



# The Market Administrator's

# BULLETIN

## CALIFORNIA MARKETING AREA

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July 2023

Federal Order No. 51

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## July Pool Price Calculation

The July 2023 Statistical Uniform Price (SUP) for the California Marketing Area decreased 89 cents per hundredweight (cwt) from last month to \$15.53 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 (4.01 percent butterfat, 3.23 percent protein, and 5.75 percent other solids), the July SUP was \$17.25 per cwt, \$1.02 below June. The July Producer Price Differential (PPD) at Los Angeles County was \$1.76 per cwt, an increase of 25 cents from last month.

### Product Prices Effect

Most monthly average product prices in the National Dairy Product Sales Report observed declines from June to July. The cheese price declined by the largest magnitude, dropping almost 9 cents per pound from last month. The dry whey price decreased nearly 6 cents per pound, and the nonfat dry milk price fell roughly 2 cents per pound. In contrast, the butter price rose just over 3 cents per pound from June.

Movements in the product prices translated to similar trends in the component prices. The protein price dropped by the greatest magnitude, a loss of around 32 cents per pound from June. The other solids and nonfat solids prices declined roughly 6 cents and 2 cents per pound, respectively. Meanwhile, the butterfat price gained nearly 4 cents per pound.

Class prices exhibited mixed movements from June to July. The Class I price decreased 69 cents per cwt to \$19.42. Alternatively, the Class II price rose 29 cents per cwt to \$19.12. The Class III price dropped \$1.14 per cwt to \$13.77 – the lowest Class III price since May 2020. Lastly, the Class IV price did not change from June to July, remaining at \$18.26 per cwt. ❖

## Pool Summary

- A total of 944 producers were pooled with an average daily delivery per producer of 68,891 pounds, an increase of 0.3 percent from June.
- Pooled milk receipts totaled 2.016 billion pounds, a decrease of 1.5 percent on an average daily basis.
- Class I usage (milk for bottling) accounted for 17.3 percent of total pooled milk receipts, down 1 percentage point from June.
- The average butterfat test of producer receipts was 4.01 percent.
- The average true protein test of producer receipts was 3.23 percent.
- The average other solids test of producer receipts was 5.75 percent. ❖

### Class Utilization

Pooled Milk	Percent	Pounds
Class I	17.3	349,270,582
Class II	5.5	111,057,544
Class III	72.8	1,468,531,570
Class IV	4.3	87,179,961
Total Pooled Milk		2,016,039,657

### Producer Component Prices

	2023	2022
	\$/lb	
Protein Price	1.1991	2.9116
Butterfat Price	2.7986	3.3600
Other Solids Price	0.0689	0.3596

### Class Price Factors

	2023	2022
	\$/cwt	
Class I	19.42	27.97
Class II	19.12	26.66
Class III	13.77	22.52
Class IV	18.26	25.79

## Federal Order Milk Marketings by County

The Central Milk Marketing Area (Federal Order 32) publishes maps of May and December milk production in Federal Order (FO) areas<sup>1</sup>, using data collected by the Federal Milk Marketing Orders. The accompanying maps illustrate total marketings as well as growth by county for December 2022.

### Total Marketings by County

The map below displays milk production in FO areas by county for December 2022. 1,365 counties marketed milk in FO areas during this period totaling 16.5 billion pounds. As seen in the table to the right, the thirteen largest milk-producing counties in the U.S. account for more than 25 percent of all FO milk, seven of which are from California. These seven counties represent nearly 18 percent of the milk marketed in FO regions. Notably, Tulare County still holds the number one spot, representing 5.72 percent of FO milk.

### Increased Marketings in Counties

In December 2022, 467 counties in FO areas increased marketings compared to the same period five

### Top Thirteen Counties for Milk Marketings within Federal Order Regions, December 2022

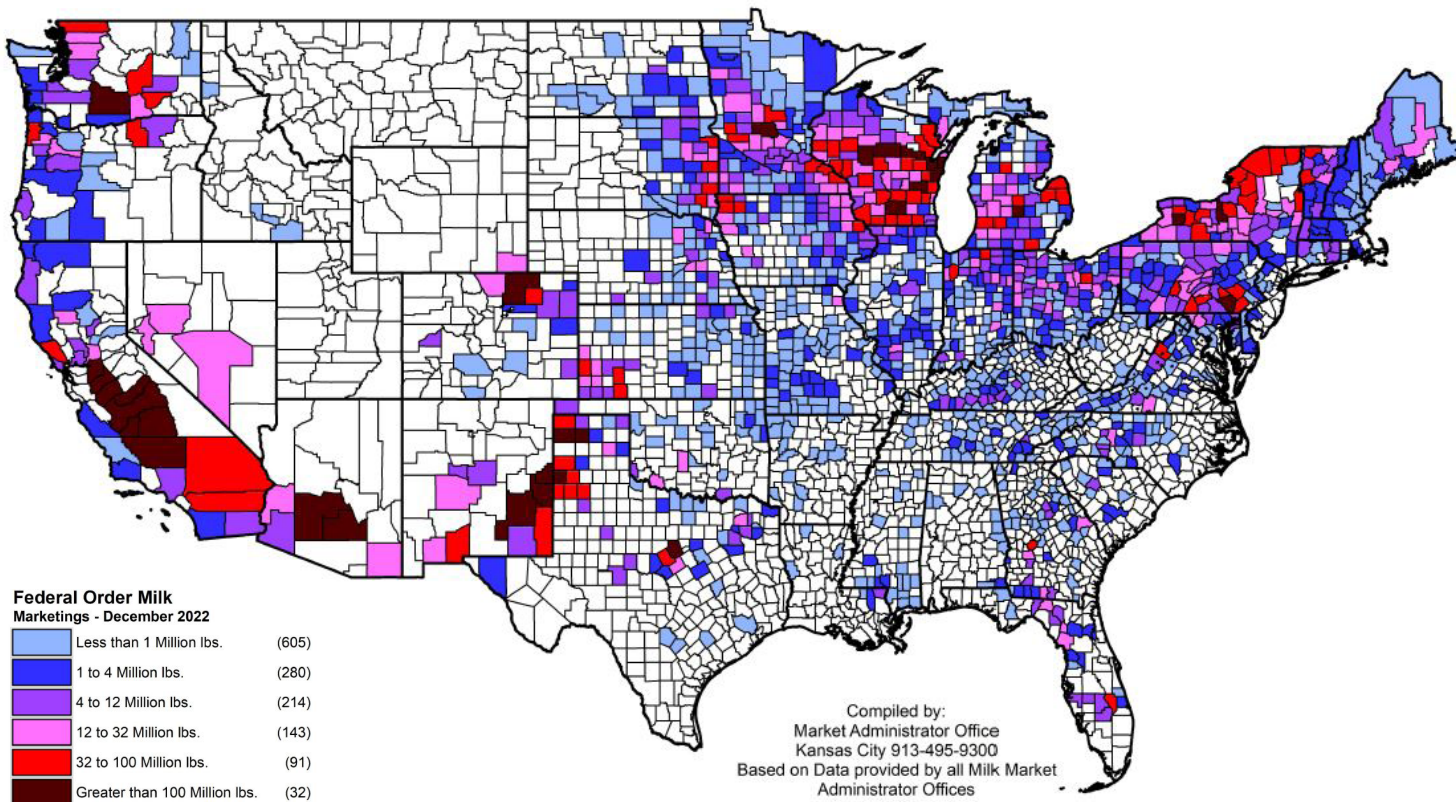
County	Production (Lbs)	Percent of Federal Order Total
Tulare, CA	944,057,289	5.72
Merced, CA	543,981,434	3.30
Kings, CA	344,313,676	2.32
Kern, CA	363,582,096	2.20
Stanislaus, CA	318,802,944	1.93
Weld, CO	279,583,659	1.69
Fresno, CA	234,368,833	1.42
Yakima, WA	210,340,621	1.27
Hartley, TX	203,063,468	1.23
Maricopa, AZ	196,703,182	1.19
San Joaquin, CA	185,594,193	1.12
Lancaster, PA	184,214,964	1.12
Pinal, AZ	168,457,220	1.02
13-County Total	4,216,103,907	25.55
FO Total	16,502,140,812	

years ago<sup>2</sup>. Marketings from these counties totaled 11.4 billion pounds, with 58 counties increasing  
(continued on page 3)

1 FO marketings included in this analysis represent approximately 91 percent of the total pounds of milk produced in the U.S. in December 2022.

2 California data preceding FO 51 was provided by the California Department of Food and Agriculture.

## Federal Order Milk Marketings by County, December 2022



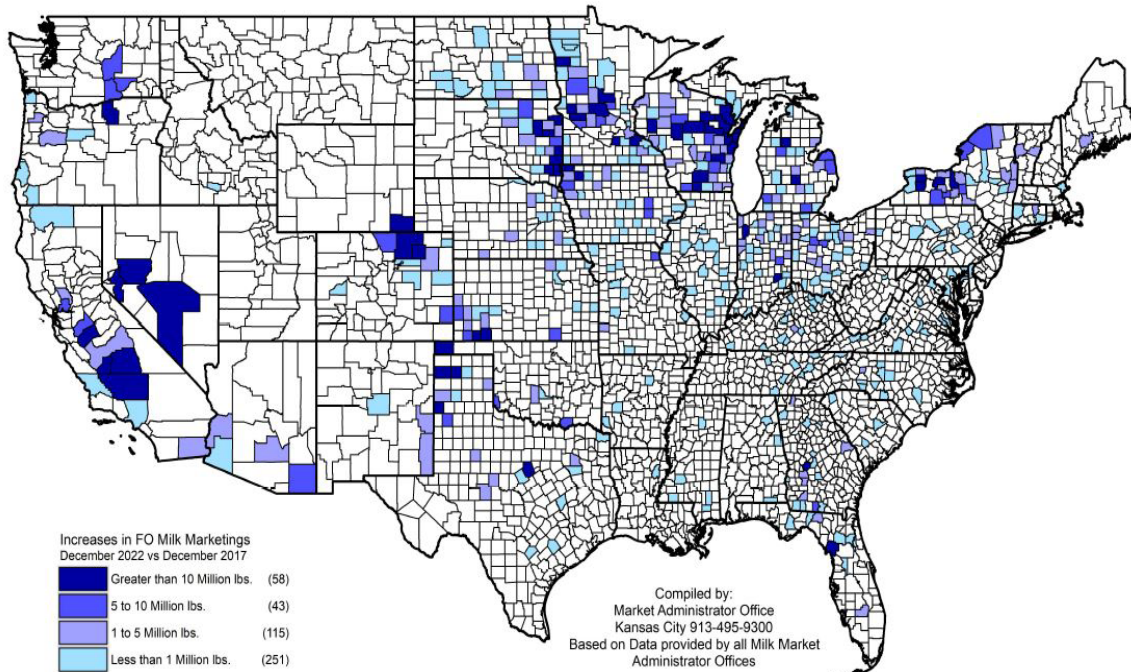
## Federal Order Milk Marketings by County (continued from page 2)

marketings by more than 10 million pounds. As shown in the map below, twelve counties with in-

creased marketings since December 2017 resided in California, most of which are located in the Central Valley. Tulare, Kings, Kern, and Merced County's milk production increased more than 10 million pounds each, while Stanislaus climbed between 5 and 10 million. Additionally, Fresno County rose between 1 and 5 million pounds.

Additional maps and details can be found in FO 32's July 2023 *Bulletin*: [www.fmmacentral.com/monthly\\_news\\_letter.html](http://www.fmmacentral.com/monthly_news_letter.html). ❖

### Counties with Increased Milk Marketings, December 2022



## Hearing to Amend All Federal Milk Marketing Orders

As discussed in last month's *Bulletin*, USDA received proposals to amend provisions of the eleven Federal Milk Marketing Orders (FMMO) and was considering the initiation of a rulemaking proceeding. On July 21, 2023, USDA's Agricultural Marketing Service (AMS) issued a notice of public hearing on the proposed amendments. The hearing begins this week on August 23, 2023, in Carmel, Indiana.

Proponents contend that the uniform FMMO pricing formulas should be amended, as significant changes in the dairy industry and milk marketing have occurred since their adoption in the early 2000s. The proposals seek to amend the milk composition factors, commodity product prices, Class III and IV formula factors, base Class I skim milk, and Class I and II differentials. The purpose of the hearing is to receive evidence with respect to the economic and marketing conditions related to the proposed amendments and any appropriate modifications to the marketing orders. Information relating to witness's registration, testimony, and exhibit guidelines; a schedule of subject areas; and a summary of proposals are included in the hearing notice.

Testimony will be heard by subject area in the

following order:

1. Milk Composition
2. Surveyed Commodity Products
3. Class III and Class IV Formula Factors
4. Base Class I Skim Milk Price
5. Class I and Class II Differentials
6. AMS Proposal

Dairy farmers may testify during the hearing in person or virtually via Zoom on Fridays, starting on September 1, 2023, beginning at 12:00 p.m. There will be 10 time slots available for dairy farmers to testify virtually and pre-registration is required. Each farmer will be allocated up to 15 minutes to present testimony; additional time may be requested.

The hearing notice was published in the Federal Register on July 24, 2023. Copies of the notice, guidelines for how to participate, the hearing schedule, and the corresponding hearing record will be made available at: [www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing](http://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing). For additional information, contact Erin Taylor, Order Formulation and Enforcement Division, USDA-AMS-Dairy Program, phone: (202) 720-7311 or email: [Erin.Taylor@usda.gov](mailto:Erin.Taylor@usda.gov). ❖



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### Computation of Producer Price Differential and Statistical Uniform Price\*

	<u>Product Pounds</u>	<u>Price per cwt./lb.</u>	<u>Component Value</u>	<u>Total Value</u>
Class I— Skim	340,531,634	\$9.98	\$33,985,057.07	
Butterfat	8,738,948	2.7967	24,440,215.87	
Less: Location Adjustment to Handlers			(739,920.75)	\$57,685,352.19
Class II— Butterfat	13,319,812	2.8056	37,370,064.57	
Nonfat Solids	9,077,522	1.0711	9,722,933.78	47,092,998.35
Class III— Butterfat	52,286,772	2.7986	146,329,760.12	
Protein	48,043,738	1.1991	57,609,246.26	
Other Solids	84,846,174	0.0689	5,845,901.38	209,784,907.76
Class IV— Butterfat	6,499,700	2.7986	18,190,060.42	
Nonfat Solids	7,522,192	0.9746	7,331,128.31	25,521,188.73
<b>Total Classified Value</b>			<i>Total value of milk in the pool</i> →	<b>\$340,084,447.03</b>
Add: Overage—All Classes				7,672.95
Inventory Reclassification—All Classes				(49,645.13)
Other Source Receipts	23,197			1,359.35
<b>Total Pool Value</b>				<b>\$340,043,834.20</b>
Less: Value of Producer Butterfat	80,845,232	2.7986	(226,253,466.31)	
Value of Producer Protein	65,160,121	1.1991	(78,133,501.12)	
Value of Producer Other Solids	115,894,067	0.0689	(7,985,101.20)	<b>(312,372,068.63)</b>
<b>Total PPD Value Before Adjustments</b>			<i>Total Class III value of producer components</i> ↗	<b>\$27,671,765.57</b>
Add: Location Adjustment to Producers				7,746,027.09
One-half Unobligated Balance—Producer Settlement Fund				894,528.27
Less: Producer Settlement Fund—Reserve				(829,614.70)
<b>Total Pool Milk &amp; PPD Value</b>	2,016,062,854			<b>\$35,482,706.23</b>
Producer Price Differential		<b>\$1.76</b> ←		
Statistical Uniform Price		<b>\$15.53</b>		

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