



Announcement of Advanced Prices and Pricing Factors

United States Department of Agriculture

Agricultural Marketing Service

Dairy Programs

Market Information Branch

ADV-0216

January 21, 2016

February 2016 Highlights

Base Class I Price was \$13.64 per hundredweight for the month of February 2016. The price per hundredweight decreased \$2.40 from the previous month.

Base Skim Milk Price for Class I was \$5.91 per hundredweight for the month of February 2016. The price per hundredweight increased \$0.30 from the previous month.

Announcement of Advanced Prices and Pricing Factors for February 2016

Base Class I Price:	\$13.64	(per hundredweight)
Base Skim Milk Price for Class I:	\$5.91	(per hundredweight)
Advanced Class III Skim Milk Pricing Factor:	\$5.91	(per hundredweight)
Advanced Class IV Skim Milk Pricing Factor:	\$5.47	(per hundredweight)
Advanced Butterfat Pricing Factor:	\$2.2678	(per pound)
Class II Skim Milk Price:	\$6.17	(per hundredweight)
Class II Nonfat Solids Price:	\$0.6856	(per pound)
Two-week Product Price Averages:		
Butter	2.0442	(per pound)
Nonfat Dry Milk	0.7817	(per pound)
Cheese	1.5115	(per pound)
Dry Whey	0.2344	(per pound)
Special information for Appalachian and Southeast:		
Diesel Fuel Price	\$2.103	(per gallon)
Mileage Rate Factor	0.00424	(per hundredweight per mile)

Advanced Prices and Pricing Factors Announcement
Agricultural Marketing Service

January 21, 2016

Federal Milk Order Class I and Class II Advanced Prices and Pricing Factors, 2016

Month	Class I Base Price	Base Skim Milk Price for Class I	Advanced Class III Skim Milk Pricing Factor	Advanced Class IV Skim Milk Pricing Factor	Advanced Butterfat Pricing Factor	Class II Skim Milk Price	Class II Nonfat Solids Price
	Dollars per cwt.				\$ per lb.	\$ per cwt.	\$ per lb.
Jan	16.04	5.61	4.04	5.61	3.0362	6.31	0.7011
Feb	13.64	5.91	5.91	5.47	2.2678	6.17	0.6856

Federal Milk Order Class I and Class II Advanced Prices and Pricing Factors, 2015

Month	Class I Base Price	Base Skim Milk Price for Class I	Advanced Class III Skim Milk Pricing Factor	Advanced Class IV Skim Milk Pricing Factor	Advanced Butterfat Pricing Factor	Class II Skim Milk Price	Class II Nonfat Solids Price
	Dollars per cwt.				\$ per lb.	\$ per cwt.	\$ per lb.
Jan	18.58	11.35	11.35	9.93	2.1787	10.63	1.1811
Feb	16.24	10.76	10.76	7.64	1.6719	8.34	0.9267
Mar	15.56	9.59	9.59	7.61	1.8008	8.31	0.9233
Apr	15.50	9.37	9.37	7.93	1.8442	8.63	0.9589
May	15.83	9.52	9.52	7.15	1.8972	7.85	0.8722
Jun	16.14	9.37	9.37	6.96	2.0281	7.66	0.8511
Jul	16.53	9.47	9.47	6.85	2.1115	7.55	0.8389
Aug	16.28	9.13	9.13	6.12	2.1332	6.82	0.7578
Sep	16.34	9.08	9.08	5.21	2.1653	5.91	0.6567
Oct	15.84	6.57	6.57	5.76	2.7152	6.46	0.7178
Nov	16.48	6.65	5.44	6.65	2.8756	7.35	0.8167
Dec	16.71	6.05	4.65	6.05	3.1048	6.75	0.7500
Avg	16.34	8.91	8.69	6.99	2.2108	7.69	0.8550

Advanced Prices and Pricing Factors Announcement
Agricultural Marketing Service

January 21, 2016

Dairy Products Price Averages Used in Federal Milk Order Price Formulas, 2016

Month	Product Price Averages For:							
	Class I (Skim, Bfat.), Class II (Skim, Nonfat Solids)				Class II (Bfat.), Class III, Class IV, Components			
	Butter	Nonfat dry milk	Cheese	Dry Whey	Butter	Nonfat dry milk	Cheese	Dry Whey
Dollars per pound				Dollars per pound				
Jan	2.6787	0.7970	1.5753	0.2341				
Feb	2.0442	0.7817	1.5115	0.2344				

Dairy Products Price Averages Used in Federal Milk Order Price Formulas, 2015

Month	Product Price Averages For:							
	Class I (Skim, Bfat.), Class II (Skim, Nonfat Solids)				Class II (Bfat.), Class III, Class IV, Components			
	Butter	Nonfat dry milk	Cheese	Dry Whey	Butter	Nonfat dry milk	Cheese	Dry Whey
Dollars per pound				Dollars per pound				
Jan	1.9706	1.2826	1.8141	0.5847	1.5633	1.0202	1.5807	0.5875
Feb	1.5521	1.0253	1.5857	0.5903	1.6823	1.0308	1.5446	0.5169
Mar	1.6585	1.0213	1.5408	0.5415	1.6945	1.0217	1.5750	0.4824
Apr	1.6944	1.0577	1.5617	0.4935	1.7355	0.9684	1.6122	0.4610
May	1.7381	0.9705	1.6142	0.4600	1.8725	0.9464	1.6557	0.4450
Jun	1.8462	0.9489	1.6520	0.4443	1.9065	0.9283	1.7222	0.4245
Jul	1.9151	0.9362	1.6955	0.4341	1.9159	0.8366	1.6997	0.3937
Aug	1.9330	0.8548	1.6906	0.3975	2.0438	0.7443	1.7386	0.3108
Sep	1.9595	0.7521	1.7255	0.3495	2.4449	0.8007	1.7145	0.2442
Oct	2.4136	0.8144	1.7191	0.2416	2.5734	0.8951	1.6790	0.2309
Nov	2.5461	0.9139	1.6678	0.2262	2.7999	0.8372	1.6503	0.2341
Dec	2.7353	0.8464	1.6594	0.2332	2.5709	0.7893	1.5719	0.2336
Avg	1.9969	0.9520	1.6605	0.4164	2.0670	0.9016	1.6454	0.3804

Methodology: Advanced Prices and Pricing Factors

Data: The Advanced Prices and Pricing Factors are calculated using the most recent two weeks of data from the latest National Dairy Products Sales Report.

Reliability: National Dairy Products Sales Reports are subject to revision for four weeks following the initial weekly report. For enforcement purposes, the information in the National Dairy Products Sales Report is subject to verification for up to two years from the time of submission. The AMS audit staff periodically reviews a company's sales records to ensure accurate reports during onsite verifications. Note that the monthly Announcements of Advanced Prices and Pricing Factors are not subject to revision.

Terms and Definitions: Announced milk prices are per 100 pounds or cwt, rounded to the nearest cent. Component prices are per pound, rounded to nearest one-hundredth cent. Announced product prices and pricing factors are per pound, rounded to the nearest one-hundredth cent. The diesel fuel price is per gallon, rounded to the nearest one-tenth cent. The mileage rate factor is per hundredweight per mile, rounded to the nearest one-thousandth cent.

The National Dairy Products Sales Report provides current wholesale market prices for basic dairy commodities. These commodity prices for the previous two weeks are used in the following formulas to calculate the USDA's Advanced Prices and Pricing Factors used in the Federal milk marketing order program.

For the product price averages below, j corresponds to the number of previous weeks. For example, where $j=1$, this corresponds to the week ending the Saturday prior to the date of the Announcement; where $j=2$, this corresponds to the week ending the Saturday before that. The summation sign (\sum) indicates that terms are added corresponding to the previous 2 weeks.

- Butter Price =
$$\frac{\sum_{j=1}^2((\text{Weekly Butter Price})_j \times (\text{Weekly Butter Sales})_j)}{\sum_{j=1}^2(\text{Weekly Butter Sales})_j}$$
- Nonfat Dry Milk (NFDM) Price =
$$\frac{\sum_{j=1}^2((\text{Weekly NFDM Price})_j \times (\text{Weekly NFDM Sales})_j)}{\sum_{j=1}^2(\text{Weekly NFDM Sales})_j}$$
- Cheese Price =
$$\frac{\sum_{j=1}^2(((\text{Barrel Price} + 0.03)_j \times (\text{Barrel Sales})_j) + ((\text{Block Price})_j \times (\text{Block Sales})_j))}{\sum_{j=1}^2((\text{Barrel Sales})_j + (\text{Block Sales})_j)}$$
- Dry Whey Price =
$$\frac{\sum_{j=1}^2((\text{Weekly Dry Whey Price})_j \times (\text{Weekly Dry Whey Sales})_j)}{\sum_{j=1}^2(\text{Weekly Dry Whey Sales})_j}$$
- Base Class I Price = (Base Skim Milk Price for Class I x 0.965) + (Advanced Butterfat Pricing Factor x 3.5)
- Base Skim Milk Price for Class I = Higher of Advanced Class III or IV Skim Milk Pricing Factors
- Advanced Class III Skim Milk Pricing Factor = (Protein Price x 3.1) + (Other Solids Price x 5.9)
 - Protein Price = $((\text{Cheese Price} - 0.2003) \times 1.383) + (((\text{Cheese Price} - 0.2003) \times 1.572) - \text{Advanced Butterfat Pricing Factor} \times 0.9) \times 1.17)$
 - Other Solids Price = $(\text{Dry Whey Price} - 0.1991) \times 1.03$
- Advanced Class IV Skim Milk Pricing Factor = Nonfat Solids Price x 9
 - Nonfat Solids Price = $(\text{Nonfat Dry Milk Price} - 0.1678) \times 0.99$
- Advanced Butterfat Pricing Factor = $(\text{Butter Price} - 0.1715) \times 1.211$
- Class II Skim Milk Price = Advanced Class IV Skim Milk Pricing Factor + 0.70
- Class II Nonfat Solids Price = Class II Skim Milk Price / 9

Advanced Prices and Pricing Factors Announcement
Agricultural Marketing Service

January 21, 2016

**Additional Notes: All product prices used in this report are weighted by sales volume. Commodity prices used for Federal order formulas for Advanced Prices are weighted averages for the previous two weeks. To weight the product price average, it must be multiplied by each week's respective sales volume in pounds; each resulting total weekly sales dollars are combined to calculate the weighted product price average. The Cheddar cheese barrel price is adjusted to 38 percent moisture content. The Class I Base Price is shown for informational purposes only; it is not defined in Section 1000.50 of the order. The Class I skim milk price equals the Base Skim Milk Price plus the applicable Class I differential. The Class I Butterfat Price equals Advanced Butterfat Pricing Factor plus the (applicable Class I differential divided by 100).*

For more information on pricing formulas please visit: <http://www.ams.usda.gov/rules-regulations/mmr/dmr>.

Revisions: The monthly Announcements of Advanced Prices and Pricing Factors are not subject to revision.

Information Contacts

Listed below are the specialists in the Agricultural Marketing Service, Dairy Program, Market Information Branch to contact for additional information. E-mail inquiries may be sent to dpp@ams.usda.gov

Lorie Warren, Chief, Market Information..... (202) 720-4405

Dairy Products Mandatory Reporting Program

Patsy Emmons, Dairy Products Marketing Specialist (202) 720-6491
Kerry Siekmann, Dairy Products Marketing Specialist (952) 277-2363

Federal Milk Order Information Program

Kerry Siekmann, Dairy Products Marketing Specialist (952) 277-2363
Randal Stoker, Dairy Products Marketing Specialist (202) 690-1932
Daniel Manzoni, Dairy Products Marketing Specialist..... (202) 720-2352

For the most current release, visit AMS Dairy Program ([Dairy Products Mandatory Reporting Program's page](#)) or Cornell University's Mann Library ([Announcement of Advanced Prices and Pricing Factors page](#))

To receive e-mail notification for AMS Dairy Program publications, visit [Cornell University's Mann Library](#) and follow the instructions.



The United States Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or a part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.