



The Market Administrator's

BULLETIN

CALIFORNIA MARKETING AREA

Cary Hunter, Interim Market Administrator

March 2022

Federal Order No. 51

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March Pool Price Calculation

The March 2022 Statistical Uniform Price (SUP) for the California Marketing Area increased \$1.35 per hundredweight (cwt) from last month to \$23.32 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 (4.08 percent butterfat, 3.33 percent protein, and 5.76 percent other solids), the March SUP is \$26.08 per cwt, \$1.37 higher than February. March's Producer Price Differential (PPD) at Los Angeles County is \$0.87 per cwt, a decrease of 19 cents from last month.

Product Prices Effect

All monthly average product prices in the National Dairy Product Sales Report rose from last month. The butter price increased just under 6 cents per pound, and the cheese price improved almost 15 cents per pound. The nonfat dry milk price gained roughly 7 cents per pound. The dry whey price rose just under 1.5 cents per pound.

All component prices showed improvement from February as well. The protein price saw the largest increase, jumping just over 40 cents per pound from last month. Meanwhile, the butterfat and nonfat solids prices improved roughly 7 cents per pound each. The other solids price gained almost 1.5 cents per pound.

For the sixth straight month, all class prices moved higher. The Class I price gained \$1.24 per cwt from last month to \$24.98. The Class II price rose 97 cents per cwt to \$24.76, and the Class III price increased \$1.54 per cwt to \$22.45. Lastly, the Class IV price climbed 82 cents per cwt from the previous month to \$24.82.

Dairy prices across the board moved upwards in March, and March's prices continued to post new Federal Order records. The March 2022 SUP at both standard and pool average tests reached new records for the fifth consecutive month. Additionally, the dry whey, other solids, and Class IV prices all posted new highs under the Federal Order.❖

Pool Summary

- A total of 919 producers were pooled with an average daily delivery per producer of 69,001 pounds, an increase of 3.2 percent from February.
- Pooled milk receipts totaled 1.966 billion pounds, an increase of 2.9 percent on an average daily basis.
- Class I usage (milk for bottling) accounted for 20.9 percent of total pooled milk receipts, down 0.4 percentage points from February.
- The average butterfat test of producer receipts was 4.08 percent.
- The average true protein test of producer receipts was 3.33 percent.
- The average other solids test of producer receipts was 5.76 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	20.9	411,212,280
Class II	5.3	103,127,165
Class III	71.0	1,395,514,977
Class IV	2.8	55,912,318
Total Pooled Milk		1,965,766,740

Producer Component Prices

	2022	2021
	\$/lb	
Protein Price	2.7182	2.6954
Butterfat Price	3.0935	1.7176
Other Solids Price	0.6131	0.3652

Class Price Factors

	2022	2021
	\$/cwt	
Class I	24.98	17.30
Class II	24.76	15.07
Class III	22.45	16.15
Class IV	24.82	14.18

Federal Order 51 Market Services Program

Federal Order (FO) 51's Market Services program continues to develop in the Order's fourth year of operations. The program made significant strides in 2021, increasing its milk testing frequency and conducting bulk tank calibrations.

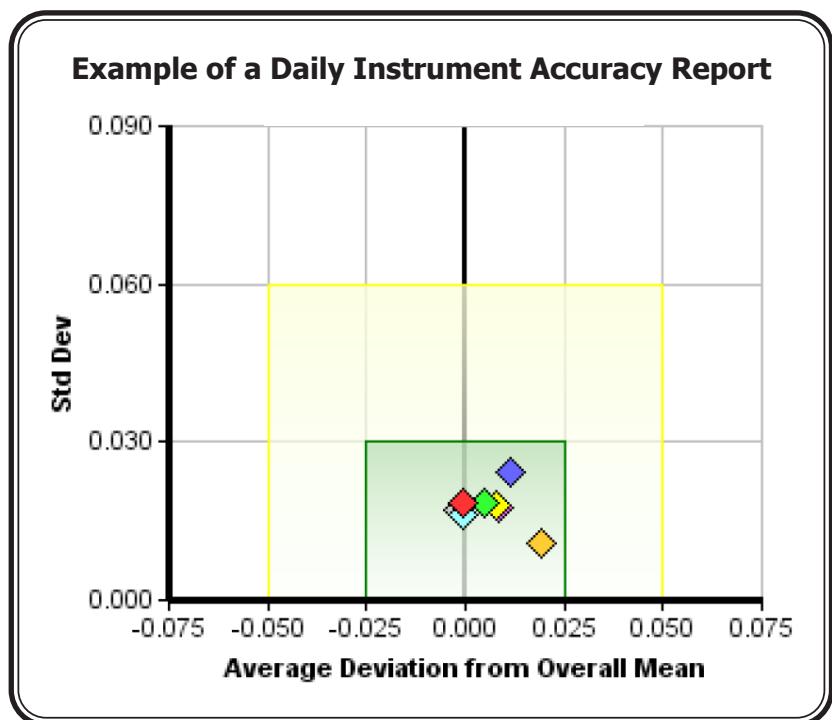
Payment Test Verification Program

The FO 51 laboratory tests producer milk samples to verify and/or establish accurate producer component tests. The Order's provisions stipulate that the Market Administrator verify or establish the component payment tests of nonmember (independent) producers. The verification and establishment of tests ensure independent producers receive at least the minimum price for the components (butterfat, protein, and other solids) in their milk. After receiving raw milk samples from payment labs and milk plants, the FO 51 laboratory performs infrared testing to establish the amount of each component in the sample. Thereafter, a randomized selection undergoes reference method (chemical) testing to ensure accuracy. In 2021, FO 51 staff conducted infrared testing on 56,461 samples from more than 750 distinct producers. Tests of finished packaged fluid milk products undergo a similar process with over 9,200 finished product samples tested.

Industry Services

The FO 51 lab provides control samples for raw milk, finished fluid milk products, and cream. Commercial payment labs and other California dairy entities utilize these standards as a verification tool or as a reliable reference point. In 2021 laboratory staff distributed raw milk control verification sets to fifty unique locations, including plant and payment labs.

Additionally, the FO laboratory monitored the operations of seven payment labs. Technicians generate and review accuracy reports noting the daily performance of each overseen lab's instruments in assessing milk's component level. The accompanying figure is an example of one such report. Each diamond represents an instrument's daily performance in relation to a control set; the shaded boxes indicate the preferred and allowable range of deviation from the control set. If irregularities or deviations outside expectations are found, FO 51 provides guidance. Commercial labs may also request assistance.



Tank Calibration Program

The FO calibrates and checks producer bulk tanks as part of its Market Services program. Market Services staff operate a calibration vehicle equipped with onboard metering equipment. To calibrate a bulk tank, staff deliver or remove precise volumes of water to the tank and measure the water's depth after each delivery throughout the tank's entire capacity. After applying volume tolerances, staff use the measurements to form a new and accurate bulk tank conversion chart. A tank check determines an existing chart's accuracy. To perform a tank check, operators measure the tank's depth at four or five different levels and compare these measurements to the existing chart. Farms and their tanks are unique and vary in size; accordingly, multiple methods are employed to measure milk production volumes in the California milkshed, including scale weights. Market Services staff will work with different measurement methods to ensure the accurate reporting of producer weights.

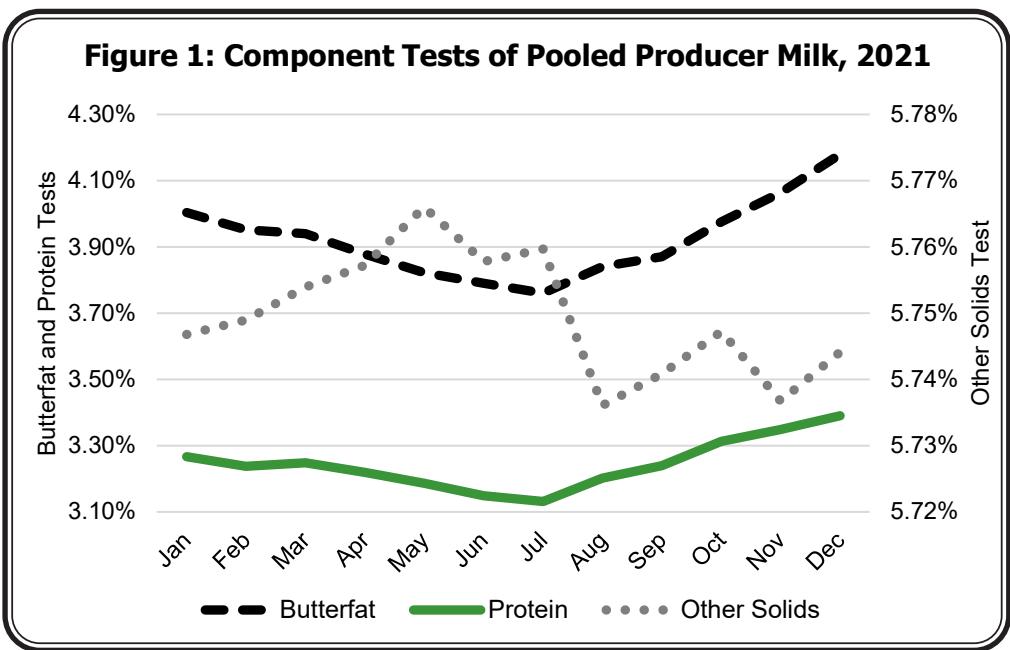
As the Market Services program continues to be rolled out across the California Federal Marketing Area, producers who have questions about milk testing or weighting should contact Cassidy Villegas at cassidy.villegas@cafmmo.com or (916) 702-6455.❖

Selected Statistics from the 2021 Annual Statistical Bulletin

Federal Order (FO) 51 publishes an *Annual Statistical Bulletin* each year containing data on the operations of the Order through a series of tables and charts. The *Annual Bulletin* also provides a written summary of Order trends for the year, summarizes topics of the monthly newsletters, and maps handlers operating in the marketing area. FO 51's *Annual Statistical Bulletins* can be found at: www.cafmmo.com/publications/monthly-newsletter/. This article highlights some of the many statistics displayed in the 2021 *Annual Statistical Bulletin*.

Component Tests of Pooled Producer Milk

The cover of the 2021 *Annual Bulletin* (Figure 1) portrays the monthly average component tests of pooled producer milk in 2021. As shown in Figure 1, the butterfat and protein tests follow almost parallel trends throughout the year. Butterfat and protein levels declined almost steadily for the first half of the year, hitting their lowest marks in July at 3.76 percent fat and 3.13 percent protein. After July, they steadily increased through the end of the year. December 2021 recorded the highest butterfat and protein tests in the FO 51 pool since the Order's inception at 4.18 percent fat and 3.39 percent protein. In contrast, the other solids test—represented by the right vertical axis in Figure 1—fluctuated within a small range of 0.03 percentage points from just under 5.74 percent in August to almost 5.77 percent in May.

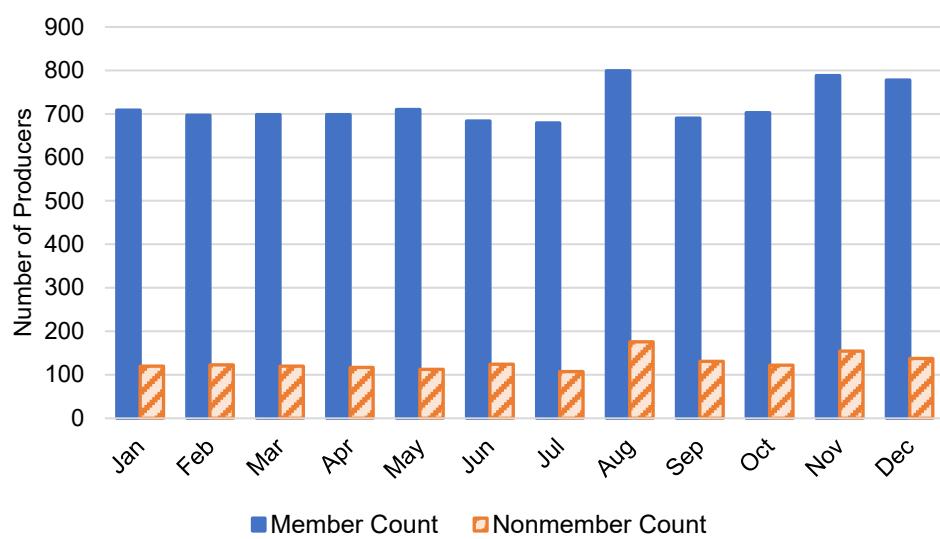


Cooperative Member and Nonmember Producer Counts

Figure 2 represents the number of cooperative (member) and independent (nonmember) producers pooled on the Order each month in 2021. On a monthly average, more members (719) pooled on FO 51 in

2021 than nonmembers (129), with members accounting for nearly 85 percent of the producers in the pool. During the year, the fewest number of producers were pooled in July at 786 total producers (679 members and 107 nonmembers). One month later, the highest number of producers pooled on the Order for the year at 975 total producers (799 members and 176 nonmembers). August also had the highest total pounds on the pool of any month of 2021 at 2.54 billion pounds, as class price relationships helped incentivize greater pooling.❖

Figure 2: Member and Nonmember Producer Counts, 2021





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Computation of Producer Price Differential and Statistical Uniform Price*

	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim	401,640,472	\$14.99	\$60,205,906.75	
Butterfat	9,571,808	3.0048	28,761,368.68	
Less: Location Adjustment to Handlers			(798,478.16)	\$88,168,797.27
Class II— Butterfat	12,524,243	3.1005	38,831,415.44	
Nonfat Solids	8,499,017	1.6011	13,607,776.13	52,439,191.57
Class III— Butterfat	52,160,521	3.0935	161,358,571.70	
Protein	47,054,326	2.7182	127,903,068.92	
Other Solids	80,729,469	0.6131	49,495,237.47	338,756,878.09
Class IV— Butterfat	6,000,903	3.0935	18,563,793.44	
Nonfat Solids	4,702,935	1.6113	7,577,839.16	26,141,632.60
Total Classified Value			Total value of milk in the pool	\$505,506,499.53
Add: Overage—All Classes				42,427.69
Inventory Reclassification—All Classes				9,769.69
Other Source Receipts	30,593			902.49
Total Pool Value				\$505,559,599.40
Less: Value of Producer Butterfat	80,257,475	3.0935	(248,276,498.92)	
Value of Producer Protein	65,465,462	2.7182	(177,948,218.82)	
Value of Producer Other Solids	113,215,440	0.6131	(69,412,386.29)	(495,637,104.03)
Total PPD Value Before Adjustments			Total Class III value of producer components	\$9,922,495.37
Add: Location Adjustment to Producers				7,358,697.32
One-half Unobligated Balance—Producer Settlement Fund				681,743.19
Less: Producer Settlement Fund—Reserve				(860,499.08)
Total Pool Milk & PPD Value	1,965,797,333			\$17,102,436.80
Producer Price Differential		\$0.87		
Statistical Uniform Price		\$23.32		

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