

**United States Department of Agriculture
Agricultural Marketing Service
Dairy Programs
Milk Market Administrator
Federal Orders 124 & 131**

August 22, 2012

Federal Order Minimum Cost for Selected Products/Containers

Value reflects Federal order minimum cost of raw skim and butterfat in milk products at the base zone of each order and effect of Processor Assessment (See Note 1). Not included in these costs are the expenses of standardization, pasteurization, processing, packaging, labor, delivery, etc.

| <u>White Milk</u> | | <u>FO 124</u> | | <u>FO 131</u> | | |
|--------------------------------|----------------|----------------|-------------------|----------------|-------------------|----------|
| | | <u>Gallons</u> | <u>Half Pints</u> | <u>Gallons</u> | <u>Half Pints</u> | |
| 3.25% | June 2012 | \$1.4625 | \$0.0914 | \$1.5012 | \$0.0938 | |
| | July 2012 | \$1.4855 | \$0.0928 | \$1.5242 | \$0.0953 | |
| | August 2012 | \$1.5713 | \$0.0982 | \$1.6100 | \$0.1006 | |
| | September 2012 | \$1.6565 | \$0.1035 | \$1.6952 | \$0.1059 | |
| 2.00% | June 2012 | \$1.3235 | \$0.0827 | \$1.3623 | \$0.0851 | |
| | July 2012 | \$1.3433 | \$0.0840 | \$1.3821 | \$0.0864 | |
| | August 2012 | \$1.4105 | \$0.0882 | \$1.4493 | \$0.0906 | |
| | September 2012 | \$1.4750 | \$0.0922 | \$1.5137 | \$0.0946 | |
| 1.00% | June 2012 | \$1.2095 | \$0.0756 | \$1.2483 | \$0.0780 | |
| | July 2012 | \$1.2268 | \$0.0767 | \$1.2656 | \$0.0791 | |
| | August 2012 | \$1.2789 | \$0.0799 | \$1.3177 | \$0.0824 | |
| | September 2012 | \$1.3267 | \$0.0829 | \$1.3654 | \$0.0853 | |
| 0.06% | June 2012 | \$1.1037 | \$0.0690 | \$1.1426 | \$0.0714 | |
| | July 2012 | \$1.1185 | \$0.0699 | \$1.1574 | \$0.0723 | |
| | August 2012 | \$1.1566 | \$0.0723 | \$1.1954 | \$0.0747 | |
| | September 2012 | \$1.1886 | \$0.0743 | \$1.2275 | \$0.0767 | |
| <u>Chocolate Milk *</u> | | | | | | |
| 3.25% | June 2012 | \$1.3605 | \$0.0850 | \$1.3965 | \$0.0873 | |
| | July 2012 | \$1.3818 | \$0.0864 | \$1.4178 | \$0.0886 | |
| | August 2012 | \$1.4617 | \$0.0914 | \$1.4977 | \$0.0936 | |
| | September 2012 | \$1.5409 | \$0.0963 | \$1.5769 | \$0.0986 | |
| 1.00% | June 2012 | \$1.1225 | \$0.0702 | \$1.1585 | \$0.0724 | |
| | July 2012 | \$1.1385 | \$0.0712 | \$1.1745 | \$0.0734 | |
| | August 2012 | \$1.1869 | \$0.0742 | \$1.2229 | \$0.0764 | |
| | September 2012 | \$1.2312 | \$0.0770 | \$1.2672 | \$0.0792 | |
| 0.06% | June 2012 | \$1.0231 | \$0.0639 | \$1.0591 | \$0.0662 | |
| | July 2012 | \$1.0369 | \$0.0648 | \$1.0729 | \$0.0671 | |
| | August 2012 | \$1.0721 | \$0.0670 | \$1.1081 | \$0.0693 | |
| | September 2012 | \$1.1019 | \$0.0689 | \$1.1379 | \$0.0711 | |
| <u>Class I Prices</u> | | <u>Skim</u> | <u>Butterfat</u> | <u>Skim</u> | <u>Butterfat</u> | |
| | | June 2012 | \$12.71 | \$1.4489 | \$13.16 | \$1.4534 |
| | | July 2012 | \$12.88 | \$1.4804 | \$13.33 | \$1.4849 |
| | | August 2012 | \$13.31 | \$1.6596 | \$13.76 | \$1.6641 |
| | | September 2012 | \$13.67 | \$1.8571 | \$14.12 | \$1.8616 |

Conversion Factors

| | | | | | | | |
|---------------------------------|--|---------------------------------|--|---------------------------------|--|---------------------------------|---|
| <u>White 3.25% Gal.</u> 8.60 | <u>White 3.25% 1/2 Pint</u> 0.53750 | <u>White 2.00% Gal.</u> 8.62 | <u>White 2.00% 1/2 Pint</u> 0.53875 | <u>White 1.00% Gal.</u> 8.62 | <u>White 1.00% 1/2 Pint</u> 0.53875 | <u>White 0.06% Gal.</u> 8.63 | <u>White 0.06% 1/2 Pint</u> 0.539375 |
| <u>Chocolate Gal.</u> 8.00 | <u>Chocolate 1/2 Pint</u> 0.50000 | | | | | | |

Note 1: All prices include the \$0.20 per cwt. Processor Assessment (Fluid Milk Promotion Order, 7 CFR, 1160.101 et seq.). These prices do not include any other assessments or costs associated with bottling milk.

Note 2: Prices were determined by following formula:

$$(((\text{Percent Skim} \times \text{Skim Price}) / 100 + (\text{Percent Butterfat} \times \text{Butterfat Price})) / 100) \times \text{Conversion Factor}$$

For example, the formula for a gallon of whole milk would be:

$$(((96.75 \times \text{Skim Price}) / 100 + (3.25 \times \text{Butterfat Price})) / 100) \times 8.6$$

Note 3: Asterisk (*): Conversion factors for chocolate milk vary between products.