



Milk Pricing

NEWSLETTER

Dairy Marketing Branch, CDFA

January 2007

Addition of Dry Whey to Class 1 Formula Moves Prices 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 and Cheddar cheese both fell while nonfat dry milk prices increased. The adoption of a dry whey factor into the Class 1 formula coupled with current high dry whey commodity prices drove the prices for all types of milk up: whole milk increased eleven and eight tenths cents per gallon; reduced fat milk increased fourteen and seven tenths cents per gallon; lowfat milk increased sixteen and eight tenths cents per gallon; and skim milk increased fifteen and no tenths cents per gallon.

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 dairy products is over now and the cheese industry is gearing up for the Super Bowl time of the year. Schools are back in session after the holiday break so there will be less milk for manufacturing. The cheese price continues to hold strong as cheese supplies are tight.

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 February 2007

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Northern California						
Whole	\$1.299	\$0.649	\$0.325	\$0.162	\$0.108	\$0.081
Reduced Fat 2%	\$1.244	\$0.622	\$0.311	\$0.156	\$0.104	\$0.078
Lowfat 1%	\$1.219	\$0.610	\$0.305	\$0.152	\$0.102	\$0.076
Nonfat (Skim)	\$0.953	\$0.477	\$0.238	\$0.119	\$0.079	\$0.060
Southern California						
Whole	\$1.322	\$0.661	\$0.330	\$0.165	\$0.110	\$0.083
Reduced Fat 2%	\$1.268	\$0.634	\$0.317	\$0.158	\$0.106	\$0.079
Lowfat 1%	\$1.243	\$0.621	\$0.311	\$0.155	\$0.104	\$0.078
Nonfat (Skim)	\$0.977	\$0.489	\$0.244	\$0.122	\$0.081	\$0.061

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	\$0.118	\$0.059	\$0.029	\$0.015	\$0.010	\$0.007
Reduced Fat 2%	\$0.147	\$0.073	\$0.037	\$0.018	\$0.012	\$0.009
Lowfat 1%	\$0.168	\$0.084	\$0.042	\$0.021	\$0.014	\$0.011
Nonfat (Skim)	\$0.150	\$0.075	\$0.038	\$0.019	\$0.013	\$0.009

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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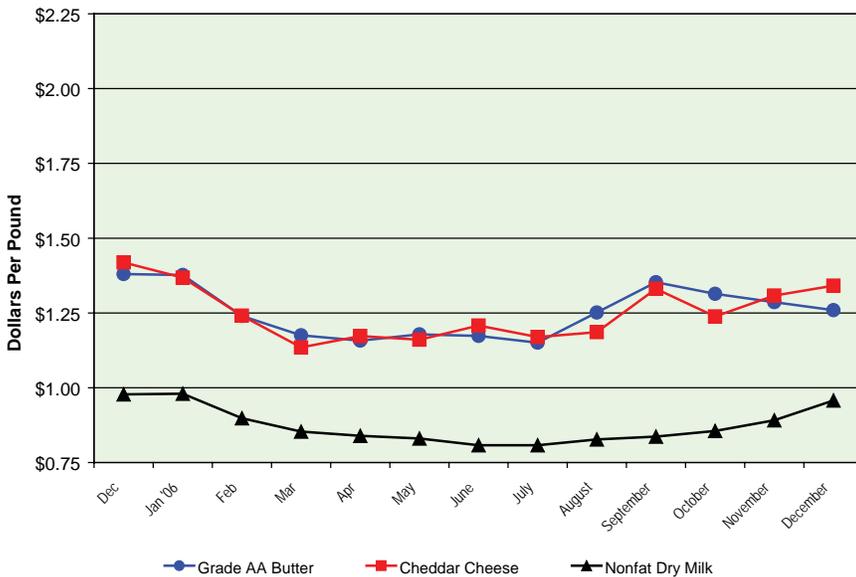
Minimum Prices for the Milk Component of Various Manufactured Dairy Products

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)
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
January '07	\$0.20	\$ 1.29	\$0.50

**National Commodity Prices
December 2005 - December 2006**



**Lowest Reported Lawful Retail Prices for Milk
January 2007**

	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	\$3.59	\$1.80
<u>Southern California</u>		
Whole Milk	\$4.39	\$2.20
Reduced Fat	\$4.19	\$2.10
1% Lowfat	\$4.19	\$2.10
Nonfat/Skim	\$3.49	\$1.75

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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