

Weekly Update

Date: July 24, 2026
To: CDI Member-Owners
From: CDI Staff
Subject: CDI Weekly Update

COMMODITY MARKETS

Butter – Spot butter settled at \$1.5075/lb. on Friday, down 8.25¢ from last week. Futures fell sharply, with Aug '26 to Mar '27 contracts dropping 6.5–13¢. Milk supplies were plentiful in June, up 2.3% from a year ago, marking a year and a half of annual gains as the national herd grew to its largest size since Q4 1992. Meanwhile, June butter stocks came in 6.6% below last year, with that deficit narrowing to its smallest since November 2025.

Projected/Actual Milk Prices (Actual Bold, <i>Estimate Italicized</i>)					
	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26
Advance Price (cwt)	\$ 15.98	\$ 15.78	\$ 16.65	\$ 16.67	\$ 16.62
Butterfat Price (lb)	\$ 1.6806	\$ 1.6189	\$ 1.6791	\$ 1.6867	\$ 1.7593
Protein Price (lb)	\$ 2.3836	\$ 2.8481	\$ 2.8391	\$ 2.8796	\$ 2.7894
Other Solids Price (lb)	\$ 0.3983	\$ 0.4225	\$ 0.4410	\$ 0.4488	\$ 0.4488
LA County PPD (cwt)	\$ 2.61	\$ 0.84	\$ 0.30	\$ 0.13	\$ 0.36
Tulare County PPD (cwt)	\$ 2.01	\$ 0.24	\$ (0.30)	\$ (0.47)	\$ (0.24)
Tulare Co. Blend* (cwt)	\$ 17.79	\$ 17.42	\$ 17.17	\$ 17.20	\$ 17.40
FMMO Class III	\$ 15.78	\$ 17.18	\$ 17.48	\$ 17.68	\$ 17.64
FMMO Class IV	\$ 18.41	\$ 16.65	\$ 16.67	\$ 16.62	\$ 16.95
Next Two Payment Dates	July 31, 2026 (July Advance) August 19, 2026 (July Final)				
*Blend Price is <i>after</i> the PPD is accounted for, <i>before</i> the Quota Assessment, and is based on "standard" milk with 3.5% BF, 3.18% Pro, and 5.79% OS					

U.S. cheese may weaken in the coming months, as Tuesday's GDT auction showed New Zealand cheddar dipped below CME blocks for the first time since September 2024.

Powder – Spot NFDM settled at \$1.4025/lb., down 6.75¢ from last Friday. Futures followed suit, with Aug '26 to Dec '26 contracts averaging 5¢ lower. This week, spot NFDM fell to its lowest value since January 28th. U.S. prices are just a few cents higher than the global market, and with strong production out of New Zealand and Europe, there should be plenty of powder to meet global demand. Following lower NFDM and butter prices, the Class III/IV futures spread has shifted in recent weeks; with Class IV values now below Class III, lower PPDs are projected in the months ahead.

DAIRY REVENUE PROTECTION, AVAILABLE THROUGH CDI INSURANCE SERVICES (7/23/2026)

- Class III**
- 4th Quarter 2026: \$16.87 floor for \$0.32/cwt
 - 1st Quarter 2027: \$16.64 floor for \$0.39/cwt
 - 2nd Quarter 2027: \$16.71 floor for \$0.43/cwt
 - 3rd Quarter 2027: \$16.96 floor for \$0.49/cwt
 - 4th Quarter 2027: \$17.06 floor for \$0.56/cwt

- Class IV**
- 4th Quarter 2026: \$16.20 floor for \$0.33/cwt
 - 1st Quarter 2027: \$16.65 floor for \$0.56/cwt
 - 2nd Quarter 2027: \$17.38 floor for \$0.65/cwt
 - 3rd Quarter 2027: \$17.13 floor for \$0.56/cwt
 - 4th Quarter 2027: \$16.75 floor for \$0.64/cwt

MILK PRODUCTION

- U.S. Milk Production, June 2026: 19.71 billion pounds, or 656.8 million pounds/day (+2.3% YOY)
- California Milk Production, June 2026: 3.44 billion pounds, or 114.6 million pounds/day (+0.2% YOY)
- CDI Milk Production, June 2026: 1.42 billion pounds, or 47.4 million pounds/day (+0.1% YOY)

Did you know... that the State Department [announced](#) this week a new two-year, \$100 million partnership with Operation End Starvation to fight severe acute malnutrition in children around the world, part of a bigger wave of U.S. humanitarian nutrition funding. This matters for dairy because some of this aid comes in the form of Ready-to-Use Therapeutic Foods (RUTFs), and we've been pushing for years to get U.S. milk powder built into these formulations. More funding for RUTFs means more demand for U.S. dairy ingredients.

National Dairy Product Sales Report (NDPSR)		
	Wk Ending 7/18/2026	Last Week
Butter	\$1.6439	\$1.6625
Cheddar Cheese	\$1.4921	\$1.4957
Nonfat Dry Milk	\$1.6432	\$1.7059
Dry Whey	\$0.6530	\$0.6472
<i>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.</i>		

Cheese – Spot block cheddar declined 2¢ this week, settling at \$1.6075/lb. on Friday, with Aug '26 through Dec '26 futures falling 4–6¢. June cheese inventories were down 0.8% from last year but were up counter-seasonally from May (+1.1%). Class III spot milk basis in the Upper Midwest this week climbed to its highest average since September 2024, as summer heat limits milk availability in the central U.S. That said, international demand for