



WEEKLY DAIRY OUTLOOK

May 11th, 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 May 1st and Friday May 8th, and their implied component prices.

	May 1 2026	May 8 2026	Change	Month to date
CME Cheddar blocks (\$/lb)	1.6400	1.6225	-0.0175	1.6313
CME Butter (\$/lb)	1.5950	1.6650	+0.0700	1.6300
CME Dry whey (\$/lb)	0.6975	0.7000	+0.0025	0.6988
CME Nonfat dry milk (\$/lb)	2.2625	2.2900	+0.0275	2.2763
		Implied Prices		
Butterfat (\$/lb)	1.66	1.74	+0.08	1.70
Protein (\$/lb)	2.61	2.59	-0.02	2.60
Other solids (\$/lb)	0.44	0.45	+0.01	0.45
Nonfat solids (\$/lb)	2.00	2.03	+0.03	2.02
Class III (\$/cwt)	16.67	16.92	+0.25	16.80
Class IV (\$/cwt)	23.77	24.31	+0.54	24.04

Comments

Some of you might remember the Road Runner cartoons where Wile E Coyote would step off a cliff and for a few moments would float in the air, defying the law of gravity. But this lasted just a few moments before gravity would establish its presence. The same sort of latency is often seen in the application of the laws of economics. Case in point: the unsustainable domestic nonfat dry milk prices. At closing time on the CME cash market on Friday, the price of nonfat dry milk reached a new record. But like Wile E Coyote, its fall is inevitable. I don't know when, but it will happen and the price correction will bring down Class IV prices where they should be: closer to Class III 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 closings¹.

	Cheese (\$/lb)	Butter (\$/cwt)	Dry Whey (\$/cwt)	NFDM (\$/cwt)	Class III (\$/cwt)	Class IV (\$/cwt)
May	1.662	166.000	64.250	207.000	16.96	22.42
June	1.686	169.750	66.350	206.025	17.33	22.29
July	1.733	168.750	68.950	193.975	18.00	21.39
August	1.763	173.275	70.825	182.850	18.39	20.35
September	1.792	179.575	72.000	174.500	18.68	20.15
October	1.808	181.500	72.000	167.250	18.92	19.51
Average	1.741	173.142	69.063	188.600	18.05	21.04
Weekly Change	-0.004	+2.746	-0.104	+4.275	-0.03	+0.59

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 May Class I Base Skim and Class I Butterfat prices were released on April 22 (the \$14.12/cwt in Table 3 for skim, and \$1.8649/lb for butterfat, the latter not being reported in the Table, but used to calculate the \$20.15/cwt for the May 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
May	1.74	2.72	0.39	1.81	<i>14.12</i>	<i>20.15</i>
June	1.78	2.75	0.41	1.80	16.86	22.34
July	1.77	2.92	0.44	1.68	16.77	22.41
August	1.82	2.96	0.45	1.57	15.66	21.30
September	1.90	2.97	0.47	1.49	14.63	20.50
October	1.92	3.00	0.47	1.42	13.86	20.03
Average	1.82	2.89	0.44	1.63	15.32	21.12
Weekly Change	+0.03	-0.05	-0.00	+0.04	+0.38	+0.47

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 late-April, and their relative biweekly price changes.

Table 4. World price quotations of 4 major dairy commodities as of April 26, 2026.

	US\$/lb			Biweekly Change (%)		
	E.U.	Oceania	U.S.	E.U.	Oceania	U.S.
Butter	2.26	2.81	1.70	-1.4	-6.9	-2.4
SMP/NDM	1.38	1.60	2.24	+2.4	-3.1	+10.2
WMP	1.79	1.66	2.52	+1.6	-1.0	+6.3
Cheddar	1.69	2.19	1.62	+3.4	Nc	+0.7

Source: DG Agri

- Overseas, the Global Dairy Trade index went **up 1.5%** at the GDT auction held May 5th. This marked the first time the index has gone up after 3 consecutive down sessions. Butter and cheddar prices were down but remained above prevailing world and U.S. prices. The index is largely driven by SMP and WMP prices whose prices were up.
 - Anhydrous milkfat: US\$ 2.93/lb +1.1%
 - Butter: US\$ 2.51/lb - 2.6%
 - Cheddar: US\$ 2.09/lb - 3.6%
 - Lactose US\$ 0.69/lb +3.7%
 - Mozzarella: US\$ 1.82/lb +4.7%
 - Skim milk powder: US\$ 1.61/lb +3.0%
 - Whole milk powder: US\$ 1.70/lb +2.2%

- The USDA released its *Dairy Products report* for the month of March 2026. In its highlights section, the report states that “Total cheese output (in March) was 1.26 billion pounds, 1.2 percent above March 2025 **and 8.1 percent above February 2026**. The fact that the month of February has only 28 days compared to 31 days for the month of March should not go unnoticed... 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 March was actually down 2.4% compared to February 2026.

The report confirmed what we expected: daily outputs of nonfat dry milk and skim milk powders were up from February '26. So were the daily outputs of dry whey and whey protein isolate.

As for cheese, the daily productions of most types, including cheddar and mozzarella, were down from February '26.

The report confirms the significant increase in the production of whey protein isolate at the expense of whey protein concentrate production in March compared to February. The introduction of GLP-1 drugs has skyrocketed the demand for whey protein.

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

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

	March 2026 (million lbs/d)	% Change from March 2025	% Change from February 2026
<i>Cheese</i>			
Total Cheese	40.596	+1.2	-2.4
American-style	15.751	-2.3	-3.0
Cheddar	11.026	-2.0	-2.5
Italian-style	17.495	+2.3	-3.7
Mozzarella	13.600	+0.5	-3.8
<i>Butter</i>	7.468	+1.2	-6.0
<i>Dry Milk Products</i>			
Nonfat Dry Milk	5.655	+9.9	+4.3
Skim Milk Powder	1.206	+10.1	+22.1
Combined	6.861	+10.0	+7.0
<i>Whey and Lactose Products</i>			
Dry Sweet Whey – Total	2.537	+3.6	+5.5
Whey Protein Concentrate	1.335	-6.1	-2.2
Whey Isolate	0.672	+11.8	+7.1
Lactose	2.970	-6.5	-0.8