



# The Market Administrator's

# BULLETIN

## CALIFORNIA MARKETING AREA

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Federal Order No. 51

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## February Pool Price Calculation

The February 2024 Statistical Uniform Price (SUP) for the California Marketing Area increased \$0.60 per hundredweight (cwt) from last month to \$17.41 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 (4.23 percent butterfat, 3.37 percent protein, and 5.77 percent other solids), the February SUP was \$20.16 per cwt, \$0.63 higher than January. The February Producer Price Differential (PPD) at Los Angeles County was \$1.33 per cwt, a decrease of 31 cents from last month.

### Product Prices Effect

Average product prices in the National Dairy Product Sales Report experienced moderate gains in February when compared to January. The prices per pound of butter, cheese, and dry whey rose by \$0.10, \$0.07, and \$0.03 respectively. Meanwhile, the price for nonfat dry milk rose by less than a cent per pound.

The component prices exhibited similar movements as well. The butterfat, protein, and other solids increased \$0.13, \$0.10, and \$0.03 respectively compared to the previous month. Additionally, the nonfat solids increased by less than a cent per pound compared to last month.

The class prices experienced mixed fluctuations from January to February. The Class I price decreased by \$0.49 per cwt to \$20.09. In contrast, the Class II, III, and IV prices increased from January. The Class II price rose 49 cents per cwt, settling at \$20.53. The Class III price increased by the largest magnitude of 91 cents per cwt to \$16.08 and the Class IV price gained 46 cents per cwt to \$19.85.



## Pool Summary

- A total of 872 producers were pooled with an average daily delivery per producer of 77,472 pounds, an increase of 1.2 percent from January.
- Pooled milk receipts totaled 1.959 billion pounds, a decrease of 5.5 percent on an average daily basis.
- Class I usage (milk for bottling) accounted for 19.4 percent of total pooled milk receipts.
- The average butterfat test of producer receipts was 4.23 percent.
- The average true protein test of producer receipts was 3.37 percent.
- The average other solids test of producer receipts was 5.77 percent. ❖

### Class Utilization

Pooled Milk	Percent	Pounds
Class I	19.4	379,329,726
Class II	5.0	98,817,794
Class III	72.9	1,427,434,304
Class IV	2.7	53,533,688
Total Pooled Milk		1,959,115,512

### Producer Component Prices

	2024	2023
	\$/lb	
Protein Price	1.2255	2.3650
Butterfat Price	3.1031	2.7178
Other Solids Price	0.2738	0.2101

### Class Price Factors

	2024	2023
	\$/cwt	
Class I	20.09	22.88
Class II	20.53	20.83
Class III	16.08	17.78
Class IV	19.85	18.86

## Market Services: Laboratory Testing

Last month's *Bulletin* discussed Federal Order (FO) 51's market service to producers, ensuring the accuracy of bulk tank weights, and the collection of representative milk tank samples through tank calibrations. The Market Services (MS) provided by FO 51 also include a laboratory team equipped with various machines and instruments to conduct test verification, finished product testing, and control standards.

### **Verification Payment Testing**

FO51's laboratory establishes and verifies producer payment tests to ensure producers' tests are fair and accurate. To monitor commercial payment laboratories operating in the area, a two-pronged approach is employed, which includes on-site laboratory evaluations and daily instrument performance reviews.

Periodic payment laboratory evaluations provide a comprehensive assessment of laboratory practices, encompassing proper sample handling from intake to storage to testing, reviewing quality records, and ensuring adherence to laboratory procedures.

Instrument performance is assessed daily using MA-provided raw milk control sets, hourly check samples, and duplicate producer sample testing. This monitoring ensures proper instrument calibrations and consistent operation throughout the day. Duplicate producer samples undergo testing at the FO 51 lab, and results are compared to values reported by the payment laboratories. With the program's expansion and increased volume of duplicate samples tested, FO 51's MS team can now identify deviations in component testing by commercial laboratory machines on an hourly basis.

### **Production of Control Sets**

Following a three-week cycle, the eight FO labs collaborate to produce and establish reference chemistry for a raw milk control set. This set comprises producer milk samples collected from across the country and is utilized to verify machine calibrations in other industry labs. This practice ensures that all FO and payment laboratories adhere to the same standard, thereby facilitating nationwide comparability of test results.

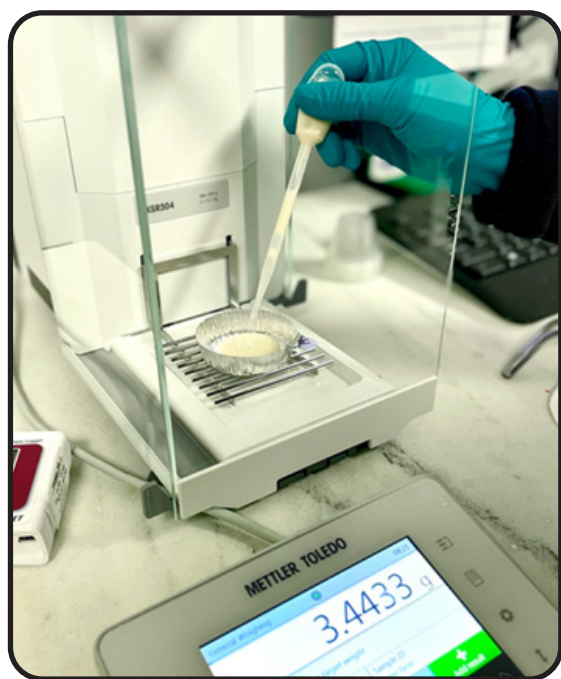
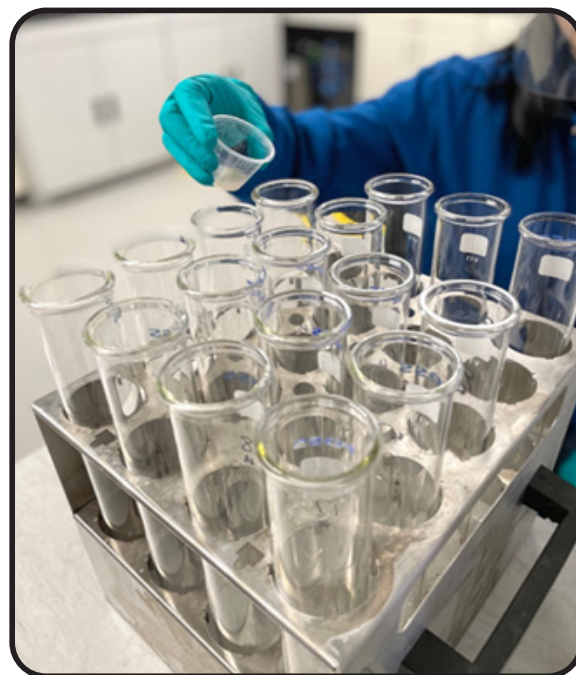
Additionally, the California MA lab produces cream and finished control sets. These, alongside the raw milk control sets, are shipped to area laboratories and plants for the calibration and/or verification of infrared milk testing instruments. These varied practices collectively ensure the accurate and efficient operation of all FO and commercial labs.

### **Class I Testing**

FO 51's lab tests finished products in addition to raw milk. These samples are sourced from fluid production plants or directly from store shelves. Finished product testing assists the FO in verifying the accuracy of component tests reported by the plant and ensuring the overall quality of the product. For instance, if test variances exceed established tolerances, the FO audit team may adjust a handler's tests, resulting in an audit adjustment, or direct the laboratory to conduct additional testing on products. Lastly, finished product testing also verifies the fortification of fluid milk products, as mandated by state law in California.

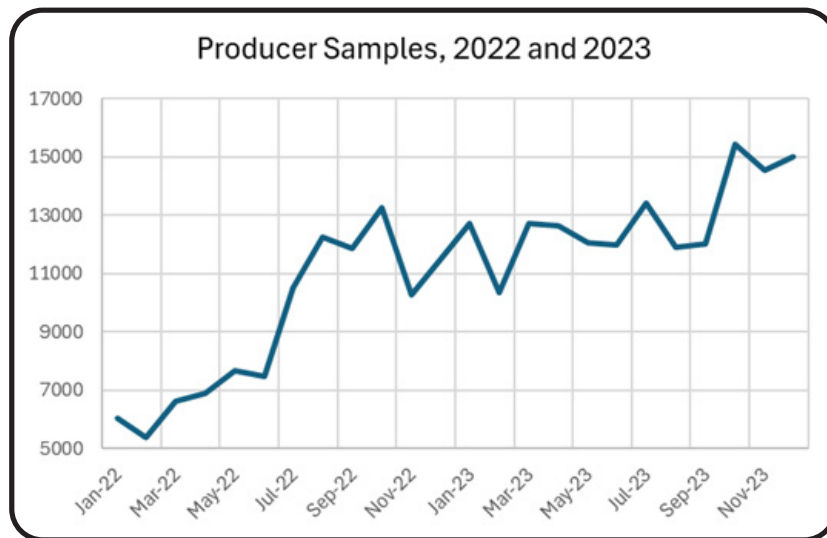
### **Lab Statistics: 2022 and 2023**

Over the last two years, FO 51's lab has tested thousands of samples, generating significant data. In 2022, 109,634 producer samples were tested, and in 2023, the count increased to 154,736.



## Market Services: Laboratory Testing *(continued from page 2)*

In each year, the month with the most samples tested was October, reaching 13,256 in 2022 and 15,413 in 2023. Additionally, the average number of tests performed in a day increased from year-to-year from around 487 in 2022 to roughly 725 in 2023. In 2022, roughly 828 unique producers were sampled and in 2023, around 811 were sampled. The average butterfat test rose by 12 percentage points from 4.03 to 4.15, and the average protein test increased by 5 percentage points from 3.30 to 3.35. The other solids test remained at 5.74 for both years.



For pooled producers who do not belong to a qualified cooperative organization, services provided by the laboratory are conducted under FO 51's Market Service program. Reach out to your handler or Order 51 if you would like to discuss any market services. For producers who are members of a cooperative, reach out to your cooperative representative to discuss market services. If scheduling time allows, this MS program might be available to cooperative producers as well. If you would like more information, feel free to contact FO 51's Lab representative at 916-857-8533 or via email at [Sarah.Hayden@cafmmo.com](mailto:Sarah.Hayden@cafmmo.com). ❖

## New Federal Order Publications

Federal Order 51 has begun publishing two new monthly reports that will be posted to the Order website soon after the Statistical Uniform Price Announcement. The Monthly Statistical Summary provides price summaries, pooled receipts, and utilization by class compared to prior months. The Graphical Summary illustrates 24-month graphical representations of statistical data for the Federal Order. Access these new reports at [www.cafmmo.com/publications/statistical-reports](http://www.cafmmo.com/publications/statistical-reports). ❖

### Pool Statistics for All Federal Orders, February 2024

Federal Order		Statistical Uniform Price*	Producer Price Differential*	Total Producer Milk	Utilization			
Number	Name				Class I	Class II	Class III	Class IV
		\$/cwt		million lbs	%			
1	Northeast	19.69	3.61	2,159.2	29.8	25.2	30.3	14.6
5	Appalachian***	21.00	N/A	418.4	71.9	13.8	7.2	7.1
6	Florida***	22.88	N/A	215.0	81.4	16.0	1.7	0.9
7	Southeast***	21.51	N/A	271.7	78.6	12.6	6.0	2.9
30	Upper Midwest	16.40	0.32	2,543.9	6.0	1.0	92.4	0.6
32	Central	17.67	1.59	1,188.3	30.2	6.8	52.7	10.3
33	Midwest	17.96	1.88	1,271.1	40.6	8.4	49.3	1.7
<b>51</b>	<b>California</b>	<b>17.41</b>	<b>1.33</b>	<b>1,959.1</b>	<b>19.4</b>	<b>5.0</b>	<b>72.9</b>	<b>2.7</b>
124	Pacific Northwest	17.96	1.88	576.2	21.4	4.6	50.6	23.4
126	Southwest	18.18	2.10	1,020.4	30.7	5.5	63.2	0.6
131	Arizona***	19.04	N/A	395.4	28.5	11.2	29.5	30.8
All Federal Orders**		18.15	1.75	12,018.7	27.4	9.2	56.5	6.9

\*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 or total for all Federal Orders.

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

N/A = Not applicable





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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	370,287,000	\$9.85	\$36,473,269.50	
Butterfat	9,042,726	3.0245	27,349,724.79	
Less: Location Adjustment to Handlers			(778,082.77)	\$63,044,911.52
Class II— Butterfat	14,382,456	3.1101	44,730,876.41	
Nonfat Solids	7,984,902	1.1100	8,863,241.22	53,594,117.63
Class III— Butterfat	52,243,008	3.1031	162,115,278.12	
Protein	48,765,853	1.2255	59,762,552.86	
Other Solids	82,879,946	0.2738	22,692,529.23	244,570,360.21
Class IV— Butterfat	7,174,296	3.1031	22,262,557.93	
Nonfat Solids	4,407,080	1.0343	4,558,242.84	26,820,800.77
<b>Total Classified Value</b>			<i>Total value of milk in the pool</i> →	<b>\$388,030,190.13</b>
Add: Overage—All Classes				24,898.58
Inventory Reclassification—All Classes				(49,180.19)
Other Source Receipts	132,177			5,519.70
<b>Total Pool Value</b>				<b>\$388,011,428.22</b>
Less: Value of Producer Butterfat	82,842,486	3.1031	(257,068,518.30)	
Value of Producer Protein	65,982,338	1.2255	(80,861,355.20)	
Value of Producer Other Solids	113,038,054	0.2738	(30,949,819.20)	<b>(368,879,692.70)</b>
<b>Total PPD Value Before Adjustments</b>			<i>Total Class III value of producer components</i> ↗	<b>\$19,131,735.52</b>
Add: Location Adjustment to Producers				7,527,297.35
One-half Unobligated Balance—Producer Settlement Fund				332,704.74
Less: Producer Settlement Fund—Reserve				(933,743.36)
<b>Total Pool Milk &amp; PPD Value</b>	1,959,247,689			<b>\$26,057,994.25</b>
Producer Price Differential		<b>\$1.33</b>		
Statistical Uniform Price		<b>\$17.41</b>		

Value from which PPD per hundredweight is calculated

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