



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 - 0120

December 18, 2019

## January 2020 Highlights

**Base Class I Price** was \$19.01 per hundredweight for the month of January 2020. The price per hundredweight decreased \$0.32 from the previous month.

**Base Skim Milk Price**<sup>1</sup> for Class I was \$11.71 per hundredweight for the month of January 2020. The price per hundredweight increased \$0.10 from the previous month.

## Announcement of Advanced Prices and Pricing Factors for January 2020

Base Class I Price:	\$19.01 (per hundredweight)
Base Skim Milk Price for Class I <sup>1</sup> :	\$11.71 (per hundredweight)
Advanced Class III Skim Milk Pricing Factor:	\$12.65 (per hundredweight)
Advanced Class IV Skim Milk Pricing Factor:	\$9.28 (per hundredweight)
Advanced Butterfat Pricing Factor:	\$2.2015 (per pound)
Class II Skim Milk Price:	\$9.98 (per hundredweight)
Class II Nonfat Solids Price:	\$1.1089 (per pound)
Two-week Product Price Averages:	
Butter	\$1.9894 (per pound)
Nonfat Dry Milk	\$1.2095 (per pound)
Cheese	\$2.1082 (per pound)
40-Pound Blocks	\$1.9424 (per pound)
500-Pound Barrels	\$2.2460 (per pound)
Dry Whey	\$0.3266 (per pound)
Special information for Appalachian and Southeast:	
Diesel Fuel Price	\$2.845 (per gallon)
Mileage Rate Factor	\$0.00451 (per hundredweight per mile)

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

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**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 <sup>1</sup>	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

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

**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 <sup>1</sup>	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

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

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**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
Jan	<i>(dollars per pound)</i>				<i>(dollars per pound)</i>			
	1.9894	1.2095	2.1082	0.3266				

**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				

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## 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 <sup>1</sup>.
  - 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 <sup>2</sup>.
- Base Class I Price <sup>3</sup> = (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

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

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

<sup>3</sup> 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.

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## 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](mailto:dpp@usda.gov).

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For the most current release, visit AMS Dairy Program ([Dairy Products Mandatory Reporting Program's page](#)) or Cornell University's Library ([National Dairy Products Sales Report page](#)).

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