USDA Agricultural Marketing Service
U.S. DEPARTMENT OF AGRICULTURE

Calculating Class III Price

1

Commodity: **Dry Whey Price** ($/lb) − *Make Allowance*: **$0.2668** ($/lb) × *Yield*: **1.03** (lb dry whey/ lb other solids) = **Other Solids Price** ($/lb)

2

Commodity: **Butter Price** ($/lb) − *Make Allowance*: **$0.2272** ($/lb) × *Yield*: **1.211** (lb butter/ lb butterfat) = **Butterfat Price** ($/lb)

3

Component Value: **Protein Value in Cheese** ($/lb protein) + *Butterfat Adjustment*: (**Butterfat Value in Cheese** ($/lb butterfat) − **Butterfat Value in Butter** ($/lb butterfat)) × **1.17** (lb butterfat/ lb protein) = **Protein Price** ($/lb)

Commodity: **Cheese Price** ($/lb) − *Make Allowance*: **$0.2519** ($/lb) × *Yield*: **1.383** (lb cheese/ lb protein) = **Protein Value in Cheese** ($/lb protein)

Cheese Price ($/lb) − **$0.2519** ($/lb) × **1.589** (lb cheese/ lb butterfat) = **Butterfat Value in Cheese** ($/lb butterfat)

Calculated in Step 2: **Butterfat Price** ($/lb) × *Yield*: **0.91** (lb butterfat in cheese/ lb butterfat used) = **Butterfat Value in Butter** ($/lb butterfat)

4

Calculated in Step 3: **Protein Price** ($/lb) × *Percent Protein*: **3.3** (lb protein/ cwt skim) + *Calculated in Step 1*: **Other Solids Price** ($/lb) × *Percent Other Solids*: **6.0** (lb other solids/ cwt skim) = **Class III Skim Milk Price** ($/cwt)

5

Calculated in Step 4: **Class III Skim Milk Price** ($/cwt) × *Percent Protein*: **0.965** (cwt skim/ cwt milk) + *Calculated in Step 3*: **Butterfat Price** ($/lb) × *Percent Other Solids*: **3.5** (lb butterfat/ cwt milk) = **Class III Price** ($/cwt)

Calculating Class III Price: Details

Monthly commodity prices are announced on or before the 5th day of the following month.
Class prices are announced as dollars per hundredweight. CWT = hundredweight, 100 pounds.

Formula Details

1

**$0.2668 =** Manufacturing cost to produce 1 pound of dry whey, excluding cost of raw milk ($/lb).

1.03 = Factor representing pounds of dry whey that can be made from 1 pound of other solids (lb dry whey/lb other solids).

2

**$0.2272 =** Manufacturing cost to produce 1 pound of butter, excluding cost of raw milk ($/lb).

1.211 = Factor representing pounds of butter that can be made from 1 pound of butterfat (lb butter/lb butterfat).

3

1.17 = Assuming standard cwt of milk components (3.5 lb butterfat and 2.99 lb protein), 1.17 pounds of butterfat are associated with 1 pound of protein.

**$0.2519 =** Manufacturing cost to produce 1 pound of cheese, excluding cost of raw milk ($/lb).

1.383 = Factor representing pounds of cheese that can be made from 1 pound of protein (lb cheese/lb protein).

1.589 = Factor representing pounds of cheese that can be made from 1 pound of butterfat (lb cheese/lb butterfat).

0.91 = Factor accounting for the butterfat retained in the cheese manufacturing process (91 lb butterfat in cheese/cwt of butterfat used). Accounts for the fat lost in the whey stream.

4

3.3 = Pounds of protein in 100 pounds of skim milk (lb protein/cwt skim).

6.0 = Pounds of other solids in 100 pounds of skim milk (lb other solids/cwt skim).

5

0.965 = 96.5 pounds of skim in 100 pounds of milk (cwt skim/cwt milk).

3.5 = Pounds of other solids in 100 pounds of skim milk (lb butterfat/cwt milk).

For more information on the Price Formulas, visit
www.ams.usda.gov/resources/price-formulas
For more information on Advanced Prices & Pricing Factors and Class & Component Prices, visit **www.ams.usda.gov/rules-regulations/mmr/dmr**

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