



# Calculating Class III Price

**1**

<u>Commodity</u>	<u>Make Allowance</u>		<u>Yield</u>		
Dry Whey Price (\$/lb)	− \$0.2668 (\$/lb)	X	1.03 (lb dry whey/ lb other solids)	=	Other Solids Price (\$/lb)

**2**

<u>Commodity</u>	<u>Make Allowance</u>		<u>Yield</u>		
Butter Price (\$/lb)	− \$0.2272 (\$/lb)	X	1.211 (lb butter/ lb butterfat)	=	Butterfat Price (\$/lb)

**3**

<u>Component Value</u>		<u>Butterfat Adjustment</u>			
Protein Value in Cheese (\$/lb protein)	+	Butterfat Value in Cheese (\$/lb butterfat)	−	Butterfat Value in Butter (\$/lb butterfat)	X 1.17 (lb butterfat/ lb protein) = Protein Price (\$/lb)

<u>Commodity</u>	<u>Make Allowance</u>		<u>Yield</u>		
Cheese Price (\$/lb)	− \$0.2519 (\$/lb)	X	1.383 (lb cheese/ lb protein)	=	Protein Value in Cheese (\$/lb protein)

<u>Commodity</u>	<u>Make Allowance</u>		<u>Yield</u>		
Cheese Price (\$/lb)	− \$0.2519 (\$/lb)	X	1.589 (lb cheese/ lb butterfat)	=	Butterfat Value in Cheese (\$/lb butterfat)

<u>Calculated in Step 2</u>		<u>Yield</u>			
Butterfat Price (\$/lb)	X	0.91 (lb butterfat in cheese/ lb butterfat used)	=	Butterfat Value in Butter (\$/lb butterfat)	

**4**

<u>Calculated in Step 3</u>	<u>Percent Protein</u>		<u>Calculated in Step 1</u>	<u>Percent Other Solids</u>		
Protein Price (\$/lb)	X 3.3 (lb protein/ cwt skim)	+	Other Solids Price (\$/lb)	X 6.0 (lb other solids/ cwt skim)	=	Class III Skim Milk Price (\$/cwt)

**5**

<u>Calculated in Step 4</u>	<u>Yield</u>		<u>Calculated in Step 3</u>	<u>Yield</u>		
Class III Skim Milk Price (\$/cwt)	X 0.965 (cwt skim/ cwt milk)	+	Butterfat Price (\$/lb)	X 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 butterfat 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](http://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](http://www.ams.usda.gov/rules-regulations/mmr/dmr)**

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