Announcement of Class and Component Prices

United States Department of Agriculture

Agricultural Marketing Service	**Dairy Programs**	**Market Information Branch**
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August 2017 Highlights

Class II Price was $17.56 per hundredweight for the month of August 2017. The price per hundredweight increased $0.08 from the previous month.

Class III Price was $16.57 per hundredweight for the month of August 2017. The price per hundredweight increased $1.12 from the previous month.

Class IV Price was $16.61 per hundredweight for the month of August 2017. The price per hundredweight increased $0.01 from the previous month.

Announcement of Class and Component Prices for August 2017

Class II Price:	$17.56	(per hundredweight)
Class II Butterfat Price:	$3.0179	(per pound)
Class II Skim Milk Price[1/]	$7.25	(per hundredweight)
Class III Price:	$16.57	(per hundredweight)
Class III Skim Milk Price:	$6.25	(per hundredweight)
Class IV Price:	$16.61	(per hundredweight)
Class IV Skim Milk Price:	$6.29	(per hundredweight)
Butterfat Price:	$3.0109	(per pound)
Nonfat Solids Price:	$0.6984	(per pound)
Protein Price:	$1.5536	(per pound)
Other Solids Price:	$0.2425	(per pound)
Somatic Cell Adjustment Rate:	0.00083	(per 1,000 somatic cell count)
Product Price Averages:		
Butter	$2.6578	(per pound)
Nonfat Dry Milk	$0.8733	(per pound)
Cheese	$1.6664	(per pound)
Dry Whey	$0.4345	(per pound)

[1/] July Advanced Price Announcement

Federal Milk Order Class II, Class III, and Class IV Milk Prices, 2017

Month	Class II Price	Class II Butterfat Price	Class III Price	Class III Skim Milk Price	Class IV Price	Class IV Skim Milk Price
	$/cwt.	$/lb.	Dollars per cwt.			
Jan	16.36	2.5323	16.77	8.22	16.19	7.62
Feb	16.52	2.4344	16.88	8.69	15.59	7.35
Mar	16.21	2.4246	15.81	7.61	14.32	6.07
Apr	14.81	2.3618	15.22	7.23	14.01	5.98
May	14.84	2.4204	15.57	7.38	14.49	6.26
Jun	16.15	2.7136	16.44	7.22	15.89	6.65
Jul	17.48	2.9526	15.45	5.33	16.60	6.52
Aug	17.56	3.0179	16.57	6.25	16.61	6.29

Federal Milk Order Class II, Class III, and Class IV Milk Prices, 2016

Month	Class II Price	Class II Butterfat Price	Class III Price	Class III Skim Milk Price	Class IV Price	Class IV Skim Milk Price
	$/cwt.	$/lb.	Dollars per cwt.			
Jan	14.19	2.3132	13.72	5.85	13.31	5.43
Feb	14.30	2.3848	13.80	5.68	13.49	5.36
Mar	13.57	2.2098	13.74	6.25	12.74	5.21
Apr	13.54	2.2446	13.63	6.01	12.68	5.02
May	13.53	2.2916	12.76	4.94	13.09	5.28
Jun	14.12	2.4179	13.22	4.96	13.77	5.53
Jul	15.16	2.6034	15.24	6.38	14.84	5.96
Aug	15.21	2.4943	16.91	8.50	14.65	6.16
Sep	14.66	2.3152	16.39	8.61	14.25	6.39
Oct	14.09	2.0563	14.82	7.92	13.66	6.72
Nov	14.60	2.1114	16.76	9.74	13.76	6.63
Dec	15.26	2.3424	17.40	9.56	14.97	7.04
Avg	14.35	2.3142	14.87	7.03	13.77	5.89

Federal Milk Order Component Prices, 2017

Month	Butterfat Price	Nonfat Solids Price	Protein Price	Other Solids Price	Somatic Cell Adjustment Rate
	Dollars per pound				$/count
Jan	2.5253	0.8465	2.1768	0.2503	0.00085
Feb	2.4274	0.8166	2.2348	0.2990	0.00084
Mar	2.4176	0.6747	1.8198	0.3345	0.00078
Apr	2.3548	0.6641	1.6955	0.3350	0.00075
May	2.4134	0.6956	1.7723	0.3196	0.00077
Jun	2.7066	0.7384	1.7545	0.3014	0.00081
Jul	2.9456	0.7240	1.2248	0.2599	0.00077
Aug	3.0109	0.6984	1.5536	0.2425	0.00083

Federal Milk Order Component Prices, 2016

Month	Butterfat Price	Nonfat Solids Price	Protein Price	Other Solids Price	Somatic Cell Adjustment Rate
	Dollars per pound				$/count
Jan	2.3062	0.6037	1.8169	0.0371	0.00076
Feb	2.3778	0.5951	1.7389	0.0492	0.00076
Mar	2.2028	0.5786	1.9206	0.0501	0.00076
Apr	2.2376	0.5573	1.8450	0.0489	0.00075
May	2.2846	0.5870	1.4935	0.0529	0.00071
Jun	2.4109	0.6148	1.4807	0.0628	0.00072
Jul	2.5964	0.6618	1.9112	0.0774	0.00082
Aug	2.4873	0.6841	2.5738	0.0881	0.00091
Sep	2.3082	0.7097	2.5675	0.1096	0.00088
Oct	2.0493	0.7469	2.2975	0.1351	0.00079
Nov	2.1044	0.7367	2.8085	0.1750	0.00088
Dec	2.3354	0.7822	2.6922	0.2063	0.00090
Avg	2.3084	0.6548	2.0955	0.0910	0.00082

Dairy Products Price Averages Used in Federal Milk Order Price Formulas, 2017

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
	Dollars per pound				Dollars per pound			
Jan	2.1016	0.9615	1.8052	0.3981	2.2568	1.0229	1.7011	0.4421
Feb	2.2518	1.0198	1.7027	0.4322	2.1760	0.9926	1.6871	0.4894
Mar	2.1887	0.9875	1.6889	0.4876	2.1679	0.8493	1.5551	0.5239
Apr	2.1932	0.8506	1.5793	0.5235	2.1160	0.8386	1.4960	0.5243
May	2.1315	0.8294	1.4884	0.5315	2.1644	0.8704	1.5390	0.5094
Jun	2.1114	0.8620	1.5120	0.5124	2.4065	0.9137	1.6293	0.4917
Jul	2.4186	0.9208	1.6412	0.4962	2.6039	0.8991	1.5430	0.4514
Aug	2.6256	0.9026	1.5266	0.4489	2.6578	0.8733	1.6664	0.4345
Sep	2.6728	0.8785	1.6698	0.4324				

Dairy Products Price Averages Used in Federal Milk Order Price Formulas, 2016

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
	Dollars per pound				Dollars per pound			
Jan	2.6787	0.7970	1.5753	0.2341	2.0759	0.7776	1.5178	0.2351
Feb	2.0442	0.7817	1.5115	0.2344	2.1350	0.7689	1.5170	0.2469
Mar	2.1618	0.7684	1.5158	0.2426	1.9905	0.7522	1.5162	0.2477
Apr	1.9969	0.7504	1.5148	0.2502	2.0192	0.7307	1.5041	0.2466
May	2.0092	0.7298	1.5119	0.2465	2.0580	0.7607	1.4104	0.2505
Jun	2.0632	0.7469	1.4477	0.2522	2.1623	0.7888	1.4477	0.2601
Jul	2.1359	0.7925	1.4432	0.2576	2.3155	0.8363	1.6419	0.2742
Aug	2.3245	0.8428	1.6231	0.2745	2.2254	0.8588	1.8119	0.2846
Sep	2.2173	0.8512	1.7771	0.2827	2.0775	0.8847	1.7514	0.3055
Oct	2.0892	0.8906	1.7758	0.3015	1.8637	0.9222	1.5830	0.3303
Nov	1.8849	0.9275	1.5860	0.3173	1.9092	0.9119	1.7596	0.3690
Dec	1.9142	0.9105	1.7706	0.3706	2.1000	0.9579	1.7990	0.3994
Avg	2.1267	0.8158	1.5877	0.2720	2.0777	0.8292	1.6050	0.2875

Methodology: Monthly Class and Component Prices

Data: The Class and Component Prices are calculated using the most recent four or five weeks (since the last monthly Announcement of Class and Component Prices) from the latest National Dairy Products Sales Report.

Reliability: National Dairy Products Sales Reports are subject to revision for four weeks following the initial weekly report. For enforcement purposes, the information in the National Dairy Products Sales Report is subject to verification for up to two years from the time of submission. The AMS audit staff periodically reviews a company's sales records to ensure accurate reports during onsite verifications. Note that the monthly Announcements of Class and Component Prices are 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 somatic cell adjustment rate is for every 1,000 cells, rounded to the nearest one thousandth cent.

The National Dairy Products Sales Report provides current wholesale market prices for basic dairy commodities. These commodity prices are used in the following formulas to calculate the USDA's Class and Component Prices 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; etc. The summation sign ($\sum$) indicates that terms are added corresponding to the previous 4 or 5 weeks, where the number of weeks equals the number of National Dairy Products Sales Reports that have occurred since the last monthly Announcement of Class and Component Prices was issued.

- $\text{Butter Price} = \frac{\sum_{j=1}^{4\text{ or }5}((\text{Weekly Butter Price})_j \times (\text{Weekly Butter Sales})_j)}{\sum_{j=1}^{4\text{ or }5}(\text{Weekly Butter Sales})_j}$
- $\text{Nonfat Dry Milk (NFDM) Price} = \frac{\sum_{j=1}^{4\text{ or }5}((\text{Weekly NFDM Price})_j \times (\text{Weekly NFDM Sales})_j)}{\sum_{j=1}^{4\text{ or }5}(\text{Weekly NFDM Sales})_j}$
- $\text{Cheese Price} = \frac{\sum_{j=1}^{4\text{ or }5}\left(((\text{Barrel Price}+0.03)_j \times (\text{Barrel Sales})_j) + ((\text{Block Price})_j \times (\text{Block Sales})_j)\right)}{\sum_{j=1}^{4\text{ or }5}((\text{Barrel Sales})_j + (\text{Block Sales})_j)}$
- $\text{Dry Whey Price} = \frac{\sum_{j=1}^{4\text{ or }5}((\text{Weekly Dry Whey Price})_j \times (\text{Weekly Dry Whey Sales})_j)}{\sum_{j=1}^{4\text{ or }5}(\text{Weekly Dry Whey Sales})_j}$
- $\text{Butterfat Price} = (\text{Butter Price} - 0.1715) \text{ x } 1.211$
- $\text{Nonfat Solids Price} = (\text{NFDM Price} - 0.1678) \text{ x } 0.99$
- $\text{Protein Price} = ((\text{Cheese Price} - 0.2003) \text{ x } 1.383) + \left(\left(((\text{Cheese Price} - 0.2003) \text{ x } 1.572) - \text{Butterfat Price x } 0.9\right) \text{ x } 1.17\right)$
- $\text{Other Solids Price} = (\text{Dry Whey Price} - 0.1991) \text{ x } 1.03$
- $\text{Somatic Cell Adjustment Rate} = \text{Cheese Price x } 0.0005$
- $\text{Class II Price} = (\text{Class II Skim Milk Price x } 0.965) + (\text{Class II Butterfat Price x } 3.5)$
  - Class II Skim Milk Price = See the Announcement of Advanced Prices and Pricing Factors for the applicable month.
  - $\text{Class II Butterfat Price} = \text{Butterfat Price} + 0.007$
- $\text{Class III Price} = (\text{Class III Skim Milk Price x } 0.965) + (\text{Butterfat Price x } 3.5)$
  - $\text{Class III Skim Milk Price} = (\text{Protein Price x } 3.1) + (\text{Other Solids Price x } 5.9)$
- $\text{Class IV Price} = (\text{Class IV Skim Milk Price x } 0.965) + (\text{Butterfat Price x } 3.5)$
  - $\text{Class IV Skim Milk Price} = \text{Nonfat Solids Price x } 9$

**Additional Notes: All product prices used in this report are weighted by sales volume. Commodity prices used for Federal order formulas are weighted averages for the previous four or five 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. Producer component prices are only applicable to orders 1, 30, 32, 33, 124, and 126.*

For more information on pricing formulas please visit: http://www.ams.usda.gov/rules-regulations/mmr/dmr.

Revisions: The monthly Announcements of Class and Component Prices are not subject to revision.

Information Contacts

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