

# WESTERN UNITED DAIRIES

WEEKLY UPDATE | JULY 10, 2023

## New on Seen & Herd: California's Budget Battles with Anja Raudabaugh

In this podcast episode of *Seen and Herd*, Allison Tristao interviews Anja Raudabaugh, CEO of Western United Dairies. They discuss the California budget deals and key takeaways. The budget has been affected by reduced revenues, inflationary spending, and reduced investments, resulting in a \$30 billion budget deficit compared to the previous year. The budget trailer bills solidify the 2023-24 budget deal and include infrastructure projects, changes to environmental laws, and healthcare programs. The controversial Delta Tunnel project was removed from the package, disappointing farmers who rely on it for water reliability. The budget also addresses land eligibility for recharge and clarifies parameters for accepting recharge water. The budget trailer bills are set to conclude, and there will be a new Assembly Speaker, which may influence future priorities.

For questions about the episode, email Allison Tristao at [allison@wudairies.com](mailto:allison@wudairies.com) or Anja Raudabaugh at [anja@wudairies.com](mailto:anja@wudairies.com). Listen to the episode at [wudairies.com](http://wudairies.com).



## July 14 Deadline to Apply for Pandemic and Natural Disaster Revenue Loss Programs

The U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) reminds producers of the July 14 deadline to apply for both the [Emergency Relief Program \(ERP\) Phase Two](#) and the [Pandemic Assistance Revenue Program \(PARP\)](#). These revenue-based programs help offset revenue losses from 2020 and 2021 natural disasters or the COVID-19 pandemic.

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## Weekly Update Delivery Options

Send change of address or request for delivery to WUD by phone or email at: (209)527-6453 [info@wudairies.com](mailto:info@wudairies.com)

## Struggling with Depression?

Call 1-800-784-2433 any time, 24x7, for a live, trained person to talk with or to find local resources.

## LUC: Lecheros Unidos de California

Western United Dairies is proud to host LUC, a clearinghouse of resources to assist in all aspects of searching for and hiring employees for your dairy.

LUC services are offered in Spanish & English & include:

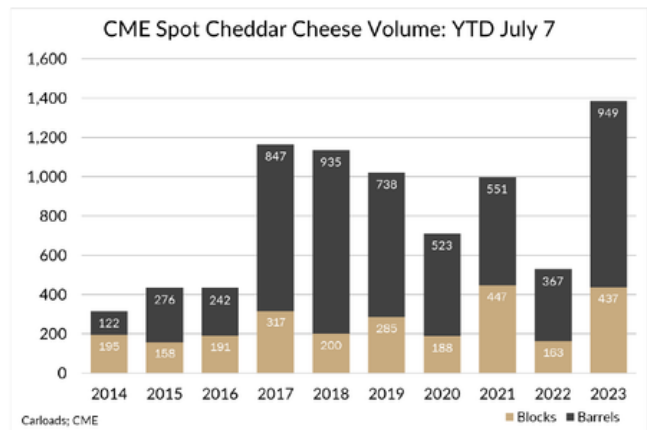
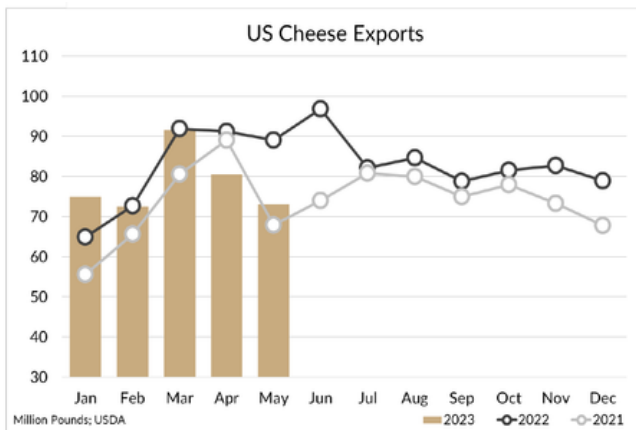
- Free advertisement of job postings to a wide audience of potential employees
- Phone call interviews with translation services
- Access to a pool of pre-screened employees with dairy experience

For more information, visit: [westernuniteddairies.com/lecheros-unidos](http://westernuniteddairies.com/lecheros-unidos)

# WEEKLY MARKET UPDATE

Uncompetitive pricing and weaker demand hurt US exports in May. Total outbound cheese volume reached 73.1 million pounds, down 17.9% (-15.9 million pounds) on the year. Butter exports also struggled, down 29.7% (-2.6 million pounds) versus 2022.


- CME barrel volume reached 93 lots for the week, making it the busiest trading week since December 2017 and the second-largest volume on record. Meanwhile, block prices climbed over barrels for the first time in weeks.
- US cheese consumption climbed 2.4% on the year in May. Through the first five months of 2023, usage was up 1.4% year-over-year.
- Total US cheese output reached 1.203 billion pounds in May, down 0.2% (-2.1 million pounds) on the year. But American-type production rose 4.2% (+20.6 million pounds). • Decent demand and buyer anxiety continue to support CME butter prices, which climbed to a year-to-date high.
- Domestic butter usage totaled 164 million pounds in May, up 3.7% versus 2022. Year to-date totals rose 5.5% on the year.
- May butter output totaled 194.0 million pounds, up 8.1% (+14.6 million pounds) versus 2022.
- Prices dropped across the board at the latest GlobalDairyTrade event. SMP fell 5.3% to \$1.15 per pound, while WMP dipped 0.7% to \$1.43 per pound. Spot NDM followed suit, declining to the lowest price since November 2020.
- In May, US NDM stocks reached 300.1 million pounds, down 5.4% (-17.2 million pounds) year-over-year.
- Drought remains a concern in key corn-growing areas, lending support to nearby futures. But soybean prices tumbled nearly 72 cents as rain fell in key growing areas and international demand remains soft.



### Dairy Revenue Protection Program

	Futures	Milk Price (Floor) Guarantee @ 95%	Premium Per CWT (CA)
<b>October - December 2023</b>			
Class III	\$17.14	\$16.29	\$0.26
Class IV	\$17.67	\$16.79	\$0.21
<b>January - March 2024</b>			
Class III	\$17.56	\$16.68	\$0.35
Class IV	\$17.97	\$17.07	\$0.39
<b>April - June 2024</b>			
Class III	\$17.70	\$16.82	\$0.37
Class IV	\$18.30	\$17.39	\$0.42
<b>July - September 2024</b>			
Class III	\$17.99	\$17.09	\$0.44
Class IV	\$18.15	\$17.24	\$0.48
<b>October - December 2024</b>			
Class III	\$18.05	\$17.15	\$0.51
Class IV	\$18.15	\$17.24	\$0.54

\*As of 7/7/2023 for 95% coverage, 1.0 Protection Factor



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### CME Commodity Prices

	Blocks	Barrels	Butter	NDM	Dry Whey
Jul-03	\$1.3925	\$1.3225	\$2.4675	\$1.1175	\$0.2400
Jul-04					
Jul-05	\$1.3525	\$1.3425	\$2.4650	\$1.1100	\$0.2400
Jul-06	\$1.3625	\$1.3575	\$2.4775	\$1.1075	\$0.2300
Jul-07	\$1.3925	\$1.3800	\$2.4800	\$1.0875	\$0.2275
<b>Average</b>	<b>\$1.1000</b>	<b>\$1.0805</b>	<b>\$1.9780</b>	<b>\$0.8845</b>	<b>\$0.1875</b>
<b>Weekly Change</b>	<b>0.0575</b>	<b>0.0350</b>	<b>0.0400</b>	<b>-0.0300</b>	<b>-0.0125</b>

### Order 51: Latest Prices

	Mar	Apr	May	Jun	Jul
Class I LA	\$21.29	\$21.15	\$21.87	\$20.31	\$19.62
Class II	\$19.52	\$19.20	\$19.11	\$18.83	
Class III	\$18.10	\$18.52	\$16.11	\$14.91	
Class IV	\$18.38	\$17.95	\$18.10	\$18.26	
PPD	\$0.69	\$0.10	\$1.55		
Blend: LA*	\$18.79	\$18.62	\$17.66		
Blend: Tulare*	\$18.29	\$18.12	\$17.16		

\*Does not include Quota Deduction

### USDA Dairy Margin Coverage (per CWT)

	Month	All Milk	Feed	Margin Estimate	Indemnity Estimate @ 9.50 Margin
<b>2022 Program</b>	Jul-22	\$ 25.70	\$ 15.78	\$ 9.92	\$ -
	Aug-22	\$ 24.30	\$ 16.22	\$ 8.08	\$ 1.42
	Sep-22	\$ 24.40	\$ 15.78	\$ 8.62	\$ 0.88
	Oct-22	\$ 25.90	\$ 15.19	\$ 10.71	\$ -
	Nov-22	\$ 25.60	\$ 14.71	\$ 10.89	\$ -
	Dec-22	\$ 24.70	\$ 14.94	\$ 9.76	\$ -
<b>2023 Program</b>	Jan-23	\$ 23.10	\$ 15.16	\$ 7.94	\$ 1.56
	Feb-23	\$ 21.60	\$ 15.41	\$ 6.19	\$ 3.31
	Mar-23	\$ 21.10	\$ 15.02	\$ 6.08	\$ 3.42
	Apr-23	\$ 20.70	\$ 14.86	\$ 5.84	\$ 3.66
	May-23	\$ 19.30	\$ 14.47	\$ 4.83	\$ 4.67
	Jun-23	\$ 18.60	\$ 13.34	\$ 5.26	\$ 4.24
	Jul-23	\$ 17.85	\$ 13.27	\$ 4.58	\$ 4.92
	Aug-23	\$ 18.15	\$ 12.76	\$ 5.39	\$ 4.11
	Sep-23	\$ 18.84	\$ 12.25	\$ 6.59	\$ 2.91
	Oct-23	\$ 19.71	\$ 12.08	\$ 7.63	\$ 1.87
	Nov-23	\$ 20.40	\$ 12.10	\$ 8.31	\$ 1.19
	Dec-23	\$ 20.55	\$ 12.12	\$ 8.43	\$ 1.07

Estimates only. As of 7/7/2023 and based on futures markets which can change daily.

