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Dairy Marketing Branch

Milk Pricing NEWSLETTER

Serving the California dairy industry for over 10 years

Dairy Marketing Branch, CDFA July 2011

National Dairy Commodity Prices Mixed, Retail Milk Prices Going Up....

The minimum price of milk, established by the Department, 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 page 2).*

Compared to last month, the national commodity prices for Cheddar Cheese and Western Dry Whey increased, while Grade AA Butter and Nonfat Dry Milk prices decreased, consequently all milk prices showed an increase: whole milk increased seven and four tenths cents per gallon; reduced fat milk increased ten and five tenths cents per gallon; lowfat milk increased twelve and seven tenths cents per gallon; and skim milk increased eleven and seven tenths cents per gallon.

Milk production across the U.S. remains strong while some parts of the country are still experiencing rain, wind and flood conditions. The Cheddar Cheese and dry whey commodity prices remain strong and frozen product production is in full swing.

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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 2011

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	$1.999	$0.999	$0.500	$0.250	$0.167	$0.125
Reduced Fat 2%	$1.867	$0.934	$0.467	$0.233	$0.156	$0.117
Lowfat 1%	$1.796	$0.898	$0.449	$0.224	$0.150	$0.112
Nonfat (Skim)	$1.382	$0.691	$0.345	$0.173	$0.115	$0.086
Southern California						
Whole	$2.022	$1.011	$0.505	$0.253	$0.168	$0.126
Reduced Fat 2%	$1.891	$0.945	$0.473	$0.236	$0.158	$0.118
Lowfat 1%	$1.819	$0.910	$0.455	$0.227	$0.152	$0.114
Nonfat (Skim)	$1.406	$0.703	$0.351	$0.176	$0.117	$0.088

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	$0.074	$0.037	$0.019	$0.009	$0.006	$0.005
Reduced Fat 2%	$0.105	$0.052	$0.026	$0.013	$0.009	$0.007
Lowfat 1%	$0.127	$0.064	$0.032	$0.016	$0.011	$0.008
Nonfat (Skim)	$0.117	$0.059	$0.029	$0.015	$0.010	$0.007

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Karen Ross, *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,
- competiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt	Super Premium Ice Cream		Generic Ice Cream	
	($/qt)	($/1.5 qt)*	($1.75qt)*	($/1.5 qt)*	($1.75qt)*
June '10	$0.24	$1.15	$1.34	$0.45	$0.52
July	$0.24	$1.15	$1.34	$0.45	$0.52
August	$0.28	$1.26	$1.47	$0.49	$0.57
September	$0.28	$1.26	$1.47	$0.49	$0.57
October	$0.26	$1.44	$1.68	$0.55	$0.64
November	$0.26	$1.44	$1.68	$0.55	$0.64
December	$0.27	$1.47	$1.72	$0.56	$0.65
January '11	$0.27	$1.47	$1.72	$0.56	$0.65
February	$0.27	$1.30	$1.52	$0.50	$0.59
March	$0.27	$1.30	$1.52	$0.50	$0.59
April	$0.32	$1.54	$1.80	$0.59	$0.69
May	$0.32	$1.54	$1.80	$0.59	$0.69
June	$0.36	$1.57	$1.84	$0.61	$0.71
July	$0.36	$1.57	$1.84	$0.61	$0.71

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

Percentage of Total Fluid Milk Products Sold, by Size and Container Type
October 2010

Size of Container	TYPE OF CONTAINER			
	Glass	Paper/Bag	Plastic	Total of Each Type
	Percent			
3, 5, 6 Gallon	N/A	0.76%	0.18%	0.94%
1 Gallon	0.00%	0.00%	66.72%	66.72%
1/2 Gallon	0.01%	13.77%	6.04%	19.82%
Quart	0.00%	2.36%	0.42%	2.78%
1/3 Quart (10 oz.)	N/A	0.14%	0.04%	0.17%
Pint	N/A	0.17%	0.22%	0.39%
1/2 Pint (8 oz. Pouch)	N/A	6.08%	2.00%	8.09%
4 oz (Pouch)	N/A	0.10%	0.00%	0.10%
12, 14 oz.	N/A	0.00%	0.61%	0.61%
Other	N/A	0.22%	0.15%	0.38%

This newsletter can also be found on our website at: www.cdfa.ca.gov/dairy/milkpricing_nl.html

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