



The Market Administrator's

BULLETIN

CALIFORNIA MARKETING AREA

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Federal Order No. 51

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March Pool Price Calculation

The March 2021 Statistical Uniform Price (SUP) for the California Marketing Area was announced at \$14.85 per hundredweight (cwt), an increase of 86 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 (3.94 percent butterfat, 3.25 percent protein, and 5.75 percent other solids), the March SUP would be \$16.32 per cwt, which is higher than that of February by 93 cents per cwt. March's Producer Price Differential (PPD) at Los Angeles County was -\$1.30 per cwt, an increase of 46 cents from last month's PPD of -\$1.76 per cwt.

Product Prices Effect

All monthly average product prices in the National Dairy Product Sales Report (NDPSR) increased from February to March, though some by small margins. The butter price saw the largest increase, gaining more than 23 cents per pound. The dry whey price continued its upward trend this month, rising by almost 5 cents per pound. The cheese and nonfat dry milk prices remained relatively constant, increasing by less than half a cent each.

The component prices saw mixed movements from February to March. The largest changes were seen in the butterfat and protein prices, as the butterfat price gained 28 cents per pound while the protein price lost almost 29 cents per pound. Continuing its upward trajectory, the other solids price rose just under 5 cents per pound. Lastly, the nonfat solids price remained mostly unchanged, up less than a tenth of a cent per pound.

All class prices rose this month except for the Class I price. The Class I price declined by 34 cents per cwt, following the decreases in the Class III and IV prices last month. Meanwhile, the Class II and IV prices saw the largest gains this month, rising by \$1.07 and \$0.99 per cwt, respectively. Finally, the Class III price rose by 40 cents per cwt. ❖

Pool Summary

- A total of 819 producers were pooled with an average daily delivery per producer of 80,237 pounds, an increase of 0.3 percent from February.
- Pooled milk receipts totaled 2.037 billion pounds, an increase of 0.2 percent on an average daily basis.
- Class I usage (milk for bottling) accounted for 21.1 percent of total pooled milk receipts, down 0.1 percentage points from February.
- The average butterfat test of producer receipts was 3.94 percent.
- The average true protein test of producer receipts was 3.25 percent.
- The average other solids test of producer receipts was 5.75 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	21.1	429,764,940
Class II	5.4	110,740,789
Class III	1.4	29,222,431
Class IV	72.0	1,467,421,701
Total Pooled Milk		2,037,149,861

Producer Component Prices

	2021	2020
	\$/lb	
Protein Price	2.6954	2.8424
Butterfat Price	1.7176	1.9177
Other Solids Price	0.3652	0.1810

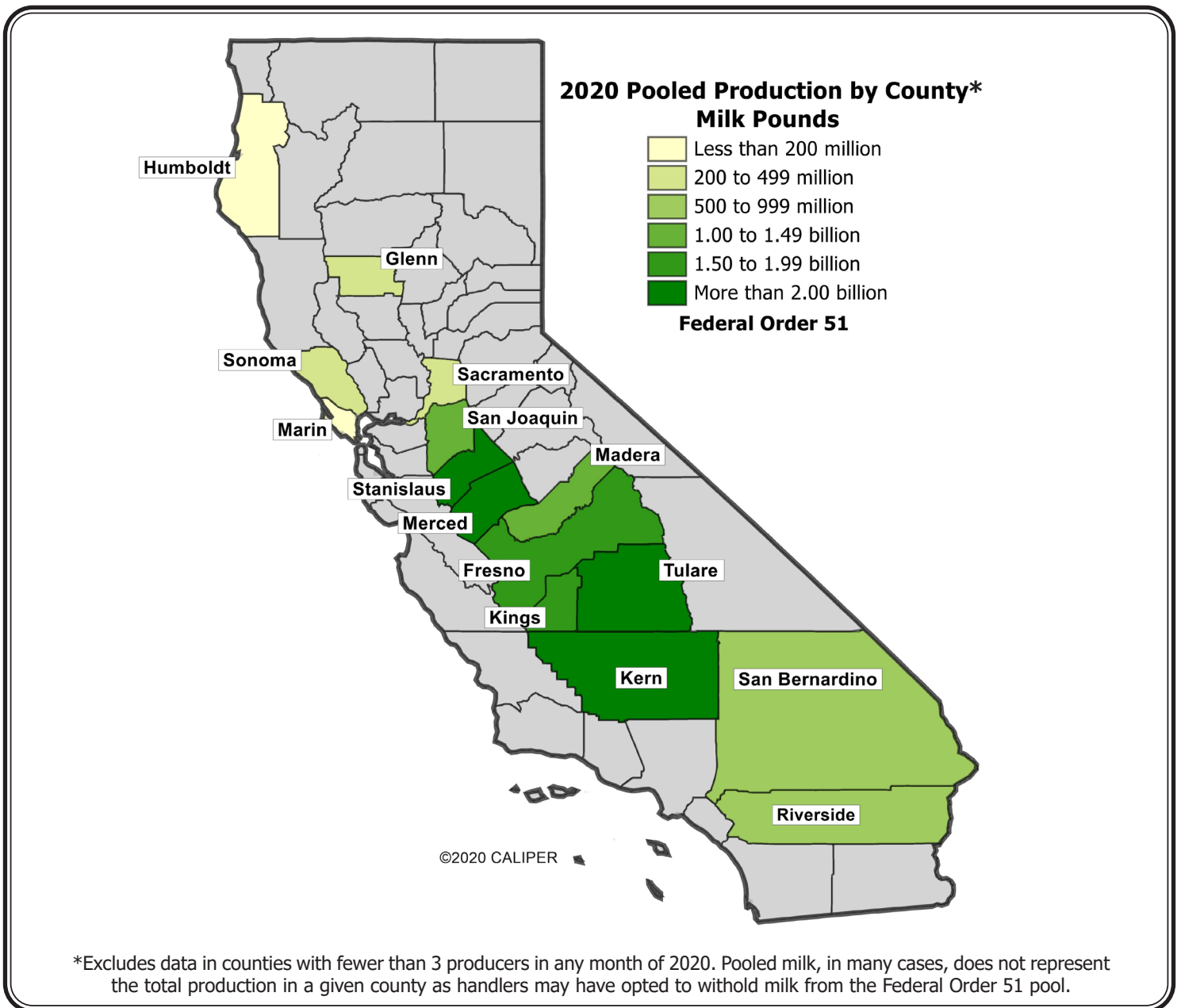
Class Price Factors

	2021	2020
	\$/cwt	
Class I	17.30	19.56
Class II	15.07	16.75
Class III	16.15	16.25
Class IV	14.18	14.87

2020 Pooled Milk Production

Tulare on Top

The accompanying map and table illustrate the pooled production levels for the top fifteen California counties in 2020. 2019's leading producer of pooled milk, Tulare County, once again ranked well ahead of the other counties. Tulare's producers pooled more than 6 billion pounds of milk in 2020, exceeding the combined totals from Kern and Merced, the second and third ranked counties, respectively, by more than 800 million pounds. Five other counties listed annual pooled milk production exceeding one billion pounds: Stanislaus, Fresno, Kings, San Joaquin, and Madera. The map also depicts the distribution in pooled milk production across the state: the Central Valley produces more milk than any other region in the state. Moreover, the cumulative milk pooled in 2020 for all counties north of San Joaquin County and southeast of Kern County (including San Bernardino) is less than the individual production of Tulare, Kern, and Merced Counties. Sonoma County pooled more than 375 million pounds – the most of any county north of San Joaquin, while Riverside County pooled more than 750 million pounds – the most of any county southeast of Kern. Overall, pooled milk receipts from producers in California decreased by just over six percent from 2019 to 2020 on a daily average basis.



Daily Pooled Delivery per Producer

Dividing the total annual pooled pounds in a particular county by the number of days in a year yields daily averages for each county. Dividing further by the simple average number of pooled producers in each county in a month approximates the daily average pooled delivery per producer for each county. The table at right notes this metric for the top fifteen counties supplying pooled milk on the California Federal Order. Kern County, which ranks second in 2020 total pooled production, leads the state with an approximate daily delivery per producer of more than 180,000 pounds. Notably, Madera County ranks second, pooling more than 110,000 pounds per producer per day despite having the eighth-highest annual pooled production. Fresno County ranks third and Riverside County ranks fourth; the counties had the fifth-highest and ninth-highest pooled production in 2020, respectively.

Federal Order 51 Pool Receipts by County* 2020		
County	Annual Production (million pounds)	Approximate Average Daily Delivery per Producer (thousand pounds)
Tulare	6,365	95
Kern	2,966	183
Merced	2,507	66
Stanislaus	2,114	59
Fresno	1,596	102
Kings	1,550	80
San Joaquin	1,308	57
Madera	1,191	114
Riverside	752	98
San Bernardino	570	40
Sonoma	379	21
Sacramento	247	37
Glenn	219	44
Marin	84	13
Humboldt	67	7

*Excludes counties with fewer than 3 producers in any month of 2020. Pooled milk, in many cases, does not represent the total production in a given county as handlers may have opted to withhold milk from the Federal Order 51 pool.

Tulare County ranks fifth in daily average pooled delivery per producer with just under 100,000 pounds. While these data offer some insight into the relative daily output of producers, it is significant to note that they may be more reflective of the relative frequency of producers pooled on Federal Order 51 and the share of producer milk allocated to the pool in each county. ❖

Dairy Donation Program Minimum Requirements Announced

On April 13, 2021, USDA announced the preliminary details of the Dairy Donation Program, which was established by the Consolidated Appropriations Act of 2021 last December. The \$400 million program will facilitate the movement of donated dairy products to nonprofit organizations who will distribute food to those in need. Although the program details are not finalized, the statute allows for retroactive reimbursement of donations. Therefore, USDA has announced key minimum program requirements to incentivize processing and donation of surplus milk supplies this spring.

The Dairy Donation Program minimum requirements include the following:

1. A donation and distribution plan must be submitted and approved by USDA.
2. The reimbursement will be at least equivalent to the minimum classified value of milk used to make the donated product on the date of manufacturing.
3. Records related to donating and receiving products must be maintained and available for review and/or audit.
4. Eligibility is open to dairy farmer cooperatives and processors who “account to” a Federal Milk Marketing Order and donate dairy products to any private or public nonprofit food distribution entity.

More information on the preliminary details of the program can be found at <https://www.ams.usda.gov/content/usda-provides-notice-retroactive-reimbursements-under-dairy-donation-program-encourages>. Additional specificity will be provided in the final program provisions. ❖



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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	419,719,816	\$12.72	\$53,388,360.60	
Butterfat	10,045,124	1.4345	14,409,730.38	
Less: Location Adjustment to Handlers			(874,178.92)	\$66,923,912.05
Class II— Butterfat	13,968,452	1.7246	24,089,992.30	
Nonfat Solids	9,068,807	1.0400	9,431,559.28	33,521,551.58
Class III— Butterfat	1,653,837	1.7176	2,840,630.45	
Protein	944,914	2.6954	2,546,921.19	
Other Solids	1,654,693	0.3652	604,293.87	5,991,845.51
Class IV— Butterfat	54,586,880	1.7176	93,758,425.10	
Nonfat Solids	132,378,670	0.9396	124,382,998.33	218,141,423.43
Total Classified Value			<i>Total value of milk in the pool</i> →	\$324,578,732.57
Add: Overage—All Classes				0.00
Inventory Reclassification—All Classes				192,641.14
Other Source Receipts	17,709			391.37
Total Pool Value				\$324,771,765.08
Less: Value of Producer Butterfat	80,254,293	1.7176	(137,844,773.67)	
Value of Producer Protein	66,176,163	2.6954	(178,371,229.78)	
Value of Producer Other Solids	117,216,036	0.3652	(42,807,296.37)	(359,023,299.82)
Total PPD Value Before Adjustments			<i>Total Class III value of producer components</i> ↗	(34,251,534.74)
Add: Location Adjustment to Producers				8,023,070.71
One-half Unobligated Balance—Producer Settlement Fund				699,843.43
Less: Producer Settlement Fund—Reserve				(954,557.85)
Total Pool Milk & PPD Value	2,037,167,570			(26,483,178.45)
Producer Price Differential		\$(1.30)	↖ <i>Value from which PPD per hundredweight is calculated</i>	
Statistical Uniform Price		\$14.85		

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