CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — OCT. 15, 2025 — except where noted

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October: Weakness prevails in the dairy markets as heavy supply, lackluster domestic demand, and increased export competition weigh on commodity prices. As it stands in mid-October, average first half 2026 Class III values are sitting around $16.75 per hundredweight, while Class IV is trending near $16.00.

Talk of heavier supply isn't new. U.S. milk production saw +3% to 4% gains year-over-year between June and August, and the growth may not stop there as USDA's latest count showed cow numbers up to the highest levels since 1993. The big question now: As milk prices downshift, will culling pick up and trim milk supply growth? History suggests that with high cull cow prices, producers may look to generate some cash while cutting herd numbers. However, a greater push toward beef-on-dairy breeding may slow some of those typical decisions. With high-valued, day-old calf prices helping to subsidize dairy incomes, will producers hold onto less productive cows longer for the calf revenue? It always takes longer than we think to see meaningful adjustments to milk supply as the margin picture changes, but this time, it might take even longer given the beef-on-dairy dynamics.

It's not just milk; we're making a lot of fat, too. That's weighing on cream and butter values heading into the holidays. Aug. fat tests came in at 4.16%, up from 4.10% in August 2024. Combined with +3.2% milk supply growth in August, daily farm-level butterfat production increased by +1.2 million pounds year-over-year. That's enough fat to make nearly 1.5 million extra pounds of butter per day in August versus 2024. There, too, the market is sending flashing red signals to slow down fat production at the farm. The levers, however, may be trickier to pull. Sure, producers can pull some ingredients out of the ration to ratchet down fat tests, but it's tough to reverse genetic progress.

There's been little issue filling new plant capacities in 2025 given the swift upswing in supply, but new processing capacity is not the only factor influencing heavy product availability. Soft domestic demand has played a significant role, ultimately keeping cheese supplies building in the cooler and available cream moving from typical ice cream routes into butter churns. Weak food service demand is partly responsible as persistent menu inflation appears to be stifling consumer appetites. Over the past several weeks, foot traffic into restaurants slipped notably lower. It's possible that more aggressive value offerings out of key restaurant chains will help to spur demand going forward, but for now, the trend is weaker. Retail is helping to pick up the slack some, but the figures are far from needle moving.

With more product on hand and fewer places to put it, U.S. dairy has become increasingly reliant on growing exports. And so far in 2025, exporters have been playing a winning hand with record cheese sales and growing butterfat exports. Can we keep up the pace? It wouldn't be a surprise to see cheese exports hold firm into year-end, but the outlook for early 2026 is concerning. With U.S. cheese exports expanding and ultimately stealing market share, supply in places like Europe is stacking up. We're seeing that play out in a major way in Europe as mozzarella values have slumped into the mid-$1.60s per pound from over $2.00 just a few weeks ago. We assume U.S. prices need to be 30 cents cheaper than Europe to win sales into places like Japan and South Korea. Today, U.S. block prices are sitting at about a nickel premium. Unless something drastically changes with domestic supply and demand dynamics, U.S. cheese prices will need to move lower to find exports. On the fat side, while we have seen some erosion in EU prices in recent weeks, U.S. prices are holding at a firm discount to the rest of the world. That should help support the bottom end of U.S. butterfat values.

How should producers think about risk management in a falling market? Play some margin defense. Talk to your risk management advisor about the tools available to you. Programs like Dairy Revenue Protection insurance and cooperative forward contracting can help limit downside risk on milk. There are tools available to manage feed and beef price risks, too.

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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 — OCT. 15, 2025 AT THE CLOSE

	OCT-25	NOV-25	DEC-25	JAN-26	FEB-26	MAR-26	APR-26	MAY-26	JUN-26	JUL-26	AUG-26	SEP-26	TREND
CLASS III MILK FUTURES ($/CWT) vs. wk ago: *Oct25 dn 30¢, Nov25-Feb26 dn 50-80¢, Mar-Jun26 dn 5-30¢, Jul-Sep26 firm to 20¢ higher.* *12-Month Avg. 16.85* ↓↓													
Class III	16.85	16.28	16.42	16.15	16.38	16.74	16.80	16.93	17.10	17.40	17.55	17.60	↓↓
CLASS IV MILK FUTURES ($/CWT) vs. wk ago: *Oct25-Mar26 down 30-60¢, Mar-Sep26 down 40-80¢.* *12-Month Avg. 15.98* ↓↓													
Class IV	14.25	14.28	14.60	14.85	15.30	15.93	16.36	16.65	17.00	17.46	17.45	17.60	↓↓

MILK BASIS (MAILBOX minus CLASS 3 $/CWT) **2018-23 AVG FOR NORTHEAST & MIDEAST STATES OF PA, NY, NEW ENGL.,OH vs.** *NAT'L AVERAGE* - *YOUR INDIVIDUAL BASIS WILL VARY*

Mailbox	20.20 19.76	20.58 20.17	20.25 19.64	19.22 18.75	18.82 18.25	18.96 18.48	18.64 18.27	18.52 18.15	18.68 18.38	18.65 18.35	18.62 18.41	19.27 18.75
Class III	18.72 18.72	19.07 19.07	17.30 17.30	16.81 16.81	16.03 16.03	16.98 16.98	17.31 17.31	17.33 17.33	18.16 18.16	18.16 18.16	17.59 17.59	17.60 17.60
BASIS	1.48 1.04	1.51 1.10	2.95 2.34	2.41 1.94	2.79 2.22	1.98 1.50	1.33 0.96	1.19 0.82	0.52 0.22	0.49 0.19	1.03 0.82	1.67 1.15

CORN FUTURES ($/BU)

DEC-25	MAR-26	MAY-26	JUL-26	SEP-26	DEC-26	MAR-27	MAY-27	JUL-27	SEP-27	DEC-27	JUL-28	DEC-28	TREND
4.166	4.322	4.410	4.470	4.434	4.546	4.676	4.746	4.780	4.604	4.630	4.810	4.666	↓↓

SOYMEAL FUTURES ($/TON)

DEC-25	JAN-26	MAR-26	MAY-26	JUL-26	AUG-26	SEP-26	OCT-26	DEC-26	JAN-27	MAR-27	MAY-27	JUL-27	TREND
275.9	279.6	285.0	290.3	295.6	297.4	298.6	299.1	303.2	305.6	308.8	312.4	316.6	↓↓

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

JUN-24	JUL-24	AUG-24	SEP-24	OCT-24	NOV-24	DEC-24	JAN-25	FEB-25	MAR-25	APR-25	MAY-25	JUN-25	JUL-25	AUG-25	*SEP-25
211.69	185.21	196.44	199.57	206.63	192.20	184.82	184.49	189.60	195.30	195.50	187.01	188.00	195.00	202.00	*179.00 ↓↓

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

DMC	APR-24	MAY-24	JUN-24	JUL-24	AUG-24	SEP-24	OCT-24	NOV-24	DEC-24	JAN-25	FEB-25	MAR-25	APR-25	MAY-25	JUN-25	JUL-25	*AUG-25
MARGIN	9.60	10.52	11.66	12.33	13.72	15.57	15.17	14.29	13.38	13.85	13.12	11.55	10.42	10.40	11.10	10.94	*11.52 ↑↑
ALL MILK	20.50	22.00	22.80	22.80	23.60	25.50	25.20	24.20	23.30	24.10	23.60	22.00	21.00	21.30	21.30	20.80	*20.90 ↑↑
FEED $	10.90	11.48	11.14	10.47	9.88	9.93	10.03	9.91	9.92	10.25	10.48	10.45	10.58	10.90	10.20	9.86	* 9.38 ↓↓

DAIRY COMMODITIES - GLOBAL BIWEEKLY Internet Auction ($/LB) 10/07/25
Weighted Avg. 1 to 6 mo. FORWARD CONTRACTS per metric ton converted to $/LB
NEXT GDT AUCTION 10/21/25

ALL-PRODUCT INDEX	1.7790 ↓↓	1.6%	SKIM POWDER (SMP)	1.1792 ↓↓	0.5%
MILKFAT (AMF)	3.1380 ↑↑	1.2%	BUTTER	3.0454 ↓↓	3.0%
BUTTERMILK POWDER	1.2559 ↓↓	2.3%	CHEDDAR(BULK)	2.2041 ↑↑	0.8%
LACTOSE	N/A	N/A	MOZZARELLA (BULK)	1.5395 ↓↓	11.8%
			WHOLE POWDER (WMP)	1.6770 ↓↓	2.3%

U.S. CME SPOT DAILY ($/LB) 10/15/25

	Prev. 5 day Lds	Spot price	Weekly Avg
NFDM	6	1.1150 ↓↓	1.1242 ↓↓
BUTTER	35	1.6700 ↑↑	1.6433 ↓↓
CHEDDAR-40	12	1.7075 ↓↓	1.6950 ↓↓
CHEDDAR-500	1	1.7400NC	1.7200 ↓↓
DRY WHEY	2	0.6300NC	0.6317 ↑↑

U.S. WEEKLY USDA NDPSR ($/LB) WK ENDING 10/04/25*

FMMO PROD	MIL. LBS	WTED AVG $
NFDM	20.9	1.1805 ↑↑
BUTTER	4.9	1.7489 ↓↓
CHEESE-40	11.9	1.7037 ↓↓
CHEESE-500	REPORT ENDED	
DRY WHEY	4.9	0.5831 ↑↑

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

***NEW* USDA $/CWT JUN-25**

	ALL-MILK	BF	*MAILBOX
*FL	$23.80	3.78	$22.71
*SE	$24.10	3.83	$22.26
*PAwestern PA only			$22.11
*N.ENG	$22.30	4.25	$21.52
*OH	$22.50	4.15	$21.42
*APP	$24.10	4.03	$21.33
*IL	$20.70	4.16	$21.29
*FO30	$21.50	4.37	$21.21
*NY	$21.80	4.21	$21.20
*WI	$21.50	4.22	$21.15
*PAeast	$21.30	4.14	$20.99
*MN	$21.80	4.41	$20.97
*CA	$20.50	4.14	$20.57
*U.S.	$21.30	4.19	$20.55
*MO	N/A	N/A	$20.41
*IN	$22.00	4.08	$20.30
*IA	$21.10	4.29	$20.10
*SD	$21.90	4.48	N/A
*ID	$21.20	4.21	N/A
*TX	$21.70	4.37	$19.93
*MI	$21.40	4.15	$19.85
*NE/KS	$20.30	4.23	$19.51
*NM	$20.00	4.02	$18.92
*WA/OR	$21.80	4.17	$17.96

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	18.04(OCT)	10.03(OCT)	17.39(SEP)	17.59(SEP)	16.17(SEP)	20.90(AUG) ↑↑ 4.16F	21.30(AUG) 4.07F
MONTH AGO	18.70	9.34	19.18	17.24	18.50	20.80 4.13F	21.30 4.03F
YEAR AGO	23.17	10.82	22.40	23.34	22.29	23.60 4.09F	24.10 4.00F

*OCT. CL I Skim ESL Adj. +0.97 ↑↑ *NEW RULE*

CURRENT FEDERAL ORDER VALUES ($/LB) * = *NEW
*WEIGHTED AVG. 4-WK SEP 1-30, 2025

PRODUCT	VALUE	*(New Make Allow vs Old)		NET VALUE	SEP 2025 COMPONENTS	
CHEESE	1.8066 ↑↑	*(0.2519)	0.2003	1.5547 ↑↑	PROT	2.7062 ↑↑
BUTTER	2.0377 ↓↓	*(0.2272)	0.1715	1.8105 ↓↓	B.FAT	2.1925 ↓↓
NFDM	1.2265 ↓↓	*(0.2393)	0.1678	0.9872 ↓↓	N.FAT	0.9773 ↓↓
DRYWHEY	0.5782 ↑↑	*(0.2668)	0.1991	0.3114 ↑↑	OS	0.3207 ↑↑

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*

	AUG-24	SEP-24	OCT-24	NOV-24	DEC-24	JAN-25	FEB-25	MAR-25	APR-25	MAY-25	JUN-25	JUL-25	AUG-25	*SEP-25
Bred cows & heifers	N/A	2800	N/A	2250	N/A	N/A	2921(ltd)	N/A	N/A	2650	N/A	N/A	N/A	2600
Fresh/milking cows	N/A	N/A	2800	2489	N/A	N/A	N/A	N/A	N/A	3021	N/A	3010	N/A	N/A

CATTLE - DAIRY PURPOSES($/HD) USDA and other auction reports combined 4-week rolling average as of SEP. 24, 2025

MILK COWS (NASS) U.S. Avg.		MILKING	HEIFERS: Springing	Bred	BxD	OPEN: 300-600 lbs	BXD	600-900 lbs	BXD	900-1100 lbs	BULLS(800-1300lbs)
*$3010 Q2-25 ↑↑	$2900 Q1-25	3500	All Dairy 3800	3500	3300	1800	N/A	2300	N/A	2400	2000
YEAR AGO											
$2300 Q2-24	$2120 Q1-24	3100	2650	2000	2200	900	1500	1400	N/A	2000	1800

Price averages do not include lower-end 'common'

PA Auction Markets Oct. 9-14, 2025
CULL MARKET COWS ($/CWT LIVEWEIGHT

	Premium White	Breakers	Boners	Lean
Average to high dressing	N/A	161.25 ↑↑	149.50 ↑↑	129.50 ↓↓
WEEK AGO	N/A	157.50	148.00	130.50
YEAR AGO	N/A	128.00	122.25	106.75

	Holstein	Beef-X-Dairy	WK AGO		YR AGO	
FED STEERS ($/CWT LIVEWEIGHT) Choice & Prime 1250-1550 lb	N/A	236.50 ↑↑	N/A	228.60	165.50	N/A
BULL CALVES: No. 1 & 2, 90-130 lbs	1100.00NC	1450.00NC	1030.00	1450.00	550.00	810.00
($/cwt liveweight) 70- 85 lbs	1200.00 ↑↑	1700.00 ↑↑	1030.00	1625.00	550.00	900.00

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