



# Announcement of Class and Component Prices

United States Department of Agriculture

Agricultural Marketing Service

Dairy Programs

Market Information Branch

CLS-0316

March 30, 2016

## March 2016 Highlights

**Class II Price** was \$13.57 per hundredweight for the month of March 2016. The price per hundredweight decreased \$0.73 from the previous month.

**Class III Price** was \$13.74 per hundredweight for the month of March 2016. The price per hundredweight decreased \$0.06 from the previous month.

**Class IV Price** was \$12.74 per hundredweight for the month of March 2016. The price per hundredweight decreased \$0.75 from the previous month.

## Announcement of Class and Component Prices for March 2016

|  |  |
|--|--|
| Class II Price:                        | \$13.57 (per hundredweight)            |
| Class II Butterfat Price:              | \$2.2098 (per pound)                   |
| Class II Skim Milk Price <sup>1/</sup> | \$6.05 (per hundredweight)             |
| Class III Price:                       | \$13.74 (per hundredweight)            |
| Class III Skim Milk Price:             | \$6.25 (per hundredweight)             |
| Class IV Price:                        | \$12.74 (per hundredweight)            |
| Class IV Skim Milk Price:              | \$5.21 (per hundredweight)             |
| Butterfat Price:                       | \$2.2028 (per pound)                   |
| Nonfat Solids Price:                   | \$0.5786 (per pound)                   |
| Protein Price:                         | \$1.9206 (per pound)                   |
| Other Solids Price:                    | \$0.0501 (per pound)                   |
| Somatic Cell Adjustment Rate:          | 0.00076 (per 1,000 somatic cell count) |
| Product Price Averages:                |  |
| Butter                                 | \$1.9905 (per pound)                   |
| Nonfat Dry Milk                        | \$0.7522 (per pound)                   |
| Cheese                                 | \$1.5162 (per pound)                   |
| Dry Whey                               | \$0.2477 (per pound)                   |

<sup>1/</sup> February 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                     |
| Mar   | 13.57          | 2.2098                   | 13.74            | 6.25                      | 12.74          | 5.21                     |

**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                      |
| Mar   | 2.2028            | 0.5786              | 1.9206        | 0.0501             | 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   | 1.9905  | 0.7522          | 1.5162 | 0.2477   |
| Apr   | 1.9969  | 0.7504          | 1.5148 | 0.2502   |   |                 |        |          |

**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

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*\*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](mailto:dpp@ams.usda.gov)

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