

Weekly Update

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

COMMODITY MARKETS

Butter – Spot butter settled at \$1.3400/lb. on Friday, down 6¢ from last week. Futures over the next twelve months declined 6–9¢. Butter prices are extremely depressed for this time of year, with Friday's spot price closing at the lowest October value since 2009. USDA reported the average butterfat test at 4.20% in August, up from 4.16% a year ago. Combined with stronger milk production, total butterfat pounds rose 21 million pounds year-over-year (+2.7%) in August, with year-to-date levels up 3.5%. Ample butterfat has kept churns busy and supplies plentiful, weighing on prices heading into the holiday season.

Projected/Actual Milk Prices (Actual Bold, <i>Estimate Italicized</i>)					
	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27
Advance Price (cwt)	\$ 16.64	\$ 16.04	\$ 15.15	\$ 15.97	\$ 16.32
Butterfat Price (lb)	\$ 1.4762	\$ 1.3752	\$ 1.3900	\$ 1.4142	\$ 1.4626
Protein Price (lb)	\$ 2.6619	\$ 2.3683	\$ 2.5277	\$ 2.5797	\$ 2.5898
Other Solids Price (lb)	\$ 0.4147	\$ 0.4822	\$ 0.5286	\$ 0.5438	\$ 0.5286
LA County PPD (cwt)	\$ 1.30	\$ 2.09	\$ 2.26	\$ 2.26	\$ 1.99
Tulare County PPD (cwt)	\$ 0.70	\$ 1.49	\$ 1.66	\$ 1.66	\$ 1.39
Tulare Co. Blend* (cwt)	\$ 16.74	\$ 16.64	\$ 17.64	\$ 17.97	\$ 17.82
FMMO Class III	\$ 16.04	\$ 15.15	\$ 15.97	\$ 16.32	\$ 16.43
FMMO Class IV	\$ 18.94	\$ 20.45	\$ 20.78	\$ 20.17	\$ 19.83
Next Two Payment Dates	October 19, 2026 (September Final) November 2, 2026 (October Advance)*				
	*October 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, 3.18% Pro, and 5.79% OS					

cheese supplies and built stocks. While U.S. cheese remains discounted to global markets, exports account for only about 11% of U.S. cheese demand, leaving sluggish domestic demand to weigh on the market amid soft restaurant traffic, high fuel and freight costs, and broader economic pressures.

Powder – Spot NFDM climbed 5¢ this week to \$2.2200/lb. on Friday, its highest price since May 19 and just 7.5¢ below the May 7 record of \$2.2950/lb. The supply side has been the primary driver of this rally, as skim solids remain tight amid continued strong demand for high-protein products, including ultrafiltered milk, cottage cheese, and yogurt. Futures also strengthened across the forward curve, with Nov '26 to Oct '27 contracts rising 8–11¢.

DAIRY REVENUE PROTECTION, AVAILABLE THROUGH CDI INSURANCE SERVICES (10/2/2026)

Class III	• 1 st Quarter 2027: \$15.87 floor for \$0.25/cwt	Class IV	• 1 st Quarter 2027: \$18.62 floor for \$0.55/cwt
	• 2 nd Quarter 2027: \$16.35 floor for \$0.37/cwt		• 2 nd Quarter 2027: \$18.15 floor for \$0.66/cwt
	• 3 rd Quarter 2027: \$16.67 floor for \$0.44/cwt		• 3 rd Quarter 2027: \$17.94 floor for \$0.72/cwt
	• 4 th Quarter 2027: \$16.66 floor for \$0.44/cwt		• 4 th Quarter 2027: \$17.91 floor for \$0.72/cwt
	• 1 st Quarter 2028: \$16.35 floor for \$0.51/cwt		• 1 st Quarter 2028: Not Offered

Did you know...that the Capacity Shortage Surcharge (CSS) that's been in effect since January was terminated by the Board this week? Please note that under the CDI Bylaws, the Board can initiate a *new* CSS at any time; and if that happens, the Bylaws require that the most recent calendar month be the baseline for calculating exempt volumes. Therefore, if the Board takes such action in October 2026, each member's production in September 2026 would be the basis of their calculated exempt volume. Stated bluntly, additional milk production does not guarantee any additional exempt volume under the CSS or additional allocations for future programs, and in fact could create further exposure under a future CSS. Members should proceed with caution.

National Dairy Product Sales Report (NDPSR)		
	Wk Ending 9/26/2026	Last Week
Butter	\$1.3871	\$1.4412
Cheddar Cheese	\$1.4958	\$1.5435
Nonfat Dry Milk	\$1.8727	\$1.7966
Dry Whey	\$0.6752	\$0.6727
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.		