

Calculating Class III Price

1

Commodity

Dry Whey Price (\$/lb)

-

Make Allowance

\$0.2668 (\$/lb)

X

Yield

1.03 (lb dry whey/ lb other solids)

=

Other Solids Price (\$/lb)

2

Commodity

Butter Price (\$/lb)

-

Make Allowance

\$0.2272 (\$/lb)

X

Yield

1.211 (lb butter/ lb butterfat)

=

Butterfat Price (\$/lb)

3

Component Value

Protein Value in Cheese (\$/lb protein)

+

Butterfat Value in Cheese (\$/lb butterfat)

-

Butterfat Value in Butter (\$/lb butterfat)

X

Butterfat Adjustment

1.17 (lb butterfat/ lb protein)

=

Protein Price (\$/lb)

Commodity

Cheese Price (\$/lb)

-

Make Allowance

\$0.2519 (\$/lb)

X

Yield

1.383 (lb cheese/ lb protein)

=

Protein Value in Cheese (\$/lb protein)

Commodity

Cheese Price (\$/lb)

-

Make Allowance

\$0.2519 (\$/lb)

X

Yield

1.589 (lb cheese/ lb butterfat)

=

Butterfat Value in Cheese (\$/lb butterfat)

Calculated in Step 2

Butterfat Price (\$/lb)

X

Yield

0.91 (lb butterfat in cheese/ lb butterfat used)

=

Butterfat Value in Butter (\$/lb butterfat)

4

Calculated in Step 3

Protein Price (\$/lb)

X

Percent Protein

3.1 (lb protein/ cwt skim)

+

Calculated in Step 1

Other Solids Price (\$/lb)

X

Percent Other Solids

5.9 (lb other solids/ cwt skim)

=

Class III Skim Milk Price (\$/cwt)

5

Calculated in Step 4

Class III Skim Milk Price (\$/cwt)

X

Percent Protein

0.965 (cwt skim/ cwt milk)

+

Calculated in Step 3

Butterfat Price (\$/lb)

X

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 **3.1** = 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 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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