



# Milk Pricing NEWSLETTER

Serving the California dairy industry for over 8 years

Dairy Marketing Branch, CDFA

June 2009

## National Dairy Commodity Prices Increase, Except for Cheddar Cheese . . .

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 Western Dry Whey increased, but Cheddar cheese decreased slightly, consequently all milk prices increased: whole milk increased one and five tenths cents per gallon; reduced fat milk increased one and three tenths cents per gallon; lowfat milk increased one and one tenth cents per gallon; and skim milk increased seven tenths of a cent per gallon.

As spring ends, milk production is easing down from the peak of the spring flush. Fluid milk sales have slowed down due to many schools closing for the summer. As a result, there was more milk shifted to the cheese vat and other dairy products. Cream is in strong demand because the ice cream season is underway. Independence Day is the next promotional opportunity for dairy buyers and retailers. Fuel and feed costs continue to climb, thereby increasing the cost for 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.

### Minimum Prices for the Four Types of Fluid Milk by Container Size for July 2009

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
<b>Northern California</b>						
Whole	\$1.021	\$0.511	\$0.255	\$0.128	\$0.085	\$0.064
Reduced Fat 2%	\$0.926	\$0.463	\$0.231	\$0.116	\$0.077	\$0.058
Lowfat 1%	\$0.869	\$0.435	\$0.217	\$0.109	\$0.072	\$0.054
Nonfat (Skim)	\$0.651	\$0.325	\$0.163	\$0.081	\$0.054	\$0.041
<b>Southern California</b>						
Whole	\$1.045	\$0.522	\$0.261	\$0.131	\$0.087	\$0.065
Reduced Fat 2%	\$0.949	\$0.475	\$0.237	\$0.119	\$0.079	\$0.059
Lowfat 1%	\$0.893	\$0.446	\$0.223	\$0.112	\$0.074	\$0.056
Nonfat (Skim)	\$0.675	\$0.338	\$0.169	\$0.084	\$0.056	\$0.042

### Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	\$0.015	\$0.008	\$0.004	\$0.002	\$0.001	\$0.001
Reduced Fat 2%	\$0.013	\$0.006	\$0.003	\$0.002	\$0.001	\$0.001
Lowfat 1%	\$0.011	\$0.005	\$0.003	\$0.001	\$0.001	\$0.001
Nonfat (Skim)	\$0.007	\$0.004	\$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](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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