



Milk Pricing NEWSLETTER

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Dairy Marketing Branch, CDFA

November 2011

Milk Prices Increase Slightly in December . . .

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 Grade AA butter, Cheddar cheese, nonfat dry milk and dry whey, are significant factors in determining the minimum milk price.

Compared to last month, the national commodity prices for Grade AA Butter, Cheddar Cheese and Western Dry Whey increased, while Nonfat Dry Milk prices decreased, consequently all milk prices showed a slight increase.

With the fall/winter season underway, U.S. milk production remains strong and slightly above last year levels. Holiday dairy product production is in full force with plants sending more milk to the churn. Holiday orders appear strong and retail promotions are building in anticipation of the holiday season. Dairy producers continue to be hit hard by high feed costs and low availability of alfalfa hay.

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 December 2011

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Northern California						
Whole	\$1.778	\$0.889	\$0.444	\$0.222	\$0.148	\$0.111
Reduced Fat 2%	\$1.657	\$0.828	\$0.414	\$0.207	\$0.138	\$0.104
Lowfat 1%	\$1.590	\$0.795	\$0.398	\$0.199	\$0.133	\$0.099
Nonfat (Skim)	\$1.221	\$0.610	\$0.305	\$0.153	\$0.102	\$0.076
Southern California						
Whole	\$1.801	\$0.900	\$0.450	\$0.225	\$0.150	\$0.113
Reduced Fat 2%	\$1.680	\$0.840	\$0.420	\$0.210	\$0.140	\$0.105
Lowfat 1%	\$1.614	\$0.807	\$0.403	\$0.202	\$0.134	\$0.101
Nonfat (Skim)	\$1.245	\$0.623	\$0.311	\$0.156	\$0.104	\$0.078

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	\$0.035	\$0.017	\$0.009	\$0.004	\$0.003	\$0.002
Reduced Fat 2%	\$0.023	\$0.012	\$0.006	\$0.003	\$0.002	\$0.001
Lowfat 1%	\$0.015	\$0.008	\$0.004	\$0.002	\$0.001	\$0.001
Nonfat (Skim)	\$0.007	\$0.003	\$0.002	\$0.001	\$0.001	\$0.000

Price Changes from the Previous Pricing Period Displayed in Cents

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	3.5¢	1.7¢	0.9¢	0.4¢	0.3¢	0.2¢
Reduced Fat 2%	2.3¢	1.2¢	0.6¢	0.3¢	0.2¢	0.1¢
Lowfat 1%	1.5¢	0.8¢	0.4¢	0.2¢	0.1¢	0.1¢
Nonfat (Skim)	0.7¢	0.3¢	0.2¢	0.1¢	0.1¢	0.0¢

All milk prices showed an increase: whole milk increased three and five tenths cents per gallon; reduced fat milk increased two and three tenths cents per gallon; lowfat milk increased one and five tenths cents per gallon; and skim milk increased seven tenths of a cent per gallon.

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 (\$/qt)	Super Premium Ice Cream (\$/1.5 qt)*	Generic Ice Cream (\$/1.5 qt)*	Grade AA Butter (\$/lb)	Cheese (\$/lb)
August '10	\$0.28	\$1.26	\$0.49	\$1.77	\$1.43
September	\$0.28	\$1.26	\$0.49	\$2.07	\$1.54
October	\$0.26	\$1.44	\$0.55	\$2.05	\$1.56
November	\$0.26	\$1.44	\$0.55	\$1.87	\$1.31
December	\$0.27	\$1.47	\$0.56	\$1.47	\$1.22
January '11	\$0.27	\$1.47	\$0.56	\$1.79	\$1.24
February	\$0.27	\$1.30	\$0.50	\$1.92	\$1.68
March	\$0.27	\$1.30	\$0.50	\$1.95	\$1.67
April	\$0.32	\$1.54	\$0.59	\$1.85	\$1.43
May	\$0.32	\$1.54	\$0.59	\$1.90	\$1.47
June	\$0.36	\$1.57	\$0.61	\$1.99	\$1.87
July	\$0.36	\$1.57	\$0.61	\$1.89	\$1.92
August	\$0.37	\$1.63	\$0.63	\$1.94	\$1.85
September	\$0.37	\$1.63	\$0.63	\$1.80	\$1.58
October	\$0.36	\$1.57	\$0.61	\$1.66	\$1.53
November	\$0.36	\$1.57	\$0.61	N/A	N/A

Average U.S. Retail Prices for Whole, Reduced Fat, Lowfat, and Skim Milk Selected Cities, August - October 2011

CITY	August 2011				September 2011				October 2011			
	Whole	Reduced Fat	Lowfat	Skim	Whole	Reduced Fat	Lowfat	Skim	Whole	Reduced Fat	Lowfat	Skim
<i>Weighted Average Prices in Dollars Per Gallon</i>												
Los Angeles	\$3.52	\$3.35	\$3.47	\$3.15	\$3.57	\$3.42	\$3.58	\$3.20	\$3.59	\$3.42	\$3.57	\$3.16
San Diego	\$3.65	\$3.44	\$3.63	\$3.37	\$3.72	\$3.50	\$3.69	\$3.41	\$3.73	\$3.51	\$3.71	\$3.39
Sacramento	\$3.70	\$3.56	\$3.63	\$3.45	\$3.72	\$3.59	\$3.66	\$3.48	\$3.74	\$3.60	\$3.66	\$3.43
San Francisco	\$3.93	\$3.75	\$4.04	\$3.78	\$3.95	\$3.78	\$4.06	\$3.79	\$3.95	\$3.76	\$4.04	\$3.74
Denver	\$2.91	\$2.83	\$2.88	\$2.74	\$2.91	\$2.82	\$2.88	\$2.74	\$2.88	\$2.81	\$2.86	\$2.71
Las Vegas	\$3.29	\$3.18	\$3.18	\$3.32	\$3.35	\$3.24	\$3.25	\$3.34	\$3.31	\$3.21	\$3.25	\$3.19
Phoenix	\$2.40	\$2.28	\$2.30	\$2.21	\$2.56	\$2.48	\$2.48	\$2.42	\$2.60	\$2.56	\$2.54	\$2.51
Portland	\$3.09	\$3.03	\$3.04	\$2.96	\$3.15	\$3.04	\$3.05	\$2.97	\$3.11	\$2.92	\$2.89	\$2.78
Salt Lake City-Boise	\$2.77	\$2.65	\$2.64	\$2.84	\$2.89	\$2.74	\$2.72	\$2.88	\$2.90	\$2.75	\$2.73	\$2.90
Seattle	\$3.04	\$2.92	\$2.98	\$2.95	\$3.06	\$2.91	\$3.00	\$2.92	\$3.02	\$2.89	\$2.91	\$2.82

Source: AC Nielsen Scantrack Reports on Refrigerated Milk. The average price per gallon represents the weighted averages for specific brands of milk within the specified market. Data includes organic milk. Data subject to revision. October data through the week ending 10/01/11.

California Department of Food and Agriculture (CDFA)

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