



Calculating Class IV Price



$$\begin{array}{c}
 \text{1} \\
 \text{Commodity} \\
 \text{Butter Price (\$/lb)} \\
 \text{Make Allowance} \\
 \text{\$0.1715 (\$/lb)} \\
 \text{Yield} \\
 \text{1.211 (lb butter/ lb butterfat)} \\
 \text{= Butterfat Price (\$/lb)}
 \end{array}$$

$$\begin{array}{c}
 \text{2} \\
 \text{Commodity} \\
 \text{Nonfat Dry Milk Price (\$/lb)} \\
 \text{Make Allowance} \\
 \text{\$0.1678 (\$/lb)} \\
 \text{Yield} \\
 \text{0.99 (lb NFDM/ lb nonfat solids)} \\
 \text{= Nonfat Solids Price (\$/lb)}
 \end{array}$$

$$\begin{array}{c}
 \text{3} \\
 \text{Calculated in Step 2} \\
 \text{Nonfat Solids Price (\$/lb)} \\
 \text{Yield} \\
 \text{9.0 (lb nonfat solids/ cwt skim)} \\
 \text{= Class IV Skim Milk Price (\$/cwt)}
 \end{array}$$

$$\begin{array}{c}
 \text{4} \\
 \text{Calculated in Step 3} \\
 \text{Class IV Skim Milk Price (\$/cwt)} \\
 \text{Yield} \\
 \text{0.965 (cwt skim/ cwt milk)} \\
 \text{+} \\
 \text{Calculated in Step 1} \\
 \text{Butterfat Price (\$/lb)} \\
 \text{Yield} \\
 \text{3.5 (lb butterfat/ cwt milk)} \\
 \text{= Class IV Price (\$/cwt)}
 \end{array}$$

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** **\$0.1715** = 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).
- 2** **\$0.1678** = 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** **9.0** = 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

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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