



Milk Pricing NEWSLETTER

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Dairy Marketing Branch, CDFA

April 2012

Milk Prices Continue Downward Trend . . .

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 and Cheddar Cheese increased, while Nonfat Dry Milk and Western Dry Whey showed decreases, consequently all milk prices decreased.

Milk production across the U.S. continues to be above last year levels and many plants across the country are reporting full plant capacity. The increased milk production has led to increased production of nonfat dry milk and butter, compared to last year levels. Seasonal ice cream production has started which could tighten cream availability for the churn.

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 2012

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Northern California						
Whole	\$1.457	\$0.728	\$0.364	\$0.182	\$0.121	\$0.091
Reduced Fat 2%	\$1.372	\$0.686	\$0.343	\$0.172	\$0.114	\$0.086
Lowfat 1%	\$1.327	\$0.664	\$0.332	\$0.166	\$0.111	\$0.083
Nonfat (Skim)	\$1.026	\$0.513	\$0.256	\$0.128	\$0.085	\$0.064
Southern California						
Whole	\$1.480	\$0.740	\$0.370	\$0.185	\$0.123	\$0.093
Reduced Fat 2%	\$1.396	\$0.698	\$0.349	\$0.174	\$0.116	\$0.087
Lowfat 1%	\$1.351	\$0.676	\$0.338	\$0.169	\$0.113	\$0.084
Nonfat (Skim)	\$1.050	\$0.525	\$0.263	\$0.131	\$0.088	\$0.066

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	-\$0.023 ↓	-\$0.012 ↓	-\$0.006 ↓	-\$0.003 ↓	-\$0.002 ↓	-\$0.001 ↓
Reduced Fat 2%	-\$0.032 ↓	-\$0.016 ↓	-\$0.008 ↓	-\$0.004 ↓	-\$0.003 ↓	-\$0.002 ↓
Lowfat 1%	-\$0.038 ↓	-\$0.019 ↓	-\$0.010 ↓	-\$0.005 ↓	-\$0.003 ↓	-\$0.002 ↓
Nonfat (Skim)	-\$0.035 ↓	-\$0.018 ↓	-\$0.009 ↓	-\$0.004 ↓	-\$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	-2.3¢ ↓	-1.2¢ ↓	-0.6¢ ↓	-0.3¢ ↓	-0.2¢ ↓	-0.1¢ ↓
Reduced Fat 2%	-3.2¢ ↓	-1.6¢ ↓	-0.8¢ ↓	-0.4¢ ↓	-0.3¢ ↓	-0.2¢ ↓
Lowfat 1%	-3.8¢ ↓	-1.9¢ ↓	-1.0¢ ↓	-0.5¢ ↓	-0.3¢ ↓	-0.2¢ ↓
Nonfat (Skim)	-3.5¢ ↓	-1.8¢ ↓	-0.9¢ ↓	-0.4¢ ↓	-0.3¢ ↓	-0.2¢ ↓

All milk prices showed a decrease: whole milk decreased two and three tenths cents per gallon; reduced fat milk decreased three and two tenths cents per gallon; lowfat milk decreased three and eight tenths cents per gallon; and skim milk decreased three and five 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)
December '10	\$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	\$1.30	\$1.30
March	\$0.31	\$1.26	\$0.49	\$1.33	\$1.33
April	\$0.30	\$1.16	\$0.46	N/A	N/A

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

CITY	January 2012				February 2012				March 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	\$3.31	\$3.43	\$3.07	\$3.49	\$3.32	\$3.41	\$3.08	\$3.38	\$3.26	\$3.37	\$3.06
San Diego	\$3.62	\$3.40	\$3.58	\$3.30	\$3.57	\$3.36	\$3.53	\$3.24	\$3.53	\$3.33	\$3.50	\$3.20
Sacramento	\$3.61	\$3.48	\$3.52	\$3.47	\$3.59	\$3.45	\$3.48	\$3.55	\$3.54	\$3.42	\$3.44	\$3.53
San Francisco	\$3.84	\$3.67	\$3.98	\$3.71	\$3.84	\$3.65	\$3.98	\$3.72	\$3.83	\$3.64	\$3.94	\$3.72
Denver	\$2.98	\$2.90	\$2.96	\$2.82	\$2.83	\$2.75	\$2.78	\$2.66	\$2.84	\$2.75	\$2.79	\$2.66
Las Vegas	\$3.25	\$3.19	\$3.21	\$3.26	\$3.18	\$3.09	\$3.09	\$3.19	\$3.13	\$3.02	\$3.04	\$3.10
Phoenix	\$2.55	\$2.51	\$2.50	\$2.43	\$2.44	\$2.36	\$2.36	\$2.31	\$2.40	\$2.37	\$2.38	\$2.30
Portland	\$3.14	\$2.97	\$3.04	\$2.99	\$3.09	\$2.93	\$3.00	\$2.97	\$3.10	\$2.94	\$3.00	\$2.97
Salt Lake City-Boise	\$2.86	\$2.71	\$2.69	\$2.88	\$2.82	\$2.65	\$2.63	\$2.82	\$2.77	\$2.61	\$2.58	\$2.81
Seattle	\$3.11	\$2.89	\$2.98	\$2.94	\$3.07	\$2.87	\$2.96	\$2.94	\$3.02	\$2.82	\$2.92	\$2.90

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. March data through the week ending 3/17/12.

California Department of Food and Agriculture (CDFA)

Karen Ross, Secretary



Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
Phone (916) 900-5014; Website: www.cdfa.ca.gov/dairy; email address: dairy@cdfa.ca.gov

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