

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

September 19, 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%	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	
	October 2012	\$1.7641	\$0.1103	\$1.8028	\$0.1127	
2.00%	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	
	October 2012	\$1.5659	\$0.0979	\$1.6046	\$0.1003	
1.00%	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	
	October 2012	\$1.4040	\$0.0877	\$1.4428	\$0.0902	
0.06%	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	
	October 2012	\$1.2533	\$0.0783	\$1.2921	\$0.0808	
<u>Chocolate Milk *</u>						
3.25%	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	
	October 2012	\$1.6410	\$0.1026	\$1.6770	\$0.1048	
1.00%	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	
	October 2012	\$1.3030	\$0.0814	\$1.3390	\$0.0837	
0.06%	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	
	October 2012	\$1.1618	\$0.0726	\$1.1978	\$0.0749	
<u>Class I Prices</u>		<u>Skim</u>	<u>Butterfat</u>	<u>Skim</u>	<u>Butterfat</u>	
		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
		October 2012	\$14.41	\$2.0218	\$14.86	\$2.0263

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.