

## WEEKLY DAIRY OUTLOOK

April 6<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 March 27<sup>th</sup> and Friday April 3<sup>rd</sup>, and their implied component prices.

	March 27 2026	April 3 2026	Change	Month to date
CME Cheddar blocks (\$/lb)	1.5825	1.6725	+0.0900	1.6725
CME Butter (\$/lb)	1.8250	1.7900	-0.0350	1.7900
CME Dry whey (\$/lb)	0.6900	0.6875	-0.0025	0.6875
CME Nonfat dry milk (\$/lb)	1.9225	1.9725	+0.0500	1.9725
-----	-----	<b>Implied Prices</b>	-----	-----
Butterfat (\$/lb)	1.93	1.89	-0.04	1.89
Protein (\$/lb)	2.25	2.59	+0.34	2.59
Other solids (\$/lb)	0.44	0.43	-0.01	0.43
Nonfat solids (\$/lb)	1.67	1.72	+0.05	1.72
Class III (\$/cwt)	16.47	17.38	+0.91	17.38
Class IV (\$/cwt)	21.73	22.02	+0.29	22.02

### Comments

Cash cheddar block prices have been oscillating in the \$1.55 to \$1.70 range lately; they were up 9¢/lb at the CME last week. Cheese futures were up a few pennies per pound. Butter prices, and consequently butterfat prices, seem to be more uncertain. Cash butter price dropped 3.5 ¢/lb at the CME. The 6-month strips of butter futures exhibited a more drastic change, dropping 7.3 ¢/lb. Implied 6-month strips of other solids and nonfat solids prices are currently in the upper 80<sup>th</sup> percentiles of their prices during the last 5 years and explain the recent upward change of projected Class III and Class IV by the futures markets.

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)
April	1.703	182.850	67.500	177.025	17.65	20.55
May	1.736	183.500	69.775	179.825	18.14	20.66
June	1.774	184.075	71.950	170.775	18.61	19.97
July	1.802	188.025	72.025	163.450	18.98	19.61
August	1.810	192.675	72.500	159.500	19.03	19.42
September	1.818	197.000	71.800	156.150	19.03	19.32
<b>Average</b>	1.774	188.021	70.925	167.788	18.57	19.92
<b>Weekly Change</b>	+0.031	-7.295	+0.465	-0.500	+0.35	-0.59

<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 April Class I Base Skim and Class I Butterfat prices were released on March 18 (the \$12.00/cwt in Table 3 for skim, and \$2.0221/lb for butterfat, the latter not being reported in the Table, but used to calculate the \$18.66/cwt for the April 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>
April	1.94	2.64	0.42	1.52	<i>12.00</i>	<i>18.66</i>
May	1.95	2.74	0.44	1.54	14.10	20.39
June	1.95	2.85	0.47	1.45	14.35	20.67
July	2.00	2.89	0.47	1.38	13.52	19.89
August	2.06	2.86	0.47	1.34	12.85	19.40
September	2.11	2.83	0.46	1.31	12.48	19.25
<b>Average</b>	2.00	2.80	0.46	1.42	13.22	19.71
<b>Weekly Change</b>	-0.09	+0.20	+0.00	-0.00	-0.02	-0.27

<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 mid-March, and their relative biweekly price changes.

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

	US\$/lb			Biweekly Change (%)		
	E.U.	Oceania	U.S.	E.U.	Oceania	U.S.
Butter	2.29	3.17	1.82	+0.3	+4.5	-4.1
SMP/NDM	1.36	1.56	1.91	+7.2	+7.8	+10.8
WMP	1.78	1.70	2.30	+2.4	-0.3	-0.9
Cheddar	1.71	2.23	1.63	-0.1	+0.5	+5.4

Source: DG Agri

- 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 **March 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 March butterfat price of \$2.02/lb was well below its long-term time-detrended range (\$2.78 to \$2.88/lb) and stood near the 22<sup>nd</sup> percentile of butterfat prices between January 2021 and December 2025.

The March protein price of \$2.09/lb stood well below its long-term time de-trended range (\$2.70 to \$2.80/lb) and near the 30<sup>th</sup> percentile of protein prices between January 2021 and December 2025.

The March other solids price of \$0.42/lb was substantially above its long-term time de-trended range (\$0.33-\$0.37) and stood near the 77<sup>th</sup> percentile of other solids prices between January 2021 and December 2025.

The March nonfat solids price of \$1.32/lb was substantially above its long-term time de-trended range (\$1.05-\$1.11) and was near the 82<sup>th</sup> percentile of nonfat solids prices between January 2021 and December 2025.

At \$16.16/cwt, Class III price was well below its long-term time-detrended price range (\$19.95 to \$20.25/cwt) and near the 20<sup>th</sup> percentile of Class III prices between January 2021 and December 2025.

The Class IV price (\$18.94/cwt) was below its long-term time detrended range (\$19.41 to \$19.71/cwt) and near the 47<sup>th</sup> percentile of Class IV prices between January 2021 and December 2025.

In short, regardless of whether we look at the March prices using the last 26 years or the last 5 years as references, prices of other solids and nonfat solids were historically high, price of Class IV milk was near its normal level, while prices of other components and Class III prices were historically low.

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

	March 2026	February 2026	Change (Mar vs. Feb)	March 2025	Change (M '26 vs. M '25)
Cheese Blocks(\$/lb)	1.561	1.434	+0.127	1.822	-0.261
Butter (\$/lb)	1.897	1.697	+0.200	2.339	-0.442
Nonfat Dry Milk (\$/lb)	1.574	1.373	+0.202	1.218	+0.357
Dry Whey (\$/lb)	0.672	0.693	-0.021	0.553	+0.119
<b>Butterfat (\$/lb)</b>	<b>2.02</b>	<b>1.78</b>	<b>+0.24</b>	<b>2.62</b>	<b>-0.60</b>
<b>Protein (\$/lb)</b>	<b>2.09</b>	<b>1.94</b>	<b>+0.15</b>	<b>2.46</b>	<b>-0.37</b>
<b>Other Solids (\$/lb)</b>	<b>0.42</b>	<b>0.44</b>	<b>-0.02</b>	<b>0.36</b>	<b>+0.05</b>
<b>Nonfat Solids (\$/lb)</b>	<b>1.32</b>	<b>1.12</b>	<b>+0.20</b>	<b>1.04</b>	<b>+0.28</b>
<b>Class III (\$/cwt)</b>	<b>16.16</b>	<b>14.94</b>	<b>+1.22</b>	<b>18.62</b>	<b>-2.46</b>
<b>Class IV (\$/cwt)</b>	<b>18.94</b>	<b>16.29</b>	<b>+2.65</b>	<b>18.21</b>	<b>+0.73</b>

- The USDA released its *Dairy Products report* for the month of February 2026. In its highlights section, the report states that “Total cheese output (in February) was 1.16 billion pounds, 3.9 percent above February 2025 **but 9.0 percent below January 2026**. The fact that the month of February has only 28 days compared to 31 days for the month of January should not go unnoticed even by the innumerates among us. This is why 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. One then finds that total daily cheese output in February was actually up 0.7% compared to January 2026.

The report confirmed what we expected: butter and nonfat milk/skim milk powders outputs were up from January ‘26. But neither butter nor milk powders are piling up anywhere.

As for cheese, the increase from last year’s output reflects the output from the new cheese plants that came online in 2025. Daily cheddar cheese production was slightly down from January, an important statistics because only cheddar price is used to set component prices in Federal Milk Marketing Orders. As of now, there is no indication that cheese is piling up in warehouses. Like butter and milk powders, U.S. cheese is finding buyers both here and abroad.

The report confirms the significant increase in the production of whey protein concentrate and whey isolate at the expense of dry sweet whey production in February compared to January. However, the production of all three whey powders was up compared to February 2025, a consequence of the additional cheese being produced. The whey value in the production of cheese has a parallel with chicken wings in chicken production. In the 1960s, poultry companies were nearly giving away chicken wings. During the same period of time, liquid whey was often dumped in rivers by cheese plants as the cost of drying liquid whey to powder exceeded its market price. On the chicken side, Buffalo wings have since emerged as the most valuable portion of a chicken to the point where chicken companies wish that they could breed chickens with 4 wings. For the dairy industry, environmental laws first made the river disposal of liquid whey illegal. Then came an accrued demand for whey protein from the sport industries. Lately, the introduction of GLP-1 drugs has skyrocketed the demand for whey protein to such an extent that genetic selection for whey protein yield as opposed to just total milk protein yield may have to enter into breeding selection if this trend persists.

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

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

	February 2026 (million lbs/d)	% Change from February 2025	% Change from January 2026
<b><i>Cheese</i></b>			
Total Cheese	41.450	+3.9	+0.7
American-style	16.108	+1.9	+0.4
Cheddar	11.241	+2.3	-1.0
Italian-style	18.083	+6.8	+0.9
Mozzarella	14.099	+5.8	+1.4
<b><i>Butter</i></b>	7.900	+9.1	+1.7
<b><i>Dry Milk Products</i></b>			
Nonfat Dry Milk	5.690	+8.7	+16.5
Skim Milk Powder	1.008	-8.3	-33.7
Combined	6.698	+5.7	+4.6
<b><i>Whey and Lactose Products</i></b>			
Dry Sweet Whey – Total	2.404	+12.0	-4.0
Whey Protein Concentrate	1.368	+5.8	+5.1
Whey Isolate	0.627	+10.8	+2.0
Lactose	3.023	+1.0	-2.3