



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE

A. G. Kawamura, Secretary

September 28, 2007

**RE: ANNOUNCEMENT OF MINIMUM PRICES FOR CLASSES 2, 3, 4a and 4b
MARKET MILK**

TO ALL INTERESTED PARTIES:

On the reverse side of this page are the minimum prices for Classes 2, 3, 4a and 4b market milk for September, October and November 2007. All prices are f.o.b. milk processing plant. As provided in the Stabilization and Marketing Plans for Market Milk (Plans), milk handlers shall pay producers the minimum prices for market milk components sold or used for all Classes 2, 3, 4a and 4b purposes as specified on the reverse side of this page. The calculated monthly California weighted average price for Extra Grade & Grade A Nonfat Dry Milk reflects the audit verification process. This price can differ from the reported weekly prices. As of October 1, 2006 the component and hundredweight prices for Classes 2 and 3 no longer include Milk Producers Security Trust Fund charges.

If market milk components are purchased f.o.b. producer's dairy location, haul deductions may be made as provided in the Plans.

Equivalent hundredweight prices shown in the right-hand column are based upon milk that is 3.5% fat and 8.7% solids-not-fat (SNF). These classified minimum prices that processors must pay for milk received from producers are calculated based upon mathematical formulas. The formulas are established and amended as needed through a public hearing process. These formulas include commercial prices for manufactured dairy products (butter, Cheddar cheese, Western dry whey and nonfat dry milk). These commercial prices are also listed on the reverse side of this page.

You can access class price information over the Internet on the Department's dairy homepage at <http://www.cdfa.ca.gov/dairy>. From the main menu, select the [Dairy Prices] link and then the [Minimum Class Price Letters] link. Once there, be sure to make a bookmark for future reference. Current class price information is also available on a recorded message. Please call (800) 503-3490 to hear the recording. If you are calling from Sacramento, or from outside of California, please call (916) 442-MILK.

For more information, please contact us at the telephone number or e-mail address below.

Sincerely,

David K. Ikari, Chief
Dairy Marketing Branch



**MINIMUM PRICES FOR CLASSES 2, 3, 4a & 4b MARKET MILK
F.O.B. PROCESSING PLANT**

Released: September 28, 2007

CLASS 2: For October and November 2007	LB. FAT	LB. SNF	EQUIVALENT PER CWT.
Northern California	\$1.5465	\$1.9186	\$22.10
Southern California	\$1.5488	\$1.9444	\$22.34

CLASS 3: For October and November 2007	LB. FAT	LB. SNF	EQUIVALENT PER CWT.
Northern California	\$1.5465	\$1.9129	\$22.05
Southern California	\$1.5488	\$1.9129	\$22.06

CLASS 4a: September 2007	LB. FAT	LB. SNF	EQUIVALENT PER CWT.
Statewide	\$1.4722	\$1.8933	\$21.62

CLASS 4b: September 2007	LB. FAT	LB. SNF	EQUIVALENT PER CWT.
Statewide	\$1.4722	\$1.6304	\$19.34

COMMODITY MARKET PRICES:	\$ PER LB.
Chicago Mercantile Exchange Grade AA Butter - Daily Simple Average (August 26th - September 25th)	\$1.3996
Chicago Mercantile Exchange Block Cheddar Cheese - Daily Simple Average (August 26th - September 25th)	\$2.0170
California Extra Grade & Grade A Nonfat Dry Milk - Monthly Weighted Average (August 26th - September 25th)	\$2.0533
Western Dry Whey (Mostly) - Monthly Simple Average (August 26th - September 25th)	\$0.4419

Component and hundredweight prices for Classes 2 & 3 no longer include Milk Producer Security Trust Fund charges, effective October 1, 2006.

November 2007 Class 1 prices will be announced no later than 4:00 p.m. on October 10, 2007.

December 2007 and January 2008 Class 2 and 3 prices will be announced no later than 4:00 p.m. on December 3, 2007.

October 2007 Class 4a and 4b prices will be announced no later than 4:00 p.m. on November 1, 2007.