

# MPC WEEKLY FRIDAY REPORT

DATE: AUGUST 16, 2024  
 TO: DIRECTORS & MEMBERS  
 FROM: KEVIN ABERNATHY, GENERAL MANAGER  
 PAGES: 7



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## MPC FRIDAY MARKET UPDATE

<b>CHICAGO CHEDDAR CHEESE</b>		<b>CHICAGO AA BUTTER</b>		<b>NON-FAT DRY MILK</b>	
Blocks	+ \$.1425 \$2.1000	WEEKLY CHANGE	+ \$.0825 \$3.1800	<b>WEEK ENDING 08/10/24</b>	
Barrels	+ \$.2500 \$2.2550	WEEKLY AVERAGE	+ \$.0400 \$3.1410	NAT'L PLANTS <b>\$1.2204</b> 17,556,532	
<b>WEEKLY AVERAGE CHEDDAR CHEESE</b>		<b>DRY WHEY</b>		<b>LAST WEEK ENDING 08/03/24</b>	
Blocks	+ \$.1275 \$2.0495	DAIRY MARKET NEWS	W/E 08/16/24 <b>\$.5400</b>	NAT'L PLANTS \$1.2156 13,660,090	
Barrels	+ \$.2370 \$2.1840	NATIONAL PLANTS	W/E 08/10/24 <b>\$.4755</b>		

## 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
AUG 15 EST	No Change	<b>\$22.14</b>	<b>\$20.58</b>	<b>\$21.66</b>
LAST WEEK	\$22.92 - \$23.42	\$22.10	\$20.41	\$21.57

## JULY 2024 CA FMMO STATISTICAL UNIFORM PRICE ANNOUNCEMENT

JULY '24 FINAL	CLASS I	CLASS II	CLASS III	CLASS IV	STATISTICAL UNIFORM PRICE (BLENDED PRICE)	NET PRICE AFTER QUOTA ASSESSMENT*
MINIMUM CLASS PRICE	\$22.71   TULARE \$23.21   L.A.	\$21.82	\$19.79	\$21.31	\$20.34   TULARE \$20.84   L.A.	\$19.992   TULARE \$20.492   L.A.
PERCENT POOLED MILK	18%	5.5%	74.1%	2.4%	100% (2.03 BILLION LBS. POOLED)	

\*QUOTA RATE OF \$0.348/CWT. AS OF NOVEMBER 202

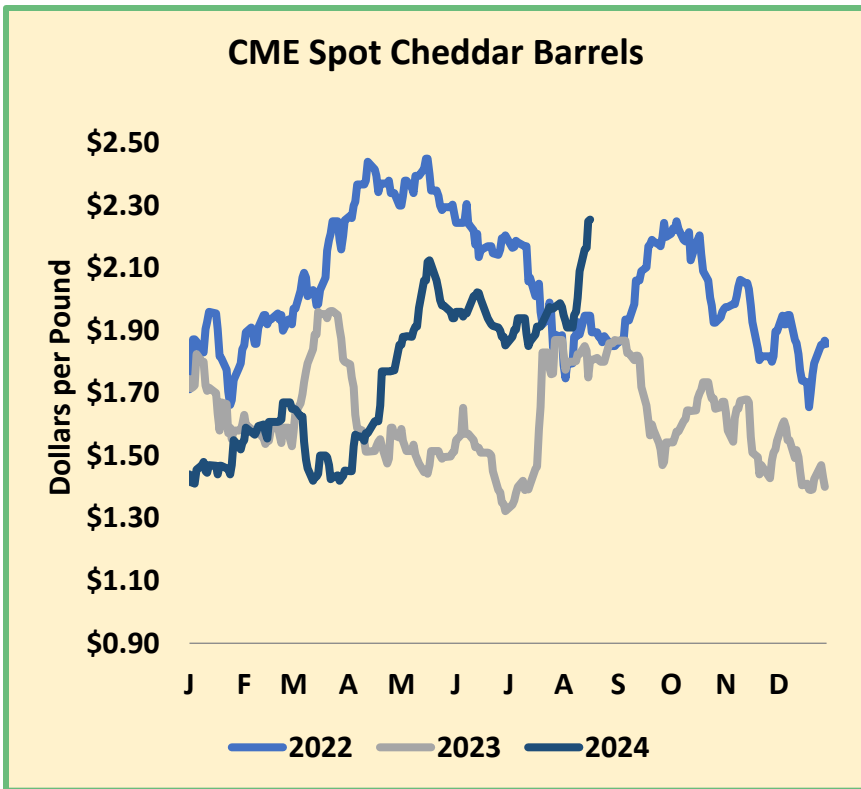


### Milk, Dairy and Grain Market Commentary

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

#### Milk & Dairy Markets

Like Katie Ledecky in a Paris pool, the dairy spot markets hit one milestone after another. But perhaps the pole vault and high jump serve as a better metaphor for this week's truly impressive feats. CME spot Cheddar barrels gave a standout performance, soaring 25¢ to \$2.255 per

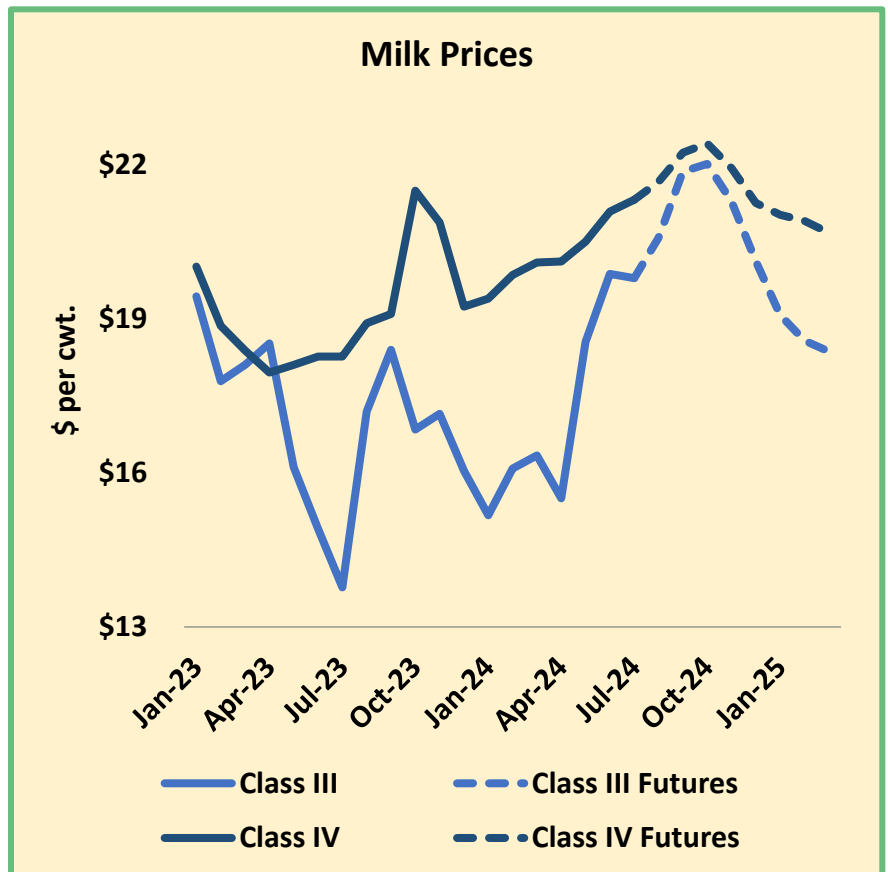


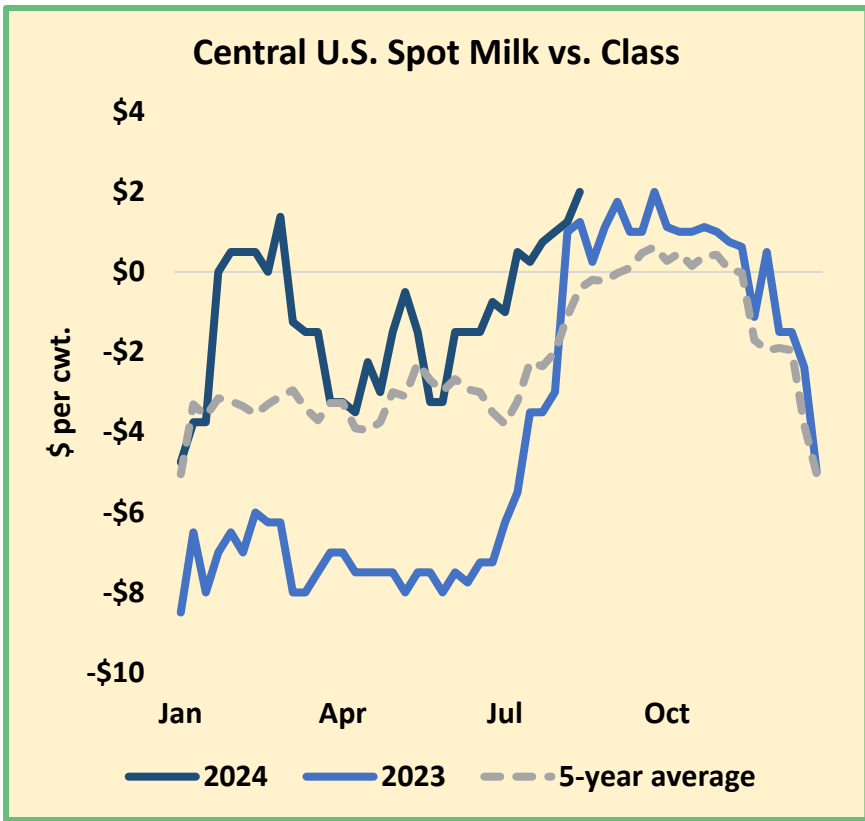
pound, their highest perch in more than two years. Blocks jumped 14.25¢ to \$2.10, tied for their highest mark since January 2023. Butter leapt 8.25¢ to \$3.18, its loftiest value since last October, near the peak of the pre-holiday panic. Traders were once again undeterred by the fact that butter has never been this expensive at this time of year. They exchanged 103 loads this week, including 51 on Thursday alone, the highest single-day volume since daily trading began in 2006. Spot nonfat dry milk (NDM) climbed 5.5¢ to clear the bar at \$1.255 for the first time in 18 months. Only whey powder missed the mark. It slipped 1.25¢ from last Friday. But, while 55¢ whey isn't setting any records, it's notably higher

than the prices that have prevailed for much of the past two years.

The strong cheese market propelled September through January Class I II futures to notch life-of-contract highs on Thursday, although they stumbled a bit at the finish line on Friday. September Class III closed at \$21.81 per cwt., up \$1.13 for the week. The October contract advanced 84¢ to \$22. The other 2024 contracts posted modest gains. Class IV futures kept a steadier pace, with small, consistent advances throughout the week. But slow and steady was enough to finish well. September Class IV rallied 53¢ to \$22.22, and the October contract climbed 67¢ to \$22.41. After a full year of wide disparities, Class III and Class IV are now running neck and neck.

Tight milk supplies have driven prices upward. Some of the scarcity is seasonal. Cows are suffering through the accumulated stress of a hot summer, and bottlers are taking on more milk as students head back to school and enjoy a carton of milk with

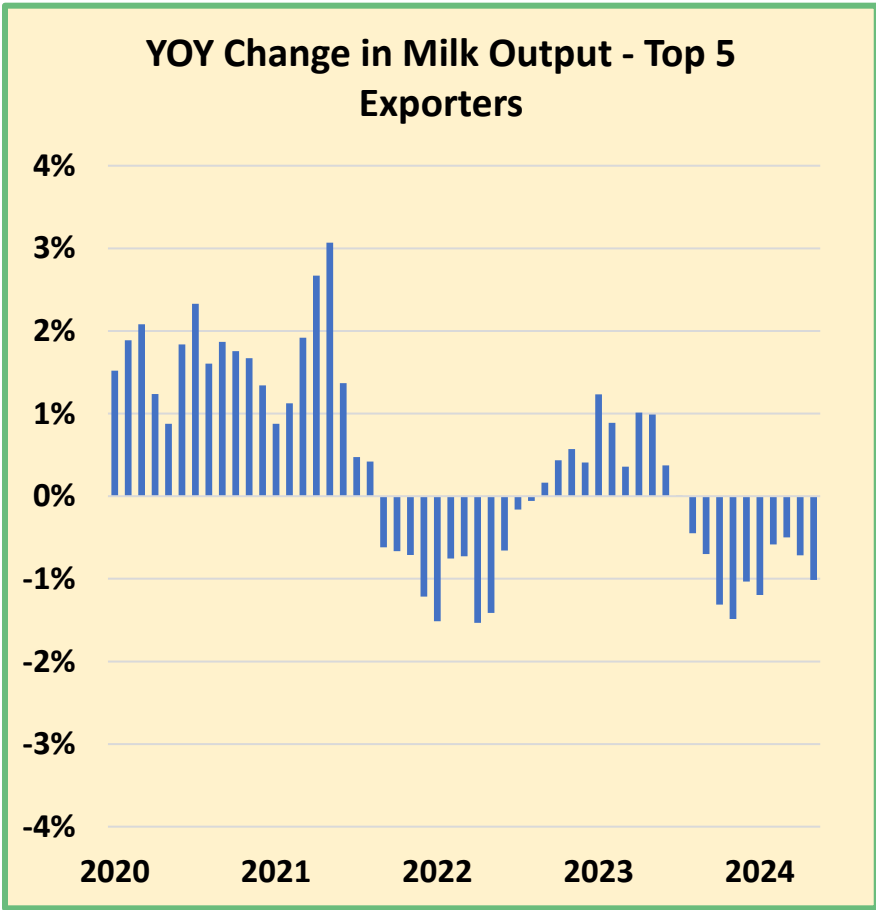




their cafeteria lunch. But for several reasons, milk is uniquely tight this year. Avian influenza continues to circulate in the center of the country, reducing milk output dramatically in a small but not insignificant share of the nation’s dairy herds. And while dairy producers are fighting with all their might to increase milk production, they have struggled to keep their barns and milk tanks full. Heifers are expensive and hard to find. Dairy producers continue to cull as few cows as possible, but that has only been enough to stabilize – not grow – the dairy head count. And milk yields are slipping as the average cow is increasingly older and less productive than the heifer that might have taken her place. The markets are begging for producers to

make more milk, but biology is limiting their ability to respond. That’s why processors are paying as much as \$3.50 above an already-high Class III price for spot milk, the steepest premium ever reported in mid-August. The shortage also explains why cheese prices have climbed so high, so fast. Cheese processors are running a little slower, and Cheddar production is particularly light. The supply of fresh Cheddar available for sale in Chicago has dried up, prompting the sudden surge in the barrel market. Dryers are feeling the shortage even more acutely, and U.S. milk powder output continues to run well below year-ago volumes.

Milk output is not burdensome in the rest of the world either. Production among the world’s five largest dairy exporters has fallen short of prior-year volumes in every month since August 2023. But output appears to be stabilizing in Oceania and Europe,



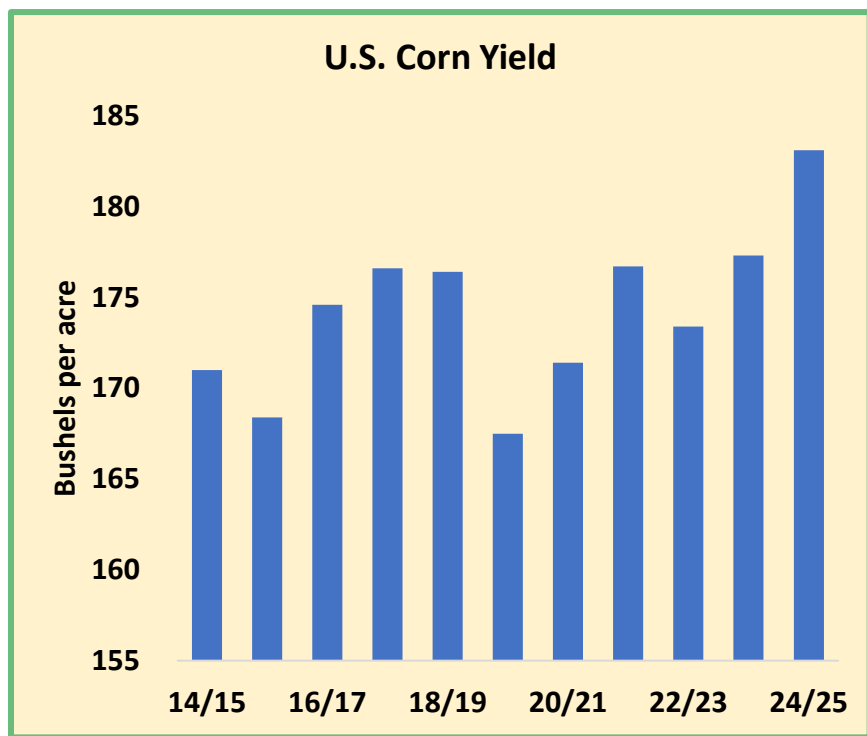
and both regions are fighting for milk powder marketshare as the lack of Chinese imports reshuffles the trade maps.

While the supply story is clearly bullish, the demand outlook is hazy. Butter demand is formidable, which explains why that market has been almost impervious to downside pressure. But cheese, whey, and milk powder must compete for international business, and higher prices will discourage exports. European dairy product prices have perked up recently, but they've jogged well behind the American sprint.

Lost exports will cap dairy prices eventually, but for now, values are high and likely to remain so. Dairy producers will be thrilled with the size of their late summer milk checks, especially as feed costs continue to retreat.

### Grain Markets

The dairy markets and Olympic athletes weren't the only ones to set records. American farmers are also expected to score new personal bests. In the August update to the World Agricultural Supply and Demand Estimates, USDA confirmed that it expects farmers will harvest a bumper crop. The agency pegged both the corn and soybean yields at all-time highs, with an expected corn yield at 183.1 bushels per acre. However, USDA cut its estimate of corn acreage, acknowledging the troubles this spring in the Northern Plains and Minnesota.



This year's crop is expected to be sizable but slightly smaller than the 2023 harvest, when yields were sub-par but acreage was unusually high. USDA also raised its demand estimates, as \$4 corn is likely to attract importers, encourage livestock growers to put on a few more pounds, and entice ethanol makers to distill as much as possible. With those tweaks, USDA's ending stocks forecast was a little lighter than the trade had expected, and corn prices staged a small rally. But the reality of a big crop and hefty stocks soon dragged the markets back downward. December corn futures closed at a multi-year low of \$3.9225 per bushel, down a few cents from last Friday.

For beans, projections for a 53.2-bushel yield were enough to push production to a new high by a wide margin. And export prospects look dim, with stiff competition from South America and diplomatic tensions with China. Soybean and soybean meal values moved straight south after the report. November soybeans closed at \$9.5525, nearly 50¢ lower than last Friday. December soybean meal fell \$8.50 to \$301.90 per ton.

## New Date for Quota Implementation Plan Public Hearing: Monday, September 9

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

All California market milk producers and interested parties are invited to participate in a public hearing to discuss proposed changes to the Quota Implementation Plan. **The hearing will be held via Zoom only.**

### Date and Time

September 9, 2024  
Beginning at 10:00 a.m.

### BACKGROUND

On May 1, 2024, the Producer Review Board (PRB) recommended to the California Department of Food and Agriculture (CDFA or Department) to amend the Quota Implementation Plan (Plan). The Department concurred with the PRB's recommendation and added a technical item for consideration. In the last few weeks CDFA hosted a series of informal public forums geared to provide the industry the opportunity to learn about the proposal before the question of whether the changes should be made is issued to a vote. At the public forums the Department received suggestions for additional modifications. In order to be able to evaluate the new submissions from producers the Department postponed the hearing that was scheduled to take place as part of its outreach process. The hearing will now take place on Monday, September 9, 2024.

### How to Connect

Join by Zoom:

<https://us02web.zoom.us/j/84248601086>

Meeting ID: 842 4860 1086

Passcode: 4^5WBjb\*

Join by Telephone: 1-669-444-9171

Meeting ID: 842 4860 1086

Passcode: 04670783

After due consideration of the suggestions received, the Department determined that the additional modifications proposed by industry members deviate from the language the PRB reviewed and recommended. A summary of the proposed amendments to the Plan is provided below. The complete text of the proposal can be found in Exhibit "A" (see [here](#)).

### SUMMARY OF PROPOSED CHANGES

The PRB's proposed changes to the Plan consist of three parts that, per the PRB's request, are to be considered together:

1. Reducing the current quota premium payout from \$1.70/cwt (0.195/lb. of SNF) to \$1.00/cwt (0.115/lb. of SNF).
2. Eliminating the Regional Quota Adjusters (RQAs).
3. Clarifying the language about "hardships" by adding the details that were part of the former Pooling plan.

A technical change proposed by the Department:

4. Rewording the definition of "Producer" to enhance clarity.

Read full public hearing notice [here](#).

# DEMO DAY

MONDAY, SEPTEMBER 9, 2024

10:30 AM – 12:30 PM

Scan or Click QR Code



RSVP Required by Sept 1

## LEARN HOW TO MAKE THE MOST OF EVERY ACRE WITH FYTO'S AQUATIC CROPPING SYSTEM

Join us to learn about Fyto's automated **ReCover™** cropping system, the most productive manure management solution for Central Valley dairies. Unlock nutrient recycling rates (>3x more nitrogen per acre than corn-wheat double cropping) and yields (>5x more protein per acre than alfalfa) that maximize the potential of every acre by farming water lentils, the world's fastest growing crop. During the event, you will have a chance to see an in-field demonstration and hear from a great line-up of speakers on the steps being taken by Fyto and industry partners to support the long-term prosperity of California dairy farming families.

HOSTED BY



### LOCATION

Rancho Teresita Dairy  
21744 Rd 152, Tulare, CA

### SCHEDULE

10:30	Check-In
11:00	Intro & Overview
11:30	Field Demo
12:00	Lunch

Contact John Farmer at (559) 239-6766 or [jfarmer@fyto.us](mailto:jfarmer@fyto.us) with any questions or to RSVP directly

- ✓ Enhance water quality
- ✓ Optimize water use
- ✓ Reduce application area
- ✓ Diversify farm revenue
- ✓ Reduce GHG emissions
- ✓ Increase farm profitability



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(559) 239-6766

Register for Fyto's Demo Day [here](#).

## Trying Yet Again for Fish Friendlier Exports from the Delta

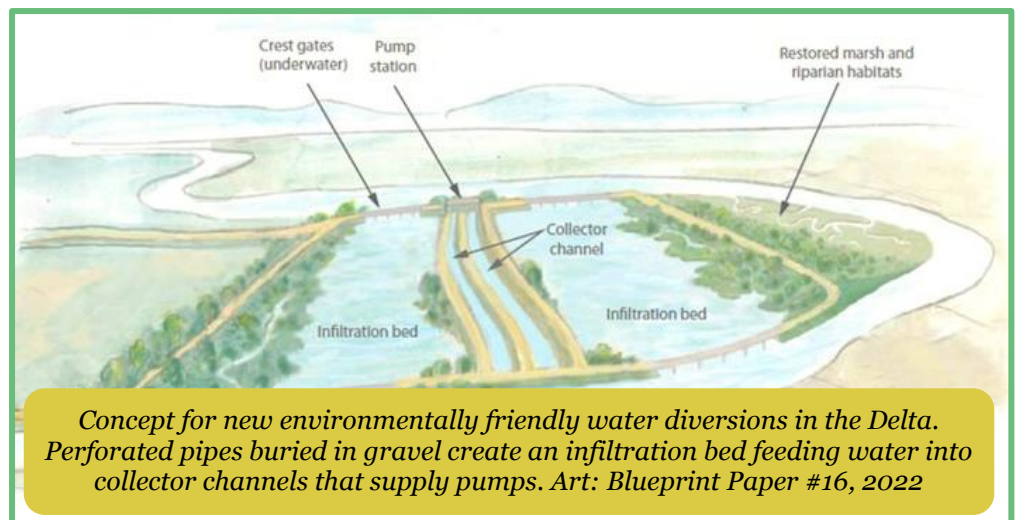
By Alastair Bland  
[MavensNotebook.com](http://MavensNotebook.com)

In California's arid San Joaquin Valley, communities have long grappled with an unrelenting challenge: Their sun-blasted region doesn't have nearly enough water—at least not to support agriculture of the scale and intensity that has been established in its fertile soils. Though water is imported from as far away as the Klamath River basin via massive [conveyance](#) facilities, supplies have been spread thin by nut orchards that now span the valley floor. [Groundwater](#) reserves are declining, and worsening droughts and warming winters aren't helping. Neither are water pumping restrictions meant to protect imperiled fish species in the Sacramento-San Joaquin Delta.

But what if there was a way to not just maintain current Delta water exports but increase them without impacting the San Francisco Estuary's remaining fish? Water supply advocates in the region say they have a plan for one. They call the proposed system "fish-friendly diversions."

Still gestating in early planning stages and with no official endorsement from government, the idea is to place perforated pipes buried in gravel at the bottom of a placid Delta slough. Drawn by gravity alone, water would enter this so-called "infiltration gallery," percolate into the pipe system, and flow southward on a slight downward tilt. Within a few hundred yards, it would connect to a pumping station that would lift the water and send it to existing surface conveyance arteries, like the California Aqueduct and the Delta-Mendota Canal, and to groundwater storage basins.

While pumps would play an essential role in the system—also billed "environmentally-friendly diversions"—the absence of any suction force at the intake means the facility could extract water at a slow enough rate, and across a wide enough area, that fish would hardly notice it. More importantly, they would not be drawn off their migration routes or into remote backwaters thick with predatory fish—a major environmental problem associated with the state and federal water projects.



"We should be able to divert water from rivers without harming their ecosystems," said Scott Hamilton, the technical committee chairman for the [Water Blueprint for the San Joaquin Valley](#), the water solutions collaborative pushing the project. "We haven't done a very good job of that, which is evidenced by our declining fish populations."

Continue reading [here](#).

## CDRF Research Bulletin Review

Courtesy of the [California Dairy Research Foundation](#)

DAIRY RESEARCH BULLETIN: SELECTED ARTICLES FROM JULY 2024

By Kevin Comerford | Aug 1, 2024



Each month CDRF Chief Science Officer, [Dr. Kevin Comerford](#), reviews emerging scientific articles that may have an impact on our industry, specifically from a California perspective. See what's new in dairy research across topics such as environmental health, nutrition and human health effects, dairy economics, animal health and genetics, and food safety and security. Read the full report [here](#).

Topics from the most recent bulletin include:

- [National Greenhouse Gas Emission Reduction Potential from Adopting Anaerobic Digestion on Large-Scale Dairy Farms in the United States;](#)
- [An integral assessment of the impact of diet and manure management on whole-farm greenhouse gas and nitrogen emissions in dairy cattle production systems using process-based models;](#)
- [Mitigation of ammonia and methane emissions with manure amendments during storage of cattle slurry.](#)

