



The Market Administrator's

BULLETIN

CALIFORNIA MARKETING AREA

Cary Hunter, Interim Market Administrator

June 2021

Federal Order No. 51

To contact the California Marketing Area office:

Tel.: (916) 702-6455 — Fax: (833) 673-3751

Mailing Address: P.O. Box 6660, Folsom, CA 95763

e-mail address: market.admin@cafmmo.com — website address: www.cafmmo.com

June Pool Price Calculation

The June 2021 Statistical Uniform Price (SUP) for the California Marketing Area was announced at \$17.30 per hundredweight (cwt), an increase of 57 cents per cwt from last month, for milk delivered to plants located in Los Angeles County, California, the pricing point for the California Federal Marketing Order (CFMO). The SUP is calculated at 3.5 percent butterfat, 2.99 percent protein, and 5.69 percent other solids. If reported at the average tests of pooled milk (3.79 percent butterfat, 3.15 percent protein, and 5.76 percent other solids), the June SUP would be \$18.30 per cwt, which is higher than that of May by 29 cents per cwt. June's Producer Price Differential (PPD) at Los Angeles County was \$0.09 per cwt, an increase of \$2.32 cents from last month's PPD of -\$2.23 per cwt. June's PPD marks the first positive PPD since January 2020.

Product Prices Effect

All monthly average product prices in the National Dairy Product Sales Report decreased from May to June, except for the nonfat dry milk price. The cheese price decreased by the largest magnitude, declining almost 18 cents per pound. Meanwhile, the remaining commodity prices moved more modestly; the butter price and dry whey price declined roughly 2 cents and less than a penny per pound, respectively, and the nonfat dry milk price gained just over 3 cents per pound.

The movements in commodity prices translated to similar movements in the component prices. The protein price saw a large reduction from May to June, dropping nearly 55 cents per pound. The butterfat and other solids prices also saw decreases, decreasing just over 2 cents and less than a penny per pound, respectively. The nonfat solids price was the only price to increase, rising just over 3 cents per pound.

Class prices, except for the Class III price, increased from May to June. The Class III price was the only price to decrease, declining \$1.75 to \$17.21 per cwt. Meanwhile, the Class I price saw the largest improvement, increasing by \$1.19 to reach \$20.39 per cwt. Lastly, the Class II and IV prices continued their upward trends from the previous month; the Class II price gained 44 cents to \$16.66 per cwt, and the Class IV price rose 19 cents to \$16.35 per cwt. ❖

Pool Summary

- A total of 808 producers were pooled with an average daily delivery per producer of 79,592 pounds, a decrease of 0.1 percent from May.
- Pooled milk receipts totaled 1.929 billion pounds, a decrease of 1.8 percent on an average daily basis.
- Class I usage (milk for bottling) accounted for 19.1 percent of total pooled milk receipts—the same share as in May.
- The average butterfat test of producer receipts was 3.79 percent.
- The average true protein test of producer receipts was 3.15 percent.
- The average other solids test of producer receipts was 5.76 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	19.1	369,155,448
Class II	6.9	132,881,814
Class III	3.4	64,675,276
Class IV	70.6	1,362,591,347
Total Pooled Milk		1,929,303,885

Producer Component Prices

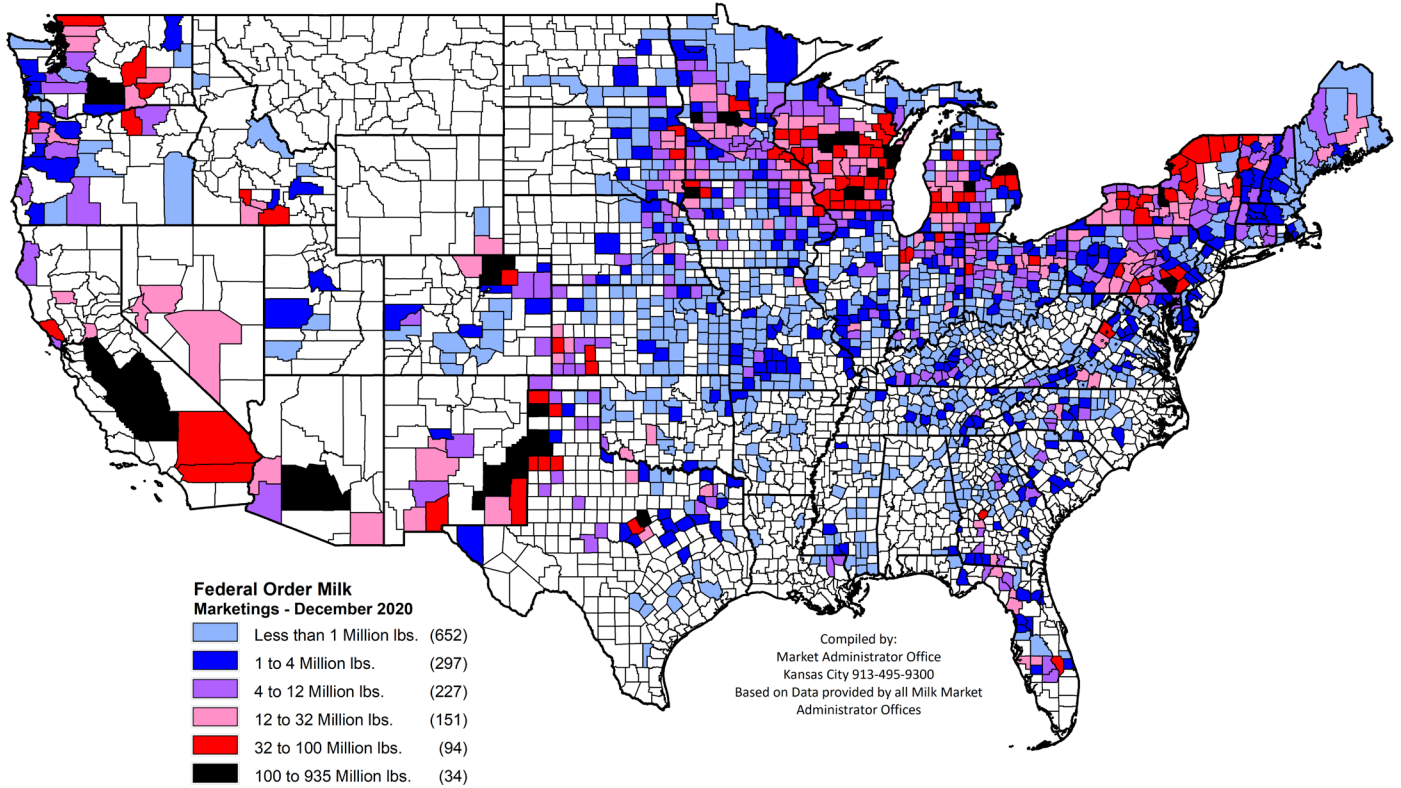
	2021	2020
	\$/lb	
Protein Price	2.5834	4.5349
Butterfat Price	1.9641	1.8591
Other Solids Price	0.4579	0.1696

Class Price Factors

	2021	2020
	\$/cwt	
Class I	20.39	13.52
Class II	16.66	12.99
Class III	17.21	21.04
Class IV	16.35	12.90

Mapping County Milk Production Across Federal Orders

Federal Order Milk Production by County, December 2020



Milk production is on the rise across the United States. According to the USDA National Agriculture Statistics Service (NASS) *Milk Production* report, estimated monthly U.S. milk production has posted year-over-year gains on a daily average basis for all but two months in the last two years. The report also estimates that annual milk production for 2020 increased 1.9 percent from 2019 on a daily average basis, while December 2020 alone increased by roughly 2.5 percent from December 2019. The accompanying maps illustrate the concentration of and trends in milk production within the eleven Federal Order (FO) regions for December 2020. Data for these maps were provided by all Market Administrator offices and compiled by FO32 (Central Order). Additional maps and details can be found in FO32's April 2021 *Bulletin* at: www.fmmacentral.com/monthly_news_letter.html.

A Snapshot of December 2020 Production

The map above depicts the milk produced in December 2020 by 1,455 counties within FO regions, accounting for more than 17.2 billion pounds of milk. 57 counties produce half of the milk within FO regions. The top 34 counties, colored black, each produce more than 100 million pounds of milk. California's Central Valley is well represented among these 34 counties, noting the region's significant role in national milk production.

The table at right displays the top fourteen counties in FO regions along with their respective production levels for December 2020. Seven of these counties are located in California: Tulare, Merced,

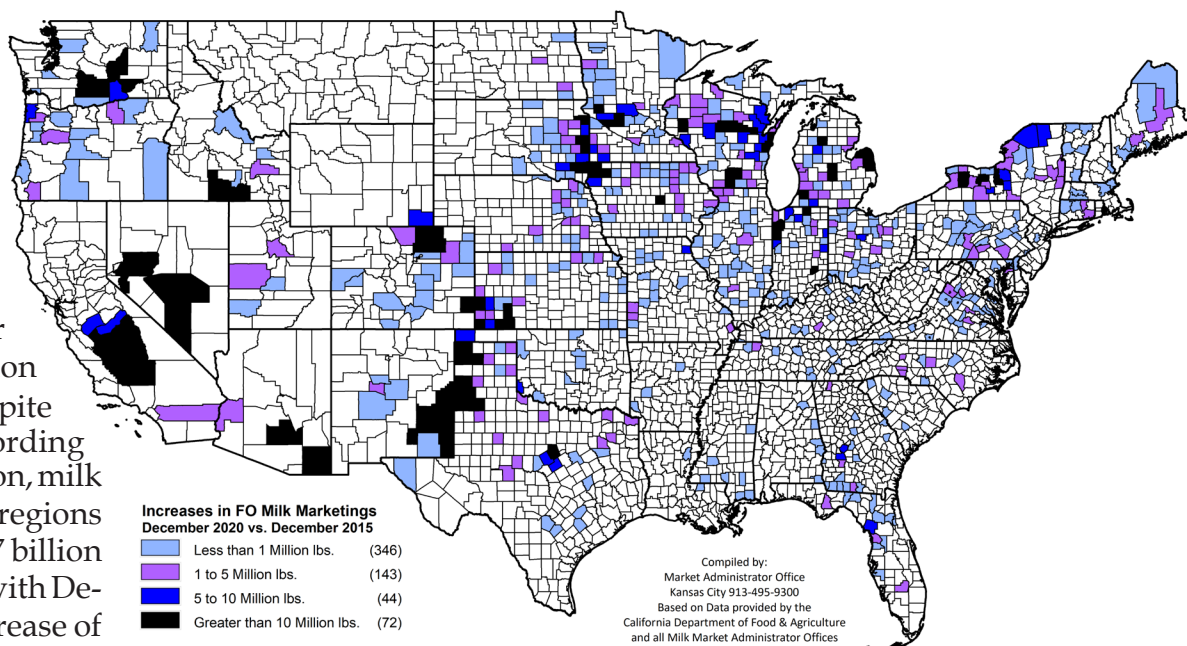
Top Fourteen Counties for Milk Production within Federal Order Regions, December 2020		
County	December 2020 Production (lbs)	Percent of Federal Order Total
Tulare, CA	934,022,270	5.43%
Merced, CA	504,252,956	2.93%
Kings, CA	376,325,352	2.19%
Kern, CA	346,769,130	2.01%
Stanislaus, CA	303,639,011	1.76%
Weld, CO	277,124,636	1.61%
Fresno, CA	244,540,565	1.42%
Hartley, TX	237,486,285	1.38%
Yakima, WA	232,233,218	1.35%
Maricopa, AZ	208,325,481	1.21%
Lancaster, PA	197,249,797	1.15%
San Joaquin CA	189,559,067	1.10%
Curry, NM	175,231,277	1.02%
Pinal, AZ	169,041,521	0.98%
14-County Total	4,395,800,566	25.54%
FO Total	17,213,635,744	

Kings, Kern, Stanislaus, Fresno, and San Joaquin. These seven counties accounted for 16.8 percent of milk produced in FO regions. This is equivalent to the amount of milk produced by the smallest 1,207 counties, or 83 percent of counties within FOs. Tulare County alone is equivalent to the smallest 973 counties, marketing more than 934 million pounds of milk in December 2020.

Production Growth Over the Last Five Years

The map at right shows counties in FO regions with production increases from December 2015 to December 2020.¹ 605 counties improved production over this period, accounting for more than 13.2 billion pounds of milk. Despite 1,109 counties recording decreased production, milk production in FO regions increased almost 1.7 billion pounds compared with December 2015, an increase of roughly 10.7 percent.

Federal Order Milk Production Growth by County, December 2020



Production in California continues to increase with the rest of the United States, as six California counties increased production by more than 5 million pounds each over the illustrated period. Over this same period, NASS *Milk Production* reports show that the number of cows in California decreased by 3.1 percent, providing evidence of the increased productivity of cows in the state. Considering the most recent *Milk Production* report, California production from January 2021 through May 2021 was up 2.9 percent from the same period in 2020, adjusted for the leap day, suggesting the upward trend in production is likely to continue. ❖

¹ California data preceding FO 51 was provided by the California Department of Food and Agriculture.

California's Dairy Products

The accompanying table lists the May 2021 production of manufactured dairy products in California and the United States as reported by the National Agricultural Statistics Service in its *Dairy Products* report. The number one state in raw milk production plays a major role in the production of several major dairy products; California accounted for more than a quarter of all the Italian cheese, mozzarella, butter, and nonfat dry milk produced in the United States in May. Further, California produced more mozzarella, butter, nonfat dry milk, and ice cream than any other state listed. Production of manufactured dairy products in California is likely to remain robust in the remainder of 2021 if milk supplies remain plentiful. ❖

Dairy Product Production, May 2021			
Product	CA Production (thousands)	U.S. Production (thousands)	CA Share of U.S.
Total Cheese* (pounds)	207,301	1,156,188	17.93%
American Cheese (pounds)	50,469	473,123	10.67%
Cheddar Cheese (pounds)	26,748	343,024	7.80%
Italian Cheese (pounds)	134,984	481,316	28.04%
Mozzarella Cheese (pounds)	124,998	376,699	33.18%
Butter (pounds)	61,211	185,449	33.01%
Nonfat Dry Milk (pounds)	91,812	205,337	44.71%
Ice Cream (gallons)	7,094	61,211	11.59%

*Excludes Cottage cheese. Source: USDA NASS



RETURN SERVICE REQUESTED

FIRST CLASS MAIL

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410 or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

Computation of Producer Price Differential and Statistical Uniform Price*

	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim	360,121,162	\$13.92	\$50,128,865.75	
Butterfat	9,034,286	1.9884	17,963,774.28	
Less: Location Adjustment to Handlers			(739,636.07)	\$67,353,003.96
Class II— Butterfat	14,611,984	1.9711	28,801,681.65	
Nonfat Solids	10,947,990	1.1244	12,309,919.96	41,111,601.61
Class III— Butterfat	2,744,954	1.9641	5,391,364.15	
Protein	2,036,248	2.5834	5,260,443.06	
Other Solids	3,704,414	0.4579	1,696,251.17	12,348,058.38
Class IV— Butterfat	46,724,798	1.9641	91,772,175.75	
Nonfat Solids	121,835,875	1.0908	132,898,572.44	224,670,748.19
Total Classified Value				\$345,483,412.14
Add: Overage—All Classes				60,182.64
Inventory Reclassification—All Classes				52,825.28
Other Source Receipts	34,562			1,109.44
Total Pool Value				\$345,597,529.50
Less: Value of Producer Butterfat	73,116,022	1.9641	(143,607,178.79)	
Value of Producer Protein	60,747,741	2.5834	(156,935,714.10)	
Value of Producer Other Solids	111,084,875	0.4579	(50,865,764.27)	(351,408,657.16)
Total PPD Value Before Adjustments				(\$5,811,127.66)
Add: Location Adjustment to Producers				7,542,583.77
One-half Unobligated Balance—Producer Settlement Fund				887,335.61
Less: Producer Settlement Fund—Reserve				(882,387.18)
Total Pool Milk & PPD Value	1,929,338,447			\$1,736,404.54
Producer Price Differential		\$0.09		
Statistical Uniform Price		\$17.30		

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