



The Market Administrator's

BULLETIN

CALIFORNIA MARKETING AREA

Peter Fredericks, Market Administrator

February 2023

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

February Pool Price Calculation

The February 2023 Statistical Uniform Price (SUP) for the California Marketing Area decreased \$1.40 per hundredweight (cwt) from last month to \$19.10 per cwt for milk delivered to plants located in Los Angeles County, California, the pricing point for the California Federal Marketing Order (CFMO). 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 (4.16 percent butterfat, 3.38 percent protein, and 5.75 percent other solids), the February SUP is \$21.83 per cwt, \$1.76 below January. The February Producer Price Differential (PPD) at Los Angeles County is \$1.32 per cwt, an increase of 25 cents from last month. February 2023 marks the highest volume of milk on the CFMO pool on a daily average basis since the Order began.

Product Prices Effect

For the fourth straight month, all monthly average product prices in the National Dairy Product Sales Report decreased from the previous month. After three months of significant declines, the butter price lost just 4 cents per pound from last month. The cheese price dropped roughly 15 cents per pound, and the dry whey price decreased approximately 2 cents per pound. The nonfat dry milk price declined just over 11 cents per pound.

All component prices decreased from last month. The butterfat price declined roughly 5 cents per pound from January. The protein price decreased by the largest magnitude, dropping just over 44 cents per pound. The other solids and nonfat solids prices lost 2 cents and nearly 11 cents per pound, respectively.

All class prices continued to move downward from January to February. The Class I price declined \$1.63 per cwt to \$22.88. The Class II price dropped 78 cents per cwt to \$20.83, and the Class III price decreased \$1.65 per cwt to \$17.78. Lastly, the Class IV price declined \$1.15 per cwt to \$18.86. ❖

Pool Summary

- A total of 1,017 producers were pooled with an average daily delivery per producer of 82,980 pounds, an increase of 7.6 percent from January.
- Pooled milk receipts totaled 2.363 billion pounds, an increase of 11.9 percent on an average daily basis.
- Class I usage (milk for bottling) accounted for 16.2 percent of total pooled milk receipts, down 1.9 percentage points from January.
- The average butterfat test of producer receipts was 4.16 percent.
- The average true protein test of producer receipts was 3.38 percent.
- The average other solids test of producer receipts was 5.75 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	16.2	382,976,803
Class II	4.1	97,275,057
Class III	57.8	1,365,019,695
Class IV	21.9	517,670,201
Total Pooled Milk		2,362,941,756

Producer Component Prices

	2023	2022
	\$/lb	
Protein Price	2.3650	2.3168
Butterfat Price	2.7178	3.0218
Other Solids Price	0.2101	0.5983

Class Price Factors

	2023	2022
	\$/cwt	
Class I	22.88	23.74
Class II	20.83	23.79
Class III	17.78	20.91
Class IV	18.86	24.00

Component Tests in the California Federal Marketing Order

In 2022, component tests of producer milk pooled on Federal Order (FO) 51 reached record levels. The average butterfat test of pooled milk peaked at 4.25 percent in December 2022, and the average protein test achieved a new high at 3.45 percent in November 2022. Weighted by total pool pounds, the butterfat and protein tests of pooled milk averaged 4.05 and 3.32 percent, respectively, across 2022 – higher than any other year under the Order. While component tests continue to show improvements year after year, they vary by region. This article evaluates component levels of pooled milk regionally within and outside of the California Federal Marketing Order.

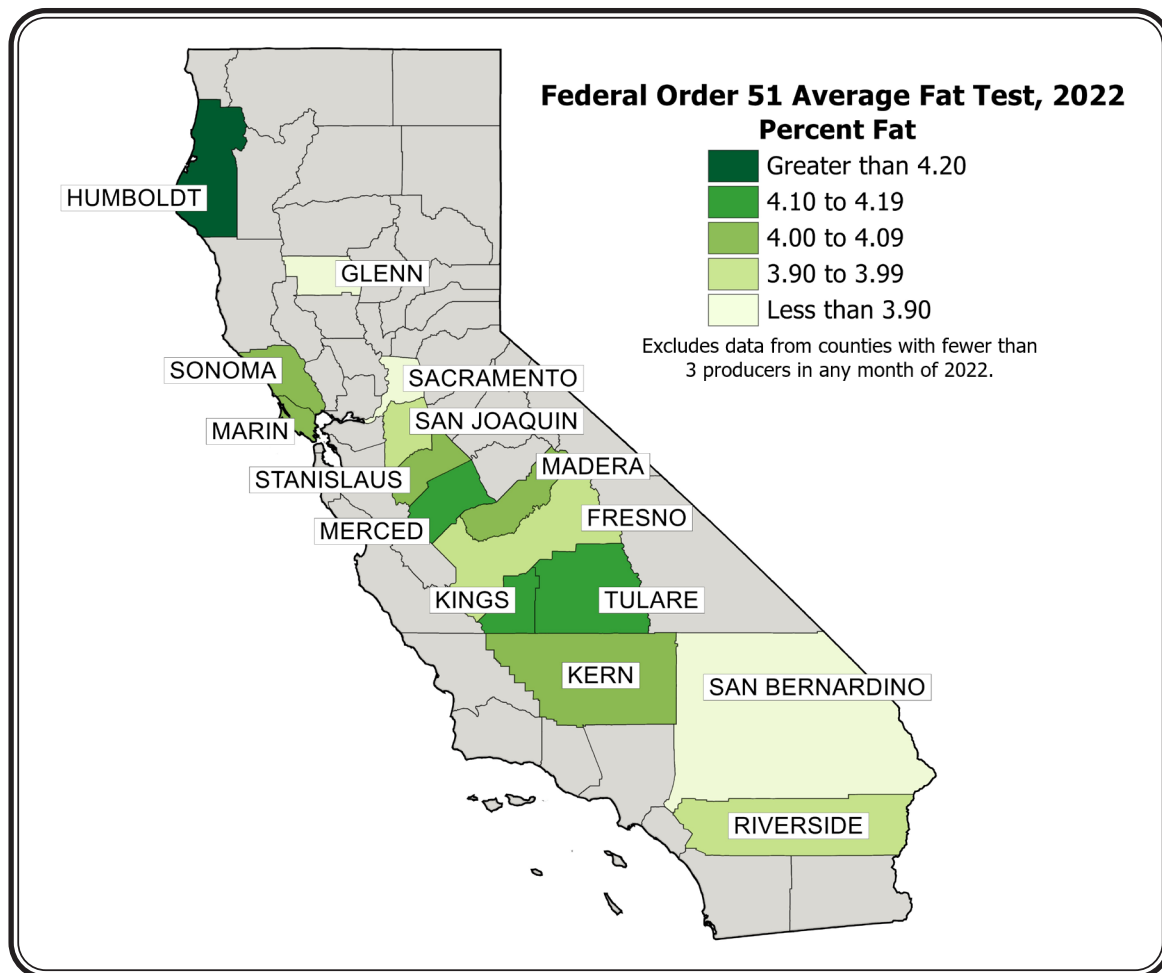
Component Tests by County

The map below depicts the average butterfat tests of pooled milk by county in 2022. During the year, fifteen counties had more than three producers pooled each month and are displayed on the map. While the average butterfat test of pooled milk was 4.05 percent in 2022, only five out of fifteen counties recorded a butterfat test at or above that level. Significantly above the other counties, Humboldt County ranked first with a 4.31 percent butterfat test for pooled milk in 2022. Coming in second, Tulare County averaged 4.14 percent butterfat. Kings, Merced, and Marin counties rounded out the top five at 4.11, 4.10, and 4.05 percent, respectively. Only three counties averaged below 3.90 percent in pooled butterfat test, including Sacramento, Glenn, and San Bernardino.

The map on page 3 displays the average protein tests of pooled milk by county in 2022. The range for protein tests (0.20 percentage points from the highest to the lowest) was much tighter than that of butterfat tests (0.61 percentage points). Three counties in the top five for butterfat tests also ranked in the top five for protein tests: Tulare, Kings, and Merced. Merced County topped the list for protein with a 3.36 percent test followed by Tulare (3.36 percent), Madera (3.35 percent), Kings (3.33 percent), and Stanislaus (3.32 percent). Only these five counties had protein tests at or above the average for the year of 3.32 percent.

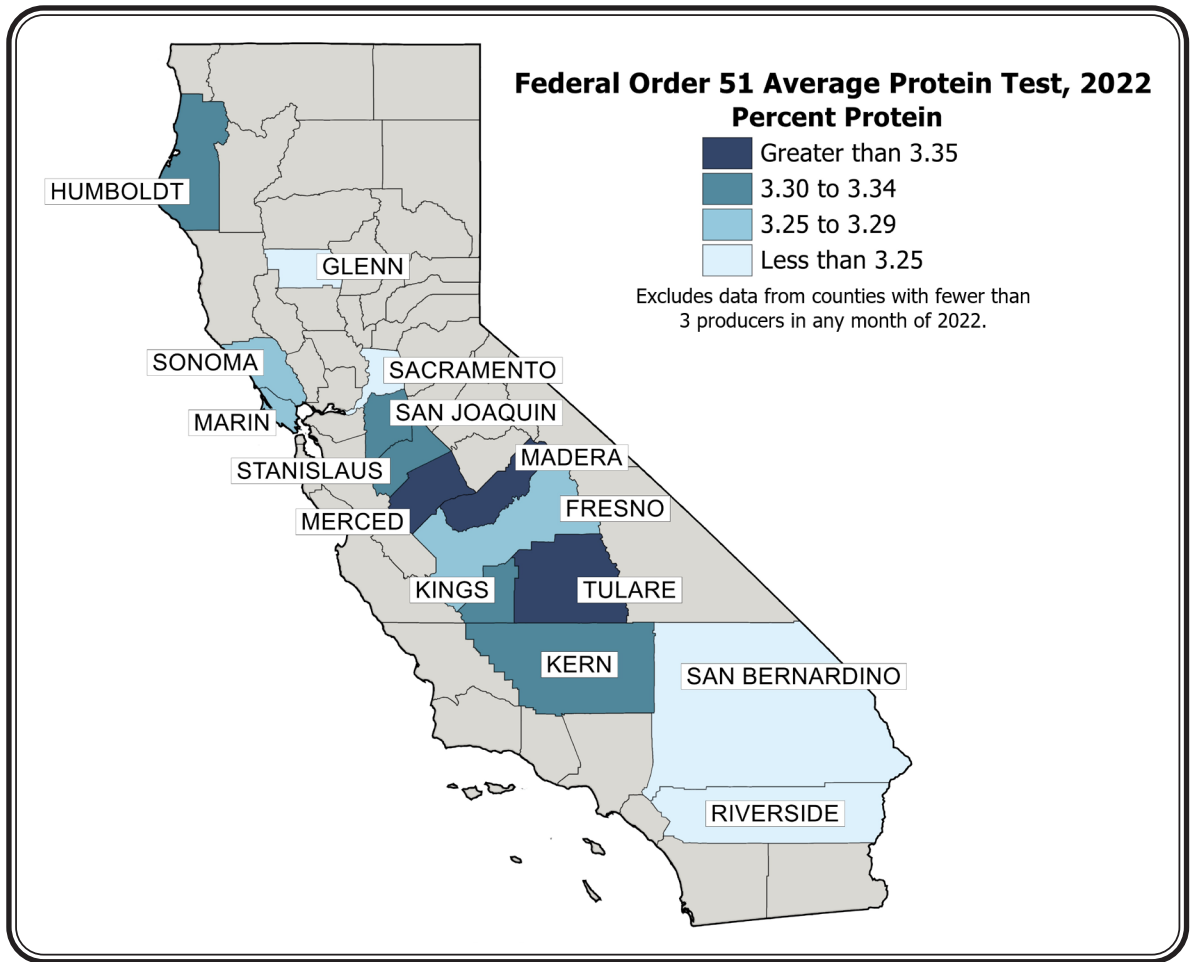
Component Tests by Order

Producers under seven of the eleven Federal Milk Marketing Orders are paid on multiple component pricing, meaning that milk checks depend on both the price and quantity of components in their milk. In 2022, FO pools with multiple component pricing averaged 4.08 percent butterfat and 3.25 percent pro-



tein, weighted by total pool pounds. The table below shows the average butterfat and protein tests for pooled milk in 2022 for the seven orders with multiple component pricing. As shown in the table, FO 51 was 0.03 percentage points below average in butterfat test, ranking fifth among the Federal Orders with multiple component pricing. In contrast, FO 51 ranked third among the Orders for protein test, being 0.07 percentage points above the average.

The Pacific Northwest Order (FO 124) continued to top the list for both butterfat and protein tests at 4.30 and 3.40 percent, respectively. Meanwhile, the Mideast Order (FO 33) had the lowest average butterfat test of the Orders at 4.02 percent, and the Northeast (FO 1) ranked lowest for average protein test at 3.16 percent.



Pooled Milk Distinction

While these maps and figures attempt to paint a picture of regional variations in component tests, they only convey that of pooled milk. Pooled component tests, in many cases, may not necessarily reflect actual component levels of all milk produced in the selected county as handlers may have opted

to withhold milk from the FO 51 pool. Differences between pooled component tests and actual component tests of all milk in the county could be influenced by multiple factors. While pooled component tests are not indicative of milk withheld from the pool, they still offer valuable insight into regional variations in component levels. ❖

Federal Order		Weighted Average Butterfat Test		Weighted Average Protein Test	
Number	Name	%	Rank	%	Rank
1	Northeast	4.03	6	3.16	7
30	Upper Midwest	4.12	3	3.22	5
32	Central	4.06	4	3.26	4
33	Mideast	4.02	7	3.22	6
51	California	4.05	5	3.32	3
124	Pacific Northwest	4.30	1	3.40	1
126	Southwest	4.13	2	3.33	2
Weighted Average*		4.08		3.25	

* Weighted average for all Federal Orders with multiple component pricing.



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 Butterfat	373,965,466	\$13.48	\$50,410,544.82	
Less: Location Adjustment to Handlers	9,011,337	2.8200	25,411,970.34	
			(786,708.90)	\$75,035,806.26
Class II— Butterfat	14,242,007	2.7248	38,806,620.68	
Nonfat Solids	7,838,368	1.3000	10,189,878.40	48,996,499.08
Class III— Butterfat	49,387,621	2.7178	134,225,676.36	
Protein	47,020,583	2.3650	111,203,678.85	
Other Solids	79,019,509	0.2101	16,601,998.85	262,031,354.06
Class IV— Butterfat	25,665,015	2.7178	69,752,377.77	
Nonfat Solids	46,595,038	1.0766	50,164,217.92	119,916,595.69
Total Classified Value				\$505,980,255.09
Add: Overage—All Classes				583,649.83
Inventory Reclassification—All Classes				(80,851.62)
Other Source Receipts	114,129			5,353.94
Total Pool Value				\$506,488,407.24
Less: Value of Producer Butterfat	98,305,980	2.7178	(267,175,992.44)	
Value of Producer Protein	79,832,764	2.3650	(188,804,486.95)	
Value of Producer Other Solids	135,919,924	0.2101	(28,556,776.01)	(484,537,255.40)
Total PPD Value Before Adjustments				\$21,951,151.84
Add: Location Adjustment to Producers				9,242,129.47
One-half Unobligated Balance—Producer Settlement Fund				1,022,497.11
Less: Producer Settlement Fund—Reserve				(1,023,440.69)
Total Pool Milk & PPD Value	2,363,055,885			\$31,192,337.73
Producer Price Differential		\$1.32		
Statistical Uniform Price		\$19.10		

Total value of milk in the pool → **\$505,980,255.09**

Total Class III value of producer components → **\$21,951,151.84**

Value from which PPD per hundredweight is calculated

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