



The Market Administrator's

BULLETIN

CALIFORNIA MARKETING AREA

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October Pool Price Calculation

The October 2022 Statistical Uniform Price (SUP) for the California Marketing Area increased \$1.08 per hundredweight (cwt) from last month to \$22.88 per cwt for milk delivered to plants located in Los Angeles County, California, the pricing point for the California Federal Marketing Order. The SUP is announced at 3.5 percent butterfat, 2.99 percent protein, and 5.69 percent other solids. When reported at the average tests of pooled milk (4.05 percent butterfat, 3.34 percent protein, and 5.73 percent other solids), the October SUP is \$25.76 per cwt, \$1.69 above September. October's Producer Price Differential (PPD) at Los Angeles County is \$1.07 per cwt, a decrease of 91 cents from last month.

Product Prices Effect

Most monthly average product prices in the National Dairy Product Sales Report moved upwards from September to October. The cheese price observed the largest increase, rising almost 21 cents per pound. The butter price gained roughly 8 cents per pound, reaching a new Federal Order record of \$3.1911. The nonfat dry milk price improved just barely by less than two-tenths of a cent per pound. Meanwhile, the dry whey price was the only product price to decline from last month, though by just under half a cent per pound.

All component prices, except for the other solids price, improved from the previous month. The protein price jumped almost 57 cents per pound from September. The butterfat price rose just over 9 cents per pound, recording a new Federal Order high of \$3.6567, while the nonfat solids price increased just slightly by less than two-tenths of a cent per pound. Lastly, the other solids price decreased by less than half a penny per pound.

Class prices displayed mixed movements from September to October. The Class I price decreased 91 cents per cwt to \$24.81, and the Class II price lost 78 cents per cwt to \$25.73. The Class III price exhibited the largest gain from last month, increasing \$1.99 per cwt to \$21.81. Finally, the Class IV price rose 33 cents per cwt to \$24.96. ❖

Pool Summary

- A total of 927 producers were pooled with an average daily delivery per producer of 69,857 pounds, an increase of 2.2 percent from September.
- Pooled milk receipts totaled 2.007 billion pounds, an increase of 5.5 percent on an average daily basis.
- Class I usage (milk for bottling) accounted for 19.8 percent of total pooled milk receipts, down 1.7 percentage points from September.
- The average butterfat test of producer receipts was 4.05 percent.
- The average true protein test of producer receipts was 3.34 percent.
- The average other solids test of producer receipts was 5.73 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	19.8	398,103,392
Class II	5.1	102,245,376
Class III	71.8	1,441,679,574
Class IV	3.3	65,439,711
Total Pooled Milk		2,007,468,053

Producer Component Prices

	2022	2021
	\$/lb	
Protein Price	2.4512	3.0130
Butterfat Price	3.6567	1.9414
Other Solids Price	0.2952	0.3560

Class Price Factors

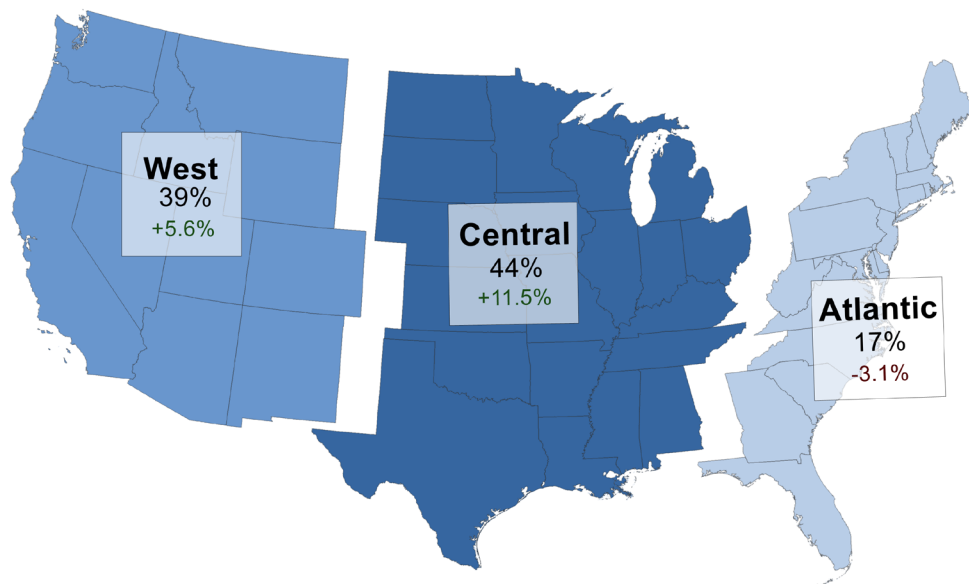
	2022	2021
	\$/cwt	
Class I	24.81	19.18
Class II	25.73	17.08
Class III	21.81	17.83
Class IV	24.96	17.04

Where are Milk and Dairy Products Produced?

In 2021, United States milk production surpassed 226.3 billion pounds—an increase of 1.6 percent on a daily average basis from 2020. While total production increased year-over-year in 23 of the last 25 years, patterns varied by geographical region. This article examines trends in milk supply and major dairy product manufacturing by three regions: West, Central, and Atlantic. Each region is shown in maps along with its associated percentage share of total U.S. production. In addition, the maps display the percent change in production volume over the last five years (from 2016 to 2021).

Figure 1: Regional Milk Production, 2021

2021 Regional Milk Production as a Percentage of Total U.S. Milk Production with Percentage Change: 2021 vs 2016



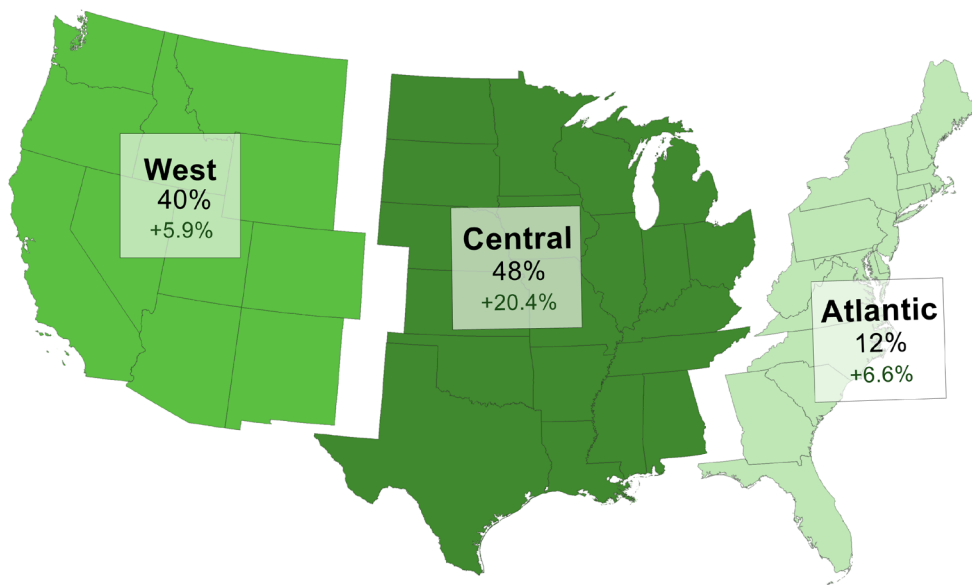
Milk Production

Figure 1 shows a map of the share and change in regional milk production using data from the USDA National Agricultural Statistics Service (NASS) *Milk Production* report. As depicted in the map, the Central region—composed of 20 states—produced the greatest volume of milk in 2021, accounting for 44 percent of total U.S. production. Meanwhile, the 11 Western states accounted for 39 percent of national

milk production. Ranking behind the other regions, the Atlantic region of 17 states made up 17 percent of total U.S. milk production. Both the Central and Western regions showed volume increases from five years prior, rising 11.5 and 5.6 percent, respectively, from 2016. In contrast, the Atlantic region decreased in volume from 2016 by 3.1 percent.

Figure 2: Regional Cheese Production, 2021

2021 Regional Cheese Production as a Percentage of Total U.S. Production with Percentage Change: 2021 vs 2016



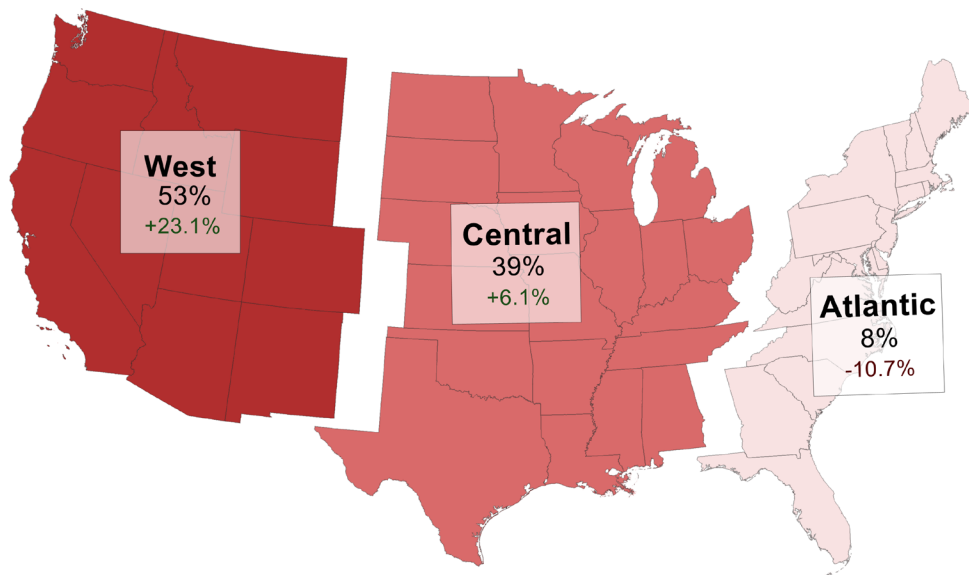
Cheese Production

Figure 2 portrays a map of regional cheese production statistics for 2021 using data from the USDA NASS *Dairy Products 2021 Summary*. The Central region produced the greatest volume of cheese with a 48 percent share of total U.S. cheese production. The West followed in second, accounting for 40 percent of national cheese production, followed by the Atlantic region with a 12 percent share. All three regions observed gains in cheese manufacturing from 2016 to 2021 with Central increasing 20.4 percent, the West rising 5.9 percent, and the Atlantic gaining 6.6 percent. Due to its strong improvements in volume, the Central region increased its share of total

U.S. cheese production compared to 2016, while the Western and Atlantic regions declined.

Figure 3: Regional Butter Production, 2021

2021 Regional Butter Production as a Percentage of Total U.S. Production with Percentage Change: 2021 vs 2016



Butter Production

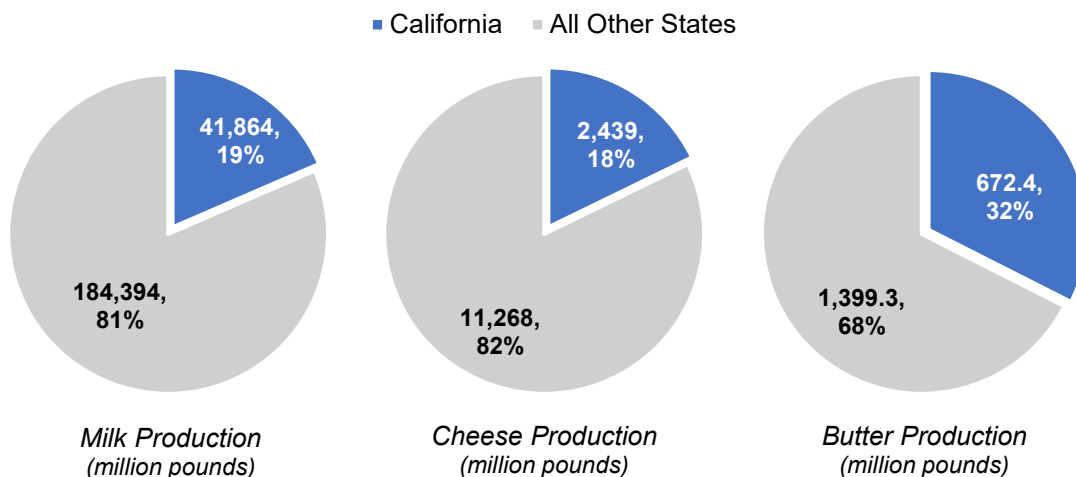
Figure 3 illustrates regional statistics for butter manufacturing in 2021. Data for this map also comes from the USDA NASS Dairy Products 2021 Summary. While the Central region accounted for the largest shares of national milk production and cheese manufacturing, the West had the greatest share of national butter manufacturing. In 2021, the Western states accounted for 53 percent of U.S. butter production. 39 percent of the U.S. butter supply was produced in the Central states, and 8 percent was produced by the Atlantic states. Over the last five years, the West boosted its share of national butter manufacturing, while the Central and Atlantic areas lost some share. During this period, the Western region increased its butter production by 23.1 percent. The Central region rose 6.1 percent in volume. The Atlantic region was the only region to see a drop in butter production, declining 10.7 percent from 2016.

that California contributed to U.S. milk, cheese, and butter production in 2021. California has ranked first in milk production since 1993 when it surpassed Wisconsin to become the number one milk-producing state. In 2021, California produced 18.5 percent of the nation’s milk supply, while Wisconsin produced 14 percent. In cheese production, California ranks second in the nation behind Wisconsin. In 2021, California produced 2.44 billion pounds of cheese (17.8 percent of U.S. cheese production), while Wisconsin produced 3.47 billion pounds of cheese (25.3 percent of U.S. cheese production). The only other state that produced more than 1 billion pounds of cheese in 2021 was Idaho. Lastly, California is by far the largest producer of butter in the United States, accounting for 32.5 percent of U.S. butter production in 2021. Pennsylvania was the only other state with more than three butter plants in 2021, representing only 4.3 percent of national butter production. ❖

California Tops Production Lists

Breaking these statistics down further by state, California continued to rank among the top states in 2021. Figure 4 shows the volume and percent share

Figure 4: California Share of U.S. Production, 2021





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Computation of Producer Price Differential and Statistical Uniform Price*

	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim Butterfat	388,755,555	\$12.70	\$49,371,955.49	
Less: Location Adjustment to Handlers	9,347,837	3.5881	33,540,973.94	
			(830,442.32)	\$82,082,487.10
Class II— Butterfat	14,817,592	3.6637	54,287,211.81	
Nonfat Solids	8,189,002	1.4856	12,165,581.36	66,452,793.17
Class III— Butterfat	50,311,189	3.6567	183,972,924.83	
Protein	48,802,704	2.4512	119,625,188.06	
Other Solids	83,137,534	0.2952	24,542,200.03	328,140,312.92
Class IV— Butterfat	6,866,256	3.6567	25,107,838.32	
Nonfat Solids	5,498,346	1.4000	7,697,684.40	32,805,522.72
Total Classified Value				\$509,481,115.91
Add: Overage—All Classes				71,723.97
Inventory Reclassification—All Classes				(17,407.86)
Other Source Receipts	81,800			2,748.48
Total Pool Value				\$509,538,180.50
Less: Value of Producer Butterfat	81,342,874	3.6567	(297,446,487.37)	
Value of Producer Protein	66,978,609	2.4512	(164,177,966.40)	
Value of Producer Other Solids	114,988,769	0.2952	(33,944,684.65)	(495,569,138.42)
Total PPD Value Before Adjustments				\$13,969,042.08
Add: Location Adjustment to Producers				7,594,787.62
One-half Unobligated Balance—Producer Settlement Fund				810,512.12
Less: Producer Settlement Fund—Reserve				(893,558.43)
Total Pool Milk & PPD Value	2,007,549,853			\$21,480,783.39
Producer Price Differential		\$1.07		
Statistical Uniform Price		\$22.88		

Total value of milk in the pool →

Total Class III value of producer components →

Value from which PPD per hundredweight is calculated

* Price at 3.5 percent butterfat, 2.99 percent protein, and 5.69 percent other solids.