



## WEEKLY DAIRY OUTLOOK

March 10<sup>th</sup>, 2025

This short weekly newsletter provides you with a summary of current dairy prices, translates product prices into component prices, and summarizes major dairy related news.

Table 1. Spot dairy products prices on Friday February 28<sup>th</sup> and Friday March 7<sup>th</sup>, and their implied component prices.

	Feb 28, 2025	March 7, 2025	Change	Month to date
<b>CME cheddar cheese</b>				
- blocks (\$/lb)	1.7750	1.6225	-0.1525	1.6225
- barrels (\$/lb)	1.7800	1.6300	-0.1500	1.6300
<b>CME butter (\$/lb)</b>	2.3450	2.3100	-0.0350	2.3100
<b>CME Dry whey (\$/lb)</b>	0.5100	0.4900	-0.0200	0.4900
<b>CME Nonfat dry milk (\$/lb)</b>	1.2000	1.1550	-0.0450	1.1550
		<b>Implied Prices</b>		
Butterfat (\$/lb)	2.63	2.59	-0.04	2.59
Protein (\$/lb)	2.31	1.87	-0.44	1.87
Other solids (\$/lb)	0.32	0.30	-0.02	0.30
Class III (\$/cwt)	17.95	16.36	-1.59	16.36
Class IV (\$/cwt)	18.09	17.55	-0.54	17.55

### Comments

Dairy prices continued their free fall last week. On the cash markets, cheese prices were most affected, dropping more than 8% from the closings on the prior Friday. Combined with a 4% drop in whey price, this resulted in the implied Class III price dropping more than 8%. Cash prices are generally good predictors of the direction prices are taking, but they do tend to overreact. On the futures markets, six-month strips of whey powder tumbled 5.3%, resulting in a 16.4% drop in the implied prices of 'other solids'. Presently, uncertainty dominates dairy markets.

Table 2. Six-month strip of dairy futures at closing time last Friday, and changes in their 6-month averages from the prior Friday closings<sup>1</sup>.

	Cheese (\$/lb)	Butter (\$/cwt)	Dry Whey (\$/cwt)	NFDM (\$/cwt)	Class III (\$/cwt)	Class IV (\$/cwt)
March	1.802	239.000	53.750	124.000	18.38	18.71
April	1.722	238.000	48.750	119.850	17.23	18.25
May	1.758	241.500	48.125	119.000	17.61	18.35
June	1.819	244.000	51.025	120.625	17.47	17.93
July	1.855	248.500	53.500	123.000	17.99	18.23
August	1.882	253.500	54.300	125.000	18.30	18.64
Average	1.806	244.083	51.575	121.913	17.83	18.35
Weekly Change	-0.042	-4.810	-2.880	-3.155	-0.55	-0.34

<sup>1</sup> Futures prices on the Chicago Mercantile Exchange

Based on the next 6-month futures, the implied 6-month prices of milk components used in Class III and nonfat solids used in Class I, II, and IV pricings are reported in Table 3.

Table 3. Translation of futures dairy product prices into futures component prices.

	Butterfat (\$/lb)	Protein (\$/lb)	Other Solids (\$/lb)	Nonfat Solids (\$/lb)
March	2.69	2.33	0.35	1.06
April	2.67	2.09	0.30	1.02
May	2.72	2.16	0.29	1.01
June	2.68	2.23	0.25	0.96
July	2.73	2.29	0.28	0.98
August	2.79	2.31	0.28	1.00
Average	2.71	2.23	0.29	1.01
Weekly Change	-0.09	-0.11	-0.06	-0.06

- Table 4 reports price quotations for butter, skim milk powder/nonfat dry milk (SMP/NFDM), whole milk powder (WMP), and cheddar from the top three exporting blocks of countries (the European Union taken as a whole) in early March and their relative biweekly price changes.

Table 4. World price quotations of 4 major dairy commodities as of March 2<sup>nd</sup>, 2025.

	US\$/lb			Biweekly Change (%)		
	E.U.	Oceania	U.S.	E.U.	Oceania	U.S.
Butter	3.42	3.35	2.35	+0.4	+2.6	-2.1
SMP/NDM	1.22	1.31	1.21	+1.7	-3.3	-7.3
WMP	2.06	1.86	2.14	-0.4	-1.2	Nc
Cheddar	2.36	2.22	1.86	+0.0	-2.2	-3.1

- Overseas, the Global Dairy Trade index went **down 0.5%** at the GDT auction held March 4<sup>th</sup>. Except for anhydrous milkfat and whole milk powder (WMP), prices of all commodities were up from the prior session. This may be surprising at first until one remembers that about 55% of the index is driven by WMP prices. Average prices and changes from the prior session were as follows:
  - Anhydrous milkfat: US\$ 3.03/lb - 0.3%
  - Butter: US\$ 3.44/lb +2.7%
  - Cheddar: US\$ 2.23/lb +1.1%
  - Lactose US\$ 0.53/lb +14.0%
  - Mozzarella: US\$ 2.03/lb +7.9%
  - Skim milk powder: US\$ 1.24/lb +0.6%
  - Whole milk powder: US\$ 1.84/lb - 2.2%
- Last Wednesday, the USDA released average national dairy product prices, component prices and minimum Class prices in effect in the Federal Milk Marketing Orders (FMMOs) for the month of **February**. Except for cheese prices, all dairy product prices were down compared to those in January. Butter and skim milk powder prices were

noticeably down. The resulting butterfat price of \$2.82/lb remains above its normal time-detrended range (\$2.58 to \$2.78/lb). Protein price continued its recent ascent. At \$2.53/lb, protein is finally priced within its 'normal' time de-trended range (\$2.53 to \$2.93/lb). Class III price went slightly down from January. At \$20.18/cwt, it is now within its 'normal' time-detrended price range (\$18.55 to \$20.20/cwt). Class IV price dropped \$0.83/cwt from January but remains marginally above its long-term 'normal' (\$18.00 to \$19.60/cwt).

Table 5. Minimum Class and component prices in the Federal Milk Marketing Orders during the month of February 2025, and changes from January 2025 and February 2024.

	February 2025	January 2025	Change (Feb vs. Jan)	February 2024	Change (F '25 vs. F '24)
Cheese (\$/lb)	1.908	1.885	+0.023	1.595	+0.313
Blocks (\$/lb)	1.916	1.895	+0.020	1.602	+0.314
Barrels (\$/lb)	1.871	1.848	+0.023	1.559	+0.312
Butter (\$/lb)	2.499	2.604	-0.105	2.734	-0.235
Nonfat Dry Milk (\$/lb)	1.335	1.380	-0.045	1.213	0.122
Dry Whey (\$/lb)	0.665	0.722	-0.057	0.465	0.200
<b>Butterfat (\$/lb)</b>	<b>2.82</b>	<b>2.95</b>	<b>-0.13</b>	<b>3.10</b>	<b>-0.28</b>
<b>Protein (\$/lb)</b>	<b>2.53</b>	<b>2.33</b>	<b>+0.21</b>	<b>1.23</b>	<b>+1.31</b>
<b>Other Solids (\$/lb)</b>	<b>0.48</b>	<b>0.54</b>	<b>-0.06</b>	<b>0.27</b>	<b>+0.21</b>
<b>Class III (\$/cwt)</b>	<b>20.18</b>	<b>20.34</b>	<b>-0.16</b>	<b>16.08</b>	<b>+4.10</b>
<b>Class IV (\$/cwt)</b>	<b>19.90</b>	<b>20.73</b>	<b>-0.83</b>	<b>19.85</b>	<b>+0.05</b>

- The USDA released its *Dairy Products report* for the month of January 2025. Unlike the USDA report, in this newsletter all production data are expressed *on a daily basis* to properly compare months with different number of days.

Total cheese output stood at 39.040 million lbs/day in January, up a small 0.7% from January 2024, and also up a small 0.7% compared to December 2024. Daily production of American-style cheese was also up, but very slightly compared to both January 2024 and December 2024. Daily production of cheddar cheese – the one and only cheese whose price is used for component pricing in the FMMOs – was down compared to January of last year, but up 2.7% from December.

On the powder side, daily production of NDM and SMP combined was markedly down compared to January of last year, but measurably up compared to December of this year.

Overall, daily butter production was up when compared to both January 2024 and December 2024. California butter production has resumed near its normal pace, reporting 59.919 million pounds produced during the month.

Daily dry whey production was down in January compared to last year, but up compared to December of this year.

The balance of the USDA report is summarized in Table 5.

Table 5. USDA Dairy Products Report, January 2025 (amounts are in million pounds *per day*).

	Jan 2025 (million lbs/d)	% Change from Jan 2024	% Change from Dec 2024
<i>Cheese</i>			
Total Cheese	39.040	+0.8	+0.7
American-style	15.287	+0.2	+0.5
Cheddar	10.519	-1.4	+2.7
Italian-style	19.829	+2.2	-0.3
Mozzarella	13.314	+3.6	-1.0
<i>Butter</i>	7.040	+0.5	+9.3
<i>Dry Milk Products</i>			
Nonfat Dry Milk	4.953	+11.0	+17.5
Skim Milk Powder	1.146	-37.6	-30.1
Combined	6.099	-3.2	+4.1
<i>Whey Products</i>			
Dry whey – total	2.459	-1.9	+10.5
Lactose – total	2.960	+2.6	-1.8
Whey Protein Concentrate	1.234	-10.4	-9.3

- Milk collection during the month of December 2024 for the 26 countries making the European Union totaled 11,483,000 metric tons (25.31 billion pounds), up 58,000 tons (128 million pounds) or +0.51% from December 2023. This marks the seventh straight month of increased milk production in Europe. Five countries accounted for over 68.6% of the total milk collected (Germany, France, The Netherlands, Poland, and Italy). Altogether, collections in these 5 countries were down 0.30% (23,800 metric tons) from last year.

Milk deliveries were up in 16 of the 26 countries.

On a percentage basis, the 3 countries with the largest increase were Ireland (+30.1%), Romania (+8.8%) and Hungary (+6.4%); the 3 countries with the largest decrease were: Greece (-20.6%), Belgium (-4.1%), and Germany (-2.1%).

On a volume basis, the 3 countries with the largest increase were Ireland (+63,600 MT), Poland (+48,600 MT), and Austria (+9,300 MT); the 3 countries with the largest decline were: Germany (-45,200 MT), France (-17,300 MT), and Belgium (-15,700 MT).

For all of 2024, milk collection in the EU totaled 145,687 MT (321.2 billion pounds), up 0.7% from 2023. Milk collected averaged 4.12% butterfat (monthly average from a minimum of 3.97% in July to a maximum of 4.29% in December), 3.45% crude protein (monthly average from a minimum of 3.38% in July to a maximum of 3.54% in October), which translates to an approximate average true protein content of 3.21% (monthly average from a minimum of 3.14% in July to a maximum of 3.29% in October).

