



The Market Administrator's

BULLETIN

CALIFORNIA MARKETING AREA

Cary Hunter, Interim Market Administrator

May 2019

Federal Order No. 51

To contact the California Marketing Area office:

Tel.: (530) 662-2037 — Fax: (844) 206-7024

Mailing Address: 221 W Court St, Ste. 3B, Woodland, CA 95695-2983

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

May Pool Price Calculation

The May 2019 statistical uniform price (SUP) for the California Marketing Area was announced at \$16.93 per hundredweight for milk delivered to plants located in Los Angeles County, California, the pricing point for the California Order. The statistical uniform price is calculated at 3.5 percent butterfat, 2.99 percent protein, and 5.69 percent other solids. If reported at the average tests of producer pooled milk, the SUP would be \$18.03 per hundredweight. The May SUP was 51 cents per hundredweight above the April price. The May producer price differential (PPD) at Los Angeles County was \$0.55 per hundredweight, an increase of 9 cents from last month.

Product Prices Effect

All commodity product prices increased in May except dry whey that declined 1 cent per pound. Butter increased 3 cents and nonfat dry milk and cheese each rose 5 cents, all on a per pound basis. These changes translated to a 3-cent increase in the butterfat price, a 5-cent rise in the nonfat solids price, and a nearly 13-cent jump in the protein price. The other solids price dropped 1 cent. All component price changes are on per pound basis. All class prices rose: Class I was up 66 cents, Class II increased 10 cents, Class III rose 42 cents, and Class IV climbed 57 cents. The spread between the three lowest priced classes was only 19 cents. With overall higher prices, the SUP increased. The spread between the higher and lower priced classes increased, resulting in a higher PPD. ❖

Handlers Associated with California Milk Marketing Area

The map on page 2 shows handlers associated with the California Federal Milk Marketing area for the month of April 2019. The handlers listed are pool distributing plants, pool supply plants, cooperatives qualifying as pool handlers, partially regulated distributing plants, producer handler plants, exempt plants, and other order distributing plants with route sales into the marketing area. A list of handlers associated with the marketing area is posted on the website each month. Not shown are nonpool handlers and (continued on page 2)

Pool Summary

- A total of 1,066 producers were pooled under the Order with an average daily delivery per producer of 78,201 pounds, an increase of 8.5 percent from April.
- Pooled milk receipts totaled 2.584 billion pounds, an increase of 14.7 percent from last month on an average daily basis.
- Class I usage (milk for bottling) accounted for 18.2 percent of total milk receipts, down 2.5 percentage points from April.
- The average butterfat test of producer receipts was 3.77 percent.
- The average true protein test of producer receipts was 3.18 percent.
- The average other solids test of producer receipts was 5.78 percent. ❖

Class Utilization

| Pooled Milk | Percent | Pounds |
|-------------------|---------|---------------|
| Class I | 18.2 | 470,340,307 |
| Class II | 5.6 | 143,771,423 |
| Class III | 30.8 | 794,894,352 |
| Class IV | 45.5 | 1,175,225,273 |
| Total Pooled Milk | | 2,584,231,355 |

Producer Component Prices

| | \$/lb |
|--------------------|--------|
| Protein Price | 2.1159 |
| Butterfat Price | 2.5718 |
| Other Solids Price | 0.1847 |

Class Prices

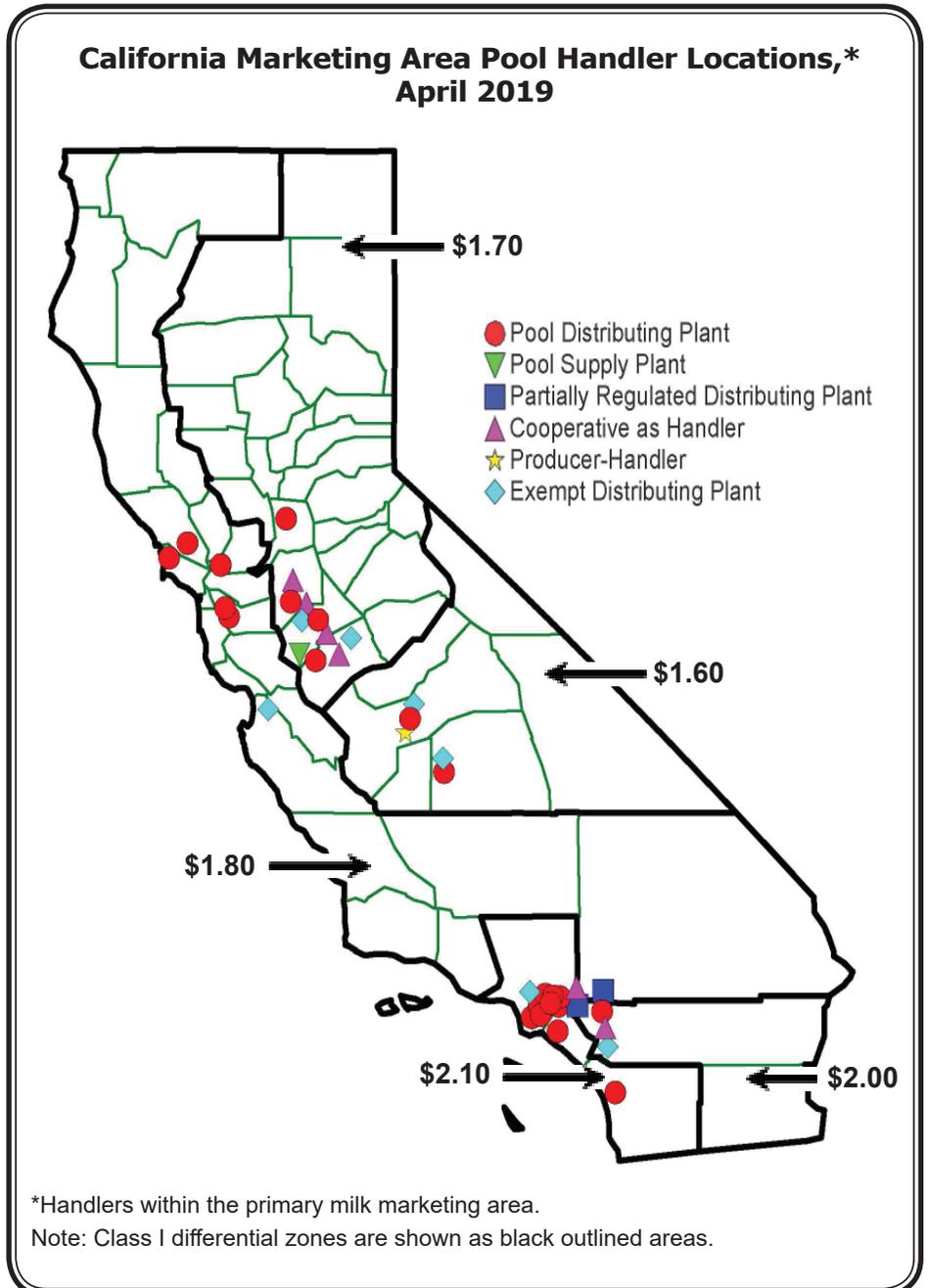
| | \$/cwt |
|-----------|--------|
| Class I | 18.52 |
| Class II | 16.48 |
| Class III | 16.38 |
| Class IV | 16.29 |

Handlers Associated *(continued from page 1)*

handlers not located within the boundaries of the California Milk Marketing Area. There are a number of plants associated with the California Order located outside of the marketing area in such states as nearby Nevada and Arizona and as distant as Virginia. The plants presented on the map are defined as follows:

- **Pool Distributing Plant:** A plant that is approved by a duly constituted regulatory agency for the handling of Grade A milk, processes or packages fluid milk products, and has route distribution or transfers of packaged fluid milk products to other plants.
- **Pool Supply Plant:** A plant that is approved by a duly constituted regulatory agency for the handling of Grade A milk, receives milk directly from dairy farmers, and transfers or diverts fluid milk products to other plants or manufactures dairy products on its premises.
- **Partially regulated Distributing Plants:** A nonpool plant that has route disposition in the marketing area during the month that is not a plant fully regulated under another Federal order, a producer-handler plant, or an exempt plant.
- **Cooperatives Qualifying as Pool Handlers:** A cooperative association with respect to milk that it receives for its account from the farm of a producer and delivers to pool plants or diverts to nonpool plants. The cooperative's office location is shown on the map; it is not a processing facility.
- **Producer Handler Plant:** A person who operates a dairy farm and a distributing plant from which there is route disposition in the marketing area. Total route disposition and packaged sales of fluid milk to other plants during the month does not exceed 3 million pounds. Must meet MA requirement §1051.10 (a)(1)-(5)(ii).

- **Exempt Plant:** A plant that is exempt from pricing and pooling provisions of any order. The plant is operated by a government agency with no route disposition in commercial channels. The plant is operated by a duly accredited college or university in which all fluid milk products are disposed of through the operation of its own facility with no route disposition in commercial channels, or the total route disposition is for individuals or institutions for charitable purposes without remuneration. The plant's total route disposition and packaged sales of fluid milk products to other plants is 150,000 pounds or less during the month. ❖



Utilization by Class

The accompanying table shows the utilization of fluid milk products and cream by plants pooled on the California Order. It does not include sales from producer-handlers, exempt plants, or plants fully or partially regulated by other Federal Orders. It does include shipments from pool plants to nonpool manufacturing plants. The data are derived from reports submitted by pooled handlers at pool time. Data are preliminary and have not been subjected to audit verification.

Class I

Class I data shows the pounds of milk pooled by fluid milk products. The In Area Sales primarily reflect route disposition in the marketing area. The conventional milk categories include fortified and lactose-free products. Organic whole milk is shown separately; all other organic products (reduced fat, lowfat, and fatfree) are collapsed into the reduced fat category. Out of Marketing Area Sales include sales to non-Federal Order areas (unregulated areas) and to other Federal Order marketing areas.

Class II

Class II data shows milk used to make "soft" products. Some categories have been combined due to small quantities and to protect handler confidentiality.

Class III

Class III data shows the various cheese category breakdowns. In the future, Hispanic-type cheese will be shown separately from other cheeses. Large swings may occur month to month due to pooling and nonpooling of various plants.

Class IV

Class IV data shows the various products assigned to this class although it is predominantly butter and dry milk products. This class also can experience large changes in volumes attributable to pooling/nonpooling.

Each class contain a Shrinkage/Interhandler Difference category to reflect losses/gains and unreconciled differences that were assigned to that respective class. Classes II, III, and IV each have a Nonpool Bulk category that reflects shipments from pool plants to nonpool plants who further ship to other nonpool plants where the specific product category usage cannot be determined. The Minimum Price Class shows pounds assigned to the lowest class price for the respective month. It includes such items as animal feed and milk dumped or lost due to occurrences beyond the handler's control. ❖

Utilization of Fluid Milk Products and Cream by Pool Plants# Under the California Order, May 2019

| Class I | Pounds |
|---|----------------------|
| Whole Milk* | 144,490,498 |
| Reduced Fat Milk* | 137,820,374 |
| Lowfat Milk* | 54,319,323 |
| FatFree Milk* | 26,967,952 |
| Flavored Whole and Reduced Milk Products^ | 28,129,021 |
| Organic Whole Milk | 13,567,219 |
| Organic Reduced Fat Milk^ | 19,629,272 |
| Buttermilk and Eggnog | 4,645,174 |
| Shrinkage/Interhandler Difference | 2,795,059 |
| Ending Inventory | 56,209,943 |
| In Area Sales | 488,573,835 |
| Out of Marketing Area Sales | 48,180,645 |
| Total Class I Utilization | 536,754,480 |
| Class II | |
| Nonpool Bulk | 6,797,433 |
| Packaged Cream | 41,601,234 |
| Bakery/Candy/Soup (Includes Condensed) | 10,043,263 |
| Cottage Cheese (Includes Ricotta) | 13,337,375 |
| Sour Cream and Dips | 11,209,901 |
| Yogurt | 31,321,624 |
| Other Beverages (Includes Drinkable Yogurt) | 5,627,507 |
| Ice Cream (and Mix) | 52,381,574 |
| Shrinkage/Interhandler Difference | (80,522) |
| Total Class II Utilization | 172,239,389 |
| Class III | |
| Nonpool Bulk | 1,065,586 |
| American Cheese | 261,421,288 |
| Italian Cheese | 454,456,478 |
| Cream Cheese | 6,308,615 |
| Other Cheeses@ | 73,607,572 |
| Shrinkage/Interhandler Difference | 77,802 |
| Total Class III Utilization | 796,937,341 |
| Class IV | |
| Nonpool Bulk | 34,068,623 |
| Condensed | 8,327,791 |
| Butter | 97,748,354 |
| Dry Milk Products | 1,023,971,841 |
| Skim Equivalent of NFMS to Fortify Class I | 34,479,416 |
| Ending Inventory | 20,686,677 |
| Shrinkage/Interhandler Difference | 10,116,898 |
| Total Class IV Utilization | 1,229,399,600 |
| Minimum Price Class~ | 2,606,732 |
| Total Utilization | 2,737,937,542 |

Does not include in-area sales from producer-handlers, exempt plants, or plants fully or partially regulated by other Federal Orders. Includes shipments to nonpool manufacturing plants. Derived from reports submitted by pooled handlers.

* Includes Lactose-free products.

^ Includes reduced fat, lowfat, and fatfree milk products.

~ As defined in section 1000.40 of the Order; milk priced at the lowest corresponding month's class price.

@ Includes Hispanic, Swiss, and other varieties.



MARKET ADMINISTRATOR
221 W COURT ST, STE. 3B
WOODLAND, CA 95695-2983

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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 | 459,739,888 | \$9.92 | \$45,606,196.89 | |
| Butterfat | 10,600,419 | 2.5565 | 27,099,971.17 | |
| Less: Location Adjustment to Handlers | | | (924,854.09) | \$71,781,313.97 |
| Class II— Butterfat | 16,179,012 | 2.5788 | 41,722,436.15 | |
| Nonfat Solids | 11,891,173 | 0.8578 | 10,200,248.22 | 51,922,684.37 |
| Class III— Butterfat | 26,865,812 | 2.5718 | 69,093,495.31 | |
| Protein | 25,842,406 | 2.1159 | 54,679,946.84 | |
| Other Solids | 46,138,038 | 0.1847 | 8,521,695.64 | 132,295,137.79 |
| Class IV— Butterfat | 43,713,897 | 2.5718 | 112,423,400.29 | |
| Nonfat Solids | 104,858,373 | 0.8386 | 87,934,231.59 | 200,357,631.88 |
| Total Classified Value | | | <i>Total value of milk in the pool</i> → | \$456,356,768.01 |
| Add: Overage—All Classes | | | | 77,442.41 |
| Inventory Reclassification—All Classes | | | | 79,864.15 |
| Other Source Receipts | 132,265 | | | 2,941.84 |
| Total Pool Value | | | | \$456,517,016.41 |
| Less: Value of Producer Butterfat | 97,359,140 | 2.5718 | (250,388,236.28) | |
| Value of Producer Protein | 82,066,191 | 2.1159 | (173,643,853.56) | |
| Value of Producer Other Solids | 149,342,139 | 0.1847 | (27,583,493.07) | (451,615,582.91) |
| Total PPD Value Before Adjustments | | | <i>Total Class III value of producer components</i> ↗ | \$4,901,433.50 |
| Add: Location Adjustment to Producers | | | | 9,696,641.35 |
| One-half Unobligated Balance—Producer Settlement Fund | | | | 887,370.94 |
| Less: Producer Settlement Fund—Reserve | | | | (1,271,445.91) |
| Total Pool Milk & PPD Value | 2,584,363,620 | | | \$14,213,999.88 |
| Producer Price Differential | | \$0.55 | | |
| Statistical Uniform Price | | \$16.93 | | |

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