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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 July 31st and Friday August 7th, and their implied component prices.

	July 31 2026	August 7 2026	Change	Month to date
CME Cheddar blocks ($/lb)	1.5725	1.5550	-0.0175	1.5550
CME Butter ($/lb)	1.5150	1.5125	-0.0025	1.5125
CME Dry whey ($/lb)	0.6925	0.6950	+0.0025	0.6950
CME Nonfat dry milk ($/lb)	1.5600	1.5775	+0.0175	1.5775
-------	--------	Implied Prices	--------	-------
Butterfat ($/lb)	1.56	1.56	+0.00	1.56
Protein ($/lb)	2.62	2.57	-0.05	2.57
Other solids ($/lb)	0.44	0.44	+0.00	0.44
Nonfat solids ($/lb)	1.31	1.32	+0.01	1.32
Class III ($/cwt)	16.34	16.18	-0.16	16.18
Class IV ($/cwt)	17.19	17.34	+0.15	17.34

Comments

Prices of dairy commodities remained relatively unchanged on the cash and futures markets last week. In the Central region, spot milk was still being sold at $1 to $5/cwt premium over Class III (normally the premium for spot milk this time of the year would be near $0/cwt). This indicates a soft tightening of the milk supply combined with an accrued demand for Class I milk, as kids are gradually going back to school across the country. Notice that the Class III and Class IV futures are now within about $0.50/cwt of each other, which is what would be expected under orderly 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[1].

	Cheese ($/lb)	Butter ($/cwt)	Dry Whey ($/cwt)	NFDM ($/cwt)	Class III ($/cwt)	Class IV ($/cwt)
August	1.624	158.000	67.250	154.500	16.75	17.24
September	1.662	163.025	68.750	158.000	17.18	17.85
October	1.673	166.625	70.000	157.025	17.43	17.95
November	1.678	170.500	70.000	156.450	17.58	17.90
December	1.670	171.850	70.750	155.000	17.57	17.85
January	1.674	171.475	68.600	152.425	17.50	17.82
Average	1.664	166.913	69.225	155.567	17.34	17.77
Weekly Change	-0.023	+3.470	-0.340	-1.275	-0.28	+0.05

[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 August Class I Base Skim and Class I Butterfat prices were released on July 22 (the $13.18/cwt in Table 3 for skim, and $1.7259/lb for butterfat, the latter not being reported in the table, but used to calculate the $18.75/cwt for the August 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]
August	1.64	2.70	0.42	1.29	*(13.18)*	*(18.75)*
September	1.70	2.76	0.43	1.33	12.02	17.33
October	1.74	2.75	0.45	1.32	12.34	17.86
November	1.79	2.72	0.45	1.31	12.25	17.92
December	1.81	2.67	0.45	1.30	12.20	18.04
January	1.80	2.69	0.43	1.27	12.07	17.97
Average	1.75	2.72	0.44	1.30	12.34	17.98
Weekly Change	+0.04	-0.12	+0.00	-0.01	-0.11	-0.01

[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-August, and their relative biweekly price changes.

Table 4. World price quotations of 4 major dairy commodities as of August 2, 2026.

	US$/lb			Biweekly Change (%)		
	E.U.	Oceania	U.S.	E.U.	Oceania	U.S.
Butter	2.06	2.46	1.45	+2.3	-2.7	-10.0
SMP/NDM	1.43	1.49	1.47	+2.3	+1.2	-2.6
WMP	1.73	1.56	2.03	+2.4	-0.7	-4.7
Cheddar	1.71	1.74	1.56	-0.6	-6.4	-2.8

Source: DG Agri

- Overseas, the Global Dairy Trade index went **up 0.1%** at the GDT auction held August 4th. This marked the second time in a row that the index has gone up albeit by a tiny margin this last week. Milk powder prices were up. So were cheese prices. Prices of fat products were down, noticeably so for butter.
  - Anhydrous milkfat: US$ 2.89/lb - 0.8%
  - Butter: US$ 2.37/lb - 2.3%
  - Cheddar: US$ 1.69/lb +3.8%
  - Lactose US$ 0.81/lb +4.1%
  - Mozzarella: US$ 1.81/lb +1.0%
  - Skim milk powder: US$ 1.48/lb +1.2%
  - Whole milk powder: US$ 1.58/lb +0.2%

- 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 **July 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 July butterfat price of $1.67/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 July protein price of $2.32/lb stood below its long-term time de-trended range ($2.70 to $2.80/lb) and at the 41st percentile of protein prices between January 2021 and December 2025.

  The July other solids price of $0.40/lb was slightly above its long-term time de-trended range ($0.33-$0.37) and stood near the 74th percentile of other solids prices between January 2021 and December 2025.

  The July nonfat solids price of $1.39/lb was substantially above its long-term time de-trended range ($1.05-$1.11) and was near the 85th percentile of nonfat solids prices between January 2021 and December 2025.

  At $15.52/cwt, Class III price was well below its long-term time-detrended price range ($19.95 to $20.25/cwt) and near the 7th percentile of Class III prices between January 2021 and December 2025.

  The Class IV price ($18.34/cwt) was below its long-term time detrended range ($19.41 to $19.71/cwt) and near the 37th percentile of Class IV prices between January 2021 and December 2025.

  In short, price of nonfat solids was historically very high, price of other solids was high, protein and Class IV milk prices were slightly low from a historical basis, while prices of butterfat and Class III prices were historically very low.

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

	July 2026	June 2026	Change (July vs. June)	July 2025	Change (J '26 vs. J '25)
Cheese Blocks($/lb)	1.515	1.564	-0.049	1.763	-0.249
Butter ($/lb)	1.604	1.623	-0.019	2.575	-0.972
Nonfat Dry Milk ($/lb)	1.647	1.933	-0.285	1.278	+0.369
Dry Whey ($/lb)	0.652	0.643	+0.009	0.567	+0.085
Butterfat ($/lb)	**1.67**	**1.69**	**-0.02**	**2.84**	**-1.18**
Protein ($/lb)	**2.32**	**2.46**	**-0.14**	**1.87**	**+0.45**
Other Solids ($/lb)	**0.40**	**0.39**	**+0.01**	**0.31**	**+0.09**
Nonfat Solids ($/lb)	**1.39**	**1.68**	**-0.28**	**1.03**	**+0.37**
Class III ($/cwt)	**15.52**	**15.98**	**-0.46**	**17.32**	**-1.80**
Class IV ($/cwt)	**18.34**	**20.96**	**-2.62**	**18.89**	**-0.55**

- The USDA released its *Dairy Products report* for the month of June 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 (which is primarily used domestically and for exports to Mexico) was up from last year while daily output of skim milk powder (exported overseas) was dramatically down. The daily output of dry whey was up.

As for cheese, the daily production of American-style cheeses, including cheddar was up both compared to last year and last month. Meanwhile Italian-style cheese daily production (and noticeably Mozzarella production) was down also compared to both last year and last month. This is an important set of information. By large, Italian-style cheeses do not age: they must be sold fresh. This provides strong evidence to the rumor that pizzas are not moving out of pizzerias at the same pace that they used to.

The report confirms the significant increase in the production of whey protein isolate (WPI) at the expense of whey protein concentrate (WPC) production in June.

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

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

	June 2026 (million lbs/d)	% Change from June 2025	% Change from May 2026
Cheese			
Total Cheese	41.041	+1.1	-0.9
American-style	16.162	+1.4	+0.7
Cheddar	11.269	+1.0	+0.8
Italian-style	17.388	-0.3	-3.7
Mozzarella	13.525	-2.4	-5.1
Butter	6.939	+8.5	-4.1
Dry Milk Products			
Nonfat Dry Milk	5.496	+14.2	-1.7
Skim Milk Powder	0.956	-46.8	+0.6
Combined	6.452	-2.4	-1.4
Whey and Lactose Products			
Dry Sweet Whey – Total	2.697	+7.3	+1.7
Whey Protein Concentrate	1.407	-5.3	-1.7
Whey Isolate	0.652	+8.8	+17.6
Lactose	2.891	-11.5	-8.5