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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 Thursday July 2nd and Friday July 10th, and their implied component prices.

	July 2 2026	July 10 2026	Change	Month to date
CME Cheddar blocks ($/lb)	1.4325	1.5475	+0.1150	1.4900
CME Butter ($/lb)	1.6375	1.6500	+0.0125	1.6438
CME Dry whey ($/lb)	0.6850	0.6900	+0.0050	0.6875
CME Nonfat dry milk ($/lb)	1.5050	1.5550	+0.0500	1.5300
-------	--------	Implied Prices	--------	-------
Butterfat ($/lb)	1.71	1.72	+0.01	1.72
Protein ($/lb)	2.01	2.37	+0.36	2.19
Other solids ($/lb)	0.43	0.44	+0.01	0.44
Nonfat solids ($/lb)	1.25	1.30	+0.05	1.28
Class III ($/cwt)	14.87	16.09	+1.22	15.48
Class IV ($/cwt)	17.22	17.72	+0.50	17.47

Comments

The price of all dairy commodities went up on the CME cash market last week. Likewise, all 6-month strips of futures were also up, noticeably so for cheese and nonfat dry milk. The severe heat wave that lingered over most of the country clearly has affected milk deliveries and depressed components. Europe has been hit hard by a severe heat wave, and rumors are that milk collections have taken a drastic hit. In general, European dairy farms are not as well equipped with dealing with severe heat stress as U.S. dairies: cross-ventilated barns are virtually inexistant. Pastures are not conducive to good milk production when temperatures hit over 40°C (94°F).

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)
July	1.530	166.000	65.550	164.975	15.68	18.40
August	1.625	173.000	65.250	157.000	16.64	18.03
September	1.656	176.900	67.000	156.200	17.11	18.10
October	1.684	181.500	68.000	155.500	17.43	18.39
November	1.715	183.500	68.500	154.725	17.76	18.35
December	1.710	183.000	68.500	154.000	17.70	18.31
Average	1.653	177.317	67.133	157.067	17.05	18.26
Weekly Change	+0.019	+1.346	+0.071	+4.842	+0.25	+0.35

[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 milk 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]
July	1.74	2.30	0.40	1.40	*15.91*	*21.33*
August	1.82	2.51	0.40	1.32	12.99	18.60
September	1.87	2.56	0.42	1.31	12.25	18.19
October	1.92	2.60	0.43	1.30	12.18	18.29
November	1.95	2.67	0.43	1.29	12.11	18.42
December	1.94	2.66	0.43	1.29	12.04	18.44
Average	1.87	2.55	0.42	1.32	12.91	18.88
Weekly Change	+0.02	+0.04	+0.00	+0.05	+0.38	+0.41

[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-July, and their relative biweekly price changes.

Table 4. World price quotations of 4 major dairy commodities as of July 5, 2026.

	US$/lb			Biweekly Change (%)		
	E.U.	Oceania	U.S.	E.U.	Oceania	U.S.
Butter	1.98	2.65	1.68	-3.8	nc	+6.0
SMP/NDM	1.39	1.66	1.59	-3.4	nc	-4.8
WMP	1.66	1.65	2.16	-3.5	nc	-8.1
Cheddar	1.60	2.04	1.43	-2.8	-1.4	-2.3

Source: DG Agri

- Overseas, the Global Dairy Trade index went **down 4.9%** at the GDT auction held July 7th. This marked the third time in a row the index has gone down. Except for mozzarella, 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 7.0% and 4.4%, respectively.
    - Anhydrous milkfat: US$ 2.88/lb - 3.9%
    - Butter: US$ 2.42/lb - 5.0%
    - Cheddar: US$ 1.77/lb -12.3%
    - Lactose US$ 0.79/lb - 3.6%
    - Mozzarella: US$ 1.77/lb + 3.8%
    - Skim milk powder: US$ 1.42/lb - 7.0%
    - Whole milk powder: US$ 1.55/lb - 4.4%