

# Milk Pricing

## NEWSLETTER



Dairy Marketing Branch, CDFA

April 2005

### National Commodity Prices for Butter and Cheese Edge Upwards . . .

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, and nonfat dry milk, are significant factors in determining the minimum milk price (See *national commodities prices chart on page 2*).

The national commodity prices for nonfat dry milk, Cheddar cheese, and Grade A Butter recorded increases compared to last month. Consequently, the prices for whole, reduced fat, lowfat, and skim milk all increased: whole milk increased five and five tenths cents per gallon; reduced fat milk increased five and eight tenths cents per gallon; lowfat milk increased six tenths cents per gallon; and skim milk increased five tenths cents per gallon.

*\*See lowest reported lawful retail milk prices on page 2.*

Milk production across the U.S. and California is ahead of last year levels, despite winter weather conditions in parts of the country. The demand for dairy products has been holding strong and retail sales of cheese and butter remain up. The production of cheese and butter has been on the increase to meet the demand. The commodity prices for Cheddar cheese and Grade A butter have been volatile over the last few months, but have edged upward in the last month.

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 May 2005

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.409	\$0.704	\$0.352	\$0.176	\$0.117	\$0.088
Reduced Fat (2%)	\$1.293	\$0.647	\$0.323	\$0.162	\$0.108	\$0.081
Lowfat (1%)	\$1.227	\$0.613	\$0.307	\$0.153	\$0.102	\$0.077
Nonfat (Skim)	\$0.930	\$0.465	\$0.232	\$0.116	\$0.077	\$0.058

Southern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.432	\$0.716	\$0.358	\$0.179	\$0.119	\$0.090
Reduced Fat (2%)	\$1.317	\$0.658	\$0.329	\$0.165	\$0.110	\$0.082
Lowfat (1%)	\$1.250	\$0.625	\$0.313	\$0.156	\$0.104	\$0.078
Nonfat (Skim)	\$0.954	\$0.477	\$0.239	\$0.119	\$0.080	\$0.060

#### Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.055	\$0.027	\$0.014	\$0.007	\$0.005	\$0.003
Reduced Fat (2%)	\$0.058	\$0.029	\$0.014	\$0.007	\$0.005	\$0.004
Lowfat (1%)	\$0.060	\$0.030	\$0.015	\$0.008	\$0.005	\$0.004
Nonfat (Skim)	\$0.050	\$0.025	\$0.013	\$0.006	\$0.004	\$0.003

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California  
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## Minimum Prices for the Milk Component of Various Manufactured Dairy Products

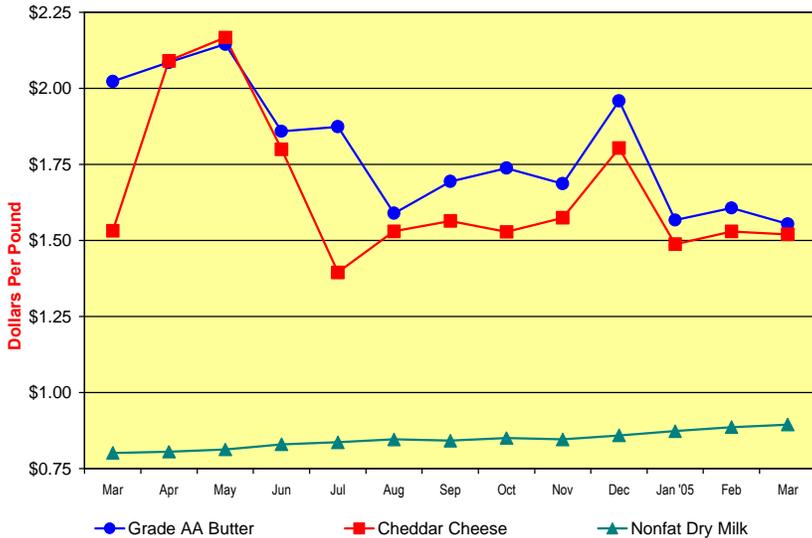
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super-Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
June '04	\$0.21	\$ 1.90	\$0.71
July	\$0.21	\$ 1.90	\$0.71
August	\$0.21	\$ 1.68	\$0.63
September	\$0.21	\$ 1.68	\$0.63
October	\$0.20	\$ 1.53	\$0.58
November	\$0.20	\$ 1.53	\$0.58
December	\$0.21	\$ 1.63	\$0.61
January '05	\$0.21	\$ 1.63	\$0.61
February	\$0.21	\$ 1.56	\$0.59
March	\$0.21	\$ 1.56	\$0.59
April	\$0.21	\$ 1.50	\$0.57

### National Commodity Prices March 2004 - March 2005

#### Grade AA Butter, Block Cheddar Cheese, Nonfat Dry Milk



#### Lowest Reported Lawful Retail Prices for Milk April 2005

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.79	\$2.40
2% Reduced Fat	\$4.49	\$2.25
1% Lowfat	\$4.49	\$2.25
Nonfat/Skim	\$3.69	\$1.85
<u>Southern California</u>		
Whole Milk	\$4.73	\$2.37
2% Reduced Fat	\$4.45	\$2.23
1% Lowfat	\$4.45	\$2.23
Nonfat/Skim	\$3.59	\$1.80

This newsletter can also be found on our website at:  
[www.cdfta.ca.gov/dairy/milkpricing\\_nl.html](http://www.cdfta.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@cdfta.ca.gov](mailto:dairy@cdfta.ca.gov), or by contacting TDD 1-800-735-0193.

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