



Milk Pricing

NEWSLETTER

Dairy Marketing Branch, CDFA

October 2006

Cheddar Cheese and Grade A Butter Commodity Prices Edge Downward . . .

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 prices for Cheddar cheese and Grade A Butter both showed decreases compared to last month. Consequently, the prices for all types of milk decreased slightly: whole milk decreased four and two tenths cents per gallon; reduced fat milk decreased four and no tenths cents per gallon; lowfat milk decreased three and nine tenths cents per gallon; and skim milk decreased three and no 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 prepares for the upcoming winter weather season. Cheese production across the county was up, limiting the milk available for butter production. Supplies of dairy products are tight, in fact, cheese makers are finding it hard to fill orders for provolone and mozzarella cheeses. Schools are back in session and pulling milk into the fluid milk plants.

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 November 2006

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Northern California						
Whole	\$1.125	\$0.563	\$0.281	\$0.141	\$0.094	\$0.070
Reduced Fat 2%	\$1.024	\$0.512	\$0.256	\$0.128	\$0.085	\$0.064
Lowfat 1%	\$0.965	\$0.482	\$0.241	\$0.121	\$0.080	\$0.060
Nonfat (Skim)	\$0.725	\$0.363	\$0.181	\$0.091	\$0.060	\$0.045
Southern California						
Whole	\$1.148	\$0.574	\$0.287	\$0.144	\$0.096	\$0.072
Reduced Fat 2%	\$1.048	\$0.524	\$0.262	\$0.131	\$0.087	\$0.065
Lowfat 1%	\$0.989	\$0.494	\$0.247	\$0.124	\$0.082	\$0.062
Nonfat (Skim)	\$0.750	\$0.375	\$0.187	\$0.094	\$0.062	\$0.047

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	-\$0.042 ↓	-\$0.021 ↓	-\$0.011 ↓	-\$0.005 ↓	-\$0.004 ↓	-\$0.003 ↓
Reduced Fat 2%	-\$0.040 ↓	-\$0.020 ↓	-\$0.010 ↓	-\$0.005 ↓	-\$0.003 ↓	-\$0.002 ↓
Lowfat 1%	-\$0.039 ↓	-\$0.019 ↓	-\$0.010 ↓	-\$0.005 ↓	-\$0.003 ↓	-\$0.002 ↓
Nonfat (Skim)	-\$0.030 ↓	-\$0.015 ↓	-\$0.007 ↓	-\$0.004 ↓	-\$0.002 ↓	-\$0.002 ↓

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
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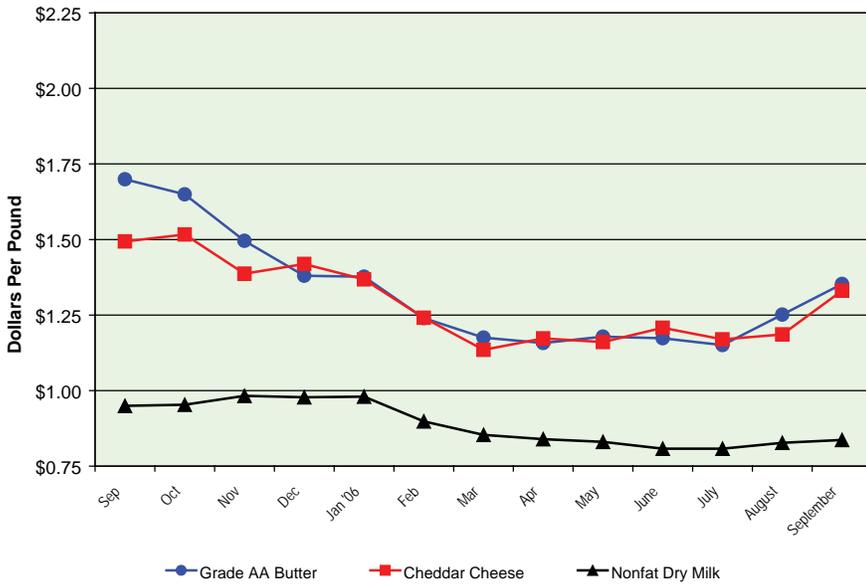
Minimum Prices for the Milk Component of Various Manufactured Dairy Products

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)
October	\$0.23	\$ 1.59	\$0.61
November	\$0.23	\$ 1.59	\$0.61
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

**National Commodity Prices
September 2005 - September 2006**



Lowest Reported Lawful Retail Prices for Milk October 2006

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.49	\$2.25
Reduced Fat	\$4.19	\$2.10
1% Lowfat	\$4.19	\$2.10
Nonfat/Skim	\$3.49	\$1.75
<u>Southern California</u>		
Whole Milk	\$4.35	\$2.18
2% Reduced Fat	\$4.13	\$2.07
1% Lowfat	\$4.13	\$2.07
Nonfat/Skim	\$3.39	\$1.70

This newsletter can also be found on our website at:
www.cdffa.ca.gov/dairy/milkpricing_nl.html

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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@cdffa.ca.gov, or by contacting TDD 1-800-735-0193.



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