

Weekly Update

Date: September 26, 2025
To: CDI Member-Owners
From: CDI Staff
Subject: CDI Weekly Update

COMMODITY MARKETS

Butter – Spot butter pricing settled Friday at \$1.7200 down 3¢ from prior week. Both spot and futures pricing felt pressure to start the week as the USDA released unsupportive August milk production data on Monday afternoon. Spot settled at \$1.62 on Wednesday before a healthy bid stepped in and pushed market back off its lows to end the week. Net, the forward curve shed 5-11¢ versus prior week. After today's close August butter stocks were reported at 306MM lbs (down 5.7% YoY) which was short of industry expectations. The stock data could provide further upward momentum on the open next week, but market participants will be wary of

getting too bullish given elevated milk production levels.

Cheese – Spot block cheddar traded down 2.5¢ to \$1.6250 this week. The forward curve shifted 2-4¢ lower. EU cheese pricing has seen sustained pressure and is competitive against US pricing for exports, which will either put downward pressure on the CME or limit export opportunity into Q1 '26. August cheese stocks were up 1.7% YoY, as domestic inventories remain well supplied. Milk production growth in August was led largely by areas that have upcoming cheese capacity expansion, which will

National Dairy Product Sales Report (NDPSR)		
	Wk Ending 9/20/2025	Last Week
Butter	\$1.9838	\$2.1400
Block Cheddar	\$1.7882	\$1.8428
Nonfat Dry Milk	\$1.2546	\$1.2715
Dry Whey	\$0.5800	\$0.5800
The NDPSR is USDA's survey of U.S. sales prices from the previous week. These are used to calculate FMMO prices. CME markets are discussed below as a near-term market indicator.		

Projected/Actual Milk Prices (Actual Bold, Estimate <i>Italicized</i>)					
	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
Advance Price (cwt)	\$ 17.24	\$ 16.38	\$ 14.88	\$ 14.99	\$ 15.62
Butterfat Price (lb)	\$ 2.2008	\$ 1.9531	\$ 1.9916	\$ 2.1014	\$ 2.1348
Protein Price (lb)	\$ 2.6954	\$ 2.6252	\$ 2.4480	\$ 2.3279	\$ 2.3572
Other Solids Price (lb)	\$ 0.3226	\$ 0.3612	\$ 0.3535	\$ 0.3252	\$ 0.3012
LA County PPD (cwt)	\$ (0.03)	\$ (0.56)	\$ (0.14)	\$ 0.55	\$ 0.54
Tulare County PPD (cwt)	\$ (0.63)	\$ (1.16)	\$ (0.74)	\$ (0.05)	\$ (0.06)
Tulare Co. Blend* (cwt)	\$ 16.97	\$ 15.58	\$ 15.57	\$ 16.60	\$ 16.66
FMMO Class III	\$ 17.60	\$ 16.75	\$ 16.30	\$ 16.65	\$ 16.73
FMMO Class IV	\$ 16.38	\$ 14.88	\$ 14.99	\$ 15.62	\$ 15.76
Next Two Payment Dates	September 30, 2025 (September Advance) October 20, 2025 (September Final)* <i>*October 19 falls on a weekend</i>				
<i>*Blend price is after the PPD is accounted for, before the Quota Assessment, and is based on "standard" milk with 3.5% BF, 2.99% Pro and 5.69% OS</i>					

contribute to supply-side growth in coming months and limit upside on pricing.

Powder – Spot NFDM pricing settled at \$1.1475, up 0.75¢ versus last week. In turn, the forward curve added 1¢. NZ SMP prices held steady in this week's Pulse event, while EU pricing saw continued softening. International and domestic milk production growth combined with a tepid demand environment should keep a lid on pricing in the near-term.

DAIRY-REVENUE PROTECTION, AVAILABLE THROUGH CDI INSURANCE SERVICES (9/25/2025)

- Class III**
- 1st Quarter 2026: \$16.02 floor for \$0.27/cwt
 - 2nd Quarter 2026: \$16.15 floor for \$0.35/cwt
 - 3rd Quarter 2026: \$16.48 floor for \$0.42/cwt
 - 4th Quarter 2026: \$16.56 floor for \$0.48/cwt
 - 1st Quarter 2027: \$16.63 floor for \$0.54/cwt

- Class IV**
- 1st Quarter 2026: \$15.02 floor for \$0.19/cwt
 - 2nd Quarter 2026: \$15.99 floor for \$0.31/cwt
 - 3rd Quarter 2026: \$16.80 floor for \$0.47/cwt
 - 4th Quarter 2026: \$16.87 floor for \$0.54/cwt
 - 1st Quarter 2027: Not Offered

MILK PRODUCTION

- **U.S. Milk Production, August 2025:** 19.52 billion pounds, or 629.7 million pounds/day (+3.2% YOY)
- **California Milk Production, August 2025:** 3.44 billion pounds, or 110.9 million pounds/day (+1.7% YOY)
- **CDI Milk Production, August 2025:** 1.41 billion pounds, or 45.6 million pounds/day (+0.8% YOY)

Did you know... that U.S. milk production has now grown by more than 3 percent year-over-year in each of the past three months? In fact, after a significant revision in the figures for July, U.S. production was up 4.3 percent year-over-year (August came in at 3.3 percent). Looking back two years (as a few regions of the country were seeing some production impacts of HPAI last summer), both July and August were still up about 4 percent from July/August 2023 (with stronger average components in 2025). Bottom line is that U.S. milk production has taken a big step upward in the past several months, something that has clearly impacted both spot and futures markets now and into 2026. Two-year comparison will be important the rest of 2025 and into 2026, as California will be lapping some very low production months due to the extreme HPAI impact last Fall/Winter.