



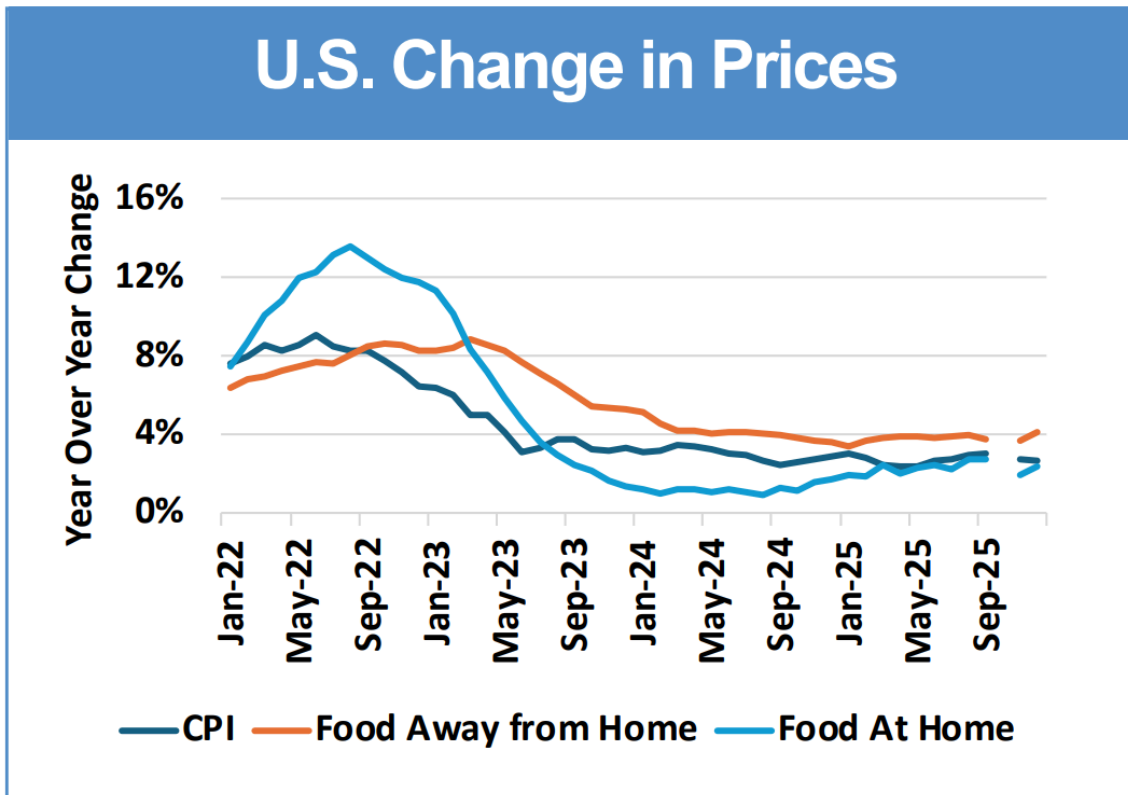
## MARKET NEWS

Daily Dairy Report | January 13, 2026

### Menu Prices Keep Rising

Consumer prices were 2.7% higher than a year ago in December, according to data released today by the U.S. Bureau of Labor Statistics (BLS). The increase in headline inflation was close to what analysts had expected, partially quelling concerns about massive price increases in the wake of tariffs imposed last year.

However, menu prices continued to rise faster than headline inflation. Compared to the prior month, the cost of food consumed outside the home jumped 0.7% in December, the largest increase since late 2022 when soaring inflation dominated the headlines. This increase brought year-over-year inflation for the category to 4.1%, the largest rise in nearly a year and a half. Higher prices have discouraged consumers from eating out. More than half of restaurant operators polled by the National Restaurant Association reported that compared with prior year, their customer traffic declined in November, the 10th consecutive month a net decline was posted. While higher same-store sales, brought about by rising menu prices, have helped stem the financial impact of lower traffic, the outlook for the foodservice sector remains grim.



Grocery prices also notched the largest month-over-month bump since 2022 with prices up 0.7% compared to November. However, the price of food at home was just 2.4% above prior-year levels, less than overall inflation. Elevated prices for beef, coffee, and produce were primarily responsible for the increase. Meanwhile, dairy prices as reported by the BLS were 0.9% above the prior month but 0.9% below the prior year.

Prevailing price dynamics will likely keep motivating people to eat relatively more meals at home rather than at restaurants. This will continue to be a challenge for the dairy industry,

which depends on cheese and butter-laden dishes to form a cornerstone of domestic consumption. While milk production remains abundant, relatively weak demand from the foodservice sector will continue to be a drag on consumption and, in turn, dairy prices.

## NMPF DAIRY MARKET REPORT

Volume 28 | Issue 12 | December 2, 2025

***Falling milk prices spurred largely by an imbalance between milkfat supply and demand have continued in recent months and may continue into 2026.***



U.S. fluid milk sales in October were just 0.1% lower than a year earlier. Total domestic commercial use of milkfat was down moderately from a year earlier during June-August, while total skim solids use rose by 3%. U.S. exports of butter and American-type cheese were up by triple-digit percentages during July-September. Total U.S. milkfat production grew by 5.5% from a year earlier during August-October, almost two percentage points faster than liquid milk production during the same period. U.S. cheddar cheese production rose 3.2% year-over-year during August-October, down considerably from its 8.8% annual growth rate during May-July.

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## USDA DAIRY MARKET NEWS

January 9, 2026

**CHEESE HIGHLIGHTS:** In the East region, cheese production remains balanced as plants run steady schedules following the holiday period. Retail demand is holding firm, while bulk movement remains softer. Inventories are manageable, and export interest is steady. Across the Central region, milk output is strong, and spot volumes are readily available as operations normalize. Cheesemakers continue to run full schedules to absorb available milk supplies. Domestic cheese demand is steady, with barrel movement improving, while curd sales lag. Export interest remains steady, and spot cheese loads are available. Cheese activity in the West is steady as manufacturers receive contractual milk volumes and maintain consistent production schedules. Spot milk availability is adequate, though demand for additional loads remains light. Retail demand is steady to slightly lighter, while export demand holds steady with limited spot tightness for select varieties.

**BUTTER HIGHLIGHTS:** Stakeholders described domestic butter demand this week as stronger in the East region, steady in the Central region, and steady or strong in the West region. Export butter demand is steady in the East region and strong elsewhere in the country. Cream loads are readily available for Class IV manufacturers. Spot cream load demand from butter makers is mixed. Butter churning is busy as butter makers are running strong production seven days a week. Although some butter producers convey their inventories are lower than they would like, 80 percent butterfat butter loads are available. 82 percent butterfat butter loads are tight. Bulk butter overages range from 2 cents below to 5 cents above market across all regions.

**FLUID MILK:** Farm level milk output is seasonally strong nationwide. Milk is considered plentiful by contacts in several regions. Milkfat levels are higher than this time last year and are providing ample amounts of cream for the market. Bottling production is resuming normal operations

**DRY PRODUCTS:** Nonfat dry milk (NDM) prices are trending higher this week, though the bottom of the price range was unchanged in the Central and East regions. Stakeholders noted stronger demand and tighter spot load availability. Dry buttermilk prices held steady in the West and price movements are mixed in the Central and East regions. For some manufacturers, dry buttermilk production is taking a back seat to NDM production. Dry whey prices are higher for the bottom ends of the Central and East region ranges. Prices for the top end of all three regions held steady. Dry whey inventories continue to be tight. Lactose prices increased this week. Stronger Q1 contractual sales activity is reported. Whey protein concentrate 34% prices are higher for the top of the range. Spot inventories narrowed this week. Dry whole milk prices were unchanged. Demand remained light. Acid and rennet casein prices were unchanged as well. Demand from buyers in some international regions is strengthening.

as educational institutions restart classes, tightening the spot market for milk, though spot loads are still readily available. Class II operations increased in some regions. Contacts reported an increase in spot purchases of cream for Class II. Class III production is steady to strong nationwide. Most cheesemakers are utilizing milk from within their network and are not actively purchasing spot volumes. Class III spot milk prices range from \$5-under to \$1-under Class. Class IV production is strong. Many butter plants are operating at or near full capacity. Many facilities are prioritizing drying non-fat dry milk amid higher demands and increased prices. Spot loads of cream are readily available in each region. Condensed skim demand improved this week, and spot loads are readily available. The bottom of the price range rose to \$0.80 while the top of the range stayed at flat Class price. Cream multiples for all Classes range: 1.00 – 1.25 in the East; 0.80 – 1.22 in the Midwest; 0.85 – 1.13 in the West.

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