



# Milk Pricing NEWSLETTER

Serving the California dairy industry for over 8 years

Dairy Marketing Branch, CDFA

April 2009

## National Dairy Commodity Prices All 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, Cheddar cheese, nonfat dry milk and Western Dry Whey increased, consequently all milk prices increased: whole milk increased nine and five tenths cents per gallon; reduced fat milk increased ten and one tenth cents per gallon; lowfat milk increased ten and six tenths cents per gallon; and skim milk increased eight and nine tenths cents per gallon.

As spring begins, milk and dairy product production are ramping up, as demand softens. Inventories of Grade AA butter, Cheddar cheese and nonfat dry milk continue to build, the encouraging news is retail sales of natural cheese have remained relatively strong, whereas retail processed cheese and milk sales are recovering from last year's lows. Aggressive retail promotions coupled with the Easter holidays has driven up sales in the cheese category. Restaurant operators are encouraged with sales for the second month in a row and are optimistic about the future. However higher corn prices continue to increase feed costs for dairy producers.

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 May 2009

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
<b>Northern California</b>						
Whole	\$1.091	\$0.545	\$0.273	\$0.136	\$0.091	\$0.068
Reduced Fat 2%	\$1.017	\$0.508	\$0.254	\$0.127	\$0.085	\$0.064
Lowfat 1%	\$0.976	\$0.488	\$0.244	\$0.122	\$0.081	\$0.061
Nonfat (Skim)	\$0.748	\$0.374	\$0.187	\$0.093	\$0.062	\$0.047
<b>Southern California</b>						
Whole	\$1.114	\$0.557	\$0.279	\$0.139	\$0.093	\$0.070
Reduced Fat 2%	\$1.040	\$0.520	\$0.260	\$0.130	\$0.087	\$0.065
Lowfat 1%	\$1.000	\$0.500	\$0.250	\$0.125	\$0.083	\$0.062
Nonfat (Skim)	\$0.772	\$0.386	\$0.193	\$0.096	\$0.064	\$0.048

### Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	\$0.095	\$0.048	\$0.024	\$0.012	\$0.008	\$0.006
Reduced Fat 2%	\$0.101	\$0.051	\$0.025	\$0.013	\$0.008	\$0.006
Lowfat 1%	\$0.106	\$0.053	\$0.027	\$0.013	\$0.009	\$0.007
Nonfat (Skim)	\$0.089	\$0.044	\$0.022	\$0.011	\$0.007	\$0.006

### 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)
May '08	\$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
January '09	\$0.21	\$1.54	\$0.59
February	\$0.18	\$1.09	\$0.42
March	\$0.18	\$1.09	\$0.42
April	\$0.17	\$1.06	\$0.41
May	\$0.17	\$1.06	\$0.41

### Percentage of Total California Fluid Milk Products Sold, by Size of Container October of Selected Years: 2003, 2004, 2005, 2006, 2007, 2008

Year	3, 5, 6 Gallon	1 Gallon	1/2 Gallon	Quart	1/3 Quart (10 oz.)	Pint	1/2 Pint & (8 oz. Pouch)	4 oz. (Pouch)	12, 14 oz.	Other
	<i>Percent</i>									
2003	1.15%	68.15%	16.18%	2.87%	0.63%	2.19%	8.75%	0.06%	0.01%	0.23%
2004	1.02%	69.49%	15.08%	2.52%	0.41%	1.97%	8.82%	0.09%	0.35%	0.26%
2005	1.06%	69.89%	14.99%	2.32%	0.41%	1.70%	9.10%	0.19%	0.35%	0.01%
2006	0.85%	69.66%	15.25%	2.08%	0.40%	1.74%	8.97%	0.09%	0.28%	0.67%
2007	0.91%	67.02%	16.58%	2.12%	0.37%	1.59%	9.70%	0.11%	0.24%	1.37%
2008	0.88%	68.56%	16.67%	2.25%	0.29%	1.68%	9.41%	0.10%	0.14%	0.01%

This newsletter can also be found on our website at: [www.cdffa.ca.gov/dairy/milkpricing\\_n.html](http://www.cdffa.ca.gov/dairy/milkpricing_n.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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