

WEEKLY DAIRY OUTLOOK

October 12th, 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 October 2nd and Friday October 9th, and their implied component prices.

	October 2 2026	October 9 2026	Change	Month to date
CME Cheddar blocks (\$/lb)	1.3150	1.3850	+0.0700	1.3500
CME Butter (\$/lb)	1.3400	1.2750	-0.0650	1.3075
CME Dry whey (\$/lb)	0.8250	0.8600	+0.0350	0.8425
CME Nonfat dry milk (\$/lb)	2.2200	2.2675	+0.0475	2.2438
-----	-----	Implied Prices	-----	-----
Butterfat (\$/lb)	1.35	1.27	-0.08	1.31
Protein (\$/lb)	2.01	2.32	+0.31	2.17
Other solids (\$/lb)	0.57	0.61	+0.04	0.59
Nonfat solids (\$/lb)	1.96	2.01	+0.05	1.99
Class III (\$/cwt)	14.45	15.38	+0.93	14.92
Class IV (\$/cwt)	22.31	22.46	+0.15	22.39

Comments

Both cash and cheese futures were up last week, +5.3% for cash cheddar blocks and +2.0% for the 6-month strip of futures. Cheese prices are still abysmal, just not as badly so. Butter prices still haven't found a bottom, dropping 4.9% on the cash market and 5.1% on the futures. As has been the case for the last few weeks, dry whey and NFDM prices are bordering new record highs, up 4.2% and 2.1%, respectively, on the cash market, while their 6-month strips of futures were also up 0.5% and 3.4%, respectively. Commodity prices translate to a Class III-Class IV spread of \$7.08/cwt on the cash market, and \$3.79/cwt on the 6-month strip of futures. This is not normal...

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	1.423	132.275	72.775	201.975	14.97	20.48
November	1.504	132.500	77.250	210.000	16.08	20.81
December	1.527	134.350	79.800	204.575	16.45	20.51
January	1.549	136.000	79.750	197.750	16.71	20.08
February	1.585	139.250	80.000	192.400	17.05	19.71
March	1.607	148.000	79.000	187.100	17.20	19.60
Average	1.533	137.063	78.096	198.967	16.41	20.20
Weekly Change	+0.030	-7.358	+0.375	+6.563	+0.31	+0.20

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 mover, 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 Mover (\$/cwt)	Projected Base Class I (\$/cwt) ¹
October	1.33	2.38	0.47	1.76	<i>(14.12)</i>	<i>(18.88)</i>
November	1.33	2.64	0.52	1.84	16.39	20.46
December	1.35	2.69	0.55	1.79	17.13	21.18
January	1.37	2.74	0.55	1.72	16.63	20.78
February	1.41	2.82	0.55	1.67	16.00	20.24
March	1.52	2.78	0.54	1.62	15.51	19.91
Average	1.38	2.68	0.53	1.73	15.97	20.24
Weekly Change	-0.09	+0.19	+0.00	+0.06	+0.05	+0.23

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 late-September, and their relative biweekly price changes.

Table 4. World price quotations of 4 major dairy commodities as of September 27, 2026.

	US\$/lb			Biweekly Change (%)		
	E.U.	Oceania	U.S.	E.U.	Oceania	U.S.
Butter	2.17	2.21	1.36	+0.2	-4.2	-1.2
SMP/NFDM	1.61	1.67	2.14	-0.3	+2.4	+11.0
WMP	1.96	1.61	2.33	-2.5	-0.4	+1.5
Cheddar	1.68	1.81	1.34	-1.1	+11.5	-8.1

Source: DG Agri

- Overseas, the Global Dairy Trade index went **up 1.2%** at the GDT auction held October 6th. About 80% of the index is driven by SMP and WMP prices, both of which prices were up. Prices of all other dairy commodities were down.
 - Anhydrous milkfat: US\$ 2.58/lb - 1.1%
 - Butter: US\$ 2.15/lb - 0.3%
 - Cheddar: US\$ 1.78/lb - 3.7%
 - Lactose US\$ 0.76/lb - 6.9%
 - Mozzarella: US\$ 1.74/lb - 3.9%
 - Skim milk powder: US\$ 1.75/lb +4.3%
 - Whole milk powder: US\$ 1.64/lb +1.2%

- The USDA released its *Dairy Products report* for the month of August 2026. Unlike the USDA report, in this newsletter all production data are expressed *on a daily basis* to properly compare months with different number of days. Sometimes this is important but not for the August report.

Daily output of nonfat dry milk powder (which is primarily used domestically and for exports to Mexico) was up from last year while daily output of skim milk powder (exported overseas) was dramatically down. Combined, powder output was slightly down from August of last year and dramatically down from July '26.

As for cheese, the daily production of American-style cheeses, including cheddar, was down both compared to last year and last month. Meanwhile Italian-style cheese daily production (and importantly Mozzarella production, which accounts for nearly 80% of Italian-style cheese production) was up compared to last year but down compared to July '26. .

The balance of the USDA report is summarized in Table 5.

Table 5. USDA Dairy Products Report, August 2026 (amounts are in million pounds *per day*).

	August 2026 (million lbs/d)	% Change from August 2025	% Change from July 2026
<i>Cheese</i>			
Total Cheese	40.175	+1.4	-1.4
American-style	15.338	-0.9	-0.6
Cheddar	10.512	-0.9	-0.9
Italian-style	17.462	+3.7	-1.7
Mozzarella	13.577	+1.8	-2.8
<i>Butter</i>	6.044	+6.3	-0.9
<i>Dry Milk Products</i>			
Nonfat Dry Milk	4.266	+9.6	-19.9
Skim Milk Powder	0.934	-33.1	+31.4
Combined	5.200	-1.7	-13.9
<i>Whey and Lactose Products</i>			
Dry Sweet Whey – Total	2.424	+8.2	-7.4
Whey Protein Concentrate	1.380	+4.6	+4.2
Whey Isolate	0.517	-6.1	-9.3
Lactose	3.061	-1.3	+1.9