



The Market Administrator's

BULLETIN

CALIFORNIA MARKETING AREA

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Federal Order No. 51

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December Pool Price Calculation

The December 2023 Statistical Uniform Price (SUP) for the California Marketing Area decreased \$1.02 per hundredweight (cwt) from last month to \$17.55 per cwt for milk delivered to plants located in Los Angeles County, California, the pricing point for the California Federal Milk 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 (4.29 percent butterfat, 3.44 percent protein, and 5.75 percent other solids), the December SUP was \$20.57 per cwt, \$1.24 below November. The December Producer Price Differential (PPD) at Los Angeles County was \$1.51 per cwt, an increase of 9 cents from last month.

Product Prices Effect

Average product prices in the National Dairy Product Sales Report experienced mixed fluctuations between November and December. The butter price saw a notable decrease of approximately 40 cents per pound and the cheese price declined about 12 cents per pound. Alternatively, the dry whey and nonfat dry milk prices rose by approximately 3 cents and 1 cent per pound, respectively.

The component prices exhibited similar movements as well. Notably, the butterfat price witnessed a decline of approximately 48 cents per pound compared to the previous month. Conversely, the other solids and nonfat solids prices demonstrated positive movements, each experiencing an increase of approximately 3 cents and 1 cent per pound, respectively. The protein price exhibited the most substantial improvement in two consecutive months, rising by approximately 13 cents per pound from November to December.

The class prices experienced downward trends from November to December. The Class I price rose by 1 cent per cwt to \$21.86. In contrast, the Class II price experienced a decline of \$1.33 per cwt, settling at \$19.88. The Class III price decreased \$1.11 per cwt to \$16.04 and the Class IV price decreased by \$1.64 per cwt to \$19.23. ❖.

Pool Summary

- A total of 907 producers were pooled with an average daily delivery per producer of 70,793 pounds, a decline of 0.1 percent from November.
- Pooled milk receipts totaled 1.990 billion pounds, a decrease of 1.41 percent on an average daily basis.
- Class I usage (milk for bottling) accounted for 20.1 percent of total pooled milk receipts, down 0.4 percentage points from November.
- The average butterfat test of producer receipts was 4.29 percent.
- The average true protein test of producer receipts was 3.44 percent.
- The average other solids test of producer receipts was 5.75 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	20.1	399,050,586
Class II	4.3	86,372,242
Class III	72.6	1,444,869,378
Class IV	3.0	60,203,925
Total Pooled Milk		1,990,496,131

Producer Component Prices

	2023	2022
	\$/lb	
Protein Price	1.4499	2.6568
Butterfat Price	2.9778	3.1539
Other Solids Price	0.2242	0.2652

Class Price Factors

	2023	2022
	\$/cwt	
Class I	21.86	24.68
Class II	19.88	23.11
Class III	16.04	20.50
Class IV	19.23	22.12

Pooled Milk Component Tests

Every month the average pooled component tests – butterfat, protein, and other solids – are published alongside the Statistical Uniform Price. These components play a pivotal role in calculating milk checks as producers under seven of the eleven Federal Milk Marketing Orders, including Federal Order (FO) 51, are paid on multiple component pricing. Essentially, a producer’s milk check depends on both the price and quantity of components in their milk. This article analyzes the pooled milk component test percentage trends for FO 51 in 2023.

Year-over-year Changes in Components

From 2022 to 2023, the pooled component tests have increased on a year over year basis. The average pooled butterfat test experienced a rise from 4.04 percent to 4.12 percent, indicating an increase of 0.08 percentage points. Similarly, the average pooled protein test exhibited a year-over-year increase, climbing from 3.31 percent to 3.34 percent, reflecting a rise of 0.03 percentage points. October 2023 experienced the greatest year-over-year increase for butterfat rising 0.14 percentage points above October 2022. September 2023 rose the highest for protein percentage at an increase of 0.07 percentage points. Regionally, the growth in component percentages can be observed in Kern, Merced, Stanislaus, and Tulare County.

Selected Counties

In California, the leading milk producing counties – Kern, Merced, Stanislaus, and Tulare – have each contributed at least 2.610 billion pounds of pooled milk in 2023. Figures 1 and 2 depict the pooled butterfat and protein component percentages for these counties in comparison to the overall pool average in 2023, unveiling the seasonal fluctuations and herd variations in the the milkshed.

On average during this period, Tulare County stands out with the highest butterfat percentage, boasting an impressive 4.22 percent. This surpasses the pool average of roughly 4.12 percent by 0.10 percentage points. Notably, Tulare County’s pooled pounds constitute, on average, 21.13 percent of the total pool in 2023. Merced County also distinguishes itself with an average butterfat percentage of nearly 4.17, and accounts for 18.59 percent of the total pool pounds. In contrast, Kern and Stanislaus Counties’ butterfat tests trail behind the pool average by approximately 0.05 and 0.02 percentage points, respectively. Their average pool shares in 2023 stand at 10.56 percent for Kern County and 10.65 percent for Stanislaus County.

Switching the focus to protein percentages, Merced County leads among the four with an

average of 3.39 percent, surpassing the pool average of roughly 3.34 percent by 0.05 percentage points. Tulare County follows closely with an average protein percentage of 3.37 percent. Stanislaus County closely matches the pool average for protein, while Kern County lags around 0.02 percentage points below the pool average.

It is important to note that pooled component tests, in many cases, may not necessarily reflect actual component levels of all milk produced in the selected counties as handlers may have opted to withhold milk from the FO 51 pool. Nonetheless, these distinctions highlight the variations in milk composition across the top milk producing counties in California.

Milk Check Composition

Table 1 provides a detailed breakdown of the gross payment composition for a hypothetical dairy farmer producing two million pounds of milk in December 2022 and 2023. The components are analyzed based on average pool tests. Notably, butterfat emerges as a significant contributor, constituting 53.2 percent of the total gross payment in December 2022 and 62.1 percent in 2023. In

Figure 1: Pooled Butterfat Percentage in 2023

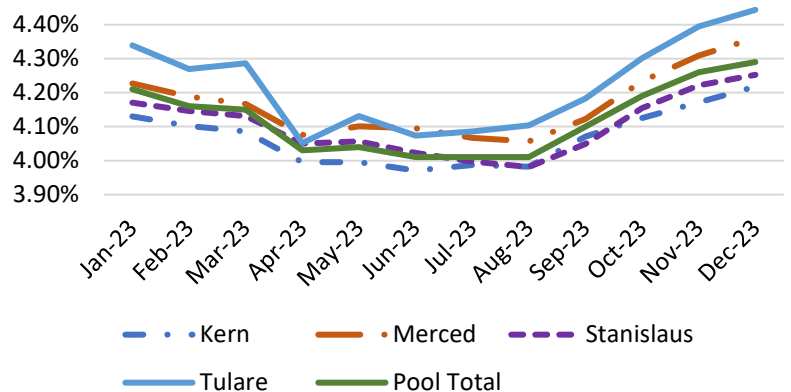
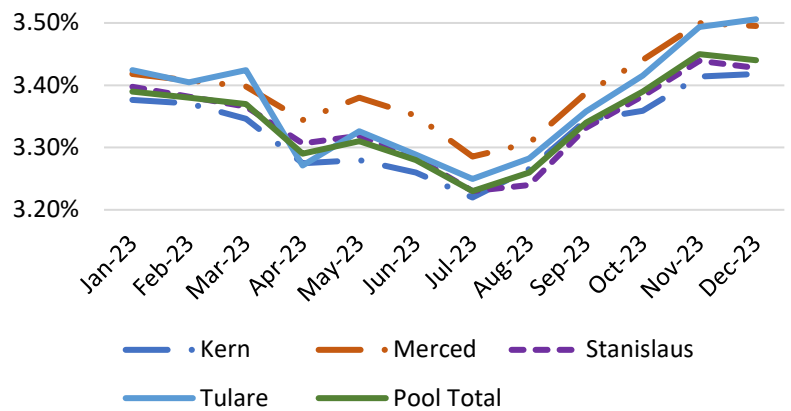


Figure 2: Pooled Protein Percentage in 2023



Pooled Milk Component Tests *(continued from page 2)*

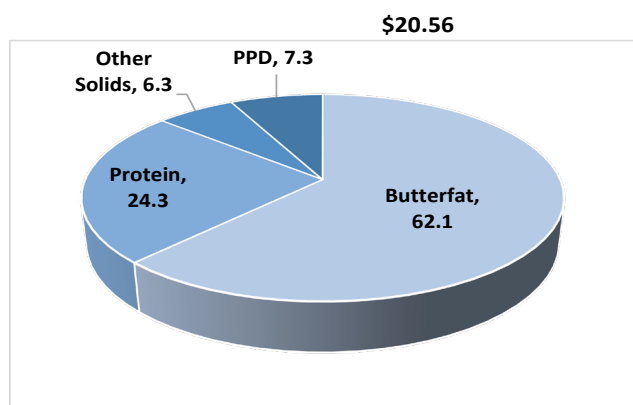
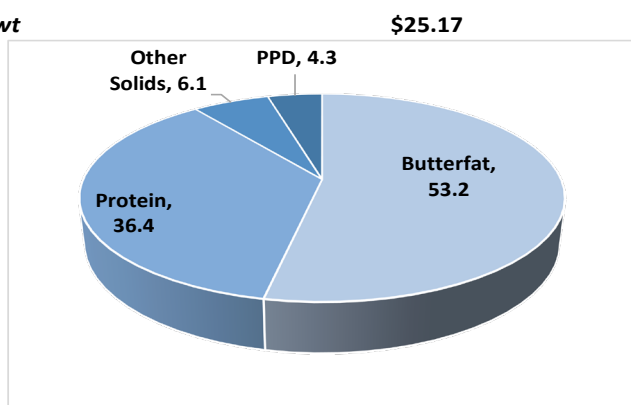
the same order, protein accounted for 36.4 percent and 24.3 percent. Despite the pooled protein percentage declining 0.01 percentage points year-over-year, the decline in proteins' contribution to the gross payment is attributed to a decrease in the protein price of \$1.2069.

For more detailed information on pooled pounds by state and county, refer to the Producer Milk by State and County Report on FO 51's website, accessible here: <https://www.cafmmo.com/publications/statistical-reports/>. ❖

Table 1: Composition of Gross Payment*, December 2022 and December 2023 at Average Pool Tests

	December 2022				December 2023			
	Test Percent	Price per pound	Gross Dollars	Contribution Percent	Test Percent	Price Per pound	Gross Dollars	Contribution Percent
Butterfat	4.25	\$ 3.1539	\$268,081.50	53.2	4.29	\$ 2.9778	\$255,495.24	62.1
Protein	3.45	\$ 2.6568	\$183,319.20	36.4	3.44	\$ 1.4499	\$99,753.12	24.3
Other Solids	5.75	\$ 0.2652	\$30,498.00	6.1	5.75	\$ 0.2242	\$25,783.00	6.3
PPD		\$ 1.08	\$21,600.00	4.3		\$ 1.51	\$30,200.00	7.3
Total Gross Payment			\$503,498.70	100.0			\$411,231.36	100.0

Gross Price per cwt



*For a hypothetical farm producing 2,000,000 pounds of milk at pool averages component tests

Pool Summary for All Federal Orders, January-December, 2022-2023

Federal Order		Total Producer Milk			Producer Price Differential*		Statistical Uniform Price*	
Number	Name	2022	2023	Change Percent	2022	2023	2022	2023
		Pounds			Dollars per Hundredweight**			
1	Northeast	26,881,591,679	27,259,848,011	0.01	3.00	2.99	24.96	20.01
5	Appalachian***	5,420,484,531	5,427,962,020	0.00	N/A	N/A	26.42	21.65
6	Florida***	2,482,891,029	2,505,761,275	0.01	N/A	N/A	28.42	23.71
7	Southeast***	3,912,729,515	3,228,984,466	-0.17	N/A	N/A	26.87	22.25
30	Upper Midwest	31,837,415,324	33,045,277,333	0.04	0.28	0.29	22.24	17.31
32	Central	15,637,745,685	16,053,145,914	0.03	1.15	1.22	23.11	18.24
33	Mideast	16,795,991,380	17,761,414,139	0.06	1.50	1.67	23.45	18.69
51	California	22,438,808,200	26,417,543,826	0.18	1.20	1.19	23.15	18.21
124	Pacific Northwest	7,582,859,867	7,649,543,548	0.01	1.36	1.31	23.31	18.33
126	Southwest	13,713,903,120	13,640,039,564	-0.01	1.72	1.91	23.68	18.93
131	Arizona***	4,909,581,108	5,149,368,294	0.05	N/A	N/A	24.27	19.30
All Federal Orders**		151,614,001,438	158,138,888,390	0.04	1.46	1.51	24.53	19.69

*Price at principal location differential in each Order at 3.5 percent butterfat, 2.99 percent protein, and 5.69 percent other solids.

**Weighted averages for PPD and SUP prices and totals for producer milk.

***These orders are not price on components but on Skim and Butterfat

N/A = Not applicable

See you at World Ag Expo!

California Federal Marketing Order staff are excited to meet you all at the 2024 World Ag Expo held February 13-15, 2024, in Tulare, California. Find us at booth 6507 in the Farm Credit Dairy Center to discuss dairy prices or answer any Federal Order questions you may have. ❖



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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	389,032,564	\$10.05	\$39,097,772.68	
Butterfat	10,018,022	3.4736	34,798,601.22	
Less: Location Adjustment to Handlers			(825,241.23)	\$73,071,132.67
Class II— Butterfat	14,089,866	2.9848	42,055,432.04	
Nonfat Solids	6,882,034	1.0867	7,478,706.38	49,534,138.42
Class III— Butterfat	53,015,083	2.9778	157,868,314.16	
Protein	50,520,543	1.4499	73,249,735.29	
Other Solids	83,669,458	0.2242	18,758,692.49	249,876,741.94
Class IV— Butterfat	8,268,536	2.9778	24,622,046.51	
Nonfat Solids	4,980,562	1.0144	5,052,282.09	29,674,328.60
Total Classified Value			<i>Total value of milk in the pool</i> →	\$402,156,341.63
Add: Overage—All Classes				5,372.85
Inventory Reclassification—All Classes				(412,652.53)
Other Source Receipts	63,305			2,677.80
Total Pool Value				\$401,751,739.75
Less: Value of Producer Butterfat	85,391,507	2.9778	(254,278,829.57)	
Value of Producer Protein	68,519,136	1.4499	(99,345,895.30)	
Value of Producer Other Solids	114,512,044	0.2242	(25,673,600.25)	(379,298,325.12)
Total PPD Value Before Adjustments			<i>Total Class III value of producer components</i> ↗	\$22,453,414.63
Add: Location Adjustment to Producers				7,657,507.43
One-half Unobligated Balance—Producer Settlement Fund				930,744.62
Less: Producer Settlement Fund—Reserve				(984,219.17)
Total Pool Milk & PPD Value	1,990,559,436			\$30,057,447.51
Producer Price Differential		\$1.51 ←	<i>Value from which PPD per hundredweight is calculated</i> →	
Statistical Uniform Price		\$17.55		

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