

Weekly Update

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Date: January 9, 2026
To: CDI Member-Owners
From: CDI Staff
Subject: CDI Weekly Update

COMMODITY MARKETS

Butter – Spot butter pricing settled Friday at \$1.3000, down 7.50¢ from prior week as it continues to approach the lowest daily spot price since February 10th, 2021 (\$1.2800). The forward curve has continued to erode with the January contract falling 7¢ and deferred contracts falling 2-5¢. Butter production was slightly below expectations in November (up 9.5% YoY) and exports have remained healthy. However, it seems likely that much of the available cream in holiday season went to producing domestic butter which is keeping downward

pressure on the market heading into New Crop.

Cheese – Spot block cheddar traded down 7.50¢ to \$1.3150, which is the lowest daily spot price since June 27th, 2023 (\$1.3100). January futures pricing fell 4¢, while the deferred contracts fell 1¢. Milk remains ample in the Midwest; however, demand is increasing as schools re-open post holidays. At current pricing, US origin cheese should be competitive in export markets, which could provide support if global pricing remains

| National Dairy Product Sales Report (NDPSR) | | |
|---|--------------------|-----------|
| | Wk Ending 1/3/2026 | Last Week |
| Butter | \$1.4341 | \$1.4879 |
| Block Cheddar | \$1.4174 | \$1.4350 |
| Nonfat Dry Milk | \$1.1654 | \$1.1497 |
| Dry Whey | \$0.7040 | \$0.6892 |
| 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 | \$ 13.44 | \$ 14.02 | \$ 14.65 |
| Butterfat Price (lb) | \$ 1.5761 | \$ 1.4281 | \$ 1.4923 | \$ 1.6861 | \$ 1.7684 |
| Protein Price (lb) | \$ 2.4563 | \$ 2.2634 | \$ 2.3636 | \$ 2.2870 | \$ 2.3550 |
| Other Solids Price (lb) | \$ 0.4352 | \$ 0.4488 | \$ 0.4127 | \$ 0.3612 | \$ 0.3689 |
| LA County PPD (cwt) | \$ (0.32) | \$ 0.35 | \$ 0.11 | \$ 0.46 | \$ 0.17 |
| Tulare County PPD (cwt) | \$ (0.92) | \$ (0.25) | \$ (0.49) | \$ (0.14) | \$ (0.43) |
| Tulare Co. Blend* (cwt) | \$ 14.94 | \$ 14.55 | \$ 14.65 | \$ 15.14 | \$ 15.39 |
| FMMO Class III | \$ 15.86 | \$ 14.80 | \$ 15.14 | \$ 15.27 | \$ 15.82 |
| FMMO Class IV | \$ 13.64 | \$ 13.44 | \$ 14.02 | \$ 14.65 | \$ 14.84 |
| 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 | | | | | |

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Powder – Spot NFDM pricing settled at \$1.2650, up 9.00¢ versus last week as the forward curve has appreciated 2-6¢ through EOY 2026. GDT Event 395 was supportive as the auction index pricing saw first increase since August '25. WMP + SMP saw significant pricing increases as demand outpaced supply on offer. Some support could be attributable to a major recall of infant formula this week that will create a pull on spot product in order to replace product on shelves.

DAIRY-REVENUE PROTECTION, AVAILABLE THROUGH CDI INSURANCE SERVICES (1/9/2026)

- Class III**
- 2nd Quarter 2026: \$15.51 floor for \$0.21/cwt
 - 3rd Quarter 2026: \$16.65 floor for \$0.32/cwt
 - 4th Quarter 2026: \$16.67 floor for \$0.38/cwt
 - 1st Quarter 2027: \$16.06 floor for \$0.42/cwt
 - 2nd Quarter 2027: \$16.26 floor for \$0.50/cwt

- Class IV**
- 2nd Quarter 2026: \$14.33 floor for \$0.19/cwt
 - 3rd Quarter 2026: \$15.05 floor for \$0.30/cwt
 - 4th Quarter 2026: \$15.47 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

Did you know... that on Monday (January 12th), USDA is expected to announce updates to the Dairy Margin Coverage (DMC) program and open the enrollment period for producers? Under the "Big Beautiful Bill," there are a couple changes to the program: (1) Production history for participating dairies will be updated to the highest annual production level from 2021, 2022 or 2023 calendar years; and (2) Production eligible to enroll in "Tier 1" coverage will include the first 6 million pounds of Production History (up from 5 million pounds previously). Like previous versions of the program, producers will have an opportunity to lock in their elections for the duration of the current program (January 2026 – December 2031) and secure a 25% discount on the premiums. So keep an eye out for the announcement, and your FSA office should be able to help get you enrolled.