



Milk Pricing

NEWSLETTER

Dairy Marketing Branch, CDFA

March 2007

Commodity Prices Remain Strong, Continuing to Inch Upward . . .

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, nonfat dry milk and dry whey, are significant factors in determining the minimum milk price (*See national commodities prices chart on page 2*).

The national commodity prices for Grade AA Butter, Cheddar cheese, nonfat dry milk and Western dry whey increased compared to last month, consequently, all milk prices increased: whole milk increased six and no tenths cents per gallon; reduced fat milk increased five and six tenths cents per gallon; lowfat milk increased five and three tenths cents per gallon; and skim milk increased four and one tenth 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, even as the country experiences winter weather, severe in some areas of the country. California weather has been almost spring-like for the last few weeks as milk producers are possibly looking at an early spring flush. Cheese production in California continues to be strong and averaging higher than production levels of this time last year.

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 April 2007

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Northern California						
Whole	\$1.414	\$0.707	\$0.353	\$0.177	\$0.118	\$0.088
Reduced Fat 2%	\$1.355	\$0.677	\$0.339	\$0.169	\$0.113	\$0.085
Lowfat 1%	\$1.328	\$0.664	\$0.332	\$0.166	\$0.111	\$0.083
Nonfat (Skim)	\$1.039	\$0.519	\$0.260	\$0.130	\$0.087	\$0.065
Southern California						
Whole	\$1.437	\$0.719	\$0.359	\$0.180	\$0.120	\$0.090
Reduced Fat 2%	\$1.378	\$0.689	\$0.345	\$0.172	\$0.115	\$0.086
Lowfat 1%	\$1.351	\$0.676	\$0.338	\$0.169	\$0.113	\$0.084
Nonfat (Skim)	\$1.063	\$0.532	\$0.266	\$0.133	\$0.089	\$0.066

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	\$0.060	\$0.030	\$0.015	\$0.008	\$0.005	\$0.004
Reduced Fat 2%	\$0.056	\$0.028	\$0.014	\$0.007	\$0.005	\$0.003
Lowfat 1%	\$0.053	\$0.027	\$0.013	\$0.007	\$0.004	\$0.003
Nonfat (Skim)	\$0.041	\$0.020	\$0.010	\$0.005	\$0.003	\$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
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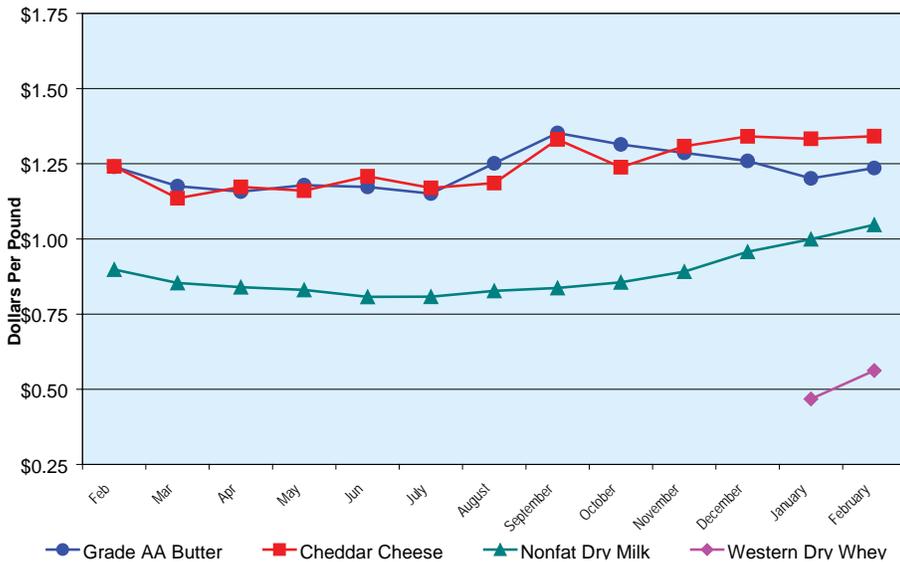
Minimum Prices for the Milk Component of Various Manufactured Dairy Products

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)
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
January '07	\$0.20	\$1.29	\$0.50
February	\$0.22	\$1.28	\$0.50
March	\$0.22	\$1.28	\$0.50

National Commodity Prices February 2006-February 2007



Lowest Reported Lawful Retail Prices for Milk March 2007

	Two-Pack	Single Gallon
Northern California		
Whole Milk	\$4.89	\$2.45
Reduced Fat	\$4.69	\$2.35
1% Lowfat	\$4.69	\$2.35
Nonfat/Skim	\$3.99	\$2.00
Southern California		
Whole Milk	\$4.79	\$2.40
Reduced Fat	\$4.69	\$2.35
1% Lowfat	\$4.69	\$2.35
Nonfat/Skim	\$3.99	\$2.00

This newsletter can also be found on our website at: 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, or by contacting TDD 1-800-735-0193.

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