Calculating Class III Price

1. Commodity: Dry Whey Price ($/lb)
   Make Allowance: $0.1991
   Yield: 1.03 (lb dry whey/lb other solids)
   Equal: Other Solids Price ($/lb)

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

3. Component Value: Protein Value in Cheese ($/lb protein)
   Butterfat Adjustment: 
   - Butterfat Value in Cheese ($/lb butterfat)
   - Butterfat Value in Butter ($/lb butterfat)
   Yield: 1.17 (lb butterfat/lb protein)
   Equal: Protein Price ($/lb)

4. Calculated in Step 2
   Percent Protein: 3.1 (lb protein/cwt skim)
   Percent Other Solids: 5.9 (lb other solids/cwt skim)
   Equal: Class III Skim Milk Price ($/cwt)

5. Calculated in Step 4
   Percent Protein: 0.965 (cwt skim/cwt milk)
   Percent Other Solids: 3.5 (lb butterfat/cwt milk)
   Equal: 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.

4. **$0.2003 =** Manufacturing cost to produce 1 pound of cheese, excluding cost of raw milk ($/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).

5. 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.

For more information on the Price Formulas, visit [www.ams.usda.gov/resources/price-formulas](http://www.ams.usda.gov/resources/price-formulas)


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