

# MPC WEEKLY FRIDAY REPORT

DATE: MARCH 11, 2022  
 TO: DIRECTORS & MEMBERS  
 FROM: KEVIN ABERNATHY, GENERAL MANAGER  
 PAGES: 7



P.O. Box 4030, Ontario, CA 91761 • (909) 628-6018  
[Office@MilkProducers.org](mailto:Office@MilkProducers.org) • [www.MilkProducers.org](http://www.MilkProducers.org) • Fax (909) 591-7328

## MPC FRIDAY MARKET UPDATE

|                                      |           |                          |                   |                                  |                     |
|--------------------------------------|-----------|--------------------------|-------------------|----------------------------------|---------------------|
| <b>CHICAGO CHEDDAR CHEESE</b>        |           | <b>CHICAGO AA BUTTER</b> |                   | <b>NON-FAT DRY MILK</b>          |                     |
| Blocks                               | + \$.0400 | \$2.1900                 | WEEKLY CHANGE     | + \$.0250                        | \$2.7100            |
| Barrels                              | + \$.0400 | \$2.0100                 | WEEKLY AVERAGE    | + \$.0565                        | \$2.7335            |
| <b>WEEKLY AVERAGE CHEDDAR CHEESE</b> |           | <b>DRY WHEY</b>          |                   | <b>WEEK ENDING 03/05/22</b>      |                     |
| Blocks                               | + \$.1425 | \$2.2080                 | DAIRY MARKET NEWS | w/E 03/11/22                     | \$ .7700            |
| Barrels                              | + \$.1065 | \$2.0525                 | NATIONAL PLANTS   | w/E 03/05/22                     | \$ .8014            |
|                                      |           |                          |                   | <b>LAST WEEK ENDING 02/26/22</b> |                     |
|                                      |           |                          |                   | NAT'L PLANTS                     | \$1.7817 22,271,426 |
|                                      |           |                          |                   | NAT'L PLANTS                     | \$1.763 19,589,083  |

## CALIFORNIA FEDERAL MILK MARKETING ORDER PRICE PROJECTIONS

| PRICE PROJECTIONS | CLASS I ACTUAL<br>(RANGE BASED ON LOCATION) | CLASS II PROJECTED | CLASS III PROJECTED | CLASS IV PROJECTED |
|-------------------|---|--------------------|---------------------|--------------------|
| MAR 11 EST        | \$24.48 - \$24.98                           | \$24.69            | \$22.35             | \$24.80            |
| LAST WEEK         | \$24.48 - \$24.98                           | \$24.60            | \$22.55             | \$24.74            |



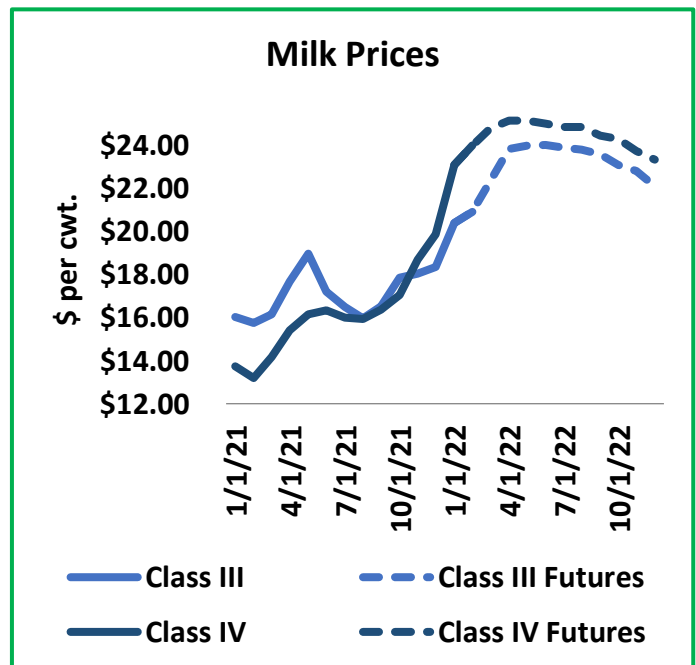
### Milk, Dairy and Grain Market Commentary

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

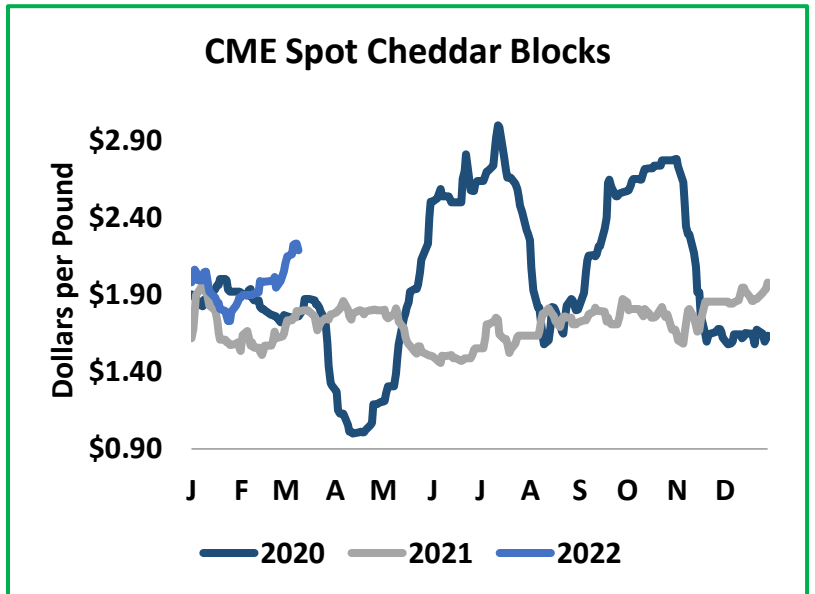
#### Milk, Dairy & Grain Markets

The commodity boom continues to thunder through the feed and dairy markets. Once again, the storm roared loudest in the wheat pits. On Tuesday, the most actively traded May winter wheat contract climbed to an all-time high at \$13.635 per bushel and then plunged as low as \$11.64. The trading range was a fraction of a cent away from \$2, wider than the annual trading ranges from 2015 through 2020. Despite ongoing concerns about Black Sea production and exports, May wheat finished far from the highs, at \$11.07 per bushel, down \$1.02 from last Friday.

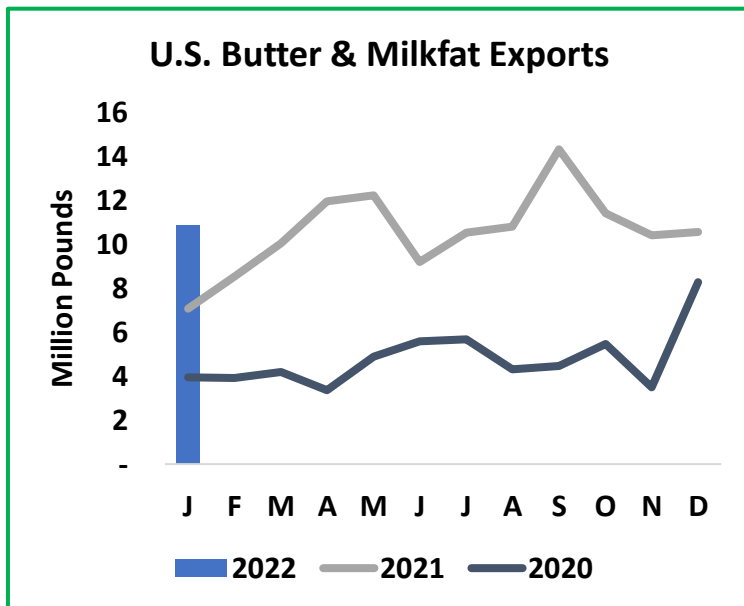
Corn futures swung wildly back and forth but ultimately finished higher. May corn settled today at \$7.625, up 8.25¢ for the week. New crop corn futures



climbed as well. The December contract closed at \$6.5525, up 25.75¢ over the past five sessions. Lower grain output in Ukraine will necessitate a massive U.S. corn crop in order to feed a hungry world. On Wednesday, USDA raised its estimate of U.S. corn exports by 75 million bushels but also noted that this represents “an initial assessment of the short-term impacts” of the war in Ukraine. Further increases in U.S. exports – and even lower end-of-season corn supplies – are likely. This year’s corn seed and the extremely pricey inputs needed to grow a big crop are still lying dormant in shops and barns and tanks all across the nation. There is a lot of weather and uncertainty to price in between now and harvest.



USDA slashed its estimate of soybean production in Brazil, Argentina, and Paraguay by a combined 9.5 million metric tons, a 5% decline from last month’s assessment. Together, South America’s three largest producers are expected to grow 10% fewer soybeans than last year. Meanwhile, soybean meal prices and crushing margins in China are sky-high, so importers are looking abroad. U.S. soybean exports are big and getting bigger by the day. May soybean meal futures closed today at \$477.10 per ton, up \$16.70 from last Friday.

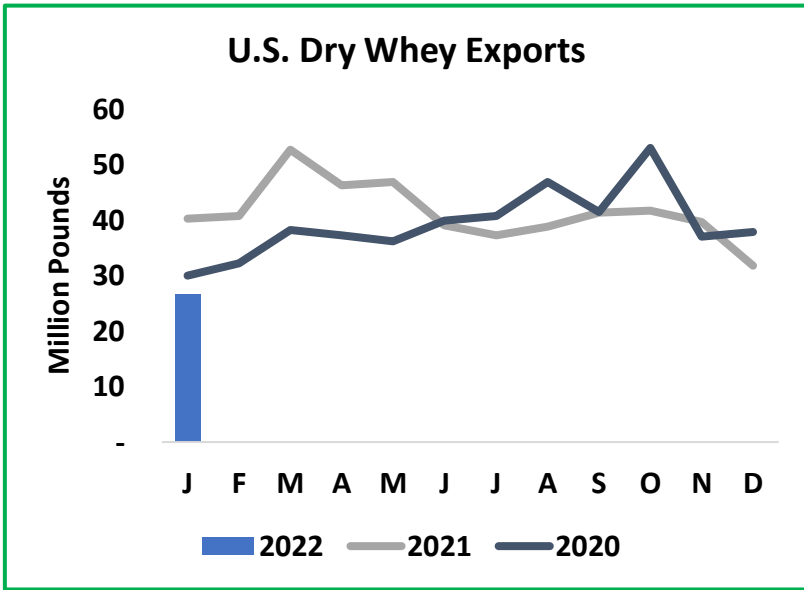


big and getting bigger by the day. May soybean meal futures closed today at \$477.10 per ton, up \$16.70 from last Friday.

Dairy producers cannot afford to pay this much for feed unless milk prices remain high. The market is well aware that global dairy stocks are relatively low, and that output is shrinking. So, for now, milk prices are climbing nearly step for step with the feed market to deter further declines in milk production. From April onward, Class III contracts scored life-of-contract highs this week. Most contracts finished 50¢ to 60¢ higher than last Friday with the largest gains weighted to the back of the board. May and June futures topped \$24 per cwt.

April and May Class IV finished slightly lower than last Friday, but the other contracts continued to rise. April through June futures held above \$25, and most other Class IV contracts traded well north of \$24.

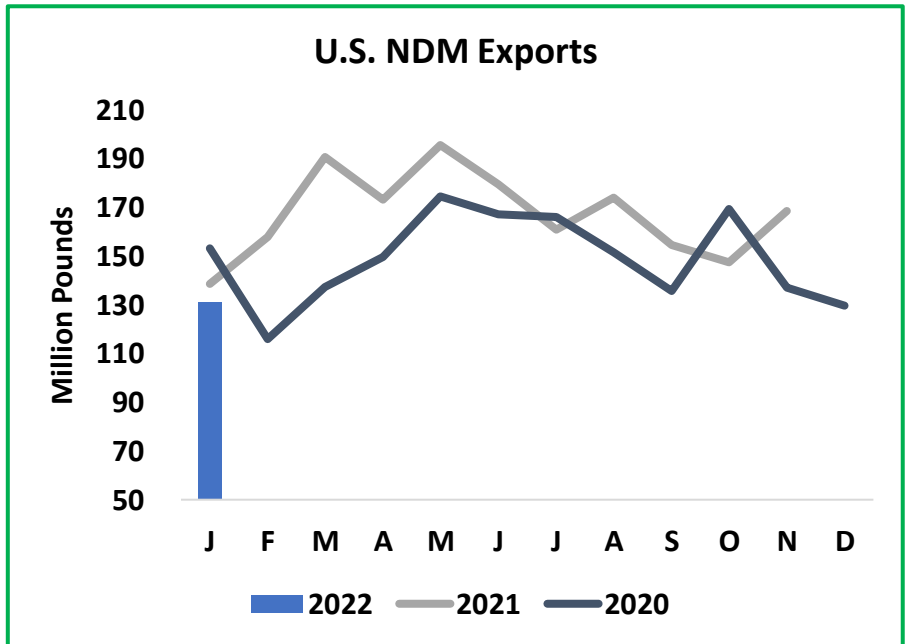
The cheese markets were particularly strong this week. Both blocks and barrels forged new 2022 highs and added 4¢ from Friday to Friday. Blocks closed at \$2.19, while barrels finished at \$2.01. USDA’s Dairy Market News captures the market’s confusion around potential demand at these high prices. Some cheesemakers believe that buyers will eventually balk at the cost, “while others say buyers are



actively trying to stay ahead of further price increases.” Meanwhile, U.S. cheese is priced to move abroad. U.S. cheese exports topped 65 million pounds in January, up 16.5% from a year ago thanks to strong sales to Mexico.

Exports make up a relatively small piece of the butter equation. Nonetheless, strong sales in January made the U.S. a net butterfat exporter and contributed to concerns that low supplies in January will translate to a shortage later this year. CME spot butter rallied 2.5¢ to \$2.71. The futures swung wildly but ultimately closed higher than last Friday.

The powders were the laggards this week. CME spot dry whey held steady at 75.75¢. Domestic buyers who backed away when whey topped 80¢ may have to step back in soon to replenish supplies. But competition for whey is notably less fierce than it was much of last year thanks to a slowdown in exports. The United States sent 26.7 million pounds of dry whey abroad in January, the lowest monthly volume since October 2019 and 34% less than in January 2021. Whey exports were already soft in December. The back-to-back disappointment suggests that Chinese buyers have become more sensitive to price as pork profit margins erode.



CME spot nonfat dry milk (NDM) fell 3.25¢ this week to \$1.84. High freight costs and port backlogs are making it more expensive to move milk powder from the warehouse to consumers in other countries, and that is starting to weigh on export demand. The United States exported just shy of 131 million pounds of NDM in January, down 6% year over year. U.S. milk powder is among the least-expensive in the world, and slower milk output in other nations is likely to result in milk powder production deficits. So export volumes are likely to be healthy in the coming months, and U.S. NDM prices are not likely to fall much further.

Australian milk collections plummeted to 714 million liters in January, down 6.3% from the prior year. Dairy Australia blamed the smaller dairy herd and hot, humid weather for the shortfall. Combined milk production among the world’s major exporters has fallen short of year-ago levels since September, and there is no sign that that will change anytime soon. Until it does, dairy product prices are likely to be lofty.

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## Federal Milk Marking Order Impact on the California Milk Price

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

The Federal Milk Marketing Order (FMMO) started in California on November 1, 2018, which means we have been operating under the FMMO for 39 months. I was wondering how milk prices in California under the FMMO would compare to what milk prices would have been if we were still under the California State Order.

As far as I know, there is no one who is continuing to estimate what prices would be if we were still under the State Order. So, how can we know how we are doing? One way is to look at USDA's "All Milk" price for California as compared to the U.S. "All Milk" price over that same time.

The average per cwt. California "All Milk" price over the 39 months from November 2018 through January 2022 was \$18.51 per cwt. The average U.S. "All Milk" price during that same 39-month period was \$18.59 per cwt., for a difference of 8 cents per cwt. on average. Going back and looking at the average California "All Milk" price under the California State Order for the 39 months preceding the start of the FMMO on November 1, 2018, the period of August 2015 through October 2018, the average California "All Milk" price was \$15.75 per cwt. The average U.S. "All Milk" price during that same 39 months was \$16.83 for a difference of \$1.08 per cwt.

My conclusion then is that the FMMO in California has improved the "All Milk" price in California by \$1 per cwt. from what it would have been under the State Order. That's real money.

## Reminder: Golden State Dairy Management Conference March 23

Courtesy of the [Golden State Dairy Management Conference](#)

The Golden State Dairy Management Conference is back in person March 23, 2022 in Modesto. Expert speakers and researchers will cover a variety of topics, ranging from nutrition and calf management to agronomy and automatic milking systems. See the complete agenda [here](#).

**Register by March 14** to receive the early bird rate of \$50. Registration goes up to \$100 after March 14. The conference starts at 9 a.m. with the last session wrapping up at 12:40 p.m. followed by lunch.



## Reminder: Please Return Survey Regarding AMMP Funding

Courtesy of the [California Dairy Quality Assurance Program](#)

### Producer Survey Mailed: Please Return!

Help us help you. Dairy producers should have received a survey last week on the Alternative Manure Management Program (AMMP). More AMMP funds will be available in 2022 (see story below), and additional funding is anticipated for future years. Information gathered in the survey will be provided to CDFA to help improve future program delivery. Participation is voluntary and your information will remain confidential.

## CDFA Accepting Grant Applications for Dairy Methane Reduction Programs

Courtesy of the [California Department of Food and Agriculture](#)

The California Department of Food and Agriculture (CDFA) is now accepting grant applications for the Alternative Manure Management Program (AMMP) and Dairy Digester Research and Development Program (DDRDP) administered by its Office of Environmental Farming and Innovation (OEFI).

CDFA's dairy methane reduction programs provide financial assistance for the installation of dairy digesters and implementation of non-digester-based manure management practices that result in long-term methane emissions reductions and maximize environmental co-benefits on commercial dairy and livestock operations in California. These programs are funded through a \$32 million appropriation from the California State Budget, authorized by the Budget Act of 2021.



The following programs at CDFA are accepting grant applications:

- Dairy Digester Research and Development Program (DDRDP) Applications are due **Monday, May 9, 2022 by 5:00 PM PT**. Detailed information including application process and requirements, application assistance workshops conducted by CDFA, and community outreach resources is available at [www.cdfa.ca.gov/oefi/ddrdp](http://www.cdfa.ca.gov/oefi/ddrdp).
- Alternative Manure Management Program (AMMP) Applications are due **Monday, May 9, 2022 by 5:00 PM PT**. Detailed information including application process and requirements, application assistance workshops conducted by CDFA, and availability of no-cost technical assistance for prospective applicants provided by CDFA-funded Technical Assistance Providers and UC ANR Climate Smart Agriculture Community Education Specialists is available at [www.cdfa.ca.gov/oefi/AMMP](http://www.cdfa.ca.gov/oefi/AMMP).

To assist with the application process for these programs, CDFA will conduct two online workshops with remote-access registration links as follows:

**Wednesday, March 16, 2022 from 2:00 PM to 4:00 PM PT.** Register in advance for this webinar: [https://us06web.zoom.us/webinar/register/WN\\_cenIBDlhQzq4Re447LaRMw](https://us06web.zoom.us/webinar/register/WN_cenIBDlhQzq4Re447LaRMw)

**Friday, March 25, 2022 from 10:00 AM to 12:00 PM PT.** Register in advance for this webinar: [https://us06web.zoom.us/webinar/register/WN\\_RtH353wmR3agCrzIh1jA8w](https://us06web.zoom.us/webinar/register/WN_RtH353wmR3agCrzIh1jA8w)



## Will You be able to Ship Milk During an Animal Disease Outbreak? Register for March 15-16 Webinar to Build an Enhanced Biosecurity Plan

Courtesy of the [UC Davis Western Institute for Food Safety and Security](#)

Join us on **March 15 and 16** for a virtual tour of a free website that guides producers, field staff & regulators through the development of an emergency biosecurity plan for poultry or dairy facilities.

For two years UCD's Western Institute for Food Safety and Security has been working with emergency response experts from USDA, the State Departments of Agriculture and private veterinarians to create a website that will guide producers through the process of developing an emergency ("enhanced") biosecurity plan for poultry or dairy facilities.

The six-hour workshop is divided over two days:

- **9 am to noon Tuesday, March 15**
- **9 am to noon, Wednesday, March 16**

Just follow this [link to our registration page](#) where you can reserve a spot in the webinar, watch a short video and download a meeting agenda.

### What You Will Learn

Participants will be introduced to a new [online tool](#) that guides producers (or trade organization or processor field staff) through the process of creating a plan. Such plans allow business continuity, even in areas where regulatory quarantine and stop-movement orders are in place. The online tool includes videos addressing the major components of a plan, example text, a map making tool and links to the best resources. For more information on this USDA funded project watch the short video on the homepage of the website.

### Project Background Information

During an outbreak of a [Reportable Animal Disease](#) such as Avian Influenza or Foot and Mouth Disease federal and state responders may quarantine farms or geographic regions in order to slow or prevent disease spread. During such an outbreak, farms within in a "Control Area" must have an approved, activated, and verified site-specific Enhanced Biosecurity Plan in order to receive a "Product Movement Permit" for animals (such as broilers) or animal products (such as milk or eggs).

*Enhanced* Biosecurity Plans are typically emergency measures, and only employed during an actual disease outbreak event. Because of the numerous ways disease can enter a livestock or poultry facility however, plans are typically difficult to develop and implement. The University of California working with USDA, State Departments of Agriculture in California, Arizona and Oregon and industry experts have come together to make development of such a plan as easy as possible.

If you have any questions please don't hesitate to contact Dr. Michael Payne at [mpayne@ucdavis.edu](mailto:mpayne@ucdavis.edu) or 530-304-9306.



## Genetic Strategies for Sustainability: California Dairy Sustainability Summit Featured Panel

Courtesy of the [California Dairy Sustainability Summit](#)

The third California Dairy Sustainability Summit will take place as a virtual event this April 12-14, with a [full agenda](#) of speakers covering topics related to the economic and environmental aspects of dairy farming. A panel of experts will discuss genetic strategies and how they have helped significantly reduce the environmental footprint of dairy production. Find out how California dairy farmers are continuing to make tremendous progress in this area and register at [www.cadairysummit.com](http://www.cadairysummit.com).



### California Dairy Sustainability Summit

## Virtual Event April 12-14, 2022

### Genetic Strategies for Sustainability

April 14 | 12:00 PM PT

Sponsored by:  
**zoetis**



**Dr. Alison Van Van Eenennaam**  
Professor of Cooperative Extension,  
Animal Genomics & Biotechnology  
University of California, Davis



**Brian Fiscalini**  
CEO  
Fiscalini Farmstead



**Simon Vander Woude**  
Owner  
Vander Woude Dairy



**Dr. Bryan Welly**  
(Moderator)  
Herd Manager & Staff Veterinarian  
Fiscalini Farmstead



April 12-14, 2022  
Virtual Event

**WATCH PROMO HERE**