



# Calculating Class IV Price

**1** Commodity **Butter Price** (\$/lb)  $-$  Make Allowance **\$0.2272** (\$/lb)  $\times$  Yield **1.211** (lb butter/ )  $=$  **Butterfat Price** (\$/lb)

**2** Commodity **Nonfat Dry Milk Price** (\$/lb)  $-$  Make Allowance **\$0.2393** (\$/lb)  $\times$  Yield **0.99** (lb NFDM/ lb nonfat solids)  $=$  **Nonfat Solids Price** (\$/lb)

**3** Calculated in Step 2 **Nonfat Solids Price** (\$/lb)  $\times$  Yield **9.3** (lb nonfat solids/ cwt skim)  $=$  **Class IV Skim Milk Price** (\$/cwt)

**4** Calculated in Step 3 **Class IV Skim Milk Price** (\$/cwt)  $\times$  Yield **0.965** (cwt skim/ cwt milk)  $+$  Calculated in Step 1 **Butterfat Price** (\$/lb)  $\times$  Yield **3.5** (lb butterfat/ cwt milk)  $=$  **Class IV Price** (\$/cwt)

# Calculating Class IV 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**     **\$0.2272** = 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).
- 2**     **\$0.2393** = Manufacturing cost to produce 1 pound of NFDM, excluding cost of raw milk (\$/lb).  
**0.99** = Factor representing pounds of NFDM that can be made from 1 pound of nonfat solids (lb NFDM/lb nonfat solids).
- 3**     **9.3** = Factor representing pounds of nonfat solids found in a standard 100 pounds of skim milk (lb nonfat solids/cwt skim).
- 4**     **0.965** = 96.5 pounds of skim in 100 pounds of milk (cwt skim/cwt milk).  
**3.5** = 3.5 pounds of butterfat in 100 pounds of 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)***

*Agricultural Marketing Service, December 2025.*

*USDA is an equal opportunity employer, provider and lender.*

