvested forage weights and sample forages from each field where manure was applied. These records and sample results determine how many pounds of nutrients, specifically nitrogen, were removed from each field. Obtaining a representative sample is essential to determine your field nutrient balances. *Continue reading [here](#).*

### FARM Animal Care Evaluations Are Resuming

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

Every three years the National Dairy FARM Animal Care Program checks in with California producers (via local cooperative/ processor staff), opening discussions on how to maximize cow comfort. Not surprisingly, 2020 – 2021 saw program evaluations reduced because of COVID, but beginning this fall the program is back up to full steam. *Continue reading [here](#).*

## Dairies Protecting Record Number of Tricolored Blackbirds

Courtesy of Dairy Cares

California's dairy farms provide important ecosystem benefits that support biodiversity—from manure composting and other practices that promote soil health, to creating habitats for birds and other wildlife. As wetlands have continued to disappear, dairy forage fields have become a favorite nesting place for threatened tricolored blackbirds. By allowing the birds to safely nest in fields, farmers have been helping the birds to reproduce and thrive.



For the past two years, some of Vander Woude's forage fields have been the temporary home of tricolored blackbirds, where as many as 20,000 adult birds nested this past season.

The tricolored blackbird is found almost exclusively in California, and is North America's most colonial landbird, a species that prefers to nest in very large groups. The historically abundant tricolored blackbird once nested primarily in wetlands. Due to continued habitat loss, colonies have declined over the past decades, resulting in the bird being added to the state's list of threatened species. Drought conditions make potential habitats even more limited. Fields used to grow forage crops for dairy cows have become a preferred residence, because the birds can build their nests a few feet above the ground and be near plentiful food and water.

*Read the full article [here](#).*

