



The Market Administrator's

BULLETIN

CALIFORNIA MARKETING AREA

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December 2024

Federal Order No. 51

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December Pool Price Calculation

The December 2024 Statistical Uniform Price (SUP) for the California Marketing Area decreased by \$1.29 per hundredweight (cwt) from the previous month, settling at \$19.99 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 (4.35 percent butterfat, 3.46 percent protein, and 5.77 percent other solids), the December SUP was \$23.43 per cwt, which is \$1.63 lower than in November. The December Producer Price Differential (PPD) in Los Angeles County was \$1.37 per cwt, \$0.04 higher than the previous month.

Product Prices Effect

In the latest National Dairy Product Sales Report, average product prices showed mixed changes from November to December. The butter and cheese prices declined in December, with butter falling roughly 13 cents to \$2.5748 per pound and cheese declined by 16 cents to \$1.7608 per pound. Dry whey and nonfat dry milk rose by 4 and 2 cents, reaching \$0.6353 and \$1.3952 per pound, respectively.

Component prices experienced similar trends in the month of December. The butterfat price saw a decrease of 15 cents, dropping to \$2.9104 per pound, while the protein price experienced a substantial decrease of 35 cents per pound, declining to \$1.9637 per pound. The other solids and nonfat solids prices rose by 4 and 2 cents to \$0.4493 and \$1.2151 per pound, respectively.

All the Class prices declined from last month. The Class I price fell by \$1.10, settling at \$23.53 per cwt. The Class II price declined by 24 cents to \$21.28 per cwt. Class III price declined by the largest margin of \$1.33 to \$18.62 per cwt. The Class IV prices experienced a decline by \$0.38 to \$20.74 per cwt, respectively.

Selected Statistics

December 2024's Class I utilization increase 3.5 percent from December 2023, the first positive gain in the month since the Order began. The nonfat solids price, \$1.2151, was the highest since January 2023. ❖

Pool Summary

- A total of 876 producers were pooled with an average daily delivery per producer of 65,427 pounds, a decrease of 10.35 percent from November.
- Pooled milk receipts totaled 1.78 billion pounds, a decrease of 1.34 percent on an average daily basis.
- Class I usage (milk for bottling) accounted for 23.3 percent of total pooled milk receipts.
- The average butterfat test of producer receipts was 4.35 percent.
- The average true protein test of producer receipts was 3.46 percent.
- The average other solids test of producer receipts was 5.77 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	23.3	413,108,593
Class II	5.3	93,981,844
Class III	68.9	1,224,605,266
Class IV	2.5	45,034,877
Total Pooled Milk		1,776,730,580

Producer Component Prices

	2024	2023
	\$/lb	
Protein Price	1.9637	1.4499
Butterfat Price	2.9104	2.9778
Other Solids Price	0.4493	0.2242

Class Price Factors

	2024	2023
	\$/cwt	
Class I	23.53	21.86
Class II	21.28	19.88
Class III	18.62	16.04
Class IV	20.74	19.23

2024 Pricing and Pooling Statistics

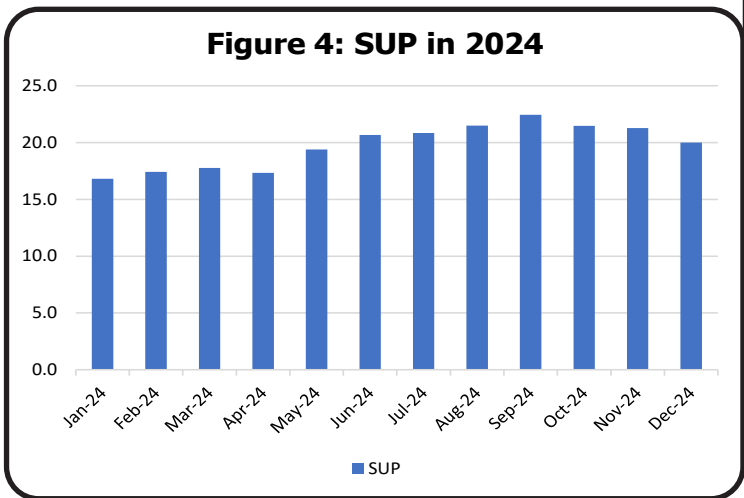
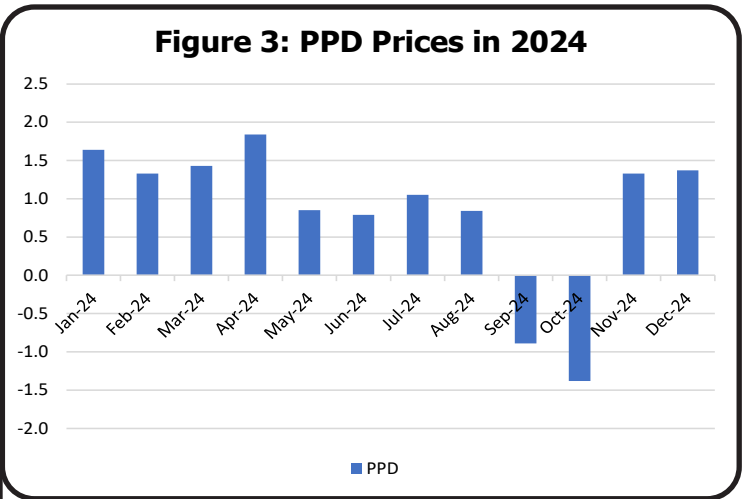
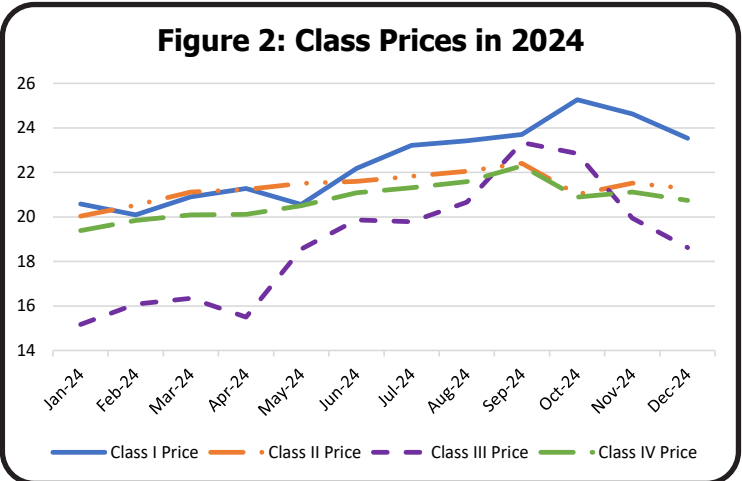
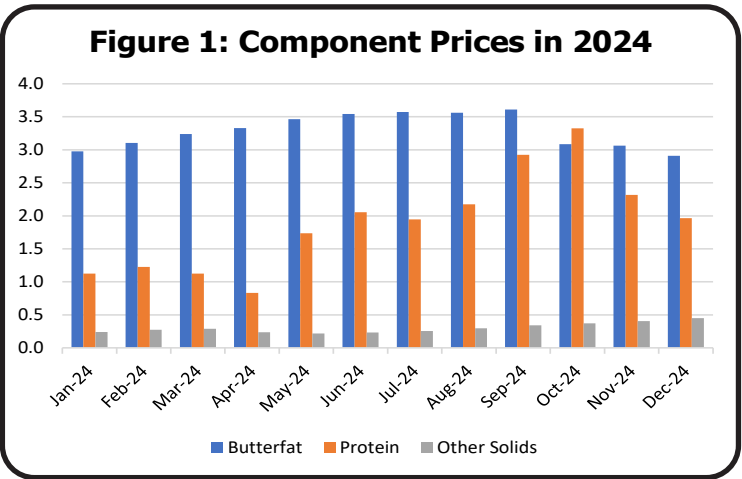
Class and Component Prices

Figure 1 displays the component prices by month in 2024. The butterfat price remained elevated, not falling below \$2.9000 per pound throughout the year. The protein price started 2024 at a low level, declining to a record low of \$0.8345 in April – the lowest price since FO 51 began. However, it rebounded sharply, reaching its 2024 peak of \$3.3238 in October, a level not seen since June 2022.

Figure 2 illustrates the FO 51 Class prices in 2024. The average Class I price was 22.45 per cwt with the highest reaching \$25.27 per cwt in October. The highest-Class II price was \$22.05 per cwt in August with a yearly average of \$21.34 per cwt. Class III was the lowest price, until September, when it rose to a high of \$23.34, surpassing the Class IV price for the first time since April 2023. The Class IV price reached a high of \$22.29 per cwt in September with a low of \$19.39 per cwt in January.

Producer Price Differential and Statistical Uniform Price

Figure 3 displays the Producer Price Differential (PPD) prices by month in 2024. For most of the year, the PPD was above a dollar reaching a high of \$1.63 per cwt in April. However, the rapid increase in the protein component price caused a shift in Class III and IV prices, therefore changing pooling incentives in September and October. These changes caused the PPD fall to a low of -\$1.38 per cwt in October. It is important to note with a negative PPD the SUP reached a high of 22.45 and 21.47 per cwt in September and October, respectively. Figure 4 displays the SUP by month in 2024.



Class Utilizations and Pool Receipts

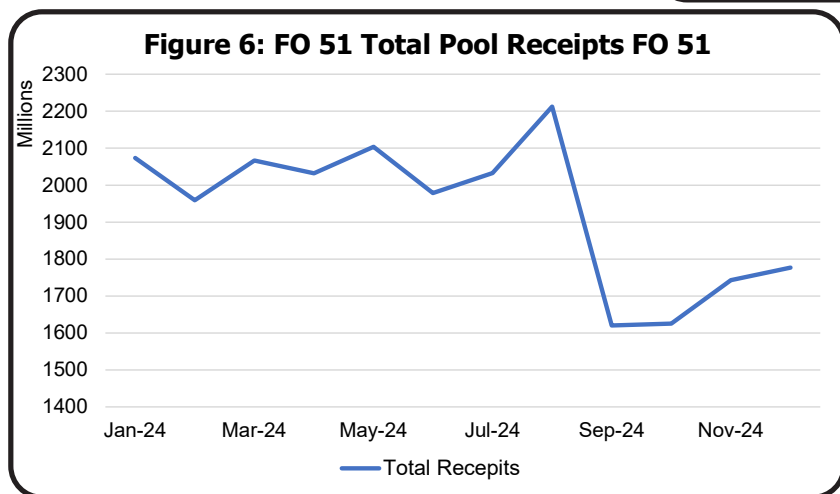
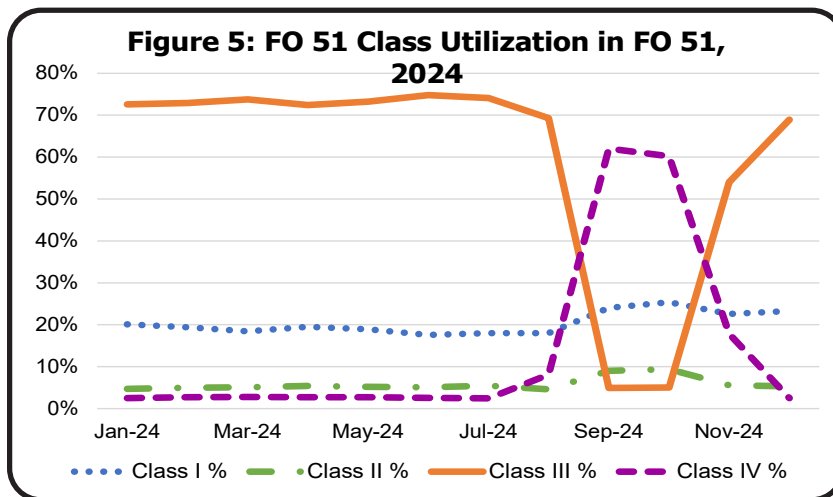
Figure 5 displays the Class utilization percentages by month in 2024. Class I utilization averaged 20.4 percent in 2024, showing minimal variation until September, when it increased from 18 percent in August to 24.1 percent. Similarly, Class II utiliza-

(continued on page 3)

2024 Pricing and Pooling Statistics *(continued from page 2)*

tion remained steady, averaging 5.8 percent before increasing significantly to 9 percent in September. Class III and IV utilizations showed greater variability in the latter part of the year, due to the price increases detailed above. The yearly utilization averages for Class III and IV were 59.7 and 14.1 percent.

Figure 6 illustrates the total pooled receipts by month in 2024. Similar to 2023, total pooled receipts remained mostly stable between 1.9 and 2.1 billion pounds for most of the year. The August pool volume was the highest of



the year at 2.2 billion pounds of producer milk. However, total pooled receipts declined in September and October. Pooled receipts dropped to a record low under the Order at 1.62 billion pounds. Pooled receipts in November and December rebounded as pooling incentives slowly returned to prior trends. For more information on pooling dynamics and PPDs, please read our September and October 2024 Bulletin Articles at <https://www.cafmno.com/publications/monthly-newsletter/>. ❖

Final Ruling Announcement

USDA Agricultural Marketing Service (AMS) has announced a final rule amending the uniform pricing formulas for all 11 Federal milk marketing orders (FMMOs), effective June 1, 2025, with certain changes taking effect December 1, 2025. This decision follows a 49-day national hearing where AMS evaluated 21 proposals from the dairy industry, leading to a recommended decision and a 60-day public comment period. A total of 128 comments were considered in the final decision, which was approved by producers through a referendum.

Key amendments include:

- Updating skim milk composition factors to 3.3% true protein, 6.0% other solids, and 9.3% nonfat solids (effective Dec. 1, 2025).
- Removing 500-pound barrel cheddar cheese prices from the Dairy Product Mandatory Reporting Program survey.
- Revising Class III and Class IV manufacturing allowances and butterfat recovery factors.
- Returning to the higher-of pricing method for the base Class I skim milk price and adding a Class I ESL adjustment.
- Updating Class I differential values to reflect the increased cost of servicing the Class I market.

Full details and educational materials are available on AMS's National Federal Milk Marketing Order Pricing Formula Hearing webpage found at <https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmno-pricing-hearing>. ❖



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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	402,562,560	\$13.08	\$52,655,182.85	
Butterfat	10,546,033	3.1151	32,851,947.40	
Less: Location Adjustment to Handlers			(869,380.78)	\$84,637,749.47
Class II— Butterfat	14,563,028	2.9174	42,486,177.88	
Nonfat Solids	7,615,540	1.2744	9,705,244.20	52,191,422.08
Class III— Butterfat	44,364,630	2.9104	129,118,819.14	
Protein	43,044,583	1.9637	84,526,647.65	
Other Solids	71,276,813	0.4493	32,024,672.06	245,670,138.85
Class IV— Butterfat	7,888,847	2.9104	22,959,700.32	
Nonfat Solids	3,586,639	1.2151	4,358,125.06	27,317,825.38
Total Classified Value			<i>Total value of milk in the pool</i> →	\$409,817,135.78
Add: Overage—All Classes				28,936.53
Inventory Reclassification—All Classes				(130,150.11)
Other Source Receipts	80,269			3,483.68
Total Pool Value				\$409,719,405.88
Less: Value of Producer Butterfat	77,362,538	2.9104	(225,155,930.59)	
Value of Producer Protein	61,503,155	1.9637	(120,773,745.49)	
Value of Producer Other Solids	102,592,233	0.4493	(46,094,690.30)	(392,024,366.38)
Total PPD Value Before Adjustments			<i>Total Class III value of producer components</i> ↗	\$17,695,039.50
Add: Location Adjustment to Producers				6,766,110.45
One-half Unobligated Balance—Producer Settlement Fund				760,262.38
Less: Producer Settlement Fund—Reserve				(879,103.64)
Total Pool Milk & PPD Value	1,776,810,849			\$24,342,308.69
Producer Price Differential		\$ 1.37		
Statistical Uniform Price		\$ 19.99		

Value from which PPD per hundredweight is calculated

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