



Milk Pricing

NEWSLETTER

Serving the California dairy industry for over 10 years

Dairy Marketing Branch, CDFA

October 2011

Milk Prices Decrease Again . . .

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 butter, Cheddar cheese, nonfat dry milk and dry whey, are significant factors in determining the minimum milk price (See page 2).

Compared to last month, the national commodity prices for Grade AA Butter, Cheddar Cheese and Nonfat Dry Milk prices decreased, while Western Dry Whey increased, consequently all milk prices showed a decrease: whole milk decreased ten and six tenths cents per gallon; reduced fat milk decreased six and six tenths cents per gallon; lowfat milk decreased four and zero tenths cents per gallon; and skim milk decreased one and three tenths cents per gallon.

U.S. milk production remains strong while feed and production costs continue to be high. Butter production continues to increase and in anticipation of the upcoming holiday season, butter and cheese production are expected to remain strong. For the second consecutive month prices for all four types of milk decreased.

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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 November 2011

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Northern California						
Whole	\$1.743	\$0.871	\$0.436	\$0.218	\$0.145	\$0.109
Reduced Fat 2%	\$1.634	\$0.817	\$0.408	\$0.204	\$0.136	\$0.102
Lowfat 1%	\$1.575	\$0.787	\$0.394	\$0.197	\$0.131	\$0.098
Nonfat (Skim)	\$1.214	\$0.607	\$0.304	\$0.152	\$0.101	\$0.076
Southern California						
Whole	\$1.766	\$0.883	\$0.442	\$0.221	\$0.147	\$0.110
Reduced Fat 2%	\$1.657	\$0.829	\$0.414	\$0.207	\$0.138	\$0.104
Lowfat 1%	\$1.599	\$0.799	\$0.400	\$0.200	\$0.133	\$0.100
Nonfat (Skim)	\$1.239	\$0.619	\$0.310	\$0.155	\$0.103	\$0.077

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	-10.6¢ ↓	-5.3¢ ↓	-2.6¢ ↓	-1.3¢ ↓	-0.9¢ ↓	-0.7¢ ↓
Reduced Fat 2%	-6.6¢ ↓	-3.3¢ ↓	-1.7¢ ↓	-0.8¢ ↓	-0.6¢ ↓	-0.4¢ ↓
Lowfat 1%	-4.0¢ ↓	-2.0¢ ↓	-1.0¢ ↓	-0.5¢ ↓	-0.3¢ ↓	-0.2¢ ↓
Nonfat (Skim)	-1.3¢ ↓	-0.7¢ ↓	-0.3¢ ↓	-0.2¢ ↓	-0.1¢ ↓	-0.1¢ ↓



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

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	Super Premium Ice Cream		Generic Ice Cream	
	(\$/qt)	(\$/1.5 qt)*	(\$1.75qt)*	(\$/1.5 qt)*	(\$1.75qt)*
August '10	\$0.28	\$1.26	\$1.47	\$0.49	\$0.57
September	\$0.28	\$1.26	\$1.47	\$0.49	\$0.57
October	\$0.26	\$1.44	\$1.68	\$0.55	\$0.64
November	\$0.26	\$1.44	\$1.68	\$0.55	\$0.64
December	\$0.27	\$1.47	\$1.72	\$0.56	\$0.65
January '11	\$0.27	\$1.47	\$1.72	\$0.56	\$0.65
February	\$0.27	\$1.30	\$1.52	\$0.50	\$0.59
March	\$0.27	\$1.30	\$1.52	\$0.50	\$0.59
April	\$0.32	\$1.54	\$1.80	\$0.59	\$0.69
May	\$0.32	\$1.54	\$1.80	\$0.59	\$0.69
June	\$0.36	\$1.57	\$1.84	\$0.61	\$0.71
July	\$0.36	\$1.57	\$1.84	\$0.61	\$0.71
August	\$0.37	\$1.63	\$1.90	\$0.63	\$0.74
September	\$0.37	\$1.63	\$1.90	\$0.63	\$0.74
October	\$0.36	\$1.57	\$1.83	\$0.61	\$0.71

Average U.S. Retail Prices for Whole, Reduced Fat, Lowfat, and Skim Milk Selected Cities, July - September 2011

CITY	July 2011				August 2011				September 2011			
	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	\$3.50	\$3.28	\$3.36	\$3.08	\$3.52	\$3.35	\$3.47	\$3.15	\$3.58	\$3.41	\$3.57	\$3.25
San Diego	\$3.60	\$3.34	\$3.51	\$3.25	\$3.65	\$3.44	\$3.63	\$3.37	\$3.73	\$3.49	\$3.69	\$3.47
Sacramento	\$3.58	\$3.45	\$3.52	\$3.37	\$3.70	\$3.56	\$3.63	\$3.45	\$3.72	\$3.58	\$3.65	\$3.57
San Francisco	\$3.84	\$3.67	\$3.95	\$3.68	\$3.93	\$3.75	\$4.04	\$3.78	\$3.99	\$3.79	\$4.10	\$3.89
Denver	\$2.97	\$2.91	\$2.97	\$2.84	\$2.91	\$2.83	\$2.88	\$2.74	\$3.03	\$2.92	\$3.00	\$2.85
Las Vegas	\$3.24	\$3.06	\$3.08	\$3.30	\$3.29	\$3.18	\$3.18	\$3.32	\$3.37	\$3.25	\$3.27	\$3.34
Phoenix	\$2.37	\$2.27	\$2.29	\$2.26	\$2.40	\$2.28	\$2.30	\$2.21	\$2.70	\$2.67	\$2.69	\$2.72
Portland	\$3.01	\$2.94	\$2.98	\$2.93	\$3.09	\$3.03	\$3.04	\$2.96	\$3.17	\$3.08	\$3.10	\$3.05
Salt Lake City-Boise	\$2.75	\$2.62	\$2.58	\$2.78	\$2.77	\$2.65	\$2.64	\$2.84	\$2.84	\$2.73	\$2.67	\$2.81
Seattle	\$3.03	\$2.89	\$2.96	\$2.92	\$3.04	\$2.92	\$2.98	\$2.95	\$3.06	\$2.94	\$3.01	\$2.97

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.

September data through the week ending 09/03/11.