

MPC WEEKLY FRIDAY REPORT

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 TO: DIRECTORS & MEMBERS
 FROM: KEVIN ABERNATHY, GENERAL MANAGER
 PAGES: 5



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MPC FRIDAY MARKET UPDATE

CHICAGO CHEDDAR CHEESE		CHICAGO AA BUTTER		NON-FAT DRY MILK	
Blocks	-\$.0900	\$1.5850	WEEKLY CHANGE	-\$.0050	\$1.9350
Barrels	-\$.3175	\$1.5025	WEEKLY AVERAGE	+\$.0250	\$1.9480
WEEKLY AVERAGE CHEDDAR CHEESE		DRY WHEY		NAT'L PLANTS	
Blocks	-\$.1130	\$1.6365	DAIRY MARKET NEWS	w/E 11/05/21	\$.5887
Barrels	-\$.2365	\$1.6005	NATIONAL PLANTS	w/E 10/30/21	\$.5596
				PRIOR WEEK ENDING 10/23/21	
				NAT'L PLANTS \$1.3845 19,625,098	

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 5 EST	\$19.58 - \$20.08	\$18.34	\$17.81	\$18.65
OCT `21 FINAL	\$18.68 - \$19.18	\$17.08	\$17.83	\$17.04



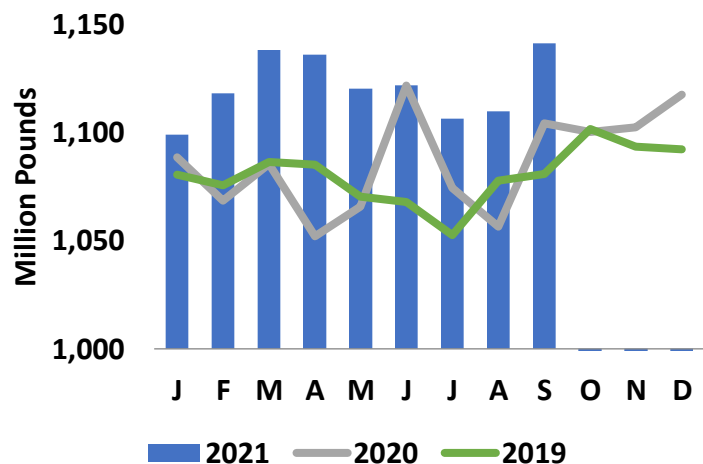
Milk, Dairy and Grain Market Commentary

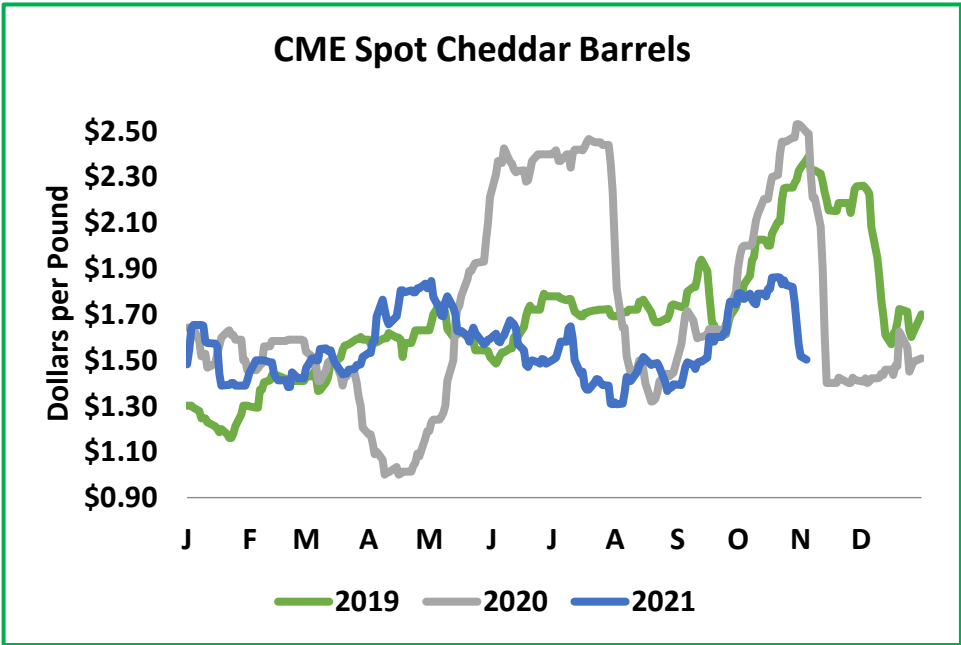
By Sarina Sharp, Daily Dairy Report
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Milk & Dairy Markets

Record-shattering cheese output dragged the Class III market downward. U.S. cheese production topped 1.14 billion pounds in September, scoring an all-time high in daily average output. Production was up 3.3% from the already lofty volumes of September 2020. Compared to last year, U.S. processors stepped up Cheddar production by 3.2%. There is clearly plenty of fresh Cheddar available, and cheesemakers are unloading some at the market of last resort in Chicago. This week CME spot Cheddar blocks slipped 9¢ to \$1.585 per pound. Barrels plummeted a stomach-churning 31.75¢ to \$1.5025.

U.S. Cheese Production (30-day Months)





As more tankers traversed from the farm to cheese plants and bottlers, there was less milk available for Class IV manufacturers. Butter output fell 4.9% year over year to just 143.4 million pounds. By all accounts, cheese makers, milk bottlers, and Class II manufacturers continue to lap up milk and cream, leaving less for churns and driers. Grocers expect Americans to go big this holiday season, to make up for last year's Scrooge-like celebrations. And retailers anticipate shipping delays and supply chain snarls, so they will likely order whips and dips and

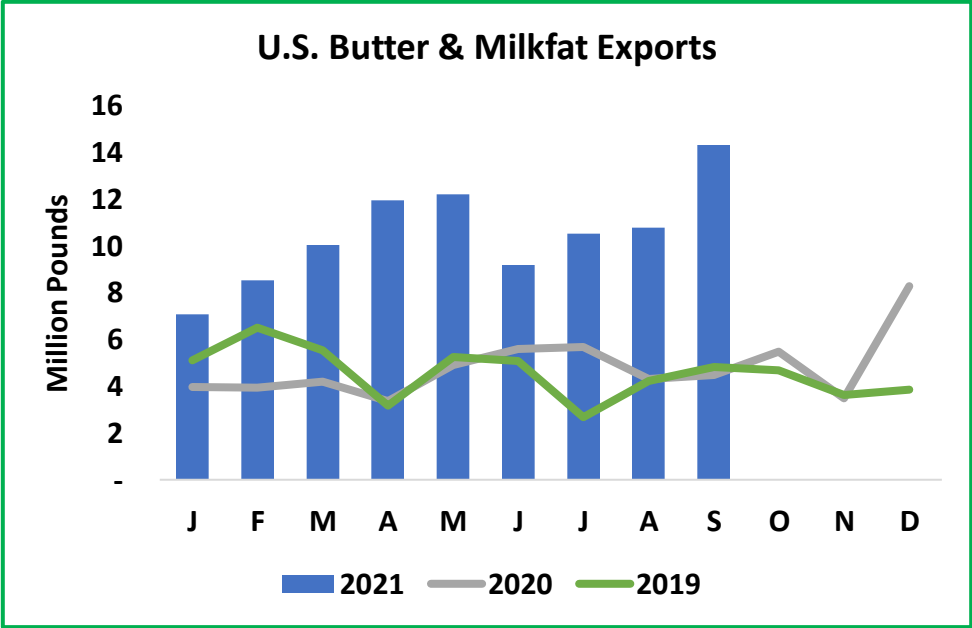
other cream-laden foods as early as possible. Cream multiples are on the rise, making churning less attractive. In the West, multiples stand at six-year highs. This week spot butter lost a half-cent and closed at \$1.935, near the 17-month high.

The powders continued to climb. CME spot whey jumped 3¢ to 66¢, just a few cents from the all-time high. In the face of heavy cheese production, strong demand for high-protein whey products is helping to keep whey powder stocks in check.

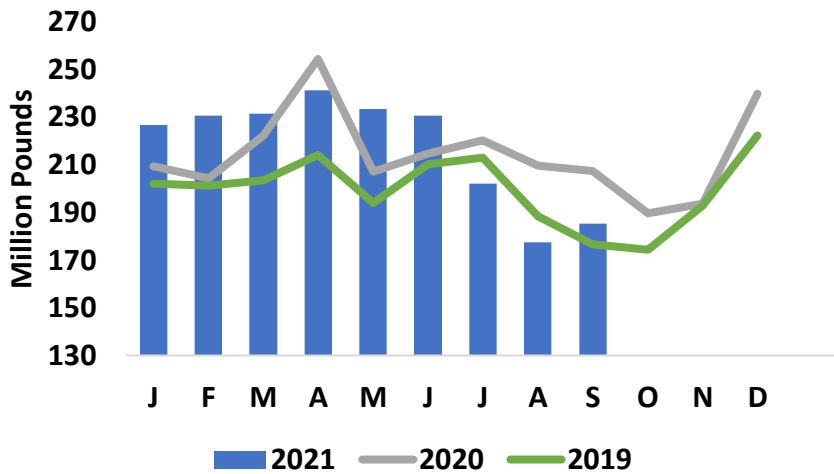
Nonfat dry milk (NDM) prices got a boost from overseas markets, strong exports, and slower output. Skim milk powder (SMP) values leapt 6.6% at Tuesday's Global Dairy Trade (GDT) auction, a seven-year high. It was a strong showing across the board at the GDT. Cheddar jumped 14.1% its highest price since January 2014.

Closer to home, CME spot NDM gained another 1.25¢ this week and rallied to \$1.57, yet another seven-year high. U.S. manufacturers dried 185 million pounds of NDM and SMP in September, 10.7% less than the prior year. U.S. NDM/SMP exports held firm, logging the strongest September total on record, up 14% year over year. Inventories waned.

Despite the lack of trucks, containers, and port infrastructure to keep product moving at an ideal pace, U.S. dairy exports continue to



NDM/SMP Production (30-Day Months)



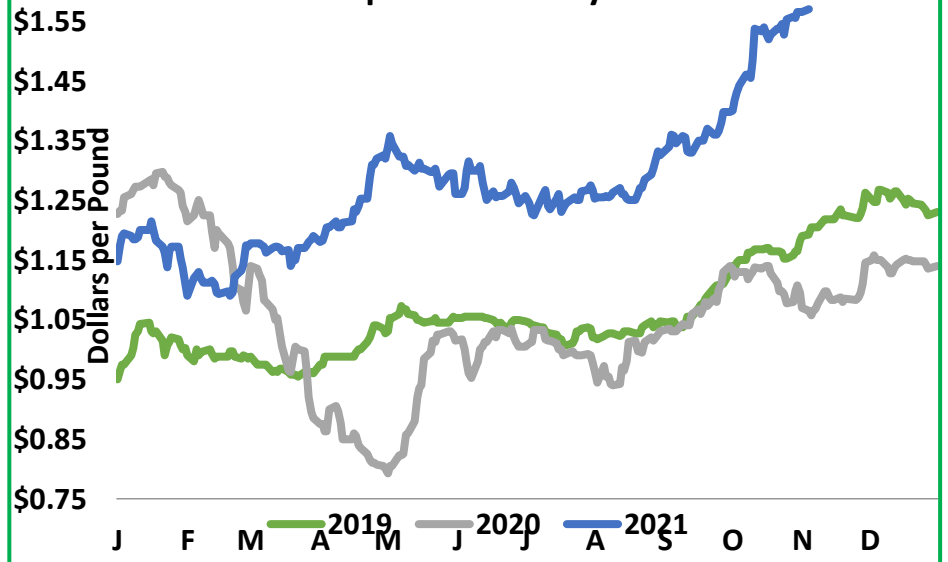
impress. As the *Daily Dairy Report* notes, the fact that exports have continued to ship at such a clip “is a testament to the competitiveness of U.S. products abroad.” So far this year, NDM exports are 12.8% higher than the record-breaking volumes of 2020. Cheese exports logged a new high for the month of September and were 20% greater than the previous record set last year. U.S. milkfat exports grew more than threefold.

After the recent run-up in Class IV values, U.S. dairy products have lost some of their competitive edge, but

they are still less pricey than product from Europe or Oceania. However, if Chinese milk powder imports slow suddenly, U.S. trade volumes may suffer. The US Dairy Export Council notes that over the past 12 months, global dairy exports to China grew 29%, while exports to the rest of the world fell 3%. China has clearly crowded out other buyers, but the economics of the pandemic have likely also played a role. Will other buyers step in if China pulls back?

The dairy product mix has set the tone for the milk markets. Cheese production is heavy, and so are Class III values. The November contract dropped 69¢ to \$17.81 per cwt. December Class III fell 87¢ to \$17.59. Most 2022 contracts gained a few cents and are hovering near \$18.50. The Class IV market has the wind at its back. All contracts scored life-of-contract highs again this week. Most advanced roughly 30¢ from Friday to Friday, which is great news for dairy producers who suffered huge losses over the past 18 months as Class IV prices languished and Class III manufacturers pulled milk out of regional pools.

CME Spot Nonfat Dry Milk



Grain Markets

The sun is shining, combines are rolling, and the grain markets have pulled back from the highs. With lofty prices in Chicago and a weak real, Brazilian corn and beans are attracting foreign buyers. That’s unusual at this time of year, when South American stocks are minimal and the U.S. is flush with freshly harvested crops. A slowdown in U.S. exports at harvest is likely to result in lower sales overall; it will be harder to catch up once South America’s new crops hit the market in a few months.

The rainy season is in full force in northern Brazil and, despite the La Niña, rain is falling in southern Brazil and Argentina too. The season got off to a dry start, but the recent showers and the wet forecast are at least partially alleviating fears that the La Niña will wither South America's row crops.

December corn settled today at \$5.53 per bushel, down 15.25¢ from last Friday. January beans lost 44¢ and closed at \$12.055. December soybean meal inched a dime lower, finishing at \$332.70 per ton.

California Dairy Quality Assurance Program Update: Central Valley Water Board Certified Letter Coming Soon

Courtesy of [CDQAP](#)

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

Central Valley Water Board Certified Letter Coming Soon

By Denise Mullinax, Assistant Director, CDQAP

Central Valley dairy producers will soon be receiving a certified letter from the Regional Water Quality Control Board (Water Board). The letter requires two things of dairy producers. *Continue reading* [here](#).

Preventing Animal Contact Injuries: Webinar November 16th at 10 a.m.

Of all employee injuries reported from dairies, those involving animals are the most common. To arm producers with the best preventative information, the Zenith Insurance Company and CDQAP are teaming up on November 16th to offer a free webinar Preventing Dairy Worker Animal Contact Injuries. *Continue reading* [here](#).

Time to Winterize

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

Cooler nights have arrived. It's time to winterize the dairy. Take time to look at the dairy with rain in mind. What management now will reduce your headaches later? Now is the window of opportunity to haul manure, grade corrals, and refill and compact low spots. *Continue reading* [here](#).

NRCS Announces Conservation Funding Opportunities for FY2022

Courtesy of the Natural Resources Conservation Service (NRCS)

The Natural Resources Conservation Service (NRCS) announced fiscal year 2022 assistance opportunities for agricultural producers and private landowners for key programs, such as the Environmental Quality Incentives Program (EQIP), Conservation Stewardship Program (CSP), and Agricultural Conservation Easement Program (ACEP). While NRCS accepts applications for these programs year-round, producers and landowners should apply by state-specific, application cutoff dates to be considered for this year's funding.

California Application Cutoff Dates

- Sign-up Period 1 for EQIP: December 10, 2021
- Sign-up Period 2 for EQIP: April 1, 2022
- EQIP - Sage Grouse Initiative: May 6, 2022
- CSP: April 1, 2022

- ACEP: December 1, 2021

NRCS offers assistance at no cost to give our customers personalized advice and information, based on the latest science and research, to help them make informed decisions. If a producer chooses to take the next step towards improving their operations, we can work with them to develop a personalized conservation plan, with conservation practices that can help them reach their production and conservation goals.

The conservation plan defines and explains existing resources in a simple, easy to understand manner. Typically, the plan will include land use maps, soils information, inventory of resources, engineering notes, and other supporting information. One benefit to landowners who work with NRCS professional conservationist to develop a plan is an increased potential for participating in financial assistance programs and is a good first step in the overall process.

Landowners can also choose to apply for financial assistance to get help installing the conservation practices outlined in their conservation plan through any one of the programs mentioned above. Through conservation programs, NRCS provides technical and financial assistance to help producers and landowners make conservation improvements on their land that benefit natural resources, build resiliency and contribute to the nation's broader effort to combat the impacts of climate change.

“NRCS conservation programs are good for California’s natural resources and for your operation’s bottom line,” said Carlos Suarez, NRCS State Conservationist in California. “Whether this is your first time working with NRCS or you want to take conservation to the next level on your land, we encourage you to contact your local NRCS field office to learn more.”

Read more NRCS funding opportunities [here](#).

Webinar: Preventing Dairy Worker Animal Contact Injuries

Courtesy of CDQAP and the Zenith Insurance Company

Of all employee injuries reported from dairies, those involving animals are the most common. To arm producers with the best preventative information, the [Zenith Insurance Company](#) and CDQAP are teaming up on November 16th to offer a free webinar *Preventing Dairy Worker Animal Contact Injuries*.

A panel of varied experts will cover the most common types of dairy employee injuries, production advantages to quiet cow handling, and on-line resources for employee safety training. National leaders in stockmanship education will be on hand to describe challenges and solutions related to employee animal handling training.

Zenith is making the webinar free to all industry members, with [easy registration](#) available online.

