



Milk Pricing

NEWSLETTER

Serving the California dairy industry for over 11 years

Dairy Marketing Branch, CDFA

February 2012

Changes In Commodity Prices Were Mixed . . .

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 Nonfat Dry Milk decreased, while the Western Dry Whey price showed a slight increase, consequently all milk prices showed a decrease.

So far winter weather across the U.S. has not had a significant effect on milk production as it remains consistently above 2011 levels. Inventories of cheese and butter have grown as production exceeds demand. Dairy producers continue to experience high feed costs while milk prices decline.

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 March 2012

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Northern California						
Whole	\$1.514	\$0.757	\$0.378	\$0.189	\$0.126	\$0.095
Reduced Fat 2%	\$1.432	\$0.716	\$0.358	\$0.179	\$0.119	\$0.090
Lowfat 1%	\$1.390	\$0.695	\$0.348	\$0.174	\$0.116	\$0.087
Nonfat (Skim)	\$1.078	\$0.539	\$0.270	\$0.135	\$0.090	\$0.067
Southern California						
Whole	\$1.537	\$0.769	\$0.384	\$0.192	\$0.128	\$0.096
Reduced Fat 2%	\$1.456	\$0.728	\$0.364	\$0.182	\$0.121	\$0.091
Lowfat 1%	\$1.414	\$0.707	\$0.354	\$0.177	\$0.118	\$0.088
Nonfat (Skim)	\$1.103	\$0.551	\$0.276	\$0.138	\$0.092	\$0.069

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	-\$0.079 ↓	-\$0.039 ↓	-\$0.020 ↓	-\$0.010 ↓	-\$0.007 ↓	-\$0.005 ↓
Reduced Fat 2%	-\$0.064 ↓	-\$0.032 ↓	-\$0.016 ↓	-\$0.008 ↓	-\$0.005 ↓	-\$0.004 ↓
Lowfat 1%	-\$0.055 ↓	-\$0.027 ↓	-\$0.014 ↓	-\$0.007 ↓	-\$0.005 ↓	-\$0.003 ↓
Nonfat (Skim)	-\$0.037 ↓	-\$0.019 ↓	-\$0.009 ↓	-\$0.005 ↓	-\$0.003 ↓	-\$0.002 ↓

Price Changes from the Previous Pricing Period Displayed in Cents

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	-7.9¢ ↓	-3.9¢ ↓	-2.0¢ ↓	-1.0¢ ↓	-0.7¢ ↓	-0.5¢ ↓
Reduced Fat 2%	-6.4¢ ↓	-3.2¢ ↓	-1.6¢ ↓	-0.8¢ ↓	-0.5¢ ↓	-0.4¢ ↓
Lowfat 1%	-5.5¢ ↓	-2.7¢ ↓	-1.4¢ ↓	-0.7¢ ↓	-0.5¢ ↓	-0.3¢ ↓
Nonfat (Skim)	-3.7¢ ↓	-1.9¢ ↓	-0.9¢ ↓	-0.5¢ ↓	-0.3¢ ↓	-0.2¢ ↓

All milk prices showed a decrease: whole milk decreased seven and nine tenths cents per gallon; reduced fat milk decreased six and four tenths cents per gallon; lowfat milk decreased five and five tenths cents per gallon; and skim milk decreased three and seven tenths cents 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,
- 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)
November '10	\$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	\$1.63	\$1.67
December	\$0.33	\$1.40	\$0.55	\$1.48	\$1.47
January '12	\$0.33	\$1.40	\$0.55	\$1.45	\$1.38
February	\$0.31	\$1.26	\$0.49	N/A	N/A

Average U.S. Retail Prices for Whole, Reduced Fat, Lowfat, and Skim Milk Selected Cities, November 2011 - January 2012

CITY	November 2011				December 2011				January 2012			
	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	\$3.48	\$3.33	\$3.44	\$3.07	\$3.48	\$3.33	\$3.46	\$3.09	\$3.48	\$3.31	\$3.43	\$3.07
San Diego	\$3.61	\$3.42	\$3.59	\$3.32	\$3.61	\$3.43	\$3.60	\$3.32	\$3.62	\$3.40	\$3.58	\$3.30
Sacramento	\$3.63	\$3.50	\$3.54	\$3.49	\$3.61	\$3.47	\$3.49	\$3.40	\$3.61	\$3.48	\$3.52	\$3.47
San Francisco	\$3.87	\$3.71	\$3.99	\$3.77	\$3.85	\$3.69	\$3.97	\$3.73	\$3.84	\$3.67	\$3.98	\$3.71
Denver	\$2.81	\$2.73	\$2.79	\$2.58	\$2.83	\$2.76	\$2.82	\$2.68	\$2.98	\$2.90	\$2.96	\$2.82
Las Vegas	\$3.25	\$3.17	\$3.19	\$3.20	\$3.25	\$3.18	\$3.18	\$3.25	\$3.25	\$3.19	\$3.21	\$3.26
Phoenix	\$2.37	\$2.27	\$2.29	\$2.20	\$2.37	\$2.30	\$2.33	\$2.25	\$2.55	\$2.51	\$2.50	\$2.43
Portland	\$3.11	\$3.00	\$3.05	\$2.98	\$3.11	\$2.99	\$3.04	\$3.03	\$3.14	\$2.97	\$3.04	\$2.99
Salt Lake City-Boise	\$2.81	\$2.68	\$2.65	\$2.87	\$2.80	\$2.66	\$2.62	\$2.84	\$2.86	\$2.71	\$2.69	\$2.88
Seattle	\$3.04	\$2.90	\$2.96	\$2.91	\$3.04	\$2.90	\$2.95	\$2.94	\$3.11	\$2.89	\$2.98	\$2.94

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. January data through the week ending 1/21/12.

California Department of Food and Agriculture (CDFA)

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