



Milk Pricing NEWSLETTER

Serving the California dairy industry for over 8 years

Dairy Marketing Branch, CDFA

October 2008

National Commodity Prices for Grade AA Butter and Cheddar Cheese Increase . . .

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 and Cheddar cheese increased, while nonfat dry milk and Western Dry Whey prices decreased, consequently all milk prices increased: whole milk increased four and two tenths cents per gallon; reduced fat milk increased three and no tenths cents per gallon; lowfat milk increased two and two tenths cents per gallon; and skim milk increased one and two tenths cents per gallon.

With the start of the fall season, milk production across the U.S. continues to be strong and dairy product production is steady and slightly above last year levels. The production of butter and nonfat dry milk products continues to be higher than last year levels and fluid milk sales should be steady as schools are back in session. High fuel and feed costs continue to have a major effect on the cost of producing milk.

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 November 2008

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Northern California						
Whole	\$1.610	\$0.805	\$0.403	\$0.201	\$0.134	\$0.101
Reduced Fat 2%	\$1.489	\$0.745	\$0.372	\$0.186	\$0.124	\$0.093
Lowfat 1%	\$1.421	\$0.710	\$0.355	\$0.178	\$0.118	\$0.089
Nonfat (Skim)	\$1.084	\$0.542	\$0.271	\$0.136	\$0.090	\$0.068
Southern California						
Whole	\$1.634	\$0.817	\$0.408	\$0.204	\$0.136	\$0.102
Reduced Fat 2%	\$1.513	\$0.756	\$0.378	\$0.189	\$0.126	\$0.095
Lowfat 1%	\$1.445	\$0.722	\$0.361	\$0.181	\$0.120	\$0.090
Nonfat (Skim)	\$1.108	\$0.554	\$0.277	\$0.139	\$0.092	\$0.069

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%	\$0.030	\$0.015	\$0.008	\$0.004	\$0.003	\$0.002
Lowfat 1%	\$0.022	\$0.011	\$0.006	\$0.003	\$0.002	\$0.001
Nonfat (Skim)	\$0.012	\$0.006	\$0.003	\$0.002	\$0.001	\$0.001

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)
November '07	\$0.45	\$1.92	\$0.78
December	\$0.45	\$1.85	\$0.75
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

Lowest Observed Retail Prices for Milk - October 2008

Northern California

Type of Milk	Two-Pack Gallon	Single Gallon	Half Gallon	Quart
Whole	\$5.39	\$2.70	\$1.65	\$0.93
Reduced Fat	\$5.19	\$2.60	\$1.58	\$0.91
Lowfat	\$5.19	\$2.60	\$1.53	\$0.88
Nonfat/Skim	\$4.29	\$2.15	\$1.28	\$0.73

Southern California

Type of Milk	Two-Pack Gallon	Single Gallon	Half Gallon	Quart
Whole	\$5.39	\$2.70	\$1.73	\$1.03
Reduced Fat	\$5.19	\$2.60	\$1.67	\$0.98
Lowfat	\$5.19	\$2.60	\$1.63	\$0.93
Nonfat/Skim	\$4.29	\$2.15	\$1.38	\$0.83

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

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