

WEEKLY DAIRY OUTLOOK

October 13th, 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 October 3rd and Friday October 10th, and their implied component prices.

	October 3 2025	October 10 2025	Change	Month to date
CME cheddar blocks (\$/lb)	1.7900	1.7000	-0.0900	1.7450
CME butter (\$/lb)	1.7500	1.6050	-0.1450	1.6775
CME Dry whey (\$/lb)	0.6300	0.6350	+0.0050	0.6325
CME Nonfat dry milk (\$/lb)	1.1600	1.1275	-0.0325	1.1438
-----	-----	Implied Prices	-----	-----
Butterfat (\$/lb)	1.84	1.67	-0.17	1.76
Protein (\$/lb)	3.02	2.92	-0.10	2.97
Other solids (\$/lb)	0.37	0.38	+0.01	0.38
Nonfat solids (\$/lb)	0.91	0.88	-0.03	0.90
Class III (\$/cwt)	17.63	16.73	-0.90	17.18
Class IV (\$/cwt)	14.37	13.48	-0.89	13.93

Comments

Last week, butter futures followed the path that cash butter prices have taken recently. The 6-month strip of butter futures dropped 6.9% last week, resulting in a 7.8% drop in the implied 6-month strip of butterfat prices. Although cheddar cheese futures dropped, the implied 6-month strip of protein prices went up 0.6%. This is a consequence of the formula used to calculate protein price in the FMMOs, with butter price embedded within. Six-month strip of nonfat dry milk dropped 3.5%. Whey prices remained basically unchanged.

Table 2. Six-month strip of dairy futures at closing time last Friday, and changes in their 6-month averages from the prior Friday closings¹.

	Cheese (\$/lb)	Butter (\$/cwt)	Dry Whey (\$/cwt)	NFDM (\$/cwt)	Class III (\$/cwt)	Class IV (\$/cwt)
October	1.742	172.000	59.650	116.000	16.92	14.34
November	1.669	174.550	59.600	115.250	16.19	14.35
December	1.646	182.025	57.750	113.500	16.42	14.61
January	1.644	188.900	57.000	112.675	16.32	14.98
February	1.666	195.800	56.000	113.575	16.52	15.23
March	1.696	211.275	56.000	114.250	16.76	15.93
Average	1.677	187.425	57.667	114.208	16.52	14.91
Weekly Change	-0.050	-13.900	-0.050	-4.179	-0.51	-0.95

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.

Last week I introduced a change to Table 3 by reporting the base Class I mover – essentially what the Class I price is projected to be before one adds the Class I differential specific for the location and other adjustments such as transportation credits, delivery credits, and processor assessment. It was suggested to me that I should instead report the projected Class I skim mover. This would make visible the relative weight of skim milk price vs. butterfat price in the Class I milk price. The projected butterfat price being already in the table. All that one has to do to calculate the projected base Class I price is to (a) multiply the Class I skim mover by 0.965, (b) multiply the projected butterfat by 3.5, and (c) and add the two results. For example, the projected base Class I for November is: $(\$10.17 \times 0.965) + (\$1.84 \times 3.5) = \$16.25$. From this, one can easily determine that based on the projections, 60% of the Class I price in November will be from the skim portion, and 40% from the butterfat. Hopefully this should be useful to dairy producers in FMMOs with high Class I utilization.

Table 3. Translation of futures dairy product prices into implied futures component prices and Class I mover.

	Butterfat (\$/lb)	Protein (\$/lb)	Other Solids (\$/lb)	Nonfat Solids (\$/lb)	Class I Skim Mover (\$/cwt)	Class I Skim Formula Change (\$/cwt) ¹
October	1.81	2.91	0.34	0.91		+0.66
November	1.84	2.64	0.34	0.90	10.17	+0.28
December	1.93	2.47	0.32	0.89	10.06	+0.17
January	2.01	2.37	0.31	0.88	9.70	+0.02
February	2.10	2.35	0.30	0.89	9.58	-0.08
March	2.28	2.25	0.30	0.89	9.24	-0.28
Average	1.99	2.50	0.32	0.89	9.75	+0.13
Weekly Change	-0.17	+0.02	-0.00	-0.04	+0.03	+0.22

¹ Beginning in June 2025, pricing of Class I skim milk changed from averaging the values of Class III and Class IV advanced skim prices plus \$0.74/cwt to the higher of Class III and Class IV advanced skim prices. This column reports the resulting change in the calculated price of the Class I skim.

- 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 late-September, and their relative biweekly price changes.

Table 4. World price quotations of 4 major dairy commodities as of September 28, 2025.

	US\$/lb			Biweekly Change (%)		
	E.U.	Oceania	U.S.	E.U.	Oceania	U.S.
Butter	3.34	3.14	1.67	-5.1	-2.3	-14.5
SMP/NFDM	1.22	1.19	1.15	-2.9	-1.4	-3.5
WMP	2.15	1.71	1.90	-4.4	-2.3	-5.9
Cheddar	2.37	2.17	1.63	+0.5	+1.1	-1.5

Source: DG Agri

- Overseas, the Global Dairy Trade index was **down 1.6%** at the GDT auction held October 7th. This was the fourth consecutive drop in the auction's index. Whole milk powder price, which

account for approximately half of the index, dropped 2.3% after having dropped by 2.2% at the previous auction.

○ Anhydrous milkfat:	US\$ 3.14/lb	+1.2%
○ Butter:	US\$ 3.04/lb	- 3.0%
○ Cheddar:	US\$ 2.20/lb	+0.8%
○ Lactose	-	-
○ Mozzarella:	US\$ 1.54/lb	-11.8%
○ Skim milk powder:	US\$ 1.18/lb	- 0.5%
○ Whole milk powder:	US\$ 1.68/lb	- 2.3%

- The government shutdown has the unintended consequence that most USDA reports are no longer being produced. Hence, dairy markets will be operating without many important bits of information. The gossips may actually add to price volatility.