



How Do CWAP and NDPSR NDM Prices Differ?

The California Weighted Average Price (CWAP) for nonfat dry milk (NDM) and the National Dairy Products Sales Report (NDPSR) price for NDM are two widely used price series in the U.S. dairy industry. The CWAP is a state surveyed price of California NDM manufacturers. The NDPSR is a nationally surveyed price of NDM manufacturers. The price series are similar, and they are different. Both price series include sales of non-fortified, low or medium heat USDA Extra Grade and USPH Grade A nonfat dry milk. Sales must be completed transactions. That is, the product has shipped, and title transferred. The NDPSR price includes forward pricing sales in which the selling price is established and not adjusted 30 or more days before the transaction is completed. In contrast, the CWAP price includes fixed price contract sales with 150 days of the first shipment. The NDPSR price excludes sales under CWT, or other premium assisted sales, and sales of NDM more than 180 days of age. Manufacturers of NDM with sales exceeding one million pounds per year are required by law to submit weekly NDPSR price reports. NDPSR prices are electronically published on Wednesday at 3:00 pm EST with data for the prior week. All California NDM manufacturers are required to participate in the state's survey. Weekly CWAP prices are electronically published on Tuesdays, with data for the previous week.

The CWAP NDM price is used to derive milk prices under the California milk pricing plan. The NDPSR NDM price is used to calculate the Federal Order Class II and IV prices and at times the Class I price. The CWAP and NDPSR NDM prices are highly correlated as some of the CWAP prices are included in the NDPSR price. From time to time the two price series diverge largely because the CWAP includes transactions within 150 days of the first shipment date, while the NDPSR price is limited to sales not adjusted 30 or more days before the transaction is completed.

Reference:

<https://www.ams.usda.gov/sites/default/files/media/Dairy%20Market%20Statistics%202015.pdf> page 21

Contributor:

Mary K. Ledman
mary@dailydairyreport.com
(847) 372-0122

“ADPI Dairy Ingredients Intelligence” are contributions by the authors and do not necessarily represent the opinions of ADPI.