The Market Administrator's BULLETIN

CALIFORNIA MARKETING AREA

Peter Fredericks, Market Administrator

May 2025 Federal Order No. 51

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May Pool Price Calculation

The May 2025 Statistical Uniform Price (SUP) for the California Marketing Area increased by $0.27 per hundredweight (cwt) last month to $18.64 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 (4.12 percent butterfat, 3.33 percent protein, and 5.79 percent other solids), the May SUP was $21.17 per cwt, $0.04 higher than April. The May Producer Price Differential (PPD) in Los Angeles County was $0.07 per cwt, $0.82 lower than the month prior.

Product Prices Effect

In the latest National Dairy Product Sales Report, all product prices experienced increases into May with cheese having the greatest increase of 10 cents to $1.8404 per pound. The butter and nonfat dry milk prices similarly increased by 2 cents to $2.3703 and $1.1925 per pound, respectively. The dry whey price increased by the smallest margin of 1 cent to $0.5119 per pound.

Component prices experienced similar increasing trends. The protein price increased by the largest margin of 31 cents to $2.4810 per pound. The butterfat and nonfat solids prices both increased by 2 cents to $2.6627 and $1.0145 per pound, respectively. The other solids price increased by 1 to $0.3222.

Class prices experienced mixed trends in May. The Class I price decreased by the largest margin, falling $1.20 to $20.47 per cwt. The Class II price fell by 50 cents to $18.72 per cwt. The Class III price had the largest increase of $1.09 to $18.57 per cwt. Lastly, the Class IV price increased by $0.21 to $18.13 per cwt.

Selected Statistics

May 2025's pool volume of 2.33 billion pounds was the largest volume recorded for the month of May since 2019. Additionally, the Class II volume, 134 million pounds, for the month was the highest since September 2024 and the last time May had such a high Class II volume was in 2019. The pooled other solids component test has remained at 5.79 percent for three consecutive months.❖

Pool Summary

- A total of 775 producers were pooled with an average daily delivery per producer of 96,841 pounds, a decrease of 18.56 percent from April.
- Pooled milk receipts totaled 2.33 billion pounds, a decrease of 31.17 percent on an average daily basis.
- Class I usage (milk for bottling) accounted for 16.7 percent of total pooled milk receipts.
- The average butterfat test of producer receipts was 4.12 percent.
- The average true protein test of producer receipts was 3.33 percent.
- The average other solids test of producer receipts was 5.79 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	16.7	387,959,625
Class II	5.8	134,017,840
Class III	21.7	504,850,692
Class IV	55.9	1,299,773,068
Total Pooled Milk		2,326,601,225

Producer Component Prices

	2025	2024
	$/lb	
Protein Price	2.4810	1.7349
Butterfat Price	2.6627	3.4636
Other Solids Price	0.3222	0.2181

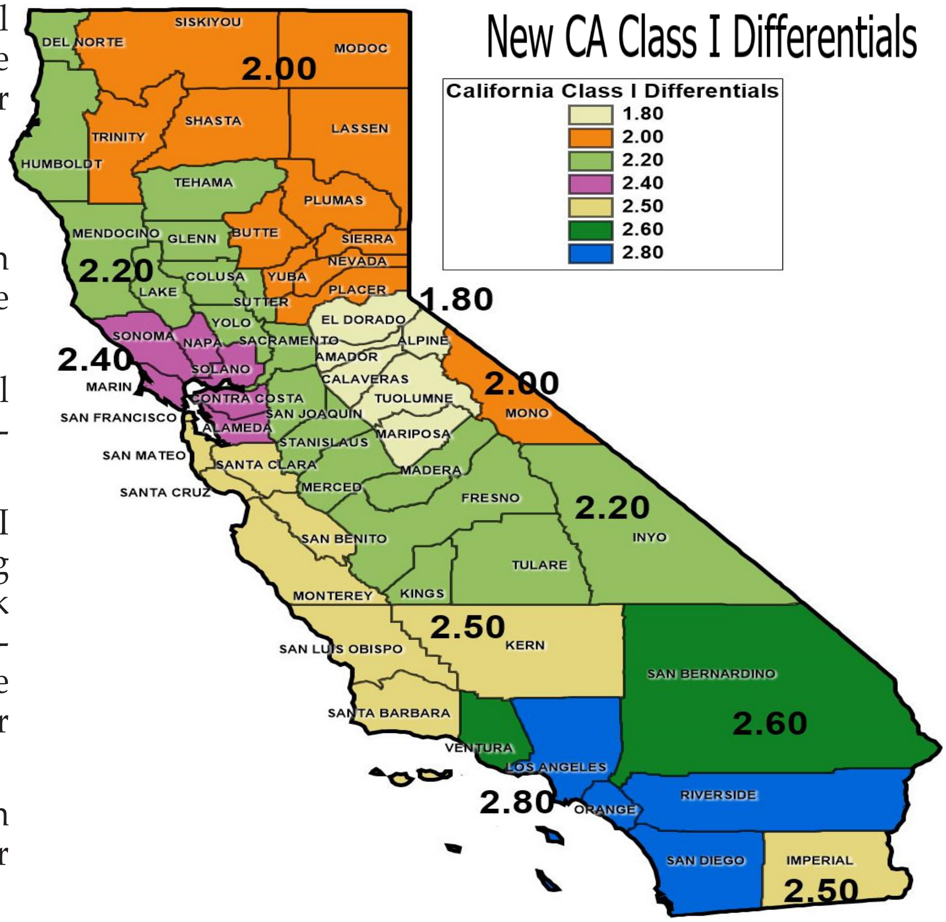
Class Price Factors

	2025	2024
	$/cwt	
Class I	20.47	20.56
Class II	18.72	21.50
Class III	18.57	18.55
Class IV	18.13	20.50

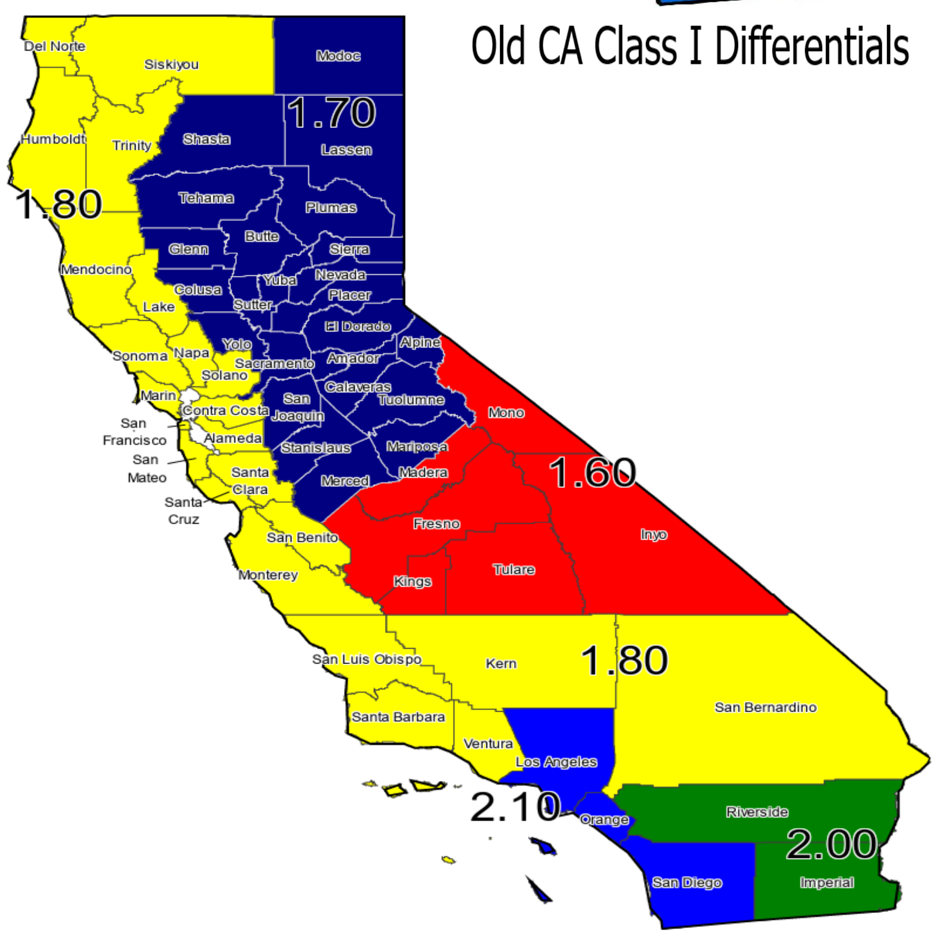
New Federal Order Amendments Go into Effect June 2025

The five amendments from The Final Rule issued on January 17, 2025 from the National Federal Milk Marketing Order Pricing Formula Hearing are:

1. Update Class I Differentials
2. Update the make allowances in the Class III and IV formulas (see the table below)
3. Removal of the 500-pound barrel cheddar cheese price from the National Dairy Products Survey
4. Return to the "higher-of" Class III and IV Advanced Skim Milk Pricing Factor in the Base Class I Skim Milk Price formula, along with the adoption of a Class I Extended Shelf Life (ESL) adjustment to provide better price equity for ESL products
5. Update to the Milk Composition Factors (will go into effect December 1, 2025).



The first four amendments will be reflected in the June Advanced Class I Price (announced May 21, 2025), Class Price Announcement (will be announced July 2, 2025), and Producer Price Differential. To access additional information on all amendment updates, please visit: https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing.



Class I Differentials Update

Class I Differentials are announced at the base zone of a particular Federal Order (FO) and adjusted accordingly to the respective county. For example, FO 51's Class I Prices and Producer Price Differentials are announced at the Los Angeles zone at $2.80.

Nearly all Class I Differentials across

(continued on page 3)

New Federal Order Amendments Go into Effect June 2025

Factor	Current	Final
Cheese Make	$0.2003	$0.2519
Butter Make	$0.1715	$0.2272
NFDM Make	$0.1678	$0.2393
Dry Whey Make	$0.1991	$0.2668
Butterfat Recovery	90%	91%
Butterfat Yield Factor in Cheese	1.572	1.589

the United States increased from their prior values. The new national minimum differential is $1.70 per hundredweight (cwt) located in parts of Idaho and Montana, and the new maximum is $7.40 per cwt found in the southernmost counties in Florida. Counties in the Southeast States have higher Class I differentials, due to the region's dense population and limited local milk supply production. Milk must travel longer distances to reach high-demand areas. This update better reflects the increased cost of transporting milk to areas of the state with higher demand and low supply.

In California, the lowest differential zone is now $1.80 per cwt, and the new high is $2.80 per cwt representing the base zone for Federal Order 51. The Class I Differentials of Tulare and Merced Counties is $2.20, which produces over 40 percent of the state's milk supply. Meanwhile, Los Angeles, Orange, San Diego, and Riverside Counties are at the $2.80 zone due to their large population sizes with little to no milk supply. The map below illustrates the Class I Differentials for each county in the country as amended by the Final Ruling. For more information on the update to the Class I Differentials and for a national map showing all counties with their new Differential price, please visit https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing.❖

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RETURN SERVICE REQUESTED

FIRST CLASS MAIL

Computation of Producer Price Differential and Statistical Uniform Price*

		Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I—	Skim	378,456,962	$11.55	$43,711,779.11	
	Butterfat	9,502,663	2.6651	25,325,547.16	
Less:	Location Adjustment to Handlers			(816,932.40)	$68,220,393.87
Class II—	Butterfat	14,198,746	2.6697	37,906,392.19	
	Nonfat Solids	11,382,434	1.0800	12,293,028.72	50,199,420.91
Class III–	Butterfat	17,375,101	2.6627	46,264,681.44	
	Protein	17,202,524	2.4810	42,679,462.07	
	Other Solids	29,430,745	0.3222	9,482,586.06	98,426,729.57
Class IV–	Butterfat	54,814,341	2.6627	145,954,145.77	
	Nonfat Solids	118,430,579	1.0145	120,147,822.39	266,101,968.16
Total Classified Value				*Total value of milk in the pool* →	**$482,948,512.51**
Add:	Overage—All Classes				18,252.68
	Inventory Reclassification—All Classes				70,913.26
	Other Source Receipts	76,754			1,271.59
Total Pool Value					**$483,038,950.04**
Less:	Value of Producer Butterfat	95,890,851	2.6627	(255,328,568.96)	
	Value of Producer Protein	77,476,483	2.4810	(192,219,154.34)	
	Value of Producer Other Solids	134,810,648	0.3222	(43,435,990.76)	(490,983,714.06)
Total PPD Value Before Adjustments				*Total Class III value of producer components*	**($7,944,764.02)**
Add:	Location Adjustment to Producers				9,294,830.28
	One-half Unobligated Balance—Producer Settlement Fund			*Value from which PPD per hundredweight is calculated*	1,316,059.93
Less:	Producer Settlement Fund—Reserve				(1,037,451.52)
Total Pool Milk & PPD Value		2,326,677,979			**$1,628,674.67**
	Producer Price Differential		$ **0.07**		
	Statistical Uniform Price		$ **18.64**		

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