

WEEKLY DAIRY OUTLOOK

November 24th, 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 November 14th and Friday November 21st, and their implied component prices.

	November 14 2025	November 21 2025	Change	Month to date
CME cheddar blocks (\$/lb)	1.5400	1.5500	+0.0100	1.5833
CME butter (\$/lb)	1.5750	1.4775	-0.0975	1.5092
CME Dry whey (\$/lb)	0.7800	0.7600	-0.0200	0.7500
CME Nonfat dry milk (\$/lb)	1.1825	1.1825	+0.0000	1.1700
-----	-----	Implied Prices	-----	-----
Butterfat (\$/lb)	1.63	1.51	-0.12	1.55
Protein (\$/lb)	2.44	2.60	+0.16	2.67
Other solids (\$/lb)	0.53	0.51	-0.02	0.50
Nonfat solids (\$/lb)	0.93	0.93	+0.00	0.92
Class III (\$/cwt)	16.02	15.96	-0.06	16.24
Class IV (\$/cwt)	13.82	13.41	-0.41	13.44

Comments

On the cash market last week, butter price lost all the gain it had made the prior week. Futures prices followed the cash market: the 6-month strip of butter futures dropped an astonishing 7.5%, resulting in an 8.6% drop in the implied 6-month strip of butterfat futures. Even dry whey, which up to now had been an outlier in the dairy markets going steadily up in price, lost some ground on both the cash and futures markets. As we shall see, the USDA released its October *Milk Production* report, which confirmed that there is a lot of milk being produced.

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)
November	1.749	159.250	63.450	116.850	17.17	13.83
December	1.572	152.700	65.250	115.500	16.15	13.80
January	1.481	154.750	65.575	114.250	15.19	13.76
February	1.507	159.275	65.975	112.550	15.40	13.70
March	1.552	172.750	64.125	111.325	15.75	14.11
April	1.589	178.550	64.500	111.825	16.16	14.50
Average	1.575	162.879	64.813	113.717	15.97	13.95
Weekly Change	-0.026	-13.213	-4.804	+0.063	-0.61	-0.46

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, and advanced Class I Base Skim Mover are reported in Table 3. Note that the November Class I Skim Mover price was released by the USDA on October 22nd (the \$10.62/cwt in Table 3), and that the December Class I Skim Mover was also released on November 19th (the \$12.74/cwt in Table 3).

Table 3. Translation of futures dairy product prices into implied futures component prices and Class I Base Skim Mover.

	Butterfat (\$/lb)	Protein (\$/lb)	Other Solids (\$/lb)	Nonfat Solids (\$/lb)	Class I Skim Mover (\$/cwt)	Class I Skim Formula Change (\$/cwt) ¹
November	1.65	3.09	0.38	0.92	10.62	+1.03
December	1.57	2.60	0.40	0.91	12.74	+0.53
January	1.60	2.28	0.40	0.89	10.98	+0.07
February	1.65	2.31	0.40	0.88	9.94	+0.20
March	1.82	2.28	0.39	0.87	10.05	+0.16
April	1.89	2.33	0.39	0.87	9.84	+0.22
Average	1.70	2.48	0.39	0.89	10.69	0.37
Weekly Change	-0.16	+0.09	-0.05	+0.00	+0.43	-0.01

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 mid-November, and their relative biweekly price changes.

Table 4. World price quotations of 4 major dairy commodities as of November 11, 2025.

	US\$/lb			Biweekly Change (%)		
	E.U.	Oceania	U.S.	E.U.	Oceania	U.S.
Butter	2.85	2.99	1.50	-7.2	-2.2	-4.7
SMP/NFDM	1.13	1.61	1.84	-2.1	-1.0	+0.8
WMP	1.82	1.61	1.84	-6.5	-2.1	+0.5
Cheddar	2.32	2.08	1.66	-0.3	-4.2	-5.9

Source: DG Agri

- Overseas, the Global Dairy Trade index went **down 3.0%** at the GDT auction held November 18th. This was the seventh consecutive drop in the auction's index and followed a 2.4% drop in the prior auction. New Zealand reported a 3.4% increase in milk solids production in September. Being pasture-base with most cows calving in August and September, milk production in Kiwiland should remain strong the rest of this dairy year, regardless of prices.
 - Anhydrous milkfat: US\$ 2.97/lb - 5.0%
 - Butter: US\$ 2.67/lb - 7.6%
 - Cheddar: US\$ 1.96/lb - 2.7%
 - Lactose - -
 - Mozzarella: US\$ 1.46/lb - 2.8%
 - Skim milk powder: US\$ 1.15/lb - 0.6%
 - Whole milk powder: US\$ 1.57/lb - 1.9%

- Last week, the USDA released its October *Milk Production* report.

Revised Data for September. For the 24 major States, the ***September* milk production** stood at 18.2 billion pounds, up 4.0% from September 2024. The revision represented a decrease of 34 million pounds, or 0.2% below the preliminary estimate.

All 50 States, October 2025. For all 50 States in October, estimated milk production stood at 19.470 billion pounds, *up 695 million pounds or +3.7%* from last year. The number of milk cows in the whole country was estimated at 9.575 million head, 208,000 more than at this time last year, and apparently 6,000 less than reported last month (which is within the margin of error in this survey).

24 Major states, October 2025. Total milk production in the top 24 dairy States was estimated at 18.727 billion pounds, *up 702 million pounds (+3.9%)* from October 2024. Twenty one of the 24 dairy States reported increased production. Of the 3 states that reported a decline, Washington reported the most drastic reduction in milk volume, down 38 million pounds or 7.3% from October of last year (this is due to a regional co-op red ink). Twenty of the 24 States reported a year-to-year increase in cow number; AZ, ID, KS, MI, MN, NY, SD, TX and WI each having added 10,000 or more cows.

For the 24 States, milk per cow averaged 66.10 lbs/d during the month, up 1.49 lbs/day from October 2024. The dairy herd in the 24 major States (9.138 million head) was up an estimated 211,000 head from October 2024. Therefore, about 38% of the production increase came from improved cow productivity and 62% from the increased number of head.

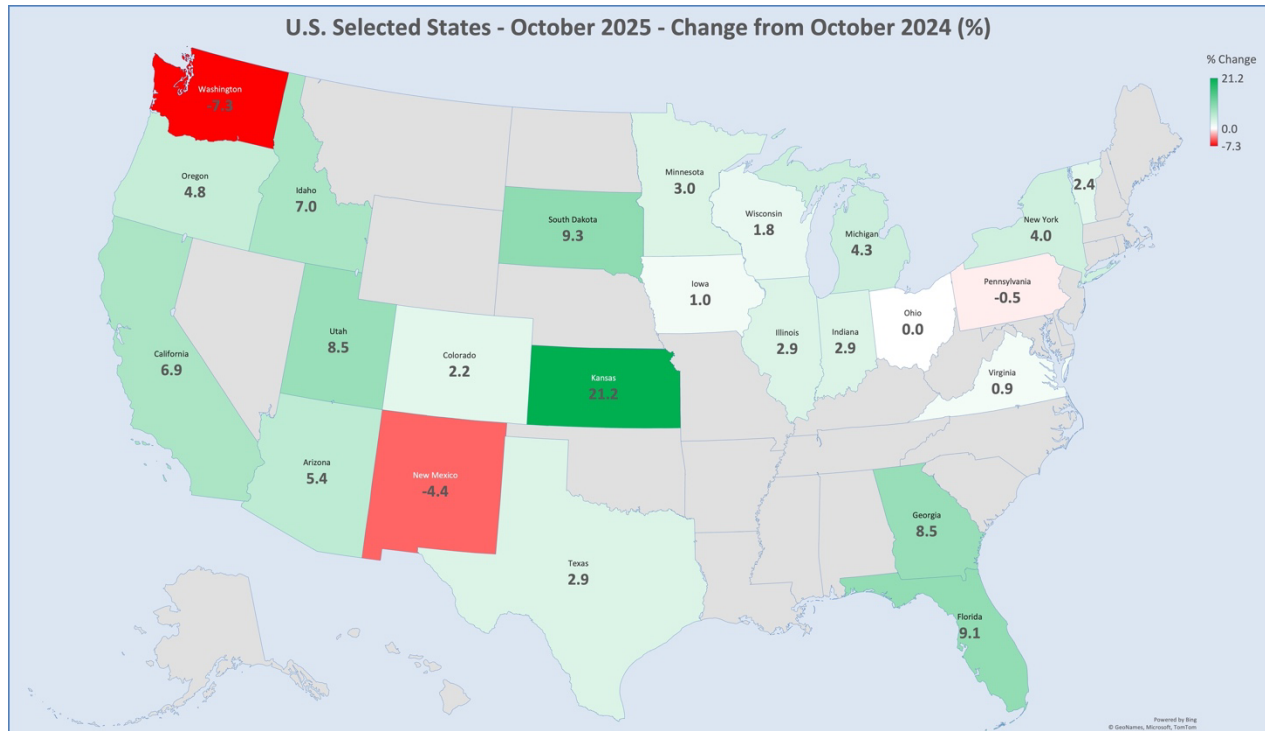
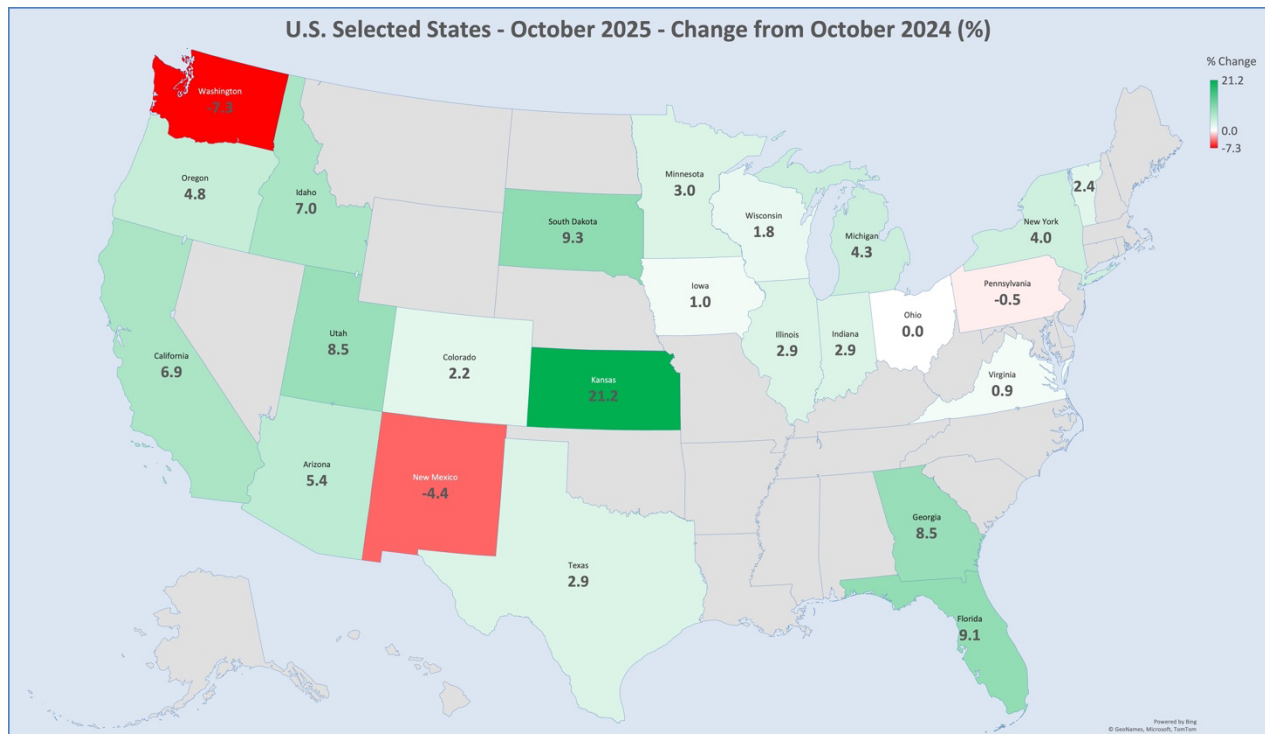
Relative and absolute changes in milk produced in each of the top 24-States are shown in the next two figures.

Regional Summaries, October 2025

- In the Western states, production was way down in WA. Production in ID, CO, OR and UT was measurably up. CA production was also up, adding 211 million lbs of milk.
- In the central region, production was substantially up in all states: up in the 2 digits percentages in KS, and an estimated 7.0% in ID and 2.9% in Texas.
- Milk production in the corn belt states was also up, except for OH where it remained unchanged. Production in WI and MI went up 49 and 44 million pounds, respectively.
- In the Northeast, production was way up in NY and even VT (+2.4%), but modesly down in PA.
- In the Mid-Atlantic and Southeast regions, production was substantially up in Georgia and Florida, and also up in Virginia.

Five largest dairy producing States

In October, the 5 largest dairy producing States (CA, ID, NY, TX, and WI) accounted for 54.7% of the national milk production. Their combined production (10.657 billion pounds) was up 470 million lbs, or 4.6%.



- I mentioned in a prior newsletter that when the spread between Class III and Class IV gets relatively large, it creates an incentive for milk in the higher priced Class to not be pooled in the Order (i.e., not being reported to the Order administrator). In October, Class III was priced at \$16.91/cwt, whereas Class IV was at \$14.30/cwt. This creates a

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large incentive to not pool milk used in Class III simply because this milk will then be priced somewhere around the blend price, which will be less than Class III. This incentive occurs primarily within cooperatives with processing capabilities. Well, in October, depooling did occur... big time.

In October, the Upper Midwest Order (Wisconsin, Minnesota and Northern Illinois) reported a total of 1.527 billion lbs of milk pooled in the Order. Wisconsin alone produced 2.746 billion lbs (Minnesota produced 895 million lbs). So, of the ~3.6+ billion lbs produced in the region, only about 42% was reported to the administrator.

The depooling (or unpooling) in the California Order was just as pronounced. Only 1.788 billion pounds was reported to the market administrator in a state that produced 3.5 billion pounds of milk. Only 2% of the milk reported was for Class III utilization. One would think that California, the second largest cheese producing state, forgot how to make cheese...

So how does this affect dairy producers? Depooling of the higher priced milk lowers the Producer Price Differential (PPD). Hence the PPD in California was $-\$1.37/\text{cwt}$ for the base zone (Los Angeles), which carries the highest Class I differential ($\$2.80/\text{cwt}$) in California. For some CA producers, the October PPD was $-\$2.37/\text{cwt}$! For the Upper Midwest, the reported PPD was $\$0.14/\text{cwt}$ for the base zone (Northern Illinois where the Class I differential is the highest with the Order at $\$3.20/\text{cwt}$). For western Wisconsin, where the Class I differential is $\$2.80/\text{cwt}$, the PPD was actually negative.

The rules for pooling, depooling and repooling vary across the FMMOs. But as of now, with Class III futures all significantly greater than Class IV futures for at least the next 6 months, large amounts of milk used in Class III will remain unreported, resulting in depressed PPDs and lower blend prices to dairy producers.