



# Announcement of Class and Component Prices

United States Department of Agriculture

**Agricultural Marketing Service**

**Dairy Programs**

**Market Information Branch**

CLS-0818

August 29, 2018

**August 2018 Highlights**

**Class II Price** was \$15.07 per hundredweight for the month of August 2018. The price per hundredweight decreased \$0.13 from the previous month.

**Class III Price** was \$14.95 per hundredweight for the month of August 2018. The price per hundredweight increased \$0.85 from the previous month.

**Class IV Price** was \$14.63 per hundredweight for the month of August 2018. The price per hundredweight increased \$0.49 from the previous month.

**Announcement of Class and Component Prices for August 2018**

Class II Price:	\$15.07	(per hundredweight)
Class II Butterfat Price:	\$2.6079	(per pound)
Class II Skim Milk Price <sup>1/</sup>	\$6.16	(per hundredweight)
Class III Price:	\$14.95	(per hundredweight)
Class III Skim Milk Price:	\$6.06	(per hundredweight)
Class IV Price:	\$14.63	(per hundredweight)
Class IV Skim Milk Price:	\$5.73	(per hundredweight)
Butterfat Price:	\$2.6009	(per pound)
Nonfat Solids Price:	\$0.6369	(per pound)
Protein Price:	\$1.6245	(per pound)
Other Solids Price:	\$0.1741	(per pound)
Somatic Cell Adjustment Rate:	0.00078	(per 1,000 somatic cell count)
Product Price Averages:		
Butter	\$2.3192	(per pound)
Nonfat Dry Milk	\$0.8111	(per pound)
Cheese	\$1.5544	(per pound)
Dry Whey	\$0.3681	(per pound)

<sup>1/</sup> July 2018 Advanced Price Announcement

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**Federal Milk Order Class II, Class III, and Class IV Milk Prices, 2018**

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	14.11	2.4601	14.00	5.61	13.13	4.71
Feb	13.44	2.3560	13.40	5.37	12.87	4.82
Mar	13.88	2.4343	14.22	5.93	13.04	4.71
Apr	14.03	2.5183	14.47	5.89	13.48	4.86
May	14.47	2.6309	15.18	6.21	14.57	5.58
Jun	15.48	2.6762	15.21	6.08	14.91	5.77
Jul	15.20	2.5357	14.10	5.44	14.14	5.48
Aug	15.07	2.6079	14.95	6.06	14.63	5.73

**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
Sep	16.80	2.8629	16.36	6.59	15.86	6.08
Oct	15.95	2.6716	16.69	7.63	14.85	5.72
Nov	15.32	2.5616	16.88	8.23	13.99	5.23
Dec	14.49	2.5021	15.44	6.95	13.51	4.95
Avg	16.04	2.6192	16.17	7.28	15.16	6.23

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**Federal Milk Order Component Prices, 2018**

Month	Butterfat Price	Nonfat Solids Price	Protein Price	Other Solids Price	Somatic Cell Adjustment Rate
	Dollars per pound				\$/count
Jan	2.4531	0.5235	1.6612	0.0787	0.00076
Feb	2.3490	0.5352	1.6265	0.0550	0.00074
Mar	2.4273	0.5232	1.8066	0.0556	0.00078
Apr	2.5113	0.5401	1.7810	0.0619	0.00079
May	2.6239	0.6196	1.8609	0.0742	0.00082
Jun	2.6692	0.6407	1.7478	0.1128	0.00081
Jul	2.5287	0.6085	1.4827	0.1422	0.00074
Aug	2.6009	0.6369	1.6245	0.1741	0.00078

**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
Sep	2.8559	0.6753	1.6988	0.2241	0.00083
Oct	2.6646	0.6357	2.1084	0.1853	0.00086
Nov	2.5546	0.5816	2.3412	0.1644	0.00088
Dec	2.4951	0.5503	2.0378	0.1070	0.00082
Avg	2.6143	0.6918	1.8682	0.2519	0.00082

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**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
	Dollars per pound				Dollars per pound			
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				

**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	2.5298	0.8499	1.6608	0.4167
Oct	2.5315	0.8565	1.6668	0.4211	2.3718	0.8099	1.7254	0.3790
Nov	2.3849	0.8274	1.6932	0.3829	2.2810	0.7553	1.7617	0.3587
Dec	2.2636	0.7563	1.7641	0.3561	2.2319	0.7237	1.6481	0.3030
Avg	2.3229	0.8877	1.6448	0.4519	2.3303	0.8666	1.6344	0.4437

**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.

- Butter Price = 
$$\frac{\sum_{j=1}^{4 \text{ or } 5} ((\text{Weekly Butter Price})_j \times (\text{Weekly Butter Sales})_j)}{\sum_{j=1}^{4 \text{ or } 5} (\text{Weekly Butter Sales})_j}$$
- Nonfat Dry Milk (NFD) Price = 
$$\frac{\sum_{j=1}^{4 \text{ or } 5} ((\text{Weekly NFD Price})_j \times (\text{Weekly NFD Sales})_j)}{\sum_{j=1}^{4 \text{ or } 5} (\text{Weekly NFD Sales})_j}$$
- Cheese Price = 
$$\frac{\sum_{j=1}^{4 \text{ or } 5} (((\text{Barrel Price} + 0.03)_j \times (\text{Barrel Sales})_j) + ((\text{Block Price})_j \times (\text{Block Sales})_j))}{\sum_{j=1}^{4 \text{ or } 5} ((\text{Barrel Sales})_j + (\text{Block Sales})_j)}$$
- Dry Whey Price = 
$$\frac{\sum_{j=1}^{4 \text{ or } 5} ((\text{Weekly Dry Whey Price})_j \times (\text{Weekly Dry Whey Sales})_j)}{\sum_{j=1}^{4 \text{ or } 5} (\text{Weekly Dry Whey Sales})_j}$$
- Butterfat Price = (Butter Price – 0.1715) x 1.211
- Nonfat Solids Price = (NFD 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) x 1.17)
- Other Solids Price = (Dry Whey Price – 0.1991) x 1.03
- Somatic Cell Adjustment Rate = Cheese Price x 0.0005
- Class II Price = (Class II Skim Milk Price x 0.965) + (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.
  - Class II Butterfat Price = Butterfat Price + 0.007
- Class III Price = (Class III Skim Milk Price x 0.965) + (Butterfat Price x 3.5)
  - Class III Skim Milk Price = (Protein Price x 3.1) + (Other Solids Price x 5.9)
- Class IV Price = (Class IV Skim Milk Price x 0.965) + (Butterfat Price x 3.5)
  - Class IV Skim Milk Price = Nonfat Solids Price x 9

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*\*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

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

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