Calculating Class III Price

1. Commodity: Dry Whey Price ($/lb) - Make Allowance: $0.1891 ($/lb) - Yield: 1.03 (lb dry whey/lb other solids) = Other Solids Price ($/lb)

2. Commodity: Butter Price ($/lb) - Make Allowance: $0.1715 ($/lb) - Yield: 1.211 (lb butter/lb butterfat) = Butterfat Price ($/lb)

Component Value

3. Protein Value in Cheese ($/lb protein) + Butterfat Value in Cheese ($/lb butterfat) - Butterfat Value in Butter ($/lb butterfat) - 1.17 (lb butterfat/lb protein) = Protein Price ($/lb)

Third step expanded

4. Calculated in Step 3: Protein Price ($/lb) x 3.1 (lb protein/cwt skin) + Calculated in Step 1: Other Solids Price ($/lb) x 5.9 (lb other solids/cwt skin) = Class III Skim Milk Price ($/cwt)

5. Calculated in Step 4: Class III Skim Milk Price ($/cwt) x 0.965 (cwt skins/cwt milk) + Calculated in Step 2: Butterfat Price ($/lb) x 3.5 (lb butterfat/cwt milk) = Class III Price ($/cwt)

- cwt = hundredweight, 100 pounds.
- Class prices are announced as dollars per hundredweights.
- 0.965 represents standard assumption of 96.5 pounds of skim in 100 pounds of milk.

All prices announced on or before the 5th of the following month

https://www.ams.usda.gov/market-news/dairy