



Announcement of Class and Component Prices

United States Department of Agriculture

Agricultural Marketing Service

Dairy Programs

Market Information Branch

CLS-0216

March 2, 2016

February 2016 Highlights

Class II Price was \$14.30 per hundredweight for the month of February 2016. The price per hundredweight increased \$0.11 from the previous month.

Class III Price was \$13.80 per hundredweight for the month of February 2016. The price per hundredweight increased \$0.08 from the previous month.

Class IV Price was \$13.49 per hundredweight for the month of February 2016. The price per hundredweight increased \$0.18 from the previous month.

Announcement of Class and Component Prices for February 2016

Class II Price:	\$14.30 (per hundredweight)
Class II Butterfat Price:	\$2.3848 (per pound)
Class II Skim Milk Price ^{1/}	\$6.17 (per hundredweight)
Class III Price:	\$13.80 (per hundredweight)
Class III Skim Milk Price:	\$5.68 (per hundredweight)
Class IV Price:	\$13.49 (per hundredweight)
Class IV Skim Milk Price:	\$5.36 (per hundredweight)
Butterfat Price:	\$2.3778 (per pound)
Nonfat Solids Price:	\$0.5951 (per pound)
Protein Price:	\$1.7389 (per pound)
Other Solids Price:	\$0.0492 (per pound)
Somatic Cell Adjustment Rate:	0.00076 (per 1,000 somatic cell count)
Product Price Averages:	
Butter	\$2.1350 (per pound)
Nonfat Dry Milk	\$0.7689 (per pound)
Cheese	\$1.5170 (per pound)
Dry Whey	\$0.2469 (per pound)

^{1/} January Advanced Price Announcement

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Federal Milk Order Class II, Class III, and Class IV Milk Prices, 2016

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	14.19	2.3132	13.72	5.85	13.31	5.43
Feb	14.30	2.3848	13.80	5.68	13.49	5.36

Federal Milk Order Class II, Class III, and Class IV Milk Prices, 2015

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	16.18	1.6925	16.18	10.65	13.23	7.60
Feb	14.48	1.8366	15.46	9.39	13.82	7.69
Mar	14.50	1.8514	15.56	9.43	13.80	7.61
Apr	14.98	1.9010	15.81	9.51	13.51	7.13
May	14.81	2.0669	16.19	9.31	13.91	6.94
Jun	14.77	2.1081	16.72	9.71	13.90	6.78
Jul	14.70	2.1195	16.33	9.26	13.15	5.96
Aug	14.54	2.2744	16.27	8.64	12.90	5.14
Sep	15.36	2.7601	15.82	6.41	15.08	5.64
Oct	16.44	2.9157	15.46	5.47	16.43	6.48
Nov	18.26	3.1900	15.30	4.31	16.89	5.96
Dec	16.71	2.9127	14.44	4.43	15.52	5.54
Avg	15.48	2.3025	15.80	8.04	14.34	6.54

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Federal Milk Order Component Prices, 2016

Month	Butterfat Price	Nonfat Solids Price	Protein Price	Other Solids Price	Somatic Cell Adjustment Rate
	Dollars per pound				\$/count
Jan	2.3062	0.6037	1.8169	0.0371	0.00076
Feb	2.3778	0.5951	1.7389	0.0492	0.00076

Federal Milk Order Component Prices, 2015

Month	Butterfat Price	Nonfat Solids Price	Protein Price	Other Solids Price	Somatic Cell Adjustment Rate
	Dollars per pound				\$/count
Jan	1.6855	0.8439	2.6731	0.4001	0.00079
Feb	1.8296	0.8544	2.4051	0.3273	0.00077
Mar	1.8444	0.8454	2.4875	0.2918	0.00079
Apr	1.8940	0.7926	2.5551	0.2698	0.00081
May	2.0599	0.7708	2.5206	0.2533	0.00083
Jun	2.1011	0.7529	2.6915	0.2322	0.00086
Jul	2.1125	0.6621	2.6070	0.2004	0.00085
Aug	2.2674	0.5707	2.5692	0.1151	0.00087
Sep	2.7531	0.6266	1.9801	0.0465	0.00086
Oct	2.9087	0.7200	1.7019	0.0328	0.00084
Nov	3.1830	0.6627	1.3205	0.0361	0.00083
Dec	2.9057	0.6153	1.3599	0.0355	0.00079
Avg	2.2954	0.7264	2.2393	0.1867	0.00083

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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	2.0759	0.7776	1.5178	0.2351
Feb	2.0442	0.7817	1.5115	0.2344	2.1350	0.7689	1.5170	0.2469
Mar	2.1618	0.7684	1.5158	0.2426				

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: 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 = ((Cheese Price – 0.2003) x 1.383) + (((((Cheese Price – 0.2003) x 1.572) – Butterfat Price x 0.9) x 1.17)
- 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/rules-regulations/mmr/dmr>.

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 Program, and Market Information Branch to contact for additional information. E-mail inquiries may be sent to dpp@ams.usda.gov

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