

WEEKLY DAIRY OUTLOOK

August 17th, 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 August 7th and Friday August 14th, and their implied component prices.

	August 7 2026	August 14 2026	Change	Month to date
CME Cheddar blocks (\$/lb)	1.5550	1.6000	+0.0450	1.5775
CME Butter (\$/lb)	1.5125	1.4600	-0.0525	1.4863
CME Dry whey (\$/lb)	0.6950	0.6900	-0.0050	0.6925
CME Nonfat dry milk (\$/lb)	1.5775	1.7450	+0.1675	1.6613
-----	-----	Implied Prices	-----	-----
Butterfat (\$/lb)	1.56	1.49	-0.07	1.53
Protein (\$/lb)	2.57	2.78	+0.21	2.68
Other solids (\$/lb)	0.44	0.44	+0.00	0.44
Nonfat solids (\$/lb)	1.32	1.49	+0.17	1.41
Class III (\$/cwt)	16.18	16.61	+0.43	16.40
Class IV (\$/cwt)	17.34	18.60	+1.26	17.97

Comments

Powder and cheese prices went up while butter and whey prices went down on the CME cash markets last week. The surge in nonfat dry milk price was surprising given current world prices. However, available domestic supplies seem insufficient to meet demand. A growing proportion of the skim milk resulting from butter production is being diverted to the production of milk protein concentrates. Based on the USDA *Dairy Products Report* for June (see Table 6 in the August 10 issue of this newsletter), the combined production of NFDM and SMP was down 2.4% year-over-year and 1.4% from May 2026. However, the current domestic NFDM price is unsustainable in the long-term.

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)
August	1.612	150.275	66.500	157.500	16.54	17.25
September	1.677	159.025	68.300	171.000	17.37	18.90
October	1.681	160.775	69.500	169.250	17.42	18.90
November	1.670	164.000	70.000	168.000	17.41	18.85
December	1.678	165.000	71.250	166.300	17.47	18.65
January	1.670	167.000	69.525	165.000	17.40	18.49
Average	1.663	161.013	69.179	166.175	17.27	18.51
Weekly Change	+0.000	-5.900	-0.046	+10.608	-0.07	+0.74

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	1.54	2.76	0.41	1.32	(13.18)	(18.75)
September	1.65	2.86	0.43	1.46	12.30	17.27
October	1.67	2.85	0.44	1.44	13.54	18.84
November	1.71	2.78	0.45	1.43	13.38	18.76
December	1.72	2.76	0.46	1.41	13.26	18.79
January	1.75	2.74	0.44	1.40	13.11	18.68
Average	1.67	2.79	0.44	1.41	13.13	18.52
Weekly Change	-0.07	+0.08	+0.00	+0.11	+0.78	+0.54

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

- Apparently, the demand for NFDM from Mexico is strong despite the higher FOB price for U.S. powder vs. European or Kiwi powders. U.S. price can be higher than its competitors' and still be attractive to Mexican buyers. Much of our exports to Mexico originate in California. It is far cheaper to deliver a truck of powder from California (the largest powder producing state) to central Mexico than to truck it from a powder plant to Amsterdam or Rotterdam, load it on a cargo boat, wait a week or two for the boat to arrive at a port on the Mexican East Coast and then truck it to a plant in central Mexico. The same shipping gap applies to New Zealand powder. U.S. powder exports to other destinations than Mexico, however, require U.S. price to be far closer to prevailing world prices. Which is why current domestic prices are unsustainable in the longer term unless world prices rise to current cash domestic price.