

WEEKLY DAIRY OUTLOOK

August 31st, 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 21st and Friday August 28th, and their implied component prices.

	August 21 2026	August 28 2026	Change	Month to date
CME Cheddar blocks (\$/lb)	1.5275	1.4825	-0.0450	1.5413
CME Butter (\$/lb)	1.4625	1.4625	+0.0000	1.4744
CME Dry whey (\$/lb)	0.7025	0.7375	+0.0350	0.7063
CME Nonfat dry milk (\$/lb)	1.8000	1.8650	+0.0650	1.7469
-----	-----	Implied Prices	-----	-----
Butterfat (\$/lb)	1.50	1.50	+0.00	1.51
Protein (\$/lb)	2.54	2.40	-0.14	2.57
Other solids (\$/lb)	0.45	0.48	+0.03	0.45
Nonfat solids (\$/lb)	1.55	1.61	+0.06	1.49
Class III (\$/cwt)	15.93	15.68	-0.25	16.10
Class IV (\$/cwt)	19.10	19.68	+0.58	18.68

Comments

Nonfat dry milk (NFDM) prices on the CME cash and futures markets continued their upward trends last week, making U.S. milk powder more expensive than Kiwi or European powder. The six-month strip of butter futures lost 2.1% from the prior Friday closings, whereas cash butter price remained unchanged, albeit at a relatively depressed level. Current domestic butter prices are somewhat puzzling considering that butter stocks at the end of July were significantly down from those at the end of June and at the end of July 2025 (Table 5), but could be a market reaction to the trade war that has been initiated between the U.S. and Canada (Table 6).

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	1.620	147.800	66.150	160.750	16.66	17.39
September	1.588	151.000	68.250	181.200	16.47	19.34
October	1.624	154.975	69.975	183.350	17.13	19.55
November	1.656	156.750	71.800	179.400	17.43	19.39
December	1.651	158.025	72.000	174.850	17.35	19.10
January	1.658	160.000	70.500	171.000	17.41	18.80
Average	1.633	154.758	69.779	175.092	17.08	18.93
Weekly Change	-0.008	-3.246	+0.338	+7.938	-0.02	+0.51

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	1.51	2.82	0.41	1.35	(13.18)	(18.75)
September	1.55	2.68	0.43	1.56	(12.16)	(17.04)
October	1.60	2.74	0.45	1.58	14.48	19.41
November	1.62	2.82	0.46	1.54	14.68	19.77
December	1.64	2.79	0.47	1.49	14.31	19.49
January	1.66	2.79	0.45	1.46	13.90	19.14
Average	1.60	2.77	0.44	1.50	13.78	18.93
Weekly Change	-0.04	+0.02	+0.00	+0.08	+0.61	+0.49

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 August 16, 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/NFDM	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

- This coming Wednesday, the USDA will be releasing component and minimum class prices in effect in the Federal Milk Marketing Orders (FMMOs) for the month of August. Of course, we do not know precisely what these prices will be, but based on the current information the following prices are expected:
 - Butterfat: \$1.46 to \$1.56/lb (down \$0.16/lb from last month)
 - Protein: \$2.77 to \$2.87/lb (up \$0.50/lb from last month)
 - Other Solids: \$0.39 to \$0.43/lb (up \$0.01/lb from last month)
 - Nonfat Solids: \$1.32 to \$1.37/lb (down \$0.05/lb from last month)
 - Class III: \$16.48 to \$16.78/cwt (up \$1.11/cwt from last month)
 - Class IV: \$17.18 to \$17.48/cwt (down \$1.01/cwt from last month)

- The USDA *Cold Storage* report for July was released last week. Stocks of American cheese were down from July 2025 and from the end of June. Total cheese stocks were modestly up 0.4% from July 2025, but down 0.2% from the end of the previous month.

As for butter, stocks were considerably down compared to July '25, and also down compared to stocks at the end of June '26. This would normally translate to a rise in butter price, which is not happening because butter exports are apparently dependent on cheaper U.S. butter prices.

Table 5. USDA July 31, 2026 *Cold Storage* report.

	Stocks in all warehouses (1,000 pounds)			July 2026 as a percent of	
	July 31 2025	June 30 2026	July 31 2026	July 2025	June 2026
Butter	331,498	331,973	321,425	-3.0	-3.2
Natural cheese					
American	813,490	822,760	811,459	-0.2	-1.4
Swiss	21,560	24,499	23,594	+9.4	-3.7
Other	592,989	588,229	598,003	+0.8	+1.7
Total natural cheese	1,428,039	1,435,488	1,433,056	+0.4	-0.2

- Canada's Prime Minister Mark Carney aborted the ongoing trade negotiations between Canada and the United States, therefore letting a 50% import tariff taking effect on a broad range of Canadian goods exported to the United States. Canada will most definitely retaliate with similar tariffs on American exports, hence setting a trade war between two countries that until recently were considered friends and almost family. This could have some effect on the U.S. dairy industry since Canada is an important export market for some American dairy products. The effect, however, should be quite uneven across the different dairy commodities depending on how much of the American production is being exported, and what proportion of the American exports are to Canada. To help putting this into perspective, I prepared a short table reporting the proportion of the U.S. production of butter, cheese and nonfat dry milk/skim milk powder that was exported in 2025, the proportion of exports that was to Canada, and the proportion of American production that was exported to Canada (Table 6).

Table 6. Proportion of total U.S. production of butter, cheese and nonfat dry milk/skim milk powder that was exported, proportion of the exports that were to Canada, and proportion of total U.S. production that was exported to Canada in 2025.¹

Commodity	Percent of Production Exported	Percent of All Exports to Canada	Percent of Production Exported to Canada
Cheese	9.1	3.8	0.3
Butterfat	11.3	35.0	3.9
NFDM/SMP	68.9	0.4	0.3

¹ Sources: Export data are from USDEC, accessed August 30, 2026; Production data are from USDA/NASS April 2026 Dairy Products 2025 Summary report.

From this table, it is apparent that even if all cheese and NFDM/SMP exports to Canada were to cease, the impact on U.S. prices would be modest because U.S. exports to Canada are less than 0.5% of its production. The situation for butterfat could be quite different because 3.9% of total U.S. production is a lot of butterfat. Markets, however, may already have accounted for this.