The Market Administrator's BULLETIN

CALIFORNIA MARKETING AREA

Peter Fredericks, Market Administrator

May 2024

Federal Order No. 51

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May Pool Price Calculation

The May 2024 Statistical Uniform Price (SUP) for the California Marketing Area increased $2.06 per hundredweight (cwt) from last month to $19.40 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 (4.15 percent butterfat, 3.35 percent protein, and 5.76 percent other solids), the May SUP was $22.31 per cwt, $2.32 higher than April. The May Producer Price Differential (PPD) at Los Angeles County was $0.85 per cwt, a decline of 99 cents from last month.

Product Prices Effect

Average product prices in the National Dairy Product Sales Report experienced mixed changes in May when compared to April. The dry whey price declined 2 cents to $0.4108. The other decline was seen in the nonfat dry milk price by less than a cent to $1.1422. Butter and cheese prices increased significantly from last month. The butter price gained 11 cents to $3.0316, and the cheese price rose 32 cents to $1.18706.

The component prices experienced similar changes as well. Other solids and nonfat solids prices declined while the butterfat and protein price increased by large margins. The other solids price fell 2 cents to $0.2181 and the nonfat solids price declined 1 cent to $0.9647 per pound. The butterfat price increased by 13 cents to $3.4636 per pound. However, due to larger gains in the cheese price from April to May, the protein price recovered from its lowest price since Order reform, climbing roughly 90 cents to $1.7349.

All class prices besides the Class I price increased from April to May. The Class I price fell by 72 cents per cwt to $20.56. The Class II price rose 27 cents per cwt, settling at $21.50. The Class III price increased by the largest margin by $3.05 to $18.55 per cwt, due partially to the increase in the protein price. Lastly, the Class IV price gained 39 cents to $20.50 per cwt. Although the Class I price declined, the increases in the other Class prices and component prices lead to an overall higher pool value in May.❖

Pool Summary

- A total of 869 producers were pooled with an average daily delivery per producer of 78,099 pounds, an increase of 0.32 percent from April.
- Pooled milk receipts totaled 2.104 billion pounds, an increase of 0.2 percent on an average daily basis.
- Class I usage (milk for bottling) accounted for 18.9 percent of total pooled milk receipts.
- The average butterfat test of producer receipts was 4.15 percent.
- The average true protein test of producer receipts was 3.35 percent.
- The average other solids test of producer receipts was 5.76 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	18.9	398,462,702
Class II	5.2	108,748,944
Class III	73.2	1,540,591,376
Class IV	2.7	56,095,568
Total Pooled Milk		2,103,898,590

Producer Component Prices

	2024	2023
	$/lb	
Protein Price	1.7349	1.8002
Butterfat Price	3.4636	2.7572
Other Solids Price	0.2181	0.1877

Class Price Factors

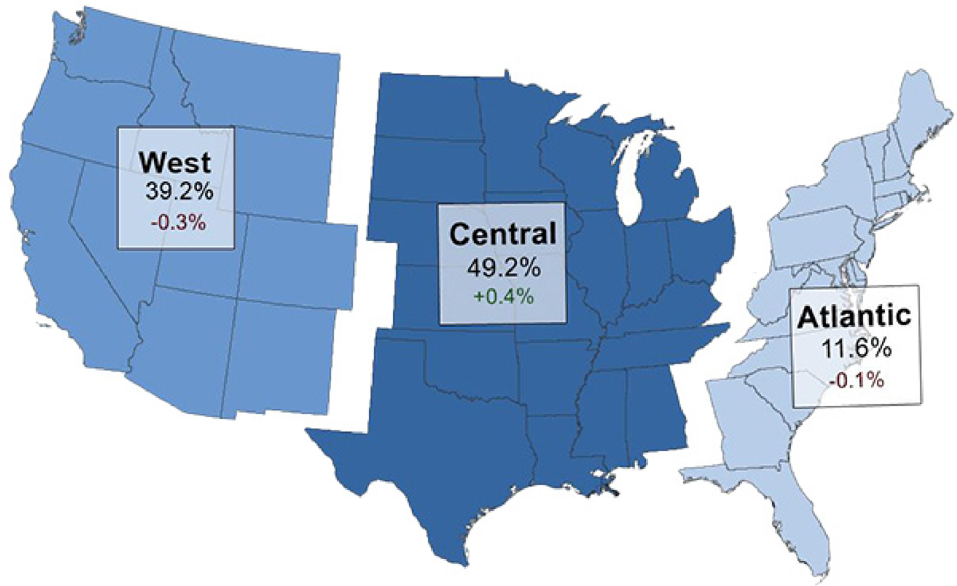
	2024	2023
	$/cwt	
Class I	20.56	21.67
Class II	21.50	19.11
Class III	18.55	16.11
Class IV	20.50	18.10

Share of Dairy Product Production by Region – 2023

Each year USDA releases the *Dairy Products 2023 Summary Report* which summarizes yearly total production for manufactured dairy products in the United States. Using this data, the following article examines recent changes in dairy product production across various U.S. regions and the state of California.

Figure 1: Regional Cheese Production, 2023

2023 Regional Cheese Production as a Percentage of Total U.S. Production with



Cheese Production

Cheese production rose by approximately 0.9 percent to 14.2 billion pounds in 2023. Figure 1 presents a map of regional cheese production statistics for 2023 and estimates the percent change from 2022. The Central region —composed of 20 states—produced the highest volume of cheese, represented 49.2 percent of total U.S. cheese production, an increase of 0.4 percent from 2022. The West, consisting of 13 states including California, accounted for 39.2 percent of national cheese production, reflecting a decline of 0.3 percent. Finally, the Atlantic region, comprised of 17 states, held an 11.6 percent share, showing no significant change from 2022's share. California's cheese volume in 2023 accounts for nearly half of the Western region's output and represents 17.5 percent of the United States' cheese supply.

The West produces the highest share of Italian style and Mozzarella cheeses, representing 45.8 and 55.1 percent of U.S. production, respectively. The Central region had the highest production share in Chedder and American cheeses while the West's share came second at 37.7 and 39.1 percent, respectively.

Butter Production

Butter production increased significantly by 2.73 percent from 2022, reaching 2.1 billion pounds due to high commercial demand. Figure 2 illustrates regional statistics for butter manufacturing in 2023 and estimates the percent change from 2022. The West held the greatest share of national butter manufacturing at 52.9 percent in 2023, a decline of 1.4 percent from 2022. The Central states produced 39.1 percent of the U.S. butter supply, an increase of 1.5 percent since 2022, and the Atlantic states produced 8.1 percent, a decline of 0.1 percent. California's

Table 1: Cheese Production by Region, 2023

Thousand Pounds

Region	American	% of U.S.	Cheddar	% of U.S.	Italian	% of U.S.	Mozzarella	% of U.S.
Central	3,224,077	55.17%	2,230,240	54.51%	2,464,852	42.10%	1,629,837	35.38%
West	2,282,270	39.05%	1,543,411	37.72%	2,683,899	45.84%	2,538,039	55.10%
California	547,396	9.37%	243,810	5.96%	1,654,954	28.27%	1,526,474	33.14%
Total U.S.*	5,844,203	-	4,091,417	-	5,854,470	-	4,606,262	-

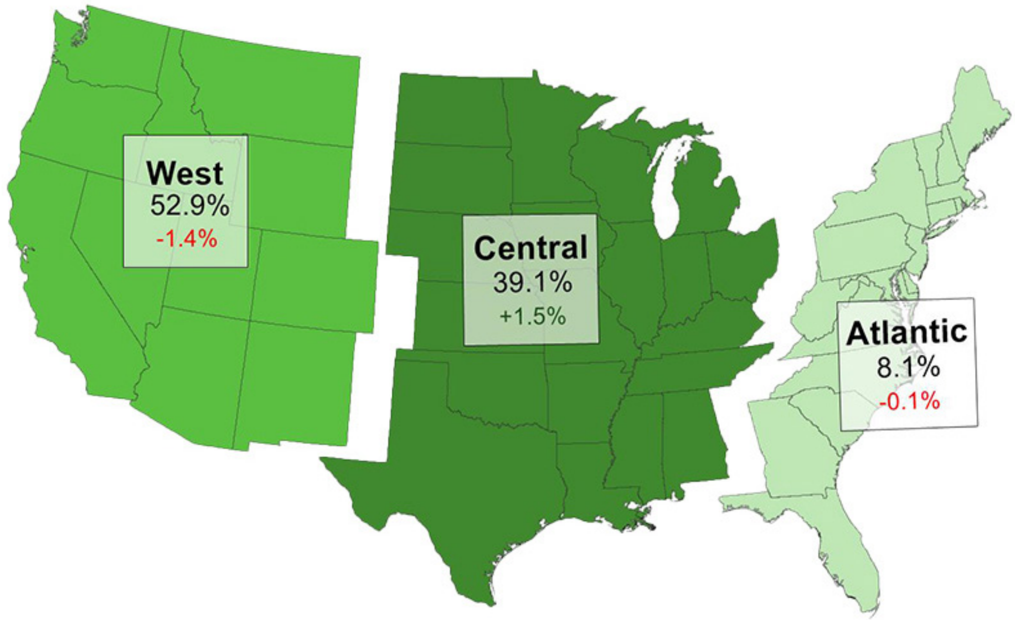
Source: USDA Dairy Products 2023 Summary Report, NASS Database
** Includes Alaska and Hawaii*

Share of Dairy Product Production by Region – 2023 *(continued from page 2)*

butter volume accounted for more than half of the Western region's output, contributing 32.2 percent of the nation's butter supply, a decrease of 1.2 percent from 2022.

Figure 2: Regional Butter Production, 2023

2023 Regional Butter Production as a Percentage of Total U.S. Production with Percentage Change: 2023 vs 2022

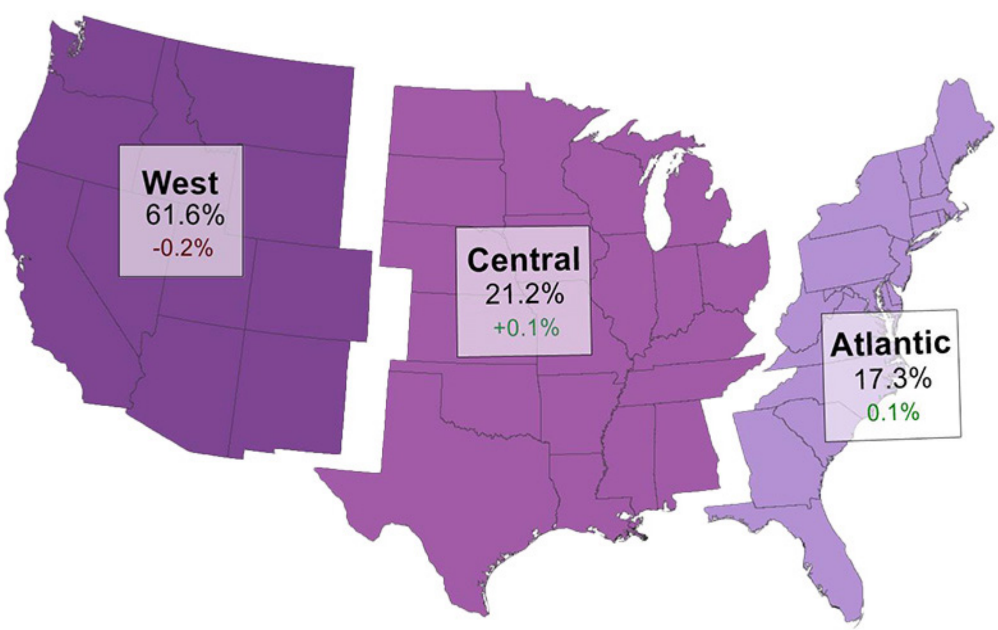


Nonfat Dry Milk Production

Nonfat dry milk production in the United States is predominantly concentrated in the Western region. Figure 4 illustrates regional statistics for nonfat dry milk manufacturing in 2023 and estimates the percent change from 2022. The West produced 61.6 percent of the nation's nonfat dry milk supply, a slight decline of 0.2 percent from 2022, but still the highest production share for any dairy product in a single region in 2023. Additionally, California contributed 68 percent of the West's production, accounting for 18.1 percent of the nation's supply, a decrease of 0.4 percent from 2022. Among the regions, the Central region had the lowest share of nonfat dry milk production at 21.2 percent, an increase of 0.1 percent from 2022. Conversely, nonfat dry milk was the second highest product for the Atlantic region, representing 17.3 percent of the nation's supply, rising 0.1 percent from 2022.

Figure 3: Regional Nonfat Dry Milk Production, 2023

2023 Regional Nonfat Dry Milk Production as a Percentage of Total U.S. Production with Percentage Change: 2023 vs 2022



Dairy Manufacturing Plants

In 2023, the total number of dairy manufacturing plants in the United States was 1,183, a decrease of 21 plants from 2022. The Central region led with 505 plants, followed by the Atlantic region with 480, and the West with 198 plants. The Atlantic region experienced the most significant decline, losing 10 plants from 2022 to 2023, followed by the Central region with a loss of 7 plants, and the West with a reduction of 4 plants. California's total number of dairy manufacturing plants in 2023 was 97, down from 101 in 2022.

The *Dairy Products Summary Report* for 2023 and previous years can be found at https://usda.library.cornell.edu/concern/publications/jm214p131. ❖

USDA

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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	388,917,101	$9.28	$36,091,506.97	
	Butterfat	9,545,601	3.3164	31,657,031.16	
Less:	Location Adjustment to Handlers			(824,841.35)	$66,923,696.78
Class II—	Butterfat	15,303,127	3.4706	53,111,032.59	
	Nonfat Solids	8,803,123	1.0767	9,478,322.52	62,589,355.11
Class III—	Butterfat	56,666,173	3.4636	196,268,956.79	
	Protein	52,303,503	1.7349	90,741,347.35	
	Other Solids	89,240,619	0.2181	19,463,379.01	306,473,683.15
Class IV—	Butterfat	5,884,442	3.4636	20,381,353.32	
	Nonfat Solids	4,754,881	0.9647	4,587,033.68	24,968,387.00
Total Classified Value				*Total value of milk in the pool*	**$460,955,122.04**
Add:	Overage—All Classes				195,527.23
	Inventory Reclassification—All Classes				111,209.21
	Other Source Receipts	79,479			1,913.98
Total Pool Value					**$461,263,772.46**
Less:	Value of Producer Butterfat	87,399,343	3.4636	(302,716,364.44)	
	Value of Producer Protein	70,464,125	1.7349	(122,248,210.44)	
	Value of Producer Other Solids	121,201,212	0.2181	(26,433,984.36)	(451,398,559.24)
Total PPD Value Before Adjustments				*Total Class III value of producer components*	**$9,865,213.22**
Add:	Location Adjustment to Producers				8,078,212.58
	One-half Unobligated Balance—Producer Settlement Fund				810,105.52
Less:	Producer Settlement Fund—Reserve				(869,717.84)
Total Pool Milk & PPD Value		2,103,978,069		*Value from which PPD per hundredweight is calculated*	**$17,883,813.48**
	Producer Price Differential		**$0.85**		
	Statistical Uniform Price		**$19.40**		

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