



Milk Pricing NEWSLETTER

Serving the California dairy industry for over 8 years

Dairy Marketing Branch, CDFA

November 2009

National Dairy Commodity Prices Continue to Move Upward . . .

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 Western Dry Whey, Grade AA Butter, Cheddar Cheese and Nonfat Dry Milk all increased, consequently milk prices increased: whole milk increased eight and six tenths cents per gallon; reduced fat milk increased six and one tenth cents per gallon; lowfat milk increased four and four tenths cents per gallon; and skim milk increased two and four tenths cents per gallon.

With the winter season underway, nationwide milk production continues to decline, with California showing decreased milk production for the first nine months of 2009. Holiday dairy product production is in full force with plants sending milk to the churn. Holiday orders are steady and retail sales are strong. Currently, fuel and feed costs at the dairy are slightly lower than the levels of the last few months, but remain steady.

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.

Note: Pending the outcome of the November 9, 2009 hearing, the January 2010 Class 1 prices will be announced on or before December 22, 2009.

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

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Northern California						
Whole	\$1.379	\$0.690	\$0.345	\$0.172	\$0.115	\$0.086
Reduced Fat 2%	\$1.294	\$0.647	\$0.324	\$0.162	\$0.108	\$0.081
Lowfat 1%	\$1.249	\$0.624	\$0.312	\$0.156	\$0.104	\$0.078
Nonfat (Skim)	\$0.962	\$0.481	\$0.241	\$0.120	\$0.080	\$0.060
Southern California						
Whole	\$1.403	\$0.701	\$0.351	\$0.175	\$0.117	\$0.088
Reduced Fat 2%	\$1.318	\$0.659	\$0.329	\$0.165	\$0.110	\$0.082
Lowfat 1%	\$1.273	\$0.636	\$0.318	\$0.159	\$0.106	\$0.080
Nonfat (Skim)	\$0.987	\$0.493	\$0.247	\$0.123	\$0.082	\$0.062

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	\$0.086	\$0.043	\$0.021	\$0.011	\$0.007	\$0.005
Reduced Fat 2%	\$0.061	\$0.030	\$0.015	\$0.008	\$0.005	\$0.004
Lowfat 1%	\$0.044	\$0.022	\$0.011	\$0.006	\$0.004	\$0.003
Nonfat (Skim)	\$0.024	\$0.012	\$0.006	\$0.003	\$0.002	\$0.001

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	Super Premium Ice Cream		Generic Ice Cream	
	(\$/qt)	(\$/1.5qt)*	(\$/1.75qt)*	(\$/1.5qt)*	(\$/1.75qt)*
November '08	\$0.30	\$1.29	\$1.50	\$0.50	\$0.58
December	\$0.22	\$1.18	\$1.37	\$0.45	\$0.52
January '09	\$0.21	\$1.15	\$1.35	\$0.44	\$0.51
February	\$0.18	\$0.82	\$0.96	\$0.32	\$0.37
March	\$0.18	\$0.82	\$0.96	\$0.32	\$0.37
April	\$0.17	\$0.79	\$0.93	\$0.31	\$0.36
May	\$0.17	\$0.79	\$0.93	\$0.31	\$0.36
June	\$0.18	\$0.84	\$0.98	\$0.32	\$0.38
July	\$0.18	\$0.84	\$0.98	\$0.32	\$0.38
August	\$0.18	\$0.85	\$0.99	\$0.33	\$0.38
September	\$0.18	\$0.85	\$0.99	\$0.33	\$0.38
October	\$0.19	\$0.87	\$1.02	\$0.34	\$0.39
November	\$0.19	\$0.87	\$1.02	\$0.34	\$0.39

** Prices are based on the new container size instead of 1/2 gallon previously.*

Percentage of Total California Fluid Milk Products Sold, by Type of Container October of Selected Years: 2003, 2004, 2005, 2006, 2007, 2008

Year	Glass	Paper	Plastic	Bag
	<i>Percent</i>			
2003	0.04%	19.11%	80.11%	0.96%
2004	0.06%	17.17%	82.28%	0.47%
2005	0.06%	17.24%	82.15%	0.55%
2006	0.07%	17.70%	81.86%	0.36%
2007	0.02%	20.15%	79.38%	0.44%
2008	0.16%	18.88%	80.46%	0.50%

This newsletter can also be found on our website at: www.cdffa.ca.gov/dairy/milkpricing_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@cdffa.ca.gov, or by contacting TDD 1-800-735-0193.

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