



The Market Administrator's

BULLETIN

CALIFORNIA MARKETING AREA

Cary Hunter, Interim Market Administrator

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To contact the California Marketing Area office:

Tel.: (916) 702-6455 — Fax: (833) 673-3751

Mailing Address: P.O. Box 6660, Folsom, CA 95763

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

July Pool Price Calculation

The July 2021 Statistical Uniform Price (SUP) for the California Marketing Area was announced at \$16.94 per hundredweight (cwt), a decrease of 36 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 (3.76 percent butterfat, 3.13 percent protein, and 5.76 percent other solids), the July SUP would be \$17.82 per cwt, which is lower than that of June by 48 cents per cwt. July's Producer Price Differential (PPD) at Los Angeles County was \$0.45 per cwt, an increase of 36 cents from last month's PPD of \$0.09 per cwt. July's PPD marks the highest PPD since January 2020.

Product Prices Effect

All monthly average product prices in the National Dairy Product Sales Report saw modest declines from June to July. The butter price and cheese price decreased by roughly 5 cents per pound each from the previous month. The dry whey price declined almost 4 cents per pound. The nonfat dry milk price saw the smallest price movement, decreasing by just under 1.5 cents per pound.

Declines in the commodity prices translated to similar declines in the component prices. The protein price saw the largest decrease, losing almost 9 cents per pound. The butterfat price decreased more than 6 cents per pound, while the other solids price lost just under 4 cents per pound. The nonfat solids price decreased just under 1.5 cents per pound from last month.

All class prices, except for the Class II price, decreased from June to July. The Class I price dropped by the largest magnitude, declining 87 cents to \$19.52 per cwt. The Class II price continued its upward trend this month, gaining 17 cents to reach \$16.83 per cwt — the highest Class II price since February 2020. Lastly, the Class III price lost 72 cents to \$16.49 per cwt, and the Class IV price decreased 35 cents to \$16.00 per cwt. ❖

Pool Summary

- A total of 786 producers were pooled with an average daily delivery per producer of 75,519 pounds, a decrease of 5.1 percent from June.
- Pooled milk receipts totaled 1.84 billion pounds, a decrease of 7.7 percent on an average daily basis.
- Class I usage (milk for bottling) accounted for 20.7 percent of total pooled milk receipts, up 1.6 percentage points from June.
- The average butterfat test of producer receipts was 3.76 percent.
- The average true protein test of producer receipts was 3.13 percent.
- The average other solids test of producer receipts was 5.76 percent. ❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	20.7	381,583,052
Class II	6.1	112,811,801
Class III	5.4	99,372,791
Class IV	67.7	1,246,330,288
Total Pooled Milk		1,840,097,932

Producer Component Prices

	2021	2020
	\$/lb	
Protein Price	2.4957	5.6294
Butterfat Price	1.8996	1.9583
Other Solids Price	0.4181	0.1492

Class Price Factors

	2021	2020
	\$/cwt	
Class I	19.52	18.66
Class II	16.83	13.79
Class III	16.49	24.54
Class IV	16.00	13.76

USDA Announces Improvements to the Dairy Safety Net and New Pandemic Market Volatility Assistance Program

Burlington, VT, Aug. 19, 2021 – The U.S. Department of Agriculture (USDA) has announced the details of the Pandemic Market Volatility Assistance Program as part of meetings with farmers and a tour of farms with Senator Leahy. In June, Secretary Vilsack committed to providing additional pandemic assistance for dairy farmers in an exchange at a hearing with Senate Appropriations Committee Chairman Leahy. Through the program, USDA will provide about \$350 million in pandemic assistance payments to dairy farmers who received a lower value for their products due to market abnormalities caused by the pandemic. The assistance is part of a larger package including permanent improvements to the Dairy Margin Coverage safety net program.

“The Pandemic Market Volatility Assistance Program is another component of our ongoing effort to get aid to producers who have been left behind and build on our progress towards economic recovery,” said Agriculture Secretary Tom Vilsack. “Family dairy farmers have been battered by the pandemic, trade issues and unpredictable weather and are the life-blood of many rural communities throughout Vermont, the Northeast and many other regions. This targeted assistance is the first step in USDA’s comprehensive approach that will total over \$2 billion to help the dairy industry recover from the pandemic and be more resilient to future challenges for generations to come.”

Senator Patrick Leahy (D-Vt.), the chairman of the Senate Appropriations Committee and the senator with the most seniority on the Agriculture Committee, said: “I thank Secretary Vilsack for directing this assistance to small dairies in Vermont and across the country, just as he told me he would when we spoke earlier in the summer. This will help to make up for losses suffered by these family farms due to the pandemic and together with the positive adjustments to the Dairy Margin Coverage Program will be good news for farmers go into the fall.”

Under the Pandemic Market Volatility Assistance Program, payments will reimburse qualified dairy farmers for 80 percent of the revenue difference per month based on an annual production of up to 5

million pounds of milk marketed and on fluid milk sales from July through December 2020. The payment rate will vary by region based on the actual losses on pooled milk related to price volatility. USDA will make payments through agreements with independent handlers and cooperatives. Handlers and cooperatives will distribute the monies on the same basis July - December 2020 payments were made to their dairy farmer suppliers and a formula set by USDA. USDA will reimburse handlers and cooperatives for allowed administrative costs.

USDA will contact eligible handlers and cooperatives to notify them of the opportunity to participate in the Program. USDA will distribute payments to participating handlers within 60 days of entering into an agreement. Once funding is provided, a handler will have 30 days to distribute monies to qualifying dairy farmers. As part of the program, handlers also will provide virtual or in-person education to dairy farmers on a variety of dairy topics available from USDA or other sources. A handler will have until March 1, 2022 to directly provide educational opportunities to dairy farmers.

Additional details about the program are available and will be updated at the AMS Dairy Program website at: www.ams.usda.gov/services/pandemic-market-volatility-assistance-program. Questions regarding the program should be referred to PMVAP@usda.gov.

The program is part of \$6 billion of pandemic assistance USDA announced in March to address a number of gaps and disparities in previous rounds of assistance (www.usda.gov/media/press-releases/2021/03/24/after-identifying-gaps-previous-aid-usda-announces-pandemic). Other pandemic assistance to dairy farmers includes \$400 million for a new Dairy Donation Program to address food insecurity and mitigate food waste and loss; and \$580 million for Supplemental Dairy Margin Coverage for small and medium farms.

Outside the pandemic assistance, USDA will also make improvements to the Dairy Margin Coverage safety net program updating the feed cost formula to better reflect the actual cost dairy farmers pay for

high quality alfalfa. This change will be retroactive to January 2020 and is expected to provide additional retroactive payments of about \$100 million for 2020 and 2021. Unlike the pandemic assistance, this change will also be part of the permanent safety net and USDA estimates it will average about \$80 million per year or approximately \$800 million over ten years for dairy

headed into the upcoming Farm Bill. Full details on these additional actions to support dairy farmers will be provided when regulations are published in the coming weeks. Dairy farmers should wait until these details are available to contact their local USDA Service Center for more information.

Source: USDA Release No. 0182.21.❖

Pool Summary for All Federal Orders, July 2020 and 2021

Federal Order		Statistical Uniform Price*		Producer Price Differential*		Total Producer Milk		
Number	Name	2020	2021	2020	2021	2020	2021	Change
		\$/cwt		\$/cwt		million lbs		%
1	Northeast	19.08	18.06	-5.46	1.57	2,345.4	2,342.9	-0.1%
5	Appalachian	19.34	19.61	N/A	N/A	376.1	415.9	10.6%
6	Florida	20.80	21.98	N/A	N/A	192.5	184.5	-4.2%
7	Southeast	18.89	19.80	N/A	N/A	388.0	349.0	-10.1%
30	Upper Midwest	19.68	16.74	-4.86	0.25	1,000.9	1,918.4	91.7%
32	Central	15.85	16.84	-8.69	0.35	823.9	1,314.5	59.5%
33	Mideast	16.52	17.25	-8.02	0.76	1,212.2	1,767.1	45.8%
51	California	14.72	16.94	-9.82	0.45	1,879.4	1,840.1	-2.1%
124	Pacific Northwest	17.11	16.77	-7.43	0.28	700.9	745.4	6.3%
126	Southwest	15.70	17.65	-8.84	1.16	871.3	1,044.4	19.9%
131	Arizona	16.12	17.27	N/A	N/A	289.9	397.1	37.0%
Weighted Average/Total		17.28	17.46	-7.46	0.75	10,080.5	12,319.2	22.2%

*Price at principal location differential in each Order at 3.5 percent butterfat, 2.99 percent protein, and 5.69 percent other solids.

N/A = Not applicable

Summary of Class Utilizations for All Federal Orders, July 2020 and 2021

Federal Order		Class I Utilization		Class II Utilization		Class III Utilization		Class IV Utilization	
Number	Name	2020	2021	2020	2021	2020	2021	2020	2021
% of the pool									
1	Northeast	28.1	27.7	24.7	25.2	28.4	27.5	18.8	19.6
5	Appalachian	84.9	69.2	13.3	15.2	0.1	5.7	1.8	9.9
6	Florida	83.2	86.3	14.9	12.0	0.1	0.3	1.8	1.4
7	Southeast	69.4	67.9	20.6	24.5	1.1	4.3	8.9	3.4
30	Upper Midwest	21.2	10.3	19.2	5.0	44.6	76.3	15.0	8.4
32	Central	45.4	25.7	17.5	11.1	2.1	38.6	34.9	24.6
33	Mideast	43.7	28.3	26.2	17.7	5.9	38.6	24.2	15.4
51	California	21.7	20.7	6.6	6.1	0.6	5.4	71.1	67.7
124	Pacific Northwest	22.5	17.3	7.2	5.9	25.6	44.3	44.7	32.5
126	Southwest	38.7	28.5	15.4	12.4	0.4	20.5	45.5	38.6
131	Arizona	35.2	28.2	11.3	8.5	4.7	27.8	48.8	35.4
Weighted Average		35.0	26.7	17.2	13.3	14.0	33.2	33.8	26.8



RETURN SERVICE REQUESTED

FIRST CLASS MAIL

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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	372,280,534	\$13.05	\$48,582,609.69	
Butterfat	9,302,518	1.9800	18,418,985.64	
Less: Location Adjustment to Handlers			(787,481.12)	\$66,214,114.21
Class II— Butterfat	13,951,033	1.9066	26,599,039.53	
Nonfat Solids	9,136,505	1.1700	10,689,710.85	37,288,750.38
Class III— Butterfat	3,664,035	1.8996	6,960,200.87	
Protein	3,114,210	2.4957	7,772,133.89	
Other Solids	5,726,347	0.4181	2,394,185.70	17,126,520.46
Class IV— Butterfat	42,270,733	1.8996	80,297,484.41	
Nonfat Solids	111,255,027	1.0765	119,766,036.59	200,063,521.00
Total Classified Value				\$320,692,906.05
Add: Overage—All Classes				78,136.64
Inventory Reclassification—All Classes				14,742.12
Other Source Receipts	45,005			1,282.65
Total Pool Value				\$320,787,067.46
Less: Value of Producer Butterfat	69,188,319	1.8996	(131,430,130.79)	
Value of Producer Protein	57,624,097	2.4957	(143,812,458.90)	
Value of Producer Other Solids	105,983,779	0.4181	(44,311,818.00)	(319,554,407.69)
Total PPD Value Before Adjustments				\$1,232,659.77
Add: Location Adjustment to Producers				6,941,464.85
One-half Unobligated Balance—Producer Settlement Fund				884,861.37
Less: Producer Settlement Fund—Reserve				(778,342.74)
Total Pool Milk & PPD Value	1,840,142,937			\$8,280,643.25
Producer Price Differential		\$0.45		
Statistical Uniform Price		\$16.94		

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