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WEEKLY DAIRY OUTLOOK

August 24th, 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 14th and Friday August 21st, and their implied component prices.

	August 14 2026	August 21 2026	Change	Month to date
CME Cheddar blocks ($/lb)	1.6000	1.5275	-0.0725	1.5608
CME Butter ($/lb)	1.4600	1.4625	+0.0025	1.4783
CME Dry whey ($/lb)	0.6900	0.7025	+0.0125	0.6958
CME Nonfat dry milk ($/lb)	1.7450	1.8000	+0.0550	1.7075
-------	--------	Implied Prices	--------	-------
Butterfat ($/lb)	1.49	1.50	+0.01	1.52
Protein ($/lb)	2.78	2.54	-0.24	2.63
Other solids ($/lb)	0.44	0.45	+0.01	0.44
Nonfat solids ($/lb)	1.49	1.55	+0.06	1.45
Class III ($/cwt)	16.61	15.93	-0.68	16.24
Class IV ($/cwt)	18.60	19.10	+0.50	18.35

Comments

Sometimes the differences between the cash and futures markets can be puzzling. By large, these two markets are populated by different traders. Cash markets require purchase and delivery of a product; futures are cash settled, opening a wide door to speculators. So, the butter cash market was up last week whereas futures were down. Importantly, butter futures through the next 6 months were down from the prior Friday's closings. Cheddar futures seem to be settling in the $1.60 to $1.65/lb range, while the cash market ranges in the $1.50 to $1.60/lb. Based on the current futures, Class I skim prices will be driven by Class IV skim prices for the next 6 months.

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	1.618	148.700	66.175	159.175	16.64	17.29
September	1.602	154.500	68.675	173.000	16.61	18.86
October	1.633	158.175	69.550	171.500	17.03	18.89
November	1.666	159.750	70.250	168.500	17.40	18.66
December	1.660	162.000	72.000	166.000	17.47	18.47
January	1.664	164.900	70.000	164.750	17.44	18.32
Average	1.641	158.004	69.442	167.154	17.10	18.42
Weekly Change	-0.023	-3.008	+0.262	+0.979	=0.17	-0.09

[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 September Class I Base Skim and Class I Butterfat prices were released on August 20 (the $12.16/cwt in Table 3 for skim, and $1.5164/lb for butterfat, the latter not being reported in the table, but used to calculate the $17.04/cwt for the September 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	1.53	2.80	0.41	1.34	*(13.18)*	*(18.75)*
September	1.60	2.68	0.43	1.48	*(12.16)*	*(17.04)*
October	1.64	2.73	0.44	1.46	13.72	18.83
November	1.66	2.82	0.45	1.43	13.59	18.85
December	1.69	2.77	0.47	1.41	13.31	18.65
January	1.72	2.75	0.45	1.39	13.08	18.53
Average	1.64	2.76	0.44	1.42	13.17	18.44
Weekly Change	-0.04	-0.04	+0.00	+0.01	+0.05	-0.07

[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 mid-August, and their relative biweekly price changes.

Table 4. World price quotations of 4 major dairy commodities as of August16, 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 2.3%** at the GDT auction held August 18th. This marked the third time in a row that the index has gone up. Skim milk powder price skyrocketed. So did Mozzarella's price, whereas cheddar price went modestly up. Prices of fat products were down, noticeably so for anhydrous milkfat.
    - 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 week, the USDA released its July *Milk Production* report.

  Revised Data for June. For the 24 major States, the ***June*** *milk production* stood at 19.1 billion pounds, up 3.1% from June 2025. The revision represented an *increase* of 124 million pounds, or 0.7% above the preliminary estimate. It is beyond my comprehension how the USDA can miss 124 million pounds of milk, or roughly 2,500 semitruck loads of milk… not quite the total milk production of Florida for the month, but someone at the USDA gave it a good try....

  All 50 States, July 2026. For all 50 States in July, estimated milk production stood at 20.145 billion pounds, *up 439 million pounds or +2.2%* from last year. The number of milk cows in the whole country was estimated at 9.710 million head, 199,000 more than at this time last year, but the same number as what was reported last month. The estimated year-to-year increase in cow number is much greater than the margin of error for this statistic (i.e., the USDA never goes out to count cows; the statistic is derived from a survey, which inevitably implies an uncertainty, which is estimated at +/- 19,000 head, which means that the 90% confidence interval is basically +/- 38,000 head). However, this also means that one should be careful at over-interpreting the monthly change in cow number.

  24 Major states, July 2026. Total milk production in the top 24 dairy States was estimated at 19.399 billion pounds**,** *up 432 million pounds (+2.28%)* from July 2025. Twenty of the 24 dairy States reported increased production. The 3 states reporting a milk decline were: Washington (-2.2%), California (-0.8%) and Ohio (-0.4) – this last one hurts yours truly…

  Nineteen of the 24 States reported a year-to-year increase in cow number: ID, KS, MI, MN, NY, SD, TX and WI each having added 10,000 or more cows.

  For the 24 States, milk per cow averaged 67.52 lbs/d during the month, up 0.24 lb/day from July 2025. The dairy herd in the 24 major States (9.267 million head) was up an estimated 185,000 head from July 2025. Therefore, about 10.5% of the production increase came from improved cow productivity and 89.5% from the increased number of head.

  Relative and absolute changes in milk produced in each of the top 24-States are shown in the next two figures.

  Regional Summaries, July 2026

  - In the Western states, production was substantially down in WA, and modestly down in CA. Production in AZ, ID, and UT was measurably up. Production was unchanged in Oregon.

  - In the central region, production was up in all states including NM (a change from recent trends). Texas, Kansas, and South Dakota are adding a lot of milk to the national supply.

  - Milk production in the Cornbelt was up in all States this last month, except for Ohio... Production increases were particularly significant in MI, WI and MN on a volume basis.

  - In the Northeast, production was up in NY, and unchanged in VT and PA, the latter being a welcome change from recent trends.

  - In the Mid-Atlantic and Southeast regions, production was up substantially in GA and FL, and up in VA, also a welcome change from recent trends.

Five largest dairy producing States

In June, the 5 largest dairy producing States (CA, ID, NY, TX, and WI) accounted for 54.8% of the national milk production. Their combined production (11.042 billion pounds) was up 177 million pounds, or 1.6%.