



# Milk Pricing

## NEWSLETTER

Dairy Marketing Branch, CDFA

December 2006

### Cheddar Cheese and Nonfat Powder Commodity Prices Rise . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (*See national commodities prices chart on page 2*).

The national commodity price for Grade A Butter decreased, however the Cheddar cheese and nonfat powder prices showed an increase compared to last month. Consequently, the prices for all types of milk increased slightly: whole milk increased three and four tenths cents per gallon; reduced fat milk increased four and three tenths cents per gallon; lowfat milk increased five and no tenths cents per gallon; and skim milk increased four and five tenths cents per gallon.

*\*See lowest reported lawful retail milk prices on page 2.*

Milk production across the U.S. continues to be steady and strong as the country experiences winter weather, severe in some areas of the country. The holiday orders for dip, cream cheese, and egg nog are finishing up and the milk supply will be returning back to producing butter and nonfat powders. The cheese price continues to tighten as the cheese supplies get tighter after the holiday orders are filled.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

#### Minimum Prices for the Four Types of Fluid Milk by Container Size for January 2007

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
<b>Northern California</b>						
Whole	\$1.181	\$0.590	\$0.295	\$0.148	\$0.098	\$0.074
Reduced Fat 2%	\$1.097	\$0.549	\$0.274	\$0.137	\$0.091	\$0.069
Lowfat 1%	\$1.051	\$0.525	\$0.263	\$0.131	\$0.088	\$0.066
Nonfat (Skim)	\$0.803	\$0.402	\$0.201	\$0.100	\$0.067	\$0.050
<b>Southern California</b>						
Whole	\$1.204	\$0.602	\$0.301	\$0.151	\$0.100	\$0.075
Reduced Fat 2%	\$1.121	\$0.560	\$0.280	\$0.140	\$0.093	\$0.070
Lowfat 1%	\$1.074	\$0.537	\$0.269	\$0.134	\$0.090	\$0.067
Nonfat (Skim)	\$0.827	\$0.414	\$0.207	\$0.103	\$0.069	\$0.052

#### Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	\$0.034	\$0.017	\$0.008	\$0.004	\$0.003	\$0.002
Reduced Fat 2%	\$0.043	\$0.022	\$0.011	\$0.005	\$0.004	\$0.003
Lowfat 1%	\$0.050	\$0.025	\$0.013	\$0.006	\$0.004	\$0.003
Nonfat (Skim)	\$0.045	\$0.022	\$0.011	\$0.006	\$0.004	\$0.003

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California  
Phone (916) 341-5988; Website: [www.cdfa.ca.gov/dairy](http://www.cdfa.ca.gov/dairy); email address: [dairy@cdfa.ca.gov](mailto:dairy@cdfa.ca.gov)

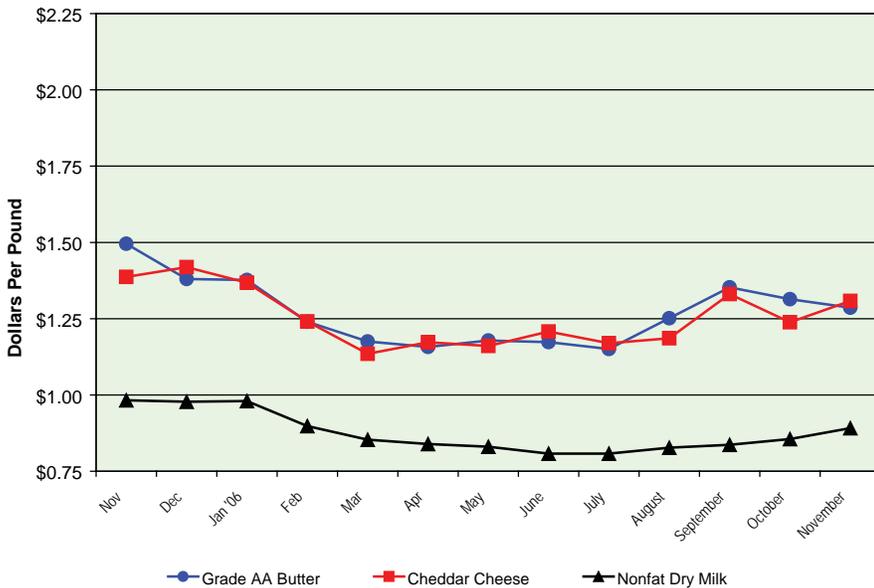
## Minimum Prices for the Milk Component of Various Manufactured Dairy Products

The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super-Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
December	\$0.23	\$ 1.50	\$0.58
January '06	\$0.23	\$ 1.50	\$0.58
February	\$0.22	\$ 1.35	\$0.52
March	\$0.22	\$ 1.35	\$0.52
April	\$0.19	\$ 1.17	\$0.45
May	\$0.19	\$ 1.17	\$0.45
June	\$0.19	\$ 1.14	\$0.44
July	\$0.19	\$ 1.14	\$0.44
August	\$0.18	\$ 1.13	\$0.44
September	\$0.18	\$ 1.13	\$0.44
October	\$0.19	\$ 1.24	\$0.48
November	\$0.19	\$ 1.24	\$0.48
December	\$0.20	\$ 1.29	\$0.50

**National Commodity Prices  
October 2005 - October 2006**



**Lowest Reported Lawful Retail Prices for Milk  
December 2006**

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.49	\$2.25
Reduced Fat	\$4.29	\$2.15
1% Lowfat	\$4.29	\$2.15
Nonfat/Skim	\$3.49	\$1.75
<u>Southern California</u>		
Whole Milk	\$4.35	\$2.18
Reduced Fat	\$4.09	\$2.05
1% Lowfat	\$4.09	\$2.05
Nonfat/Skim	\$3.39	\$1.70

This newsletter can also be found on our website at:  
[www.cdfa.ca.gov/dairy/milk/pricing\\_nl.html](http://www.cdfa.ca.gov/dairy/milk/pricing_nl.html)

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at [dairy@cdfa.ca.gov](mailto:dairy@cdfa.ca.gov), or by contacting TDD 1-800-735-0193.

California Department of Food and Agriculture  
Dairy Marketing Branch  
1220 N Street  
Sacramento, CA 95814



First Class Mail  
U.S. Postage  
PAID  
Permit No. 81  
Sacramento, CA