Announcement of Class and Component Prices

United States Department of Agriculture

Agricultural Marketing Service	**Dairy Programs**	**Market Information Branch**
CLS-0412		May 2, 2012

April 2012 Highlights

Class II Price was $16.20 per hundredweight for the month of April 2012. The price per hundredweight decreased $0.39 from the previous month.

Class III Price was $15.72 per hundredweight for the month of April 2012. The price per hundredweight was unchanged from the previous month.

Class IV Price for Class I was $14.80 per hundredweight for the month of April 2012. The price per hundredweight decreased $0.55 from the previous month.

Announcement of Class and Component Prices for April 2012

Class II Price:	$16.20	(per hundredweight)
Class II Butterfat Price:	$1.5715	(per pound)
Advanced Class II Skim Milk Price 1/:	$11.09	(per hundredweight)
Class III Price:	$15.72	(per hundredweight)
Class III Skim Milk Price:	$10.62	(per hundredweight)
Class IV Price:	$14.80	(per hundredweight)
Class IV Skim Milk Price:	$9.66	(per hundredweight)
Butterfat Price:	$1.5645	(per pound)
Nonfat Solids Price:	$1.0728	(per pound)
Protein Price:	$2.6568	(per pound)
Other Solids Price:	$0.4048	(per pound)
Somatic Cell Adjustment Rate:	0.00077	(per 1,000 somatic cell count)
Product Price Averages:		
Butter	$1.4634	(per pound)
Nonfat Dry Milk	$1.2514	(per pound)
Cheese	$1.5361	(per pound)
Dry Whey	$0.5921	(per pound)

1/ April 2012 Advanced Price Announcement

Federal Milk Order Class II, Class III, and Class IV Milk Prices, 2012

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	17.67	1.7248	17.05	11.44	16.56	10.93
Feb	16.94	1.5809	16.06	10.93	15.92	10.79
Mar	16.59	1.5367	15.72	10.74	15.35	10.36
Apr	16.20	1.5715	15.72	10.62	14.80	9.66
May						
Jun						
Jul						
Aug						
Sep						
Oct						
Nov						
Dec						

Federal Milk Order Class II, Class III, and Class IV Milk Prices, 2011

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	16.79	2.0309	13.48	6.63	16.42	9.67
Feb	17.97	2.3037	17.00	9.29	18.40	10.74
Mar	18.83	2.2929	19.40	11.81	19.41	11.82
Apr	19.66	2.2183	16.87	9.46	19.78	12.48
May	20.63	2.2567	16.52	8.96	20.29	12.87
Jun	21.37	2.3772	19.11	11.21	21.05	13.22
Jul	21.29	2.2581	21.39	14.00	20.33	12.90
Aug	21.55	2.3055	21.67	14.12	20.14	12.53
Sep	20.55	2.2075	19.07	11.78	19.53	12.26
Oct	19.41	1.9662	18.03	11.58	18.41	11.97
Nov	19.26	1.9578	19.07	12.69	17.87	11.44
Dec	18.08	1.7513	18.77	13.12	16.87	11.16
Avg	19.62	2.1605	18.37	11.22	19.04	11.92

Federal Milk Order Component Prices, 2012

Month	Butterfat Price	Nonfat Solids Price	Protein Price	Other Solids Price	Somatic Cell Adjustment Rate
	Dollars per pound				$/count
Jan	1.7178	1.2141	2.7326	0.5032	0.00080
Feb	1.5739	1.1993	2.6627	0.4541	0.00077
Mar	1.5297	1.1516	2.6571	0.4239	0.00076
Apr	1.5645	1.0728	2.6568	0.4048	0.00077
May					
Jun					
Jul					
Aug					
Sep					
Oct					
Nov					
Dec					

Federal Milk Order Component Prices, 2011

Month	Butterfat Price	Nonfat Solids Price	Protein Price	Other Solids Price	Somatic Cell Adjustment Rate
	Dollars per pound				$/count
Jan	2.0239	1.0743	1.7590	0.2002	0.00070
Feb	2.2967	1.1930	2.5586	0.2310	0.00087
Mar	2.2859	1.3134	3.3024	0.2665	0.00099
Apr	2.2113	1.3862	2.4984	0.2902	0.00085
May	2.2497	1.4298	2.3133	0.3026	0.00083
Jun	2.3702	1.4694	2.9807	0.3339	0.00095
Jul	2.2511	1.4336	3.8292	0.3608	0.00106
Aug	2.2985	1.3920	3.8305	0.3811	0.00107
Sep	2.2005	1.3623	3.0282	0.4053	0.00093
Oct	1.9592	1.3297	2.9211	0.4286	0.00087
Nov	1.9508	1.2716	3.2341	0.4521	0.00092
Dec	1.7443	1.2398	3.3404	0.4683	0.00090
Avg	2.1535	1.3246	2.9663	0.3434	0.00091

Dairy Products Price Averages Used in Federal Milk Order Price Formulas, 2012

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	1.6079	1.4419	1.8102	0.6549	1.5900	1.3942	1.6097	0.6876
Feb	1.5893	1.4155	1.6052	0.6915	1.4712	1.3792	1.5410	0.6400
Mar	1.5220	1.3930	1.5553	0.6531	1.4347	1.3310	1.5248	0.6107
Apr	1.4299	1.3334	1.5186	0.6117	1.4634	1.2514	1.5361	0.5921
May	1.4624	1.2642	1.5431	0.6022				
Jun								
Jul								
Aug								
Sep								
Oct								
Nov								
Dec								

Dairy Products Price Averages Used in Federal Milk Order Price Formulas, 2011

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	1.6328	1.2148	1.4841	0.3783	1.8428	1.2530	1.4076	0.3935
Feb	1.7407	1.2423	1.3757	0.3915	2.0680	1.3728	1.7449	0.4234
Mar	2.0820	1.3467	1.6386	0.4146	2.0591	1.4945	1.9722	0.4578
Apr	2.0363	1.4733	1.9735	0.4618	1.9975	1.5680	1.6983	0.4808
May	1.9869	1.5698	1.6768	0.4775	2.0292	1.6120	1.6534	0.4929
Jun	2.0460	1.6065	1.6413	0.4915	2.1287	1.6520	1.8999	0.5233
Jul	2.1343	1.6462	1.7934	0.5201	2.0304	1.6159	2.1243	0.5494
Aug	2.0291	1.6571	2.1308	0.5470	2.0695	1.5739	2.1402	0.5691
Sep	2.0852	1.5804	2.1529	0.5639	1.9886	1.5439	1.8592	0.5926
Oct	1.9893	1.5461	1.8347	0.5900	1.7893	1.5109	1.7471	0.6152
Nov	1.7552	1.5328	1.7437	0.6121	1.7824	1.4522	1.8415	0.6380
Dec	1.8388	1.4783	1.7788	0.6342	1.6119	1.4201	1.8070	0.6538
Avg	1.9464	1.4912	1.7687	0.5069	1.9498	1.5058	1.8246	0.5325

Methodology: Monthly Class and Component Prices

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

Reliability: Dairy Products Sales Reports are subject to revision for four weeks following the initial weekly report. For enforcement purposes, the information in the Dairy Products Sales Reports 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.

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 Dairy Products Sales Report provides current wholesale market prices for basic dairy commodities. These commodity prices are used in the formulas listed below 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, if j=1, this corresponds to the week ending last Saturday; if 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 weeks 1 through 4 or 5, depending upon the number of weeks included in the computation. Where the number of weeks equals the number of Dairy Products Sales Reports that have occurred since the last monthly Class and Component Prices were issued.

- Butter Price $= \frac{\sum_{j=1}^{4\ or\ 5}\left((\text{Weekly Butter Price})_j \times (\text{Weekly Butter Sales})_j\right)}{\sum_{j=1}^{4\ or\ 5}(\text{Weekly Butter Sales})_j}$
- Nonfat Dry Milk (NFDM) Price $= \frac{\sum_{j=1}^{4\ or\ 5}\left((\text{Weekly NFDM Price})_j \times (\text{Weekly NFDM Sales})_j\right)}{\sum_{j=1}^{4\ or\ 5}(\text{Weekly NFDM Sales})_j}$
- Cheese Price $= \frac{\sum_{j=1}^{4\ or\ 5}\left(\left((\text{Barrel Price}+0.03)_j \times (\text{Barrel Sales})_j\right)+\left((\text{Block Price})_j \times (\text{Block Sales})_j\right)\right)}{\sum_{j=1}^{4\ or\ 5}\left((\text{Barrel Sales})_j+(\text{Block Sales})_j\right)}$
- Dry Whey Price $= \frac{\sum_{j=1}^{4\ or\ 5}\left((\text{Weekly Dry Whey Price})_j \times (\text{Weekly Dry Whey Sales})_j\right)}{\sum_{j=1}^{4\ or\ 5}(\text{Weekly Dry Whey Sales})_j}$
- Butterfat Price = (Butter Price – 0.1715) x 1.211
- Nonfat Solids Price = (NFDM Price – 0.1678) x 0.99
- Protein Price = ((Cheese Price – 0.2003) x 1.383) + ((((Cheese Price – 0.2003) x 1.572) – Butterfat Price x 0.9) x1.17)
- Other Solids Price = (Dry Whey Price -0.1991) x 1.03
- Somatic Cell Adjustment Rate = Cheese Price x 0.0005
- Class II Butterfat Price = Butterfat Price + 0.007
- Class II Price = ((Advanced Class IV skim milk pricing factor + $0.70) x 0.965) + (Class II Butterfat Price x 3.5)
- Class III Skim Milk Price = (Protein Price x 3.1) + (Other Solids Price x 5.9)
- Class III Price = (Class III Skim Milk Price x 0.965) + (Butterfat Price x 3.5)
- Class IV Skim Milk Price = Nonfat Solids Price x 9
- Class IV Price = (Class IV skim milk price x 0.965) + (Butterfat price x 3.5)

**Additional Notes: Each Product Price Average is weighted by sales volume. The weighted average price for each week is a weighted average price based upon volumes reported. 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. Somatic cell count adjustments apply only in orders with the provisions; in those orders producer payment reflect adjustments for every 1,000 somatic cell count difference from 350,000. Somatic cell counts below 350,000 result in a positive adjustment and a higher payment. Counts above 350,000 result in a lower payment.*
For more information on pricing formulas please visit: http://www.ams.usda.gov/AMSv1.0/MilkPrices.

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

Information Contacts

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

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