

MPC WEEKLY FRIDAY REPORT

DATE: JANUARY 10, 2025
 TO: DIRECTORS & MEMBERS
 FROM: KEVIN ABERNATHY, GENERAL MANAGER
 PAGES: 6



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MPC FRIDAY MARKET UPDATE

CHICAGO CHEDDAR CHEESE		CHICAGO AA BUTTER		NON-FAT DRY MILK	
Blocks	-\$1.1000	\$1.8200	WEEKLY CHANGE	+\$0.0475	\$2.6000
Barrels	+\$0.0200	\$1.8500	WEEKLY AVERAGE	+\$0.0356	\$2.5900
WEEKLY AVERAGE CHEDDAR CHEESE		DRY WHEY		WEEK ENDING 12/28/24	
Blocks	-\$0.0156	\$1.8975	DAIRY MARKET NEWS	W/E 01/10/25	\$0.7400
Barrels	+\$0.0436	\$1.8655	NATIONAL PLANTS	W/E 01/04/24	\$0.7076
				LAST WEEK ENDING 12/28/24	
				NAT'L PLANTS	\$1.4020 8,358,985
				NAT'L PLANTS	\$1.3994 8,952,814

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
JAN 9 EST	No Change	\$21.71	\$20.42	\$20.98
LAST WEEK	\$21.98 - \$22.48	\$21.47	\$20.36	\$20.94



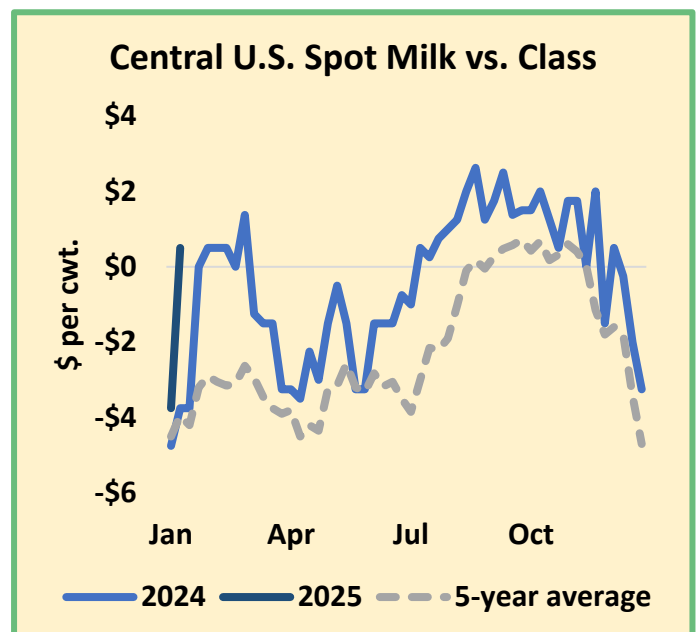
Milk, Dairy and Grain Market Commentary

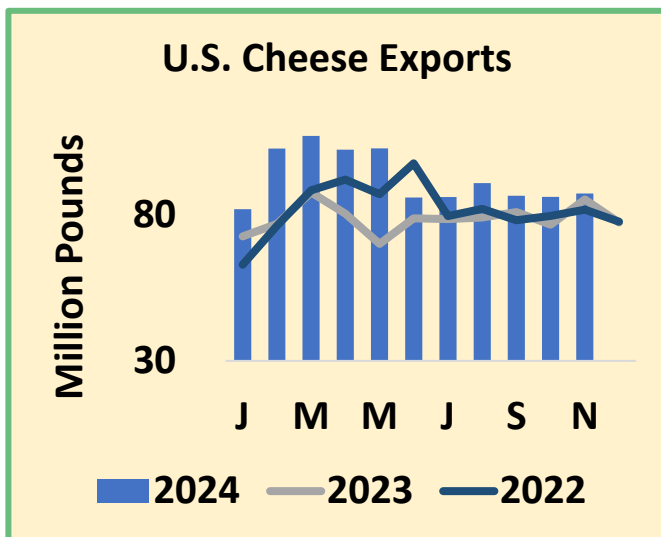
By Sarina Sharp, Daily Dairy Report
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Milk & Dairy Markets

The dairy markets are adjusting to the post-Christmas routine. Traders are back at their desks, and milk bottlers are running full throttle. In addition to the typical post-holiday school milk and grocery case restocks, bottlers are rushing to resupply in the wake of a snowstorm that sent southerners scrambling for milk and eggs. There were snowy streets, French toast breakfasts, and empty dairy cases from Texas to Tennessee. While spot milk often trades at steep discounts in early January, this week processors paid class to \$1 over, signaling that the milk markets are a bit snug.

Meanwhile, cream is abundant and cheap. High





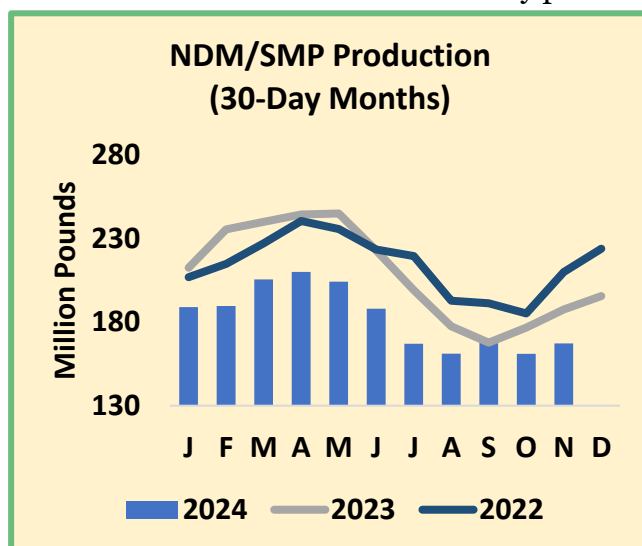
components provide plenty of butterfat for churns. In November, California butter production plummeted 12.8% year over year. But manufacturers in other states more than made up for it. National butter production reached 170.8 million pounds, up 4.4% from November 2023. Butter makers are reportedly putting product away for later this year, but that hasn't rattled the market. CME spot butter rallied 4.75¢ this week to \$2.60 per pound.

Around the holidays, buyers were looking for cheese, and sellers were hard to find, prompting concerns that cheese was getting scarce. The Dairy Products

report stoked those anxieties, as the much-anticipated uptick in U.S. cheese output failed to materialize. In November, U.S. cheese production slipped to 1.15 billion pounds, down 1.7% from the prior year. Cheddar output fell 3.4% compared to November 2023, setting the stage for shortages of fresh cheese eligible to be sold at the CME spot market. Another month of big exports further enlivened the bulls. Exporters sent 87 million pounds of U.S. cheese abroad in November, the most ever for the month and 2.4% more than already high shipments in November 2023. In the first 11 months of 2024, cheese exports were 17.5% ahead of the record set the year before, and shipments to Mexico topped the 2023 high by an astounding 30%. Cheese and Class III futures soared. But when sellers returned to LaSalle Street, fears of a fresh cheese shortage evaporated, and the bulls retreated in a hurry, prompting a steep Friday selloff. CME spot Cheddar blocks dropped a dime this week to \$1.82 per pound. Barrels added 2¢ and reached \$1.85.

As many American resolve to eat healthier in the new year, demand for high-protein whey products remains formidable. In November, production of whey protein isolates set a new high for the month, up 9% from November 2023. Meanwhile, whey powder output fell 1% from November 2023. But there are hints that commodity whey prices will struggle to climb from here. Whey exports fell 11.4% year over year in November, and China shifted some of its considerable buying power in Europe's direction. Slower exports allowed whey powder stocks to rebound from October to November. While whey powder inventories are considerably lower than they were in the past, they've stopped going down, and prices have stopped going up. CME spot whey powder fell a penny this week to 74¢.

Milk powder bore the brunt of the November milk production deficit. Combined production of nonfat dry milk (NDM) and skim milk powder totaled 167 million pounds in November, down 10.9% from the year before and the lowest November tally since 2013. But exports dropped by an even wider margin, falling 19.7% year over year. Shipments to Mexico fell 8.2% compared to November 2023, while exports to key markets in

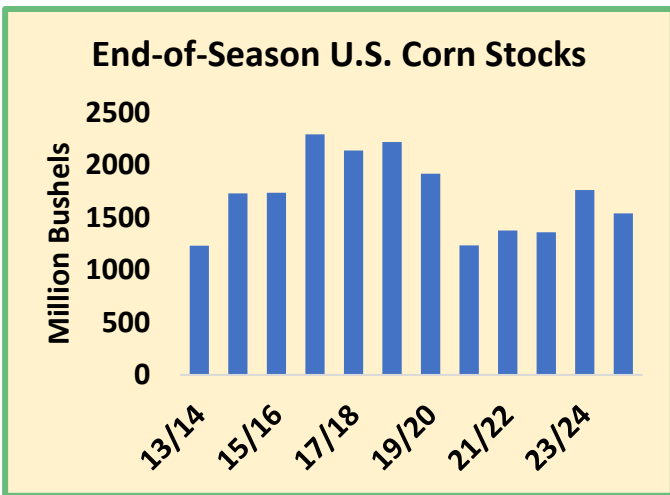


Southeast Asia dropped 43% year over year. Amid a strong dollar and stable prices, the U.S. is losing some business to its peers in Europe and Oceania. This week, milk powder prices fell roughly 2% at the Global Dairy Trade auction and CME spot NDM inched down 0.25¢ to \$1.365.

The futures were mixed. January through April Class III contracts lost about 20¢ for the week, but they're still relatively lofty, with first-quarter contracts north of \$20 per cwt. Class IV futures were generally steady to a nickel higher. The February contract settled at \$21.10. These are prices that will pay the bills with a little left over. Sky-high beef prices will further pad dairy revenues.

Grain Markets

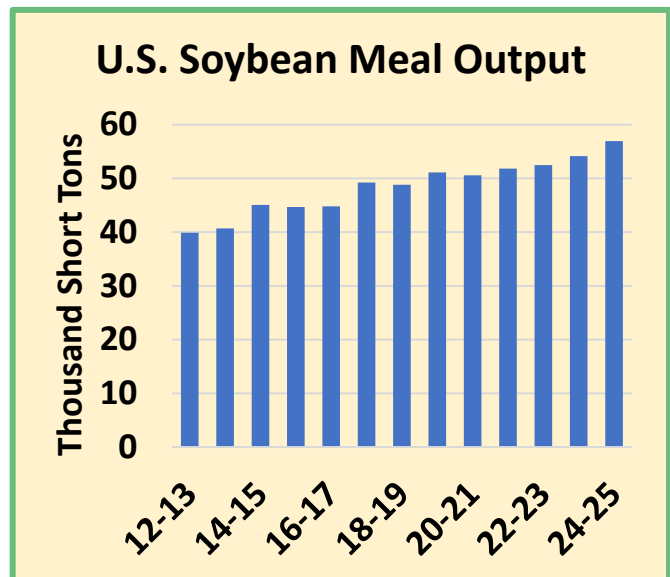
The 2024 harvest was much smaller than once thought. Just four months ago, USDA estimated the national average corn yield at 183.8 bushels per acre and it pegged the soybean crop at 53.1 bushels per acre. But in today's World Agricultural Supply and Demand Estimates (WASDE) and Crop Production reports, USDA published its final assessments of 2024 crop yields with corn at 179.3 bushels per acre and soybeans at 50.7 bushels. That's still the highest corn yield on record, but it's significantly lower than the trade had penciled in last fall. And, because farmers planted fewer corn acres, the 2024 crop was 474 million bushels smaller than the 2023 harvest. Meanwhile, low prices have spurred a boom in demand for U.S. corn from foreign buyers and ethanol processors. Strong demand and a smaller crop have tightened corn stocks considerably. Throughout last spring and summer, USDA called for end-of-season corn inventories at 2.1 billion bushels. Today, they are forecast at 1.54 billion bushels, down 223 million bushels from the 2023-24 crop year.



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As perceptions of U.S. corn supplies shifted from burdensome to merely abundant, prices rallied. December corn futures traded below \$3.90 per bushel in August, but today the March contract closed at \$4.71, up 20¢ for the week. That spells much higher grain costs for dairy producers than they expected this fall or even last Friday. But the overall impact on producers' feed costs will be smaller than the headlines suggest. Most producers priced their corn silage – and perhaps some of their grains too – at harvest, not far from the fall lows. Meanwhile, soybeans remain plentiful. While USDA trimmed its soybean production estimate, the agency raised its outlook for soybean meal production to a record-shattering 57 million tons, up 5.2% from the 2023-24 crop year. March soybean futures jumped 35¢ this week to \$10.265 per bushel. But March soybean meal fell \$10 to \$298.30 per ton, close to a four-year low.



USDA Reminds Livestock Producers of Disaster Assistance Application Deadline for 2024 Losses

Courtesy of [USDA Farm Service Agency](#)

Dairy Producers with Milk Loss Due to H5N1 are Eligible to Apply Before January 30, 2025, Deadline.

The U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA) reminds producers, including **dairy producers** impacted by H5N1, that the deadline to apply for financial assistance through the Emergency Assistance for Livestock, Honeybees and Farm-raised Fish Program (ELAP) is **January 30, 2025**, for losses due to specific adverse conditions that occurred in 2024.

Dairy H5N1 Eligibility

Dairy producers are reminded eligible adult dairy cattle under this new H5N1 provision of ELAP must be maintained for commercial milk production and be currently lactating. Assistance is available for up to 120 days after the sample collection date for the positive H5N1 test. Producers submitting an application for assistance under this provision, if their 120-day impact period starts in 2024 and extends into 2025, will need to submit a notice of loss and application for payment by January 30, 2025, for the days impacted in 2024, and then submit a notice of loss and application for payment for the remainder of the 120 days that occur in 2025.

For more ELAP information, visit [ELAP for H5N1-impacted dairies](#).

Participation Requested: Survey on Ag Energy Use Critical to Ensuring Energy Availability for Ag Operations

Courtesy of [Agricultural Energy Consumers Association](#)

MPC has been a long-time member of the Agricultural Energy Consumers Association (AECA), which represents more than 40,000 agricultural operations throughout the state. We encourage you to take this survey to help assess the future needs of farmers and processors.



The Agricultural Energy Consumers Association (AECA) is urging wide participation in a [survey](#) (facilitated by Cal Poly) to understand the future electrical needs of farmers and processors. Time and time again, growers and processors are being told that PG&E or SCE cannot provide the power requested for new or expanded electrical load.

Without better data, the utilities cannot provide the energy distribution needed to meet the important needs of farmers and processors.

This [survey](#) is critical to ensure PG&E and SCE make the necessary upgrades to the electrical system in the Valley.

The [survey](#) will take approximately 30 minutes, but it is time well spent!

We also ask that you share the link with any grower/processor friends and family.

The survey will NOT ask for any identifying information beyond zip code. If you have any questions, please feel free to reach out to Beth at AECA at contact@agenergyca.org

[Survey Link](#)

USDA Invests \$25.4M in Clean Energy and Biofuels Projects Throughout Rural California

Courtesy of [USDA](#)

USDA Rural Development California State Director Maria Gallegos Herrera today announced USDA is investing \$25.4 million in clean energy projects across California. This funding will help farmers, small businesses, and fuel providers expand access to renewable energy, reduce costs, and improve energy efficiency in rural communities.

The funding, made available through USDA's [Rural Energy for American Program \(REAP\)](#) and the [Higher Blands Infrastructure Incentive Program \(HBIIP\)](#), will support California farmers, ranchers and small businesses help install solar panels and energy-efficient equipment to reduce operating costs and allow fueling stations to expand access to biofuels such as E15 and B20, supporting California's clean transportation goals.

This funding announcement is part of a national release in which USDA Secretary Tom Vilsack announced the agency is providing [nearly \\$180 million for 586 projects nationwide](#) to expand access to clean energy systems and increase the availability of domestic biofuels.

California businesses, farmers and rural electric cooperatives interested in USDA's clean energy programs can visit rd.usda.gov for application details and funding opportunities.

FDA Releases Labeling Guidance for Plant-Based Foods Other Than “Milk”

*Courtesy of Gregg Doud, President & CEO
[National Milk Producers Federation](#)*

The FDA made a little noise this week on the fake dairy food labeling issue that unfortunately does nothing to improve a situation that NMPF has been tackling for years, i.e., that many other plant-based imitators using terms like cheese, butter and yogurt are not in compliance with federal standards of identity.

On Monday, FDA issued its second [guidance document](#) on the labeling of plant-based foods. The first was released nearly two years ago and dealt with the milk imitators. We challenged the approach that FDA took in that case, and a final decision on the labeling requirements for fluid milk imitators remains in limbo.

This new guidance document deals with all other plant-based food alternatives to animal products, including many foods in the dairy category, as well as eggs, seafood, poultry and meat. The recommendations suggest manufacturers prominently display more details about the ingredients used in a product, beyond just saying they are “plant-based.”

While we have many issues with FDA’s attempts to circumvent its own rules by relying on guidance statements, it’s clear from the guidance that FDA understands that consumers are confused about the nutritional inferiority of plant-based products and is asking for more disclosure to consumers to correct that misperception. Our stance remains that the agency should be enforcing its own standards of identity as written and follow the lawful process of the Administrative Procedures Act.

The guidance does not create legally enforceable regulations, and since this was issued in the final days of the Biden Administration, it remains unclear how the incoming Trump administration will handle the matter.

