



WEEKLY DAIRY OUTLOOK

February 23rd, 2026

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 February 13th and Friday February 20th and their implied component prices.

	February 13 2026	February 20 2026	Change	Month to date
CME cheddar blocks (\$/lb)	1.3875	1.4975	+0.1100	1.4525
CME butter (\$/lb)	1.7050	1.8700	+0.1650	1.7617
CME Dry whey (\$/lb)	0.7200	0.6800	-0.0400	0.7100
CME Nonfat dry milk (\$/lb)	1.6000	1.6850	+0.0850	1.6417
-----	-----	Implied Prices	-----	-----
Butterfat (\$/lb)	1.79	1.99	+0.20	1.86
Protein (\$/lb)	1.78	1.92	+0.14	1.92
Other solids (\$/lb)	0.47	0.43	-0.04	0.46
Nonfat solids (\$/lb)	1.35	1.43	+0.08	1.39
Class III (\$/cwt)	14.62	15.54	+0.92	15.24
Class IV (\$/cwt)	18.35	19.81	+1.46	18.96

Comments

Except for dry whey price on the cash market, all dairy prices were up on both the cash and futures markets last week. Cash cheddar prices have been volatile on the cash market, whereas futures are converging towards ~\$1.75/lb. Butter prices have shot up in the last few weeks. It appears that traders are finally realizing that butter is not piling up anywhere. I do not think that the projected butter supply, both domestic and from other major dairy producing countries coupled with current demand will push butter prices much above its 5-year median price (\$2.57/lb), but \$2.25 to \$2.50/lb certainly seems quite possible in the next 6 months. Who knows...

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)
February	1.441	163.000	69.050	137.000	15.02	15.97
March	1.589	200.925	67.500	157.500	16.49	19.50
April	1.675	205.900	66.500	155.750	17.34	19.50
May	1.707	209.100	65.050	155.750	17.34	19.50
June	1.735	214.675	65.500	145.800	17.90	18.72
July	1.748	215.800	64.875	145.800	17.99	18.72
Average	1.649	201.567	66.413	148.433	17.06	18.58
Weekly Change	+0.044	+10.300	+0.621	+8.412	+0.55	+1.08

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 March Class I Base Skim and Class I Butterfat prices were released on February 19 (the \$9.98/cwt in Table 3 for skim, and \$1.6887/lb for butterfat, the latter not being reported in the Table, but used to calculate the \$15.47/cwt for the March 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	1.70	2.05	0.44	1.12	<i>9.99</i>	<i>14.70</i>
March	2.16	2.04	0.42	1.32	<i>9.91</i>	<i>15.47</i>
April	2.22	2.25	0.41	1.31	12.30	19.42
May	2.26	2.31	0.40	1.24	12.14	19.48
June	2.32	2.33	0.40	1.21	11.49	18.99
July	2.34	2.36	0.39	1.21	11.22	18.96
Average	2.17	2.22	0.41	1.23	11.17	17.84
Weekly Change	+0.12	+0.01	+0.01	+0.08	+0.59	+0.93

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 Mid-February, and their relative biweekly price changes.

Table 4. World price quotations of 4 major dairy commodities as of February 15, 2026.

	US\$/lb			Biweekly Change (%)		
	E.U.	Oceania	U.S.	E.U.	Oceania	U.S.
Butter	2.21	2.55	1.67	-1.1	+5.6	+7.3
SMP/NDM	1.19	1.30	1.60	+5.8	+8.5	+15.1
WMP9.3	1.64	1.59	2.10	-1.0	+3.3	+9.9
Cheddar	1.82	2.15	1.41	-9.3	+2.4	+1.2

Source: DG Agri

- Overseas, the Global Dairy Trade index went **up 3.6%** at the GDT auction held February 17th. This marked the fourth consecutive session where the index went up, following a 6.7% increase in the index two weeks ago. Except for cheddar price which essentially went sideways, prices of all commodities went up especially butter, lactose (which is traded in very small volume), and mozzarella (also traded in small volume) 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, especially milkfat (butter).
 - Anhydrous milkfat: US\$ 3.06/lb +3.8%
 - Butter: US\$ 2.88/lb +10.7%

- Cheddar: US\$ 2.15/lb - 1.0%
- Lactose US\$ 0.69/lb +7.8%
- Mozzarella: US\$ 1.76/lb +5.0%
- Skim milk powder: US\$ 1.35/lb +3.0%
- Whole milk powder: US\$ 1.68/lb +2.5%

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

Revised Data for December. For the 24 major States, the **December** milk production stood at 18.8 billion pounds, up 4.4% from December 2024. The revision represented a decrease of 36 million pounds, or 0.2% below the preliminary estimate.

All 50 States, January 2026. For all 50 States in January, estimated milk production stood at 19.810 billion pounds, up 616 million pounds or +3.2% from last year. The number of milk cows in the whole country was estimated at 9.580 million head, 189,000 more than at this time last year, and 14,000 more than what was reported last month. This apparent increase is greater than the margin of error for this statistic (i.e., the USDA never goes out to count cows; the statistic is derived from a survey, which inevitably implies an uncertainty, which is estimated at +/- 10,000 head). Barns have been built to supply milk to the new cheese plants. Empty stalls on a dairy farm do not make the producer any money, so they get filled.

24 Major states, January 2026. Total milk production in the top 24 dairy States was estimated at 19.058 billion pounds, up 635 million pounds (+3.5%) from January 2025. Twenty of the 24 dairy States reported increased production. Of the 4 States that reported a decline, Washington reported the most drastic reduction in milk volume, down 31 million pounds or 6.1% from January of last year (this is due to a regional co-op red ink). The combined decrease in milk production by the States reporting a decrease (-77 million pounds combined) was negated by the increase production in Kansas alone (+96 million pounds). The increase in California (+158 million pounds) was largely due to the decrease at this time last year from Avian Influenza.

Seventeen of the 24 States reported a year-to-year increase in cow number; 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 67.16 lbs/d during the month, up 1.17 lbs/day from January 2025. The dairy herd in the 24 major States (9.154 million head) was up an estimated 200,000 head from January 2025. Therefore, about 35% of the production increase came from improved cow productivity and 65% 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, January 2026

- In the Western states, production was way down in WA. Production in AZ, ID, OR and UT was measurably up. CA production was considerably up, adding 158 million lbs of milk from its production in January of last year.
- In the central region, production was substantially up in all states except NM; up in the 2 digits percentages in KS, and SD, an estimated 3.7% in CO, and a whopping 7.6% in Texas.
- Milk production in the cornbelt states was also up, except in IL this last month. Production in WI and MI went up 56 and 37 million pounds, respectively.
- In the Northeast, production was way up in NY and even VT (+0.5%), but down in PA.

- In the Mid-Atlantic and Southeast regions, production was substantially up in Georgia, marginally up in Virginia, and unchanged in Florida.

Five largest dairy producing States

In January, the 5 largest dairy producing States (CA, ID, NY, TX, and WI) accounted for 54.5% of the national milk production. Their combined production (10.806 billion pounds) was up 420 million lbs, or 4.0%.

