



# Milk Pricing NEWSLETTER

Serving the California dairy industry for over 8 years

Dairy Marketing Branch, CDFA

August 2009

## National Dairy Commodity Prices Slightly 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, nonfat dry milk, Cheddar cheese and Western Dry Whey increased slightly, consequently milk prices increased: whole milk increased twelve and nine tenths cents per gallon; reduced fat milk increased thirteen and five tenths cents per gallon; lowfat milk increased fourteen and one tenth of a cent per gallon; and skim milk increased eleven and seven tenths cents per gallon.

August brings school openings for the upcoming school year and fluid milk sales should increase accordingly. Summertime hot weather continues to hamper milk production in some parts of the country. Cheese production in June was higher than June of 2008 and retail sales of cheese remain steady. Commodity prices for Cheddar cheese, butter, and nonfat dry milk are still at low levels but have increased slightly from the previous month levels. The cost to produce milk continues to be affected by high feed costs.

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 September 2009

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
<b>Northern California</b>						
Whole	\$1.136	\$0.568	\$0.284	\$0.142	\$0.095	\$0.071
Reduced Fat 2%	\$1.057	\$0.528	\$0.264	\$0.132	\$0.088	\$0.066
Lowfat 1%	\$1.013	\$0.506	\$0.253	\$0.127	\$0.084	\$0.063
Nonfat (Skim)	\$0.775	\$0.387	\$0.194	\$0.097	\$0.065	\$0.048
<b>Southern California</b>						
Whole	\$1.159	\$0.580	\$0.290	\$0.145	\$0.097	\$0.072
Reduced Fat 2%	\$1.080	\$0.540	\$0.270	\$0.135	\$0.090	\$0.068
Lowfat 1%	\$1.037	\$0.518	\$0.259	\$0.130	\$0.086	\$0.065
Nonfat (Skim)	\$0.799	\$0.399	\$0.200	\$0.100	\$0.067	\$0.050

### Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	\$0.129	\$0.064	\$0.032	\$0.016	\$0.011	\$0.008
Reduced Fat 2%	\$0.135	\$0.068	\$0.034	\$0.017	\$0.011	\$0.008
Lowfat 1%	\$0.141	\$0.071	\$0.035	\$0.018	\$0.012	\$0.009
Nonfat (Skim)	\$0.117	\$0.059	\$0.029	\$0.015	\$0.010	\$0.007

### 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)
September '08	\$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
June	\$0.18	\$1.12	\$0.43
July	\$0.18	\$1.12	\$0.43
August	\$0.18	\$1.14	\$0.44
September	\$0.18	\$1.14	\$0.44

## 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\\_n1.html](http://www.cdffa.ca.gov/dairy/milkpricing_n1.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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