



Milk Pricing NEWSLETTER

Serving the California dairy industry for over 9 years

Dairy Marketing Branch, CDFA

May 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, however Cheddar cheese decreased, consequently all milk prices decreased: whole milk decreased eight and five tenths cents per gallon; reduced fat milk decreased ten and four tenths cents per gallon; lowfat milk decreased eleven and eight tenths cents per gallon; and skim milk decreased ten and four tenths cents per gallon.

Milk production nationwide has slightly decreased compared to the prior year, but most states are experiencing the spring flush. U.S. inventories of cheese, butter and nonfat dry milk continue to build. Cheese production is reaching its seasonal peak, but buyers are still waiting for lower prices. More orders are expected to come for the Memorial Day weekend and could extend until Independence Day weekend. An optimistic note for the current market is that consumer confidence jumped higher in April.

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 June 2009

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Northern California						
Whole	\$1.006	\$0.503	\$0.251	\$0.126	\$0.084	\$0.063
Reduced Fat 2%	\$0.913	\$0.457	\$0.228	\$0.114	\$0.076	\$0.057
Lowfat 1%	\$0.858	\$0.429	\$0.215	\$0.107	\$0.072	\$0.054
Nonfat (Skim)	\$0.643	\$0.322	\$0.161	\$0.080	\$0.054	\$0.040
Southern California						
Whole	\$1.029	\$0.515	\$0.257	\$0.129	\$0.086	\$0.064
Reduced Fat 2%	\$0.937	\$0.468	\$0.234	\$0.117	\$0.078	\$0.059
Lowfat 1%	\$0.882	\$0.441	\$0.221	\$0.110	\$0.074	\$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	-\$0.085 ↓	-\$0.042 ↓	-\$0.021 ↓	-\$0.011 ↓	-\$0.007 ↓	-\$0.005 ↓
Reduced Fat 2%	-\$0.104 ↓	-\$0.052 ↓	-\$0.026 ↓	-\$0.013 ↓	-\$0.009 ↓	-\$0.006 ↓
Lowfat 1%	-\$0.118 ↓	-\$0.059 ↓	-\$0.029 ↓	-\$0.015 ↓	-\$0.010 ↓	-\$0.007 ↓
Nonfat (Skim)	-\$0.104 ↓	-\$0.052 ↓	-\$0.026 ↓	-\$0.013 ↓	-\$0.009 ↓	-\$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)
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.cdfa.ca.gov/dairy/milk/pricing_nl.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@cdfa.ca.gov, or by contacting TDD 1-800-735-0193.

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