



Calculating Class III Price

1

<u>Commodity</u>	<u>Make Allowance</u>		<u>Yield</u>	
Dry Whey Price (\$/lb)	-\$0.1991 (\$/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)	-\$0.1715 (\$/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)	-\$0.2003 (\$/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)	-\$0.2003 (\$/lb)	X	1.572 (lb cheese/lb butterfat)	= Butterfat Value in Cheese (\$/lb butterfat)

<u>Calculated in Step 2</u>		<u>Yield</u>	
Butterfat Price (\$/lb)	X	0.9 (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	3.1 (lb protein/cwt skim)	+	Other Solids Price (\$/lb)	X
					5.9 (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 **\$0.1991** = 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 **\$0.1715** = 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.

\$0.2003 = 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).

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

0.9 = Factor accounting for the butterfat retained in the cheese manufacturing process (90 lb butterfat in cheese/cwt of butterfat used). Accounts for the fat lost in the whey stream.

4 **3.1** = Pounds of protein in 100 pounds of skim milk (lb protein/cwt skim).

5.9 = 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

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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