PERDUE Animal Nutrition

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WEEKLY DAIRY OUTLOOK

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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 May 2nd and Friday May 9th, and their implied component prices.

	May 2, 2025	May 9, 2025	Change	Month to date
CME cheddar cheese				
- blocks ($/lb)	1.7600	1.7600	+0.0600	1.7600
- barrels ($/lb)	1.7550	1.7550	+0.0500	1.7550
CME butter ($/lb)	2.3300	2.3300	+0.0500	2.3300
CME Dry whey ($/lb)	0.5200	0.5200	+0.0150	0.5200
CME Nonfat dry milk ($/lb)	1.1950	1.1950	+0.0075	1.1950
---	---	Implied Prices	---	---
Butterfat ($/lb)	2.61	2.61	+0.06	2.61
Protein ($/lb)	2.27	2.27	+0.12	2.27
Other solids ($/lb)	0.33	0.33	+0.01	0.33
Class III ($/cwt)	17.81	17.81	+0.64	17.81
Class IV ($/cwt)	17.98	17.98	+0.28	17.98

Comments

Dairy prices went up across the board on the CME cash markets last week. Cheese, butter, and whey cash prices all went up by more than 2%. Futures markets followed the same directions as the cash markets, except for the six-month strip of butter. As of now, Class III and Class IV futures are about even for the next 6 months. If this happens, the change to the calculation of the Class I skim milk price that will take effect in June will have a negative impact on the Class I prices. This will be covered more extensively in a future issue of this newsletter.

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[1].

	Cheese ($/lb)	Butter ($/cwt)	Dry Whey ($/cwt)	NFDM ($/cwt)	Class III ($/cwt)	Class IV ($/cwt)
May	1.841	235.500	49.700	118.375	18.49	17.93
June	1.850	237.000	52.000	121.500	17.81	17.45
July	1.891	242.200	51.775	124.500	18.16	17.97
August	1.917	246.500	49.750	125.000	18.43	18.37
September	1.935	252.500	49.050	129.675	18.63	18.69
October	1.934	257.450	49.000	129.200	18.49	19.09
Average	1.895	245.192	50.213	124.875	18.34	18.25
Weekly Change	+0.034	-0.245	+0.850	+0.275	+0.44	-0.07

[1] Futures prices on the Chicago Mercantile Exchange

Based on the next 6-month of 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 implied futures component prices.

	Butterfat ($/lb)	Protein ($/lb)	Other Solids ($/lb)	Nonfat Solids ($/lb)
May	2.64	2.50	0.31	1.01
June	2.59	2.42	0.26	0.97
July	2.66	2.48	0.26	1.00
August	2.71	2.51	0.24	1.01
September	2.78	2.49	0.23	1.05
October	2.84	2.43	0.23	1.04
Average	2.71	2.47	0.25	1.01
Weekly Change	-0.00	+0.11	+0.01	+0.00

- 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 mid-April and their relative biweekly price changes.

Table 4. World price quotations of 4 major dairy commodities as of April 13, 2025.

	US$/lb			Biweekly Change (%)		
	E.U.	Oceania	U.S.	E.U.	Oceania	U.S.
Butter	3.71	3.40	2.32	+2.1	-0.7	-0.8
SMP/NDM	1.25	1.34	1.16	+0.5	+3.0	+0.8
WMP	2.18	1.82	2.04	+1.3	+1.6	Nc
Cheddar	2.31	2.31	1.71	+0.1	+2.3	+4.8

Source: DG Agri

- The USDA-NASS issued its annual *Milk Production, Disposition, and Income* report for 2024 last week. This report provides estimates of the average number of cows, milk and milkfat production per cow, percent all milk butterfat, and total amount of milk and milkfat produced in each of the 50 States in 2024. It also provides estimates of cash receipts from marketing, but this will be covered in a future newsletter. Slight corrections to the 2023 data were also included. Although the statistics are not final, one should not expect any major changes when later revised data are issued. As an aside, it is unfortunate that the NASS still does not report estimates of protein production because this, like butterfat production, has a direct effect on a dairy producer's gross income from milk sales for the majority of the milk now being marketed in the United States.

  The average milk output in the United States stood at an estimated 24,178 lbs per cow in 2024. It still puzzles me than an average cow produced 11,739 lbs in Alabama last year, while an average cow in Michigan produced 27,680 lbs of milk. The average milk produced in the United States contained 4.24% butterfat in 2024. Milk produced in Louisiana contained the lowest amount of butterfat at 3.80%, while South Dakota milk

had the highest butterfat content at 4.65%. Data for all States (except Alaska and Hawaii whose data were withheld to avoid disclosing data for individual operations) are presented in the following 2 figures.