



Milk Pricing NEWSLETTER

Serving the California dairy industry for over 8 years

Dairy Marketing Branch, CDFA

September 2009

Minimum Prices for Fluid Milk Increase Slightly . . .

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 remained the same and Grade AA Butter decreased, while Cheddar Cheese and Nonfat Dry Milk increased, consequently milk prices increased: whole milk increased four and six tenths cents per gallon; reduced fat milk increased six and six tenths cents per gallon; lowfat milk increased eight and no tenths cents per gallon; and skim milk increased seven and four tenths cents per gallon.

Comparing July to last year, nationwide milk production remained flat, with decreased production in California and increased production in the Midwest states. Total cheese production was up, butter and nonfat dry milk production were down. Retail sales of cheese were up compared to last year. Retail stores and restaurants are still showing strong demand for cheese. School is in full swing now and milk supplies are tight.

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 October 2009

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	\$1.182	\$0.591	\$0.296	\$0.148	\$0.099	\$0.074
Reduced Fat 2%	\$1.123	\$0.561	\$0.281	\$0.140	\$0.094	\$0.070
Lowfat 1%	\$1.093	\$0.546	\$0.273	\$0.137	\$0.091	\$0.068
Nonfat (Skim)	\$0.849	\$0.424	\$0.212	\$0.106	\$0.071	\$0.053

Southern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	\$1.205	\$0.603	\$0.301	\$0.151	\$0.100	\$0.075
Reduced Fat 2%	\$1.146	\$0.573	\$0.287	\$0.143	\$0.096	\$0.072
Lowfat 1%	\$1.116	\$0.558	\$0.279	\$0.140	\$0.093	\$0.070
Nonfat (Skim)	\$0.873	\$0.436	\$0.218	\$0.109	\$0.073	\$0.055

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	\$0.046	\$0.023	\$0.012	\$0.006	\$0.004	\$0.003
Reduced Fat 2%	\$0.066	\$0.033	\$0.016	\$0.008	\$0.005	\$0.004
Lowfat 1%	\$0.080	\$0.040	\$0.020	\$0.010	\$0.007	\$0.005
Nonfat (Skim)	\$0.074	\$0.037	\$0.019	\$0.009	\$0.006	\$0.005

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.cdffa.ca.gov/dairy; email address: dairy@cdffa.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	Super Premium Ice Cream		Generic Ice Cream	
	(\$/qt)	(\$/1.5qt)*	(\$/1.75qt)*	(\$/1.5qt)*	(\$/1.75qt)*
September '08	\$0.30	\$1.23	\$1.44	\$0.48	\$0.56
October	\$0.30	\$1.29	\$1.50	\$0.50	\$0.58
November	\$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

** 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.

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