



Milk Producers Council

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DATE: April 21, 2017
 TO: Directors & Members

PAGES: 4
 FROM: Kevin Abernathy, General Manager

MPC Friday Market Update

CHICAGO CHEDDAR CHEESE

Blocks	+ \$.0700	\$1.5450
Barrels	N.C.	\$1.4275

Weekly Average, Cheddar Cheese

Blocks	+ \$.0215	\$1.4890
Barrels	- \$.0160	\$1.4115

CHICAGO AA BUTTER

Weekly Change	+ \$.0025	\$2.0900
Weekly Average	- \$.0133	\$2.0730

DRY WHEY

Dairy Market News	w/e 04/21/17	\$4.950
National Plants	w/e 04/15/17	\$5.286

NON-FAT DRY MILK

Week Ending 4/14 & 4/15

Calif. Plants	\$0.8527	17,894,945
Nat'l Plants	\$0.8316	26,856,094

Prior Week Ending 4/7 & 4/8

Calif. Plants	\$0.8737	6,448,258
Nat'l Plants	\$0.8254	15,241,675

Fred Douma's Price Projections...

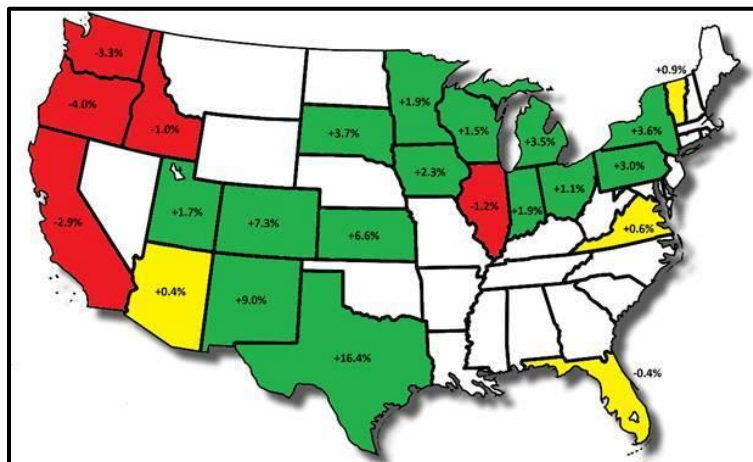
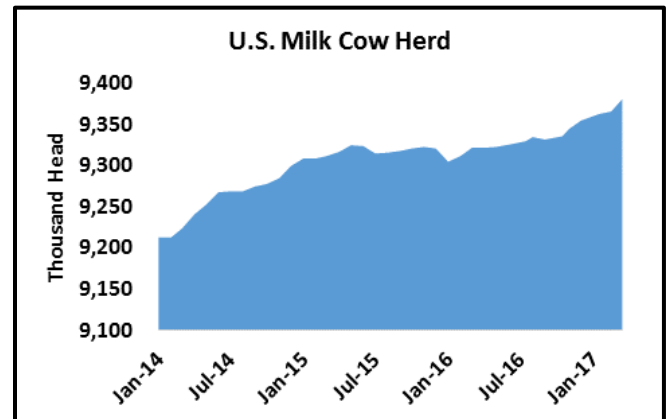
April 21 Est:	Quota cwt. \$15.71	Overbase cwt. \$14.01	Cls. 4a cwt. \$13.69	Cls. 4b cwt. \$14.29
Last Week:	Quota cwt. \$15.65	Overbase cwt. \$13.96	Cls. 4a cwt. \$13.66	Cls. 4b cwt. \$14.19

Market Commentary

By Sarina Sharp, Daily Dairy Report, sarina@dailydairyreport.com

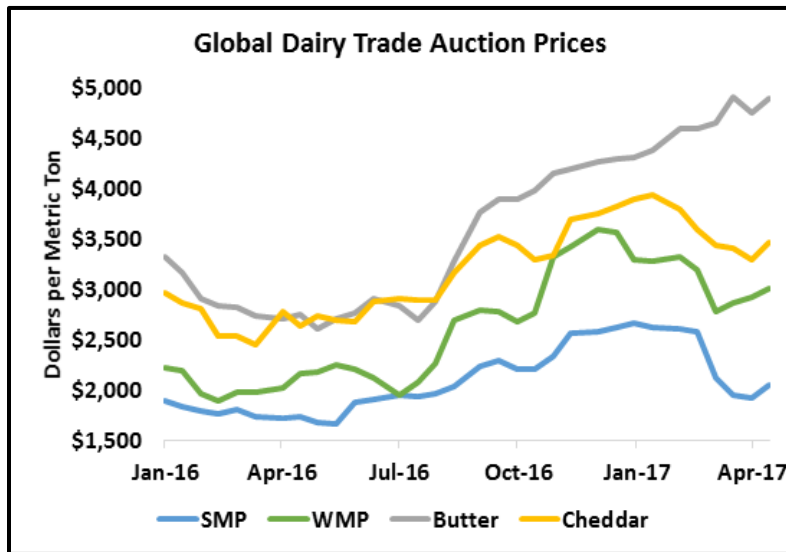
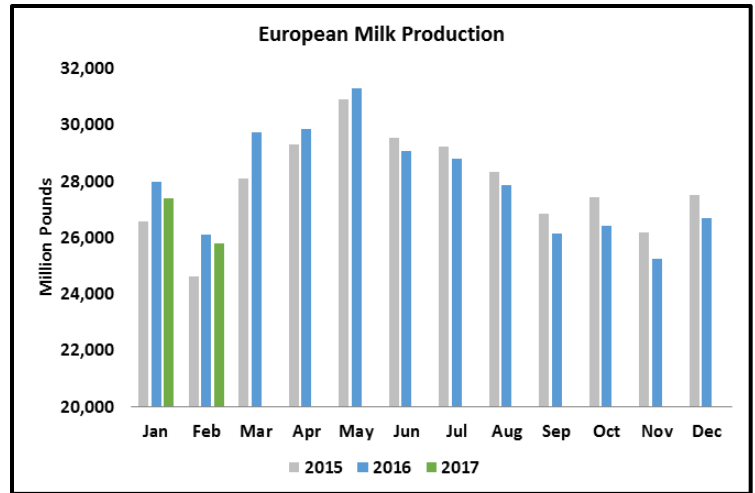
Milk & Dairy Markets

The U.S. dairy industry is making milk in record volumes. March production reached 18.7 billion pounds, up 1.7% from a year ago. Dairy producers confronted processing capacity that is straining at the seams and shook their heads at their eroding premiums. Then they squeezed a few more cows into the barn. USDA estimated the March milking herd at 9.38 million cows, a 21-year high. According to USDA's figures, dairy producers added 15,000 cows last month, putting the herd up 59,000 head from the year before. It's possible that USDA is overestimating cow numbers and underestimating improved production per cow, but the short-term effect is the same.



The lingering impacts of cold, wet weather restrained milk output along the Pacific Coast and in Idaho. Production was down 2.9% in California, 4% in Oregon, and 3.3% in Washington. In Idaho, production per cow fell 2.2% from last year. In the Midwest, growth continues, but at a more modest pace than that which prevailed last year. Production per cow in Wisconsin was likely diminished as some processors pushed dairy producers off rBST. Output remains robust in the Southwest and Northeast.

In Europe, milk output remains below year-ago levels, but the deficit is narrowing. EU-28 milk output totaled 25.8 billion pounds in February according to preliminary data from Eurostat. That is 1.2% lower than 2016, after adjusting for leap day, a much smaller year-over-year shortfall than October and November (-3.7%), December (-2.8%) and January (-2.1%). In the coming months, Europe is likely to return to year-over-year growth. Even modest expansion would be an impressive feat given the massive volumes of milk churned out last spring and the looming environmental restrictions in the Netherlands, one of the locomotives behind Europe's steady upward climb in 2015 and early 2016.

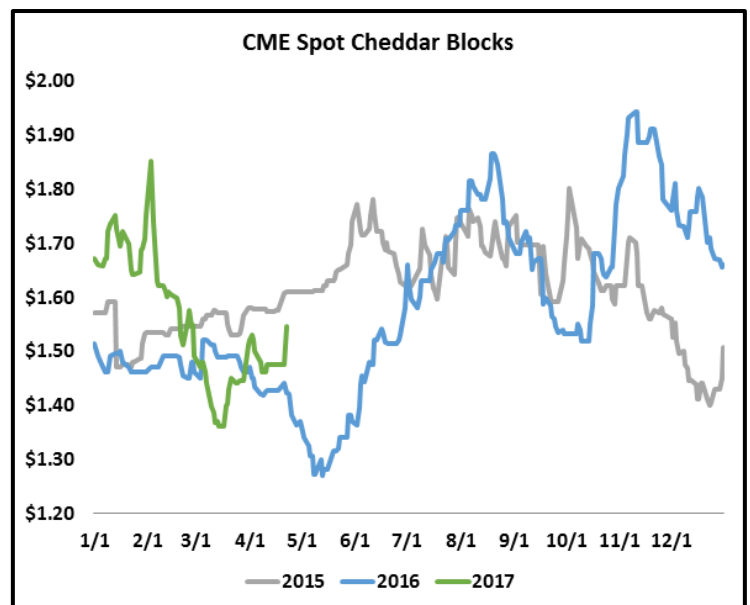


Driers are running hard in Europe and the United States, which is to be expected at this time of year. Nonetheless, the milk powder markets got a boost this week from news that the remnants of tropical cyclones barraged New Zealand's North Island with rain. Heavy flooding is likely to put a damper on the tail end of the season and some farmers are already warning that sodden paddocks bode for a poor start to next season.

At the Global Dairy Trade (GDT) auction all products except anhydrous milkfat and casein moved higher. The GDT index climbed 3.1% from the previous event. Skim milk powder (SMP) prices surged 7.1% to the equivalent of

99¢ nonfat dry milk (NDM), a noted premium to the U.S. market. Whole milk powder (WMP) rallied 3.5%. Cheddar and butter gained 6% and 2.9%, respectively.

The U.S. dairy product markets did not seem impressed by the strength at the GDT. CME spot prices vacillated for much of the week. But today, spot Cheddar blocks surged to \$1.545/lb., the loftiest value since late February and 7¢ higher than last week's finish. Barrels got off to a rough start, but they climbed 4.5¢ today, putting them even for the week. Spot butter rallied 0.25¢ to \$2.09 and NDM added a penny, reaching a two-month high at 85.5¢. Most Class III futures jumped between 20 and 50¢ this week. Class IV futures were more circumspect. Nearby contracts finished higher but fourth quarter contracts were a nickel or more in the red.



For the week ending April 8, dairy producers sent 57,455 head to slaughter, up 6.7% from the same week a year ago. Year-to-date slaughter stands 1.1% higher than at this point last year. After months of harsh weather, slaughter in the Pacific Northwest and Idaho is running 4.6% ahead of the 2016 pace.

Grain Markets

Planting season is just beginning, and there is a lot of work and weather ahead. The forecast calls for a few sunny days before a stretch of very wet weather, which could delay planting efforts. If it stays wet for too long, farmers may be forced to switch even more acreage from corn to soybeans. But the trade doesn't seem too concerned. Risk premium leaked out of the grain and oilseed markets this week. July corn settled today at \$3.7325 per bushel, down 3.75¢ from last week to the lowest close so far this year. July soybeans finished at \$9.6075, down 5.5¢.

MPC Welcomes Catherine Machado as New Northern Central Valley Representative

By Kevin Abernathy, MPC General Manager

We are pleased to announce that Ms. Catherine Machado will be joining our MPC family as the northern Central Valley producer representative.

Catherine's dairy roots run deep. She was raised on her family's dairy farm in Madera, where she is still actively involved in the day-to-day operations as co-manager. She is a graduate of Cal Poly, San Luis Obispo, where she earned a Bachelor of Science in Dairy Science in 2014 and worked at both the campus creamery and dairy farm.

In addition to having strong on-farm production experience, Catherine has worked on the processing and product side of the industry as an intern and employee at numerous companies, including California Dairies, Inc., Central Coast Creamery and Negranti's Creamery.

As an MPC representative, her responsibilities will include interacting with each of the agencies and partners MPC work's with on behalf of our membership. These include the San Joaquin Valley Air Pollution Control District, Central Valley Regional Water Quality Control Board, California Air Resources Board, USDA-NRCS, county planning and permitting departments, CDFG and Dairy Cares.

Catherine looks forward to working with dairy farmers in her new role and will be an asset going forward to resolve your issues and provide leadership and education for our industry.

"I'm very grateful for this opportunity and look forward to getting to help dairy farmers and the industry as a whole move forward in a time when regulations seem to be weighing greatly on us all," says Catherine. "MPC has relieved my family, and all other MPC members, from a large majority of the heavy lifting and paperwork that comes with regulatory agencies and their requirements, allowing all of us the ability to focus on the actual farming part of running a farm. I look forward to contributing and continuing MPC's efforts to provide this valuable service to our members."

New Report Reveals Human Impacts of Nearly Two Decades of Water Cuts in California

A report released April 18 by the Southern California Water Committee and the Committee for Delta Reliability exposes the unintended consequences of nearly two decades of water cuts caused by environmental regulation – showing the hardest hit are those who rely on agriculture to survive, such as farmworkers, food processors, truck drivers and warehouse workers, among many others.

Acclaimed U.C. Berkeley Professor and Department of Agricultural & Resources Chair David L. Sunding studied the impacts of water cuts since 2000 and found that California is losing an average 1.3 million acre-feet of water each year – enough to sustain more than 10 million Southern California residents for a full year or irrigate 400,000 acres of farmland. Sunding also studied future impacts of water cuts and determined that the

outlook is bleak for hard-working Californians toiling each day to grow our nation's food supply, as they're expected to lose more than 21,000 jobs every year over the course of 30 years – with more than 11,000 being farmworker jobs.

Read the entire report at: <https://goo.gl/HjdiS7>

HEAT ILLNESS TRAINING SESSION

Sponsored by
**Department of Industrial Relations,
Cal/OSHA Consultation & Agricultural Organizations**

Date: April 27, 2017

Time: Spanish 10:00 a.m. to 12:00 p.m.
English 1:30 p.m. to 3:30 p.m.

**Place: C.P.D.E.S. Portuguese Hall
172 W. Jefferson Avenue
Easton, CA 93706**

NO COST TO ATTEND

(We highly encourage the following to attend)

**Contractors, Field Supervisors,
Crew Leaders, Managers, Construction**

RSVP NOT REQUIRED

Certificates will be given upon completion of the two hour session

Nisei Farmers League

Allied Grape Growers

African-American Farmers of California

Fresno County Farm Bureau

Milk Producers Council

Sun-Maid Growers of California

California Fresh Fruit Association

California Blueberry Association

Raisin Bargaining Association

Western Ag Processors Assn

California Cotton Ginners & Growers Association