Calculating Class IV Price

1. **Commodity**: Butter Price ($/lb) - **Make Allowance**: $0.1715 ($/lb) × **Yield**: 1.211 (lb butter/lb butterfat) = **Butterfat Price** ($/lb)

2. **Commodity**: Nonfat Dry Milk Price ($/lb) - **Make Allowance**: $0.1678 ($/lb) × **Yield**: 0.99 (lb NFDM/lb nonfat solids) = **Nonfat Solids Price** ($/lb)

3. **Calculated in Step 2**: Nonfat Solids Price ($/lb) × **Yield**: 9.0 (lb nonfat solids/cwt skim) = **Class IV Skim Milk Price** ($/cwt)

4. **Calculated in Step 3**: **Class IV Skim Milk Price** ($/cwt) × **Yield**: 0.965 (cwt skim/cwt milk) + **Calculated in Step 1**: **Yield**: 3.5 (lb butterfat/cwt milk) × **Butterfat Price** ($/lb) = **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. $0.1715 = \text{Manufacturing cost to produce 1 pound of butter, excluding cost of raw milk ($/lb).}$

2. $1.211 = \text{Factor representing pounds of butter that can be made from 1 pound of butterfat (lb butter/lb butterfat).}$

3. $0.1678 = \text{Manufacturing cost to produce 1 pound of NFDM, excluding cost of raw milk ($/lb).}$

4. $0.99 = \text{Factor representing pounds of NFDM that can be made from 1 pound of nonfat solids (lb NFDM/lb nonfat solids).}$

5. $9.0 = \text{Factor representing pounds of nonfat solids found in a standard 100 pounds of skim milk (lb nonfat solids/cwt skim).}$

6. $0.965 = 96.5 \text{ pounds of skim in 100 pounds of milk (cwt skim/cwt milk).}$

7. $3.5 = 3.5 \text{ pounds of butterfat in 100 pounds of milk (lb butterfat/cwt milk).}$

For more information on the Price Formulas, visit


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