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Perdue Animal Nutrition

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 September 11th and Friday September 18th, and their implied component prices.

	September 11 2026	September 18 2026	Change	Month to date
CME Cheddar blocks ($/lb)	1.4600	1.3500	-0.1100	1.4250
CME Butter ($/lb)	1.3700	1.3700	+0.0000	1.3933
CME Dry whey ($/lb)	0.7600	0.7800	+0.0200	0.7642
CME Nonfat dry milk ($/lb)	1.9700	2.0800	+0.1100	1.9767
-------	--------	Implied Prices	--------	-------
Butterfat ($/lb)	1.38	1.38	+0.00	1.41
Protein ($/lb)	2.44	2.09	-0.35	2.30
Other solids ($/lb)	0.51	0.53	+0.02	0.51
Nonfat solids ($/lb)	1.71	1.82	+0.11	1.72
Class III ($/cwt)	15.57	14.55	-1.02	15.23
Class IV ($/cwt)	20.22	21.20	+0.98	238

Comments

Cash nonfat dry milk price surged on the CME last week, while futures dopped with the 6-month strip of NFDM futures loosing 0.7% from the closings on the prior Friday. Current NFDM prices are ridiculously high both from an historical basis and when compared to prevailing world prices (Table 4). However, skim milk powder prices in both Oceania and Europe are also moving up. The supply-demand equilibrium might very well be nearer the $2.00/lb than $1.50/lb – or $1.25/lb, which is the 50th percentile of NFDM prices over the last 5 years.

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)
September	1.565	145.250	67.000	180.000	16.15	19.15
October	1.493	141.500	70.800	188.350	15.62	19.65
November	1.506	143.775	73.000	183.650	15.91	19.29
December	1.523	147.475	73.850	175.000	16.10	18.55
January	1.553	151.000	73.000	170.000	16.38	18.26
February	1.590	152.000	73.000	166.700	16.83	18.15
Average	1.538	146.833	71.775	177.283	16.17	18.84
Weekly Change	-0.043	-0.325	+1.479	-1.271	-0.35	-0.10

[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 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, 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 and base Class I (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]
September	1.48	2.68	0.42	1.55	*(12.16)*	*(17.04)*
October	1.44	2.49	0.45	1.63	14.37	19.06
November	1.47	2.51	0.48	1.58	15.14	19.64
December	1.51	2.51	0.49	1.50	14.71	19.32
January	1.55	2.56	0.48	1.45	13.91	18.71
February	1.57	2.67	0.48	1.41	13.45	18.42
Average	1.50	2.57	0.46	1.52	13.96	18.70
Weekly Change	-0.00	-0.14	+0.02	-0.01	-0.07	-0.06

[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-September, and their relative biweekly price changes.

Table 4. World price quotations of 4 major dairy commodities as of September 13, 2026.

	US$/lb			Biweekly Change (%)		
	E.U.	Oceania	U.S.	E.U.	Oceania	U.S.
Butter	2.17	2.31	1.38	+1.4	-1.9	-5.6
SMP/NDM	1.61	1.63	1.93	+4.7	+6.3	+5.6
WMP	2.01	1.62	2.30	+6.9	+0.4	+2.0
Cheddar	1.69	1.63	1.46	-4.3	-7.1	-3.0

Source: DG Agri

- Overseas, the Global Dairy Trade index went **down 1.1%** at the GDT auction held September 15th. This marked the first index drop after 3 consecutive up sessions. About 80% of the index is driven by SMP and WMP prices, which were relatively little changed. Prices of all other dairy commodities, except cheddar price which skyrocketed, took a nosedive.
  - Anhydrous milkfat: US$ 2.60/lb - 3.0%
  - Butter: US$ 2.16/lb - 5.7%
  - Cheddar: US$ 1.85/lb +16.5%
  - Lactose US$ 0.81/lb - 4.3%
  - Mozzarella: US$ 1.81/lb - 6.0%
  - Skim milk powder: US$ 1.67/lb +1.0%
  - Whole milk powder: US$ 1.62/lb - 0.8%