



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 - 0819

July 17, 2019

NOTICE: Effective July 3, 2019, Cheddar Cheese in 40-pound blocks and 500-pound barrels average prices will be included in the Announcements of the Class and Component Prices and the Advanced Prices and Pricing Factors. Historical data are available at <https://www.ams.usda.gov/rules-regulations/mmr/dmr>.

August 2019 Highlights

Base Class I Price was \$17.89 per hundredweight for the month of August 2019. The price per hundredweight increased \$0.71 from the previous month.

Base Skim Milk Price¹ for Class I was \$8.81 per hundredweight for the month of August 2019. The price per hundredweight increased \$0.63 from the previous month.

Announcement of Advanced Prices and Pricing Factors for August 2019

Base Class I Price:	\$17.89	(per hundredweight)
Base Skim Milk Price for Class I ¹ :	\$8.81	(per hundredweight)
Advanced Class III Skim Milk Pricing Factor:	\$8.27	(per hundredweight)
Advanced Class IV Skim Milk Pricing Factor:	\$7.87	(per hundredweight)
Advanced Butterfat Pricing Factor:	\$2.6830	(per pound)
Class II Skim Milk Price:	\$8.57	(per hundredweight)
Class II Nonfat Solids Price:	\$0.9522	(per pound)
Two-week Product Price Averages:		
Butter	\$2.3870	(per pound)
Nonfat Dry Milk	\$1.0507	(per pound)
Cheese	\$1.8061	(per pound)
40-Pound Blocks	\$1.8341	(per pound)
500-Pound Barrels	\$1.7427	(per pound)
Dry Whey	\$0.3622	(per pound)
Special information for Appalachian and Southeast:		
Diesel Fuel Price	\$2.872	(per gallon)
Mileage Rate Factor	\$0.00453	(per hundredweight per mile)

¹ 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 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

¹ 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, 2018

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	15.44	6.98	6.98	5.00	2.4875	5.70	0.6333
Feb	14.25	5.71	5.71	4.68	2.4976	5.38	0.5978
Mar	13.36	5.38	5.38	4.85	2.3334	5.55	0.6167
Apr	14.10	5.82	5.82	4.71	2.4251	5.41	0.6011
May	14.44	5.98	5.98	4.75	2.4777	5.45	0.6056
Jun	15.25	6.35	6.35	5.63	2.6074	6.33	0.7033
Jul	15.36	6.25	6.25	5.85	2.6641	6.55	0.7278
Aug	14.15	5.46	5.39	5.46	2.5363	6.16	0.6844
Sep	14.85	5.92	5.92	5.73	2.6118	6.43	0.7144
Oct	16.33	7.71	7.71	6.11	2.5393	6.81	0.7567
Nov	15.52	6.81	6.81	6.26	2.5578	6.96	0.7733
Dec	15.05	6.42	5.85	6.42	2.5286	7.12	0.7911
Avg	14.84	6.23	6.18	5.45	2.5233	6.15	0.6833

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

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				
Aug	2.3870	1.0507	1.8061	0.3622				

Dairy Products Price Averages Used in Federal Milk Order Price Formulas, 2018

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	2.2256	0.7290	1.6513	0.2995	2.1972	0.6966	1.5175	0.2755
Feb	2.2339	0.6926	1.5391	0.2792	2.1112	0.7084	1.4727	0.2525
Mar	2.0983	0.7123	1.4694	0.2516	2.1759	0.6963	1.5542	0.2531
Apr	2.1741	0.6964	1.5468	0.2467	2.2452	0.7134	1.5737	0.2592
May	2.2175	0.7004	1.5730	0.2575	2.3382	0.7937	1.6353	0.2711
Jun	2.3246	0.7993	1.6438	0.2712	2.3756	0.8150	1.6150	0.3086
Jul	2.3714	0.8249	1.6324	0.3041	2.2596	0.7824	1.4868	0.3372
Aug	2.2659	0.7806	1.4849	0.3361	2.3192	0.8111	1.5544	0.3681
Sep	2.3282	0.8109	1.5418	0.3709	2.2724	0.8548	1.6533	0.4028
Oct	2.2684	0.8536	1.6753	0.4075	2.2814	0.8739	1.5686	0.4470
Nov	2.2836	0.8707	1.5723	0.4379	2.2677	0.8860	1.4463	0.4626
Dec	2.2595	0.8886	1.4507	0.4648	2.2425	0.9020	1.3742	0.4685
Avg	2.2542	0.7799	1.5651	0.3272	2.2572	0.7945	1.5377	0.3422

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 to the nearest one-tenth cent. The mileage rate factor is per hundredweight per mile, rounded 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.

For the product price averages below, j corresponds to the number of previous weeks. For example, where j=1, this corresponds to the week ending the Saturday prior to the date of the Announcement; where j=2, this corresponds to the week ending the Saturday before that. The summation sign (\sum) indicates that terms are added corresponding to the previous 2 weeks.

- Butter Price =
$$\frac{\sum_{j=1}^2((\text{Weekly Butter Price})_j \times (\text{Weekly Butter Sales})_j)}{\sum_{j=1}^2(\text{Weekly Butter Sales})_j}$$
- Nonfat Dry Milk (NFDM) Price =
$$\frac{\sum_{j=1}^2((\text{Weekly NFDM Price})_j \times (\text{Weekly NFDM Sales})_j)}{\sum_{j=1}^2(\text{Weekly NFDM Sales})_j}$$
- Cheese Price =
$$\frac{\sum_{j=1}^2(((\text{Barrel Price} + 0.03)_j \times (\text{Barrel Sales})_j) + ((\text{Block Price})_j \times (\text{Block Sales})_j))}{\sum_{j=1}^2((\text{Barrel Sales})_j + (\text{Block Sales})_j)}$$
- Dry Whey Price =
$$\frac{\sum_{j=1}^2((\text{Weekly Dry Whey Price})_j \times (\text{Weekly Dry Whey Sales})_j)}{\sum_{j=1}^2(\text{Weekly Dry Whey Sales})_j}$$
- Base Class I Price = (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

**Additional Notes: All product prices used in this report are weighted by sales volume. Commodity prices used for Federal order formulas for Advanced Prices are weighted averages for the previous two weeks. To weight the product price average, it must be multiplied by each week's respective sales volume in pounds; each resulting total weekly sales dollars are combined to calculate the weighted product price average. The cheddar cheese barrel price is adjusted to 38 percent moisture content. 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 average of the Advanced Class III Skim Milk Pricing Factor and the Advanced Class IV Skim Milk Pricing Factor plus \$0.74. The Class I Butterfat Price equals the Advanced Butterfat Pricing Factor plus the (applicable Class I differential divided by 100).*

For more information on pricing formulas please see 7 CFR 1000.50 and 7 CFR 1170, or visit:
<http://www.ams.usda.gov/rules-regulations/mmr/dmr>.

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@ams.usda.gov.

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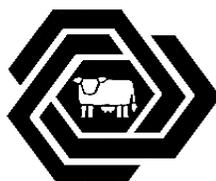
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