



The Market Administrator's

BULLETIN

CALIFORNIA MARKETING AREA

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September Pool Price Calculation

The September 2024 Statistical Uniform Price (SUP) for the California Marketing Area rose by \$0.95 per hundredweight (cwt) from the previous month, reaching \$22.45 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 (4.07 percent butterfat, 3.31 percent protein, and 5.77 percent other solids), the September SUP was \$25.49 per cwt, which is \$1.17 higher than in August. The September Producer Price Differential (PPD) in Los Angeles County was \$(0.89) per cwt, \$1.73 lower than the previous month.

Product Prices Effect

All average product prices in the National Dairy Product Sales Report increased from August to September. Prices for butter, dry whey, and nonfat dry milk went up by 4, 5, and 6 cents, respectively, closing at \$3.1537, \$0.5321, and \$1.2899 per pound. The cheese price rose by the largest margin of 25 cents to reach \$2.2882 per pound.

The component prices experienced similar trends in the month of September. The butterfat, other solids, and nonfat solids prices each rose by 5, 5, and 6 cents, respectively, reaching \$3.6114, \$0.3430, and \$1.1109 per pound. The protein price increased significantly, climbing 75 cents to \$2.9249 per pound, due to sharp increases in the cheese commodity prices.

All class prices increased from August to September. The Class I price gained 28 cents, settling at \$23.70 per cwt. The Class II price increased by 35 cents to \$22.40 per cwt. The Class III price rose by the largest margin of \$2.68 per cwt to \$23.34 per cwt. Lastly, the Class IV price gained 71 cents to \$22.29 per cwt.

Selected Statistics

After gains in the cheese prices from August to September, the Class III price reached a high of \$23.34 per cwt since June 2022. September 2024's pool volume reached a record low under the

Pool Summary

- A total of 722 producers were pooled with an average daily delivery per producer of 74,595 pounds, a decline of 4 percent from August.
- Pooled milk receipts totaled 1.6 billion pounds, a decrease of 24.3 percent on an average daily basis.
- Class I usage (milk for bottling) accounted for 24.1 percent of total pooled milk receipts.
- The average butterfat test of producer receipts was 4.07 percent.
- The average true protein test of producer receipts was 3.31 percent.
- The average other solids test of producer receipts was 5.77 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	24.1	389,751,533
Class II	9.0	145,953,191
Class III	4.9	79,616,993
Class IV	62.0	1,004,876,594
Total Pooled Milk		1,620,198,311

Producer Component Prices

	2024	2023
	\$/lb	
Protein Price	2.9249	2.3027
Butterfat Price	3.6114	3.1264
Other Solids Price	0.3430	0.0992

Class Price Factors

	2024	2023
	\$/cwt	
Class I	23.70	21.00
Class II	22.40	19.98
Class III	23.34	18.39
Class IV	22.29	19.09

September Pool Price Calculation *(continued from page 1)*

Federal Order at roughly 1.6 billion pounds due to changes in Class pricing relationships. Additionally, the number of pooled producers for a month in FO 51 reached a record low of 772. ❖

Review of Producer Price Differentials

The August 2024 Producer Price Differential (PPD) was \$0.84 per cwt, with a Statistical Uniform Price (SUP) of \$21.50 per cwt. One month later, in September, the PPD declined to \$(0.89) per cwt, while the SUP increased to the highest price of 2024 at \$22.45 per cwt. Although the prior month's PPD price was positive, the higher PPDs do not always indicate higher SUPs.

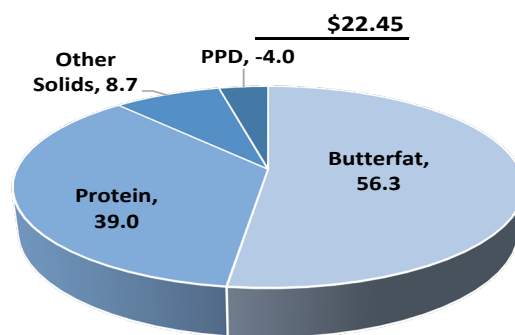
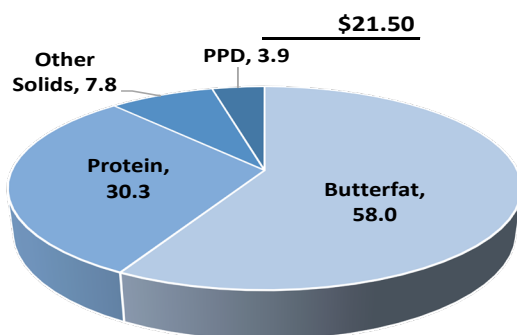
The PPD can be viewed as an accounting mechanism for Federal Orders (FO) that pays producers on the butterfat, protein, and other solids components in their milk. The PPD is determined by the difference between the total Classified Value and the total Producer Component Value. In September 2024, the total Producer Component Value (\$427,416,376.26) exceeded the Classified Value (\$406,416,376.26), see the Computation of Producer Price Differential on page 4. The difference, positive or negative, results in the PPD, and the producer components are paid at the Class III price level. Put simply, the PPD received by producers is the extra value of the monthly pool after the combined value of producer components are deducted at the Class III level.

A pool with a negative PPD indicates that producers are receiving higher payments for their butterfat, protein, or other solids levels. Table 1 below illustrates August and September payments at standard component levels for a hypothetical producer with two million pounds of milk. In September 2024, Butterfat and protein make up 95 percent of the producer's gross value. The largest difference between the two payments is the protein price which rose roughly 75 cents from August due to rapid gains in the cheese commodity prices. This caused the gross dollars in protein to increase significantly raising its contribution to 39 percent, while the PPD contribution remained a small portion of the total gross payment. The producer received a higher payment in September 2024 compared to the month prior with a positive PPD. ❖

Table 1: Composition of Gross Payment* at Standard Pool Tests, August and September 2024

	August 2024				September 2024			
	Test Percent	Price per pound	Gross Dollars	Contribution Percent	Test Percent	Price Per pound	Gross Dollars	Contribution Percent
Butterfat	3.5	\$ 3.5632	\$249,424.00	58.0	3.5	\$ 3.6114	\$252,798.00	56.3
Protein	2.99	\$ 2.1756	\$130,100.88	30.3	2.99	\$ 2.9249	\$174,909.02	39.0
Other Solids	5.69	\$ 0.2959	\$33,673.42	7.8	5.69	\$ 0.3430	\$39,033.40	8.7
PPD		\$ 0.84	\$16,800.00	3.9		\$ (0.89)	-\$17,800.00	-4.0
Total Gross Payment			\$429,998.30	100.0			\$448,940.42	100.0

Gross Price
per cwt



*For a hypothetical farm producing 2,000,000 pounds of milk at pool standard component tests and located at the \$2.10 differential zone.

USDA HPAI Information

Since the first detection of highly pathogenic avian influenza (HPAI) H5N1 in dairy cattle in March 2024, USDA has worked swiftly and diligently to assess the prevalence of the virus in the U.S. dairy herds and respond accordingly. USDA's Animal and Plant Health Inspection Service (APHIS), working closely with state officials and other federal partners, is leading efforts to prevent further spread, establish herd monitoring, and help producers enhance on-farm biosecurity measures. USDA also provides financial support to off-set costs related to production losses and enhanced biosecurity.

On April 24, USDA issued an H5N1 Federal Order mandating testing prior to the interstate movement of lactating dairy cattle and requires reporting of positive test results in livestock. Testing and reporting are crucial for understanding the extent of the virus and reducing further spread. Enhanced biosecurity procedures are critical in keeping disease off farms and preventing further spread on affected farms. USDA continues to encourage biosecurity measures such as limiting visitors, cleaning and disinfecting milking equipment, avoiding the mixing of species, and monitoring and caring for sick animals.

USDA's voluntary H5N1 Dairy Herd Status Pilot Program enables producers to monitor their herds for HPAI via a weekly bulk milk sample. Once testing demonstrates a herd is free of the virus for three consecutive weeks, the program allows shipment of cows without having to test each one, as required under the H5N1 Federal Order.

With recognition of the challenges HPAI H5N1 causes for producers, USDA offers financial support to help dairy producers enhance biosecurity and offset costs associated with Influenza A testing, veterinary expenses, personal protective equipment purchases, milk disposal, and milk losses. Producers can contact their [Area Veterinarian in Charge](#) or [State animal health official](#) to enroll.

More details on the H5N1 Federal Order, Biosecurity, and participation in the Dairy Herd Status Program and the USDA financial support programs are online at: [HPAI in Livestock | Animal and Plant Health Inspection Service \(usda.gov\)](#) ❖

Pool Statistics for All Federal Orders, September 2024

Federal Order		Statistical Uniform Price*	Producer Price Differential*	Total Producer Milk million lbs	Utilization			
Number	Name				Class I	Class II	Class III	Class IV
		\$/cwt			%			
1	Northeast	23.57	0.23	2,174.9	29.4	27.4	29.8	13.4
5	Appalachian***	24.48	N/A	419.0	71.4	17.7	3.9	7.0
6	Florida***	26.19	N/A	203.3	81.0	15.6	0.8	2.6
7	Southeast***	25.01	N/A	267.7	79.2	14.0	0.8	5.9
30	Upper Midwest	23.10	(0.24)	1,628.0	9.6	10.1	71.2	9.1
32	Central	22.41	(0.93)	1,052.1	32.4	15.1	29.2	23.3
33	Midwest	22.72	(0.62)	1,610.4	35.3	23.3	30.2	11.3
51	California	22.45	(0.89)	1,620.2	24.1	9.0	4.9	62.0
124	Pacific Northwest	22.59	(0.75)	588.0	22.0	5.5	36.2	36.4
126	Southwest	22.89	(0.45)	811.0	39.8	14.7	6.3	39.2
131	Arizona***	22.94	N/A	306.9	32.8	40.3	2.2	24.8
All Federal Orders**		23.08	0.05	10,681.4	31.1	17.4	27.8	23.7

*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	380,430,242	\$11.59	\$44,091,865.05	
Butterfat	9,321,291	3.5748	33,321,751.07	
Less: Location Adjustment to Handlers			(829,633.70)	\$76,583,982.41
Class II— Butterfat	14,730,803	3.6184	53,301,937.56	
Nonfat Solids	12,429,485	1.1211	13,934,695.66	67,236,633.22
Class III— Butterfat	3,054,623	3.6114	11,031,465.50	
Protein	2,702,672	2.9249	7,905,045.32	
Other Solids	4,591,032	0.3430	1,574,723.97	20,511,234.79
Class IV— Butterfat	38,883,810	3.6114	140,424,991.43	
Nonfat Solids	91,549,255	1.1109	101,702,067.37	242,127,058.80
Total Classified Value			<i>Total value of milk in the pool</i> →	\$406,458,909.22
Add: Overage—All Classes				17,048.21
Inventory Reclassification—All Classes				65,175.22
Other Source Receipts	86,196			255.64
Total Pool Value				\$406,541,388.29
Less: Value of Producer Butterfat	65,990,527	3.6114	(238,318,189.20)	
Value of Producer Protein	53,683,087	2.9249	(157,017,661.17)	
Value of Producer Other Solids	93,529,230	0.3430	(32,080,525.89)	(427,416,376.26)
Total PPD Value Before Adjustments			<i>Total Class III value of producer components</i> ↗	(\$20,874,987.97)
Add: Location Adjustment to Producers				6,166,466.51
One-half Unobligated Balance—Producer Settlement Fund				925,905.01
Less: Producer Settlement Fund—Reserve				(637,915.73)
Total Pool Milk & PPD Value	1,620,284,507			(\$14,420,532.18)
Producer Price Differential		\$ (0.89)		
Statistical Uniform Price		\$ 22.45		

Value from which PPD per hundredweight is calculated

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