



Milk Pricing NEWSLETTER

Serving the California dairy industry for over 8 years

Dairy Marketing Branch, CDFA

January 2009

National Dairy Commodity Prices All Decline ...

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 all showed decreases, consequently all milk prices decreased: whole milk decreased fifty-two and nine tenths cents per gallon; reduced fat milk decreased fifty-five and nine tenths cents per gallon; lowfat milk decreased fifty-eight and six tenths cents per gallon; and skim milk decreased forty-eight and eight tenths cents per gallon.

*See lowest observed retail milk prices on page 2.

Winter weather continues to hamper some production in many areas across the country, however overall U.S. milk production remains steady compared to last year levels. Stocks of dairy products are building. All the Chicago Mercantile Exchange dairy commodity prices have fallen. Restaurant sales are slow as more consumers are eating at home, which could be good news for fluid milk and cheese consumption. Fuel and feed costs continue stay stable 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 February 2009

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Northern California						
Whole	\$0.970	\$0.485	\$0.242	\$0.121	\$0.081	\$0.061
Reduced Fat 2%	\$0.893	\$0.446	\$0.223	\$0.112	\$0.074	\$0.056
Lowfat 1%	\$0.849	\$0.424	\$0.212	\$0.106	\$0.071	\$0.053
Nonfat (Skim)	\$0.643	\$0.322	\$0.161	\$0.080	\$0.054	\$0.040
Southern California						
Whole	\$0.993	\$0.496	\$0.248	\$0.124	\$0.083	\$0.062
Reduced Fat 2%	\$0.916	\$0.458	\$0.229	\$0.115	\$0.076	\$0.057
Lowfat 1%	\$0.873	\$0.436	\$0.218	\$0.109	\$0.073	\$0.055
Nonfat (Skim)	\$0.668	\$0.334	\$0.167	\$0.083	\$0.056	\$0.042

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	-\$0.529↓	-\$0.264↓	-\$0.132↓	-\$0.066↓	-\$0.044↓	-\$0.033↓
Reduced Fat 2%	-\$0.559↓	-\$0.280↓	-\$0.140↓	-\$0.070↓	-\$0.047↓	-\$0.035↓
Lowfat 1%	-\$0.586↓	-\$0.293↓	-\$0.147↓	-\$0.073↓	-\$0.049↓	-\$0.037↓
Nonfat (Skim)	-\$0.488↓	-\$0.244↓	-\$0.122↓	-\$0.061↓	-\$0.041↓	-\$0.031↓

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
Phone (916) 341-5988; Website: www.cdfa.ca.gov/dairy; email address: dairy@cdfa.ca.gov

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)
February '08	\$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
January '09	\$0.21	\$1.54	\$0.59

Lowest Observed Retail Prices for Milk - January 2009

Northern California

Type of Milk	Two-Pack Gallon	Single Gallon	Half Gallon	Quart
Whole	\$4.69	\$2.35	\$1.71	\$0.91
Reduced Fat	\$4.59	\$2.30	\$1.61	\$0.88
Lowfat	\$4.59	\$2.30	\$1.58	\$0.85
Nonfat/Skim	\$3.89	\$1.95	\$1.38	\$0.73

Southern California

Type of Milk	Two-Pack Gallon	Single Gallon	Half Gallon	Quart
Whole	\$4.99	\$2.50	\$1.73	\$1.03
Reduced Fat	\$4.89	\$2.45	\$1.71	\$0.98
Lowfat	\$4.89	\$2.45	\$1.63	\$0.93
Nonfat/Skim	\$4.19	\$2.10	\$1.43	\$0.83

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

Printed on Recycled Paper



California Department of Food and Agriculture
Dairy Marketing Branch
1220 N Street
Sacramento, CA 95814



First Class Mail
U.S. Postage
PAID
Permit No. 81
Sacramento, CA