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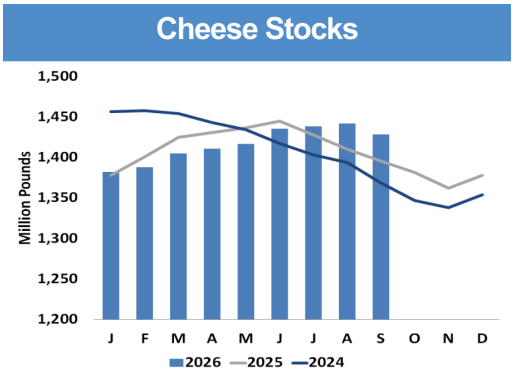
October 26, 2026

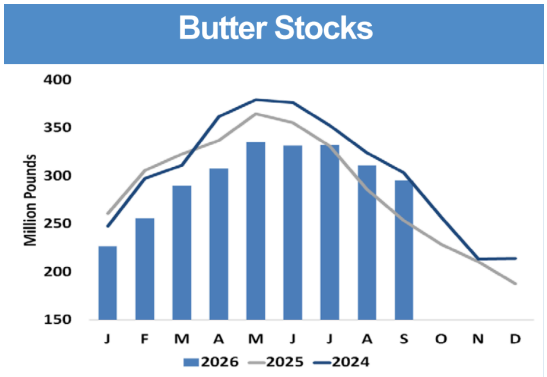
MARKET NEWS

Butter and Cheese Stocks Top Year-Ago Levels🧈

Daily Dairy Report | October 23, 2026

Butter inventories declined seasonally from August to September, but stocks were well above year-ago levels, according to USDA's Cold Storage report. Butter supplies typically wane in late summer and early fall when heat reduces cream production and boosts demand from other cream users, including ice cream makers. A hefty increase in cottage cheese and yogurt output also lapped up more of the cream supply. From August to September, butter stocks dropped 16 million pounds, the smallest early-autumn decline in four years. Sept. 30 inventories tallied 295.7 million pounds, up 16.5% from the year before. That's a stark turnaround from the year-over-year deficit logged in April 2025 through June 2026. Heading into the holiday baking season, the industry has more than enough butter on hand to meet domestic demand. That abundance has weighed heavily on the spot market. CME spot butter finished the week at $1.34/lb., toward the low end of the 2026 trading range.





Cheese inventories also declined seasonally. Stocks slipped to 1.43 billion pounds at the end of September, down 13.6 million pounds from August. Inventories of American-style cheeses, including Cheddar, accounted for the entire drawdown. American-style cheese inventories were 1.6% below prior-year volumes, but total cheese stocks were 2.4% greater than September 2025 inventories, due to an increase in the supply of other cheese varieties.

While there's plenty of cheese stashed in cold storage warehouses, much of it is aged. Supplies of 4- to 30-day-old Cheddar suitable for delivery at the CME spot market remain tight, and that has spurred the recent spike in spot cheese values. USDA's Dairy Market News confirmed reports of "quality issues" for a major cheese producer in the Central region. Customers who had planned to purchase this cheese have had to scramble to source it elsewhere, including at the CME spot market. They bid spot Cheddar blocks to $1.80/lb. on Tuesday, the highest price in nearly a year and up an astounding 53¢ from the low forged on Sept. 30. Spot Cheddar closed today at $1.735, still 37% higher than where it began the month.

But once the short-term shortage is solved, the cheese market will likely face many of the same pressures that dragged on prices this summer. Despite some downtime needed to

address the aforementioned cheese processing issue, all other dairy manufacturers—including other cheese facilities—have been running hard. This week processors paid as much as $4/ cwt. over class prices to secure spot loads of milk to top up their vats, churns, and dryers. That's the highest late-October spot milk premium in at least a decade. Robust demand for spot milk has been especially impressive in light of the significant growth in milk production revealed in yesterday's Milk Production report.

Traders on LaSalle Street clearly assume that greater milk output will lead to greater milk powder production. CME spot nonfat dry milk fell nearly 7¢ this week to $2.095, its lowest price in a month.

NMPF NEWS ALERT

- Last week, about 750 farmers and industry professionals joined NMPF in Kissimmee, FL, for the dairy Joint Annual Meeting. NMPF Chairman Brian Rexing and President & CEO Gregg Doud kicked things off with a look at where dairy stands and where it's headed. NMPF also welcomed High Desert Milk of Burley, ID, as its newest cooperative member.

- Both chambers of Congress are still out of session this week ahead of next Tuesday's midterm elections.

Doud, Scott & Geiger on dairy's future and the farm bill
Agri-Pulse Newsmakers – Oct. 23
This week's Agri-Pulse Newsmakers traveled to the dairy industry's joint annual meeting in Kissimmee, Florida. National Milk Producers Federation President and CEO Gregg Doud discusses the farm bill's outlook and what dairy farmers need from Washington. Dairy Management Inc.'s new president and CEO, Corey Scott, shares her vision for the dairy checkoff, while CoBank lead dairy economist Corey Geiger provides the market outlook heading into 2027.

'We're not done until dairy farms can keep a legal, stable workforce'
Dairy Herd Management – Oct. 26
Brian Rexing doesn't mince words when he talks about why he leaves his Indiana dairy farm to spend time in Washington, D.C. "It's right here," said the National Milk Producers Federation (NMPF) chairman at the organization's annual meeting, pointing to a photo of his adult children — including two who've chosen to stay in dairy farming. "It's not about me. The next generation is going to face challenges just like us, and we can't solve them all, but we've got to set them up to solve them."

Diesel prices creep up again eight days before Election Day
Agri-Pulse Daybreak (Starts at 06:28) – Oct. 26
American agriculture faces new economic headwinds just eight days before the Nov. 3 elections. At U.S. retail pumps, the average price of diesel crept up slightly to $6.35 a gallon on Sunday as geopolitical strife in the Middle East and Eastern Europe continue to squeeze global supplies.

What exactly are ultraprocessed foods?
PBS Newshour – Oct. 23
Significant delays in the Trump administration's effort to tackle the health risks of ultraprocessed foods have obstructed a pillar of Health Secretary Robert F. Kennedy Jr.'s "Make America Healthy Again" agenda and caused growing frustration inside and outside the government. More than 100 science, medical and nutrition experts signed and sent an open letter Friday to the Office of Management and Budget, urging the administration to release the first-ever government definition of ultraprocessed foods.

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