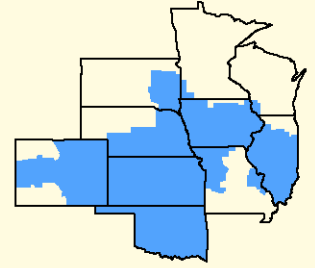


**JUNE 2023**

*Marketing Service*

# Bulletin

*Facilitating the efficient marketing of milk and dairy products.*



**CENTRAL MARKETING AREA**

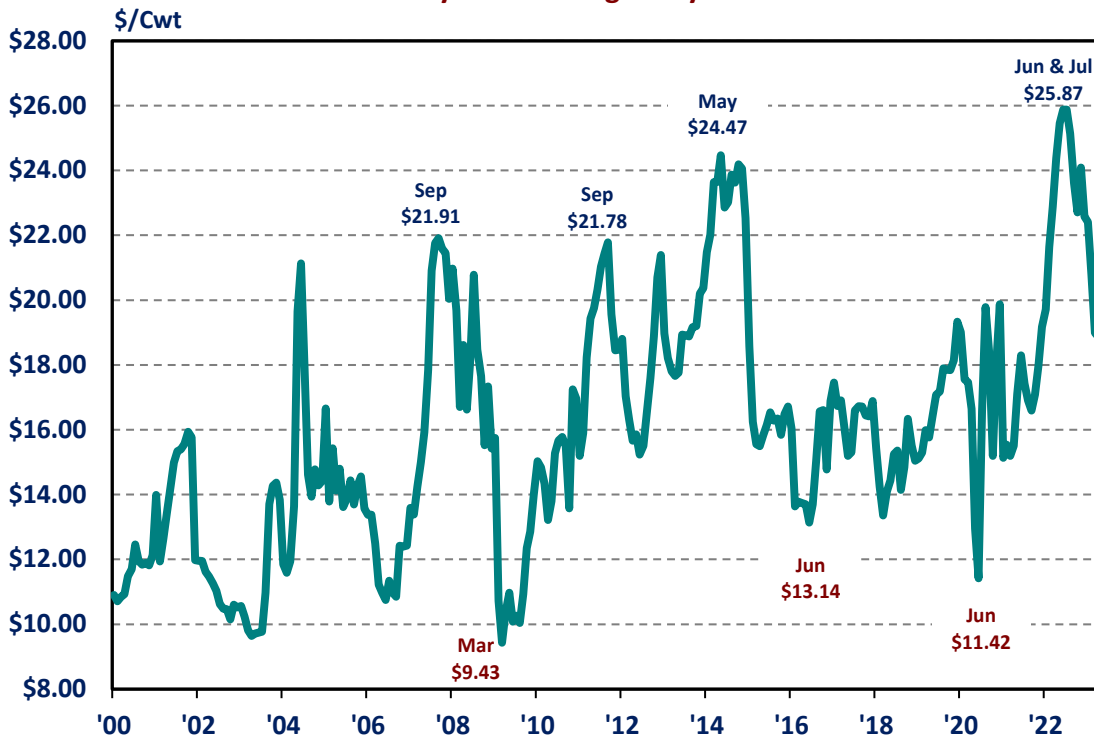


## **Federal Milk Order Class I Prices: Record Highs and 30-Year Lows ... plus, Central Order Retail Milk Price Survey Update**

Cyclical price fluctuation is a phenomenon common to most segments of production agriculture in the United States, including the dairy industry. “Normal” cyclical price fluctuation, however, may not adequately describe dairy price volatility during much of the time period depicted in the graph on this page. Since 2000, the Class I base price has risen nearly 80% from the \$10.90 it was, and when adjusted for inflation, that price is \$0.30 shy of where it is today. Post-reform Class I base prices have ranged from a low of \$9.43 in March 2009 to the all-time high of \$25.87 recorded in June and July of 2022. Last year's all-time high price was a massive increase of \$16.44 (+174.3%) compared with March 2009.

### **Federal Milk Order Class I Base Prices**

**January 2000 through May 2023**



Extreme peaks and valleys in this price series have occurred over relatively short time spans since Order reform was implemented in 2000. For example, the September 2007 price of \$21.91 was at an all-time high, but prices plummeted by \$12.48 (-57.0%) over the following 18 months, falling to \$9.43 in March 2009. Just thirty months later the Class I base price peaked at \$21.78 in September 2011, an increase of \$12.35, or +130.3% compared with March 2009. Prices steadily declined through the remainder of 2011 and early 2012 before beginning an upward trend that resulted in another peak in May 2014. The Class I base price increased to \$24.47 in May 2014, which was another all-time high until 2022. Prices plummeted over the next two years, falling by 46.3% to \$13.14 in June 2016.

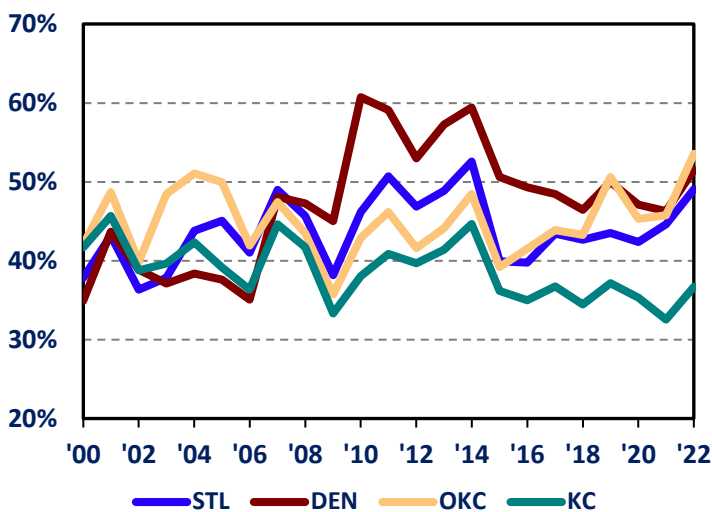
Class I base prices were much less volatile from late 2016 through mid-2019, with prices fluctuating in a relatively narrow range. Prices escalated substantially during the second half of 2019, before plummeting to \$11.42 in June 2020. The June 2020 price is the lowest recorded since March 2009, when it was \$9.43. Since June 2020, the Class I base price has increased by 126.5% to the current all-time high of \$25.87 and fallen to \$19.57 as of May 2023 a 24.4% decrease from the high. Dairy producers, processors, and retailers are all affected by Federal Order Class I prices. The graphics contained in the rest of this bulletin depict monthly Federal Order minimum Class I prices along with surveyed retail homogenized milk prices for four cities in the Central Order from January 2000 through December 2022.

Retail fluid dairy prices are surveyed monthly in St. Louis (MO), Denver (CO), Kansas City (MO), and Oklahoma City (OK). The retail prices illustrated in this bulletin are averages for the two largest retail grocery chains and the largest convenience chain. Prices are obtained between the 1<sup>st</sup> and the 10<sup>th</sup> of each month, excluding Fridays and weekends, and represent the most common brand in each retail outlet.

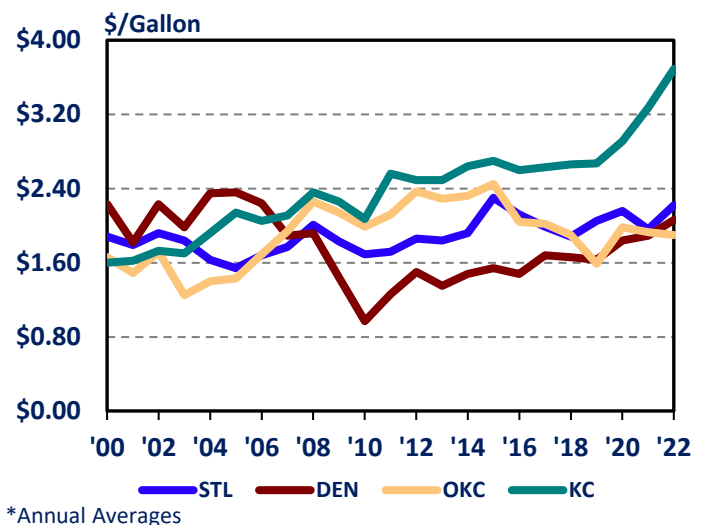
Federal milk order Class I prices represent the minimum dairy producers' share of the retail price. The Class I price in all Federal milk orders is the minimum amount processors must pay for milk utilized in fluid bottling. All Class I prices in this bulletin have been adjusted to a 3.25% butterfat content to correspond with the average butterfat content of homogenized (whole) milk.

The Federal order Class I price does not represent a processor's total milk cost. Additional items associated with fluid milk marketing also need to be considered when calculating the total cost of Class I dairy products. These include items such as: over-order premiums charged by raw milk suppliers; costs associated with processing, packaging, marketing, and sales; profit margins; etc.

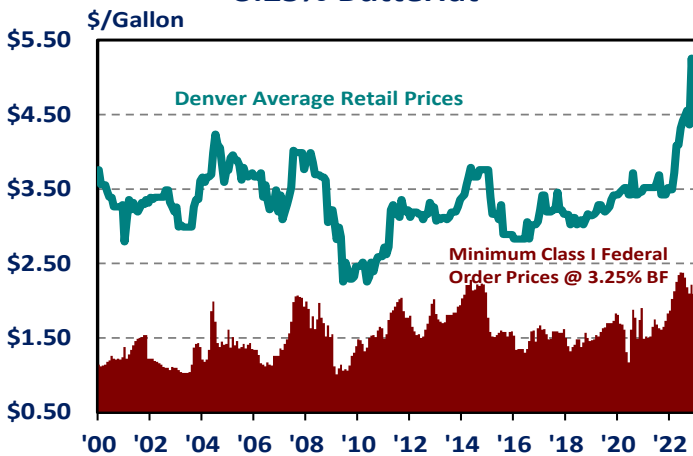
**Minimum Federal Order Class I Price @ 3.25% BF as % Of Average Retail Homogenized Milk Price**



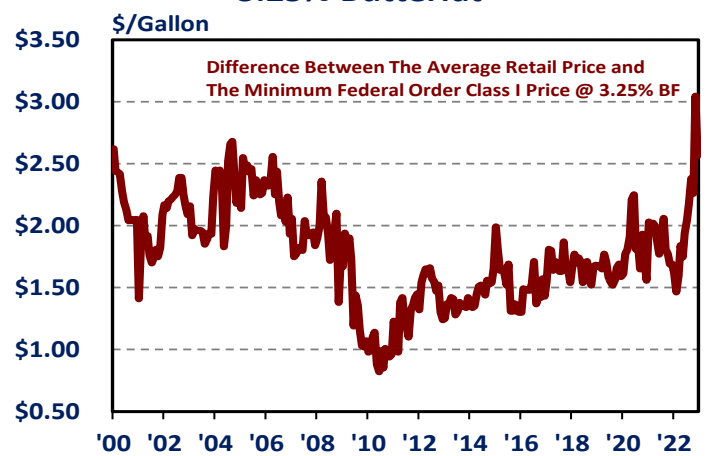
**Difference Between Average Retail Price\* and Minimum Federal Order Class I Price @ 3.25% BF**



**Denver Homogenized Milk Prices @ 3.25% Butterfat**

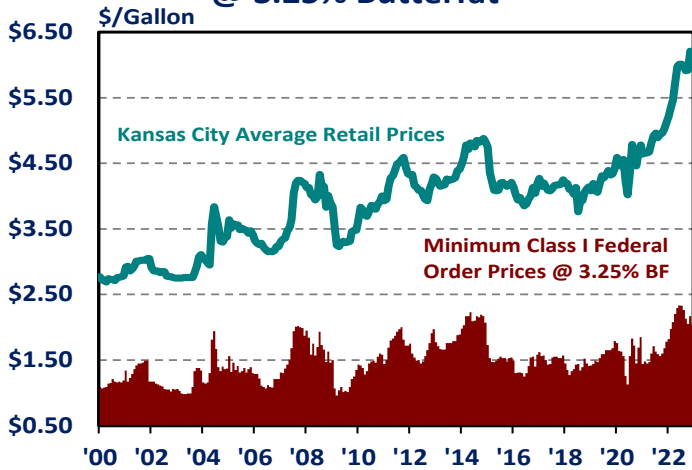


**Denver Homogenized Milk Prices @ 3.25% Butterfat**

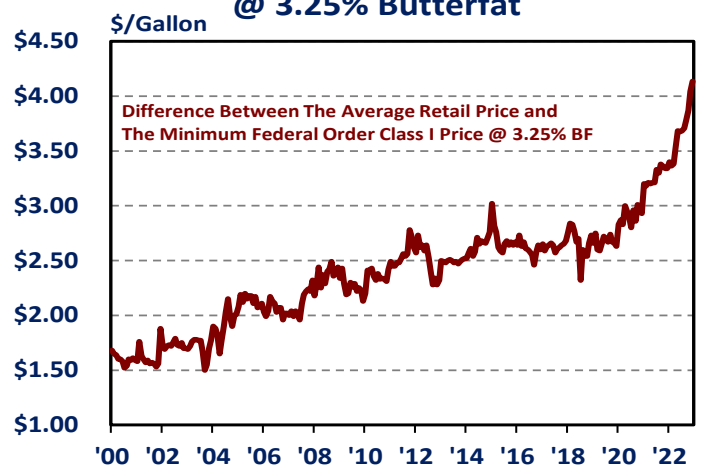


\* The methodology used for the monthly survey of retail prices is detailed above.

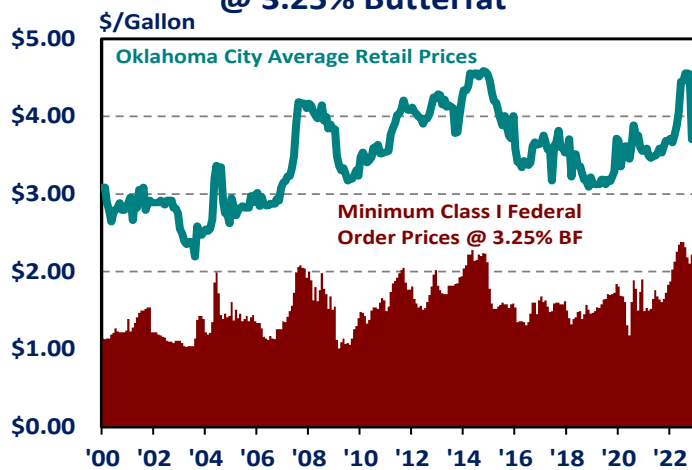
**Kansas City Homogenized Milk Prices @ 3.25% Butterfat**



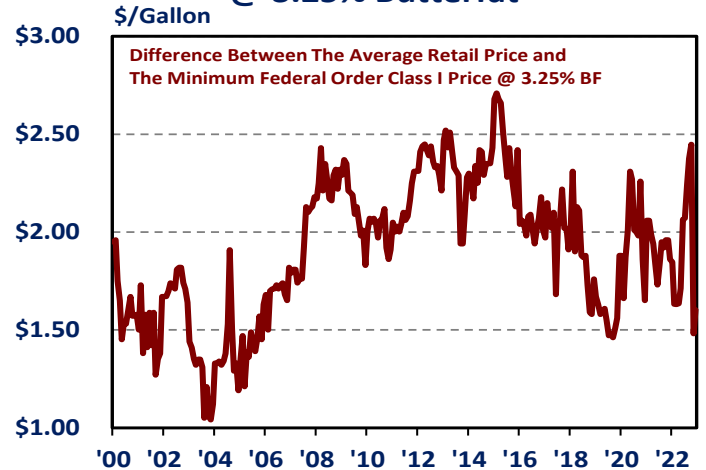
**Kansas City Homogenized Milk Prices @ 3.25% Butterfat**



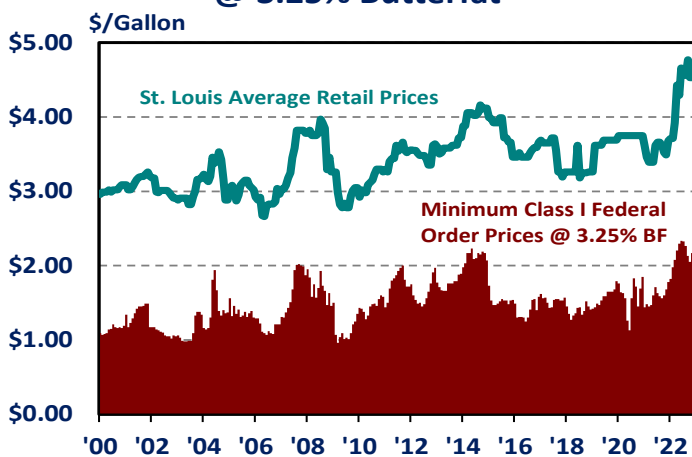
**Oklahoma City Homogenized Milk Prices @ 3.25% Butterfat**



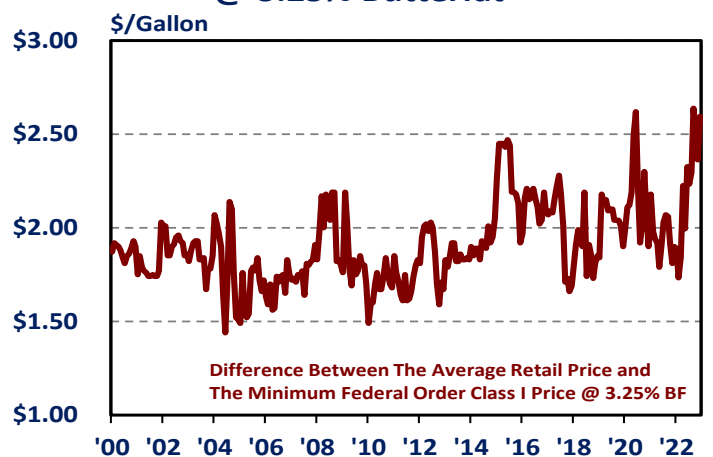
**Oklahoma City Homogenized Milk Prices @ 3.25% Butterfat**



**St. Louis Homogenized Milk Prices @ 3.25% Butterfat**



**St. Louis Homogenized Milk Prices @ 3.25% Butterfat**





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	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	May '23	Apr '23	May '23	Apr '23	May '23	Apr '23
Northeast	19.46	19.77	3.35	1.25	27.62	27.16
Appalachian	21.72	21.17	-----	-----	70.16	66.94
Florida	23.95	23.28	-----	-----	82.21	82.01
Southeast	22.18	21.54	-----	-----	69.55	63.55
Upper Midwest	16.49	18.64	0.38	0.12	5.81	6.39
<b>Central</b>	<b>17.74</b>	<b>18.45</b>	<b>1.63</b>	<b>-0.07</b>	<b>26.16</b>	<b>23.67</b>
Mideast	18.21	18.96	2.10	0.44	32.85	29.85
California	17.66	18.62	1.55	0.10	19.28	14.58
Pacific Northwest	17.81	18.38	1.70	-0.14	18.58	20.86
Southwest	18.42	19.20	2.31	0.68	26.54	25.42
Arizona	18.65	19.00	-----	-----	25.80	23.58

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