PERDUE Animal Nutrition

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WEEKLY DAIRY OUTLOOK

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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 June 12th and Thursday June 18th, and their implied component prices.

	June 12 2026	June 18 2026	Change	Month to date
CME Cheddar blocks ($/lb)	1.4875	1.4500	-0.0375	1.4700
CME Butter ($/lb)	1.6675	1.5550	-0.1125	1.6383
CME Dry whey ($/lb)	0.6800	0.6800	+0.0000	0.6767
CME Nonfat dry milk ($/lb)	1.7850	1.6400	-0.1450	1.8233
-------	--------	Implied Prices	--------	-------
Butterfat ($/lb)	1.74	1.61	-0.13	1.71
Protein ($/lb)	2.15	2.17	+0.02	2.13
Other solids ($/lb)	0.43	0.43	+0.00	0.43
Nonfat solids ($/lb)	1.53	1.39	-0.14	1.57
Class III ($/cwt)	15.41	15.01	-0.40	15.21
Class IV ($/cwt)	19.84	18.07	-1.77	20.05

Comments

Nonfat dry milk and butter prices took a nosedive on the CME cash markets last week, having lost 8.1% and 7.2 % from the prior Friday closings, respectively. The NFDM price drop was not a surprise. Domestic NFDM prices were definitely wacky compared to prevailing world dry skim milk prices. Domestic prices will likely be dropping another 10-15¢/lb in the next few weeks. The drop in cash butter price was less expected but was mirrored by a 4.3% drop in the 6-month strip of butter futures.

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	1.571	165.500	64.250	190.500	16.07	20.76
July	1.593	163.500	64.525	159.750	16.24	17.90
August	1.614	166.550	67.000	151.000	16.65	17.20
September	1.662	170.000	67.500	151.500	17.19	17.40
October	1.711	172.025	68.750	150.675	17.69	17.36
November	1.741	174.500	69.000	149.950	17.99	17.45
Average	1.649	168.679	66.838	158.896	16.97	18.01
Weekly Change	-0.018	-7.533	-0.083	-2.717	-0.20	-0.73

[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 July Class I Base Skim and Class I Butterfat prices were released on June 17 (the $15.91/cwt in Table 3 for skim, and $1.7075/lb for butterfat, the latter not being reported in the Table, but used to calculate the $21.33/cwt for the July 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	1.73	2.44	0.39	1.65	*16.75*	*22.18*
July	1.70	2.53	0.39	1.34	*15.91*	*21.33*
August	1.74	2.56	0.42	1.26	12.50	18.03
September	1.78	2.67	0.42	1.26	11.70	17.39
October	1.81	2.81	0.43	1.25	11.75	17.58
November	1.84	2.87	0.44	1.25	11.86	17.77
Average	1.77	2.65	0.41	1.34	13.41	19.05
Weekly Change	-0.09	+0.04	-0.00	-0.03	-0.10	-0.36

[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 early-June, and their relative biweekly price changes.

Table 4. World price quotations of 4 major dairy commodities as of June 7, 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 2.8%** at the GDT auction held June 16th. This marked the second time in a row the index has gone down. Except for lactose, which is traded in small amounts, prices of all commodities were down. The index is largely driven by SMP and WMP prices whose prices were down 3.0% and 2.2%, respectively.
  - Anhydrous milkfat: US$ 2.99/lb - 1.0%
  - Butter: US$ 2.50/lb - 2.4%
  - Cheddar: US$ 2.03/lb - 3.4%
  - Lactose US$ 0.77/lb +4.2%
  - Mozzarella: US$ 1.70/lb - 5.0%
  - Skim milk powder: US$ 1.53/lb - 3.6%
  - Whole milk powder: US$ 1.63/lb - 3.1%

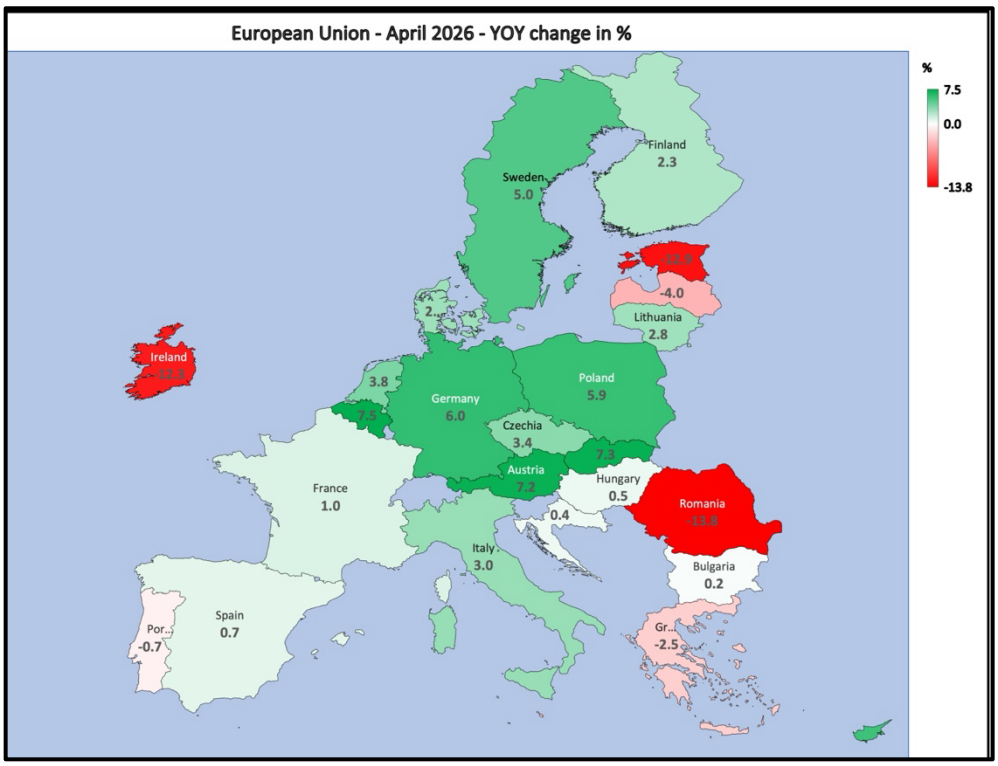
- Milk collections during the month of **April** 2026 for the 26 countries making the European Union totaled 13,452,000 metric tons (29.65 billion pounds), reportedly **up 379,000 tons (+0.8 billion pounds) or +2.90% from April 2025**. This was the first month since August 2025 that the monthly milk production increase in the European Union was less than 3%. Based on the preliminary report, five countries accounted for 65.3% of the total milk collected (Germany, France, The Netherlands, Poland, and Italy). Altogether, collections in these 5 countries were up 3.98% (336,300 metric tons, or 741 million pounds) from last year.

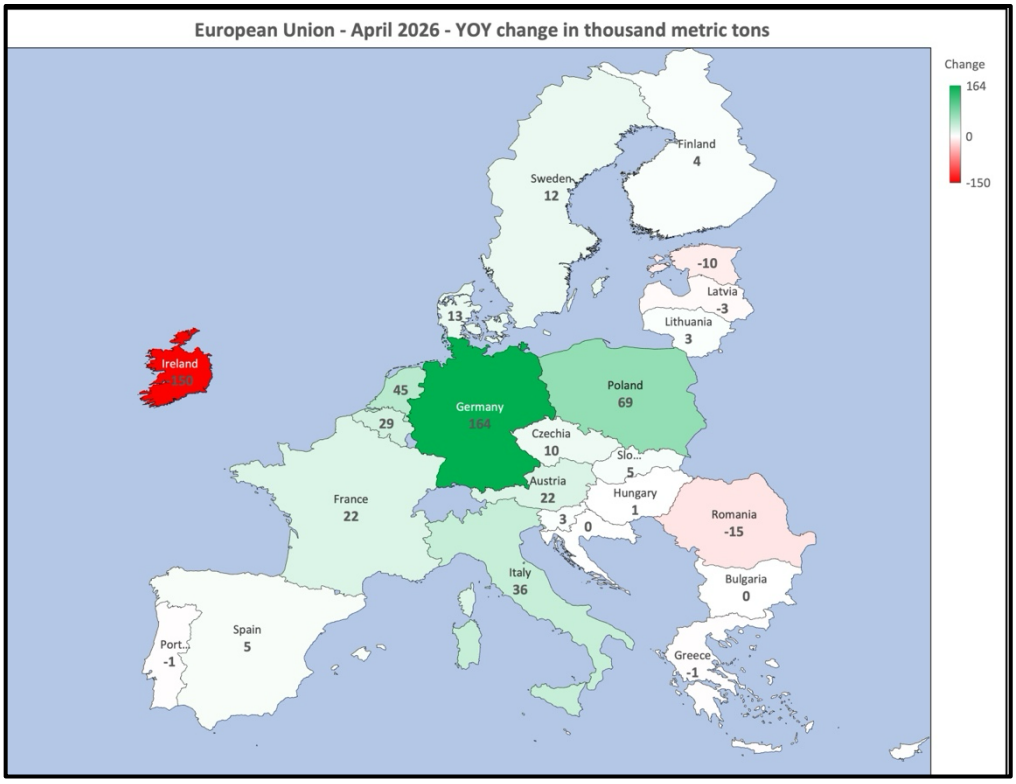
  Milk deliveries were up in 19 of the 26 countries.

  On a percentage basis, the 3 countries with the largest increase were: Belgium (+7.5%), Slovakia (+7.3%), and Austria (+7.2%); the 3 countries with the largest decrease were: Romania (-13.8%), Estonia (-12.9%), and Ireland (-12.3%).

  On a volume basis, the 3 countries with the largest increase were: Germany (+164,300MT); Poland (+69,400 MT), and the Netherlands (+44,900 MT); the 3 countries with the largest decline were: Ireland (-150,300 MT), Romania (-14,600 MT), and Estonia (-10,300 MT).

  Sometimes, we can be overly 'Yankeecentic' and not understand the scale of European milk production. In April, the top 5 European countries produced 19.4 billion pounds of milk, which is about the same amount as to what was produced by the entire 50 U.S. States in the same month (19.96 billion pounds). In April, Germany (the top European milk producing country) produced 6.4 billion pounds of milk, which is about 1.8 times more than what was produced in California during the same month (3.5 billion pounds). That's a lot of milk in a country covering only about 84% the surface area of California (138,000 mi^2 vs. 164,000 mi^2), or only about twice the surface area of Wisconsin (65,500 mi^2). Europe exports roughly 20% of its milk production, which is about equivalent to one third of the entire U.S. production. So, yeah, milk production and dairy exports are very important to Europe. The European dairy industry does not have the same efficiency as the U.S. dairy industry, but it is competitive. And Europeans have been exporting dairy products for a long time, and they are very good at it.,


European Union - April 2026 - YOY change in %
%
7.5
0.0
-13.8
Finland
2.3
Sweden
5.0
-4.0
Lithuania
2.8
Ireland
Poland
5.9
3.8
Germany
6.0
Czechia
3.4
7.3
Austria
7.2
Hungary
0.5
France
1.0
0.4
Romania
Italy
3.0
Bulgaria
0.2
Spain
0.7
-0.7
-2.5


European Union - April 2026 - YOY change in thousand metric tons
Change
164
0
-150
Finland
4
Sweden
12
-10
Latvia
-3
Lithuania
3
13
Ireland
45
Germany
164
Poland
69
29
Czechia
10
5
Austria
22
Hungary
1
France
22
3
0
Romania
-15
Italy
36
Bulgaria
0
Spain
5
-1
Greece
-1