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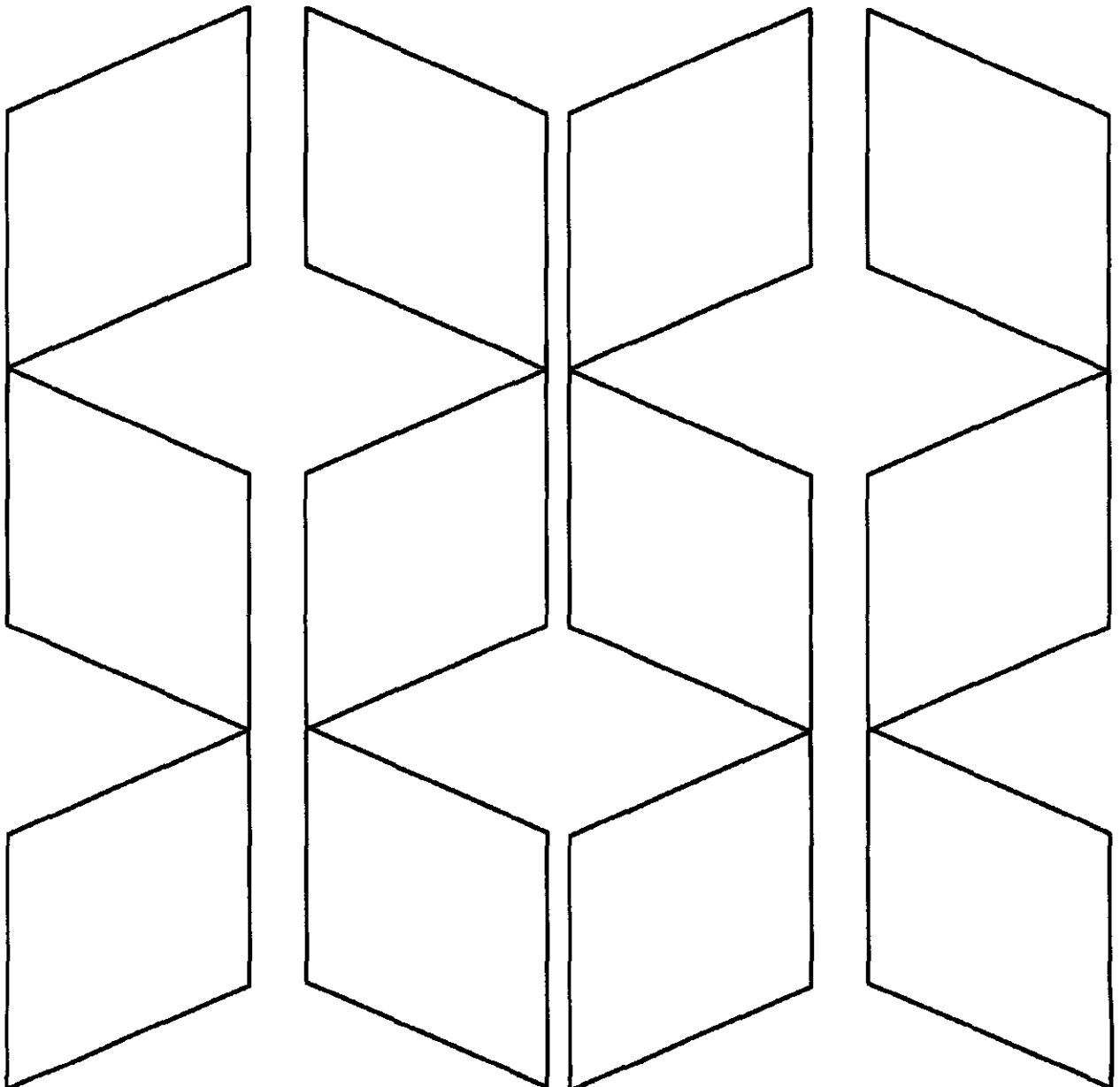
Agricultural  
Statistics  
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# Prices Received Minnesota-Wisconsin Manufacturing Grade Milk 1993 Summary



## Minnesota-Wisconsin Manufacturing Grade Milk Price Series and Final Two-State Estimates for 1991-93

Each month, the National Agricultural Statistics Service of the U.S. Department of Agriculture publishes estimates of the average price received by farmers and the average milkfat test for milk of manufacturing grade for the preceding month for the Minnesota-Wisconsin area.

These two States produce almost half of the manufacturing grade milk marketed in the United States. The estimates relate only to manufacturing grade milk purchased from farmers and do not include Grade A milk diverted to manufacturing uses. Data needed for the preparation of the two-State series are collected by the Minnesota and Wisconsin Agricultural Statistics Offices. These data come from regularly scheduled monthly reports submitted by plants receiving manufacturing grade milk. After data are summarized and analyzed by the Federal-State Statisticians, estimates are forwarded to Washington, D.C. for final review and consolidated into the two-State average price and test.

The Minnesota-Wisconsin (M-W) estimate is the average price for all milk of manufacturing grade delivered f.o.b. plant or receiving station, before hauling costs and producer assessments under the various dairy collection programs are deducted. It includes quantity, quality, protein, and other premiums paid to producers, but excludes hauling subsidies. The price estimates for a given month are: (1) estimated average price for the base month, which is the month preceding that to which the M-W price estimate relates, and (2) estimate of the M-W price.

The base-month price and test are determined using reports from about 100 plants in Wisconsin and 70 in Minnesota. These plants purchase approximately 80 percent of all manufacturing-grade milk sold in the two States. Plants report total pounds of manufacturing-grade milk received from producers, total pounds of milkfat in the milk, and total dollars paid to producers.

The estimated monthly prices and fat tests are weighted by the total quantity of manufacturing-grade milk purchased from farmers in each State. During the first four months of the year, these weights are based on milk purchases for the same month two years earlier. During the remaining eight months of the year, weights are based on purchases for the corresponding month in the preceding year.

The M-W price estimate is developed by evaluating reports from a sample of 61 plants selected in the two States (18 plants in Minnesota and 43 in Wisconsin) in terms of change from the base month to the month to which the M-W price estimate relates. Because the M-W price estimate represents the full month, but use actual data from only one-half of the month, additional information is incorporated into the estimate. This information includes historic relationships between the average prices reported by the M-W plants for the first half of the month and the base month average prices; monthly changes in wholesale prices of manufactured dairy products; historical trends in prices, fat-test, and protein test; and estimated prices from some plants for the second half of the month.

Plants in Minnesota and Wisconsin are classified into three major product groups according to the proportion of manufacturing-grade milk purchased for cheese, for butter and its by-products, and for varied products. In both Minnesota and Wisconsin, the varied-products group consists mostly of plants which make butter, cheese, or other products in such proportions that they cannot be clearly classified in any one specific group. In Minnesota during 1993, the cheese group accounted for 68 percent of all manufacturing-grade milk in the State, butter and by-products 21 percent, and the varied-products group 11 percent. The proportion of manufacturing-grade milk in Wisconsin purchased in 1993 by each product group was: cheese, 87 percent; butter and by-products, 1 percent; and varied products, 12 percent.

Comparable monthly percentages of milk for each use are used as weights for combining reported price and milkfat test data by groups for the monthly manufacturing-grade average price and milkfat estimates in each State.

Data for the M-W price series are collected from the 61-plant sample, using a questionnaire mailed near the end of each month. This inquiry obtains information for the base month and for the first half of the succeeding month relating to: (1) quantity of manufacturing-grade milk purchased, (2) quantity of fat included, (3) dollars paid, (4) average price at average test, including premiums, and (5) the base price for milk at 3.5 percent fat, without premiums, and point differentials for varying amounts of fat. Space is provided on the inquiry for the plant manager's best estimate of the average fat test and milk price for the last half of the month to which the M- W estimate relates.

**Comparison of M-W series and final estimates:** The table on page 3 presents a comparison of the current Minnesota-Wisconsin manufacturing-grade milk price at average test with the final estimate combined for the two States from 1991 through 1993, together with the corresponding comparison for milkfat. The entries in the column headed "Final Two-State Estimate" are weighted averages of the final monthly prices for Minnesota and Wisconsin combined, using complete monthly marketings for each State as weights.

For the 3 years 1991 through 1993, the annual average differences between the current Minnesota-Wisconsin estimates of price per hundredweight (at test) and the final data averaged 4.0 cents while the difference in average milkfat test was .008 percent.

Since the Minnesota-Wisconsin price is used in Federal milk orders, the table on page 4 is included showing the same comparisons converted to a 3.5 percent milkfat basis. The price at average milkfat test is converted to a 3.5 percent basis using the method specified in Federal milk orders.

**Publication:** The monthly M-W report of price per hundredweight at average milkfat test and on a 3.5 percent milkfat basis is issued on or about the 5th of the following month by the Wisconsin Agricultural Statistics Service, P.O. Box 9160, Madison, Wisconsin 53715. The report is available on a subscription basis from that office. The price series is also published in the Dairy Market News reports issued by the Dairy Division, Agricultural Marketing Service, USDA.

Comparison of Minnesota-Wisconsin Manufacturing Grade Milk Price and Milkfat Test with the Two-State Average of Final Estimates, by Months, 1991-93

Year and Month	Minnesota-Wisconsin Series		Final Two-State Estimates		Difference	
	Price per Cwt 1/	Milkfat Test	Price per Cwt 1/	Milkfat Test	Price per Cwt 1/	Milkfat Test
	Dollars	Percent	Dollars	Percent	Dollars	Percent
1991						
Jan	10.47	3.80	10.41	3.81	-.06	.01
Feb	10.33	3.78	10.33	3.76	.00	-.02
Mar	10.30	3.77	10.29	3.75	-.01	-.02
Apr	10.25	3.70	10.21	3.72	-.04	.02
May	10.39	3.65	10.30	3.66	-.09	.01
Jun	10.64	3.56	10.54	3.55	-.10	-.01
Jul	11.00	3.51	10.96	3.52	-.04	.01
Aug	11.55	3.55	11.61	3.57	.06	.02
Sep	12.19	3.66	12.32	3.69	.13	.03
Oct	12.87	3.84	13.01	3.87	.14	.03
Nov	12.92	3.92	13.00	3.92	.08	.00
Dec	12.47	3.87	12.51	3.88	.04	.01
Simple Avg	11.2817	3.7175	11.2908	3.7250	.0091	.0075
1992						
Jan	11.99	3.80	12.01	3.81	.02	.01
Feb	11.46	3.79	11.51	3.79	.05	.00
Mar	11.20	3.76	11.30	3.78	.10	.02
Apr	11.68	3.76	11.82	3.78	.14	.02
May	12.22	3.70	12.32	3.70	.10	.00
Jun	12.52	3.59	12.57	3.60	.05	.01
Jul	12.65	3.59	12.65	3.60	.00	.01
Aug	12.60	3.59	12.62	3.61	.02	.02
Sep	12.45	3.72	12.56	3.76	.11	.04
Oct	12.32	3.85	12.45	3.86	.13	.01
Nov	12.16	3.92	12.16	3.93	.00	.01
Dec	11.63	3.89	11.60	3.89	-.03	.00
Simple Avg	12.0733	3.7467	12.1308	3.7592	.0575	.0125
1993						
Jan	11.14	3.85	11.16	3.86	.02	.01
Feb	10.97	3.82	11.03	3.82	.06	.00
Mar	11.24	3.81	11.35	3.83	.11	.02
Apr	12.36	3.81	12.40	3.81	.04	.00
May	12.69	3.75	12.73	3.74	.04	-.01
Jun	12.14	3.66	12.16	3.68	.02	.02
Jul	11.52	3.64	11.43	3.63	-.09	-.01
Aug	11.25	3.62	11.24	3.62	-.01	.00
Sep	12.04	3.71	12.29	3.78	.25	.07
Oct	12.75	3.94	12.88	3.92	.13	-.02
Nov	13.06	3.98	13.08	3.98	.02	.00
Dec	12.78	3.95	12.83	3.93	.05	-.02
Simple Avg	11.9950	3.7950	12.0475	3.8000	.0533	.0050
36-Month Simple Avg	11.7833	3.7531	11.8231	3.7614	.0400	.0083

1/ Average price for milk of average milkfat test.

Comparison of Minnesota-Wisconsin Manufacturing Grade Milk Price per Cwt.  
with Final Two-State Estimated Price, for Milk of 3.5 Percent Milkfat Content,  
by Months, 1991-93 <sup>1/</sup>

Year and Month	Minnesota-Wisconsin Series	Final Two-State Estimate	Difference
Dollars			
1991			
Jan	10.16	10.09	-.07
Feb	10.04	10.06	.02
Mar	10.02	10.03	.01
Apr	10.04	9.98	-.06
May	10.23	10.13	-.10
Jun	10.58	10.49	-.09
Jul	10.99	10.94	-.05
Aug	11.50	11.54	.04
Sep	12.02	12.12	.10
Oct	12.50	12.61	.11
Nov	12.48	12.56	.08
Dec	12.10	12.13	.03
Simple Avg	11.0550	11.0567	.0017
1992			
Jan	11.71	11.72	.01
Feb	11.21	11.26	.05
Mar	10.98	11.06	.08
Apr	11.46	11.58	.12
May	12.06	12.16	.10
Jun	12.46	12.50	.04
Jul	12.59	12.58	-.01
Aug	12.54	12.54	.00
Sep	12.28	12.36	.08
Oct	12.05	12.17	.12
Nov	11.84	11.83	-.01
Dec	11.34	11.31	-.03
Simple Avg	11.8767	11.9225	.0458
1993			
Jan	10.89	10.90	.01
Feb	10.74	10.80	.06
Mar	11.02	11.12	.10
Apr	12.15	12.19	.04
May	12.52	12.57	.05
Jun	12.03	12.03	.00
Jul	11.42	11.34	-.08
Aug	11.17	11.16	-.01
Sep	11.90	12.10	.20
Oct	12.46	12.61	.15
Nov	12.75	12.77	.02
Dec	12.51	12.58	.07
Simple Avg	11.7967	11.8475	.0508
36-Month Simple Avg	11.5761	11.6089	.0328

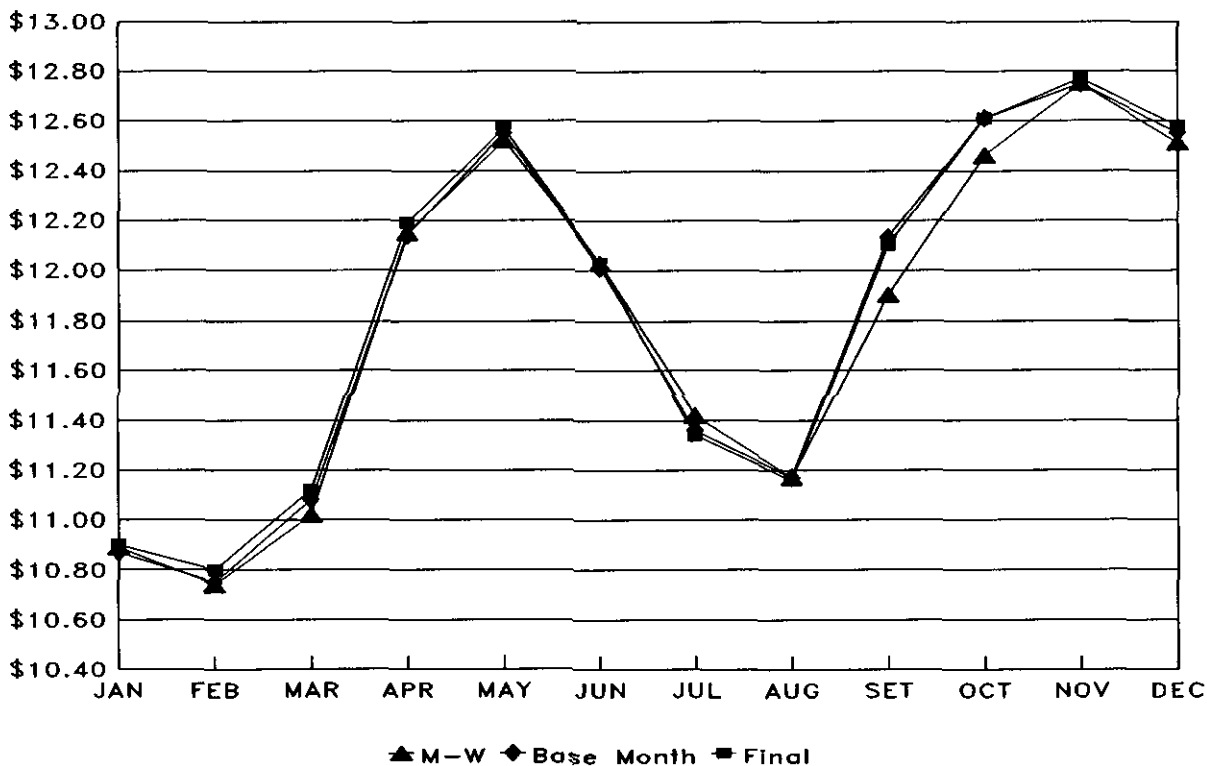
<sup>1/</sup> Prices have been converted from the average milkfat test to 3.5 percent using the butterfat differential specified in federal orders.

Manufacturing Grade Milk: Weights Used to Calculate  
The Minnesota-Wisconsin Milk Price Series, by Months, 1993-95 <sup>1/</sup>

Month	1993		1994		1995	
	MN	WI	MN	WI	MN	WI
	Percent					
Jan	41.5	58.5	41.5	58.5	39.0	61.0
Feb	41.7	58.3	41.6	58.4	39.5	60.5
Mar	40.9	59.1	40.6	59.4	39.1	60.9
Apr	40.0	60.0	39.4	60.6	38.2	61.8
May	38.3	61.7	37.1	62.9		
Jun	37.5	62.5	36.4	63.6		
Jul	36.6	63.4	36.0	64.0		
Aug	35.7	64.3	35.4	64.6		
Sep	36.2	63.8	34.9	65.1		
Oct	36.7	63.3	35.7	64.3		
Nov	38.2	61.8	37.1	62.9		
Dec	39.1	60.9	37.7	62.3		

<sup>1/</sup> Weights shown for January through April are based upon purchases of manufacturing grade milk two years earlier while weights for May through December are based upon purchases from one year earlier. "Final Two-State" estimates are weighted by complete monthly marketings for the respective month.

**M-W, Base Month and Final Prices, 1993**



Competitive A/B Price Series: Milkfat test, Price at Test,  
 Price at 3.5% Milkfat, Protein Test and Hauling Subsidy  
 by Months, 1991-1993 1/

Year and Month	Milkfat Test	Price Per Cwt		Protein Test	Hauling Subsidy
		At Test	At 3.5%		
1991	Percent	----- Dollars ---		Percent	Dollars
Jan	3.79	10.89	10.59	3.14	.20
Feb	3.75	10.79	10.53	3.13	.19
Mar	3.73	10.76	10.52	3.11	.23
Apr	3.69	10.70	10.50	3.07	.21
May	3.64	10.87	10.72	3.09	.23
Jun	3.54	11.11	11.07	3.07	.22
Jul	3.51	11.57	11.56	3.04	.22
Aug	3.56	12.25	12.19	3.11	.23
Sep	3.68	12.94	12.75	3.20	.24
Oct	3.83	13.79	13.43	3.27	.24
Nov	3.87	13.80	13.41	3.26	.19
Dec	3.84	13.40	13.06	3.23	.22
1992					
Jan	3.78	12.85	12.59	3.19	.25
Feb	3.79	12.27	12.02	3.17	.19
Mar	3.76	12.05	11.83	3.16	.33
Apr	3.77	12.64	12.41	3.16	.23
May	3.69	13.11	12.96	3.13	.23
Jun	3.60	13.42	13.35	3.12	.32
Jul	3.59	13.50	13.44	3.11	.25
Aug	3.62	13.46	13.38	3.13	.27
Sep	3.75	13.30	13.11	3.19	.25
Oct	3.82	13.21	12.96	3.25	.24
Nov	3.86	12.90	12.63	3.21	.25
Dec	3.84	12.35	12.10	3.21	.28
1993					
Jan	3.81	11.93	11.71	3.19	.24
Feb	3.79	11.64	11.43	3.17	.26
Mar	3.79	11.98	11.77	3.17	.29
Apr	3.76	13.01	12.83	3.14	.27
May	3.71	13.46	13.32	3.13	.29
Jun	3.67	12.86	12.74	3.12	.28
Jul	3.63	12.09	12.00	3.06	.27
Aug	3.61	11.92	11.84	3.07	.27
Sep	3.75	12.96	12.79	3.20	.28
Oct	3.87	13.66	13.42	3.25	.29
Nov	3.90	13.89	13.63	3.27	.29
Dec	3.88	13.58	13.36	3.24	.27

1/ Series began September, 1990. Data are collected under a contract with the Agricultural Marketing Service (AMS) and published in Dairy Market News. Data are collected from plants receiving Grade A milk and/or Grade B milk used primarily to manufacture cheese, butter, and nonfat dry milk.

The next "Minnesota-Wisconsin Manufacturing Grade Milk" report will be released in June 1995.

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