

# MPC WEEKLY FRIDAY REPORT

DATE: JUNE 28, 2024  
 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	+\$0.0650	\$1.9100	WEEKLY CHANGE	+\$0.0350	\$3.1250
Barrels	-\$0.0400	\$1.8800	WEEKLY AVERAGE	-\$0.0123	\$3.0840
<b>WEEKLY AVERAGE CHEDDAR CHEESE</b>		<b>DRY WHEY</b>		<b>NAT'L PLANTS</b>	
Blocks	+\$0.0244	\$1.8925	DAIRY MARKET NEWS	W/E 06/28/24	\$4.650
Barrels	-\$0.0505	\$1.8970	NATIONAL PLANTS	W/E 06/22/24	\$4.357
				<b>LAST WEEK ENDING 06/15/24</b>	
				NAT'L PLANTS	\$1.1750 18,088,665

## 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
JUN 28 EST	No Change	\$21.60	\$19.90	No Change
LAST WEEK	\$21.68 - \$22.18	\$21.58	\$19.88	\$21.15

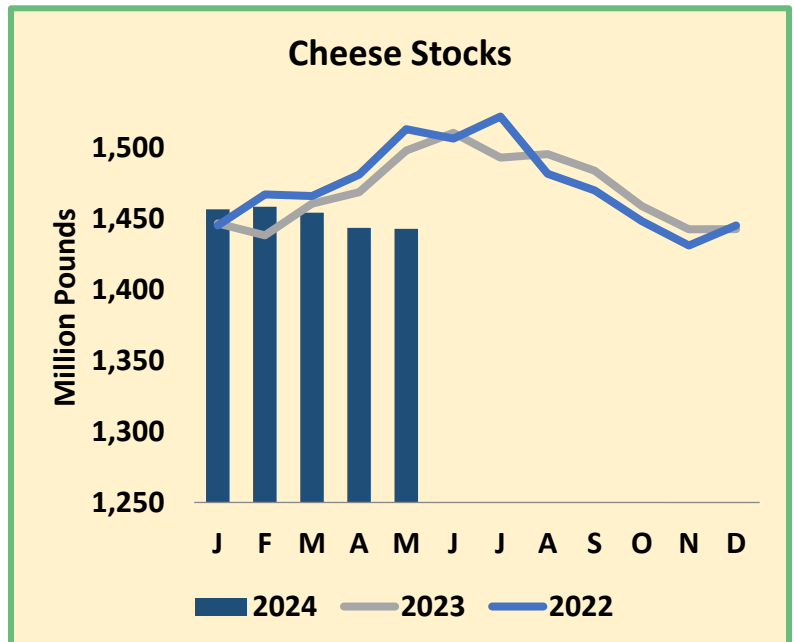


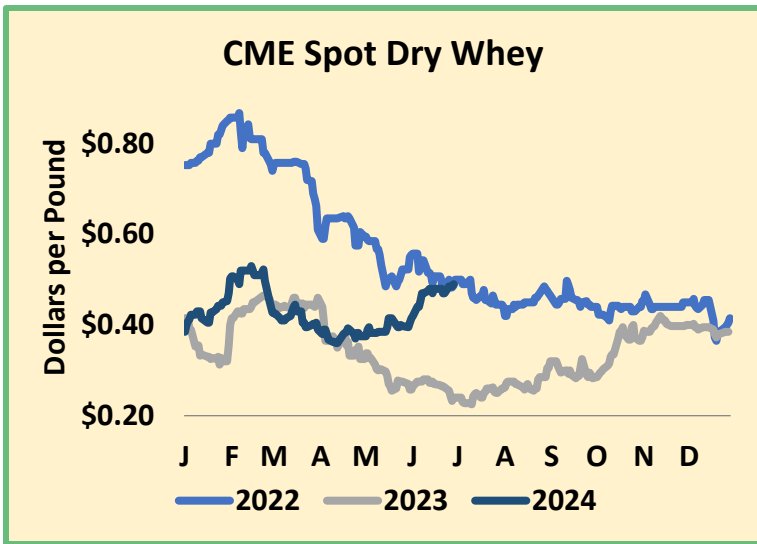
### Milk, Dairy and Grain Market Commentary

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

#### Milk & Dairy Markets

Cheese stocks typically grow throughout the spring, as the flush pushes more cheap milk to cheese processors, and demand ebbs. But this year, spot milk wasn't all that cheap, both export and domestic demand soared, and cheese stocks shrank. The supply of cheese in cold storage warehouses declined in March, April, and May. At the end of last month, cheese inventories totaled 1.44 billion pounds, 3.7% less than in May 2023 and the lowest May tally since 2019. That helps to explain why cheese prices climbed so high in April and May, but it was not enough to push them higher in June. At these prices, it's

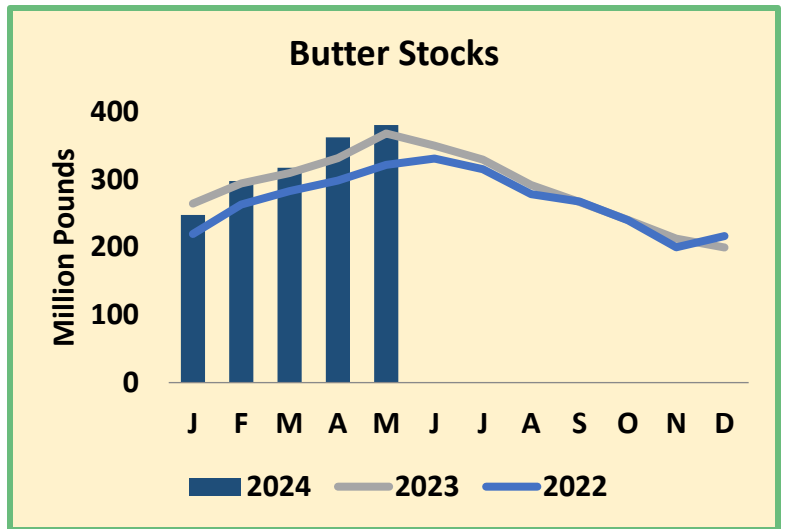




difficult to win new export business, and mozzarella sales are slowing. But domestic demand for other cheeses remains strong. USDA sums up the sentiment from industry stakeholders, saying, “Cheese markets are not bullish or bearish, but indecisive.” That uncertainty was on full display on LaSalle Street. CME spot Cheddar blocks climbed 6.5¢ to \$1.91 per pound. Barrels fell 4¢ to \$1.88.

Strong domestic demand continues to support the whey product market, while exports languish. USDA notes that loads meeting

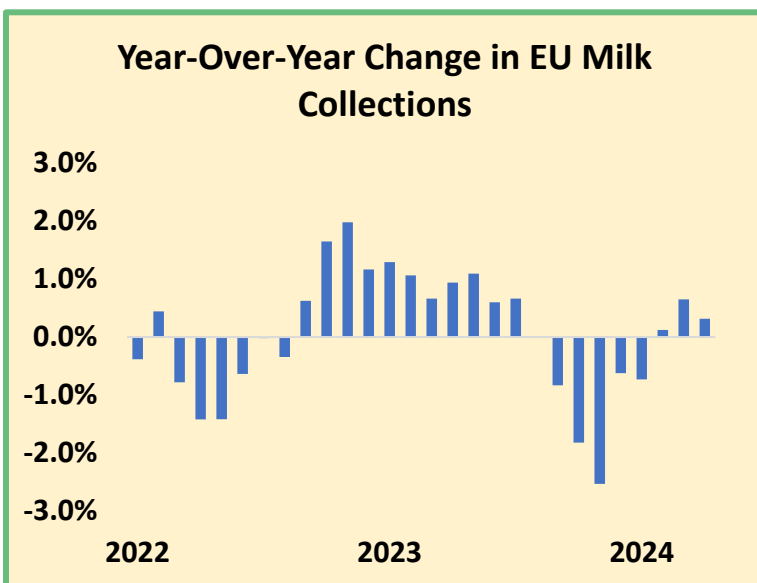
specific brand or protein distinctions are trading “at and above the \$0.45/lb. mark, while loads marked for export are still being reported in the upper-\$0.30s.” Firm demand at home helped to lift CME spot whey powder 2¢ this week to a four-month high at 49¢.



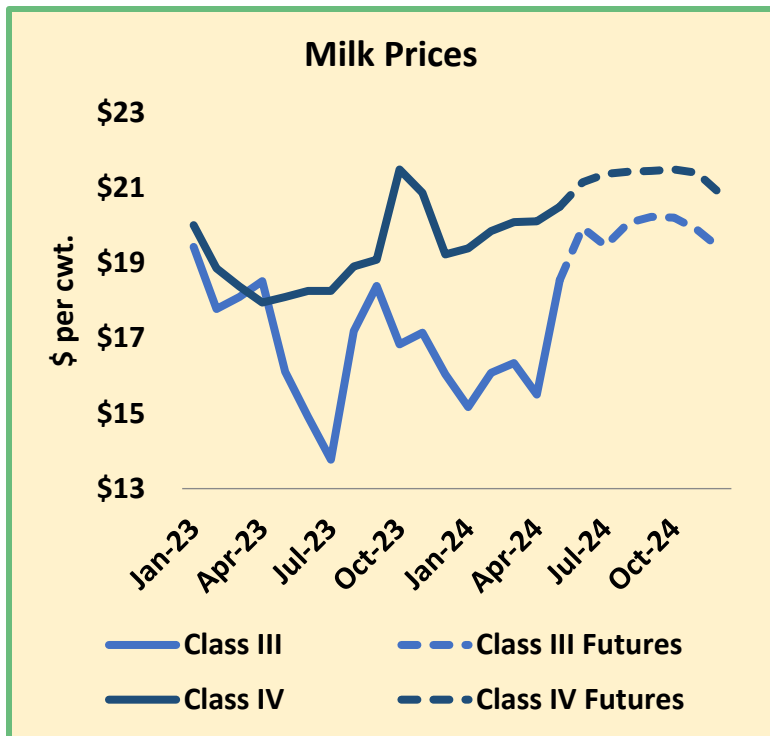
Butter stocks grew at an above-average pace in January through April, and they grew seasonally in May. On May 31 there was 380 million pounds of butter in refrigerated warehouses, 3.4% more than the year before. In fact, aside from 2020, when Covid shutdowns decimated commercial butter use, this represents the highest May butter inventory since 1993. But even that was not enough to assuage fears that we will run short later this year. Hot weather and rising cream prices lifted CME spot butter to \$3.125, up 3.5¢ this week.

The milk powder market retreated, following a setback at the Global Dairy Trade Pulse auction. CME spot nonfat dry milk fell 2.25¢ to \$1.1825. U.S. milk powder output remains light, but it’s difficult to rally milk powder prices amid soft global demand.

Competition for cheese and milk powder exports is heating up. The strong dollar puts U.S. product at a disadvantage, and Europe is ramping up production. European milk output topped year-ago volumes in February, March, and April, albeit modestly. Europe and the United Kingdom made nearly 31.5 billion



pounds of milk in April, 0.3% more than in April 2023. Output grew slightly in Germany and France while cool, wet weather held down production in Ireland and the United Kingdom. Production leapt 5.4% year over year in Poland. European farmers hope that the recent election will slow the pace of legislation restricting agricultural output to meet the bloc's climate commitments. But the new legislators are unlikely to undo much of the new laws that are already on the books, and milk cow numbers are likely to continue their steady decline. Meanwhile, time has run out on Dutch farmers' multi-year exemption from manure derogation laws. Now that Dutch dairy producers must meet the same commitments as other producers under the EU Nitrate Directive, they'll have to spread manure farther afield. USDA reports that more than 40% of Dutch farmers can't find enough land on which to spread their manure production, so they'll have to reduce head counts. Dutch milk output fell 1.3% year over year in April.



With slower production at home and stiffer competition from abroad, the dairy markets are searching for direction. After a volatile week, third-quarter Class III futures retreated. The July contract was hardest hit. It fell 81¢ to \$19.46 per cwt. Fourth-quarter Class III futures and most Class IV contracts finished a little higher than where they began the week. Class III milk is in the \$19 to \$20 range, and Class IV is in the mid-\$21s. Those prices will put a smile on dairy producers' faces, especially as feed costs retreat.

### Grain Markets

December corn futures dropped to a three-year low today on the heels of USDA's annual Acreage and quarterly Grain Stocks reports. The much-anticipated Acreage report showed that farmers sowed 91.5 million acres of corn, 1.5 million acres more than they had planned to plant, according to the early-spring Planting Intentions survey. Soybean acreage slipped 400,000 acres to 86.1 million acres, according to USDA's updated estimate. USDA also reported that June 1 corn inventories were sharply higher than anticipated, while wheat and soybean stocks came in slightly larger than analysts had expected.

The combination of a larger stockpile and greater corn acres pushed September corn futures down 32¢ to \$4.085 per bushel. The December contract, which reflects expectations of the supply and demand balance after harvest, also fell 32¢ to \$4.215. The trade will continue to debate the impact of flooding in the Northern Plains, the potential for yields to fall short of USDA's trendline projections, and the prospects for bigger demand at these lower prices. But there's plenty of corn on hand and a lot in the fields. Feed costs are low and likely to stay that way.

## CDQAP Update: Protecting Against HPAI; Visitor Biosecurity Webinar; Heat Advisory; Manure Practices Field Day Recap

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

The California Dairy Quality Assurance Program (CDQAP) released its June update, which is excerpted below. You can read the full report [here](#).



### FAQs About Bird Flu in Dairy Cows

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

New detections of Highly Pathogenic Avian Influenza ([HPAI](#), [H5N1](#), or “Bird Flu”) in dairy cattle continue. As of this writing, there have been [laboratory confirmations](#) in 128 dairy herds spread out through one fourth of the fifty states. These include Texas, Kansas, Michigan, New Mexico, Idaho, Ohio, South Dakota, North Carolina, Colorado, Minnesota, Iowa and Wyoming. The pace of new detections seems to be accelerating with 62 new detections confirmed in 8 states within the last 30 days. The disease has not yet been confirmed in California, nor in beef cattle in any state, although one infected alpaca herd in Idaho has been reported.

### *How can I best protect my dairy herd from HPAI?*

Above all, prioritize your efforts. While there is great value in implementing a comprehensive biosecurity program based on [California](#) or [national](#) Secure Milk Supply (SMS) programs or NMPF’s [FARM](#) program, it’s easy to become overwhelmed and postpone taking any action at all.

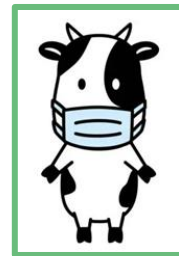
Initial disease investigation [reports](#) suggest the five most effective actions producers can take right now:

- **Isolate new arrivals for 30 days.** If it’s not possible to close your herd to new additions, the next best thing is to work with your veterinarian to establish an isolation procedure, ideally with a testing component. A voluntary state [program](#) allows you to prove your herd, or a source herd, is disease free. For more information contact your [local CDFA district office](#).
- **Power-wash and disinfect trailers.** Almost two thirds of new Michigan dairy infections did not involve transfer of live animals, suggesting rather mechanical virus movement on fomites such as dirty vehicles, equipment, clothing or boots. This promotes [cleaning and disinfection](#) of shared vehicles and other outside equipment entering the farm with a disinfectant approved effective for HPAI as critical.
- **Train employees and avoid sharing them.** Train and empower employees to follow biosecurity protocols and report suspicious symptoms in cattle. [English](#) and [Spanish](#) training aids are available.

Continue reading [here](#).

## Visitor Biosecurity Webinar

“What biosecurity precautions should I expect from visitors to my dairy?” Producers are asking this question with increasing frequency and CDFA and CDQAP are partnering to provide some answers. On **Tuesday, July 16th at 3:30 p.m.** we'll bring together experts to share information and advice. Watch for log-in announcements in July.



### Heat Advisory

Like much of the rest of the country, California is forecast to have increased periods of heat. For information on how to protect livestock and employees during a heat event see this previous [CDQAP Heat Advisory](#).

## Manure Practices Field Day Roundup

*Deanne Meyer, Ph.D. Livestock Waste Management Specialist, Department of Animal Science, UC Davis and UC ANR*

Three Thursdays in May were spent with CDQAP field days to learn about Dairy PLUS practices (subsurface drip irrigation with manure water, vermifiltration, and a weeping wall). Participants learned about the practice, heard some operational insights, and asked many questions. Here's a brief summary of what we learned regarding technology evaluation.



Think strategically before selecting a practice. Identify short-term (design, build, and first 2-years) and long-term (20 years) operation and maintenance plan needs, as well as potential income stream benefits or challenges. Go see the practice in person. It's worth your time. Ask questions. What would the individual do differently if they started today with their current knowledge? What dedicated resources are needed (land, labor, water, electricity, etc.)? Where are the pain points for practice implementation? Is there a control point that can destroy the effectiveness of the practice? How much physical space is needed?

There were some side bar questions at the field days regarding the marketplace. Where will manure go? How much capacity is available in that market?

These field days were a great opportunity to see practices up close and better appreciate the land, labor, and other resource requirements. Thank you everyone who participated!

Keep thinking! The next CDFA solicitation for AMMP, DDRDP, and Dairy PLUS is expected in July.

## USDA to Accept Applications to Help Producers Offset Milk Loss Due to H5N1

*Courtesy of the [United States Department of Agriculture, Farm Service Agency](#)*

The U.S. Department of Agriculture (USDA) will begin accepting applications starting on Monday, July 1 through its updated [Emergency Assistance for Livestock, Honeybees, and Farm-raised Fish Program](#) (ELAP) to provide financial assistance to eligible dairy producers who incur milk losses due



to Highly Pathogenic Avian Influenza, also known as H5N1 infection in their dairy herds. USDA's Farm Service Agency (FSA) expanded ELAP through the rule-making process to assist with a portion of financial losses resulting from reduced milk production when cattle are removed from commercial milking in dairy herds having a confirmed positive H5N1 test. Positive test results must be confirmed through the USDA's Animal and Plant Health Inspection Service (APHIS) National Veterinary Services Laboratories (NVSL).

H5N1 infections have been detected in 12 states including Colorado, Idaho, Iowa, Kansas, Michigan, Minnesota, North Carolina, New Mexico, Ohio, South Dakota, Texas and Wyoming. Dairy producers in all states are reminded to stay vigilant and follow established [APHIS biosecurity, detection and testing guidelines](#). In addition to testing, enhanced biosecurity is critical to containing this virus. USDA works closely with state animal health officials, producers, and industry organizations to provide guidance and resources for cleaning and disinfection not only on affected farms but for all livestock producers as a part of practicing good biosecurity. APHIS has made available a number of biosecurity documents on its [landing page](#).

### **Applying for ELAP Assistance**

To apply, producers need to submit the following to FSA:

- Proof of herd infection through a confirmed positive H5N1 test (based on USDA's APHIS [H5N1 case definition](#)) on individual animal or bulk tank samples confirmed by NVSL;
- A notice of loss indicating the date when the loss is apparent, which is the sample collection date for the positive H5N1 test; and
- An application for payment certifying the number of eligible adult dairy cows, the month the cows were removed from production, and the producer's share in the milk production.

The final date to file a notice of loss and application for payment for eligible losses is 30 days after the end of the prior calendar year, which is January 30.

### **Calculating ELAP Payments**

The per cow milk loss payment due to H5N1 will be determined based on an expected 21-day period of no milk production when a cow is removed from the milking herd, followed by seven days when the cow has returned to milking but produces 50% of the normal amount of production.

ELAP payments are determined using a per head payment rate calculated based on the monthly all-milk price and national milk production published by the National Agricultural Statistics Service and a standard number of days with reduced or no production — *(per head payment rate x number of eligible adult dairy cows x producer's share in milk production x 90%)*.

To apply, producers should contact the FSA at their local [USDA Service Center](#).



Happy



# INDEPENDENCE DAY

Fourth of July  
★★★★★★

**The next MPC Friday Report will be published on July 12.**

