PERDUE Animal Nutrition

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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 October 23rd and Friday October 30th, and their implied component prices.

	October 23 2026	October 30 2026	Change	Month to date
CME Cheddar blocks ($/lb)	1.7350	1.5975	-0.1375	1.5430
CME Butter ($/lb)	1.3400	1.3575	+0.0175	1.3355
CME Dry whey ($/lb)	0.8425	0.8400	-0.0025	0.8525
CME Nonfat dry milk ($/lb)	2.0950	2.1125	+0.0175	2.1715
-------	--------	Implied Prices	--------	-------
Butterfat ($/lb)	1.35	1.37	+0.02	1.34
Protein ($/lb)	3.37	2.91	-0.46	2.76
Other solids ($/lb)	0.59	0.59	+0.00	0.60
Nonfat solids ($/lb)	1.84	1.85	+0.01	1.91
Class III ($/cwt)	18.89	17.76	-1.43	16.97
Class IV ($/cwt)	21.20	21.43	+0.23	21.86

Comments

Not much changed on the CME cash and futures markets last week, except for cash cheddar price. This was due to an 'artificial' bump in cash prices in the last two weeks due to a production issue in a large Midwest cheese plant. One shouldn't forget that the CME cash markets are generally very thin, meaning that a very small fraction of the national production is marketed through the CME cash markets. For example, 15 loads (~ 750,000 lbs) of cheddar cheese changed hands on the CME last week. The U.S. makes roughly 75,000,000 of cheddar cheese per week. Thus, the CME cash market accounted for roughly 1% of total production. This is unquestionably thin!

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)
October	1.450	135.600	71.775	200.500	15.19	20.39
November	1.667	138.500	75.900	205.500	17.70	20.94
December	1.572	141.150	75.750	194.200	16.71	20.00
January	1.561	144.200	77.000	188.725	16.70	19.67
February	1.568	147.175	76.625	184.975	16.78	19.41
March	1.591	153.500	77.500	182.975	17.05	19.47
Average	1.568	143.354	75.758	192.813	16.69	19.98
Weekly Change	+0.002	+0.113	-1.308	+4.950	-0.023	+0.267

[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	2.43	0.46	1.75	*(14.12)*	*(18.88)*
November	1.40	3.10	0.51	1.80	*(16.03)*	*(20.27)*
December	1.43	2.75	0.51	1.69	16.72	21.04
January	1.47	2.68	0.52	1.63	15.68	20.15
February	1.51	2.66	0.51	1.59	15.17	19.79
March	1.58	2.66	0.52	1.57	14.83	19.58
Average	1.46	2.71	0.51	1.67	15.42	19.95
Weekly Change	+0.00	+0.00	-0.01	+0.05	+0.34	+0.33

[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-October, and their relative biweekly price changes.

Table 4. World price quotations of 4 major dairy commodities as of October 25, 2026.

	US$/lb			Biweekly Change (%)		
	E.U.	Oceania	U.S.	E.U.	Oceania	U.S.
Butter	2.04	2.17	1.35	-2.7	nc	+4.7
SMP/NDM	1.72	1.71	2.16	+5.1	nc	-4.2
WMP	1.97	1.66	2.47	+1.4	+2.5	+2.9
Cheddar	1.64	1.77	1.74	+0.9	-1.3	+29.0

Source: DG Agri

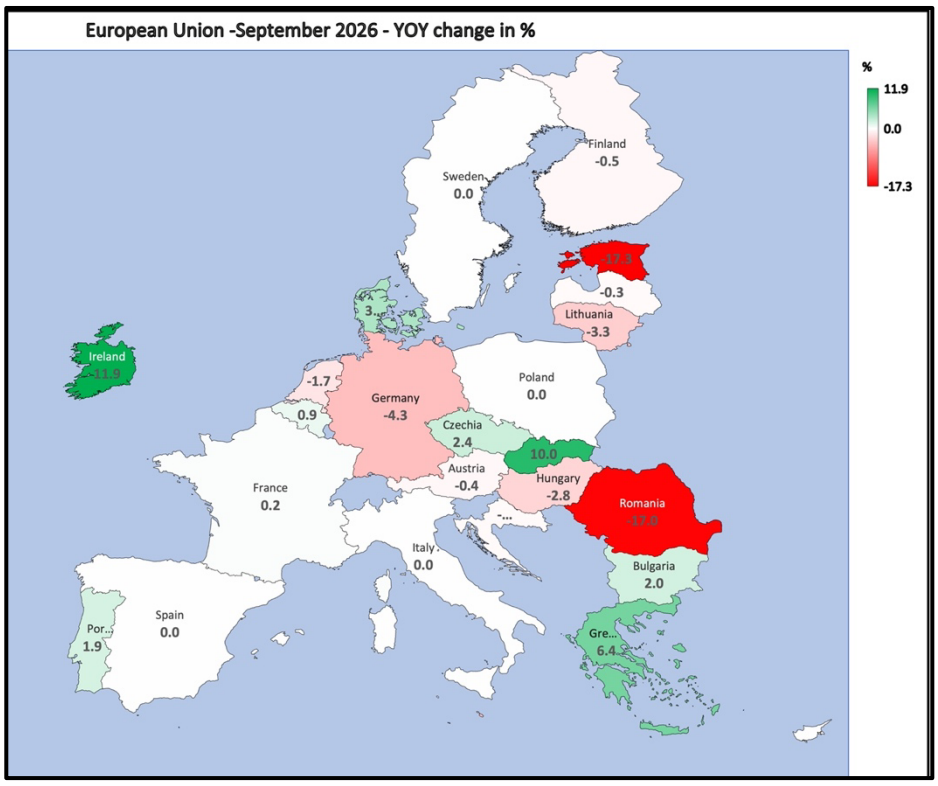
- This coming Wednesday, the USDA will be releasing component and minimum class prices in effect in the Federal Milk Marketing Orders (FMMOs) for the month of October. Of course, we do not know precisely what these prices will be, but based on the current information the following prices are expected:

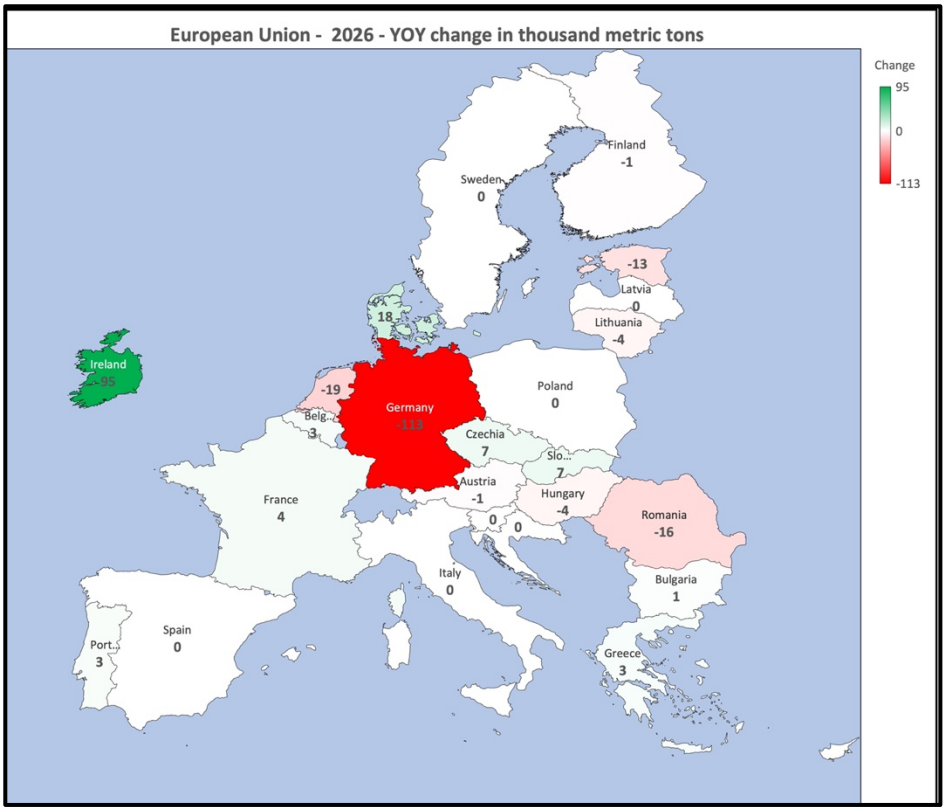
1. Butterfat: $1.32 to $1.42/lb (down $0.11/lb from last month)
2. Protein: $2.32 to $2.42/lb (down $0.29/lb lb from last month)
3. Other Solids: $0.44 to $0.48/lb (up $0.05/lb from last month)
4. Nonfat Solids: $1.71 to $1.76/lb (up $0.21/lb from last month)
5. Class III: $14.89 to $15.19/cwt (down $1.00/cwt from last month)
6. Class IV: $20.26 to $20.56/cwt (up $1.47/cwt from last month)

- Milk collections during the month of **September** 2026 for the 26 countries making the European Union totaled 11,900,000 metric tons (26.23 billion pounds), reportedly **down 33,000 tons (+0.07 billion pounds) or -0.28% from September 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 down 1.64% (128,400 metric tons, or 283 million pounds) from last year.

  Milk deliveries were up in 10 of the 26 countries.

  Milk production had previously been on an increase for 17 consecutive months in the E.U., the peak increase (+6.0%) having taken place in December 2025. However, one should be cautious when interpreting this report because significant changes to this preliminary report are expected because four countries (Italy, Poland, Spain, and Sweeden), which altogether account for about 25% of the total milk collections in the E.U., reported the exact same amount of milk collected this year compared to last year. This generally means that they are not done adding the volume of milk collected. Last year's volume is used as a proxy to this year's volume so that a report for the whole E.U. can be released. So, things may change, but as of now it appears that the E.U. has blinked and milk production increases in the E.U have stopped. This most certainly seems to be the case for Germany, the top milk producing country in the E.U., accounting for over 20% of the total production.




European Union - 2026 - YOY change in thousand metric tons
Change
95
0
-113
Finland
-1
Sweden
0
-13
Latvia
0
Lithuania
-4
18
Ireland
-95
-19
Germany
-113
Poland
0
Belg...
3
Czechia
7
Slo...
7
Austria
-1
Hungary
-4
Romania
-16
France
4
0
0
Italy
0
Bulgaria
1
Spain
0
Port...
3
Greece
3