



The Market Administrator's

BULLETIN

CALIFORNIA MARKETING AREA

Peter Fredericks, Market Administrator

January 2024

Federal Order No. 51

To contact the California Marketing Area office:

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

Mailing Address: 181 Blue Ravine Rd Suite 120 Folsom, CA 95630

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

January Pool Price Calculation

The January 2024 Statistical Uniform Price (SUP) for the California Marketing Area decreased \$0.74 per hundredweight (cwt) from last month to \$16.81 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 (4.26 percent butterfat, 3.40 percent protein, and 5.76 percent other solids), the January SUP was \$19.53 per cwt, \$1.04 below December. The January Producer Price Differential (PPD) at Los Angeles County was \$1.64 per cwt, an increase of 13 cents from last month.

Product Prices Effect

Average product prices in the National Dairy Product Sales Report experienced mixed fluctuations between December and January. The price of butter remained largely unchanged, and the cheese price declined about 10 cents per pound. Alternatively, prices for dry whey and nonfat dry milk each increased by about 2 cents per pound.

The component prices exhibited similar movements as well. The butterfat price stayed mostly stable compared to the previous month. The protein price exhibited the most substantial change, decreasing by approximately 32 cents per pound from December to January. Conversely, the other solids and nonfat solids prices demonstrated positive movements, each experiencing an increase of approximately 2 cents.

The class prices experienced mixed fluctuations from December to January. The Class I price decreased by \$1.28 per cwt to \$20.58. In contrast, the Class II price experienced an increase of 16 cents per cwt, settling at \$20.04. The Class III price decreased 87 cents per cwt to \$15.17 and the Class IV price increased by 16 cents per cwt to \$19.39. ❖

Pool Summary

- A total of 874 producers were pooled with an average daily delivery per producer of 76,544 pounds, an increase of 8.1 percent from December.
- Pooled milk receipts totaled 2.073 billion pounds, an increase of 4.19 percent on an average daily basis.
- Class I usage (milk for bottling) accounted for 20.1 percent of total pooled milk receipts, reflecting no change from December.
- The average butterfat test of producer receipts was 4.26 percent.
- The average true protein test of producer receipts was 3.40 percent.
- The average other solids test of producer receipts was 5.76 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	20.1	417,419,316
Class II	4.7	98,198,252
Class III	72.6	1,505,486,183
Class IV	2.5	52,777,029
Total Pooled Milk		2,073,880,780

Producer Component Prices

	2024	2023
	\$/lb	
Protein Price	1.1265	2.8058
Butterfat Price	2.9765	2.7713
Other Solids Price	0.2417	0.2343

Class Price Factors

	2024	2023
	\$/cwt	
Class I	20.58	24.51
Class II	20.04	21.61
Class III	15.17	19.43
Class IV	19.39	20.01

Market Services Under FO 51

Ensuring the accuracy of bulk tank weights and the collection of representative milk tank samples are an important function of the Federal Order (FO) 51 Marketing Services (MS) program. The MS program operates a tank calibration van which is available to recalibrate bulk tanks that a pool handler or producer suspects may have a calibration issue.

Milk Weight Verification Check

The MS program has recently acquired a portable milk metering device to check tank weights utilizing the tank's milk as it is pumped from the bulk tank to the pickup trailer. Using this new technology has proven to save time and resources. After the driver measures the tank volume and collects a tank sample, MS staff attach the sanitized metering system to the bulk tank and trailer and start the pump. The unit pumps about 1500 lbs. per minute, similar to on-farm or milk trailer pump speeds. While pumping the unit's drip sampler system collects a representative milk sample, which is used to compare and verify the accuracy of the manually collected milk sample. After the milk is pumped onto the trailer, a printout of the volume and weight pumped is generated. The metered generated weight is compared to the tank calibration weight first recorded by the hauler. If the differences are out of an acceptable tolerance, the tank will be scheduled for re-calibration using the method described below. After the metering process is complete, the entire unit and all equipment is run through a CIP system (cleaned in placed), sanitized and sealed before its next use.

Milk Tank Calibration

Calibration involves gauging the milk tank using water to establish a new calibration chart. To facilitate this process, the milk tank must be completely empty and made available for a duration of four to six hours, varying according to the tank's size. In addition, there should be an ample supply of water to completely fill the milk tank. To ensure precise calibration, water is systematically metered into the tank in small increments, allowing it to settle completely before measurement. The measurements are then recorded into a new calibration chart. This procedure guarantees accurate and reliable calibration results.



Seeking Calibration

Our experience to date indicates that overall bulk tank calibrations in California seem to hold their calibrations, despite extended periods between recalibrations. However, events such as earthquakes, moving a tank, as well as following measurement protocols when a stick measurement is read, can all impact the accuracy of the recorded weight measurement. Ensuring the accuracy of a bulk tank is pivotal for providing producers with precise weights and tests, thereby enhancing confidence, and averting possible losses. The initial weight intolerance check serves as an efficient measure to circumvent unnecessary tank calibrations for properly calibrated bulk tanks, saving time and resources.

For pooled producers who do not belong to a qualified cooperative organization, tank weight verifications and/or calibrations are conducted under FO 51's MS program.

Market Services Under FO 51 *(continued from page 2)*

Reach out to your handler or FO 51 if you would like to discuss a tank check. For producers who are members of a cooperative reach out to your cooperative representative to discuss a calibration check, and if scheduling time allows, this MS program may be available to cooperative producers as well. If you would like to know more information or schedule an appointment to check a bulk tank, feel free to reach FO 51 at 916-857-8529 or email at richard.koeberle@cafmmo.com. Additionally, February's bulletin will discuss the market services provided by FO 51's lab such as testing producer milk samples. ❖

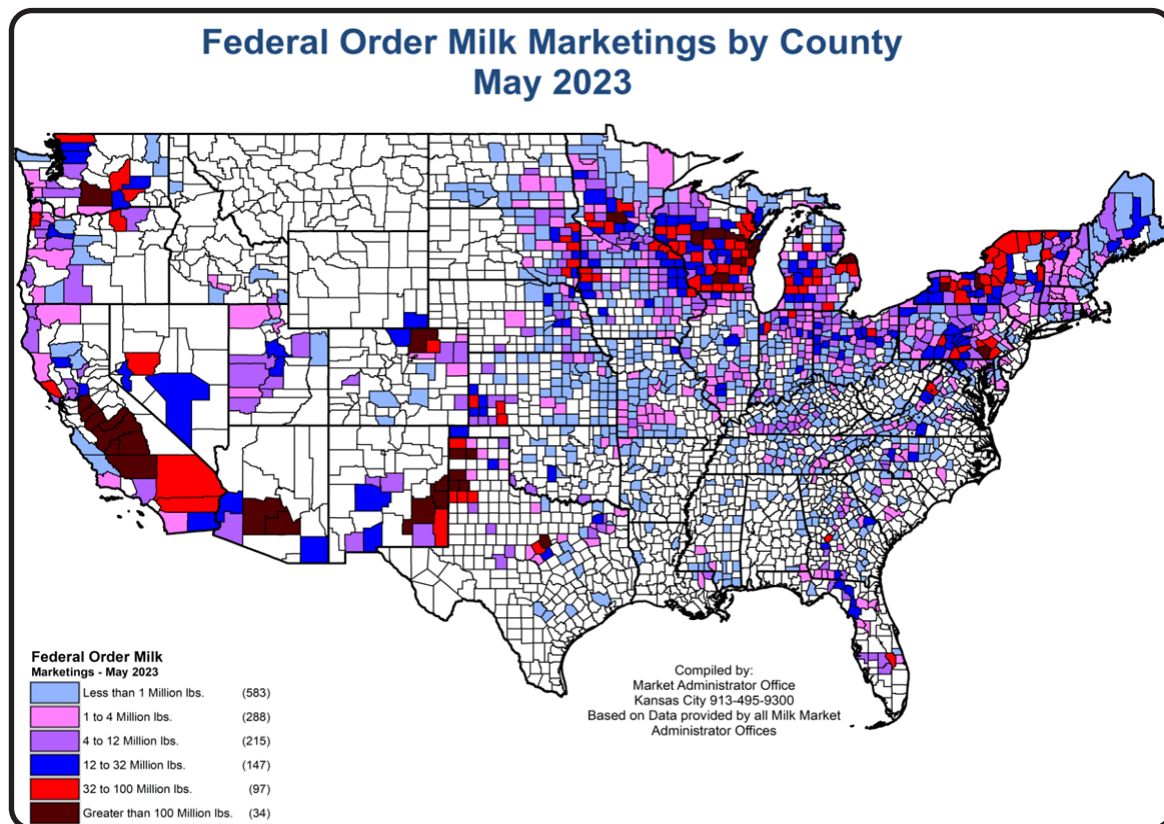
Fee For Marketing Services Reduced

The assessment for marketing services, as provided for \$1051.86 of the Order, will be reduced from the current 4 cents a hundredweight to 3 cents per hundredweight effective with the January 2024 uniform price calculation. Market Service funds are used by the Market Administrator to verify or establish weights, samples, and tests of producer milk and to provide market information for producers who are not receiving such services from a qualified cooperative association. This assessment is charged to handlers pooling producers, during any given month, who do not belong to a cooperative providing these required services. The Market Administrator provides an innovative (see weight verification article) and robust program of testing laboratory oversight and payment verification of pool handlers while operating an efficient marketing services program. ❖

Federal Order Milk Marketings by County

The Central Milk Marketing Area (Federal Order 32) regularly publishes maps showcasing May and December milk production across Federal Order (FO) areas¹. These visuals are crafted using data from the Federal Milk marketing Orders by county. The map below illustrates milk production across FO areas by county for May 2023. During this period, a total of 1,364 counties contributed 17.6 billion pounds of milk in FO areas. The thirteen largest milk-producing counties in the U.S. account for more than 25 percent of all FO milk. Noteworthy is California's competitiveness, with seven counties representing 18 percent of total FO milk marketings.

Tulare County stands out, accounting for approximately 5.6 percent of FO milk. These seven California counties show a Dec to May average increase of 8.8 percent likely representing seasonal production. Additional maps and details can be found in FO 32's July 2023 Bulletin: www.fmmcentral.com/monthly_news_letter.html. ❖



¹ FO marketings included in this analysis represent approximately 89 percent of the total pounds of milk produced in the U.S. in May 2023



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*

	<u>Product Pounds</u>	<u>Price per cwt./lb.</u>	<u>Component Value</u>	<u>Total Value</u>
Class I— Skim	407,406,914	\$10.34	\$42,125,874.91	
Butterfat	10,012,402	3.0301	30,338,579.30	
Less: Location Adjustment to Handlers			(847,869.43)	\$71,616,584.78
Class II— Butterfat	14,997,036	2.9835	44,743,656.90	
Nonfat Solids	7,888,667	1.1056	8,721,710.23	53,465,367.13
Class III— Butterfat	54,843,581	2.9765	163,241,918.84	
Protein	51,913,107	1.1265	58,480,115.02	
Other Solids	87,380,206	0.2417	21,119,795.80	242,841,829.66
Class IV— Butterfat	8,450,392	2.9765	25,152,591.79	
Nonfat Solids	4,231,617	1.0330	4,371,260.38	29,523,852.17
Total Classified Value			<i>Total value of milk in the pool</i> →	\$397,447,633.74
Add: Overage—All Classes				20,686.28
Inventory Reclassification—All Classes				(113,060.69)
Other Source Receipts	74,902			4,004.47
Total Pool Value				\$397,359,263.80
Less: Value of Producer Butterfat	88,303,411	2.9765	(262,835,102.86)	
Value of Producer Protein	70,426,599	1.1265	(79,335,563.77)	
Value of Producer Other Solids	119,546,987	0.2417	(28,894,506.73)	(371,065,173.36)
Total PPD Value Before Adjustments			<i>Total Class III value of producer components</i> ↗	\$26,294,090.44
Add: Location Adjustment to Producers				7,961,098.69
One-half Unobligated Balance—Producer Settlement Fund				610,703.59
Less: Producer Settlement Fund—Reserve				(853,019.63)
Total Pool Milk & PPD Value	2,073,955,682			\$34,012,873.09
Producer Price Differential		\$1.64		
Statistical Uniform Price		\$16.81		

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