



# Announcement of Class and Component Prices

United States Department of Agriculture

**Agricultural Marketing Service**

**Dairy Programs**

**Market Information Branch**

CLS-0814

September 4, 2014

## August 2014 Highlights

**Class II Price** was \$25.34 per hundredweight for the month of August 2014. The price per hundredweight increased \$0.93 from the previous month.

**Class III Price** was \$22.25 per hundredweight for the month of August 2014. The price per hundredweight increased \$0.65 from the previous month.

**Class IV Price** was \$23.89 per hundredweight for the month of August 2014. The price per hundredweight increased \$0.11 from the previous month.

## Announcement of Class and Component Prices for August 2014

Class II Price:	\$25.34 (per hundredweight)
Class II Butterfat Price:	\$2.8518 (per pound)
Class II Skim Milk Price <sup>1/</sup>	\$15.92 (per hundredweight)
Class III Price:	\$22.25 (per hundredweight)
Class III Skim Milk Price:	\$12.74 (per hundredweight)
Class IV Price:	\$23.89 (per hundredweight)
Class IV Skim Milk Price:	\$14.44 (per hundredweight)
Butterfat Price:	\$2.8448 (per pound)
Nonfat Solids Price:	\$1.6047 (per pound)
Protein Price:	\$3.1496 (per pound)
Other Solids Price:	\$0.5036 (per pound)
Somatic Cell Adjustment Rate:	0.00105 (per 1,000 somatic cell count)
Product Price Averages:	
Butter	\$2.5206 (per pound)
Nonfat Dry Milk	\$1.7887 (per pound)
Cheese	\$2.1074 (per pound)
Dry Whey	\$0.6880 (per pound)

<sup>1/</sup> August 2014 Advanced Price Announcement.

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**Federal Milk Order Class II, Class III, and Class IV Milk Prices, 2014**

Month	Class II Price	Class II Butterfat Price	Class III Price	Class III Skim Milk Price	Class IV Price	Class IV Skim Milk Price
	\$/cwt.	\$/lb.	Dollars per cwt.			
Jan	22.21	1.7944	21.15	15.43	22.29	16.62
Feb	23.73	2.0179	23.35	16.90	23.46	17.02
Mar	24.22	2.0472	23.33	16.78	23.66	17.12
Apr	24.74	2.1277	24.31	17.50	23.34	16.50
May	24.44	2.2791	22.57	15.15	22.65	15.23
Jun	23.94	2.4483	21.36	13.28	23.13	15.11
Jul	24.41	2.6419	21.60	12.83	23.78	15.09
Aug	25.34	2.8518	22.25	12.74	23.89	14.44
Sep						
Oct						
Nov						
Dec						

**Federal Milk Order Class II, Class III, and Class IV Milk Prices, 2013**

Month	Class II Price	Class II Butterfat Price	Class III Price	Class III Skim Milk Price	Class IV Price	Class IV Skim Milk Price
	\$/cwt.	\$/lb.	Dollars per cwt.			
Jan	18.19	1.6238	18.14	12.93	17.63	12.41
Feb	18.49	1.6689	17.25	11.85	17.75	12.37
Mar	18.82	1.7546	16.93	11.21	17.75	12.06
Apr	18.73	1.8297	17.59	11.62	18.10	12.15
May	18.43	1.7954	18.52	12.71	18.89	13.09
Jun	19.14	1.6669	18.02	12.65	18.88	13.54
Jul	19.22	1.5763	17.38	12.32	18.90	13.89
Aug	19.27	1.5174	17.91	13.08	19.07	14.28
Sep	19.78*	1.5266*	18.14*	13.29*	19.43*	14.62*
Oct	20.56*	1.6708*	18.22*	12.85*	20.17*	14.87*
Nov	20.76	1.6406	18.83	13.59	20.52	15.34
Dec	21.66	1.7742	18.95	13.23	21.54	15.91
Avg	19.42	1.6704	17.99	12.61	19.05	13.71

\* Pricing constituent used in calculation. Equivalent Prices, computed pursuant to 7 CFR, Section 1000.54 (<http://www.fmms30.com/>).

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**Federal Milk Order Component Prices, 2014**

Month	Butterfat Price	Nonfat Solids Price	Protein Price	Other Solids Price	Somatic Cell Adjustment Rate
	Dollars per pound				\$/count
Jan	1.7874	1.8470	4.1870	0.4155	0.00104
Feb	2.0109	1.8914	4.6044	0.4453	0.00114
Mar	2.0402	1.9027	4.5172	0.4700	0.00113
Apr	2.1207	1.8328	4.7089	0.4926	0.00118
May	2.2721	1.6919	3.9553	0.4897	0.00109
Jun	2.4413	1.6785	3.3437	0.4942	0.00102
Jul	2.6349	1.6770	3.1798	0.5046	0.00102
Aug	2.8448	1.6047	3.1496	0.5036	0.00105
Sep					
Oct					
Nov					
Dec					

**Federal Milk Order Component Prices, 2013**

Month	Butterfat Price	Nonfat Solids Price	Protein Price	Other Solids Price	Somatic Cell Adjustment Rate
	Dollars per pound				\$/count
Jan	1.6168	1.3784	3.2862	0.4647	0.00087
Feb	1.6619	1.3742	2.9609	0.4534	0.00083
Mar	1.7476	1.3395	2.8204	0.4179	0.00082
Apr	1.8227	1.3498	3.0130	0.3863	0.00087
May	1.7884	1.4549	3.3597	0.3887	0.00091
Jun	1.6599	1.5048	3.3455	0.3859	0.00089
Jul	1.5693	1.5438	3.2257	0.3927	0.00086
Aug	1.5104	1.5868	3.4775	0.3901	0.00089
Sep	1.5196*	1.6243*	3.5419*	0.3914*	0.00090*
Oct	1.6638*	1.6521*	3.4107*	0.3852*	0.00090*
Nov	1.6336	1.7042	3.6316	0.3955	0.00093
Dec	1.7672	1.7680	3.5390	0.3826	0.00094
Avg	1.6634	1.5234	3.3010	0.4029	0.00088

\* Pricing constituent used in calculation. Equivalent Prices, computed pursuant to 7 CFR, Section 1000.54 (<http://www.fmma30.com/>).

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**Dairy Products Price Averages Used in Federal Milk Order Price Formulas, 2014**

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	1.6406	1.9423	1.8583	0.5669	1.6475	2.0335	2.0838	0.6025
Feb	1.5939	2.0270	2.0308	0.5939	1.8320	2.0783	2.2864	0.6314
Mar	1.8476	2.0718	2.3213	0.6238	1.8562	2.0897	2.2689	0.6554
Apr	1.8308	2.1007	2.2211	0.6495	1.9227	2.0191	2.3547	0.6774
May	1.9708	2.0040	2.3695	0.6751	2.0477	1.8768	2.1703	0.6745
Jun	2.0176	1.8768	2.2029	0.6724	2.1874	1.8633	2.0358	0.6789
Jul	2.1845	1.8526	2.0334	0.6767	2.3473	1.8617	2.0482	0.6890
Aug	2.3379	1.8763	2.0445	0.6873	2.5206	1.7887	2.1074	0.6880
Sep	2.4319	1.8020	2.0666	0.6926				
Oct								
Nov								
Dec								

**Dairy Products Price Averages Used in Federal Milk Order Price Formulas, 2013**

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	1.6126	1.5442	1.8250	0.6588	1.5066	1.5601	1.7485	0.6503
Feb	1.5280	1.5603	1.7535	0.6536	1.5438	1.5559	1.6623	0.6393
Mar	1.5393	1.5644	1.6480	0.6399	1.6146	1.5208	1.6467	0.6048
Apr	1.5909	1.5219	1.6402	0.6094	1.6766	1.5312	1.7310	0.5741
May	1.6542	1.5021	1.6803	0.5797	1.6483	1.6374	1.8274	0.5765
Jun	1.6579	1.6367	1.8388	0.5741	1.5422	1.6878	1.7810	0.5738
Jul	1.5590	1.6826	1.7806	0.5710	1.4674	1.7272	1.7142	0.5804
Aug	1.4902	1.7131	1.7201	0.5769	1.4187	1.7706	1.7731	0.5778
Sep	1.4448	1.7679	1.7778	0.5752	1.4263*	1.8085*	1.7961*	0.5791*
Oct	1.3876	1.8008	1.7739	0.5791	1.5454*	1.8366*	1.8025*	0.5731*
Nov	1.5551*	1.8358*	1.7938*	0.5757*	1.5205	1.8892	1.8612	0.5831
Dec	1.4916	1.8856	1.8774	0.5749	1.6308	1.9537	1.8761	0.5706
Avg	1.5426	1.6680	1.7591	0.5974	1.5451	1.7066	1.7683	0.5902

\* Pricing constituent used in calculation. Equivalent Prices, computed pursuant to 7 CFR, Section 1000.54 (<http://www.fmma30.com/>).

### Methodology: Monthly Class and Component Prices

**Data:** The Class and Component Prices are calculated using the most recent four or five weeks (since the last monthly Announcement of Class and Component Prices) 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 Class and Component Prices 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 somatic cell adjustment rate is for every 1,000 cells, 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 are used in the following formulas to calculate the USDA's Class and Component Prices 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; etc. The summation sign ( $\sum$ ) indicates that terms are added corresponding to the previous 4 or 5 weeks, where the number of weeks equals the number of National Dairy Products Sales Reports that have occurred since the last monthly Announcement of Class and Component Prices was issued.

- Butter Price = 
$$\frac{\sum_{j=1}^{4 \text{ or } 5} ((\text{Weekly Butter Price})_j \times (\text{Weekly Butter Sales})_j)}{\sum_{j=1}^{4 \text{ or } 5} (\text{Weekly Butter Sales})_j}$$
- Nonfat Dry Milk (NFD) Price = 
$$\frac{\sum_{j=1}^{4 \text{ or } 5} ((\text{Weekly NFD Price})_j \times (\text{Weekly NFD Sales})_j)}{\sum_{j=1}^{4 \text{ or } 5} (\text{Weekly NFD Sales})_j}$$
- Cheese Price = 
$$\frac{\sum_{j=1}^{4 \text{ or } 5} (((\text{Barrel Price} + 0.03)_j \times (\text{Barrel Sales})_j) + ((\text{Block Price})_j \times (\text{Block Sales})_j))}{\sum_{j=1}^{4 \text{ or } 5} ((\text{Barrel Sales})_j + (\text{Block Sales})_j)}$$
- Dry Whey Price = 
$$\frac{\sum_{j=1}^{4 \text{ or } 5} ((\text{Weekly Dry Whey Price})_j \times (\text{Weekly Dry Whey Sales})_j)}{\sum_{j=1}^{4 \text{ or } 5} (\text{Weekly Dry Whey Sales})_j}$$
- Butterfat Price = (Butter Price – 0.1715) x 1.211
- Nonfat Solids Price = (NFD Price – 0.1678) x 0.99
- Protein Price = 
$$((\text{Cheese Price} - 0.2003) \times 1.383) + \left( \left( ((\text{Cheese Price} - 0.2003) \times 1.572) - \text{Butterfat Price} \times 0.9 \right) \times 1.17 \right)$$
- Other Solids Price = (Dry Whey Price – 0.1991) x 1.03
- Somatic Cell Adjustment Rate = Cheese Price x 0.0005
- Class II Price = (Class II Skim Milk Price x 0.965) + (Class II Butterfat Price x 3.5)
  - Class II Skim Milk Price = See the Announcement of Advanced Prices and Pricing Factors for the applicable month.
  - Class II Butterfat Price = Butterfat Price + 0.007
- Class III Price = (Class III Skim Milk Price x 0.965) + (Butterfat Price x 3.5)
  - Class III Skim Milk Price = (Protein Price x 3.1) + (Other Solids Price x 5.9)
- Class IV Price = (Class IV Skim Milk Price x 0.965) + (Butterfat Price x 3.5)
  - Class IV Skim Milk Price = Nonfat Solids Price x 9

*\*Additional Notes: All product prices used in this report are weighted by sales volume. Commodity prices used for Federal order formulas are weighted averages for the previous four or five 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. Producer component prices are only applicable to orders 1, 30, 32, 33, 124, and 126.*

For more information on pricing formulas please visit: <http://www.ams.usda.gov/AMSV1.0/MilkPrices>.

**Revisions:** The monthly Announcements of Class and Component Prices are not subject to revision.

### Information Contacts

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

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