The Market Administrator's

BULLETIN

CALIFORNIA MARKETING AREA

Peter Fredericks, Market Administrator

September 2025 Federal Order No. 51

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September Pool Price Calculation

The September 2025 Statistical Uniform Price (SUP) for the California Marketing Area decreased by $1.30 per hundredweight (cwt) from last month to $17.31 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 (4.17 percent butterfat, 3.35 percent protein, and 5.76 percent other solids), the September SUP was $19.77 per cwt, $1.32 lower than August. The September Producer Price Differential (PPD) in Los Angeles County was -$0.28 per cwt, $1.65 lower than the month prior.

Product Prices Effect

The product prices in the National Dairy Product Sales Report experienced mixed trends in September. The butter price decreased by the largest margin of roughly 44 cents to $2.0377 per pound. The cheese price had the largest increase in September, rising by about 5 cents to $1.8066 per pound. Additionally, the dry whey price had an increase of less than a cent from August to $0.5782 per pound. The price of nonfat dry milk decreased about 6 cents to 1.2265 per pound.

Component prices experienced trends similar to the product prices in September. The butterfat price decreased by the largest margin of 53 cents to $2.1925 per pound. The protein price increased by the largest margin of roughly 74 cents to $2.7062 per pound. The other solids price increased by less than a cent to $0.3207 per pound. The nonfat solids price had a slight decline of about 6 cents to $0.9773 per pound.

Most Class prices decreased from August to September. The Class I price had the lowest decrease of 23 cents, settling at $21.50 per cwt. The Class II price decreased by $1.79 to $17.39 per cwt. The Class III price had the only increase in September, rising 35 cents to $17.59 per cwt. Lastly, the Class IV price had the largest decrease of $2.33 to $16.17 per cwt.

Selected Statistics

The September 2025 protein price increased to the highest its been since October 2024. Class I volume surpassed 394.9 million pounds, the highest volume for the month since September 2022 and showing an increase of 1.35 percent year over year.❖

Pool Summary

- A total of 689 producers were pooled with an average daily delivery per producer of 80,829 pounds, an increase of 8.2 percent from August.
- Pooled milk receipts totaled 1.67 billion pounds, a decrease of 13.11 percent on an average daily basis.
- Class I usage (milk for bottling) accounted for 23.6 percent of total pooled milk receipts.
- The average butterfat test of producer receipts was 4.17 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	23.6	394,997,898
Class II	8.6	144,358,710
Class III	6.1	101,941,593
Class IV	61.6	1,029,437,089
Total Pooled Milk		1,670,735,290

Producer Component Prices

	2025	2024
	$/lb	
Protein Price	2.7062	2.9249
Butterfat Price	2.1925	3.6114
Other Solids Price	0.3207	0.3430

Class Price Factors

	2025	2024
	$/cwt	
Class I	21.50	23.70
Class I ESL Adj	0.53	N/A
Class II	17.39	22.40
Class III	17.59	23.34
Class IV	16.17	22.29

Review of Producer Price Differentials

Prices and Pooling Dynamics

Recent shifts in commodity prices have led to a significant increase in the protein price and a decrease in the butterfat price, as seen in Figures 1 and 2. The protein price increased by 74 cents to $2.7062 per pound in September 2025, the highest its been since October 2024. This resulted in a 35 cent increase to the Class III price of $17.59 per hundredweight (cwt). Simultaneously, the butterfat price decreased by 53 cents to $2.1925 per pound, its lowest price since November 2021. The sharp decline in the butterfat price caused the Class IV price to drastically decrease by $2.33 to $16.17 per cwt (refer to Figure 3 for the recent trends in the Class prices). These price dynamics caused the Class IV price to fall below the Class III price by $1.42.

When handlers anticipate the Statistical Uniform Price (SUP) will be lower than the Class II, III, or IV prices in a given month, they may choose to withhold milk of those classes from the pool. In September 2025, handlers prioritized pooling Class IV milk over Class III, given the lower Class IV price relative to the Class III price. As a result, higher-value milk was left out of the pool, and the SUP declined to $17.31—lower than the Class III price of $17.59. However, the SUP at average tests was significantly higher, at $19.77. These price shifts often cause the Producer Price Differential (PPD) to become negative, particularly when the Class III price rises sharply above the Class IV price.

The PPD represents the difference between the market wide pool value (Classified Value of $321,554,113.26) and the value of all producer milk components in the pool (Component Value of $335,034,680.69), as shown on page 4. A negative PPD represents a month in which producers receive

Figure 1: Commodity Prices, January 2024 - September 2025

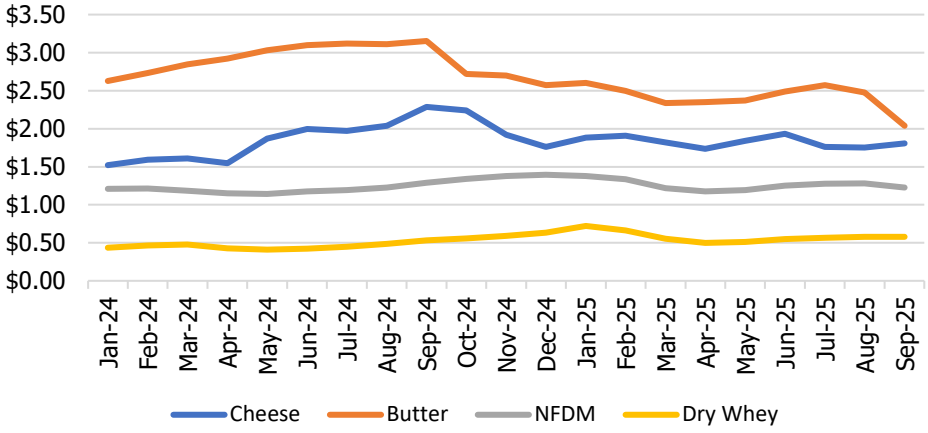


Figure 2: Component Prices, January 2024 - September 2025

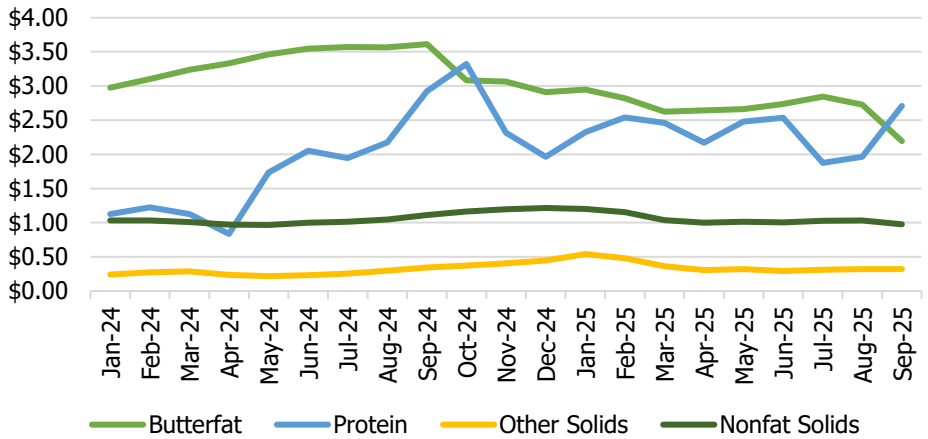
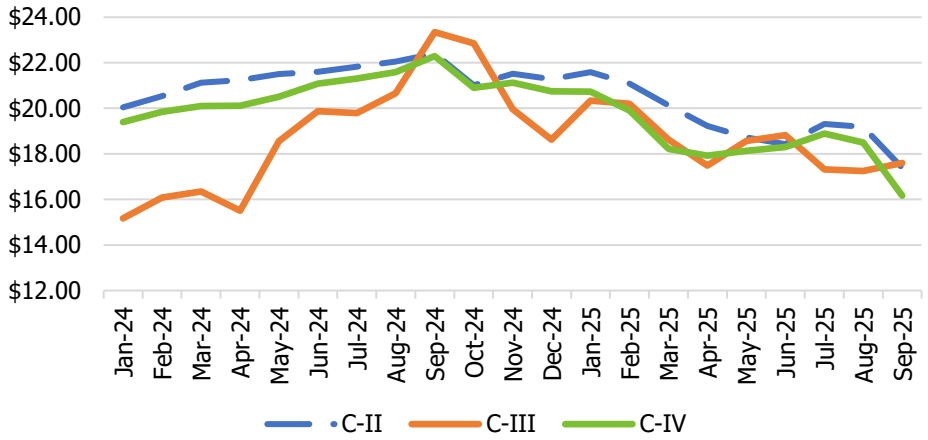


Figure 3: Class Prices, January 2024 - September 2025



(continued on page 3)

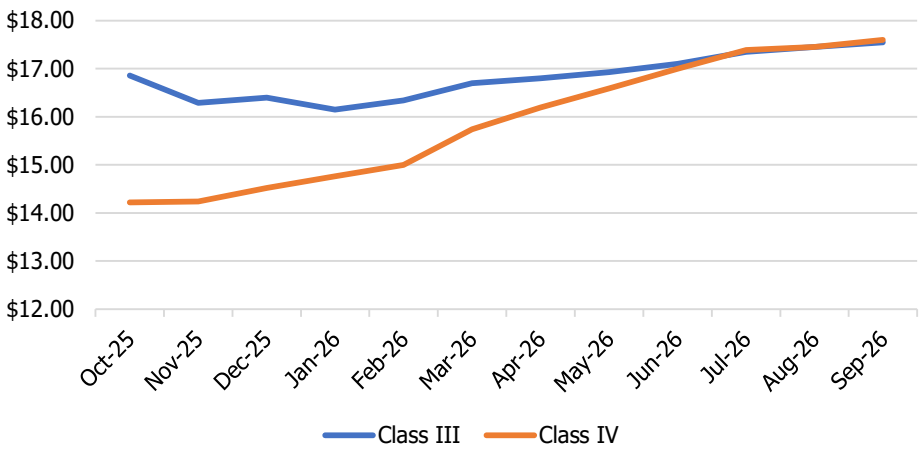
Review of Producer Price Differentials *(continued from page 2)*

higher payments for butterfat, protein, or other solids due to stronger component prices. For more information on PPDs please read the FO 51 September 2024 *Bulletin* at https://www.cafmmo.com/publications/monthly-newsletter/.

Milk Check Composition

Table 1 illustrates payments at average component tests for a hypothetical producer with two million pounds of milk located in the Los Angeles base differential zone in May 2023 and September 2025. May 2023 was selected because it shares a similar SUP but has a positive PPD. In both months, butterfat and protein contribute more than 85% of the gross payment. In May 2023, butterfat contributed the most dollars to the gross payment, where in September it was both butterfat and protein. Although September 2025 had a negative PPD of 28 cents, the gross payment price is still 5 cents higher than May 2023 which had a positive PPD. This example uses the average component tests from the FO 51 pools, however, the larger the components values would lead to higher gross payments.

Figure 4: Chicago Mercantile Exchange Class III and IV Futures, as of 10/16/2025

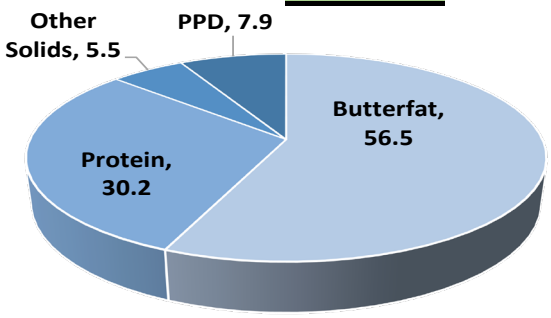


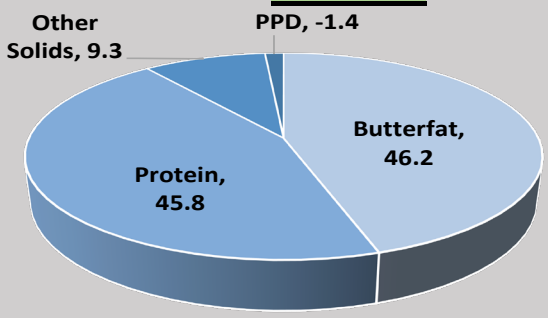
Looking Forward

The Chicago Mercantile Exchange (CME) provides Class III and Class IV futures prices up to 12 months beyond the current price announcements. According to CME futures, as illustrated in Figure 4, the trend of higher Class III prices is expected to continue through mid-2026. The website for all CME statistics can be found at https://www.cmegroup.com/markets/agriculture/dairy/class-iii-milk.html.❖

Table 1: Composition of Gross Payment* at Average Pool Tests, May 2023 and September 2025

	May 2023				September 2025			
	Test Percent	*Price per pound*	*Gross Dollars*	*Contribution Percent*	*Test Percent*	*Price Per pound*	*Gross Dollars*	*Contribution Percent*
Butterfat	4.04	$2.7572	$222,781.76	**56.5**	4.17	$2.1925	$182,854.50	**46.2**
Protein	3.31	$1.8002	$119,173.24	**30.2**	3.35	$2.7062	$181,315.40	**45.8**
Other Solids	5.74	$0.1877	$21,547.96	**5.5**	5.76	$0.3207	$36,944.64	**9.3**
PPD		$1.55	$31,000.00	**7.9**		($0.28)	-$5,600.00	**-1.4**
Total Gross Payment			$394,502.96	100.0			$395,514.54	100.0
Gross Price per cwt			**$19.73**				**$19.78**	





*For a hypothetical farm producing 2,000,000 pounds of milk at pool average component tests and located at the Los Angeles base zone.

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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	385,260,468	$12.14	$46,770,620.82	
	Butterfat	9,737,430	2.7949	27,215,143.11	
Less:	Location Adjustment to Handlers			(1,110,853.30)	$72,874,910.62
Class II—	Butterfat	13,527,489	2.1995	29,753,712.05	
	Nonfat Solids	12,440,454	1.1156	13,878,570.49	43,632,282.54
Class III—	Butterfat	3,066,266	2.1925	6,722,788.23	
	Protein	3,557,689	2.7062	9,627,817.97	
	Other Solids	5,926,642	0.3207	1,900,674.12	18,251,280.32
Class IV—	Butterfat	43,346,728	2.1925	95,037,701.18	
	Nonfat Solids	93,889,224	0.9773	91,757,938.60	186,795,639.78
Total Classified Value				*Total value of milk in the pool* →	**$321,554,113.26**
Add:	Value for 60 (f) through 60(j)				124,854.89
	Other Source Receipts	107,323			
Total Pool Value					**$321,678,968.15**
Less:	Value of Producer Butterfat	69,677,913	2.1925	(152,768,824.30)	
	Value of Producer Protein	55,948,619	2.7062	(151,408,152.74)	
	Value of Producer Other Solids	96,219,843	0.3207	(30,857,703.65)	(335,034,680.69)
Total PPD Value Before Adjustments				*Total Class III value of producer components*	**($13,355,712.54)**
Add:	Location Adjustment to Producers				8,424,846.94
	One-half Unobligated Balance—Producer Settlement Fund				947,375.80
Less:	Producer Settlement Fund—Reserve				(694,869.52)
Total Pool Milk & PPD Value		1,670,842,613			**($4,678,359.32)**
	Producer Price Differential		**$**	**(0.28)**	
	Statistical Uniform Price		**$**	**17.31**	

Value from which PPD per hundredweight is calculated

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