

MPC WEEKLY FRIDAY REPORT

DATE: FEBRUARY 21, 2025
 TO: DIRECTORS & MEMBERS
 FROM: KEVIN ABERNATHY, GENERAL MANAGER
 PAGES: 9



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MPC FRIDAY MARKET UPDATE

CHICAGO CHEDDAR CHEESE		CHICAGO AA BUTTER		NON-FAT DRY MILK	
Blocks	-\$.0200	\$1.9000	WEEKLY CHANGE	+\$.0375	\$2.4150
Barrels	-\$.0175	\$1.8000	WEEKLY AVERAGE	+\$.0234	\$2.4219
WEEKLY AVERAGE CHEDDAR CHEESE		DRY WHEY		WEEK ENDING 02/15/25	
Blocks	-\$.0096	\$1.9044	DAIRY MARKET NEWS	W/E 02/21/25	\$.6300
Barrels	-\$.0196	\$1.8019	NATIONAL PLANTS	W/E 02/15/25	\$.6748
				LAST WEEK ENDING 02/8/25	
				NAT'L PLANTS	\$1.3464 17,062,583
				NAT'L PLANTS	\$1.3691 14,502,317

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
FEB 20 EST	No Change	\$21.00	No Change	\$19.74
LAST WEEK	\$22.87 - \$23.37	\$20.93	\$20.32	\$19.72

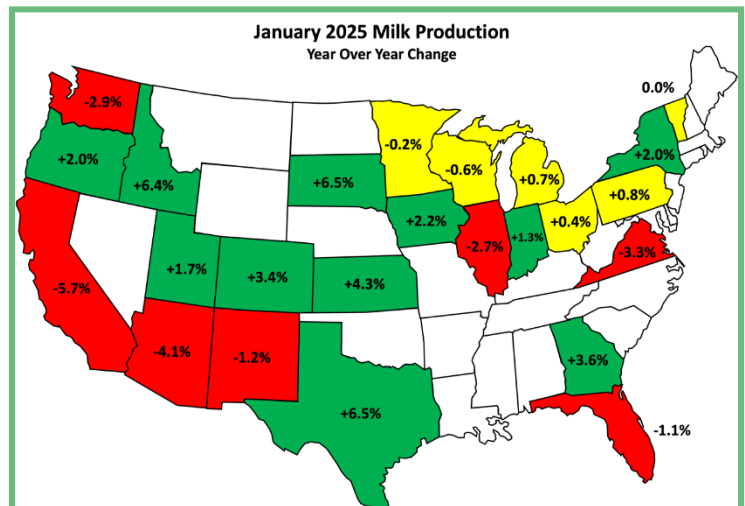


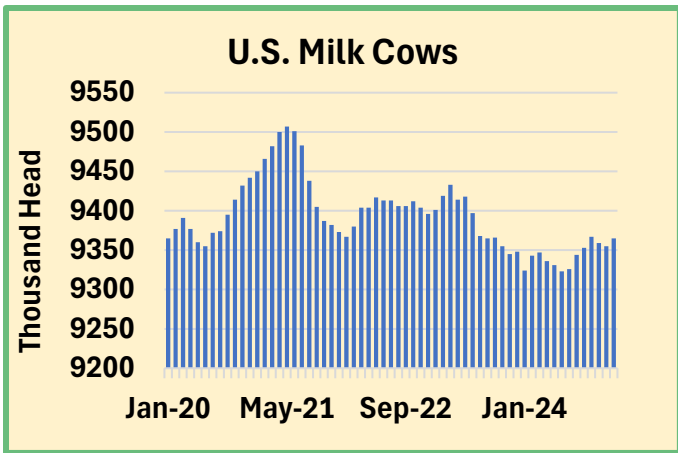
Milk, Dairy and Grain Market Commentary

By Monica Ganley, Quarterra
Monica.Ganley@QuarterraGlobal.com

Milk & Dairy Markets

U.S. milk production may have changed its tune. After slipping in the final months of 2024, output appears to have grown in January, rising to 19.1 billion pounds. The 0.1% increase reported in USDA's *Milk Production* report was modest, but nevertheless suggests that producers may now be responding to strong margins and overcoming animal health challenges in order to expand. Results were mixed across the top dairy states. California herds battled the lingering effects of avian influenza in January with yields tumbling and causing production in the state to fall 5.7% below last year's volumes. Production was significantly more upbeat in Texas and Idaho, which saw output rise by 6.5% and 6.4%, respectively.

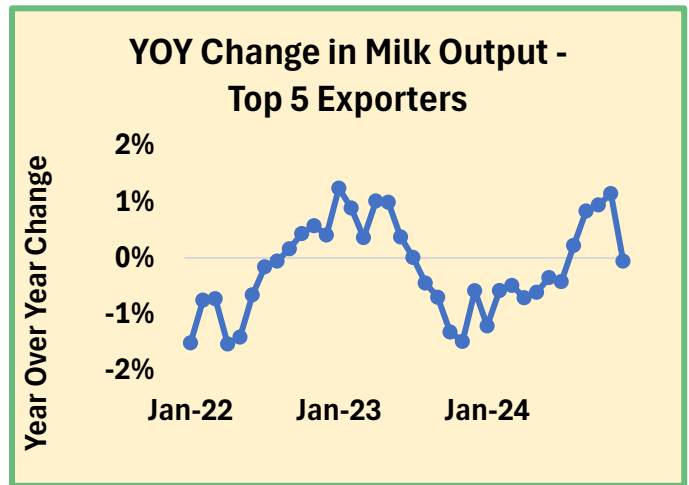




Despite the well-publicized challenges of heifer availability, rising cow numbers played a key role in shifting the trajectory of U.S. milk production. The national herd came in at 9.365 million head in January, representing a 10,000 head increase compared to December and an astonishing 41,000 head increase versus January 2023. Texas alone added 40,000 cows against the year prior, driving the strong production gains seen in the state.

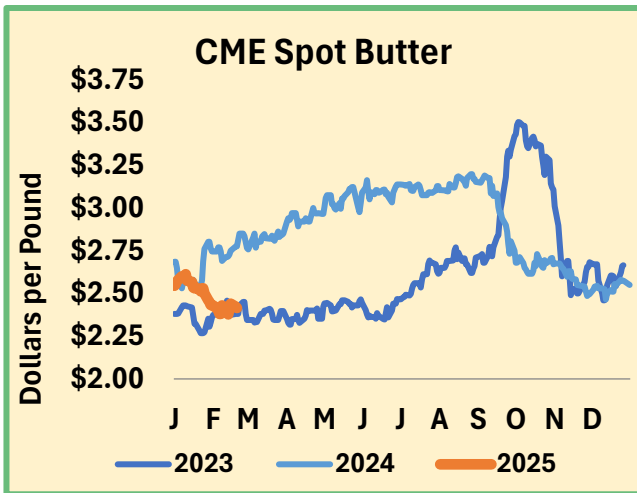
Fluctuations in U.S. milk production during 2024 had an important impact on global supplies. After a volatile year, the gains and losses of global milk production ultimately canceled each other out. Cumulative output across the world's top five dairy exporters was virtually unchanged in 2024, falling just 0.1% compared to prior year. The gains seen late in 2024 evaporated in December, especially due to declines in Europe and the U.S.

But with 2024 squarely in the rearview mirror, attentions have now turned to 2025. Those regions that have already reported January production have put up impressive figures. Argentina boasted a year over year production gain of 5.6% in January while New Zealand beat analysts' expectations and posted a 2.6% increase for the month. Kiwi production growth was even more impressive in milk solids terms which were up 5% versus prior year. However, questions persist regarding Australian and European performance, both of which struggled in late 2024.



With more milk on the horizon, and global demand relatively stable, prices may struggle to gain traction. After rising during the last two events, the Global Dairy Trade (GDT) Price Index slipped by 0.6% this week. Prices fell across every commodity except butter, which rose by 2.2% and continues to reflect the fat shortage outside of the U.S.

Within the U.S., however, fat remains plentiful and cream multiples persist at historically low levels. Producers continue to increase the component levels of their milk and typical seasonal trends are also contributing to the availability of fat across the country. Activation of new American-style cheese capacity could help to soak up some of this excess butterfat in the coming weeks and months, but market participants expect fat to remain long over the near term. Butter manufacturers have been capitalizing on the availability of cheap spot cream to keep their churns busy and prepare for the spring demand season. But their enthusiasm may be waning as some report that inventories are becoming burdensome.



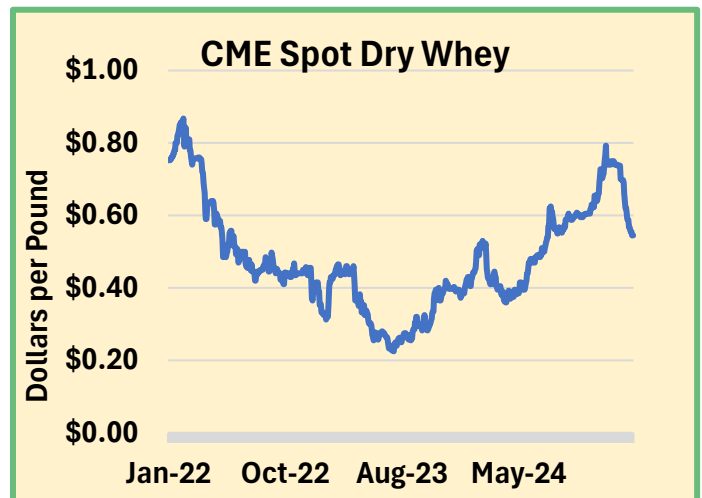
Despite overarching bearish tones, the spot butter market clawed its way upward at the CME this week. Tuesday and Wednesday brought gains of 3.25¢ and 3¢, respectively as 27 loads of butter were exchanged over the two days. The momentum ran out in the back half of the week, however with losses seen on Thursday and Friday. At the end of Friday’s session, the market settled at \$2.415/lb., up 3.75¢ from last week with a total of 38 loads moving during the holiday-shortened week.

Butter was the only product to post a gain at the spot market this week as every other commodity lost ground.

The most dramatic decrease was seen in the nonfat dry milk (NDM) market, which descended the final three days of the week to \$1.24/lb., a decrease of 4¢ compared to last Friday. NDM buyers are lackadaisical as demand from both domestic and international sources remains muted. A 2.5% decline in the skim milk powder price at Tuesday’s GDT event did little to curry additional enthusiasm. However, with this week’s decline, U.S. NDM now holds a price advantage over both European and Kiwi product, after adjusting for protein content, which could help to generate some additional interest from export buyers.

The cheese markets remained unsettled this week as buyers and sellers seek direction. Demand is reasonable, with retail sales outpacing those of foodservice. Spot milk is generally available for cheese manufacturers to pick up at a discount to class prices, but winter weather has caused operating challenges in some parts of the country. Mirroring the mixed market tones, Cheddar blocks lost 2.25¢ on Wednesday, before making a modest gain on Thursday, and finally ending the week at \$1.90/lb., down 2¢ from prior week. Barrels gave up 1.75¢ over the week to close Friday’s session at \$1.80/lb.

After sliding dramatically downward since the beginning of the year, the dry whey market took a breather this week. The market lost a penny on Wednesday but made no other movements, closing the week at 54.5¢ per pound with no product changing hands. While higher protein products continue to garner the most attention in the whey world, dry whey production has begun to outpace demand, pushing prices downward.



Grain Markets

The grain markets continued to chew on information related to weather in South America, geopolitical developments, and the fallout from a potential trade war. Corn markets didn’t interpret the news dramatically as the MAY25 corn contract settled on Thursday at \$5.1275/bu., up 4¢ from the prior Friday. Soybeans found a bit more inspiration as the MAY25 futures contract settled at \$10.63/bu. on Thursday, up by a little more than a dime compared to the week prior. Feed prices are edging upward but remain modest by historical standards.

Referendum to Change Quota Implementation Plan Fails

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

Read the full results of the quota referendum [here](#).

February 21, 2025

Results of Amendment Referendum to the Quota Implementation Plan

TO THE CALIFORNIA MARKET MILK PRODUCER ADDRESSED:

The California Department of Food and Agriculture (Department) recently conducted a referendum vote among California Market Milk Producers within the State of California to determine whether the Quota Implementation Plan (QIP) effective November 1, 2018, should be amended to:

1. Change the quota differential from \$1.70/cwt (\$0.195/lb. of SNF) to \$1.00/cwt (\$0.115/lb. of SNF);
2. eliminate Regional Quota Adjusters (RQAs);
3. change language about hardships to match what was used in the Pooling Plan;
4. enhance clarity by rewording the definition of "producer":

The referendum was called as a result of a recommendation made by the Producer Review Board (PRB) to the Secretary to issue an industry referendum to consider the above modifications to the QIP.

In order for the amendments to be approved California Food and Agricultural Section 62717 specifies that:

Not less than fifty-one percent (51%) of the total number of eligible producers in the state shall have voted in the referendum **AND** one of the following criteria must be satisfied:

- a) Sixty-five percent (**65%**) or more of the **total number of eligible producers** who voted in the referendum who produced fifty-one percent (**51%**) or more of the **total amount of fluid milk produced** in the state during the calendar month next preceding the month commencement of the referendum period (August 2024) by all producers who voted in the referendum approve the plan, **OR**,
- b) Fifty-one percent (**51%**) or more of the **total number of eligible producers** who voted in the referendum who produced sixty-five percent (**65%**) or more of the **total amount of fluid milk produced** in the state during the calendar month next preceding the month commencement of the referendum period (August 2024) by all producers who voted in the referendum, approve the plan.

Summary of the Results of the Referendum Vote:

Proportion of Eligible Producers that participated:	61.81%
Proportion of those Eligible Producers Voting in Favor:	50.31%
Proportion of those Eligible Producers Voting in Opposition:	49.69%
Proportion of the Voted Volume Represented by Eligible Producers in Favor:	55.94%
Proportion of the Voted Volume Represented by Eligible Producers in Opposition:	44.06%

CDFA Quota Administration Program * 1220 N Street * Sacramento, California 95814
Telephone: 916.900.5012 * Fax: 916.900.5341 * www.cdfa.ca.gov/dairy

State of California
Gavin Newsom, Governor



Kern Subbasin Given Another Four Months to Fix Issues with Groundwater Plans

By [Lois Henry, SJVWater](#)

The state Water Resources Control Board voted Thursday to give Kern County water managers more time to continue refining plans for how they will bring the critically overdrafted subbasin into balance by 2040.

They now have until June 20 to make revisions to plans that were most recently [submitted to the state](#) in December 2024. Those were the fourth version of groundwater plans Kern has sent to the state since 2020.

The region's probation hearing was continued to Sept. 17, if needed, after Water Board staff reviews the newly refined plans submitted in June.



Members of the Semitropic Water Storage District panel, including chair Dan Waterhouse, consultants Richard Howitt and Susan Paulsen, and General Manager Jason Gianquinto, testify before the Water Resources Control Board during the Kern subbasin's probation hearing Feb. 20, 2025. Lois Henry / SJV Water

Board members added a requirement to the reprieve, however. Groundwater agencies must demonstrate that they are reaching out to, and working with, community members and small farmers.

That language was added after several rural community members objected to giving water managers more time, saying water quality must be fixed now.

“We’re tired of seeing our loved ones suffering from illnesses,” said a resident of rural Kern County through Jesus Alonso with Clean Water Action who interpreted for him via a remote connection.

After acknowledging the likely outcome of the hearing, that the subbasin would be given more time, Clean Water Action director Jennifer Clary asked board members to require groundwater agencies to reach out to residents, small water systems and others.

“Delay helps ag, well, great,” Clary said. “But it hurts communities. And the attitude seems to be that’s OK because they’ve been getting screwed all along.”

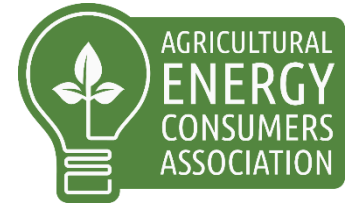
Derek Yurosek, chair of the Kern Subbasin Coordination Committee, said he was disappointed to hear that residents were left out and committed to working with other groups to increase outreach.

Continue reading [here](#).

Reminder: 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](#)

California Dairy Sustainability Summit March 25 in Visalia

Courtesy of [Dairy Cares](#)

California Dairy Sustainability Summit

Farm Focus - March 25, 2025
Visalia Convention Center

Register Today at CADairySummit.com

Dynamic sessions and breakouts, valuable networking, breakfast, lunch, and reception in expo hall!

- Increase Water-Use Efficiency
- Protect Animal Health, Improve Herd Performance
- Improve Manure Management
- Tap Into Economic Opportunities
- Prepare for Increasing Water Quality
- Continue Producing Wholesome Milk & Dairy Foods

**Sustainable Ag Land Conservation Workshops in
Porterville, Tipton, Tulare**

Courtesy of the Tri-County Water Authority

Sustainable Ag Land Conservation



WORKSHOP

SCHEDULE



25 FEBRUARY 2025

Start time: 2:00PM

Porterville Parks & Recreation Building,
15 E. Thurman Avenue, Centennial Conference Rm

PROTECT

Valuable

FARMLAND

Preserve
your family
farm

26 FEBRUARY 2025

Start Time: 2:00PM

Lower Tule Irrigation District
357 E. Olive Avenue, Board Rm, Tipton



11 MARCH 2025

Start Time: 2:00 PM

Internation Agri-Center
4500 S. Laspina, Heritage Rm, Tulare



Seats are limited, register today at:

<https://www.eventbrite.com/cc/salc-workshops-3992483>

Register [here](#).

**Dairy Risk Management Meetings with Marin Bozic
in Visalia, Bakersfield February 26-27**

Courtesy of [AgWest Farm Credit](#)



200 E. Cartmill Avenue, Tulare, CA 93274

Save the Date
Dairy Risk Management Meeting
with Marin Bozic

Feb. 26, 2025 - 4 p.m.

The Vintage Press

216 N Willis St, Visalia, CA

Feb. 27, 2025 - 10 a.m.

Luigi's Restaurant -

725 E 19th St, Bakersfield, CA

Invitation to follow

Ready to register now?

Scan the QR code to reserve your spot.

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Changes Afoot for FDA Food Oversight Team

*Courtesy of Gregg Doud, President & CEO
National Milk Producers Federation*

As the second month of the Trump Administration begins, we learned this week of two related changes to the agency's food safety oversight leadership team. Earlier this week, Jim Jones, who was deputy commissioner for human foods since September 2023, resigned from his role. Jones had served as the lead regulator on a variety of food issues; we had a meeting with him last year on the regulation (or lack thereof) of plant-based dairy imitators. Notable food safety-related actions that were taken at FDA under his leadership include banning red dye #3 and brominated vegetable oil.

Yesterday, we learned that attorney Kyle Diamantas is expected to be announced as the new deputy commissioner for human foods. Diamantas is an attorney in Florida and is currently listed as a special assistant in the FDA commissioner's office. Diamantas had recently been a partner at the law firm Jones Day, working on behalf of food and beverage industry clients. Meanwhile, Johns Hopkins University professor Marty Makary has been tapped to be the next FDA commissioner, although the Senate has yet to approve his nomination.

For more thoughts on changes in food policy, spurred by the arrival of Robert F. Kennedy Jr. in Washington and what he could mean for food and dairy policy, give a listen to our recent [Dairy Defined podcast](#). It features author Nina Teicholz, Ph.D., author of the *Big Fat Lie*, and a speaker at the 2016 NMPF annual meeting.

