

Milk Pricing

NEWSLETTER



Dairy Marketing Branch, CDFA

December 2004

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 remained constant while the Grade A butter and Cheddar cheese prices increased compared to last month. Consequently, the prices for whole, reduced fat, lowfat, and skim milk all increased: whole milk increased nineteen and nine tenths cents per gallon; reduced fat milk increased sixteen and nine tenths cents per gallon; lowfat milk increased fifteen and one tenth cents per gallon; and skim milk increased ten and seven tenths cents per gallon.

The demand for cheese and butter remains stronger than expected and milk production has shown increases over last year totals. With the commodity prices for butter and cheese on the rise, retailers are stocking up, adding to the increased demand - all contributing to stronger milk prices overall for this time of year. The upcoming holiday season will also add to the increased demand for dairy products, including next month's Super Bowl, said to be the biggest cheese buying event of the year.

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.

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

Minimum Prices for the Four Types of Fluid Milk by Container Size for January 2005

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.584	\$0.792	\$0.396	\$0.198	\$0.132	\$0.099
Reduced Fat (2%)	\$1.410	\$0.705	\$0.353	\$0.176	\$0.118	\$0.088
Lowfat (1%)	\$1.305	\$0.652	\$0.326	\$0.163	\$0.109	\$0.082
Nonfat (Skim)	\$0.965	\$0.482	\$0.241	\$0.121	\$0.080	\$0.060
Southern California						
Whole Milk	\$1.607	\$0.804	\$0.402	\$0.201	\$0.134	\$0.100
Reduced Fat (2%)	\$1.434	\$0.717	\$0.358	\$0.179	\$0.119	\$0.090
Lowfat (1%)	\$1.328	\$0.664	\$0.332	\$0.166	\$0.111	\$0.083
Nonfat (Skim)	\$0.989	\$0.495	\$0.247	\$0.124	\$0.082	\$0.062
	Price Changes from the Previous Pricing Period					
	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.199	\$0.100	\$0.050	\$0.025	\$0.017	\$0.012
Reduced Fat (2%)	\$0.169	\$0.085	\$0.042	\$0.021	\$0.014	\$0.011
Lowfat (1%)	\$0.151	\$0.075	\$0.038	\$0.019	\$0.013	\$0.009
Nonfat (Skim)	\$0.107	\$0.054	\$0.027	\$0.013	\$0.009	\$0.007

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

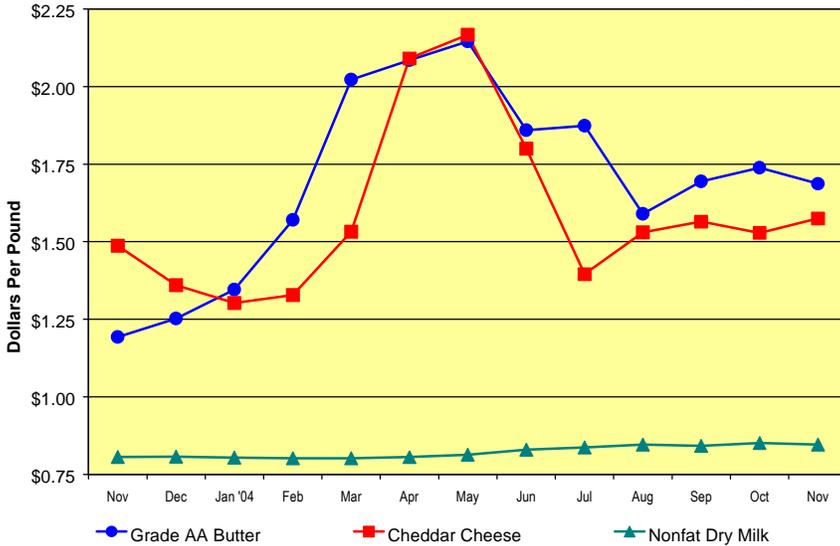
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- 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)
Feb '04	\$0.19	\$1.27	\$0.49
Mar	\$0.19	\$1.27	\$0.49
Apr	\$0.20	\$1.70	\$0.64
May	\$0.20	\$1.70	\$0.64
June	\$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

National Commodity Prices November 2003 - November 2004

Grade AA Butter, Block Cheddar Cheese, Nonfat Dry Milk



Lowest Reported Lawful Retail Prices for Milk December 2004

	Two-Pack	Single Gallon
Northern California		
Whole Milk	\$4.89	\$2.45
2% Reduced Fat	\$4.49	\$2.25
1% Lowfat	\$4.49	\$2.25
Nonfat/Skim	\$3.59	\$1.80
Southern California		
Whole Milk	\$4.77	\$2.39
2% Reduced Fat	\$4.45	\$2.23
1% Lowfat	\$4.45	\$2.23
Nonfat/Skim	\$3.55	\$1.78

This newsletter can also be found on our website at: 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, or by contacting TDD 1-800-735-0193.

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