

Weekly Update

Date: January 2, 2026
To: CDI Member-Owners
From: CDI Staff
Subject: CDI Weekly Update

COMMODITY MARKETS

Butter – Spot butter pricing settled Friday at \$1.3750, down 2.75¢ from prior week and marking the lowest daily spot price since February 11th, 2021 (\$1.3250). Forward curve response was relatively muted with

nearby contracts trading sideways and Q2 '26 contracts trading down 1-2¢. Cream multiples have begun their seasonal decline, with Central multiples trading below 5-year average. Between softening cream demand and continued milk production growth, the near-term supply outlook appears burdensome. US export demand should continue to be strong as the US still offers the most competitive price, but domestic demand will have to improve counter-seasonally in the

coming weeks if the market is going to see a bounce.

Cheese – Spot block cheddar traded up 5.50¢ to \$1.3900 while futures have continued to press lower, shedding 1-3¢ through EOY 2026. Milk production in the Midwest has been impressive while demand has been weak due to holiday downtime.

Powder – Spot NFDM pricing settled at \$1.1750, down 0.50¢ versus last week as the forward curve fell 1-2¢ through May '26. GDT Pulse was slightly supportive with

National Dairy Product Sales Report (NDPSR)		
	Wk Ending 12/27/2025	Last Week
Butter	\$1.4877	\$1.5285
Block Cheddar	\$1.4352	\$1.5043
Nonfat Dry Milk	\$1.1495	\$1.1550
Dry Whey	\$0.6892	\$0.6986

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 Italicized)					
	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Advance Price (cwt)	\$ 13.89	\$ 13.64	\$ 13.50	\$ 13.64	\$ 14.20
Butterfat Price (lb)	\$ 1.5761	\$ 1.5147	\$ 1.5438	\$ 1.7203	\$ 1.7957
Protein Price (lb)	\$ 2.4563	\$ 2.2847	\$ 2.3899	\$ 2.3122	\$ 2.3681
Other Solids Price (lb)	\$ 0.4352	\$ 0.4568	\$ 0.4282	\$ 0.3895	\$ 0.3947
LA County PPD (cwt)	\$ (0.37)	\$ (0.15)	\$ (0.51)	\$ (0.08)	\$ (0.22)
Tulare County PPD (cwt)	\$ (0.97)	\$ (0.75)	\$ (1.11)	\$ (0.68)	\$ (0.82)
Tulare Co. Blend* (cwt)	\$ 14.89	\$ 14.47	\$ 14.38	\$ 14.96	\$ 15.29
FMMO Class III	\$ 15.86	\$ 15.22	\$ 15.50	\$ 15.64	\$ 16.11
FMMO Class IV	\$ 13.64	\$ 13.50	\$ 13.64	\$ 14.20	\$ 14.51
Next Two Payment Dates	January 20, 2026 (December Advance)* February 2, 2026 (December Final)**				
	*January 19 falls on a banking holiday **January 31 falls on a weekend				

**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*

both WMP + SMP trading higher from the last full event. The US is offering the least competitive price of major global origins, which will limit near-term upside.

DAIRY-REVENUE PROTECTION, AVAILABLE THROUGH CDI INSURANCE SERVICES (1/2/2026)

<p>Class III</p> <ul style="list-style-type: none"> • 2nd Quarter 2026: \$15.67 floor for \$0.23/cwt • 3rd Quarter 2026: \$16.62 floor for \$0.35/cwt • 4th Quarter 2026: \$16.65 floor for \$0.43/cwt • 1st Quarter 2027: \$16.12 floor for \$0.45/cwt • 2nd Quarter 2027: \$16.30 floor for \$0.53/cwt 	<p>Class IV</p> <ul style="list-style-type: none"> • 2nd Quarter 2026: \$14.02 floor for \$0.19/cwt • 3rd Quarter 2026: \$14.79 floor for \$0.29/cwt • 4th Quarter 2026: \$15.28 floor for \$0.40/cwt • 1st Quarter 2027: \$15.34 floor for \$0.47/cwt • 2nd Quarter 2027: \$15.34 floor for \$0.53/cwt
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MILK PRODUCTION

- **U.S. Milk Production, November 2025:** 18.79 billion pounds, or 626.3 million pounds/day (**+4.5% YOY**)
- **California Milk Production, November 2025:** 3.33 billion pounds, or 110.4 million pounds/day (**+10.4% YOY**)
- **CDI Milk Production, November 2025:** 1.38 billion pounds, or 45.9 million pounds/day (**+14.7% YOY**)

Did you know...that in mid-December, an organization called "Abandoned Atlas Foundation" published a video called "The Rise & Fall of Ontario's Dairy Farms"? For any of you who were either raised in the Southern California dairy industry (specifically LA County and later the Chino/Ontario region) or have connections with those who were, it's an interesting 32-minute video that gives a snapshot of what drove the growth of milk production in those areas, and later drove the exodus. You can find the video on YouTube by clicking [HERE](#).