The Market Administrator's

BULLETIN

CALIFORNIA MARKETING AREA

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September 2026 Federal Order No. 51

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September Pool Price Calculation

The September 2026 Statistical Uniform Price (SUP) for the California Marketing Area decreased by $0.70 per hundredweight (cwt) from last month to $17.30 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, 3.18 percent protein, and 5.79 percent other solids. When reported at average tests of pooled milk (4.31 percent butterfat, 3.44 percent protein, and 5.76 percent other solids), the September SUP was $19.16 per cwt, $0.39 lower than in August. The September Producer Price Differential (PPD) in Los Angeles County was $1.26 per cwt, $0.10 lower than the month prior.

Product Prices Effect

Prices in the National Dairy Product Sales Report experienced mixed trends in September. The butter price decreased by 3 cents to $1.4462 per pound. The cheese price had the largest decrease of about 6 cents to $1.5577 per pound. The dry whey price increased by a cent to $0.6694 per pound. The nonfat dry milk price had the largest increase of roughly 19 cents to $1.7891 per pound.

Component prices also experienced mixed trends in September. The butterfat price declined by nearly 3 cents to $1.4762 per pound. The protein price decreased roughly 17 cents to $2.6619 per pound. The other solids price increased by a cent to $0.4147 per pound. The nonfat solids price increased by the largest margin of 19 cents to $1.5343 per pound.

Class Prices in September mostly declined from August. The Class I price decreased by $1.72 to $19.84 per cwt. The Class II price declined by $1.11 to $17.60 per cwt. The Class III price dropped $0.60 to $16.04 per cwt. Lastly, the Class IV price rose by the largest margin of $1.58, increasing to $18.94 per cwt.

Selected Statistics

Since the Order began, September 2026's butterfat price of $1.4762 was the lowest for the month of September, and the other solids price of $0.4147 was the highest for the month. The September 2026 protein test of 3.44 percent was the highest seen since December 2025's test of 3.45 percent.❖

Pool Summary

- A total of 842 producers were pooled with an average daily delivery per producer of 76,884 pounds, a decrease of 8.35 percent from August.
- Pooled milk receipts totaled 1.94 billion pounds, a decrease of 8.78 percent on an average daily basis.
- Class I usage (milk for bottling) accounted for 19.9 percent of total pooled milk receipts.
- The average butterfat test of producer receipts was 4.31 percent.
- The average true protein test of producer receipts was 3.44 percent.
- The average other solids test of producer receipts was 5.76 percent.❖

Class Utilization

Pooled Milk	Percent	Pounds
Class I	19.9	386,930,892
Class II	6.1	118,199,443
Class III	71.5	1,389,344,496
Class IV	2.5	47,625,850
Total Pooled Milk		1,942,100,681

Producer Component Prices

	2026	2025
	$/lb	
Protein Price	2.6619	2.7062
Butterfat Price	1.4762	2.1925
Other Solids Price	0.4147	0.3207

Class Price Factors

	2026	2025
	$/cwt	
Class I	19.84	21.50
Class I ESL Adj	0.81	0.53
Class II	17.60	17.39
Class III	16.04	17.59
Class IV	18.94	16.17

Class Utilization for Selected Orders in 2026

After mixed pool-volume trends in 2025, data for January through September 2026 show a more consistent pattern: Class III utilization has remained high, while Class IV utilization has declined. Class utilization volumes show how producer milk is allocated within the Federal Milk Marketing Order system; they do not represent total milk production. This article examines utilization trends in the California Federal Order (FO 51) and compares them with the Pacific Northwest (FO 124), Upper Midwest (FO 30), Central (FO 32), Southwest (FO 126), and Arizona (FO 131) Orders.

Class Utilization Volumes and Shares

Class utilization and pool volumes can vary across the Orders as many observe different degrees of de-pooling due to the Class price relationship, differing Order provisions, and unique dairy markets. For example, FO 51 has larger pool volumes than FO 124 because California produces more milk and has significantly more processing plants. Figures 1 through 4 compare 2026 year-to-date utilization by both volume and share of producer milk across the selected Orders.

At first glance, FO 51 has the largest utilization volume in every class except Class III, but the underlying utilization shares reveal several similarities among the markets. FOs 51 and 32 have broadly similar utilization volumes outside Class III, which is much larger in California. As a share of producer milk, however, FO 32's utilization is slightly higher than FO 51's in each class other than Class III. FOs 124 and 51 show the closest overall match in class shares, suggesting that the two markets have similar characteristics. Although the two Orders differ considerably in scale, their similar class utilization shares are reflective of similar types of milk processing in the regions.

Class I volume is heavily influenced by the number of fully regulated pool distributing plants, of which FO 51 has 23 of compared to FO 30's 11, leading to the difference in Class I volume. On the other hand, FO 30 has both the largest volume and the highest share of Class III utilization because cheese manufacturing accounts for much of its market. More generally, Class III represents most of the milk pooled across the selected Orders in 2026, indicating similar incentives arising from class-price relationships. FO 131 is the main exception: each of its class shares falls between 20 and 30 percent, reflecting a more balanced utilization profile.

(continued on page 3)

Figure 1: 2026 to Date Class I Utilization Volumes and Percentages by Selected Orders

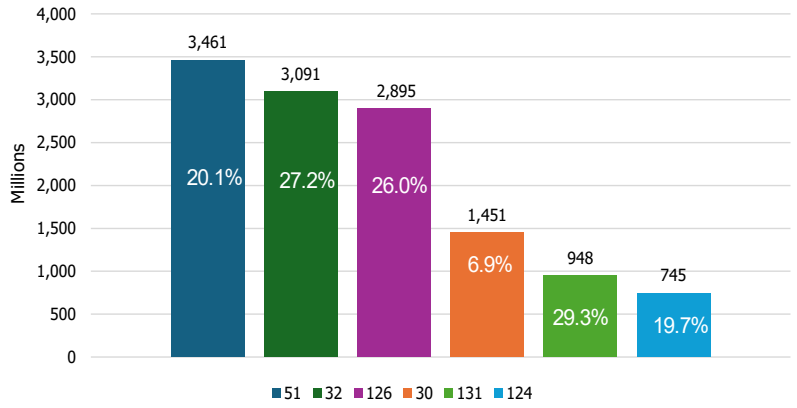


Figure 2: 2026 to Date Class II Utilization Volumes and Percentages by Selected Orders

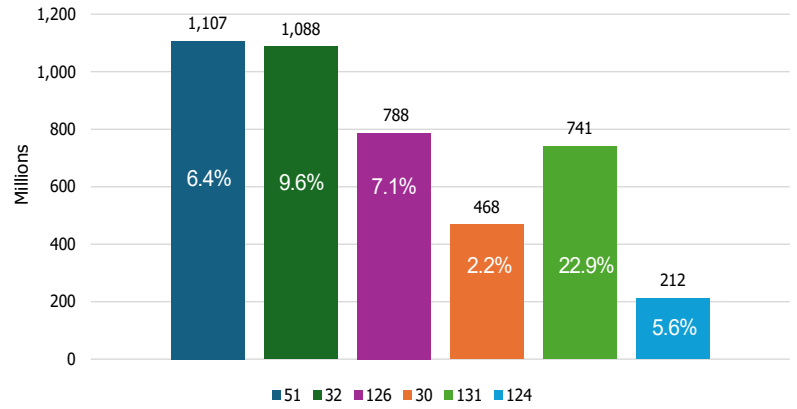
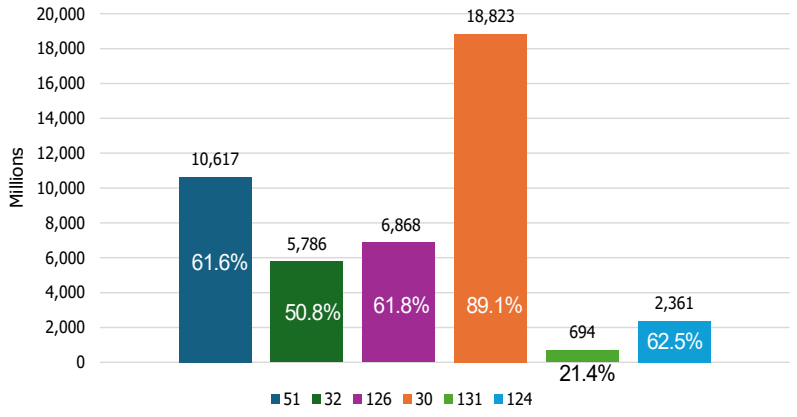


Figure 3: 2026 to Date Class III Utilization Volumes and Percentages by Selected Orders

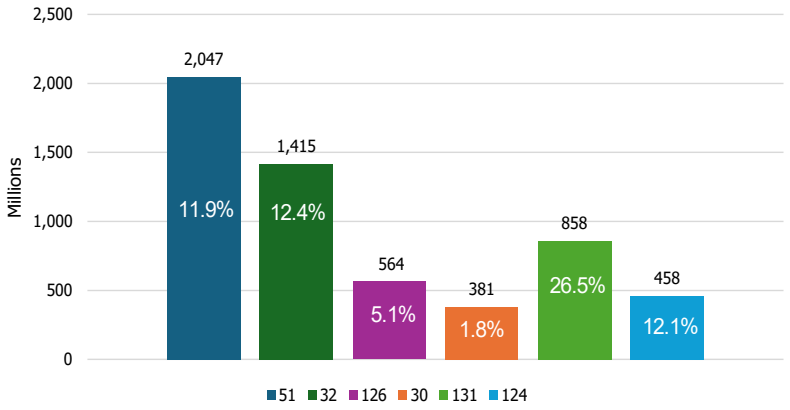


Class Utilization for Selected Orders in 2026 *(continued from page 2)*

Class Utilization Trends in 2025 and 2026

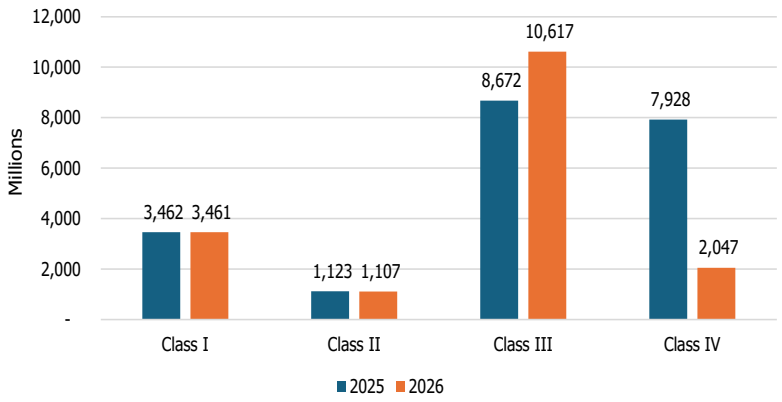
Figure 5 shows how FO 51's class utilization volumes shifted between January through September for 2025 and 2026. FO 51's total pool volume reached 26.7 billion pounds in 2025; through September 2026, it stands at 17.2 billion pounds. From January through September 2026, FO 51 recorded nearly 3.5 billion pounds of Class I milk, equal to 20.1 percent of its producer milk. Class II accounted for approximately 1.1 billion pounds, or 6.4 percent. Class III was the Order's largest utilization category at roughly 10.6 billion pounds, or 61.6 percent. Class IV totaled 2.0 billion pounds, representing the remaining 11.9 percent.

Figure 4: 2026 to Date Class IV Utilization Volumes and Percentages by Selected Orders



Class I volume between both periods is relatively the same, with 2025 seeing only a couple hundred thousand pounds more than 2026. Class II volume also shows minimal change with a decline of nearly 16 million in 2026. Class III and Class IV show a different pattern because their utilization volumes are more sensitive to relative class prices. Class III has dominated utilization in 2026 and continues to trend upward, rising by just under 2 billion pounds, while Class IV volume has declined substantially by nearly 6 billion pounds. Because utilization data are affected by pooling decisions, these changes should not be interpreted solely as physical shifts in milk production or processing. According to the Chicago Mercantile Exchange Futures, the current pooling trends expected to continue in the near future. To find additional information on the other Orders, please visit https://www.cafmmo.com/links/ to find links to other FO websites.❖

Figure 5: FO 51 Class Utilization, 2025 and 2026, January through September



Important Updates

Expiration of Dairy Forward Pricing Program

On October 2, 2026, handlers and interested parties were notified of the expiration of the Dairy Forward Pricing Program for contracts established after September 30, 2026. Contracts established on or before September 30, 2026, that extend through September 30, 2029, are not impacted. More information can be found at https://www.cafmmo.com/order/statements-decisions/.❖

2027 Dairy Margin Coverage Enrollment

On September 30, 2026, USDA announced that dairy producers can enroll for 2027 Dairy Margin Coverage (DMC) beginning October 5 through December 18, 2026. More information regarding the program can be found at https://www.fsa.usda.gov/news-events/news/09-30-2026/usda-announces-2027-dairy-margin-coverage-enrollment.❖

2027 Reporting and Payment Dates

Reporting and payment dates for the 2027 calendar year are now available on the Market Administrator's website at https://www.cafmmo.com/order/reporting-and-payment-dates/.❖

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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	377,028,056	$14.96	$56,403,397.18	
	Butterfat	9,902,836	1.5444	15,293,939.92	
Less:	Location Adjustment to Handlers			(1,113,831.49)	$70,583,505.61
Class II—	Butterfat	16,148,227	1.4832	23,951,050.25	
	Nonfat Solids	9,722,727	1.3828	13,444,586.91	37,395,637.16
Class III—	Butterfat	51,951,999	1.4762	76,691,540.92	
	Protein	48,485,750	2.6619	129,064,217.93	
	Other Solids	80,608,439	0.4147	33,428,319.66	239,184,078.51
Class IV—	Butterfat	5,604,373	1.4762	8,273,175.42	
	Nonfat Solids	4,010,434	1.5343	6,153,208.87	14,426,384.29
Total Classified Value				*Total value of milk in the pool* →	**$361,589,605.57**
Add:	Value for 60 (f) through 60(j)				724,981.89
	Other Source Receipts	2,947,953			
Total Pool Value					**$362,314,587.46**
Less:	Value of Producer Butterfat	83,607,435	1.4762	(123,421,295.54)	
	Value of Producer Protein	66,815,707	2.6619	(177,856,730.47)	
	Value of Producer Other Solids	111,897,630	0.4147	(46,403,947.17)	(347,681,973.18)
Total PPD Value Before Adjustments				*Total Class III value of producer components*	**$14,632,614.28**
Add:	Location Adjustment to Producers				9,768,603.39
	One-half Unobligated Balance—Producer Settlement Fund				986,894.55
Less:	Producer Settlement Fund—Reserve				(880,499.40)
Total Pool Milk & PPD Value		1,945,048,634			**$24,507,612.82**
	Producer Price Differential		**$**	**1.26**	
	Statistical Uniform Price		**$**	**17.30**	

Value from which PPD per hundredweight is calculated

* Price at 3.5 percent butterfat, 3.18 percent protein, and 5.79 percent other solids.