



## WEEKLY DAIRY OUTLOOK

March 9<sup>th</sup>, 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 27<sup>th</sup> and Friday March 6<sup>th</sup> and their implied component prices.

	February 27 2026	March 6 2026	Change	Month to date
CME cheddar blocks (\$/lb)	1.5225	1.6175	+0.0950	1.6175
CME butter (\$/lb)	1.8400	2.0100	+0.1700	2.0100
CME Dry whey (\$/lb)	0.6325	0.6400	+0.0075	0.6400
CME Nonfat dry milk (\$/lb)	1.7100	1.6800	-0.0300	1.6800
-----	-----	<b>Implied Prices</b>	-----	-----
Butterfat (\$/lb)	1.95	2.16	+0.21	2.16
Protein (\$/lb)	2.04	2.13	+0.09	2.13
Other solids (\$/lb)	0.38	0.38	-0.00	0.38
Nonfat solids (\$/lb)	1.46	1.43	-0.03	1.43
Class III (\$/cwt)	15.51	16.56	+1.05	16.56
Class IV (\$/cwt)	19.90	20.36	+0.46	20.36

### Comments

Cash markets were basically up at the CME last week. Caution should be exercised when looking at these numbers. Cash markets are much more subject to human emotions, such as fears, than futures. Predictably when bombs began dropping on Iran, buyers started buying to ensure supplies. Hence, the cash markets were particularly active with 92 loads of butter exchanging hands during the week. In contrast, the futures markets are much more driven by fundamentals, especially contracts maturing in more than 3 months. This explains the wide divergence between the cash and futures prices.

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<sup>1</sup>.

	Cheese (\$/lb)	Butter (\$/cwt)	Dry Whey (\$/cwt)	NFDM (\$/cwt)	Class III (\$/cwt)	Class IV (\$/cwt)
March	1.581	199.750	66.000	157.000	16.32	19.52
April	1.697	204.525	63.750	157.750	16.99	19.68
May	1.735	207.500	63.050	150.900	17.28	19.16
June	1.775	211.500	63.000	147.250	17.76	19.05
July	1.790	213.725	63.000	145.200	28.16	19.06
August	1.811	216.525	63.000	144.975	18.34	18.97
Average	1.732	208.921	63.633	150.513	17.48	19.24
Weekly Change	+0.004	-10.310	-0.415	-1.010	-0.22	-0.41

<sup>1</sup> 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 \$9.91/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) <sup>1</sup>
March	2.14	2.03	0.40	1.32	<i>9.91</i>	<i>15.47</i>
April	2.20	2.34	0.38	1.32	12.25	19.33
May	2.24	2.43	0.37	1.26	12.32	19.60
June	2.29	2.50	0.37	1.22	11.69	19.11
July	2.31	2.52	0.37	1.20	11.35	18.96
August	2.35	2.56	0.37	1.20	11.17	18.87
Average	2.25	2.40	0.38	1.25	11.45	18.56
Weekly Change	-0.12	+0.14	-0.00	-0.01	-0.07	-0.40

<sup>1</sup> 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 March, and their relative biweekly price changes.

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

	US\$/lb			Biweekly Change (%)		
	E.U.	Oceania	U.S.	E.U.	Oceania	U.S.
Butter	2.23	2.81	1.83	+0.7	+10.2	+9.7
SMP/NDM	1.27	1.34	1.68	+5.3	+3.1	+4.9
WMP	1.71	1.64	2.17	+3.6	+3.6	+3.3
Cheddar	1.79	2.14	1.55	-1.8	-0.5	+9.6

Source: DG Agri

- Overseas, the Global Dairy Trade index went **up 5.7%** at the GDT auction held March 3rd. This marked the fifth consecutive session where the index went up, following a 3.6% increase in the index two weeks ago. Essentially prices of all commodities went up and substantially so. The index is heavily weighed by SMP and especially WMP prices: these two commodities account for around 80% of the index. Milk production in New Zealand is very seasonal, with the bulk of production occurring in September to March. At this time of the year, the daily supply of milk to processing plants is only about 65% of the peak supply in springtime (October). Soon, dairy offerings from New Zealand will essentially be from stocks, hence limiting its supplies.
  - Anhydrous milkfat: US\$ 3.24/lb +5.7%
  - Butter: US\$ 3.05/lb +6.1%

- Cheddar: US\$ 2.23/lb +4.3%
- Lactose US\$ 0.66/lb - 3.9%
- Mozzarella: US\$ 1.90/lb +7.9%
- Skim milk powder: US\$ 1.47/lb +9.1%
- Whole milk powder: US\$ 1.75/lb +4.5%

- 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 **February 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 \$1.78/lb was well below its long-term time-detrended range (\$2.78 to \$2.88/lb) and stood near the 10<sup>th</sup> percentile of butterfat prices between January 2021 and December 2025.

The January protein price of \$1.94/lb stood below its long-term time de-trended range (\$2.70 to \$2.80/lb) and near the 23<sup>rd</sup> 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 83<sup>rd</sup> percentile of other solids prices between January 2021 and December 2025.

The January nonfat solids price of \$1.12/lb was slightly above its long-term time de-trended range (\$1.05-\$1.11) and was near the 66<sup>th</sup> percentile of nonfat solids prices between January 2021 and December 2025.

At \$14.94/cwt, Class III price was well below its long-term time-detrended price range (\$19.95 to \$20.25/cwt) and near the 3<sup>rd</sup> percentile of Class III prices between January 2021 and December 2025.

The Class IV price (\$16.29/cwt) was well below its long-term time detrended range (\$19.41 to \$19.71/cwt) and near the 20<sup>th</sup> percentile of Class IV prices between January 2021 and December 2025.

In short, regardless of whether we look at the February prices using the last 26 years or the last 5 years as references, all prices except nonfat solids were historically low to very low, but generally better than last month, the blatant exception being protein price.

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

	February 2026	January 2026	Change (Feb vs. Jan)	February 2025	Change (F '26 vs. F '25)
Cheese Blocks(\$/lb)	1.434	1.400	+0.033	1.908	-0.474
Butter (\$/lb)	1.697	1.427	+0.270	2.499	-0.802
Nonfat Dry Milk (\$/lb)	1.373	1.192	+0.181	1.335	+0.038
Dry Whey (\$/lb)	0.693	0.699	-0.005	0.665	+0.028
<b>Butterfat (\$/lb)</b>	<b>1.78</b>	<b>1.45</b>	<b>+0.33</b>	<b>2.82</b>	<b>-1.04</b>
<b>Protein (\$/lb)</b>	<b>1.94</b>	<b>2.18</b>	<b>-0.24</b>	<b>2.53</b>	<b>-0.60</b>
<b>Other Solids (\$/lb)</b>	<b>0.44</b>	<b>0.44</b>	<b>-0.01</b>	<b>0.48</b>	<b>-0.04</b>
<b>Nonfat Solids (\$/lb)</b>	<b>1.12</b>	<b>0.94</b>	<b>+0.18</b>	<b>1.16</b>	<b>-0.03</b>
<b>Class III (\$/cwt)</b>	<b>14.94</b>	<b>14.59</b>	<b>+0.35</b>	<b>20.18</b>	<b>-5.24</b>
<b>Class IV (\$/cwt)</b>	<b>16.29</b>	<b>13.55</b>	<b>+2.74</b>	<b>19.90</b>	<b>-3.61</b>

- The USDA released its *Dairy Products report* for the month of January 2026. 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.

The report confirmed what we expected: butter and nonfat milk powder outputs were considerably up from December '25. But recall from last week's newsletter that butter stocks at the end of January were down 17.5% compared to January '25. Butter is not piling up anywhere: it finds buyers either domestically or in foreign markets.

As for cheese, the increase from last year's output reflects the output from the new cheese plants that came online in 2025. The substantial increase in Cheddar cheese production could be alarming, but like butter, there is no indication that cheese is piling up in warehouses. The USDA *Cold Storage* report (see last week's newsletter) indicated a decrease in stocks of American cheese between the end of December '25 and the end of January '26. Like butter, U.S. cheese is finding buyers both here and abroad.

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 apparent drop in the production of whey protein concentrate (WPC) is a bit misleading. Output of lower protein WPC (25 to 50% protein) was down 18.1% from January '25, whereas output of higher protein WPC (50 to 90% protein) was up 12.2% from January '25. Products with a high concentration of whey protein are in large demand for human food. The demand for protein has actually gone a bit nuts due to the increased use of GLP-1 drugs (Ozempic, Mounjaro, etc.). This may turn out to be a somewhat short-lived spike in demand from an overblown fad.

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

Table 5. USDA Dairy Products Report, January 2026 (amounts are in million pounds *per day*).

	January 2026 (million lbs/d)	% Change from January 2025	% Change from December 2025
<b><i>Cheese</i></b>			
Total Cheese	41.231	+4.7	+0.1
American-style	16.132	+3.9	+0.0
Cheddar	11.398	+7.4	+2.4
Italian-style	17.875	+6.5	-1.6
Mozzarella	13.870	+4.4	-2.4
<b><i>Butter</i></b>	7.465	+6.0	+11.5
<b><i>Dry Milk Products</i></b>			
Nonfat Dry Milk	4.672	-6.4	+13.7
Skim Milk Powder	1.350	+21.2	-16.6
Combined	6.022	-1.3	+5.2
<b><i>Whey and Lactose Products</i></b>			
Dry Sweet Whey – Total	2.496	+7.5	+6.4
Whey Protein Concentrate	1.298	+4.3	-13.7
Whey Isolate	0.613	+12.4	-6.4
Lactose	3.062	+2.0	-2.4