CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — **July 22, 2026** — except where noted

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Are the butterfat and protein prices misbehaving: The value of components determines the milk pay price for most Northeast dairy producers. Component prices have been much discussed in the past few months, with some observers suggesting that we now produce more butterfat than markets can absorb. It's true that the national average butterfat test of farm milk has grown from 3.6% to 4.3% in the past 15 years due to improvements in feeding and genetics, and further increases are projected. The protein test for milk has grown at about half the rate of butterfat during that time. A key question is whether these different growth rates have created an imbalance in component values with long-lasting effects, implying the need for major changes to feeding and breeding strategies.

To assess the current situation, it's important to remember where milk component values come from. For farms whose milk is priced by Federal Milk Marketing Orders, minimum regulated component values are determined each month based on the national average wholesale prices of butter, cheese, dry whey, and nonfat dry milk. These product prices are used in formulas (updated in June 2025) that account for product yields and the costs of making the products from farm milk to determine the component prices paid to farmers. So, milk component values move with dairy product prices as market conditions change over time.

Although the supply of butterfat increased by 41% since 2010 and nonfat solids by 23%, demand for these components increased at a similar rate due to growth in domestic and export markets. In fact, the price of butterfat has trended upward for the past 15 years, and the price of protein hasn't shown much trend.

For most of the past five years, the butterfat price has been higher than the protein price—sometimes by $2/lb or more. This relationship came to be considered normal, so when the protein price first exceeded the butterfat price in September 2025 and has remained higher since, it seemed unusual. It was seen as evidence that we were "producing too much butterfat."

Some industry analysts called for a fundamental rethinking of feeding and breeding strategies, focusing less on butterfat production and more on protein production. My university colleagues in dairy nutrition and genetics began to get many more calls asking them to do something to solve the "surplus butterfat problem." Reports from the Midwest indicated that some cheese manufacturers would not pay the full value of butterfat when the farm tested over 4.5% and some Northeast milk buyers have set a 5% threshold.

To gain perspective on where we are now, it's helpful to look back at the history of butterfat and protein values. From 2010 to 2025, the average annual price of butterfat was higher for 9 years, and the average annual price of protein was higher for 7 years. Thus, it's not that unusual for one component value to be larger than the other for extended periods and then for the relative values to switch. And why would cheese manufacturers not want to pay for milk with a test higher than 4.5%? This is because the protein-to-fat ratio is important in some cheesemaking, with an optimal ratio of about 0.9 for cheddar. Milk with 3.3% protein and 4.5% butterfat has a ratio much lower than that, which creates issues in making a cheddar cheese with the correct proportions of fat, protein, and water.

With high-butterfat test milk, cheese manufacturers need to add more protein—usually nonfat dry milk—to the cheese vat, increasing their costs. Thus, in this case, it's not so much that there is "too much butterfat" in farm milk; rather, there's a very specific economic issue for some cheesemakers.

So, what's the bottom line on component prices and management strategies? Under our current milk pricing system, all milk components continue to have value. t's true that butterfat values in 2026 have been lower than their long-term average of $2.32/lb, but protein prices are also lower than the long-term average this year. The current component prices reflect the general supply-and-demand balance for milk and components, which tends to follow a cycle of about three years.

To make informed management decisions, it's sensible to track milk component values (and feed prices) to determine whether the ingredients in the ration should be modified. Similarly, the most appropriate voluntary culling strategies will vary with market conditions, as will breeding decisions. However, long-term management changes to dramatically reduce butterfat test are unlikely to be beneficial for most dairy producers, even given current low butterfat prices.

Prices change daily. This market information is an example for educational purposes. The market data shown below are compiled weekly by Farmshine, via CME & USDA reports.

CME DAILY FUTURES & OPTIONS TRADING — JULY 22, 2026 AT THE CLOSE

CLASS III MILK FUTURES ($/CWT) vs. week ago: *July firm; Aug-Oct26 up $0.45 to $0.85; rest of board mostly firm to as much as $0.20 higher.* *12-Month Avg. 17.56* ⇈

CLASS IV MILK FUTURES ($/CWT) vs. week ago: *July firm; Aug-Dec26 dn $0.70 to $1.30; Jan-Feb27 dn $0.35-0.55; Mar-Jun27 weak to $0.10 lower.* *12-Month Avg. 17.66* ⇊

	JUL-26	AUG-26	SEP-26	OCT-26	NOV-26	DEC-26	JAN-27	FEB-27	MAR-27	APR-27	MAY-27	JUN-27	TREND
Class III	15.76	17.93	18.18	18.08	17.88	17.77	17.50	17.48	17.50	17.50	17.59	17.61	⇈
Class IV	18.40	16.75	16.70	17.23	17.02	17.57	17.55	17.65	18.10	18.20	18.40	18.46	⇊

CORN FUTURES ($/BU)

SEP-26	DEC-26	MAR-27	MAY-27	JUL-27	SEP-27	DEC-27	MAR-28	MAY-28	JUL-28	SEP-28	DEC-28	JUL-29	TREND
4.620	4.846	5.002	5.086	5.124	4.940	4.984	5.092	5.146	5.174	4.912	4.954	5.134	⇈

SOYMEAL FUTURES ($/TON)

JUL-26	AUG-26	SEP-26	OCT-26	DEC-26	JAN-27	MAR-27	MAY-27	JUL-27	AUG-27	SEP-27	OCT-27	DEC-27	TREND
314.5	331.6	329.6	328.4	332.9	335.0	335.7	336.6	338.6	337.1	334.8	331.5	333.5	⇈

U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - *Source: USDA Monthly National Dairy Comprehensive Report*

MAR-25	APR-25	MAY-25	JUN-25	JUL-25	AUG-25	SEP-25	OCT-25	NOV-25	DEC-25	JAN-26	FEB-26	MAR-26	APR-26	MAY-26	*JUN-26	
195.30	195.50	187.01	188.00	195.00	202.00	179.00	192.00	202.00	206.60	208.60	215.90	193.75	211.24	220.22	*233.00	⇈

DMC OFFICIAL GROSS MARGINS *per cwt(USDA All-Milk, corn, alfalfa & Ill. soybean, feed for ALL CLASSES of dairy cattle on farm)*

DMC	JAN-25	FEB-25	MAR-25	APR-25	MAY-25	JUN-25	JUL-25	AUG-25	SEP-25	OCT-25	NOV-25	DEC-25	JAN-26	FEB-26	MAR-26	APR-26	*MAY-26	
MARGIN	13.85	13.12	11.55	10.42	10.40	11.10	10.94	11.52	10.87	10.52	10.04	9.42	7.81	8.46	9.57	10.54	*10.62	⇈
ALL MILK	24.10	23.60	22.00	21.00	21.30	21.30	20.80	20.90	20.40	20.00	19.70	19.00	17.50	18.30	19.70	20.80	*21.30	⇈
FEED $	10.25	10.48	10.45	10.58	10.90	10.20	9.86	9.38	9.53	9.48	9.66	9.58	9.69	9.84	10.31	10.26	*10.68	⇈

DAIRY COMMODITIES - GLOBAL BIWEEKLY Internet Auction ($/LB) 07/21/26
Weighted Avg. 1 to 6 mo. FORWARD CONTRACTS per metric ton converted to $/LB
NEXT GDT AUCTION 08/04/26

ALL-PRODUCT INDEX	1.7309 ⇈	1.5%	SKIM POWDER (SMP)	1.4673 ⇈	2.8%
MILKFAT (AMF)	2.9061 ⇈	1.1%	BUTTER	2.4061 ⇊	0.6%
BUTTERMILK POWDER	2.1493 ⇈	10.5%	CHEDDAR(BULK)	1.6270 ⇊	6.5%
LACTOSE	0.7809 ⇈	2.0%	MOZZARELLA (BULK)	1.7877 ⇈	1.3%
			WHOLE POWDER (WMP	1.5817 ⇈	1.6%

U.S. CME SPOT DAILY ($/LB) 07/15/26

	Prev. 5 day Lds	Spot price	Weekly Avg
NFDM	48	1.4100 ⇊	1.4300 ⇊
BUTTER	48	1.5400 ⇊	1.5625 ⇊
CHEDDAR-40	9	1.6700 ⇈	1.6533 ⇈
CHEDDAR-500	10	1.6275 ⇈	1.6275 ⇈
DRY WHEY	1	0.7000NC	0.6975 ⇈

U.S. WEEKLY USDA NDPSR ($/LB) WK ENDING 07/18/26*

FMMO PROD	MIL. LBS	WTED AVG $
NFDM	22.3	1.6432 ⇊
BUTTER	3.8	1.6439 ⇊
CHEESE-40	8.4	1.4921 ⇊
CHEESE-500	REPORT ENDED	
DRY WHEY	7.3	0.6530 ⇈

**U.S. Weekly NDPSR is averaged for the Month & used in FMMO formulas.*

***NEW* USDA $/CWT* MAR-26**

	ALL-MILK	BF	*MAILBOX
*FL	$22.50	3.90	$21.95
*SE	$23.10	3.99	$21.23
*PAwestern PA only			$20.73
*OH	$21.20	4.33	$20.65
*NY	$20.60	4.48	$20.46
*N.ENG	$20.90	4.55	$20.22
*APP	$22.80	4.23	$20.12
*PAeast	$20.10	4.38	$19.59
*IN	$20.30	4.20	$19.57
*IL	$20.00	4.35	$19.43
*MI	$19.60	4.38	$19.16
*MN	$19.60	4.64	$19.13
*MO	N/A	N/A	$18.86
*U.S.	$19.70	4.39	$18.84
*WI	$19.10	4.39	$18.55
*IA	$19.30	4.56	$18.32
*TX	$20.10	4.54	$18.25
*WA/OR	$20.70	4.49	$18.11
*NE/KS	$18.70	4.54	$17.95
*CA	$19.00	4.28	$17.92
*NM	$18.60	4.25	$17.44
*SD	$19.50	4.76	N/A
*ID	$20.40	4.45	N/A

ANNOUNCED FEDERAL ORDER PRICES ($/CWT) NASS ALL-MILK ($/CWT)

	*CL I ADV ⇊	*CL I SKIM ⇊	CL II ⇈	CL III ⇊	CL IV ⇊	ALL-MILK-U.S	ALL-MILK-PA
Current	*18.76(AUG)	*13.88(AUG)	22.78(JUN)	15.98(JUN)	20.96(JUN)	21.30(MAY) ⇈ 4.31F	22.10(MAY) 4.25F
MONTH AGO	21.33	15.91	20.28	16.92	22.32	20.80 4.34F	21.20 4.29F
YEAR AGO	18.82	9.66	18.43	18.82	18.30	21.00 4.24F	21.30 4.16F

*AUG CL I Skim ESL Adj. *(-0.72) ⇈ *NEW RULE; *ADV BF $1.73 ⇈

CURRENT FEDERAL ORDER VALUES ($/LB) * = *NEW
WEIGHTED AVG. 4-WK JUNE 1-27, 2026

PRODUCT	VALUE	*(New Make Allow vs Old)		NET VALUE
CHEESE	1.5642 ⇊	*(0.2519)	0.2003	1.3123 ⇊
BUTTER	1.6227 ⇊	*(0.2272)	0.1715	1.3955 ⇊
NFDM	1.9327 ⇊	*(0.2393)	0.1678	1.6934 ⇊
DRYWHEY	0.6428 ⇈	*(0.2668)	0.1991	0.3760 ⇈

*JUNE 2026 COMPONENTS	
PROT	2.4553 ⇊
B.FAT	1.6900 ⇊
N.FAT	1.6765 ⇊
OS	0.3873 ⇈

U.S. AVG. BRED COWS & HEIFERS (3rd trimester) *per head as reported by USDA Monthly National Dairy Comprehensive Report*

U.S. AVG. FRESH/MILKING COWS *per head as reported by USDA Monthly National Dairy Comprehensive Report*

	MAY-25	JUN-25	JUL-25	AUG-25	SEP-25	OCT-25	NOV-25	DEC-25	JAN-26	FEB-26	MAR-26	APR-26	MAY-26	JUN-26
Bred cows & heifers	2650	N/A	N/A	N/A	2600	N/A	N/A	N/A	N/A	2750	N/A	N/A	N/A	N/A
Fresh/milking cows	3021	N/A	3010	N/A	N/A	N/A	N/A	N/A	N/A	2700	N/A	N/A	N/A	N/A

CATTLE - DAIRY PURPOSES($/HD) USDA and other auction reports combined 4-week rolling average as of JULY 15, 2026

MILK COWS (NASS) U.S. Avg.		MILKING	HEIFERS: Springing AVG.	Bred	BxD	OPEN: 300-600 lbs	BXD	600-900 lbs	BXD	900-1100 lbs	BULLS(800-1300lbs)
*$3130 Q1-26 ⇈	*$2890 Q4-25	3500	3900 small 3200	3300	3000	1800	N/A	2500	N/A	2600	2200
YEAR AGO											
$2860 Q1-26	$2660 Q4-24	3300	3000	2800		1600	N/A	2000	N/A	2300	1800

PA/NY Auctions, leaner cull cows up $5 to 10; July 16-21, 2026

CULL MARKET COWS ($/CWT LIVEWEIGHT

Price averages do not include lower-end 'common'

Average to high dressing

	Premium White	Breakers	Boners	Lean
Current	N/A	181.10 ⇊	170.00 ⇊	153.50 ⇈
WEEK AGO	N/A	181.75	175.85	153.00
YEAR AGO	N/A	152.50	147.25	137.50

		Holstein	Beef-X-Dairy	WK AGO		YR AGO	
FED STEERS ($/CWT LIVEWEIGHT) Choice & Prime	1250-1550 lb	N/A	223.00 LTD	N/A	225.00	195.00	235.60
BULL CALVES: No. 1 & 2	90-130 lbs	1050.00 ⇊	1525.00 ⇊	1150.00	1550.00	925.00	1325.00
($/cwt liveweight)	70- 85 lbs	1175.00 ⇊	1650.00 ⇊	1200.00	1700.00	925.00	1525.00