

MPC WEEKLY FRIDAY REPORT

DATE: APRIL 29, 2022
 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	- \$.0225	\$2.3700	WEEKLY CHANGE	+ \$.0075	\$2.6750
Barrels	-.0300	\$2.3400	WEEKLY AVERAGE	-.0605	\$2.6465
WEEKLY AVERAGE CHEDDAR CHEESE		DRY WHEY		NAT'L PLANTS	
Blocks	N.C.	\$2.3695	DAIRY MARKET NEWS	W/E 04/29/22	\$.6550
Barrels	-.0245	\$2.3540	NATIONAL PLANTS	W/E 04/23/22	\$.7186
				LAST WEEK ENDING 04/16/22	
				NAT'L PLANTS \$1.8421 18,662,644	
				NAT'L PLANTS \$1.8294 20,236,784	

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
APRIL 29 EST	\$25.98 - \$26.48	\$25.68	\$24.39	\$25.30
LAST WEEK	\$25.98 - \$26.48	\$25.68	\$24.32	\$25.20



Milk, Dairy and Grain Market Commentary

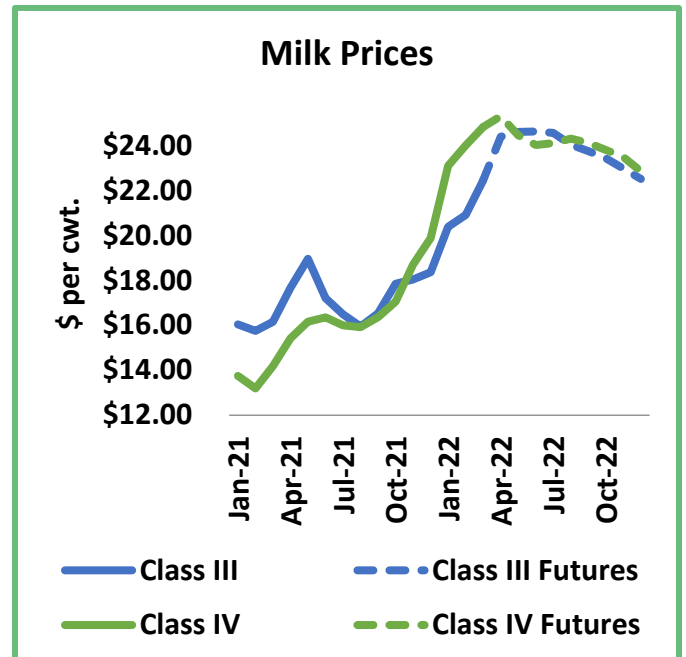
By Sarina Sharp, Daily Dairy Report

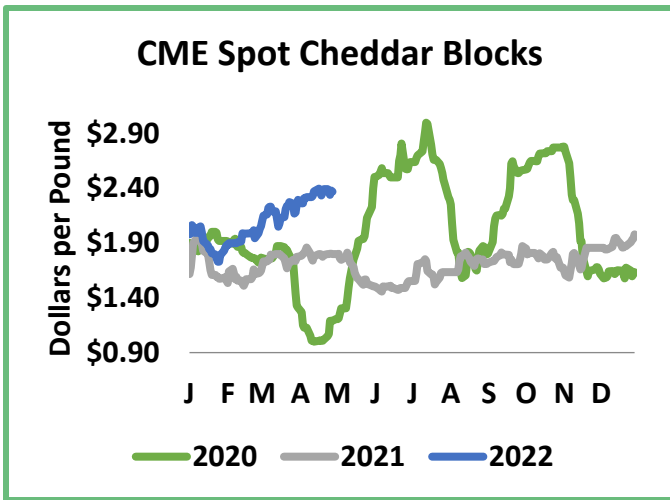
Sarina@DailyDairyReport.com

Milk & Dairy Markets

The dairy markets seem a bit befuddled. They moved this way and that without much conviction this week. Prices are historically lofty, but not high enough to bring on a lot of new milk in a world of \$8 corn and \$2,000 springers. Milk production continues to shrink overseas. With supplies in check, the trade is wrestling with the other side of the equation: At what point do high prices hinder demand? Some international buyers do seem to be backing away from the market and hoping for lower prices. However, there are no obvious, affordable substitutes. Dairy merchants believe that buyers will be back eventually.

This week Class III and Class IV futures moved mostly lower, although a couple months finished in



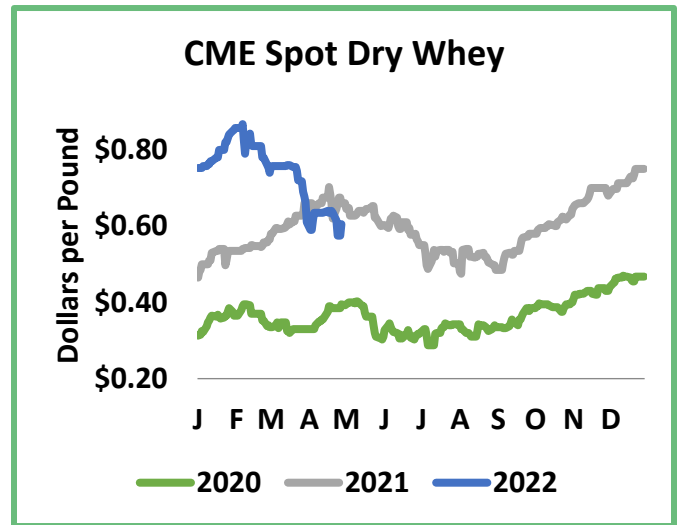


the green. April through December Class III contracts averaged \$23.86 per cwt. Class IV averaged \$24.12.

After setting new 2022 highs earlier this month, the cheese markets retreated. CME spot Cheddar blocks closed at \$2.37 per pound, down 2.25¢. Barrels closed at \$2.34, down 3¢ since last Friday. Cheesemakers continue to complain that staffing issues are forcing some plants to run below capacity. Nonetheless, production is strong. Fortunately, so is demand. Cheese is moving at a healthy clip through both retail and foodservice outlets. Export sales remain robust. Although U.S. cheesemakers are

frustrated by the headaches required to get product moving through U.S. ports, issues in Europe are reportedly worse. International buyers have taken notice, and the U.S. dairy industry is winning some customers due to its more reliable delivery pace.

Whey prices dropped hard on Tuesday, but they staged a big comeback today. It wasn't enough. CME spot whey closed 3¢ lower than last Friday at 60.5¢. Dry whey output has ticked up a little, thanks to higher cheese production. Domestic demand for whey is steady, and international demand is reportedly improving. However, Chinese whey demand is likely to remain soft. China's agricultural ministry estimates that the nation's pig herd shrunk 5.9% from February to March. Months of red ink have pushed Chinese hog growers to size down their herds. As they seek to cut costs, Chinese hog producers are likely to purchase less whey for piglet rations, shrinking global demand for whey for animal feed.



The butter market shrugged off last week's somewhat bearish Cold Storage report and inched upward. CME spot butter closed at \$2.675 today, up 0.75¢ for the week. Domestic butter demand is steady. USDA's *Dairy Market News* reports that "higher prices for butter may have caused some retail customers to start utilizing some alternatives to butter." Individual grocery shoppers may indeed be checking prices and putting a little less butter in their shopping baskets. However, a wholesale shift to other cooking fats is unlikely, as vegetable oil prices have soared to all-time highs. Ukrainian sunflower oil exports are obviously in jeopardy, and this week Indonesia announced a ban on palm oil exports in order to rein in domestic food costs. Indonesian palm oil accounts for over 35% of global vegetable oil exports.

The milk powder market meandered back and forth this week. After venturing lower on Tuesday, CME spot nonfat dry milk (NDM) reversed course and followed the same route back uphill. It closed today at \$1.755, exactly where it began the week. Benchmark German skim milk powder (SMP) prices held steady as well, at all-time highs.

Tighter U.S. monetary policy and geopolitical and economic troubles in Europe pushed the euro to a five-year low against the dollar. The currency impact might normally shift SMP buyers toward Europe.

However, even after adjusting to dollars, U.S. milk powder is still the most affordable in the world. Furthermore, Europe has very little SMP to spare. USDA's *Dairy Market News* notes that, after years of waning output, "SMP inventories are generally tight." They may get tighter still in the months to come. Natural gas prices in Europe are prohibitively high, and this week Russia cut off deliveries to Poland and Bulgaria. Poland has diversified its energy sources and built up a sizeable natural gas inventory, so Polish businesses, including milk processors, will likely be able to access the gas that they need. However, they will surely assess their more energy-intensive activities to determine whether they are worth the cost. And driers use a lot of natural gas.

On this side of the Atlantic, driers should be running hard as the spring flush builds. In some regions, they are. In the Southwest, the flush has collided with labor and processing issues, forcing manufacturers to dump milk whenever plants cannot run at capacity. But in the Mideast, NDM/SMP production is notably lower than seasonal norms. That's partially because cheese processors can take on more milk than they did in the past. But it also suggests that regional milk output isn't growing much, if at all, compared to last year. The Mideast is home to some of the least expensive feed in the nation. If \$24 milk can't entice expansion there, it's unlikely to elicit a lot of new milk in places where feed costs significantly more.

Grain Markets

The forecast calls for heavy rains in the Plains and Western Corn Belt this weekend. That's great news for parched soils in the region, but it also means the planters will likely have to head back to the shed for a few days. Although there is a lot of time left to get seed in the ground, concerns about the planting pace lifted the corn market significantly higher this week. July corn closed today at \$8.135 per bushel, up nearly 25¢ this week. December corn climbed to \$7.5125, up by a similar margin. July soybeans closed at \$16.8475, down 3.25¢ for the week. July soybean meal plummeted \$20 to \$432.30 per ton.



Now Online: California Dairy Sustainability Summit Videos Watch 'Addressing Water Scarcity' Panel

By Geoff Vanden Heuvel, Director of Regulatory and Economic Affairs
Geoff@MilkProducers.org

The [California Dairy Sustainability Summit](#) was held online earlier this month. It brought together a [diverse group of professionals](#) from across the dairy community, academia, supply chain and government to discuss opportunities, challenges and progress related to economic and environmental sustainability. If you weren't able to tune in live, you can now watch all the Summit sessions online [here](#).

During the Summit, I hosted a panel discussion about water scarcity challenges, which featured **David De Groot of 4Creeks, Inc.** and **Dr. Michael McCullough of Cal Poly, San Luis Obispo**. The discussion ranged from labor and economic impacts to SGMA implementation and water consumption by dairies. You can watch the 'Addressing Water Scarcity' panel [here](#).





Agricultural Labor, Immigration Talks Continue in D.C.

By Kevin Abernathy, General Manager

Kevin@MilkProducers.org

[The Farm Workforce Modernization Act of 2021 \(H.R. 1603\)](#) was sent to the U.S. Senate on March 22, 2021. It's still there – waiting its fate in committee. MPC has been a supporter of this legislation (and earlier versions of it), working with the California Congressional delegation to ensure that the labor needs of family dairy farmers are addressed. Activity this week in Washington, D.C. provides a little hope that progress may be inching forward.

According to [this article in Roll Call](#), bipartisan immigration discussions have resumed among Senators. Our friends at [AmericanHort](#), an advocacy group representing the horticulture industry and a fellow labor coalition member with MPC, shared a letter that businesses can consider signing, which will be sent to Congressional leadership from the Alliance for a New Immigration Consensus. The deadline to sign is May 9 and instructions on how to join the letter are available [here](#).



CDQAP Update: Dairy Theft and Robbery on the Rise; Time to Bring Forage In

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

Dairy Theft, Robbery on the Rise – 3 Things You Can Do Today to Protect Your Employees

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

A particularly concerning crime trend for producers is the apparent increasing frequency of armed robbery of dairy employees, typically at night. There were the deeply disturbing April 2020 robberies of two Gustine area dairies that left one employee dead and another in intensive care. In October of 2021, there were a rash of thefts from Hilmar area dairies that included vehicle break-ins and theft, and at least one incident of robbery where a dairy employee was lured out to the road to assist with a stalled car and subsequently robbed. In March of this year there was a spree of armed robberies on five Pixley area dairies, where thirteen victims were robbed of personal items like wallets, phones, and jewelry, and a vehicle was carjacked.

Continue reading [here](#).



Time to Bring Forage In

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

Drought. Rain. Sun. Hail. It's finally time to harvest winter forage throughout the Central Valley. With all the activity, it's important to remember to take representative samples and keep records.

Compliance with your water regulations requires that you sample forage from each field where manure was applied. A composite sample represents the field when it is taken from multiple truckloads.

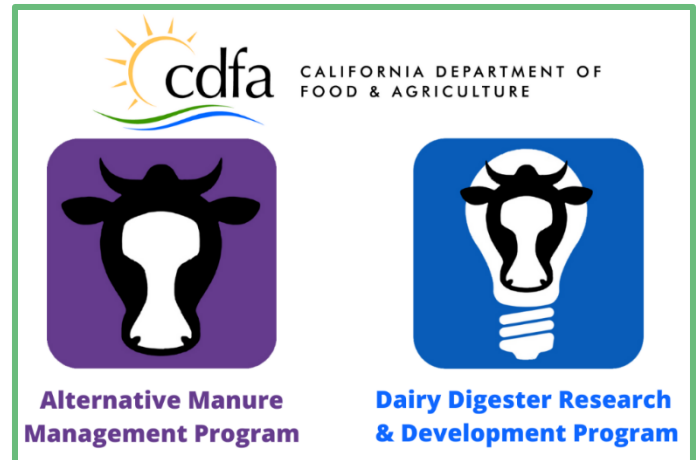
Continue reading [here](#).

CDFA Dairy Methane Reductions Program | Grant Application Reminder

Courtesy of the California Department of Food and Agriculture

The California Department of Food and Agriculture (CDFA) began accepting grant applications for the Alternative Manure Management Program (AMMP) and Dairy Digester Research and Development Program (DDRDP) on March 10, 2022. Applications for these programs are **due Monday, May 9, 2022 by 5:00 PM PT**.

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.



- For more information or to apply for the Alternative Manure Management Program, visit the [AMMP webpage](#).
- For more information or to apply for the Dairy Digester Research and Development Program, visit the [DDRDP webpage](#).

If you have questions and/or need help completing your Alternative Manure Management application, technical assistance is available free of charge provided by CDFA-funded [Technical Assistance Providers](#) and [UC ANR Climate Smart Agriculture Community Education Specialists](#).

Attention Southern California Dairy Families! Funding Available for Replacing Old Heavy-Duty Vehicles

Courtesy of the South Coast Air Quality Management District

South Coast AQMD has more than \$55 million available for eligible owners to upgrade their older vehicles and equipment with cleaner ones. Eligible equipment includes:

- **On-road heavy-duty vehicles:** replacing medium and heavy-duty diesel trucks or buses with engines certified to meet 0.02 g/bhp-hr NOx or cleaner standards.
- **Goods movement equipment:** replacing/repowering locomotives with Tier 4 or cleaner and cargo handling equipment with zero-emission technology.

For more information and to apply online, please visit:

- Carl Moyer Program for Clean Heavy-Duty Vehicles Replacement:
<http://www.aqmd.gov/moyer>
- Proposition 1B Program for Advanced Goods Movement Equipment:
<http://www.aqmd.gov/Prop1B>



Save Our Communities

Friday, May 6, 2022 • 9:00 am
Wyndham Visalia, 9000 W Airport Drive Visalia, CA

CONTACT



California Cotton Ginners & Growers Association (559) 252-0684



RSVP to shana@ccgga.org

Our future without **action!**

85 K

Jobs Lost Statewide
(Production & Service related)

\$2.1 B

Annual Lost Employee Wages
Statewide
(Production & Service related)

\$7.2 B

Annual Lost Farm Revenue
(San Joaquin Valley)

Join us for an important **WATER** meeting with Legislators, County Supervisors, Mayors, City Council Members, Water Districts, GSA's, community business owners, school districts, all segments of agriculture, banks, and many others. The implementation of Sustainable Groundwater Management Act (SGMA), multiple year drought, and most significant restrictions on water in California's history will devastate communities. Years of inaction have led us to this disaster. The time to act is NOW!

The meeting is hosted in coordination with the following individuals and groups:

Mayor Victor Lopez - Orange Cove
Mayor Rolando Castro - Mendota
Mayor Alma M. Beltran - Parlier
Mayor Alvaro Preciado - Avenal
Supervisor Craig Pedersen - Kings County
Supervisor Doug Verboon - Kings County
Central Valley Mayors & Elected Officials Coalition
California Cotton Ginners and Growers Association

Western Agricultural Processors Association
Nisel Farmers League
African American Farmers of California
California Fresh Fruit Association
Tulare County Farm Bureau
Kings County Farm Bureau
Madera County Farm Bureau
Merced County Farm Bureau

Kern County Farm Bureau
Fresno County Farm Bureau
California Apple Commission
California Blueberry Commission
California Olive Committee
California Wild Rice Advisory Board
California Blueberry Association
Olive Growers Council of California

California Olive Oil Council
Tulare Lake Basin Water Storage District
Milk Producers Council
American Pistachio Growers
California Dairies, Inc.
Alliance of CA Farmers and Ranchers
California Agricultural Aircraft Association
Far West Equipment Dealers Association

Partial List