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 Wednesday November 26th and Friday December 5th, and their implied component prices.

	November 26 2025	December 5 2025	Change	Month to date
CME cheddar blocks ($/lb)	1.4700	1.3800	-0.0900	1.3800
CME butter ($/lb)	1.4500	1.4775	+0.0275	1.4775
CME Dry whey ($/lb)	0.7325	0.7450	+0.0125	0.7450
CME Nonfat dry milk ($/lb)	1.1425	1.1700	+0.0275	1.1700
-------	--------	Implied Prices	--------	-------
Butterfat ($/lb)	1.48	1.51	+0.03	1.51
Protein ($/lb)	2.23	2.05	-0.32	2.05
Other solids ($/lb)	0.48	0.49	+0.01	0.49
Nonfat solids ($/lb)	0.89	0.92	+0.03	0.92
Class III ($/cwt)	15.01	14.66	-0.35	14.66
Class IV ($/cwt)	12.95	13.57	+0.62	13.57

Comments

Cheddar block price dropped 6.1% on the CME cash market while the 6-month strip of cheese futures dropped 1.4% last week. Meanwhile, butter price made a modest recovery on both markets, albeit remaining at historically low levels. As we shall see later in this newsletter, there is a lot of milk being produced around the world, especially from major dairy exporting countries. World demand for dairy products is still characterized as lukewarm as China, the world largest importer, is managing an increase its own domestic supply. Depressed milk prices will likely linger for quite some time.

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)
December	1.533	155.975	70.000	116.350	16.00	13.72
January	1.464	156.000	70.500	114.400	15.34	13.70
February	1.489	158.500	68.775	112.750	15.50	13.71
March	1.542	171.975	66.325	111.775	15.77	14.10
April	1.590	177.275	64.700	111.425	16.25	14.41
May	1.632	182.225	63.000	112.500	16.59	14.71
Average	1.542	166.992	67.217	113.200	15.91	14.06
Weekly Change	-0.021	+4.490	+3.530	+1.060	+0.14	+0.20

[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 December Class I Skim Mover was 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]
December	1.61	2.44	0.45	0.91	*12.74*	+0.36
January	1.61	2.21	0.45	0.90	10.71	+0.10
February	1.64	2.26	0.43	0.88	10.01	+0.20
March	1.81	2.26	0.41	0.87	10.06	+0.17
April	1.87	2.35	0.39	0.87	9.90	+0.28
May	1.93	2.42	0.37	0.88	10.59	+0.23
Average	1.75	2.32	0.42	0.88	10.59	+0.23
Weekly Change	+0.05	-0.13	+0.04	+0.01	-0.16	-0.15

[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-November, and their relative biweekly price changes.

Table 4. World price quotations of 4 major dairy commodities as of November 23, 2025.

	US$/lb			Biweekly Change (%)		
	E.U.	Oceania	U.S.	E.U.	Oceania	U.S.
Butter	3.02	2.81	1.50	+6.0	-5.9	+0.2
SMP/NDM	1.14	1.17	1.18	+0.7	nc	+4.5
WMP	1.82	1.56	1.83	-0.0	-2.8	-0.5
Cheddar	2.30	2.02	1.56	-0.9	-2.7	-5.9

Source: DG Agri

- Overseas, the Global Dairy Trade index went **down 4.3%** at the GDT auction held December 2nd. This was the eight consecutive drop in the auction's index and followed a 3.0% drop in the prior auction. Milkfat was particularly affected with both anhydrous milkfat and butter prices dropping precipitously. Surprisingly, cheddar cheese price went up 7.2%, making New Zealand cheddar cheese price much higher than U.S. cheddar cheese.
    - Anhydrous milkfat: US$ 2.68/lb - 9.8%
    - Butter: US$ 2.34/lb -12.4%
    - Cheddar: US$ 2.10/lb +7.2%
    - Lactose US$ 0.57/lb +4.2%
    - Mozzarella: US$ 1.44/lb - 1.0%
    - Skim milk powder: US$ 1.13/lb - 1.6%
    - Whole milk powder: US$ 1.53/lb - 2.4%

- 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 November.

  The November butterfat price of $1.71/lb was well below its long-term time-detrended range ($2.58 to $2.78/lb).

  The October protein price of $3.01 stood above its time de-trended range ($2.53 to $2.93/lb).

  At $17.18/cwt, Class III price was below its time-detrended price range ($18.55 to $20.20/cwt) and was at nearly $3.00/cwt below the Class III price at this time last year.

  The Class IV price ($13.89/cwt) was well below its long-term time detrended range ($18.00 to $19.60/cwt) and stood at more than $7.00/cwt below the Class IV price of November 2024.

  Take note that the label 'time-detrended' is simply the linear time effect on prices over the last 15 years. They do not imply that prices should be in these ranges for economic reasons. They are similar to expressing daily temperatures as deviations from the long-term trends. One could use 5-year rolling averages as references. However, adjusting references using linear trends is much less sensitive to short-term aberrations, such as those exhibited during the COVID-19 disaster.

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

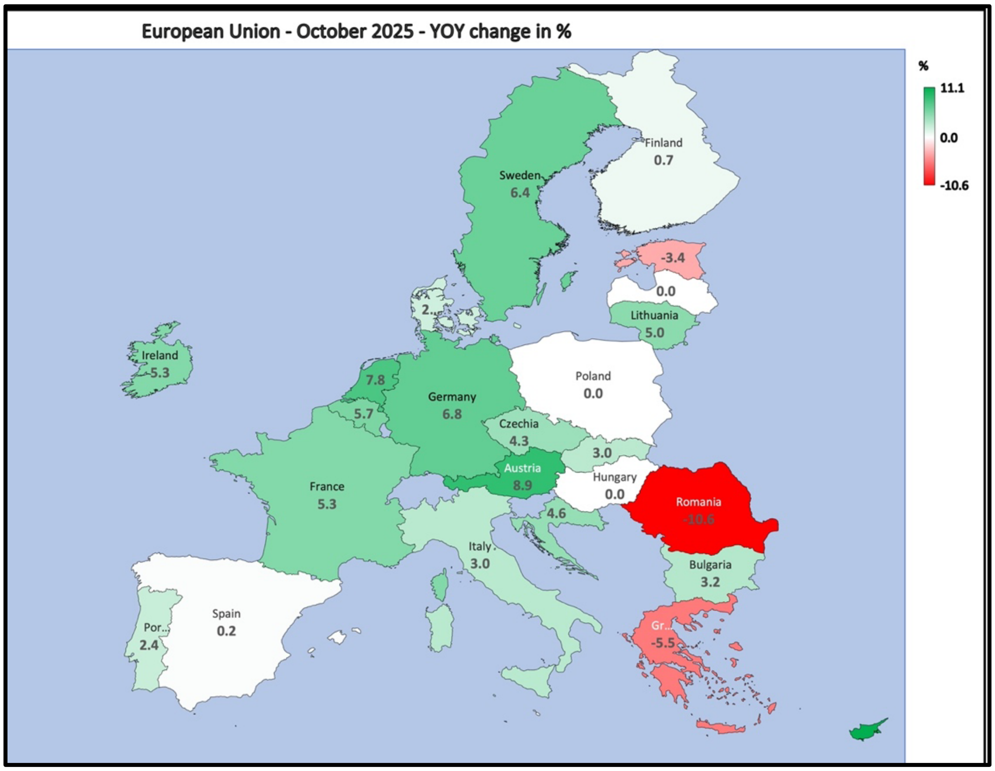
	November 2025	**October 2025**	**Change (Nov vs. Oct)**	**November 2024**	**Change (N '25 vs. N '24)**
Cheese Blocks($/lb)	1.742	1.738	+0.004	1.920	-0.178
Butter ($/lb)	1.636	1.734	-0.098	2.700	-1.064
Nonfat Dry Milk ($/lb)	1.161	1.160	+0.001	1.377	-0.216
Dry Whey ($/lb)	0.642	0.593	+0.049	0.592	+0.049
Butterfat ($/lb)	**1.71**	**1.83**	**-0.12**	**3.06**	**-1.36**
Protein ($/lb)	**3.01**	**2.88**	**+0.14**	**2.32**	**+0.70**
Other Solids ($/lb)	**0.39**	**0.34**	**+0.05**	**0.40**	**-0.02**
Nonfat Solids ($/lb)	**0.91**	**0.91**	**+0.00**	**1.20**	**-0.29**
Class III ($/cwt)	**17.18**	**16.91**	**+0.27**	**19.95**	**-2.77**
Class IV ($/cwt)	**13.89**	**14.20**	**-0.31**	**21.12**	**-7.23**

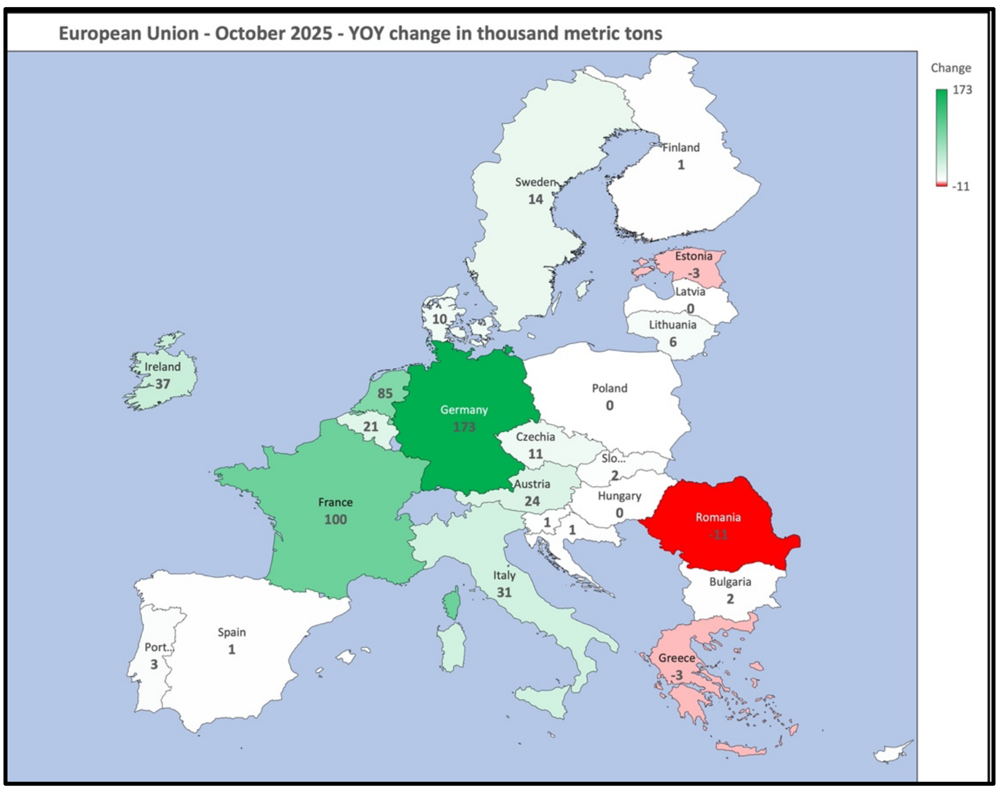
- Milk collections during the month of October 2025 for the 26 countries making the European Union totaled 12,109,000 metric tons (26.69 billion pounds), reportedly **up an astounding 511,000 tons (1.126 billion pounds) or +4.41% from October 2024**. Five countries accounted for 66.3% of the total milk collected (Germany, France, The Netherlands, Poland, and Italy). Altogether, collections in these 5 countries were up 5.11% (390 million metric tons) from last year.

  Milk deliveries were up in 19 of the 26 countries.

  On a percentage basis, the 3 countries with the largest increase were: Cyprus (11.1%), Austria (8.9%), and The Netherlands (+7.8); the 3 countries with the largest decrease were: Romania (-10.6%), Greece (-2.8%), and Estonia (-2.5%).

  On a volume basis, the 3 countries with the largest increase were: Germany (+173,400 MT), France (+100,300 MT), and The Netherlands (+85,500 MT); the 3 countries with the largest decline were: Romania (-10,600 MT), Greece (-2,800 MT), and Estonia (-2,500 MT).





- Meanwhile, New Zealand also reported a substantial milk collection increase for October: +1.7% on a volume basis, and +2.8% on a milk solids basis. If you add to this picture China's reported milk production increase in September, then one can only see depressed milk prices for the foreseeable future.