



# Milk Pricing

## NEWSLETTER

Dairy Marketing Branch, CDFA

September 2006

### Cheddar Cheese and Grade A Butter Commodity Prices On the 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 prices for Cheddar cheese and Grade A Butter increased compared to last month. Consequently, the prices for all types of milk increased slightly: whole milk increased eight and two tenths cents per gallon; reduced fat milk increased seven and three tenths cents per gallon; lowfat milk increased six and seven tenths cents per gallon; and skim milk increased five and no tenths cents per gallon.

Milk production across the U.S. continues to be in the recovery mode from the heat and summer weather conditions affecting much of the country. Supplies of dairy products are very tight and cream supplies are seasonally lower and still being used for ice cream. School openings are pulling milk away from cheese production and 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.

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

#### Minimum Prices for the Four Types of Fluid Milk by Container Size for October 2006

|                            | Gallon  | 1/2 Gallon | Quart   | Pint    | 1/3 Quart | 1/2 Pint |
|----------------------------|---------|------------|---------|---------|-----------|----------|
| <b>Northern California</b> |         |            |         |         |           |          |
| Whole                      | \$1.167 | \$0.584    | \$0.292 | \$0.146 | \$0.097   | \$0.073  |
| Reduced Fat 2%             | \$1.064 | \$0.532    | \$0.266 | \$0.133 | \$0.089   | \$0.066  |
| Lowfat 1%                  | \$1.003 | \$0.502    | \$0.251 | \$0.125 | \$0.084   | \$0.063  |
| Nonfat (Skim)              | \$0.755 | \$0.378    | \$0.189 | \$0.094 | \$0.063   | \$0.047  |
| <b>Southern California</b> |         |            |         |         |           |          |
| Whole                      | \$1.191 | \$0.595    | \$0.298 | \$0.149 | \$0.099   | \$0.074  |
| Reduced Fat 2%             | \$1.087 | \$0.544    | \$0.272 | \$0.136 | \$0.091   | \$0.068  |
| Lowfat 1%                  | \$1.027 | \$0.514    | \$0.257 | \$0.128 | \$0.086   | \$0.064  |
| Nonfat (Skim)              | \$0.780 | \$0.390    | \$0.195 | \$0.097 | \$0.065   | \$0.049  |

#### Price Changes from the Previous Pricing Period

|                | Gallon  | 1/2 Gallon | Quart   | Pint    | 1/3 Quart | 1/2 Pint |
|----------------|---------|------------|---------|---------|-----------|----------|
| Whole          | \$0.082 | \$0.041    | \$0.020 | \$0.010 | \$0.007   | \$0.005  |
| Reduced Fat 2% | \$0.073 | \$0.036    | \$0.018 | \$0.009 | \$0.006   | \$0.005  |
| Lowfat 1%      | \$0.067 | \$0.034    | \$0.017 | \$0.008 | \$0.006   | \$0.004  |
| Nonfat (Skim)  | \$0.050 | \$0.025    | \$0.012 | \$0.006 | \$0.004   | \$0.003  |

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

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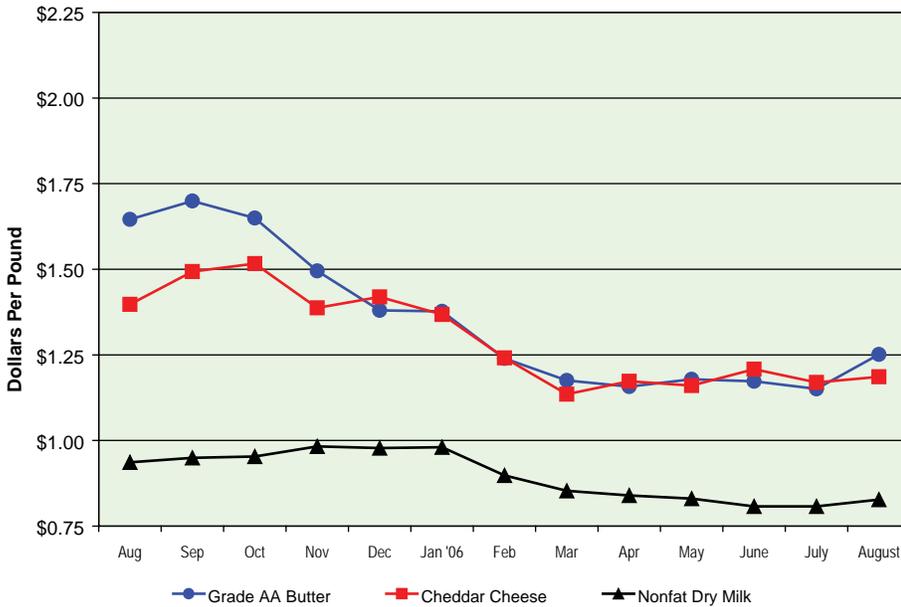
## Minimum Prices for the Milk Component of Various Manufactured Dairy Products

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                          |

**National Commodity Prices  
August 2005 - August 2006**



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

|                            | Two-Pack | Single Gallon |
|----------------------------|----------|---------------|
| <u>Northern California</u> |          |               |
| Whole Milk                 | \$4.29   | \$2.15        |
| Reduced Fat                | \$3.99   | \$2.00        |
| 1% Lowfat                  | \$3.99   | \$2.00        |
| Nonfat/Skim                | \$3.39   | \$1.70        |
| <u>Southern California</u> |          |               |
| Whole Milk                 | \$4.19   | \$2.10        |
| 2% Reduced Fat             | \$3.97   | \$1.99        |
| 1% Lowfat                  | \$3.97   | \$1.99        |
| Nonfat/Skim                | \$3.29   | \$1.65        |

This newsletter can also be found on our website at:  
[www.cdffa.ca.gov/dairy/milkpricing\\_nl.html](http://www.cdffa.ca.gov/dairy/milkpricing_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@cdffa.ca.gov](mailto:dairy@cdffa.ca.gov), or by contacting TDD 1-800-735-0193.

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