

## USDA’s Recommended Decision

Last August the Dairy Program division of USDA’s Agricultural Marketing Service (AMS) convened a hearing to consider the most extensive overhaul of Federal Milk Marketing Order (FMMO) price formulas since 2000. The testimony lasted 49 days as witness covered 22 proposals in five general subject areas. The proceedings concluded January 31, 2024, allowing for three recesses. The hearing transcript was over 12,000 pages, and exhibits added another 5,000 pages.

On July 1, 2024, AMS released a draft of their Recommended Decision, which won’t become official until it is published in the Federal Register. The 332-page document is accompanied by nine supplemental documents. This edition of the Equity Newsletter will discuss the recommendations and their implications. AMS is to be commended for issuing a recommended decision within 150 days of the conclusion of the hearing.

### Overview

The recommended decision includes seven specific changes to the price formulas.

1. Increase the skim component factors in the Class III and Class IV price formulas to 3.30% true protein, 6.00% other solids, and 9.30% solids nonfat.
2. Remove the 500-pound barrel cheddar cheese price from the protein price formula.
3. Update manufacturing allowances to be:
  - a. Cheese: \$0.2504
  - b. Butter: \$0.2257
  - c. Nonfat dry milk: \$0.2268
  - d. Dry whey: \$0.2653
4. Update the butterfat recovery factor to be 91% from 90% in the cheese yield formula.
5. Base the Class I milk price on the higher of the advanced Class III and Class IV prices.

6. Base the Class I price for extended shelf-life (ESL) products to be the average of the advanced Class III and Class IV prices, plus a 24-month rolling adjuster.

7. Update Class I differentials to reflect current costs of serving Class I plants.

On average, the recommendations would have increased FMMO prices by \$0.32 per hundredweight from 2019 through 2023 (Table 1). The estimated impact by Order ranges from \$1.49 and higher in the three southeastern orders to slightly negative in the California, Upper Midwest, and Arizona orders.

Table 2 shows the impact on component prices for the same timeframe. Increased make allowances lowered butterfat, other solids, and nonfat solids by about \$0.06 per pound. The average protein price increased by \$0.07

**Table 1: Weighted SUP @ Test by FMMO \$/cwt (January 2019 - December 2023)**

FMMO	Original	Recommended	Difference
Northeast	\$ 21.27	\$ 21.70	\$ 0.43
Appalachian	\$ 22.05	\$ 24.02	\$ 1.97
Florida	\$ 23.63	\$ 25.12	\$ 1.49
Southeast	\$ 22.14	\$ 24.01	\$ 1.87
Upper Midwest	\$ 20.01	\$ 19.91	\$ (0.10)
Central	\$ 20.10	\$ 20.69	\$ 0.59
Mideast	\$ 20.05	\$ 20.61	\$ 0.56
California	\$ 19.76	\$ 19.56	\$ (0.20)
Pacific Northwest	\$ 20.71	\$ 20.74	\$ 0.03
Southwest	\$ 21.05	\$ 21.19	\$ 0.14
Arizona	\$ 19.56	\$ 19.53	\$ (0.03)
<b>Orders Combined</b>	<b>\$ 20.52</b>	<b>\$ 20.84</b>	<b>\$ 0.32</b>

**Table 2: Component Values, Simple Monthly Averages \$/lb (January 2019 - December 2023)**

Component	Original	Recommended	Difference
Butterfat	\$ 2.4662	\$ 2.4006	\$ (0.0656)
Protein	\$ 2.7055	\$ 2.7756	\$ 0.0701
Other Solids	\$ 0.2654	\$ 0.1972	\$ (0.0682)
Nonfat Solids	\$ 1.0661	\$ 1.0077	\$ (0.0584)

per pound because the elimination of the barrel cheese price and increasing the butterfat recovery factor more than offset the increase in the cheese make allowance.

The remainder of the Equity Newsletter will provide

details of each decision.

### Skim component factors

The announced Class III and Class IV per hundredweight prices are based on 3.5 pounds of butterfat and 96.5 pounds of skim milk. The current Class III skim milk price is based on 3.1 pounds of protein and 5.9 pounds of other solids. The Class IV skim milk price is based on 9.0 pounds of nonfat solids. These component levels were established in conjunction with the 2000 decision. Class III and IV skim milk prices set the Class I price in all federal orders, in addition to the Class II, III, and IV prices in the four fat-skim orders: Appalachian, Arizona, Florida, and Southeast.

Producers have increased components considerably since 2000. In 2022 FMMO skim protein averaged 3.39%, skim other solids averaged 6.02%, and skim nonfat solids averaged 9.41%. The effect of actual component content being higher than the factors in the price formulas is that the Class I price is misaligned with the manufacturing classes. Class I handlers pay as if skim milk contains 3.1% protein and 5.9% other solids whereas in the MCP orders handlers buying manufacturing milk pay for the actual components received.

Both National Milk Producers Federation (NMPF) and NAJ proposed updating skim component factors to actual FMMO averages. Furthermore, both organizations proposed to continue to update the factors on a regular basis using recent FMMO averages because component levels will likely continue to increase. Class I processors opposed updating the factors because additional components do not yield additional gallons of milk. In addition, the component content of Southeast milk is lower than national averages, therefore handlers in that region would be paying for components they are not receiving.

AMS's decision recommends updating the protein factor to be 3.3%, the other solids factor to be 6.0%, and the nonfat solids factor to be 9.3%. AMS used the average FMMO component content from 2016 to 2022 to set those factors. Furthermore, AMS did not recommend automatic updates to those factors. Even though producer milk is expected to continue to increase its components, any changes to these factors will need to go through the hearing process. AMS also rationalized their decision by stating that in recent months Southeast milk exceeds the proposed factors which will preclude handlers in that region from overpaying for components.

The recommended decision fails to acknowledge that setting the component factors below actual components will continue the price misalignment between Class I and the manufacturing classes in the MCP orders, just to a lesser extent than currently exists. Furthermore, the price misalignment will increase as actual component levels continue to increase. Finally, AMS fails to acknowledge that the solution to Southeast handlers potentially overpaying for components is to implement MCP in those orders. NAJ proposed expanding MCP to all FMMOs as part of this hearing, but AMS rejected the proposal from being included in the hearing.

### Surveyed Commodity Products

AMS surveys both 40-pound block and 500-pound barrel cheddar cheese prices to be included in the protein price formula. NMPF proposed eliminating the barrel cheese price because far more cheese is priced relative to the block cheese price than the barrel cheese price. In addition, since 2017 the prices of the two products have diverged, indicating that they are not substitutes for each other. Using the average of the block and barrel prices is not indicative of the price for either product.

Opponents argued that it is not appropriate to eliminate approximately one-half of the surveyed cheese prices, that barrels can be a market-clearing product and should continue to be used to set minimum prices, and that blocks and barrels represent the national cheese market even though they are distinct products.

AMS recommends eliminating the barrel price primarily because the average of the block and barrel prices no longer represents either product, and they chose the block price to be most representative of cheese prices. However, a further AMS comment on the issue is intriguing. AMS acknowledged that barrel manufacturers expressed concern that using only the block price could result in protein prices higher than can be justified by the price obtained for barrels. In response AMS stated, "As FMMOs only enforce minimum prices on pooled milk, it should not be overlooked that barrel manufacturers choose whether to pool milk subject to minimum prices."

Depooled milk increases nonuniformity of payments by handlers and payments to producers. Furthermore, depooled milk is never available to serve the Class I market. The primary purpose of the hearing was to increase orderly milk marketing.

**Class III and Class IV Price Formulas**

Manufacturing allowances, often referred to as make allowances, represent the cost of converting milk into commodities. Make allowances are deducted from commodity prices as part of the formulas that convert commodity prices to component prices. Make allowances have not been updated since 2008. The industry recognizes that processing costs have increased significantly over the past 15 years. The question to be resolved through the hearing was the degree to which allowances should be changed.

Three sets of processing costs were considered. One was commissioned by USDA in 2021 and conducted by the University of Wisconsin, which had conducted similar processing cost surveys for previous federal order hearings.

The second was done in 2023, also by UW, but commissioned by International Dairy Foods Association (IDFA). Participation in both surveys was voluntary. The third dataset was a 2016 mandatory, audited survey conducted by the California Department of Food and Agriculture (CDFA) and

included only California processing plants.

Table 3 shows the current make allowances, USDA’s recommended make allowances, along with proposals from NMPF, IDFA and Wisconsin Cheese Makers Association (WCMA), and the three processing cost surveys. NMPF acknowledged that their proposed make allowances represented approximately one-half of the actual increases in processing costs since 2008. The IDFA and WCMA proposals had an initial adjustment also equal to about one-half of the costs increase but included three more annual increases to bring make allowances up to what they considered to be the full increase in costs.

The recommended decision includes a one-time change

to make allowances. USDA used the average costs of the 2021 and 2023 UW surveys for cheese, butter, and dry whey. Given California’s prominence in nonfat dry milk production, USDA used the average of the 2021 UW survey and the 2016 CDFA survey to set an updated make allowance for NFDM.

Beyond the scope of this hearing is the industry’s united support in recognizing the need for more accurate processing cost data. The industry proposes that the next Farm Bill provide AMS the authority and funding to conduct regular, mandatory, and audited cost surveys of the processing plants that are required to provide sales prices and volumes of the commodities used to calculate the FMMO prices.

Select Milk Producers proposed increasing the butterfat recovery factor in the cheese yield formula to 93% from the current 90% based on the efficiencies and new cheese making equipment. AMS recommends increasing the factor but just to 91%.

**Class I Skim Milk Price**

From federal order reform in January 2000 through May 2019

the Class I base skim milk price, often referred to as the Class I mover, was based on the higher of the advance Class III skim or Class IV skim price. At the request of IDFA and NMPF, the 2018 Farm Bill stipulated that the Class I base price be the average of the advance Class III and Class IV prices, plus \$0.74 per hundredweight. The \$0.74 adjustment represented the average difference between the advanced Class III and Class IV prices. The new formula was expected to be revenue neutral compared to the ‘higher of’ formula. The change was made to facilitate risk management for Class I processors.

In practice the ‘average of’ formula has not been revenue neutral with the former ‘higher of’ formula. The current

Make Allowances					
	Product	Cheese	Butter	NFDM	Dry Whey
	Current	\$ 0.2003	\$ 0.1715	\$ 0.1678	\$ 0.1991
	<b>Recommended</b>	\$ 0.2504	\$ 0.2257	\$ 0.2268	\$ 0.2653
	NMPF	\$ 0.2400	\$ 0.2100	\$ 0.2100	\$ 0.2300
	IDFA/WCMA				
	Year 1	\$ 0.2422	\$ 0.2251	\$ 0.2198	\$ 0.2582
	Year 2	\$ 0.2561	\$ 0.2428	\$ 0.2370	\$ 0.2778
	Year 3	\$ 0.2701	\$ 0.2607	\$ 0.2544	\$ 0.2976
	Year 4	\$ 0.2840	\$ 0.2785	\$ 0.2716	\$ 0.3172
	UW 2021	\$ 0.2365	\$ 0.1338	\$ 0.2454	\$ 0.2457
	UW 2023	\$ 0.2643	\$ 0.3176	\$ 0.2750	\$ 0.3361
	CDFA 2016	\$ 0.2454	\$ 0.1938	\$ 0.2082	\$ -



formula has resulted in prices well below the previous formula due to divergences between Class III and Class IV prices larger than can be accounted for with the \$0.74 adjustment.

Six proposals were submitted to amend the Class I price. They included retaining the ‘average of’ formula but with regular updates to the adjuster, returning to the ‘higher of’ formula, and eliminating advance pricing of Class I which would help to curtail depooling. The AMS recommendation is to return to the ‘higher of’ price for conventional fluid milk products. However, the recommendation includes a separate Class I price for ESL products, defined as fluid products with 60 or more days of shelf life. The price for ESL products will be the ‘average of’ the Class III and Class IV advanced prices, plus a 24-month rolling adjuster. Retailers of ESL products typically require fixed prices for up to six months. This, in turn, necessitates hedging capability by processors, which is provided by an ‘average of’ price formula.

Looking ahead, implementing the ‘average of’ price with a rolling adjuster for ESL will provide a comparison between ‘average of’ and ‘higher of’ pricing for Class I. If the price afforded ESL products is found to be workable and equitable, it is possible to envision that formula being extended to all Class I pricing at a future hearing.

### **Class I Differentials**

Class I prices consist of two parts, the Class I base price and the Class I differential. Each U.S. county and province is assigned a Class I differential which is intended to represent the cost of providing milk to a Class I plant in that county from the available milk shed. Class I differentials have not been updated since 2000 except for the three orders in the southeast. Just as manufacturing costs have increased, so have the costs of providing milk to bottling plants in primarily urban areas.

An economic modeling simulator known as the U.S. Dairy Sector Simulator (USDSS) provided the basis for the Class I differentials implemented in 2000. The USDSS was rerun using production and processing data from May and October 2021 to provide updated estimates for moving milk from where it is produced to where Class I plants are located.

In 2000 Class I differentials were set with a minimum of \$1.60 per hundredweight. NMPF proposed increasing the minimum differential to \$2.20. Then NMPF proposed

individual county differentials based on the USDSS results, with adjustments, and mostly higher than the USDSS indicated. A consortium of Class I processors identified as the Milk Innovation Group (MIG) proposed eliminating the \$1.60 base differential because less than 20% of U.S. production is used for Class I. They argued there is ample milk available to supply the Class I market.

The recommended decision retains the \$1.60 base differential and follows the USDSS county results closely. The current Class I differentials average \$2.57 across all federal orders. The recommended differentials average \$3.81, an increase of \$1.25. The average of the recommended differentials are within \$0.01 of the USDSS results. However, the recommended differentials average \$0.24 less than the NMPF proposal.

### **What Comes Next**

There are five more steps to complete the hearing process.

1. Interested parties have 60 days to file comments and exceptions to the recommended decision, which will be mid-September.
2. Then AMS has 60 days to issue a final decision (mid-November).
3. After the final decision is published AMS will conduct a producer referendum on whether the final decision should be adopted. For the final decision to be approved, either two-thirds of the producers voting in an order or producers representing two-thirds of the volume of milk voting in the order must approve the amendments. If neither of the two-thirds majority vote in favor, the order is disbanded. The producer referendum is expected to occur in December or January.
4. Following the producer referendum the final rule will be published in the Federal Register.
5. AMS will implement the changes to pricing, which will likely not happen until mid-2025.

Work that began in 2022 will come to fruition approximately three years later. NAJ has been engaged in the amendment process working with NMPF to update the skim component standards used in price formulas. While AMS did not recommend bringing those standards to the level of average milk, progress was made. Work remains to expand multiple component pricing to all regulated milk markets, and for price formulas to incorporate the actual components produced by producers.



# Milk & Component Outlook - May 2024 Jersey Price Comparisons

## May '24 STATISTICAL BLEND PRICE

Northeast (Boston)	\$20.89	Northeast (Boston)	2,326	Northeast (Boston)	\$25.08
Appalachian (Charlotte)	\$21.77	Appalachian (Charlotte)	440	Appalachian (Charlotte)	\$25.34
Southeast (Atlanta)	\$22.08	Southeast (Atlanta)	292	Southeast (Atlanta)	\$26.05
Florida (Tampa)	\$23.46	Florida (Tampa)	208	Florida (Tampa)	\$27.44
Midwest (Cleveland)	\$19.45	Midwest (Cleveland)	1,375	Midwest (Cleveland)	\$23.89
Upper Midwest (Chicago)	\$18.74	Upper Midwest (Chicago)	2,755	Upper Midwest (Chicago)	\$22.61
Central (Kansas City)	\$19.14	Central (Kansas City)	1,320	Central (Kansas City)	\$23.15
California (Los Angeles)	\$19.40	California (Los Angeles)	2,104	California (Los Angeles)	\$20.36
Southwest (Dallas)	\$19.86	Southwest (Dallas)	1,117	Southwest (Dallas)	\$23.80
Arizona (Phoenix)	\$20.09	Arizona (Phoenix)	292	Arizona (Phoenix)	\$23.63
Pacific Northwest (Seattle)	\$19.52	Pacific Northwest (Seattle)	631	Pacific Northwest (Seattle)	\$22.80
<b>ALL FMMO MARKET AVERAGE</b>	<b>\$20.40</b>	<b>ALL FMMO MARKET TOTAL</b>	<b>12,861</b>	<b>ALL FMMO MARKET AVERAGE</b>	<b>\$24.01</b>

## May '24 MONTHLY MILK VOLUME (Million #)

Northeast (Boston)	2,326	Northeast (Boston)	2,326
Appalachian (Charlotte)	440	Appalachian (Charlotte)	440
Southeast (Atlanta)	292	Southeast (Atlanta)	292
Florida (Tampa)	208	Florida (Tampa)	208
Midwest (Cleveland)	1,375	Midwest (Cleveland)	1,375
Upper Midwest (Chicago)	2,755	Upper Midwest (Chicago)	2,755
Central (Kansas City)	1,320	Central (Kansas City)	1,320
California (Los Angeles)	2,104	California (Los Angeles)	2,104
Southwest (Dallas)	1,117	Southwest (Dallas)	1,117
Arizona (Phoenix)	292	Arizona (Phoenix)	292
Pacific Northwest (Seattle)	631	Pacific Northwest (Seattle)	631
<b>ALL FMMO MARKET AVERAGE</b>	<b>12,861</b>	<b>ALL FMMO MARKET AVERAGE</b>	<b>12,861</b>

## May '24 JERSEY REGULATED BLEND PRICE

Northeast (Boston)	2,326	Northeast (Boston)	2,326
Appalachian (Charlotte)	440	Appalachian (Charlotte)	440
Southeast (Atlanta)	292	Southeast (Atlanta)	292
Florida (Tampa)	208	Florida (Tampa)	208
Midwest (Cleveland)	1,375	Midwest (Cleveland)	1,375
Upper Midwest (Chicago)	2,755	Upper Midwest (Chicago)	2,755
Central (Kansas City)	1,320	Central (Kansas City)	1,320
California (Los Angeles)	2,104	California (Los Angeles)	2,104
Southwest (Dallas)	1,117	Southwest (Dallas)	1,117
Arizona (Phoenix)	292	Arizona (Phoenix)	292
Pacific Northwest (Seattle)	631	Pacific Northwest (Seattle)	631
<b>ALL FMMO MARKET AVERAGE</b>	<b>12,861</b>	<b>ALL FMMO MARKET AVERAGE</b>	<b>12,861</b>

Prices reflect Federal Order minimum blend prices for city shown.

## May, '24 JERSEY BLEND WITH ESTIMATED PROTEIN OR CHEESE YIELD PREMIUMS

Northeast (Boston)	\$25.34	Northeast (Boston)	\$4.45	Northeast (Boston)	21.3%
Appalachian (Charlotte) (includes protein prem.)	\$25.71	Appalachian (Charlotte)	\$3.94	Appalachian (Charlotte)	18.1%
Southeast (Atlanta)	\$26.05	Southeast (Atlanta)	\$3.97	Southeast (Atlanta)	18.0%
Florida (Tampa)	\$27.44	Florida (Tampa)	\$3.98	Florida (Tampa)	17.0%
Midwest (Cleveland) (includes protein premium)	\$24.41	Midwest (Cleveland)	\$4.96	Midwest (Cleveland)	25.5%
Upper Midwest (Chicago) (includes cy premium)	\$22.90	Upper Midwest (Chicago)	\$4.16	Upper Midwest (Chicago)	22.2%
Central (Kansas City)	\$23.15	Central (Kansas City)	\$4.01	Central (Kansas City)	20.9%
California (Los Angeles)	\$20.36	California (Los Angeles)	\$0.96	California (Los Angeles)	5.0%
Southwest (Dallas)	\$23.80	Southwest (Dallas)	\$3.94	Southwest (Dallas)	19.8%
Arizona (Phoenix) (includes protein)	\$24.01	Arizona (Phoenix)	\$3.92	Arizona (Phoenix)	19.5%
Pacific Northwest (Seattle)	\$22.80	Pacific Northwest (Seattle)	\$3.28	Pacific Northwest (Seattle)	16.8%
<b>ALL FMMO MARKET AVERAGE</b>	<b>\$24.18</b>	<b>ALL FMMO MARKET AVERAGE</b>	<b>\$3.78</b>	<b>ALL FMMO MARKET AVERAGE</b>	<b>18.6%</b>

Total Grade A milk volume sold under FMMO during month.

## May '24 DOLLAR DIFFERENCE: JERSEY MILK WITH PREMIUMS VS. STATISTICAL BLEND PRICE

Northeast (Boston)	\$4.45	Northeast (Boston)	\$4.45
Appalachian (Charlotte)	\$3.94	Appalachian (Charlotte)	\$3.94
Southeast (Atlanta)	\$3.97	Southeast (Atlanta)	\$3.97
Florida (Tampa)	\$3.98	Florida (Tampa)	\$3.98
Midwest (Cleveland)	\$4.96	Midwest (Cleveland)	\$4.96
Upper Midwest (Chicago)	\$4.16	Upper Midwest (Chicago)	\$4.16
Central (Kansas City)	\$4.01	Central (Kansas City)	\$4.01
California (Los Angeles)	\$0.96	California (Los Angeles)	\$0.96
Southwest (Dallas)	\$3.94	Southwest (Dallas)	\$3.94
Arizona (Phoenix)	\$3.92	Arizona (Phoenix)	\$3.92
Pacific Northwest (Seattle)	\$3.28	Pacific Northwest (Seattle)	\$3.28
<b>ALL FMMO MARKET AVERAGE</b>	<b>\$3.78</b>	<b>ALL FMMO MARKET AVERAGE</b>	<b>\$3.78</b>

Prices reflect FMMO minimum prices at Jersey component values.

## May '24 PERCENT DIFFERENCE: JERSEY MILK WITH PREMIUMS VS. STATISTICAL BLEND PRICE

Northeast (Boston)	21.3%	Northeast (Boston)	21.3%
Appalachian (Charlotte)	18.1%	Appalachian (Charlotte)	18.1%
Southeast (Atlanta)	18.0%	Southeast (Atlanta)	18.0%
Florida (Tampa)	17.0%	Florida (Tampa)	17.0%
Midwest (Cleveland)	25.5%	Midwest (Cleveland)	25.5%
Upper Midwest (Chicago)	22.2%	Upper Midwest (Chicago)	22.2%
Central (Kansas City)	20.9%	Central (Kansas City)	20.9%
California (Los Angeles)	5.0%	California (Los Angeles)	5.0%
Southwest (Dallas)	19.8%	Southwest (Dallas)	19.8%
Arizona (Phoenix)	19.5%	Arizona (Phoenix)	19.5%
Pacific Northwest (Seattle)	16.8%	Pacific Northwest (Seattle)	16.8%
<b>ALL FMMO MARKET AVERAGE</b>	<b>18.6%</b>	<b>ALL FMMO MARKET AVERAGE</b>	<b>18.6%</b>

Includes a protein premium of \$0.05 for every 0.01% increase in protein over the market average.

## ESTIMATED JERSEY MILK COMPOSITION

Butterfat	5.03	FMMO Milkfat	\$ 3.4360
TRUE Protein	3.85	FMMO True Protein	\$ 1.7349
Other Solids	5.73	FMMO Other Solids	\$ 0.2181
Solids Not Fat (SNF)	9.58		
Cheese Yield (90% Fat Recovery, 38% Moisture)	13.34		
CME Block Cheese Price	\$ 1.88		

Prices reflect difference between Jersey price with premiums, and the statistical blend price.

## REGULATED MILK PRICES

FMMO Milkfat	\$ 3.4360
FMMO True Protein	\$ 1.7349
FMMO Other Solids	\$ 0.2181

Percent difference in Jersey price with premiums, over the statistical blend price.

## AVERAGE JERSEY PRICE ADJUSTMENT PER CWT: May-24

FMMO Milkfat Adjustment	\$3.23
FMMO True Protein Adjustment	\$1.02
FMMO Other Solids Adjustment	(\$0.01)



# Milk & Component Outlook - 2024 Prices through May

2024 AVERAGE STATISTICAL BLEND PRICE FOR EACH FEDERAL ORDER		2024 MILK VOLUME (Million #)		2024 AVERAGE JERSEY REGULATED BLEND PRICE	
Northeast (Boston)	\$20.04	Northeast (Boston)	11,339	Northeast (Boston)	\$23.73
Appalachian (Charlotte)	\$21.46	Appalachian (Charlotte)	2,252	Appalachian (Charlotte)	\$25.28
Southeast (Atlanta)	\$21.91	Southeast (Atlanta)	1,507	Southeast (Atlanta)	\$25.77
Florida (Tampa)	\$23.41	Florida (Tampa)	1,089	Florida (Tampa)	\$27.35
Midwest (Cleveland)	\$18.45	Midwest (Cleveland)	6,998	Midwest (Cleveland)	\$22.31
Upper Midwest (Chicago)	\$16.75	Upper Midwest (Chicago)	12,341	Upper Midwest (Chicago)	\$20.17
Central (Kansas City)	\$17.96	Central (Kansas City)	6,332	Central (Kansas City)	\$21.54
California (Los Angeles)	\$17.76	California (Los Angeles)	10,235	California (Los Angeles)	\$18.61
Southwest (Dallas)	\$18.50	Southwest (Dallas)	5,464	Southwest (Dallas)	\$22.05
Arizona (Phoenix)	\$19.35	Arizona (Phoenix)	1,940	Arizona (Phoenix)	\$22.89
Pacific Northwest (Seattle)	\$18.32	Pacific Northwest (Seattle)	3,048	Pacific Northwest (Seattle)	\$21.22
<b>ALL FMMO MARKET AVERAGE</b>	<b>\$19.45</b>	<b>ALL FMMO MARKET TOTAL</b>	<b>62,546</b>	<b>ALL FMMO MARKET AVERAGE</b>	<b>\$22.81</b>

*Prices reflect Federal Order minimum blend prices for city shown.*

2024 AVERAGE JERSEY BLEND WITH ESTIMATED PROTEIN OR CHEESE YIELD PREMIUMS		2024 AVERAGE DOLLAR DIFFERENCE: JERSEY MILK WITH PREMIUMS VS. STATISTICAL BLEND PRICE		2024 AVERAGE PERCENT DIFFERENCE: JERSEY MILK WITH PREMIUMS VS. STATISTICAL BLEND PRICE	
Northeast (Boston)	\$24.03	Northeast (Boston)	\$4.00	Northeast (Boston)	19.9%
Appalachian (Charlotte) (includes protein prem.)	\$25.69	Appalachian (Charlotte)	\$3.80	Appalachian (Charlotte)	17.4%
Southeast (Atlanta)	\$25.77	Southeast (Atlanta)	\$3.57	Southeast (Atlanta)	16.1%
Florida (Tampa)	\$27.35	Florida (Tampa)	\$3.94	Florida (Tampa)	16.8%
Midwest (Cleveland) (includes protein premium)	\$22.88	Midwest (Cleveland)	\$4.43	Midwest (Cleveland)	24.0%
Upper Midwest (Chicago) (includes cy premium)	\$20.49	Upper Midwest (Chicago)	\$3.81	Upper Midwest (Chicago)	22.9%
Central (Kansas City)	\$21.54	Central (Kansas City)	\$3.60	Central (Kansas City)	20.0%
California (Los Angeles)	\$18.61	California (Los Angeles)	\$0.87	California (Los Angeles)	4.9%
Southwest (Dallas)	\$22.05	Southwest (Dallas)	\$3.56	Southwest (Dallas)	19.2%
Arizona (Phoenix) (includes protein)	\$23.30	Arizona (Phoenix)	\$3.90	Arizona (Phoenix)	20.1%
Pacific Northwest (Seattle)	\$21.22	Pacific Northwest (Seattle)	\$2.91	Pacific Northwest (Seattle)	15.9%
<b>ALL FMMO MARKET AVERAGE</b>	<b>\$22.99</b>	<b>ALL FMMO MARKET AVERAGE</b>	<b>\$3.49</b>	<b>ALL FMMO MARKET AVERAGE</b>	<b>17.9%</b>

*Prices reflect FMMO minimum prices at Jersey component values.*

ESTIMATED JERSEY MILK COMPOSITION		REGULATED MILK PRICES		AVERAGE JERSEY PRICE ADJUSTMENT PER CWT:	
Butterfat	5.15	FMMO Milkfat	\$3.2170	FMMO Milkfat Adjustment	\$2.73
TRUE Protein	3.93	FMMO True Protein	\$1.2096	FMMO True Protein Adjustment	\$1.11
Other Solids	5.73	FMMO Other Solids	\$0.2517	FMMO Other Solids Adjustment	(\$0.01)
Solids Not Fat (SNF)	9.66				
Cheese Yield (90% Fat Recovery, 38% Moisture)	13.61				
CME Block Cheese Price	\$1.61				

*Includes a protein premium of \$0.05 for every 0.01% increase in protein over the market average.*

*Prices reflect difference between Jersey price with premiums, and the statistical blend price.*

*Percent difference in Jersey price with premiums, over the statistical blend price.*