



The Market Administrator's

BULLETIN

CALIFORNIA MARKETING AREA

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Federal Order No. 51

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October Pool Price Calculation

The October 2024 Statistical Uniform Price (SUP) for the California Marketing Area decreased by \$0.98 per hundredweight (cwt) from the previous month, settling at \$21.47 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 (4.13 percent butterfat, 3.35 percent protein, and 5.77 percent other solids), the October SUP was \$24.62 per cwt, which is \$0.87 lower than in September. The October Producer Price Differential (PPD) in Los Angeles County was \$(1.38) per cwt, \$0.49 lower than the previous month.

Product Prices Effect

In the latest National Dairy Product Sales Report, average product prices showed mixed changes from September to October. Butter and cheese prices declined, with butter dropping by 43 cents to \$2.7191 per pound and cheese decreasing by 5 cents to \$2.2400 per pound. In contrast, dry whey and nonfat dry milk saw price increases. Dry whey rose by 3 cents to \$0.5588 per pound, while nonfat dry milk increased by 5 cents to \$1.3423 per pound.

Most component prices increased in October. The butterfat price saw a notable decrease of 53 cents, dropping to \$3.0851 per pound. In contrast, the protein price rose significantly by 40 cents, reaching \$3.3238 per pound. The other solids and nonfat solids prices saw modest gains, rising by 3 cents to \$0.3705 per pound and 5 cents to \$1.1628 per pound, respectively.

All class prices decreased from September to October, except for the Class I price. The Class I price gained \$1.57, settling at \$25.27 per cwt. The Class II and Class IV prices both declined by \$1.39, to \$21.01 and \$20.90 per cwt, respectively. Lastly, the Class III price decreased by 49 cents to \$22.85 per cwt.

Selected Statistics

October 2024's Class I price of \$25.27 per cwt was the highest since September 2022. The protein price continued to climb substantially in October with the price reaching \$3.3238 per pound, the highest price since June 2022. ❖

Pool Summary

- A total of 722 producers were pooled with an average daily delivery per producer of 72,606 pounds, a decrease of 2.67 percent from September.
- Pooled milk receipts totaled 1.62 billion pounds, a decrease of 2.94 percent on an average daily basis.
- Class I usage (milk for bottling) accounted for 25.4 percent of total pooled milk receipts.
- The average butterfat test of producer receipts was 4.13 percent.
- The average true protein test of producer receipts was 3.35 percent.
- The average other solids test of producer receipts was 5.77 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	25.4	412,147,298
Class II	9.4	152,798,284
Class III	5.0	81,974,164
Class IV	60.2	978,136,669
Total Pooled Milk		1,625,056,415

Producer Component Prices

	2024	2023
	\$/lb	
Protein Price	3.3238	1.0468
Butterfat Price	3.0851	3.7144
Other Solids Price	0.3705	0.1243

Class Price Factors

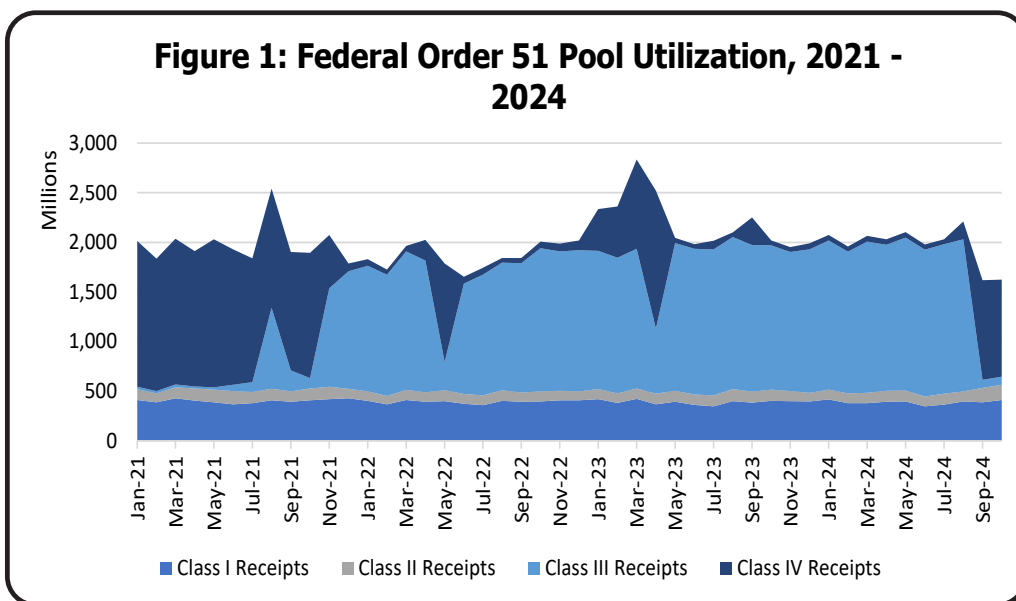
	2024	2023
	\$/cwt	
Class I	25.27	21.57
Class II	21.01	21.95
Class III	22.85	16.84
Class IV	20.90	21.49

Pool Volume in FO 51

After a year of high pool volumes around 2 billion pounds, September and October 2024 saw a significant decline in pool volumes, with September's volume falling to a record low of about 1.62 billion pounds of producer milk. October's pooled receipts gained roughly 5 million pounds from the previous month, reaching approximately 1.63 billion pounds, making it the second-lowest pool volume under the California Order.

As illustrated in Figure 1, the Class III pool volume plummeted from 1.53 billion pounds in August 2024 to just 79.62 million pounds in September and 81.87 million pounds in October. In contrast, Class IV volume surged from 180 million pounds in August to approximately 1 billion pounds in September and 978.14 million pounds in October. So, why was there such a drastic shift in total pool volume in September and October compared to the rest of 2024? This shift can be attributed to handlers having no financial incentive to pool Class III milk, given the significantly higher Class III price.

Figure 1: Federal Order 51 Pool Utilization, 2021 - 2024



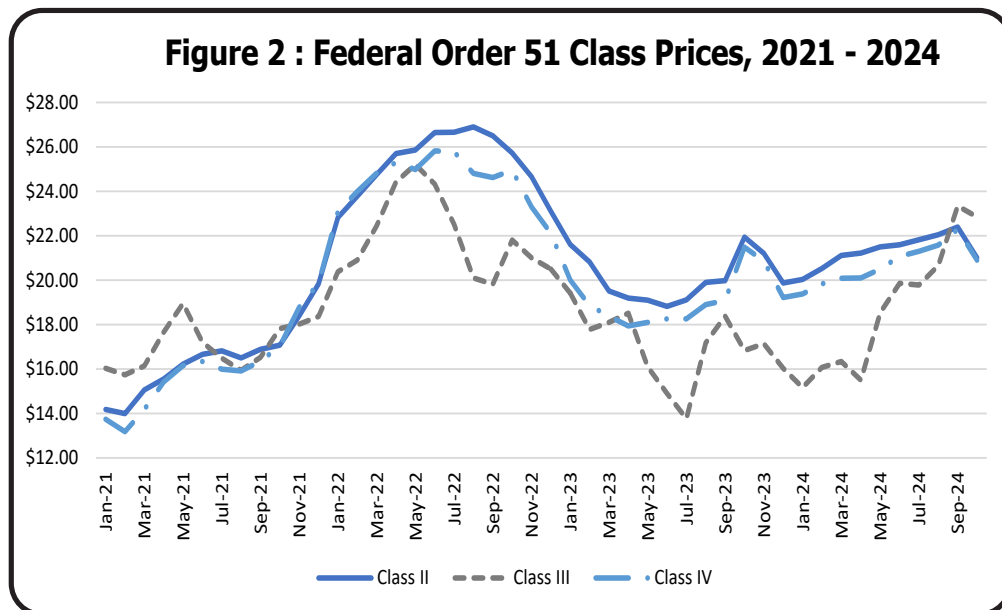
Price Dynamics

In September 2024, price dynamics experienced a notable shift. The Class IV price saw a modest increase due to slight gains in nonfat dry milk commodity prices. However, the Class III price rose significantly, surpassing the Class IV price by \$1.05, driven by rapid increases in cheese commodity prices. These shifts in the pricing dynamics caused the Class III price to exceed the Statistical Uniform Price (SUP) across all location differentials in Federal Order (FO) 51. The elevated Class III price continued into October 2024. Table 2 shows Class II, III, and IV price trends from 2021 to 2024.

Pooling Dynamics

When handlers anticipate that the SUP will be lower than the prices for Class II, III, or IV in a given month, they may choose to withhold milk of that class from the pool, thereby avoiding contributions to the producer settlement fund if applicable. Given these incentives, handlers prioritized pooling Class IV milk over Class III in September and October 2024. This decision resulted in a significant decline in pool volume for these two months. ❖

Figure 2 : Federal Order 51 Class Prices, 2021 - 2024



2025 Reporting and Payment Dates

Federal Order 51 payment and reporting dates for 2024 have been published and can be accessed on the official website at <https://www.cafmmo.com/order/reporting-and-payment-dates/>. ❖

Measure of Growth in FO 51

The Agricultural Marketing Service (AMS) publishes an annual report titled “Measures of Growth in Federal Orders,” highlighting Federal Milk Marketing Order statistics from 1947 to the present year. Table 1 below details statistics from all Federal Orders from 2019 to 2023 as reported by AMS. The annual report can be found at <https://www.ams.usda.gov/resources/measures-growth-federal-milk-marketing-orders>.

Table 1: Measures of Growth in Federal Milk Orders							
Agricultural Marketing Service							
Year	Number of Markets	Number of Pool Handlers ¹	Number of Pooled Producers ²	Population of Federal Milk Marketing Areas ³	Total Receipts of Producer Milk ⁴	Producer Milk Used as Class I ⁵	Percent of Producer Milk Used as Class I ⁶
	(number)	(number)	(number)	(thousands)	(million pounds)	(million pounds)	(percent)
2019	11	230	29,468	302,048	156,510	43,882	28
2020	11	228	24,906	304,874	137,818	43,766	31.8
2021	11	226	23,292	305,194	136,836	42,127	30.8
2022	11	213	23,108	306,292	151,614	40,986	27
2023	11	212	22,035	307,817	158,448	40,405	25.5

1: number of pool handlers at end of the year
 2: the annual number of pooled producers is the simple average number of producers pooled each month during that year
 3: the population of federal milk marketing areas is obtained from published U.S Census Annual Estimates of the Resident Population for Counties
 4: total pool volume for the year
 5: volume of producer milk used in Class I for the year
 6: percent of Class I milk of a all milk pooled in the year

Table 2 below details similar statistics from the California Federal Order from 2019 to 2023. These statistics are not published by AMS but rather are calculated by Federal Order 51. ❖

Table 1: Measures of Growth in Federal Order 51						
Agricultural Marketing Service						
Year	Number of Pool Handlers ¹	Number of Pooled Producers ²	Population of Federal Milk Marketing Areas ³	Total Receipts of Producer Milk ⁴	Producer Milk Used as Class I ⁵	Percent of Producer Milk Used as Class I ⁶
	(number)	(number)	(thousands)	(million pounds)	(million pounds)	(percent)
2019	24	980	39,512	24,272	5,321	21.9%
2020	24	843	39,503	23,004	5,118	22.2%
2021	24	848	39,145	23,803	4,848	20.4%
2022	22	902	39,041	22,439	4,729	21.1%
2023	21	951	38,965	26,418	4,697	17.8%

USDA Issues Final Decision on Pricing Formula Hearing

On November 12, 2024, USDA issued a final decision on amendments to all eleven Federal Milk Marketing Orders. The final decision and associated informational and educational materials can be accessed at the AMS hearing website. Additionally, AMS will host three public webinars to further inform stakeholders of the proposed amendments and producer referendum process. These webinars will take place November 19 and November 25 at 11 a.m. ET and November 21 at 3 p.m. ET. A link to access the webinars will be provided in advance on the AMS hearing website.

A USDA press release providing more information on decision and the upcoming producer referendum, that will take place after the decision is published in the Federal Register, can be accessed at the following web address: <https://www.ams.usda.gov/press-release/usda-issues-final-decision-amendments-all-eleven-federal-milk-markeing-orders>. ❖



RETURN SERVICE REQUESTED

FIRST CLASS MAIL

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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	402,025,562	\$12.92	\$51,941,702.61	
Butterfat	10,121,736	3.6576	37,021,261.59	
Less: Location Adjustment to Handlers			(855,656.94)	\$88,107,307.26
Class II— Butterfat	15,246,596	3.0921	47,143,999.51	
Nonfat Solids	13,074,314	1.1733	15,340,092.62	62,484,092.13
Class III— Butterfat	3,295,971	3.0851	10,168,400.16	
Protein	2,853,282	3.3238	9,483,738.72	
Other Solids	4,711,956	0.3705	1,745,779.70	21,397,918.58
Class IV— Butterfat	38,412,509	3.0851	118,506,431.50	
Nonfat Solids	89,361,433	1.1628	103,909,474.29	222,415,905.79
Total Classified Value			<i>Total value of milk in the pool</i> →	\$394,405,223.76
Add: Overage—All Classes				0.00
Inventory Reclassification—All Classes				(358,830.13)
Other Source Receipts	66,886			117.81
Total Pool Value				\$394,046,511.44
Less: Value of Producer Butterfat	67,076,812	3.0851	(206,938,672.71)	
Value of Producer Protein	54,437,085	3.3238	(180,937,983.13)	
Value of Producer Other Solids	93,696,214	0.3705	(34,714,447.28)	(422,591,103.12)
Total PPD Value Before Adjustments			<i>Total Class III value of producer components</i> ↗	(\$28,544,591.68)
Add: Location Adjustment to Producers				6,104,709.03
One-half Unobligated Balance—Producer Settlement Fund				779,893.42
Less: Producer Settlement Fund—Reserve				(766,712.37)
Total Pool Milk & PPD Value	1,625,123,301			(\$22,426,701.60)
Producer Price Differential		\$ (1.38)		
Statistical Uniform Price		\$ 21.47		

Value from which PPD per hundredweight is calculated

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