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Dairy Marketing Branch

Milk Pricing NEWSLETTER

Serving the California dairy industry for over 10 years

Dairy Marketing Branch, CDFA June 2011

National Dairy Commodity Prices Drive Retail Milk Prices Slightly Higher

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, Grade AA Butter, Nonfat Dry Milk, and Western Dry Whey all increased, consequently all milk prices showed an increase: whole milk increased eight and three tenths cents per gallon; reduced fat milk increased seven and seven tenths cents per gallon; lowfat milk increased seven and four tenths cents per gallon; and skim milk increased five and six tenths cents per gallon.

Milk production across the U.S. remains strong and while some parts of the country are winding down from the seasonal spring flush milk production, other parts of the country are dealing with heat waves and flood conditions. The Grade AA butter, Cheddar Cheese, and nonfat dry milk commodity prices remain strong.

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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 July 2011

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	$1.924	$0.962	$0.481	$0.241	$0.160	$0.120
Reduced Fat 2%	$1.762	$0.881	$0.441	$0.220	$0.147	$0.110
Lowfat 1%	$1.669	$0.834	$0.417	$0.209	$0.139	$0.104
Nonfat (Skim)	$1.264	$0.632	$0.316	$0.158	$0.105	$0.079
Southern California						
Whole	$1.948	$0.974	$0.487	$0.243	$0.162	$0.122
Reduced Fat 2%	$1.786	$0.893	$0.446	$0.223	$0.149	$0.112
Lowfat 1%	$1.692	$0.846	$0.423	$0.212	$0.141	$0.106
Nonfat (Skim)	$1.289	$0.644	$0.322	$0.161	$0.107	$0.081

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	$0.083	$0.042	$0.021	$0.010	$0.007	$0.005
Reduced Fat 2%	$0.077	$0.038	$0.019	$0.010	$0.006	$0.005
Lowfat 1%	$0.074	$0.037	$0.018	$0.009	$0.006	$0.005
Nonfat (Skim)	$0.056	$0.028	$0.014	$0.007	$0.005	$0.004

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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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