



# Milk Pricing NEWSLETTER

Serving the California dairy industry for over 8 years

Dairy Marketing Branch, CDFA

December 2008

## The National Commodity Price for Cheddar Cheese Increased . . .

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).

Compared to last month, the national commodity prices for Grade AA butter, nonfat dry milk and Western Dry Whey decreased, while Cheddar cheese increased, consequently all milk prices increased: whole milk increased seven and three tenths cents per gallon; reduced fat milk increased sixteen and one tenth cents per gallon; lowfat milk increased twenty-two and two tenths cents per gallon; and skim milk increased twenty-two and two tenths cents per gallon.

\*See lowest observed retail milk prices on page 2.

Much of the country has been experiencing cold winter weather and milk production has been steady and slightly above last year levels. Cheese retail sales have been strong and expect to stay strong through the Super Bowl seasonal demand. Powder inventories are accumulating and butter prices have plummeted. More consumers are eating at home which is good news for fluid milk and cheese consumption. Fuel and feed costs continue to edge downward in most areas of the country.

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 2009

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
<b>Northern California</b>						
Whole	\$1.498	\$0.749	\$0.375	\$0.187	\$0.125	\$0.094
Reduced Fat 2%	\$1.452	\$0.726	\$0.363	\$0.182	\$0.121	\$0.091
Lowfat 1%	\$1.435	\$0.717	\$0.359	\$0.179	\$0.120	\$0.090
Nonfat (Skim)	\$1.131	\$0.566	\$0.283	\$0.141	\$0.094	\$0.071
<b>Southern California</b>						
Whole	\$1.521	\$0.761	\$0.380	\$0.190	\$0.127	\$0.095
Reduced Fat 2%	\$1.476	\$0.738	\$0.369	\$0.184	\$0.123	\$0.092
Lowfat 1%	\$1.459	\$0.729	\$0.365	\$0.182	\$0.122	\$0.091
Nonfat (Skim)	\$1.156	\$0.578	\$0.289	\$0.144	\$0.096	\$0.072

### Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	\$0.073	\$0.037	\$0.018	\$0.009	\$0.006	\$0.005
Reduced Fat 2%	\$0.161	\$0.080	\$0.040	\$0.020	\$0.013	\$0.010
Lowfat 1%	\$0.222	\$0.111	\$0.056	\$0.028	\$0.019	\$0.014
Nonfat (Skim)	\$0.222	\$0.111	\$0.055	\$0.028	\$0.018	\$0.014

### 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

	<b>Lowfat Yogurt (\$/quart)</b>	<b>Super- Premium Ice Cream (\$/ 1/2 gal)</b>	<b>Generic Ice Cream (\$/ 1/2 gal)</b>
January '08	\$0.45	\$1.85	\$0.75
February	\$0.33	\$1.63	\$0.66
March	\$0.33	\$1.63	\$0.66
April	\$0.29	\$1.42	\$0.57
May	\$0.29	\$1.42	\$0.57
June	\$0.28	\$1.53	\$0.60
July	\$0.28	\$1.53	\$0.60
August	\$0.30	\$1.64	\$0.65
September	\$0.30	\$1.64	\$0.65
October	\$0.30	\$1.71	\$0.67
November	\$0.30	\$1.71	\$0.67
December	\$0.22	\$1.57	\$0.60

### Lowest Observed Retail Prices for Milk - December 2008

#### Northern California

<b>Type of Milk</b>	<b>Two-Pack Gallon</b>	<b>Single Gallon</b>	<b>Half Gallon</b>	<b>Quart</b>
Whole	\$4.49	\$2.25	\$1.63	\$0.88
Reduced Fat	\$4.25	\$2.13	\$1.53	\$0.83
Lowfat	\$4.25	\$2.13	\$1.48	\$0.81
Nonfat/Skim	\$3.49	\$1.75	\$1.28	\$0.68

#### Southern California

<b>Type of Milk</b>	<b>Two-Pack Gallon</b>	<b>Single Gallon</b>	<b>Half Gallon</b>	<b>Quart</b>
Whole	\$4.89	\$2.45	\$1.68	\$0.98
Reduced Fat	\$4.59	\$2.30	\$1.60	\$0.93
Lowfat	\$4.59	\$2.30	\$1.53	\$0.88
Nonfat/Skim	\$3.69	\$1.85	\$1.32	\$0.78

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

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