

# MPC WEEKLY FRIDAY REPORT

DATE: MAY 17, 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	- \$.0375	\$1.9425	WEEKLY CHANGE	+.0800	\$3.0700
Barrels	+.2125	\$2.1250	WEEKLY AVERAGE	+.0190	\$3.0405
<b>WEEKLY AVERAGE CHEDDAR CHEESE</b>		<b>DRY WHEY</b>		<b>WEEK ENDING 05/11/24</b>	
Blocks	+.0180	\$1.9360	DAIRY MARKET NEWS	W/E 05/17/24	\$.4500
Barrels	+.1700	\$2.0675	NATIONAL PLANTS	W/E 05/11/24	\$.4152
				<b>LAST WEEK ENDING 05/04/24</b>	
				NAT'L PLANTS \$1.1341 20,272,377	

## 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
MAY 17 EST	No Change	\$21.37	\$18.73	\$20.37
LAST WEEK	\$20.06 - \$20.56	\$21.34	\$18.64	\$20.35

## APRIL 2024 CA FMMO STATISTICAL UNIFORM PRICE ANNOUNCEMENT

APR '24 FINAL	CLASS I	CLASS II	CLASS III	CLASS IV	STATISTICAL UNIFORM PRICE (BLENDED PRICE)	NET PRICE AFTER QUOTA ASSESSMENT*
MINIMUM CLASS PRICE	\$20.78   TULARE \$21.28   L.A.	\$21.28	\$15.50	\$20.11	\$16.84   TULARE \$17.34   L.A.	\$16.492   TULARE \$16.992   L.A.
PERCENT POOLED MILK	19.5%	5.4%	72.4%	2.7%	100% (2.03 BILLION LBS. POOLED)	

\*QUOTA RATE OF \$0.348/CWT. AS OF NOVEMBER 2023 MIL

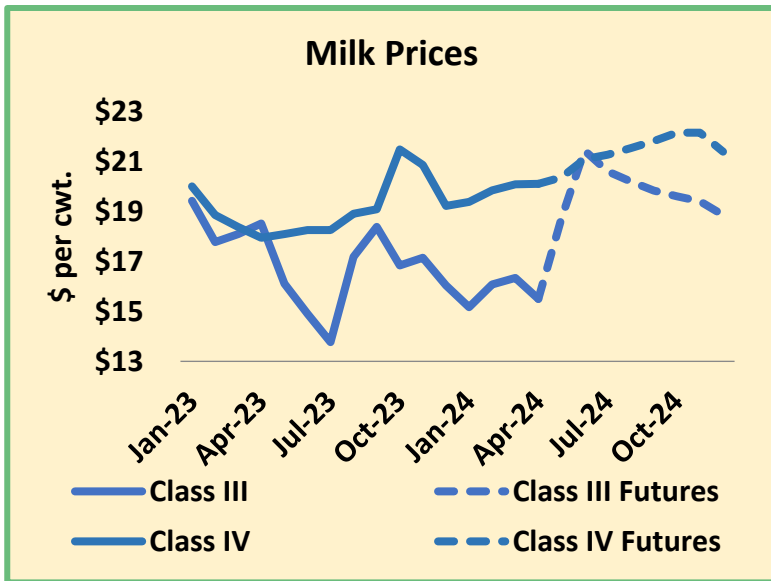


### Milk, Dairy and Grain Market Commentary

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

#### Milk & Dairy Markets

The bulls ran wild in Chicago this week. For both Class III and Class IV milk, June through December futures notched life-of-contract highs. Dairy producers are cashing a pitiful April milk check but looking forward to much more prosperous times ahead. The May Class III contract

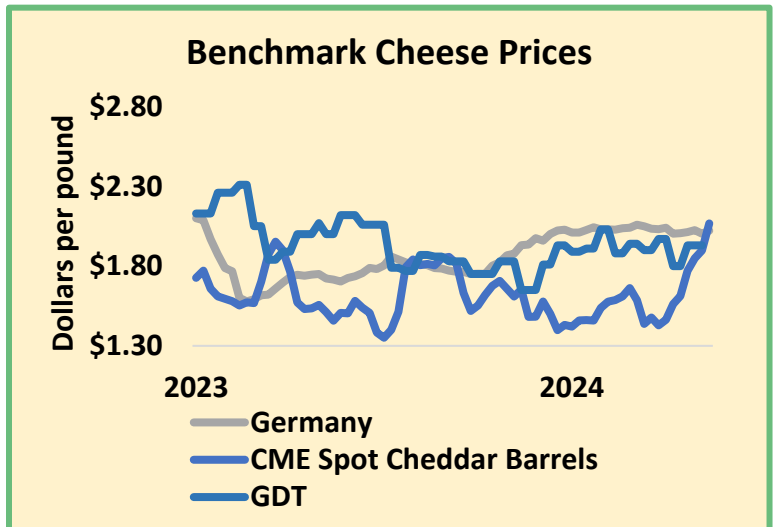


closed at \$18.73 per cwt. and June climbed 93¢ this week to an astounding \$21.47. Most Class IV contracts finished about 50¢ higher than where they began the week.

The barrel market led the charge. CME spot Cheddar barrels soared 21.25¢ this week to \$2.125 per pound, their highest price since October 2022. Blocks faded after nearing the \$2 mark and closed at \$1.9425, down 3.75¢. Slow Cheddar output and booming exports tightened cheese supplies in the first quarter. Localized milk shortages and maintenance downtime continue to restrict output of fresh

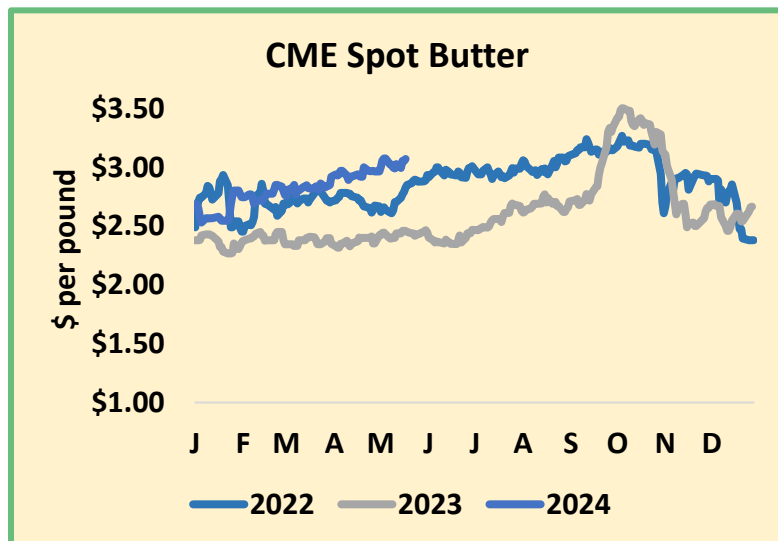
barrels ready for delivery to the Chicago spot market. Although these high prices should encourage an uptick in cheese production, shortages of fresh cheese are quite possible in the hot summer months.

USDA's *Dairy Market News* reports that retail demand for cheese is "elevated" and that "Cheddar and Italian-style cheesemakers say they are turning down new orders." But U.S. cheese prices are increasingly out of step with the global market. The export boom that fueled this rally could turn into a bust if foreign buyers back away from pricey U.S. cheese.



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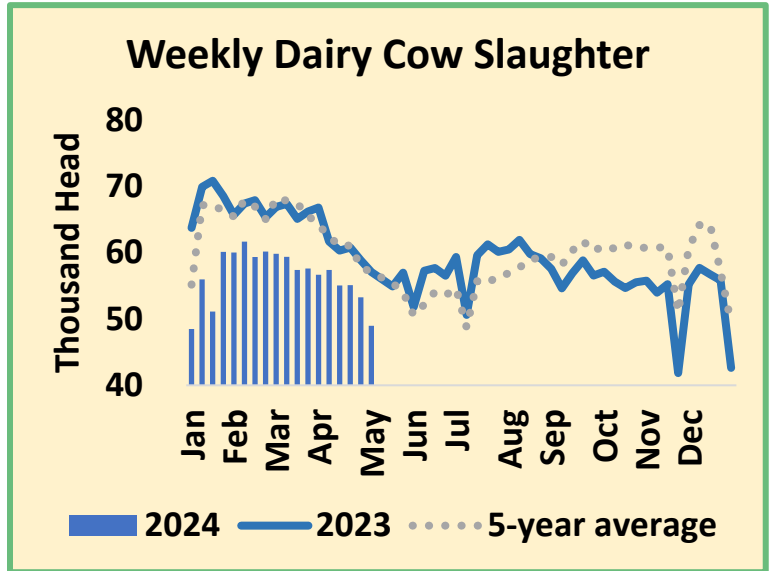
The butter market remains impervious to outside pressures. Production and inventories are higher than they were in the previous two years, and the U.S. continues to import butterfat. But buyers remain anxious, and they continue to bid enthusiastically. This week they exchanged 20 loads at the CME spot market and pushed prices back up to \$3.07 per pound, 8¢ higher than last Friday. September butter futures traded as high as \$3.21. Consumers are undeterred. USDA notes that retail butter demand ranges "from steady to strong," and foodservice demand is holding firm.



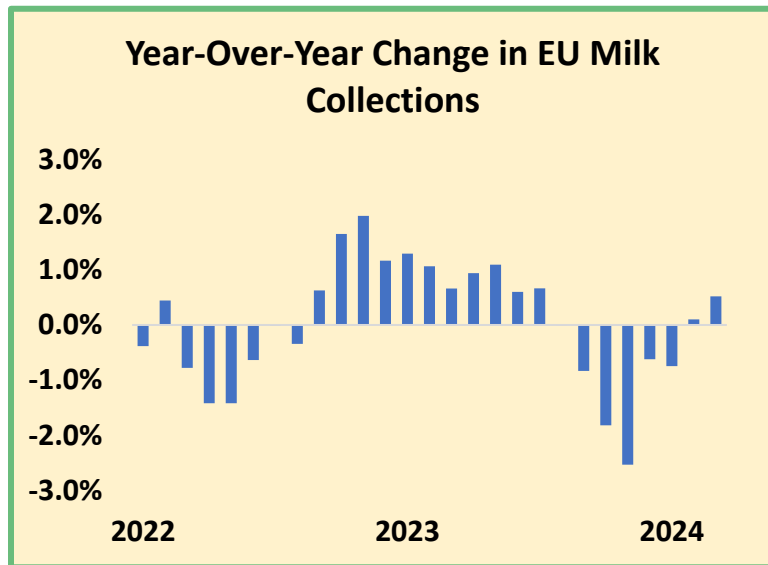
The powders also climbed. CME spot dry whey rallied 3¢ to 41.5¢, a two-month high. High-protein whey stocks are tight, but commodity whey inventories are not, and exports continue to disappoint, so additional

gains will likely depend on slower output. CME spot nonfat dry milk (NDM) also notched a two-month high, climbing 1.25¢ to \$1.165. Mexican buyers are increasingly interested in U.S. NDM, according to *Dairy Market News*, which has given the market a boost. U.S. milk powder output is already well below year-ago levels, and the deficit is expected to widen as milk tightens seasonally. Higher cheese prices and scarce spot milk could also push some cheesemakers to fortify their vats with condensed skim or NDM, cutting deeper into milk powder inventories.

The markets are clearly communicating that milk is tight, and dairy producers are listening. But with heifers in short supply, it's difficult – and expensive – to fill every stall and top off the bulk tank. To take advantage of these much higher milk prices, it appears that dairy producers are slowing cull rates from already low levels. In the week ending May 4, producers sent just 48,975 cows to beef packers, the first time since June 2016 that slaughter volumes fell below 50,000 head in a non-holiday week. If the herd expands, it will certainly help to boost milk supplies, but the impact will be



muted by the fact that, in order to boost head counts, producers are keeping some lower-production milk cows in the herd for longer than they have in the past. In other words, milk yields likely won't climb as quickly as they once did.



Some of our competitors are already boosting milk output. Assuming steady production trends in Spain, which has yet to report, milk output in the EU-27 and United Kingdom topped 31 billion pounds in March, up 0.5% from the year before. Australian milk collections were up 4.4% from the prior year

in March. However, in New Zealand, fluid milk collections fell 3.5% year-over-year in March, and milk solids output slipped 1.2% below prior-year levels.

### Grain Markets

The grain markets took a step back this week. Once again, wheat futures led the way, and corn followed. The trade remains concerned about weather issues around the globe – and especially dry weather in Russia and flooding in southern Brazil – that will trim harvests. Certainly, global grain and oilseed production appears smaller than it did a few months ago, but it is still expected to be historically large, and old-crop stocks are ample. With that in mind, July corn fell 17¢ to \$4.5275 per bushel. July soybean meal closed at \$368.80 per ton, down \$3.70.

## Fourth California Dairy Sustainability Summit Marks Success

Courtesy of [Dairy Cares](#)

The fourth California Dairy Sustainability Summit marked milestones in world-leading progress and highlighted important partnerships. Held at UC Davis on March 26, 200-plus stakeholders participated in person, with another 150 people watching live. Participants included many from throughout the dairy supply chain (farmers, processors, restaurants, and school nutrition leaders), in addition to academic researchers, NGOs, state and local regulators, policymakers, and technology and service providers.

California's dairy sector is on a path to achieving climate neutrality by as early as 2027, aiming to reach the state's ambitious goal to reduce methane emissions by 40 percent by 2030. Progress has been made through decades of advancing production efficiency and animal health and nutrition, in addition to unprecedented, ongoing investments in improved manure management. The state's dairy methane reduction programs have achieved a total of 2.7 million metric tons of annual emission reductions (CO<sub>2</sub>e).



The fourth California Dairy Sustainability Summit was held on March 26.

Over the past few years, California's dairy methane reduction programs have been among the state's most cost-effective efforts reducing climate emissions, and this progress is now expanding. With support from USDA Climate Smart Commodities grant funding and through industry efforts led by the California Dairy Research Foundation, the CDFA is now administering an additional Dairy PLUS program to support advanced manure management projects that better protect groundwater while also reducing methane emissions. Additionally, CDFA is beginning to create a new program to support the adoption of feed additives and other strategies to reduce enteric methane emissions from cows. The Summit highlighted these milestones, as well as other critical on-farm advancements being made to improve air quality, water quality, and water conservation.



Dr. Betty Crocker (fourth from the left) poses with colleagues from the Lodi Unified School District.

Keeping the big picture in mind, several speakers recognized that California's dairy sustainability efforts are ultimately working to ensure access to affordable and enjoyable milk and dairy foods that are critical to nutrition. Dr. Betty Crocker, Director of Child Nutrition Services at Lodi Unified School District, highlighted the value of dairy being included in each school meal, helping ensure children receive adequate nutrition.

Continue reading [here](#).

Learn if one of these Dairy PLUS-funded practices is right for your farm.



# CDQAP to Host Dairy PLUS Practice Field Days

## SEE TECHNOLOGIES IN OPERATION

### Join Us for the Field Days: 10 AM - 12 PM, Lunch to Follow

- May 16 – Subsurface Drip Irrigation, Merced County - **REGISTER**
- May 23 – Vermifiltration, Fresno County - **REGISTER**
- May 30 – Weeping Wall, Tulare County - **REGISTER**

Access all 3 links here:



Registration is required. The cost is \$20 (reimbursed with attendance).  
Locations of field days will be provided upon registration and verification.  
HPAI Precautions: please wear freshly washed clothes. Plastic booties will be provided.

**The next CDFA Dairy PLUS solicitation for project funding is expected in June. Field days will help you be prepared to apply within the 90-day window.**

- See technology installations in the field.
- Hear about management, operations & economics from dairy producers/operators.
- Ask questions to evaluate if the technology is for your farm.



**DAIRY PLUS PROVIDES MILLIONS OF ADDITIONAL DOLLARS TO FUND CLIMATE-SMART ADVANCED MANURE MANAGEMENT TECHNOLOGIES!**

**FUNDING IS IN ADDITION TO AMMP AND DDRDP FUNDS!**

Field Days Hosted by:



With Support From:



## Only Unity Can Challenge Environmentalism, Inc.

Courtesy of [Edward Ring](#), Director of Water and Energy Policy, California Policy Center

The California Environmental Quality Act was passed by the state legislature in 1971. At that time, it was the first legislation of its kind in the nation, if not the world. Its [original intent](#) was to “inform government decisionmakers and the public about the potential environmental effects of proposed activities and to prevent significant, avoidable environmental damage.”

Over the past half-century, however, CEQA has acquired layers of legislative updates and precedent setting court rulings, warping it into a beast that denies clarity to developers and derails projects. When projects do make it through the CEQA gauntlet, the price of passage adds punitive costs in time and money. Knowing this will happen deters countless investors and developers from even trying to complete a project in the state.

On May 8 the Little Hoover Commission, an independent state oversight agency, submitted to the governor [its recommendations](#) for how CEQA might be revised. Because the Little Hoover Commission is taken seriously by state policymakers, the recommendations are more incremental than might be advisable if policymakers took seriously their obligation to make California’s economy work for everyone, but in most respects what they’re recommending are steps in the right direction.

Good ideas from the commission included a provision to limit delaying tactics, since delaying a project often is enough to kill a project, as well as stricter standards for who has so-called standing to file a CEQA lawsuit. Anyone who has gone through a CEQA process appreciates the value of these two reforms. The commission also recommended the legislature add clarity to CEQA language to take some of the burden of interpretation away from the courts and litigants, and they recommended the state “establish clear parameters for significance thresholds and for analysis and mitigation of impacts.” Easier said than done, fraught with potential to just make matters worse, but we have to try. So far, so good.

Where the commission made a grave error was in carving out an exemption for “infill housing.” If CEQA must exist, there shouldn’t be any exemptions. Every special interest needs to jump through the same hoops. That might actually stimulate unity across California’s productive economic sectors as to what CEQA should and shouldn’t do. As it was, in the [four lengthy public hearings](#) held last spring, the only industry that showed up in force were the home builders. For the most part, these hearings were dominated by the usual suspects, professional and semi-professional activists representing environmentalist and social justice causes.

One may also wonder why “infill,” whereby every spare scrap of empty land “within existing development patterns” has to be turned into high density housing, is the optimal use of that land or a desirable housing strategy.

Continue reading [here](#).

## Farm Bill Process Continues with Release of House Draft Text

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

House Agriculture Committee Chair G.T. Thompson, R-PA, today released the initial text of the House's [farm bill](#). The committee will mark up the bill next Thursday, May 23.

NMPF is reviewing the bill language, which as we noted last week includes key dairy priorities such as restoring the previous “higher of” Class I mover; requiring mandatory plant cost studies every two years; updating the Dairy Margin Coverage program’s production history calculation; maintaining robust funding for conservation programs; and boosting funding for the Market Access Program and Foreign Market Development Program. The plan also includes language based on the NMPF-led SAVE Act to ensure protections for the use of common food names in global markets.

The measure reflects Republican objectives on some key areas such as conservation spending and nutrition program funding, where it differs from the Senate Democratic farm bill framework released two weeks ago. One difference is the House bill limits future updates to the Thrifty Food Plan, which serves as the basis for calculating benefits from the Supplemental Nutrition Assistance Program. Another contrast is that the House removes strict climate-smart requirements for the use of \$13 billion in conservation funding from the farm bill baseline, whereas the Senate framework preserves the climate-smart requirements contained in the Inflation Reduction Act.

While Republicans and Democrats disagree over these broad funding issues, it remains to be seen exactly how next Thursday’s committee vote will play out. We will provide more information on the process over the coming week, including amendments that may be offered during next week’s markup.