



Milk Pricing NEWSLETTER

Serving the California dairy industry for over 8 years

Dairy Marketing Branch, CDFA

July 2009

National Dairy Commodity Prices Decrease, Except for Dry Whey . . .

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 Cheddar cheese decreased while Western Dry Whey increased, consequently some milk prices decreased: whole milk decreased one and four tenths cents per gallon; reduced fat milk decreased four tenths of a cent per gallon; lowfat milk increased two tenths of a cent per gallon; and skim milk increased seven tenths of a cent per gallon.

Summer has arrived and heat and hotter weather has hampered milk production in many parts of the nation. Fluid milk sales continue to be slow as many schools have shut down for the summer. As a result, there more milk has been shifted to the cheese vat and other dairy products. Retail sales of cheese remain steady, however total cheese production is still running below last year levels. Commodity prices for Cheddar cheese, butter, and nonfat dry milk are still at low levels. The cost to produce milk continues to be affected by the higher fuel and 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 August 2009

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	\$1.007	\$0.504	\$0.252	\$0.126	\$0.084	\$0.063
Reduced Fat 2%	\$0.921	\$0.461	\$0.230	\$0.115	\$0.077	\$0.058
Lowfat 1%	\$0.872	\$0.436	\$0.218	\$0.109	\$0.073	\$0.054
Nonfat (Skim)	\$0.657	\$0.329	\$0.164	\$0.082	\$0.055	\$0.041
Southern California						
Whole	\$1.031	\$0.515	\$0.258	\$0.129	\$0.086	\$0.064
Reduced Fat 2%	\$0.945	\$0.472	\$0.236	\$0.118	\$0.079	\$0.059
Lowfat 1%	\$0.895	\$0.448	\$0.224	\$0.112	\$0.075	\$0.056
Nonfat (Skim)	\$0.682	\$0.341	\$0.170	\$0.085	\$0.057	\$0.043

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	-\$0.014↓	-\$0.007↓	-\$0.004↓	-\$0.002↓	-\$0.001↓	-\$0.001↓
Reduced Fat 2%	-\$0.004↓	-\$0.002↓	-\$0.001↓	-\$0.001↓	\$0.000	\$0.000
Lowfat 1%	\$0.002	\$0.001	\$0.001	\$0.000	\$0.000	\$0.000
Nonfat (Skim)	\$0.007	\$0.003	\$0.002	\$0.001	\$0.001	\$0.000

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)
July '08	\$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
June	\$0.18	\$1.12	\$0.43
July	\$0.18	\$1.12	\$0.43

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

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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