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 January 30th and Friday February 6th and their implied component prices.

	January 30 2026	February 6 2026	Change	Month to date
CME cheddar blocks ($/lb)	1.3625	1.4725	+0.1100	1.4725
CME butter ($/lb)	1.5800	1.7100	+0.1300	1.7100
CME Dry whey ($/lb)	0.7500	0.7300	-0.0200	0.7300
CME Nonfat dry milk ($/lb)	1.4600	1.6400	+0.1800	1.6400
-------	--------	Implied Prices	--------	-------
Butterfat ($/lb)	1.64	1.80	+0.16	1.80
Protein ($/lb)	1.86	2.05	+0.19	2.05
Other solids ($/lb)	0.50	0.48	-0.02	0.48
Nonfat solids ($/lb)	1.21	1.39	+0.18	1.39
Class III ($/cwt)	14.53	15.56	+1.03	15.56
Class IV ($/cwt)	16.58	18.73	+2.15	18.73

Comments

Except for dry whey, dairy commodity prices surged on the cash markets last week. The price surge has been particularly noteworthy for nonfat dry milk. In just 3 weeks, its cash price has increased 30.7%. This, of course, has buoyed the implied Class IV price. Futures prices did follow the direction of the cash markets, but at a reduced amplitude – which is expected. Last week, the 6-month strips of butter and NFDM where up 4.1% and 5.9%, respectively, resulting in an increase of $1.21/cwt in the 6-month strip of Class IV futures. *IF the futures markets prove to be accurate predictors*, dairy producers can expect much relief in their milk checks starting this February.

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)
February	1.468	161.750	70.500	131.000	15.37	15.85
March	1.636	193.800	69.000	154.000	17.10	18.85
April	1.672	199.000	66.400	150.275	17.23	18.70
May	1.700	202.250	64.000	147.000	17.47	18.60
June	1.725	204.750	63.300	146.500	17.63	18.65
July	1.749	205.825	61.500	145.500	17.75	18.72
Average	1.658	194.563	65.783	145.713	17.09	18.23
Weekly Change	+0.012	+7.660	+0.535	+8.075	+0.21	+1.21

[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, Class I Base Skim, and projected Base Class I are reported in Table 3. Note that the February Class I Base Skim and Class I Butterfat prices were released on January 23 (the $9.99/cwt in Table 3 for skim, and $1.4446/lb for butterfat, the latter not being reported in the Table, but used to calculate the $14.70/cwt for the February Base Class I price, which in this instance is not a projection but an actual price since Class I price is forward priced).

Table 3. Translation of futures dairy product prices into implied futures component prices and Class I Base Skim Mover (numbers in italics have already been announced by USDA).

	Butterfat ($/lb)	Protein ($/lb)	Other Solids ($/lb)	Nonfat Solids ($/lb)	Class I Base Skim ($/cwt)	Projected Base Class I ($/cwt)[1]
February	1.68	2.15	0.45	1.06	*9.99*	*14.70*
March	2.07	2.28	0.44	1.29	9.86	15.41
April	2.13	2.33	0.41	1.25	11.98	18.81
May	2.17	2.38	0.38	1.22	11.63	18.70
June	2.20	2.43	0.38	1.21	11.33	18.54
July	2.22	2.49	0.36	1.20	11.29	18.61
Average	2.08	2.34	0.40	1.21	11.01	17.46
Weekly Change	+0.09	-0.06	+0.01	+0.08	+0.56	+0.33

[1] Adding the location specific Class I differential to the Projected Base Class I would give a 'raw' projected Class I price for a given location. It is a 'raw' projection because this does not include any processor assessments and Class I ESL adjustments. Class I is for milk standardized to 3.5% butterfat and 96.5% skim.
See https://www.ams.usda.gov/sites/default/files/media/ProposedClassIDifferentialsMap.pdf for a map of Class I differentials.

- 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-February, and their relative biweekly price changes.

Table 4. World price quotations of 4 major dairy commodities as of February 1, 2026.

	US$/lb			Biweekly Change (%)		
	E.U.	Oceania	U.S.	E.U.	Oceania	U.S.
Butter	2.23	2.42	1.56	-0.9	+1.7	+18.4
SMP/NDM	1.12	1.20	1.39	+2.4	+3.4	+11.2
WMP	1.66	1.54	1.91	+3.5	+3.0	+4.9
Cheddar	2.01	2.10	1.39	+1.8	-1.1	+8.4

Source: DG Agri

- Overseas, the Global Dairy Trade index went **up 6.7%** at the GDT auction held February 3rd. This marked the third consecutive session where the index went up, following a 1.5% increase in the index two weeks ago. Prices of all commodities went up, especially skim milk powder and butter prices. The index is heavily weighed by SMP and especially WMP prices: these two commodities account for around 80% of the index. Milk production in the major exporting countries is strong, but prices are indicative of a strong world demand for dairy products.
    - Anhydrous milkfat: US$ 2.96/lb +5.0%
    - Butter: US$ 2.62/lb +8.8%
    - Cheddar: US$ 2.16/lb +3.8%
    - Lactose US$ 0.64/lb +1.5%
    - Mozzarella: US$ 1.68/lb +10.6%

- Skim milk powder: US$ 1.30/lb +10.6%
- Whole milk powder: US$ 1.64/lb + 5.3%

- 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 January 2026. Take note that in the following discussion, the label 'time-detrended range' is simply the *linear* time effect on prices over the last 26 years (January 2000 to December 2025). They do not imply that prices should be in these ranges for economic reasons.

  The January butterfat price of $1.45/lb was well below its long-term time-detrended range ($2.78 to $2.88/lb) and stood near the 2nd percentile of butterfat prices between January 2021 and December 2025.

  The January protein price of $2.18/lb stood below its long-term time de-trended range ($2.70 to $2.80/lb) and near the 35th percentile of protein prices between January 2021 and December 2025.

  The January other solids price of $0.44/lb was substantially above its long-term time de-trended range ($0.33-$0.37) and stood near the 83rd percentile of other solids prices between January 2021 and December 2025.

  The January nonfat solids price of $0.94/lb was well below its long-term time de-trended range ($1.05-$1.11) and was near the 11th percentile of nonfat solids prices between January 2021 and December 2025.

  At $14.59/cwt, Class III price was well below its long-term time-detrended price range ($19.95 to $20.25/cwt) and near the 2nd percentile of Class III prices between January 2021 and December 2025.

  The Class IV price ($13.55/cwt) was well below its long-term time detrended range ($19.41 to $19.71/cwt) and near the 3rd percentile of Class IV prices between January 2021 and December 2025.

  In short, regardless of whether we look at the January prices using the last 26 years or the last 5 years as references, all prices except nonfat solids were historically very low.

Table 5. Minimum Class and component prices in the Federal Milk Marketing Orders during the month of January 2026, and changes from December 2025 and January 2025.

	January 2026	December 2025	Change (Jan vs. Dec)	January 2025	Change (J '26 vs. J '25)
Cheese Blocks($/lb)	1.400	1.527	-0.127	1.885	-0.485
Butter ($/lb)	1.427	1.529	-0.102	2.604	-1.178
Nonfat Dry Milk ($/lb)	1.192	1.154	+0.038	1.380	-0.188
Dry Whey ($/lb)	0.699	0.689	+0.009	0.722	-0.023
Butterfat ($/lb)	**1.45**	**1.58**	**-0.12**	**2.95**	**-1.49**
Protein ($/lb)	**2.18**	**2.46**	**-0.28**	**2.33**	**-0.15**
Other Solids ($/lb)	**0.45**	**0.44**	**+0.01**	**0.54**	**-0.09**
Nonfat Solids ($/lb)	**0.94**	**0.91**	**+0.04**	**1.20**	**-0.26**
Class III ($/cwt)	**14.59**	**15.86**	**-1.27**	**20.34**	**-5.75**
Class IV ($/cwt)	**13.55**	**13.64**	**-0.09**	**19.39**	**-5.84**

- The USDA released its *Dairy Products report* for the month of December 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. This turns out to be important when comparing dairy

outputs in December to those in November. For example, whereas the USDA reported that total cheese output in December was 4.4% above November, the increase was only 1.1% when expressed on a daily basis. This provides a much different perspective of the status of the cheese supply in the U.S.

The report confirmed what we expected: butter and nonfat milk powder outputs were considerably up from November. As for cheese, the increase from last year's output reflects the output from the new cheese plants that came online in 2025. The increase in cheese output comes inevitably with an increase in wet whey stream. The data confirm the substantial increase in the production of whey isolate, but also of dry sweet whey.

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

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

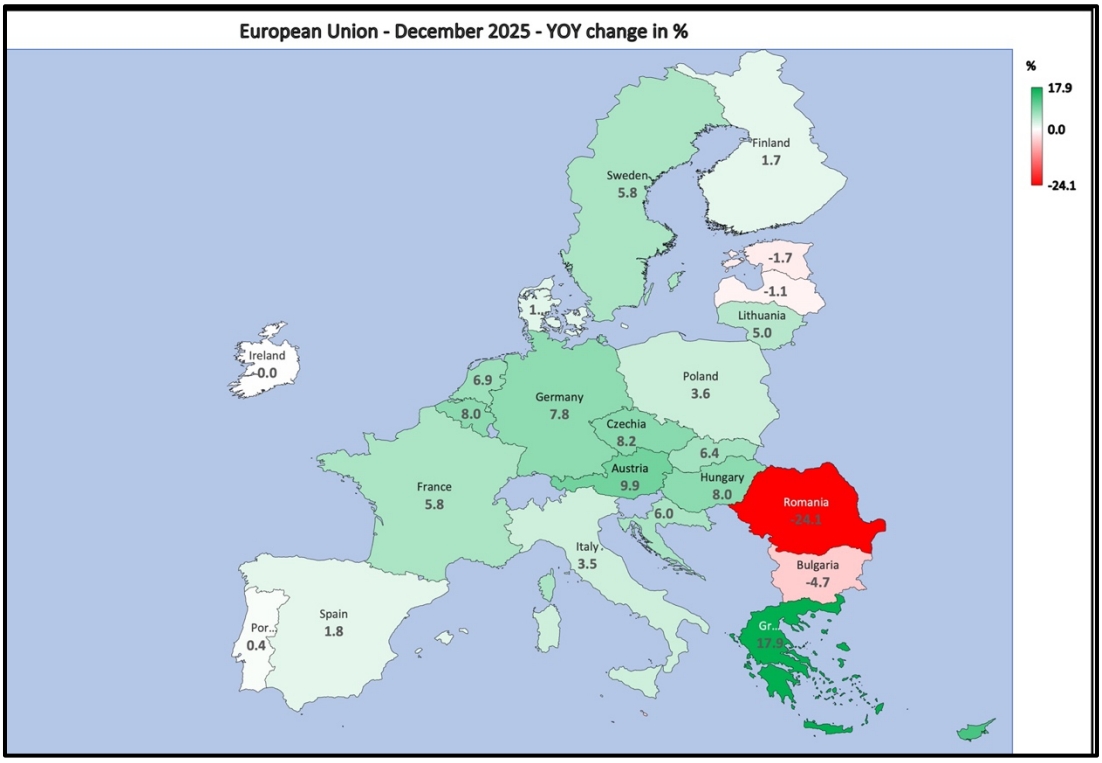
	December 2025 (million lbs/d)	% Change from December 2024	% Change from November 2025
Cheese			
Total Cheese	41.252	+6.7	+1.1
American-style	16.137	+6.8	+2.3
Cheddar	10.979	+9.0	+2.2
Italian-style	18.097	+7.4	+1.8
Mozzarella	14.214	+5.9	+1.1
Butter	6.576	+2.0	+11.3
Dry Milk Products			
Nonfat Dry Milk	4.103	-2.7	+14.0
Skim Milk Powder	1.390	-15.2	+2.9
Combined	5.493	-6.2	+10.9
Whey and Lactose Products			
Dry Sweet Whey – Total	2.253	+1.2	+5.5
Whey Protein Concentrate	1.408	+3.1	-0.1
Whey Isolate	0.666	+11.7	+9.3
Lactose	3.059	+1.5	+5.6

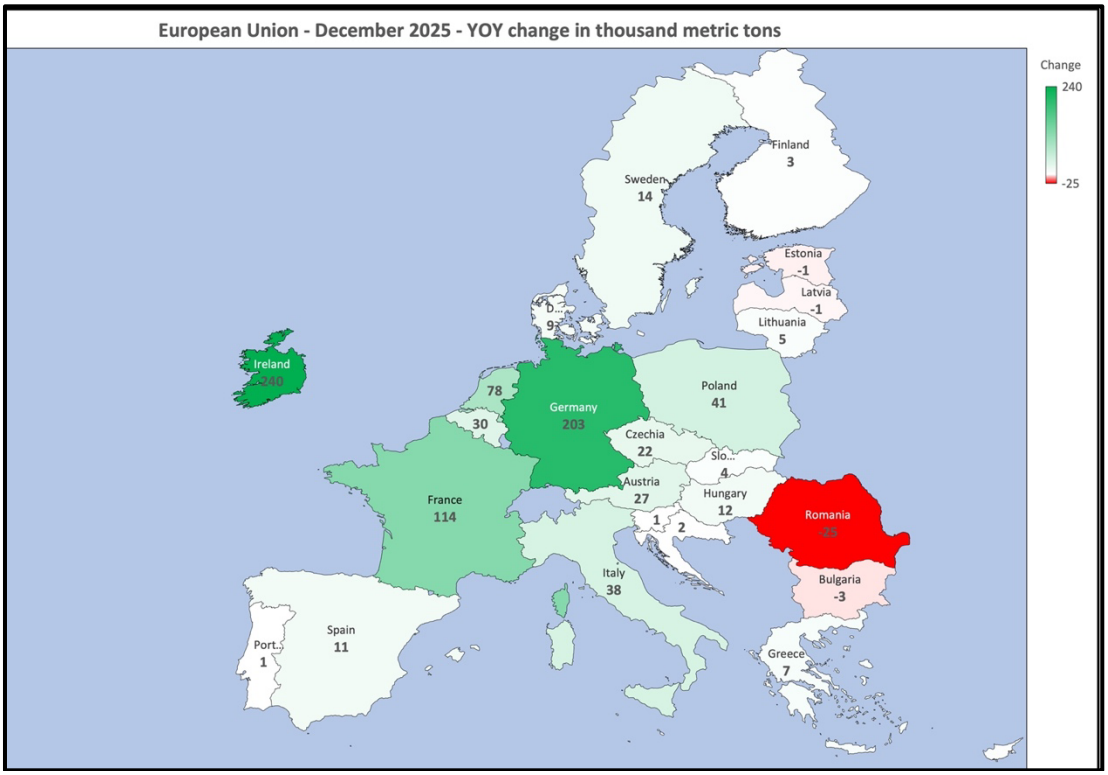
- Milk collections during the month of **December** 2025 for the 26 countries making the European Union totaled 12,336,000 metric tons (27.19 billion pounds), reportedly **up an astounding 836,000 tons (+1.8 billion pounds) or +7.27% from December 2024**. Five countries accounted for 67.8% of the total milk collected (Germany, France, The Netherlands, Poland, and Italy). Altogether, collections in these 5 countries were up 6.00% (473,500 metric tons, or 1.044 billion pounds) from last year.

  Milk deliveries were up in 20 of the 26 countries.

  On a percentage basis, the 3 countries with the largest increase were: Ireland (+87.0%), Greece (17.9%), and Cyprus (+12.8); the 3 countries with the largest decrease were: Romania (-24.1%), Bulgaria (-4.7%), and Malta (-3.9%). Note that in the figure on the next page, the percent increase for Ireland was set at zero to maintain a reasonable scale (color) for the remaining countries.

  On a volume basis, the 3 countries with the largest increase were: Ireland (+239,700MT); Germany (+202,900 MT), and France (+114,100 MT); the 3 countries with the largest decline were: Romania (-24,600 MT), Bulgaria (-2,600 MT), and Estonia (-1,300 MT).


European Union - December 2025 - YOY change in %
%
17.9
0.0
-24.1
Finland
1.7
Sweden
5.8
-1.7
-1.1
Lithuania
5.0
Ireland
-0.0
6.9
Germany
7.8
8.0
Poland
3.6
Czechia
8.2
6.4
Austria
9.9
Hungary
8.0
France
5.8
Romania
6.0
Italy
3.5
Bulgaria
-4.7
Spain
1.8
Por...
0.4
Gr...
17.9


European Union - December 2025 - YOY change in thousand metric tons
Change
240
-25
Finland
3
Sweden
14
Estonia
-1
Latvia
-1
Lithuania
5
Ireland
-240
78
Germany
203
30
Poland
41
Czechia
22
Slo...
4
Austria
27
Hungary
12
France
114
1
2
Romania
-25
Italy
38
Bulgaria
-3
Spain
11
Port...
1
Greece
7