



WEEKLY DAIRY OUTLOOK

October 5th, 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 September 26th and Friday October 2nd, and their implied component prices.

	September 25 2026	October 2 2026	Change	Month to date
CME Cheddar blocks (\$/lb)	1.3075	1.3150	+0.0075	1.3150
CME Butter (\$/lb)	1.4000	1.3400	-0.0600	1.3400
CME Dry whey (\$/lb)	0.8050	0.8250	+0.0200	0.8250
CME Nonfat dry milk (\$/lb)	2.1700	2.2200	+0.0500	2.2200
-----	-----	Implied Prices	-----	-----
Butterfat (\$/lb)	1.42	1.35	-0.07	1.35
Protein (\$/lb)	1.91	2.01	+0.10	2.01
Other solids (\$/lb)	0.55	0.57	+0.02	0.57
Nonfat solids (\$/lb)	1.91	1.96	+0.05	1.96
Class III (\$/cwt)	14.26	14.45	+0.19	14.45
Class IV (\$/cwt)	22.12	22.31	+0.19	22.31

Comments

“It was the best of times, it was the worse of times”. Powder prices are reaching new highs on both the cash and futures markets, whereas cheese and butter prices keep crawling deep in a ravine with no exit in sight. Because NDM price translates directly into nonfat solids price used in Class IV, and because the price of nonfat solids has a much more pronounced effect on Class IV price than what the price of other solids has on Class III, the spread between Class III and Class IV prices keeps widening. It was nearly \$3.00/cwt in the announced Class prices for September. The October and November futures have a spread over \$5.00/cwt. Something will have to give... but when?

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)
October	1.419	137.000	73.200	200.000	14.96	20.32
November	1.452	139.975	77.900	204.450	15.55	20.70
December	1.481	140.800	79.475	195.200	15.97	20.17
January	1.518	145.000	78.250	189.625	16.31	19.78
February	1.556	147.500	79.000	185.000	16.74	19.50
March	1.587	157.050	78.500	180.150	17.09	19.54
Average	1.502	144.421	77.721	192.404	16.10	20.00
Weekly Change	-0.028	-4.917	+5.208	+7.929	-0.01	+0.46

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, base Class I Skim, and base Class I are reported in Table 3. Note that the October base Class I Skim and base Class I Butterfat prices were released on September 23rd (the \$14.12/cwt in Table 3 for skim, and \$1.5024/lb for butterfat, the latter not being reported, but used to calculate the \$18.88/cwt for the October 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)	Base Class I Skim (\$/cwt)	Projected Base Class I (\$/cwt) ¹
October	1.38	2.31	0.48	1.74	(14.12)	(18.88)
November	1.42	2.38	0.53	1.79	16.21	20.49
December	1.42	2.47	0.54	1.70	16.62	21.01
January	1.48	2.53	0.53	1.64	15.77	20.19
February	1.51	2.62	0.54	1.59	15.26	19.90
March	1.63	2.60	0.53	1.55	14.83	19.60
Average	1.47	2.48	0.53	1.67	15.47	20.01
Weekly Change	-0.06	-0.03	+0.05	+0.08	+1.00	+0.74

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

- 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 **September 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 September butterfat price of \$1.48/lb was extremely below its long-term time-detrended range (\$2.78 to \$2.88/lb) and stood near the 1st percentile of butterfat prices between January 2021 and December 2025.

The September protein price of \$2.66/lb was slightly below its long-term time de-trended range (\$2.70 to \$2.80/lb) but at the 70th percentile of protein prices between January 2021 and December 2025.

The September other solids price of \$0.42/lb was above its long-term time de-trended range (\$0.33-\$0.37) and stood near the 77th percentile of other solids prices between January 2021 and December 2025.

The September nonfat solids price of \$1.54/lb was substantially above its long-term time de-trended range (\$1.05-\$1.11) and was near the 92nd percentile of nonfat solids prices between January 2021 and December 2025.

At \$16.04/cwt, Class III price was well below its long-term time-detrended price range (\$19.95 to \$20.25/cwt) and near the 15th percentile of Class III prices between January 2021 and December 2025.

The Class IV price (\$18.94/cwt) was below its long-term time detrended range (\$19.41 to \$19.71/cwt) and at the 47th percentile of Class IV prices between January 2021 and December 2025.

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

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

	September 2026	August 2026	Change (Sep vs. Aug)	September 2025	Change (S '26 vs. S '25)
Cheese Blocks(\$/lb)	1.558	1.620	-0.063	1.807	-0.249
Butter (\$/lb)	1.446	1.475	-0.029	2.038	-0.592
Nonfat Dry Milk (\$/lb)	1.789	1.599	+0.181	1.227	+0.563
Dry Whey (\$/lb)	0.669	0.660	+0.009	0.578	+0.091
Butterfat (\$/lb)	1.48	1.51	-0.03	2.19	-0.72
Protein (\$/lb)	2.66	2.83	-0.17	2.71	-0.04
Other Solids (\$/lb)	0.42	0.41	+0.01	0.32	+0.09
Nonfat Solids (\$/lb)	1.54	1.35	+0.19	0.98	+0.56
Class III (\$/cwt)	16.04	16.64	-0.60	17.59	-1.55
Class IV (\$/cwt)	18.94	17.36	+1.58	16.17	+2.77

- I seldom make comments regarding dairy cattle nutrition in this newsletter, but I will make an exception today. A study published online in Journal of Dairy Science with Dr. Sebastian Arriola-Apelo from the University of Wisconsin as first author (<https://www.sciencedirect.com/science/article/pii/S0022030226032911>) challenged the old limiting amino acid theory in dairy nutrition. Prior work from Virginia Tech from Dr. Hanigan's lab (see papers by Dr. Peter Yoder also published in JDS) had already shown that mammary cells do not follow this theory. This recent paper from Wisconsin clearly shows that the theory is wrong in dairy nutrition. That is, the concept of first, second, and third limiting amino acids is wrong. Cows do not 'work' this way. It doesn't matter whether 'requirements' are expressed as mass supplies or as a ratios to energy supply: the metabolism of dairy cows, especially that of the mammary gland do not follow the requirement paradigm. Dairy cows require amino acids, but they do not have a requirement. They do respond to amino acid supplies, but not in an additive fashion.