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 30th and Friday November 6th, and their implied component prices.

	October 30 2026	November 6 2026	Change	Month to date
CME Cheddar blocks ($/lb)	1.5975	1.5675	-0.0300	1.5675
CME Butter ($/lb)	1.3575	1.2650	-0.0925	1.2650
CME Dry whey ($/lb)	0.8400	0.8400	+0.0000	0.8400
CME Nonfat dry milk ($/lb)	2.1125	2.1975	+0.0850	2.1975
-------	--------	Implied Prices	--------	-------
Butterfat ($/lb)	1.37	1.26	-0.11	1.26
Protein ($/lb)	2.91	2.93	+0.02	2.93
Other solids ($/lb)	0.59	0.59	+0.00	0.59
Nonfat solids ($/lb)	1.85	1.94	+0.09	1.94
Class III ($/cwt)	17.76	17.14	-0.32	17.14
Class IV ($/cwt)	21.43	21.80	+0.37	21.80

Comments

Butter prices continued their downfall on both the cash and futures markets last week. The U.S. is making a lot of butter right now: supply is simply abundant. Butter/powder manufacturers will keep making lots of butter for 2 reasons. First, as long as they can make butter and powder for less than the make-allowances in the Federal Milk Marketing Order formulas they are golden regardless of the prices of the end products. Second, most of the milk used to make butter/NFDM – the high priced Class IV – is simply not pooled, providing additional margins to processors. More about this in next week's newsletter.

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)
November	1.666	132.475	76.000	207.500	17.70	21.02
December	1.577	132.025	76.875	197.425	16.79	20.00
January	1.547	134.000	77.500	193.000	16.56	19.60
February	1.562	136.500	78.000	188.700	16.71	19.40
March	1.587	144.700	78.250	185.900	17.01	19.35
April	1.599	147.450	78.975	184.325	17.08	19.32
Average	1.558	137.858	77.600	192.817	16.98	19.78
Weekly Change	-0.042	-8.965	+0.770	+3.240	-0.03	-0.02

[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]
November	1.33	3.17	0.51	1.82	*(16.03)*	*(20.27)*
December	1.32	2.89	0.52	1.72	16.90	20.96
January	1.35	2.14	0.52	1.67	15.98	20.05
February	1.38	2.78	0.53	1.63	15.57	19.74
March	1.48	2.76	0.53	1.60	15.17	19.46
April	1.51	2.76	0.54	1.59	14.91	19.56
Average	1.39	2.75	0.52	1.67	15.76	20.01
Weekly Change	-0.11	-0.02	+0.01	+0.03	+0.24	-0.07

[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

- Overseas, the Global Dairy Trade index went **up 3.0%** at the GDT auction held November 3rd. About 80% of the index is driven by SMP and WMP prices, both of which were noticeably up. Prices of butterfat commodities were down. Cheddar price shot right up.
  - Anhydrous milkfat: US$ 2.41/lb - 3.2%
  - Butter: US$ 2.04/lb - 4.7%
  - Cheddar: US$ 1.80/lb +8.6%
  - Lactose US$ 0.78/lb +3.3%
  - Mozzarella: US$ 1.86/lb +5.8%
  - Skim milk powder: US$ 1.86/lb +3.1%
  - Whole milk powder: US$ 1.80/lb +5.9%

- 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 **October 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 October butterfat price of $1.38/lb was exceptionally below its long-term time-detrended range ($2.78 to $2.88/lb) and at the 1st percentile of butterfat prices between January 2021 and December 2025. October butterfat price was less than all butterfat prices during that period.

  The October protein price of $2.40/lb was below its long-term time de-trended range ($2.70 to $2.80/lb) and at the 46th percentile of protein prices between January 2021 and December 2025.

  The October other solids price of $0.47/lb was well above its long-term time de-trended range ($0.33-$0.37) and stood near the 88th percentile of other solids prices between January 2021 and December 2025.

  The October nonfat solids price of $1.75/lb was considerably above its long-term time de-trended range ($1.05-$1.11) and was at the 100th percentile of nonfat solids prices between January 2021 and December 2025. September NFS price was higher than all other NFS prices during that period.

  At $15.16/cwt, Class III price was well below its long-term time-detrended price range ($19.95 to $20.25/cwt) and at the 5th percentile of Class III prices between January 2021 and December 2025.

  The Class IV price ($20.54/cwt) was above its long-term time detrended range ($19.41 to $19.71/cwt) and at the 64th percentile of Class IV prices between January 2021 and December 2025.

  In short, prices of butterfat and Class III were very low, price of protein was low, prices of other solids and Class IV were high, and price of nonfat solids was extremely high.

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

	October 2026	September 2026	Change (Oct vs. Sept)	October 2025	Change (O '26 vs. O '25)
Cheese Blocks($/lb)	1.444	1.558	-0.113	1.738	-0.294
Butter ($/lb)	1.365	1.446	-0.081	1.734	-0.369
Nonfat Dry Milk ($/lb)	2.008	1.789	+0.219	1.160	+0.848
Dry Whey ($/lb)	0.719	0.669	+0.050	0.593	+0.126
Butterfat ($/lb)	**1.38**	**1.48**	**-0.10**	**1.83**	**-0.45**
Protein ($/lb)	**2.40**	**2.66**	**-0.26**	**2.88**	**-0.48**
Other Solids ($/lb)	**0.47**	**0.41**	**+0.05**	**0.34**	**+0.13**
Nonfat Solids ($/lb)	**1.75**	**1.53**	**+0.22**	**0.91**	**+0.84**
Class III ($/cwt)	**15.16**	**16.04**	**-0.88**	**16.91**	**-1.75**
Class IV ($/cwt)	**20.54**	**18.94**	**+1.60**	**14.20**	**+6.34**

- The USDA released its *Dairy Products report* for the month of September 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. Hence, the percentage change between August and September 2026 in our report differ from those found in the USDA report because the USDA does not account for differences in the number of days between months..

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

As for cheese, the daily production of American-style cheeses was down from last year, but marginally up compared to August. Cheddar daily output was down both compared to last year and to August '26. 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 and August '26.

Daily butter production surged in September, both compared to last year and August '26. Butter is not piling up in U.S. warehouses, but the additional butter produced must find a belly and this belly happens to be in a foreign country. Foreign markets require U.S. butter be sold at a discount compared to Kiwi and European butter because the U.S. is simply not considered to be a reliable butter exporter.

The balance of the USDA report is summarized in Table 6.

Table 6. USDA Dairy Products Report, September 2026 (amounts are in million pounds *per day*).

	September 2026 (million lbs/d)	% Change from September 2025	% Change from August 2026
Cheese			
Total Cheese	41.102	+0.7	+0.8
American-style	15.475	-2.5	+0.3
Cheddar	10.341	-4.2	-1.9
Italian-style	18.194	+4.7	+0.9
Mozzarella	14.153	+4.4	+0.1
Butter	6.800	+10.9	+12.5
Dry Milk Products			
Nonfat Dry Milk	4.314	+3.7	+3.6
Skim Milk Powder	0.637	-58.8	-31.6
Combined	4.951	-13.3	-2.9
Whey and Lactose Products			
Dry Sweet Whey – Total	2.390	+3.8	+0.2
Whey Protein Concentrate	1.393	-2.7	-0.3
Whey Isolate	0.682	+8.9	+27.3
Lactose	3.068	-2.8	+0.1

- In last week's newsletter, I summarized milk collections reported by the European Union for the month of September. I indicated that the reported decline of 0.28% in total collections compared to September 2025 was likely to be amended since 4 countries (Italy, Poland, Spain and Sweeden) clearly had not completed their September 2025 report yet. Some changes have already been made to the report since last Friday. As of now, milk collections in September '26 totaled 11,815,000 metric tons (26.046 billion pounds), down 118,000 metric tons (260 million pounds) or 0.99% from September 2025. I expect additional revisions to be made in the next few weeks.