

## **Price Formulas – 2008**

Note: Milk prices are per 100 pounds or cwt., rounded to the nearest cent. Component prices are per pound, rounded to nearest one-hundredth cent. Cheese, dry whey, butter, and nonfat dry milk prices are weighted monthly averages of weekly NASS survey prices, rounded to the nearest one-hundredth cent.

*For Advance Prices and Class and Component Prices, some of the price formulas changed in October, as noted below.*

### **Class I:**

Class I Price = (Class I skim milk price x 0.965) + (Class I butterfat price x 3.5).

Class I Skim Milk Price = Higher of advanced Class III or IV skim milk pricing factors + applicable Class I differential.

Class I Butterfat Price = Advanced butterfat pricing factor+ (applicable Class I differential divided by 100).

Note: Advanced pricing factors are computed using applicable price formulas listed below, except that product price averages are for two weeks.

### **Class II:**

Class II Price = (Class II skim milk price x 0.965) + (Class II butterfat price x 3.5).

Class II Skim Milk Price = Advanced Class IV skim milk pricing factor + \$0.70.

Class II Butterfat Price = Butterfat price + \$0.007.

Class II Nonfat Solids Price = Class II skim milk price divided by 9.

### **Class III:**

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).

Protein Price (*Jan.-Sep.*) = ((Cheese price – 0.1682) x 1.383) + (((Cheese price – 0.1682) x 1.572) - Butterfat price x 0.9) x 1.17).

Protein Price (*Oct.-Dec.*) = ((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 (*Jan.-Sep.*) = (Dry whey price – 0.1956) times 1.03.

Other Solids Price (*Oct.-Dec.*) = (Dry whey price – 0.1991) times 1.03.

Butterfat Price (*Jan.-Sep.*) = (Butter price – 0.1202) times 1.20.

Butterfat Price (*Oct. -Dec.*) = (Butter price – 0.1715) times 1.211.

**Class IV:**

Class IV Price = (Class IV skim milk price x 0.965) + (Butterfat price x 3.5).

Class IV Skim Milk Price = Nonfat solids price times 9.

Nonfat Solids Price (*Jan.-Sep.*) = (Nonfat dry milk price - 0.157) times 0.99.

Nonfat Solids Price (*Oct.-Dec.*) = (Nonfat dry milk price - 0.1678) times 0.99.

Butterfat Price = See Class III.

**Somatic Cell Adjustment** Rate = Cheese price x 0.0005, rounded to fifth decimal place.  
Rate is per 1,000 somatic cell count difference from 350,000