

WEEKLY DAIRY OUTLOOK

October 19th, 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 9th and Friday October 16th, and their implied component prices.

	October 9 2026	October 16 2026	Change	Month to date
CME Cheddar blocks (\$/lb)	1.3850	1.6825	+0.2975	1.4608
CME Butter (\$/lb)	1.2750	1.3650	+0.0900	1.3267
CME Dry whey (\$/lb)	0.8600	0.8950	+0.0350	0.8600
CME Nonfat dry milk (\$/lb)	2.2675	2.1625	-0.1050	2.2167
-----	-----	Implied Prices	-----	-----
Butterfat (\$/lb)	1.27	1.38	+0.11	1.33
Protein (\$/lb)	2.32	3.17	+0.85	2.50
Other solids (\$/lb)	0.61	0.65	+0.04	0.61
Nonfat solids (\$/lb)	2.01	1.90	-0.11	1.96
Class III (\$/cwt)	15.38	18.67	+3.29	16.17
Class IV (\$/cwt)	22.46	21.91	-0.55	22.23

Comments

Cheddar price soared 21.5% on the CME cash market last week. Cash butter price also surged 7%. Nonfat dry milk was the only dairy commodity dropping in price, down 4.6% from its abnormally high price on the prior Friday. The futures markets exhibited similar trends. The 6-month strips of cheese and butter futures were up 3.2% and 6.9%, respectively, which translated to an 8.3% and 1.3% increase in the implied 6-month strips of butterfat and protein futures. Mind you, butter futures are still a far cry from being 'normal', but at least they moved in the right direction from a producer's standpoint.

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	1.446	136.000	73.025	200.000	15.28	20.39
November	1.625	142.000	77.000	206.075	17.35	21.00
December	1.594	146.275	79.500	193.675	17.16	20.12
January	1.594	148.725	79.250	188.200	17.15	19.56
February	1.609	150.475	79.750	183.000	17.31	19.31
March	1.619	156.000	79.750	179.675	17.47	19.31
Average	1.581	146.579	78.046	191.771	16.95	19.95
Weekly Change	+0.049	+9.517	-0.050	-7.196	+0.54	-0.25

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	1.37	2.41	0.48	1.74	<i>(14.12)</i>	<i>(18.88)</i>
November	1.44	2.91	0.52	1.80	16.21	20.44
December	1.50	2.76	0.54	1.68	16.77	21.24
January	1.53	2.73	0.54	1.63	15.63	20.32
February	1.55	2.75	0.55	1.57	15.12	19.94
March	1.61	2.71	0.55	1.54	14.65	19.55
Average	1.50	2.71	0.53	1.66	15.42	20.06
Weekly Change	+0.012	+0.04	+0.00	-0.07	-0.55	-0.18

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/NDM	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

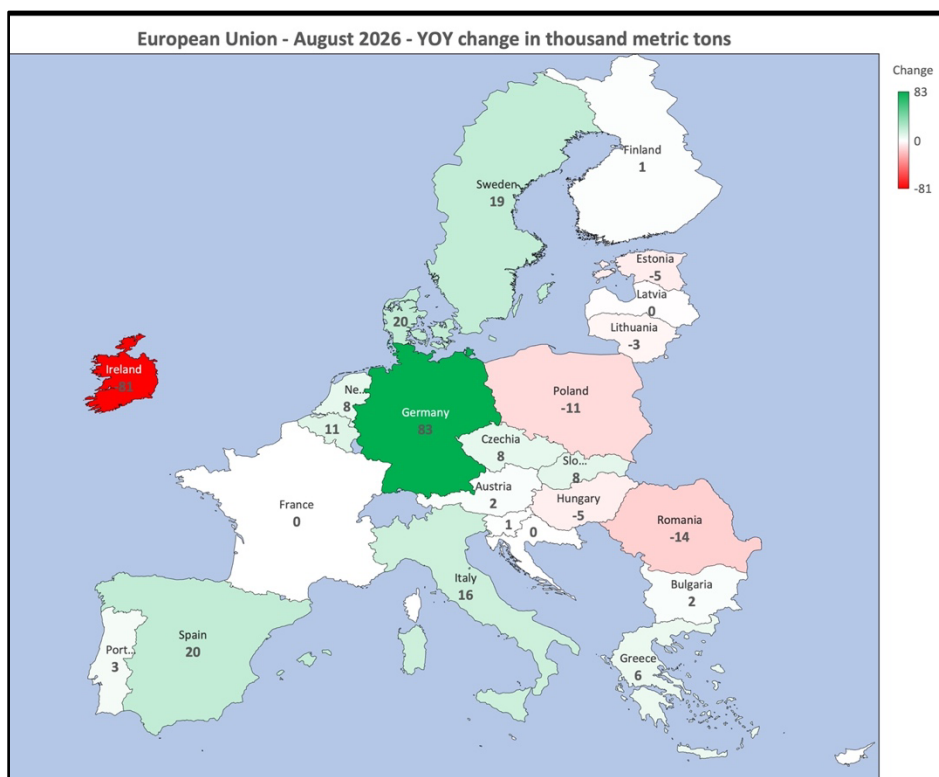
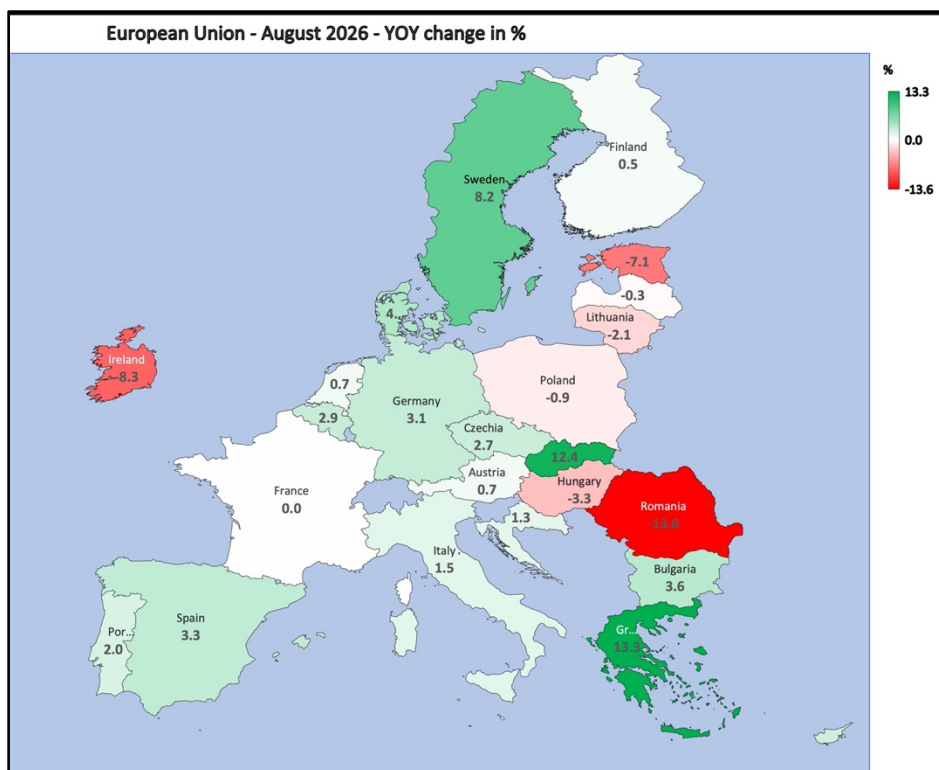
Source: DG Agri

- Milk collections during the month of **August 2026** for the 26 countries making the European Union totaled 12,663,000 metric tons (27.92 billion pounds), reportedly **up 150,000 tons (+0.33 billion pounds) or +1.20% from August 2025**. Based on the preliminary report, five countries accounted for 64.6% of the total milk collected (Germany, France, The Netherlands, Poland, and Italy). Altogether, collections in these 5 countries were up 1.20% (96,800 metric tons, or 213 million pounds) from last year.

Milk deliveries were up in 18 of the 26 countries.

Milk production has been on an increase for 17 consecutive months in the E.U., the peak increase (+6.0%) took place in December 2025. As in the U.S., the increase production is coming from both an increase in animal productivity and an increase in the number of animals being milked.

Sometimes we forget how big milk production is in the European Union. Mind you, its population is approximately 50% greater than that of the United States at 453 million vs. 343 million people. On a per capita basis, European milk production in August was slightly greater than that in the U.S. at 61.8 lbs/person vs. 58.0 lbs/person. As in the U.S., the increase in milk production in Europe is slowing down. Last August, Europe reported a 3.8% year-over-year increase, which was substantially greater than the 1.2% reported this year.



Milk production has been up in all major dairy exporting countries. New Zealand, with its highly seasonal production peaking in October, has already reported a 3.3% increase in milk solids (butterfat + total protein) collections for August. Generally, New Zealand dairy cows produce twice as much milk in October than in August due to the majority of the calvings occurring in August and September. As in the U.S., once a cow has calved and is in full production, it is milked pretty much regardless of milk price. Culling occurs later in the lactation cycle. Thus, we can anticipate a significant increase in New Zealand milk supply in the next 6-8 months.

The USDA projects a 2 to 4% increase in Argentina's milk production this year supported by favorable weather, strong pasture conditions, and good forage reserves.

The world's milk supply is definitely up, the annual increase being estimated at 2.6% by the IFCN and 2.1% by the OECF-FAO. The increase in milk supply is clearly larger than the approximately 0.8% to 0.9% annual increase in the world population. The additional milk has found a belly, indicating that the per capita milk consumption has been going up. However, the largest population increase is occurring in India, Nigeria, Pakistan, and the Democratic Republic of the Congo, where the annual per capita GDP stands at \$2,800, \$1,500, \$1,600, and \$1,100, respectively, which doesn't leave much room to buy whole milk powder at \$2.00/lb.