

WEEKLY DAIRY OUTLOOK

October 26th, 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 16th and Friday October 23rd, and their implied component prices.

	October 16 2026	October 23 2026	Change	Month to date
CME Cheddar blocks (\$/lb)	1.6850	1.7350	+0.0525	1.5294
CME Butter (\$/lb)	1.3650	1.3400	-0.0250	1.3300
CME Dry whey (\$/lb)	0.8950	0.8425	-0.0525	0.8556
CME Nonfat dry milk (\$/lb)	2.1625	2.0950	-0.0675	2.1863
-----	-----	Implied Prices	-----	-----
Butterfat (\$/lb)	1.38	1.35	-0.03	1.34
Protein (\$/lb)	3.17	3.37	+0.20	2.72
Other solids (\$/lb)	0.65	0.59	-0.06	0.61
Nonfat solids (\$/lb)	1.90	1.84	-0.06	1.93
Class III (\$/cwt)	18.67	18.89	+0.22	16.85
Class IV (\$/cwt)	21.91	21.20	-0.71	21.97

Comments

Except for cheddar cheese, prices of dairy commodities were down on both the cash and futures markets last week. Cheddar block price went up 5.25 ¢/lb on the cash market whereas the 6-month strip of cheese futures lost 1.5 ¢/lb. According to USDA's *Dairy Market News*, the rise in cheddar cash price was due to "quality issues" at a major cheese producer's plant in the Midwest, forcing the customers who would have bought this cheese to scramble to find replacement, which included the CME cash market.

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	1.453	135.500	72.150	200.000	15.25	20.39
November	1.677	140.000	75.750	201.025	17.74	20.65
December	1.566	142.000	78.000	189.000	16.80	19.70
January	1.556	143.175	78.500	182.700	16.73	19.36
February	1.563	146.000	79.500	178.500	16.78	19.00
March	1.585	152.775	78.500	175.950	16.97	19.18
Average	1.567	143.242	77.067	187.863	16.71	19.71
Weekly Change	-0.015	-3.338	-0.979	-3.908	-0.24	-0.23

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 November base Class I Skim and base Class I Butterfat prices were released on October 21st (the \$16.03/cwt in Table 3 for skim, and \$1.3730/lb for butterfat, the latter not being reported, but used to calculate the \$20.27/cwt for the November 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	2.44	0.47	1.74	(14.12)	(18.88)
November	1.42	3.11	0.51	1.75	(16.03)	(20.27)
December	1.44	2.72	0.53	1.63	16.31	20.71
January	1.46	2.67	0.53	1.57	15.20	19.72
February	1.49	2.66	0.54	1.53	14.62	19.21
March	1.57	2.65	0.53	1.50	14.23	18.96
Average	1.46	2.71	0.52	1.62	15.08	19.62
Weekly Change	-0.04	-0.00	-0.01	-0.04	-0.33	-0.44

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-October, and their relative biweekly price changes.

Table 4. World price quotations of 4 major dairy commodities as of October 11, 2026.

	US\$/lb			Biweekly Change (%)		
	E.U.	Oceania	U.S.	E.U.	Oceania	U.S.
Butter	2.10	2.17	1.29	-3.4	-2.1	-5.6
SMP/NDM	1.63	1.71	2.25	+1.4	+2.4	+5.1
WMP	1.94	1.62	2.40	-1.0	+0.4	+3.2
Cheddar	1.62	1.80	1.35	-3.2	-0.9	+0.3

Source: DG Agri

- Overseas, the Global Dairy Trade index went **up 2.5%** at the GDT auction held October 20th. About 80% of the index is driven by SMP and WMP prices, both of which prices were up. Prices of butterfat commodities were down. So was cheddar price.
 - Anhydrous milkfat: US\$ 2.49/lb - 3.4%
 - Butter: US\$ 2.14/lb - 0.4%
 - Cheddar: US\$ 1.65/lb - 7.4%
 - Lactose US\$ 0.76/lb +0.6%
 - Mozzarella: US\$ 1.76/lb +1.3%
 - Skim milk powder: US\$ 1.80/lb +3.4%
 - Whole milk powder: US\$ 1.71/lb +4.4%

- Last week, the USDA released its September *Milk Production* report.

Revised Data for August. For the 24 major States, the **August** milk production stood at 19.3 billion pounds, up 2.5% from August 2025. The revision represented an *increase* of 132 million pounds, or 0.7% above the preliminary estimate. In essence, the USDA had missed the equivalent of 2,640 tractor trailer loads of milk produced during the month...

All 50 States, September 2026. For all 50 States in September, estimated milk production stood at 19.443 billion pounds, *up 501 million pounds or +2.6%* from last year. The number of milk cows in the whole country was estimated at 9.743 million head, 169,000 more than at this time last year, and 26,000 more than last month. The estimated year-to-year increase in cow number is much greater than the margin of error for this statistic (i.e., the USDA never goes out to count cows; the statistic is derived from a survey, which inevitably infers an uncertainty, which is estimated at +/- 19,000 head, which implies that the 90% confidence interval is basically +/- 38,000 head). However, this also means that one should be careful at over-interpreting the monthly change in cow number.

24 Major states, September 2026. Total milk production in the top 24 dairy States was estimated at 18.724 billion pounds, *up 494 million pounds (+2.71%)* from September 2025. Eighteen of the 24 dairy States reported increased production. The 4 states reporting a milk decline (VT and VA reported no change) were:

Arizona (-4.9%), Illinois (-2.2%), New Mexico (-0.2%), and Utah (-3.2%).

Seventeen of the 24 States reported a year-to-year increase in cow number: ID, KS, MI, NY, SD, TX and WI each having added 10,000 or more cows.

For the 24 States, milk per cow averaged 67.07 lbs/d during the month, up 0.60 lb/day from September 2025. The dairy herd in the 24 major States (9.304 million head) was up an estimated 162,000 head from September 2025. Therefore, about 34.7% of the production increase came from improved cow productivity and 65.3% from the increased number of head.

Relative and absolute changes in milk produced in each of the top 24-States are shown in the next two figures.

Regional Summaries, September 2026

- In the Western states, production was up 53 million pounds y-o-y.
- In the central region, production was up 178 million pounds y-o-y.
- Milk production in the Cornbelt was up 187 million pounds y-o-y.
- In the Northeast, production was up 61 million pounds y-o-y.
- In the Mid-Atlantic and Southeast regions, production was up 15 million pounds y-o-y.

Five largest dairy producing States

In September, the 5 largest dairy producing States (CA, ID, NY, TX, and WI) accounted for 54.8% of the national milk production. Their combined production (10.646 billion pounds) was up 262 million pounds, or 2.5%.

- The USDA *Cold Storage* report as of September 30th was released last week. Stocks of American cheese were down from September 2025, and also down from the end of August. The issue is

that stocks didn't go down as much as they normally do this time of the year. Total cheese stocks were *significantly* up 2.4% from September 2025, but down 0.9% from the end of the previous month.

As for butter, stocks were *markedly* up compared to September '25, but down compared to stocks at the end of August '26. The issue is that the month-to-month drop in butter stocks was less than half what typically happens in September. This is not conducive to a rise in butter price.

Table 5. USDA September 30, 2026 *Cold Storage* report.

	Stocks in all warehouses (1,000 pounds)			September 2026 as a percent of	
	September 30 2025	August 31 2026	September 30 2026	September 2025	August 2026
Butter	253,851	311,354	295,673	+16.5	-5.0
Natural cheese					
American	804,771	806,689	792,213	-1.6	-1.8
Swiss	21,204	23,930	22,868	+7.8	-4.4
Other	569,702	611,570	613,475	+7.7	+0.3
Total natural cheese	1,395,677	1,442,189	1,428,556	+2.4	-0.9