



United States
Department of
Agriculture

Announcement of Advanced Prices and Pricing Factors

United States Department of Agriculture

Agricultural Marketing Service

Dairy Program

Market Information Branch

ADV - 0720

June 17, 2020

July 2020 Highlights

Base Class I Price was \$16.56 per hundredweight for the month of July 2020. The price per hundredweight increased \$5.14 from the previous month.

Base Skim Milk Price¹ for Class I was \$10.62 per hundredweight for the month of July 2020. The price per hundredweight increased \$3.54 from the previous month.

Announcement of Advanced Prices and Pricing Factors for July 2020

| | |
|--|--|
| Base Class I Price: | \$16.56 (per hundredweight) |
| Base Skim Milk Price for Class I ¹ : | \$10.62 (per hundredweight) |
| Advanced Class III Skim Milk Pricing Factor: | \$13.29 (per hundredweight) |
| Advanced Class IV Skim Milk Pricing Factor: | \$6.46 (per hundredweight) |
| Advanced Butterfat Pricing Factor: | \$1.8023 (per pound) |
| Class II Skim Milk Price: | \$7.16 (per hundredweight) |
| Class II Nonfat Solids Price: | \$0.7956 (per pound) |
| Two-week Product Price Averages: | |
| Butter | \$1.6598 (per pound) |
| Nonfat Dry Milk | \$0.8923 (per pound) |
| Cheese | \$2.0174 (per pound) |
| 40-Pound Blocks | \$2.0334 (per pound) |
| 500-Pound Barrels | \$1.9734 (per pound) |
| Dry Whey | \$0.3674 (per pound) |
| Special information for Appalachian and Southeast: | |
| Diesel Fuel Price | \$2.265 (per gallon) |
| Mileage Rate Factor | \$0.00429 (per hundredweight per mile) |

¹ The Class I Price change became effective May 1, 2019. See the methodology section (p. 4) for details.

Advanced Prices and Pricing Factors Announcement
 USDA - Agricultural Marketing Service

June 17, 2020

Federal Milk Order Class I and Class II Advanced Prices and Pricing Factors, 2020

| Month | Class I Base Price | Base Skim Milk Price for Class I ¹ | Advanced Class III Skim Milk Pricing Factor | Advanced Class IV Skim Milk Pricing Factor | Advanced Butterfat Pricing Factor | Class II Skim Milk Price | Class II Nonfat Solids Price |
|-------|--------------------------|---|--|---|---|--------------------------------|------------------------------------|
| | <i>(dollars per cwt)</i> | | | | <i>(\$/lb)</i> | <i>(\$/cwt)</i> | <i>(\$/lb)</i> |
| Jan | 19.01 | 11.71 | 12.65 | 9.28 | 2.2015 | 9.98 | 1.1089 |
| Feb | 17.55 | 10.46 | 9.90 | 9.54 | 2.1309 | 10.24 | 1.1378 |
| Mar | 17.46 | 10.82 | 10.47 | 9.68 | 2.0057 | 10.38 | 1.1533 |
| Apr | 16.64 | 10.19 | 10.04 | 8.85 | 1.9439 | 9.55 | 1.0611 |
| May | 12.95 | 8.72 | 8.93 | 7.03 | 1.2948 | 7.73 | 0.8589 |
| Jun | 11.42 | 7.08 | 6.68 | 5.99 | 1.3107 | 6.69 | 0.7433 |
| Jul | 16.56 | 10.62 | 13.29 | 6.46 | 1.8023 | 7.16 | 0.7956 |

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Federal Milk Order Class I and Class II Advanced Prices and Pricing Factors, 2019

| Month | Class I Base Price | Base Skim Milk Price for Class I ¹ | Advanced Class III Skim Milk Pricing Factor | Advanced Class IV Skim Milk Pricing Factor | Advanced Butterfat Pricing Factor | Class II Skim Milk Price | Class II Nonfat Solids Price |
|-------|--------------------------|---|--|---|---|--------------------------------|------------------------------------|
| | <i>(dollars per cwt)</i> | | | | <i>(\$/lb)</i> | <i>(\$/cwt)</i> | <i>(\$/lb)</i> |
| Jan | 15.12 | 6.52 | 5.16 | 6.52 | 2.5217 | 7.22 | 0.8022 |
| Feb | 15.30 | 6.80 | 5.47 | 6.80 | 2.4962 | 7.50 | 0.8333 |
| Mar | 15.98 | 7.25 | 4.97 | 7.25 | 2.5670 | 7.95 | 0.8833 |
| Apr | 15.76 | 7.05 | 6.35 | 7.05 | 2.5599 | 7.75 | 0.8611 |
| May | 16.42 | 7.82 | 7.14 | 7.02 | 2.5355 | 7.72 | 0.8578 |
| Jun | 17.07 | 8.39 | 7.74 | 7.56 | 2.5634 | 8.26 | 0.9178 |
| Jul | 17.18 | 8.18 | 7.09 | 7.78 | 2.6529 | 8.48 | 0.9422 |
| Aug | 17.89 | 8.81 | 8.27 | 7.87 | 2.6830 | 8.57 | 0.9522 |
| Sep | 17.85 | 8.87 | 8.49 | 7.76 | 2.6555 | 8.46 | 0.9400 |
| Oct | 17.84 | 9.29 | 9.26 | 7.84 | 2.5370 | 8.54 | 0.9489 |
| Nov | 18.14 | 10.11 | 10.42 | 8.32 | 2.3955 | 9.02 | 1.0022 |
| Dec | 19.33 | 11.61 | 13.01 | 8.73 | 2.3208 | 9.43 | 1.0478 |
| Avg | 16.99 | 8.39 | 7.78 | 7.54 | 2.5407 | 8.24 | 0.9157 |

¹ The Class I Price change became effective May 1, 2019. See the methodology section (p. 4) for details.

Advanced Prices and Pricing Factors Announcement
USDA - Agricultural Marketing Service

June 17, 2020

Dairy Products Price Averages Used in Federal Milk Order Price Formulas, 2020

| Month | Product Price Averages For: | | | | | | | |
|-------|---|-----------------|--------|----------|---|-----------------|--------|----------|
| | Class I (Skim, Bfat.), Class II (Skim, Nonfat Solids) | | | | Class II (Bfat.), Class III, Class IV, Components | | | |
| | Butter | Nonfat dry milk | Cheese | Dry Whey | Butter | Nonfat dry milk | Cheese | Dry Whey |
| | <i>(dollars per pound)</i> | | | | <i>(dollars per pound)</i> | | | |
| Jan | 1.9894 | 1.2095 | 2.1082 | 0.3266 | 1.9153 | 1.2451 | 1.8092 | 0.3367 |
| Feb | 1.9311 | 1.2388 | 1.8081 | 0.3295 | 1.8076 | 1.2453 | 1.7884 | 0.3690 |
| Mar | 1.8277 | 1.2541 | 1.8032 | 0.3644 | 1.7551 | 1.1160 | 1.7091 | 0.3748 |
| Apr | 1.7767 | 1.1609 | 1.7346 | 0.3729 | 1.2630 | 0.9552 | 1.4026 | 0.3732 |
| May | 1.2407 | 0.9564 | 1.4120 | 0.3724 | 1.3074 | 0.8492 | 1.2990 | 0.3818 |
| Jun | 1.2538 | 0.8395 | 1.1859 | 0.3822 | | | | |
| Jul | 1.6598 | 0.8923 | 2.0174 | 0.3674 | | | | |

Dairy Products Price Averages Used in Federal Milk Order Price Formulas, 2019

| Month | Product Price Averages For: | | | | | | | |
|-------|---|-----------------|--------|----------|---|-----------------|--------|----------|
| | Class I (Skim, Bfat.), Class II (Skim, Nonfat Solids) | | | | Class II (Bfat.), Class III, Class IV, Components | | | |
| | Butter | Nonfat dry milk | Cheese | Dry Whey | Butter | Nonfat dry milk | Cheese | Dry Whey |
| | <i>(dollars per pound)</i> | | | | <i>(dollars per pound)</i> | | | |
| Jan | 2.2538 | 0.8996 | 1.3786 | 0.4659 | 2.2343 | 0.9513 | 1.3868 | 0.4805 |
| Feb | 2.2328 | 0.9315 | 1.3930 | 0.4793 | 2.2644 | 0.9800 | 1.3940 | 0.4545 |
| Mar | 2.2912 | 0.9811 | 1.3769 | 0.4616 | 2.2740 | 0.9589 | 1.5383 | 0.4127 |
| Apr | 2.2854 | 0.9587 | 1.5430 | 0.4118 | 2.2669 | 0.9641 | 1.6468 | 0.3923 |
| May | 2.2652 | 0.9556 | 1.6274 | 0.3909 | 2.2952 | 1.0149 | 1.6974 | 0.3784 |
| Jun | 2.2883 | 1.0167 | 1.7007 | 0.3839 | 2.3663 | 1.0431 | 1.6910 | 0.3643 |
| Jul | 2.3622 | 1.0407 | 1.6745 | 0.3669 | 2.3893 | 1.0393 | 1.8238 | 0.3631 |
| Aug | 2.3870 | 1.0507 | 1.8061 | 0.3622 | 2.3659 | 1.0335 | 1.8276 | 0.3671 |
| Sep | 2.3643 | 1.0391 | 1.8153 | 0.3673 | 2.2344 | 1.0519 | 1.9053 | 0.3698 |
| Oct | 2.2665 | 1.0477 | 1.8531 | 0.3684 | 2.1559 | 1.0957 | 1.9694 | 0.3396 |
| Nov | 2.1496 | 1.1014 | 1.9402 | 0.3406 | 2.0869 | 1.1540 | 2.1723 | 0.3071 |
| Dec | 2.0879 | 1.1479 | 2.2000 | 0.2997 | 1.9842 | 1.2161 | 2.0509 | 0.3293 |
| Avg | 2.2695 | 1.0142 | 1.6924 | 0.3915 | 2.2431 | 1.0419 | 1.7586 | 0.3799 |

Methodology: Advanced Prices and Pricing Factors

Data: The Advanced Prices and Pricing Factors are calculated using the most recent two weeks of data from the latest National Dairy Products Sales Report (NDPSR).

Reliability: The NDPSR is subject to revisions for four weeks following the initial weekly report. For enforcement purposes, the information in the NDPSR is subject to verification for up to two years from the time of submission. The AMS audit staff periodically review a company's sales records to ensure accurate reports during onsite verifications. Note that the monthly Announcement of Advanced Prices and Pricing Factors is not subject to revision.

Terms and Definitions: Announced milk prices are per 100 pounds or cwt, rounded to the nearest cent. Component prices are per pound, rounded to nearest one-hundredth cent. Announced product prices and pricing factors are per pound, rounded to the nearest one-hundredth cent. The diesel fuel price is per gallon, rounded down to the nearest one-tenth cent. The mileage rate factor is per hundredweight per mile, rounded down to the nearest one-thousandth cent.

The NDPSR provides current wholesale market prices for basic dairy commodities. These commodity prices for the previous two weeks are used in the following formulas to calculate the USDA's Advanced Prices and Pricing Factors used in the Federal Milk Marketing Order Program.

- Commodity Prices (Butter, Nonfat Dry Milk, Cheddar Cheese, and Dry Whey)
 - Commodity prices are calculated on the NDPSR ¹.
 - The prices are weighted averages for the previous two weeks, weighted by sales volume in pounds.
 - Cheddar cheese in 500-pound barrels is adjusted to 38 percent moisture content.
 - For more information, see the Price Formulas publication ².
- Base Class I Price ³ = (Base Skim Milk Price for Class I x 0.965) + (Advanced Butterfat Pricing Factor x 3.5)
- Effective May 1, 2019:
 - Base Skim Milk Price for Class I = ((Advanced Class III Skim Milk Pricing Factor + Advanced Class IV Skim Milk Pricing Factor) / 2) + \$0.74
- Prior to May 1, 2019:
 - Base Skim Milk Price for Class I = Higher of Advanced Class III or Advanced Class IV Skim Milk Pricing Factors
- Advanced Class III Skim Milk Pricing Factor = (Protein Price x 3.1) + (Other Solids Price x 5.9)
 - Protein Price = ((Cheese Price - 0.2003) x 1.383) + (((Cheese Price - 0.2003) x 1.572) - Advanced Butterfat Pricing Factor x 0.9) x 1.17)
 - Other Solids Price = (Dry Whey Price - 0.1991) x 1.03
- Advanced Class IV Skim Milk Pricing Factor = Nonfat Solids Price x 9
 - Nonfat Solids Price = (Nonfat Dry Milk Price - 0.1678) x 0.99
- Advanced Butterfat Pricing Factor = (Butter Price - 0.1715) x 1.211
- Class II Skim Milk Price = Advanced Class IV Skim Milk Pricing Factor + 0.70
- Class II Nonfat Solids Price = Class II Skim Milk Price / 9

¹ <https://www.ams.usda.gov/mnreports/dywdairyproductssales.pdf>

² <https://www.ams.usda.gov/resources/price-formulas>

³ The Class I Base Price is shown for informational purposes only; it is not defined in Section 1000.50 of the order. The Class I skim milk price equals the Base Skim Milk Price plus the applicable Class I differential. The Class I Butterfat Price equals Advanced Butterfat Pricing Factor plus the (applicable Class I differential divided by 100).

Revisions: The monthly Announcement of Advanced Prices and Pricing Factors is not subject to revision.

Information Contacts

Listed below are the specialists in the Agricultural Marketing Service, Dairy Program, Market Information Branch to contact for additional information. E-mail inquiries may be sent to dpp@usda.gov.

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