Normand St-Pierre, Ph.D.
Professor Emeritus, The Ohio State University
normand.st.pierre@gmail.com

WEEKLY DAIRY OUTLOOK

June 8th, 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 29th and Friday June 5th, and their implied component prices.

	May 29 2026	June 5 2026	Change	Month to date
CME Cheddar blocks ($/lb)	1.4750	1.4725	-0.0025	1.4725
CME Butter ($/lb)	1.6675	1.6925	+0.0250	1.6925
CME Dry whey ($/lb)	0.7000	0.6700	-0.0300	0.6700
CME Nonfat dry milk ($/lb)	2.0900	2.0450	-0.0450	2.0450
-------	--------	Implied Prices	--------	-------
Butterfat ($/lb)	1.74	1.77	+0.03	1.77
Protein ($/lb)	2.11	2.07	-0.04	2.07
Other solids ($/lb)	0.45	0.42	-0.03	0.42
Nonfat solids ($/lb)	1.83	1.79	-0.04	1.79
Class III ($/cwt)	15.40	15.20	-0.20	15.20
Class IV ($/cwt)	22.55	22.25	-0.30	22.25

Comments

Except for butter, prices of dairy commodities were down on the CME cash market last week. Nonfat dry milk powder price continued its predictable drop from the unsustainable highs of mid-spring. The NFDM price correction was even more accentuated on the futures market where the 6-month strip of futures dropped 3.9%, resulting in a drop of nearly 50 ¢/cwt and 7 ¢/lb in the 6-month strips of Class IV futures and implied nonfat solids prices, respectively. Although the cash dry whey price dropped 3 ¢/lb, the 6-month strip of futures went up 0.5 ¢/lb.

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)
June	1.569	166.750	65.500	198.975	16.13	21.65
July	1.618	177.250	67.250	177.500	16.75	19.85
August	1.660	181.000	68.000	159.500	17.24	18.52
September	1.709	185.000	69.000	154.125	17.76	18.17
October	1.755	189.000	70.250	151.800	18.30	18.50
November	1.769	189.500	70.050	150.850	18.42	18.59
Average	1.680	181.417	68.342	165.458	17.43	19.21
Weekly Change	-0.012	+4.780	+0.500	-6.800	-0.036	-0.476

[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 June Class I Base Skim and Class I Butterfat prices were released on May 20 (the $16.75/cwt in Table 3 for skim, and $1.7185/lb for butterfat, the latter not being reported in the Table, but used to calculate the $22.18/cwt for the June 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]
June	1.74	2.41	0.40	1.73	*14.12*	*20.15*
July	1.87	2.44	0.42	1.52	*16.75*	*22.18*
August	1.92	2.52	0.43	1.34	14.14	20.19
September	1.97	2.63	0.44	1.29	12.48	18.75
October	2.01	2.73	0.45	1.27	11.99	18.45
November	2.02	2.77	0.45	1.26	11.77	18.41
Average	1.92	2.58	0.43	1.40	13.54	19.69
Weekly Change	+0.06	-0.10	+0.01	-0.07	-0.90	-0.62

[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-May, and their relative biweekly price changes.

Table 4. World price quotations of 4 major dairy commodities as of May 24, 2026.

	US$/lb			Biweekly Change (%)		
	E.U.	Oceania	U.S.	E.U.	Oceania	U.S.
Butter	2.09	2.66	1.57	-1.8	-1.5	-3.1
SMP/NDM	1.47	1.67	2.18	+2.4	+2.8	-4.6
WMP	1.76	1.70	2.40	-1.0	+1.4	-6.4
Cheddar	1.65	2.10	1.54	-3.2	-1.9	-5.5

Source: DG Agri

- Overseas, the Global Dairy Trade index went **down 0.6%** at the GDT auction held June 2nd. This marked the first time the index has gone down after 2 consecutive up sessions. In general, powder prices were down, while butterfat-based product prices were up. The index is largely driven by SMP and WMP prices whose prices were down.
  - Anhydrous milkfat: US$ 3.02/lb +5.3%
  - Butter: US$ 2.60/lb +1.2%
  - Cheddar: US$ 2.10/lb +1.8%
  - Lactose US$ 0.73/lb +4.6%
  - Mozzarella: US$ 1.79/lb - 4.6%
  - Skim milk powder: US$ 1.57/lb - 3.0%
  - Whole milk powder: US$ 1.68/lb - 2.2%

- 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 **May 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 May butterfat price of $1.70/lb was well below its long-term time-detrended range ($2.78 to $2.88/lb) and stood near the 6th percentile of butterfat prices between January 2021 and December 2025.

  The May protein price of $2.75/lb stood within its long-term time de-trended range ($2.70 to $2.80/lb) but at the 77th percentile of protein prices between January 2021 and December 2025.

  The May other solids price of $0.38/lb was slightly above its long-term time de-trended range ($0.33-$0.37) and stood near the 71st percentile of other solids prices between January 2021 and December 2025.

  The May nonfat solids price of $1.82/lb was dramatically above its long-term time de-trended range ($1.05-$1.11) and was above the 100th percentile of nonfat solids prices between January 2021 and December 2025.

  At $16.92/cwt, Class III price was well below its long-term time-detrended price range ($19.95 to $20.25/cwt) and near the 28th percentile of Class III prices between January 2021 and December 2025.

  The Class IV price ($22.32/cwt) was well above its long-term time detrended range ($19.41 to $19.71/cwt) and near the 82nd percentile of Class IV prices between January 2021 and December 2025.

  In short, regardless of whether we look at the May 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 well above its expected 'normal' level, protein price was where it should be from a historical basis, while prices of butterfat and Class III prices were historically low to very low.

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

	May 2026	April 2026	Change (May vs. Apr)	May 2025	Change (M '26 vs. M '25)
Cheese Blocks($/lb)	1.658	1.643	+0.015	1.840	-0.183
Butter ($/lb)	1.631	1.771	-0.140	2.370	-0.739
Nonfat Dry Milk ($/lb)	2.081	1.779	+0.302	1.193	+0.888
Dry Whey ($/lb)	0.640	0.644	-0.005	0.512	+0.128
Butterfat ($/lb)	**1.70**	**1.87**	**-0.17**	**2.66**	**-0.96**
Protein ($/lb)	**2.75**	**2.52**	**+0.23**	**2.48**	**+0.27**
Other Solids ($/lb)	**0.38**	**0.39**	**-0.00**	**0.32**	**+0.06**
Nonfat Solids ($/lb)	**1.82**	**1.52**	**+0.30**	**1.01**	**+0.81**
Class III ($/cwt)	**16.92**	**16.82**	**+0.10**	**18.57**	**-1.65**
Class IV ($/cwt)	**22.32**	**20.22**	**+2.10**	**18.13**	**+4.19**

- The USDA released its *Dairy Products report* for the month of April 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: daily output of nonfat dry milk powder was up from March '26. So was the daily output of dry whey.

As for cheese, the daily production of American-style cheeses, including cheddar was down from last April, but up from March '26. Italian-style cheese daily production was up significantly compared to both April of last year and March of this year. This is an important set of information. These cheeses do not age: they must be sold fresh. Most cheese-makers would not manufacture these cheeses unless they already had a market for them. This confirms that markets are clearing the additional cheese produced from the newly built cheese plants at current market prices.

The report confirms the significant increase in the production of whey protein isolate (WPI) at the expense of whey protein concentrate (WPC) production in April compared to April of last year, but a significant slowdown in daily production compared to March '26 .

The balance of the USDA report is summarized in Table 6.

Table 6. USDA Dairy Products Report, April 2026 (amounts are in million pounds *per day*).

	April 2026 (million lbs/d)	% Change from April 2025	% Change from March 2026
Cheese			
Total Cheese	42.229	+1.7	+3.7
American-style	16.332	-1.2	+2.9
Cheddar	10.995	-3.5	+0.2
Italian-style	18.543	+4.2	+5.9
Mozzarella	14.496	+2.1	+6.6
Butter	7.478	+1.7	+3.7
Dry Milk Products			
Nonfat Dry Milk	6.046	+11.4	+5.5
Skim Milk Powder	1.185	+0.2	-1.8
Combined	7.231	+9.4	+5.1
Whey and Lactose Products			
Dry Sweet Whey – Total	2.562	+7.8	+1.0
Whey Protein Concentrate	1.293	-11.0	-3.5
Whey Isolate	0.584	+4.5	-12.6
Lactose	3.068	-3.2	+2.5