



# Milk Pricing NEWSLETTER

*Serving the California dairy industry for over 11 years*

Dairy Marketing Branch, CDFA

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

Milk production across the U.S. continues to be above last year levels. The increased milk production has led to increased production of nonfat dry milk and butter, compared to last year levels. With the Easter season approaching, the increased production/sales of cream-based dairy products (such as cream cheese and ice cream) 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 April 2012

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
<b>Northern California</b>						
Whole	\$1.480	\$0.740	\$0.370	\$0.185	\$0.123	\$0.093
Reduced Fat 2%	\$1.404	\$0.702	\$0.351	\$0.176	\$0.117	\$0.088
Lowfat 1%	\$1.366	\$0.683	\$0.341	\$0.171	\$0.114	\$0.085
Nonfat (Skim)	\$1.061	\$0.531	\$0.265	\$0.133	\$0.088	\$0.066
<b>Southern California</b>						
Whole	\$1.503	\$0.752	\$0.376	\$0.188	\$0.125	\$0.094
Reduced Fat 2%	\$1.428	\$0.714	\$0.357	\$0.178	\$0.119	\$0.089
Lowfat 1%	\$1.390	\$0.695	\$0.347	\$0.174	\$0.116	\$0.087
Nonfat (Skim)	\$1.086	\$0.543	\$0.271	\$0.136	\$0.090	\$0.068

### Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	-\$0.034 ↓	-\$0.017 ↓	-\$0.008 ↓	-\$0.004 ↓	-\$0.003 ↓	-\$0.002 ↓
Reduced Fat 2%	-\$0.028 ↓	-\$0.014 ↓	-\$0.007 ↓	-\$0.004 ↓	-\$0.002 ↓	-\$0.002 ↓
Lowfat 1%	-\$0.025 ↓	-\$0.012 ↓	-\$0.006 ↓	-\$0.003 ↓	-\$0.002 ↓	-\$0.002 ↓
Nonfat (Skim)	-\$0.017 ↓	-\$0.009 ↓	-\$0.004 ↓	-\$0.002 ↓	-\$0.001 ↓	-\$0.001 ↓

### Price Changes from the Previous Pricing Period Displayed in Cents

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	-3.4¢ ↓	-1.7¢ ↓	-0.8¢ ↓	-0.4¢ ↓	-0.3¢ ↓	-0.2¢ ↓
Reduced Fat 2%	-2.8¢ ↓	-1.4¢ ↓	-0.7¢ ↓	-0.4¢ ↓	-0.2¢ ↓	-0.2¢ ↓
Lowfat 1%	-2.5¢ ↓	-1.2¢ ↓	-0.6¢ ↓	-0.3¢ ↓	-0.2¢ ↓	-0.2¢ ↓
Nonfat (Skim)	-1.7¢ ↓	-0.9¢ ↓	-0.4¢ ↓	-0.2¢ ↓	-0.1¢ ↓	-0.1¢ ↓

All milk prices showed a decrease: whole milk decreased three and four tenths cents per gallon; reduced fat milk decreased two and eight tenths cents per gallon; lowfat milk decreased two and five tenths cents per gallon; and skim milk decreased one 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	\$1.30	\$1.30
March	\$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, December 2011 - February 2012

CITY	December 2011				January 2012				February 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	\$3.46	\$3.09	\$3.48	\$3.31	\$3.43	\$3.07	\$3.49	\$3.33	\$3.41	\$3.08
San Diego	\$3.61	\$3.43	\$3.60	\$3.32	\$3.62	\$3.40	\$3.58	\$3.30	\$3.57	\$3.36	\$3.54	\$3.25
Sacramento	\$3.61	\$3.47	\$3.49	\$3.40	\$3.61	\$3.48	\$3.52	\$3.47	\$3.59	\$3.45	\$3.48	\$3.55
San Francisco	\$3.85	\$3.69	\$3.97	\$3.73	\$3.84	\$3.67	\$3.98	\$3.71	\$3.84	\$3.65	\$3.98	\$3.71
Denver	\$2.83	\$2.76	\$2.82	\$2.68	\$2.98	\$2.90	\$2.96	\$2.82	\$2.85	\$2.76	\$2.79	\$2.67
Las Vegas	\$3.25	\$3.18	\$3.18	\$3.25	\$3.25	\$3.19	\$3.21	\$3.26	\$3.19	\$3.10	\$3.11	\$3.20
Phoenix	\$2.37	\$2.30	\$2.33	\$2.25	\$2.55	\$2.51	\$2.50	\$2.43	\$2.43	\$2.35	\$2.36	\$2.31
Portland	\$3.11	\$2.99	\$3.04	\$3.03	\$3.14	\$2.97	\$3.04	\$2.99	\$3.12	\$2.97	\$3.03	\$3.03
Salt Lake City-Boise	\$2.80	\$2.66	\$2.62	\$2.84	\$2.86	\$2.71	\$2.69	\$2.88	\$2.82	\$2.66	\$2.64	\$2.83
Seattle	\$3.04	\$2.90	\$2.95	\$2.94	\$3.11	\$2.89	\$2.98	\$2.94	\$3.09	\$2.88	\$2.97	\$2.95

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. February data through the week ending 2/18/12.

### California Department of Food and Agriculture (CDFA)

Karen Ross, Secretary



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