



# Dairy Economist Ingredient Outlook™

OCTOBER 2025

## Dairy Market Situation & Outlook

### SUMMARY

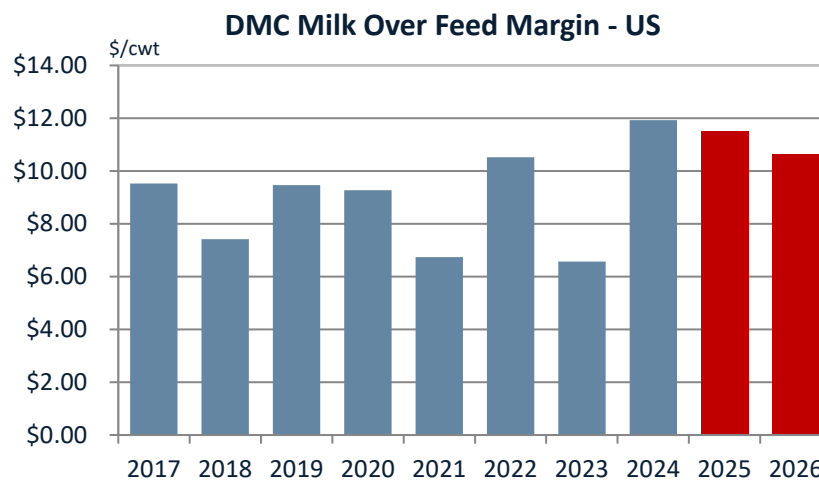
**Dairy prices are mixed depending on the product, but the general tone is bearish**

- Cheese prices rallied to \$1.80 on good demand, both domestic and export, but is believed to be short-lived given lower European prices
- Butter prices fell to \$1.55, lowest since February 2021, with additional weakness expected after holiday demand is completed
- NFDM (milk powder) prices have bounced higher on renewed buying interest
- Whey products remain the outlier with strong demand pushing prices higher

# DAIRY FARM MARGINS

## Dairy farm margin outlook continues to slide lower

- DMC milk over feed margin has fallen in recent months, but is offset by record high beef revenue
- The recent drop in milk prices will pinch farm margins
- Live cattle futures prices fell \$2/lb (8%) following news of an increase in Argentine beef imports
- As milk prices drop, the culling rate could increase which would signal a slowdown in the herd expansion



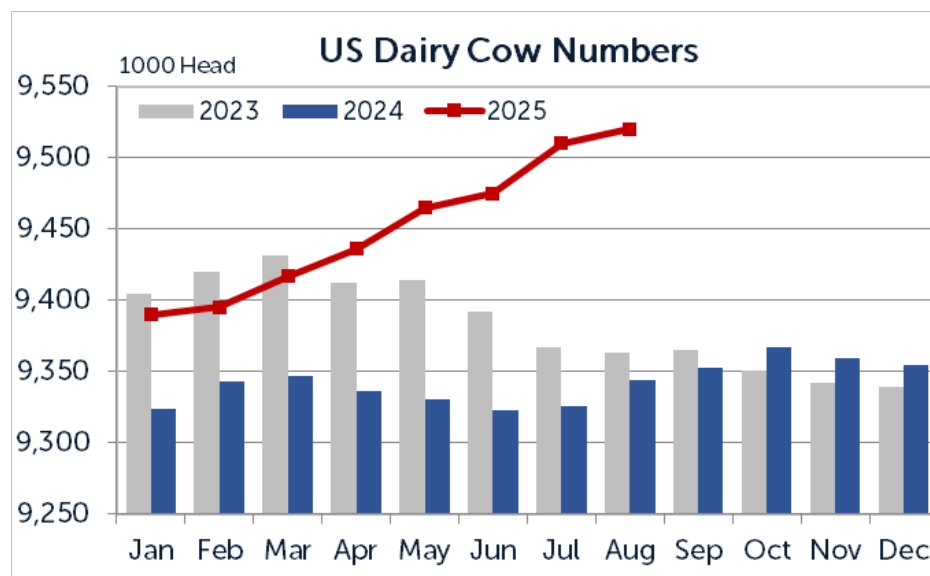
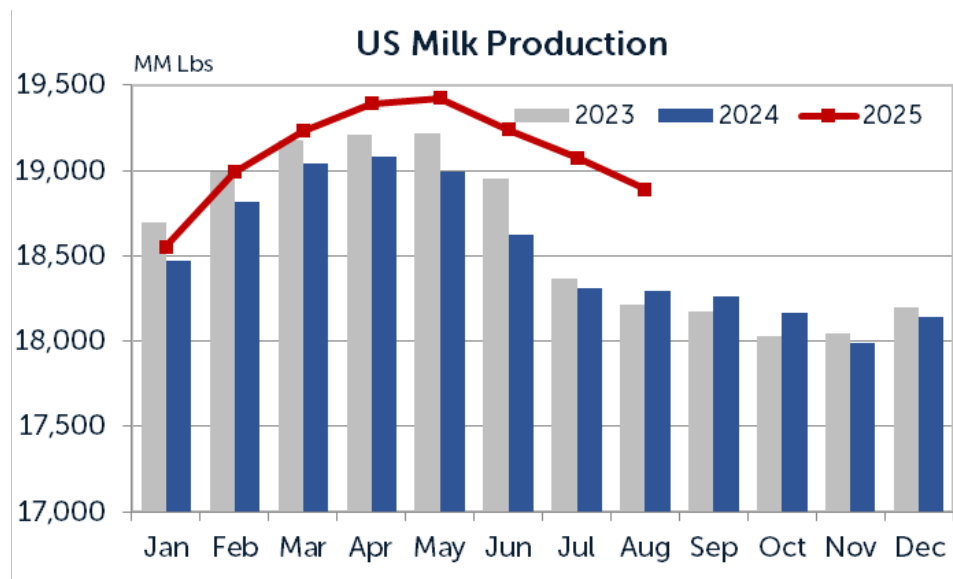


## MILK PRODUCTION & COW NUMBERS

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### US milk production grew in August with cow numbers at a 32-year high

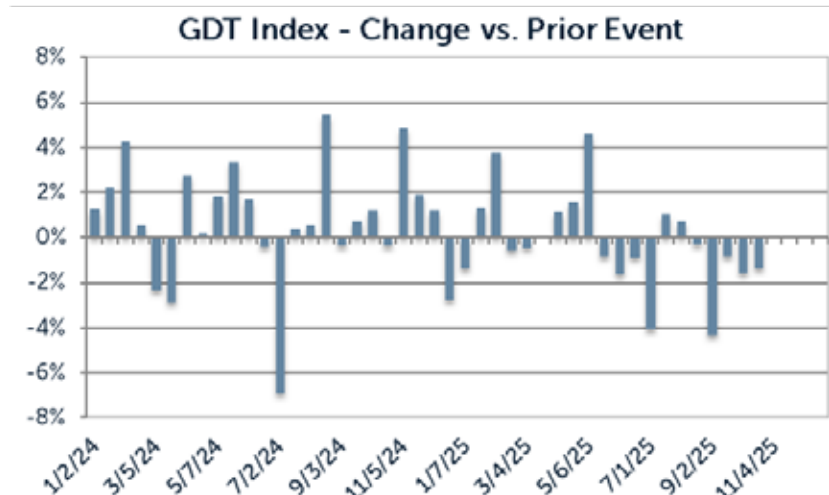
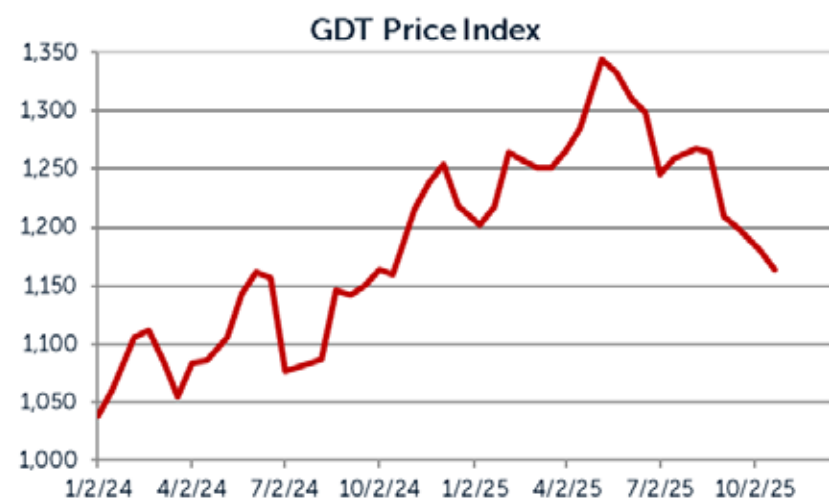
- August milk production was up 3.2% vs. YA with growth in 19 of the top 23 states
- WI was up 2.0% - biggest increase since October 2021
- Cow numbers were revised higher by 25K in July with an additional 10K in August – most since December 1993



## GDT PRICES

**The GDT index lost 1.4% on October 21 with modest losses in most products**

- Index has fallen over 8% in the last 5 Events since early August
- WMP prices fell 2.3%
- SMP was down \$0.02 to \$1.16
- Cheddar cheese (NZ) price slid \$0.04 to \$2.16
- European Mozzarella was down \$0.07 to \$1.47 (down \$0.66 since early August)
- Butter fell \$0.02 to \$2.95 while AMF gained 1.8%



### About Global Dairy Trade

Global Dairy Trade (GDT) is the world's leading trading platform for core dairy products and supports efficient dairy derivative trading.

The GDT Events auction service is the world's pre-eminent price discovery platform for globally traded dairy products, bringing together buyers and sellers of dairy ingredients from 70 countries to trade US\$2-3 billion annually. GDT's credible, market-based reference prices play an important role in allowing buyers and sellers to trade with confidence in global and regional dairy markets.

Data generated from the auction process is available through our GDT Insight subscription service to support the global dairy industry and associated financial trading.

Visit [www.globaldairytrade.info](http://www.globaldairytrade.info) for more information

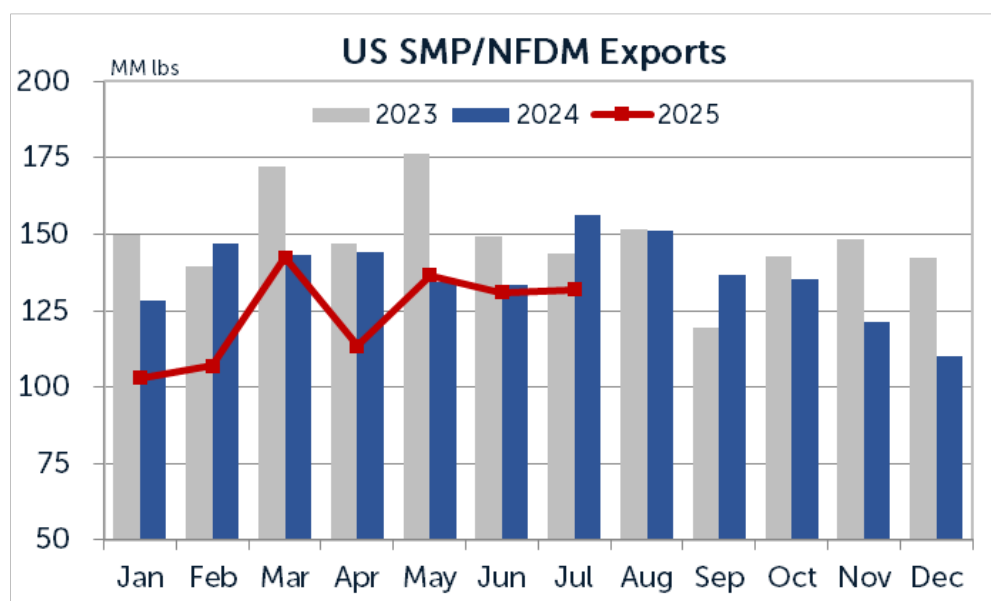
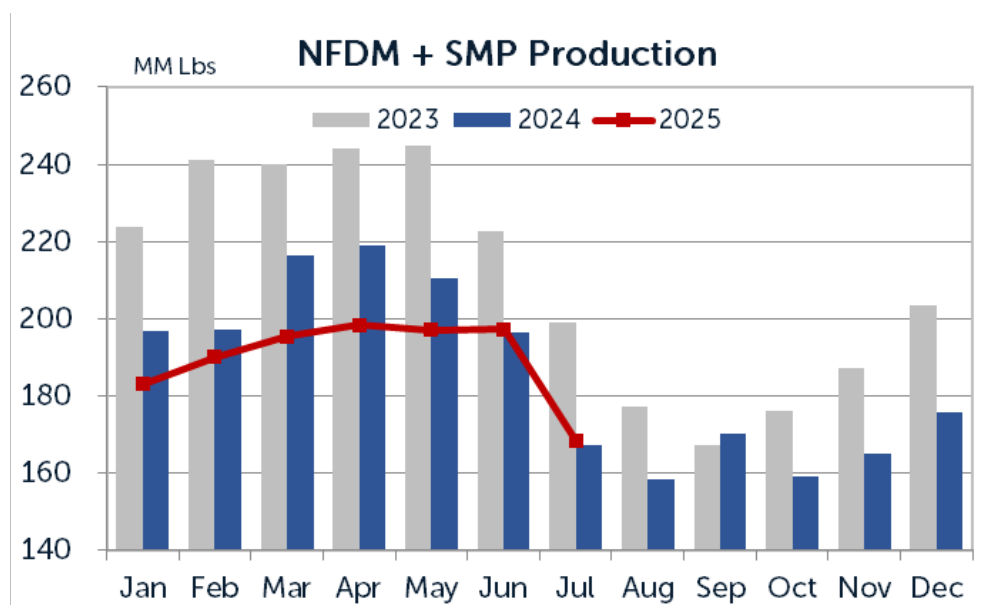


## Milk Powder Key Drivers

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**Milk powder production and stocks were near YA levels in July while exports slumped**

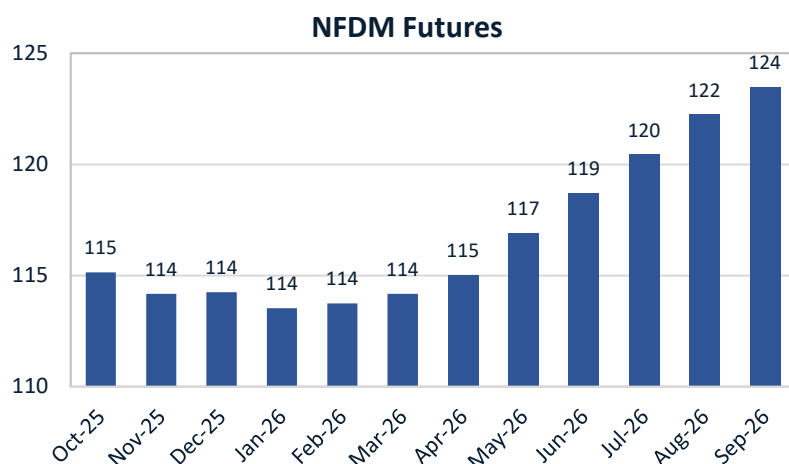
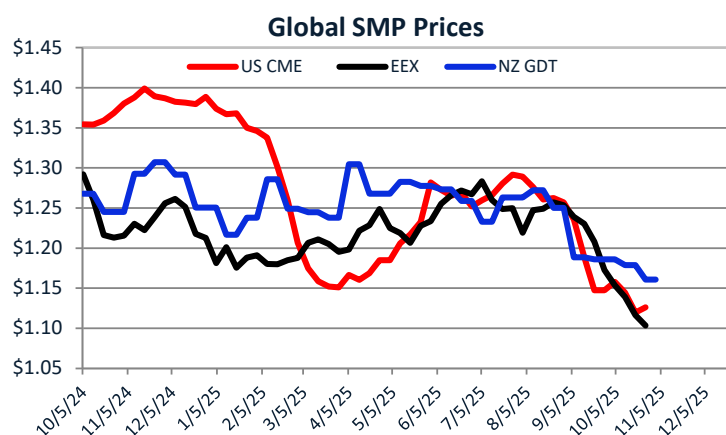
- Combined milk powder production was up 0.7% vs. YA in July
- Stocks ended July up 4.1% vs. YA
- Exports in July were down 16% vs. YA



# MILK POWDER PRICES

## Milk powder found buying support near \$1.10

- CME NFDM prices fell to \$1.11 – lowest since April 2024
- The NDPSR price fell \$0.03 to \$1.14 last week
- Global prices (vs. prior week):
  - » NZ/GDT \$1.16 (-0.02)
  - » Europe \$1.10 (-0.02)
- Bullish
  - » Buyer interest in 2026 coverage
- Bearish
  - » Growing global supplies
  - » Quiet global market
  - » Exports down 16% vs. YA in July
  - » US stocks up 4% vs. YA on July 31



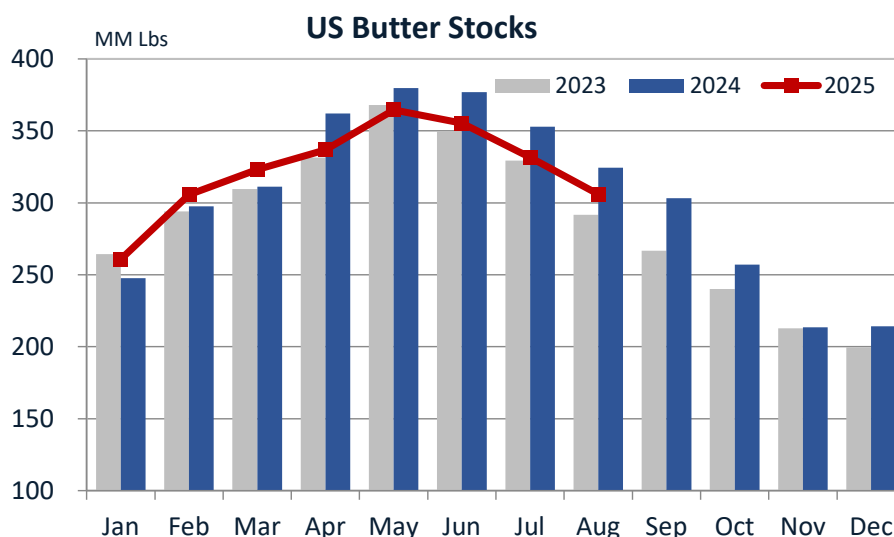
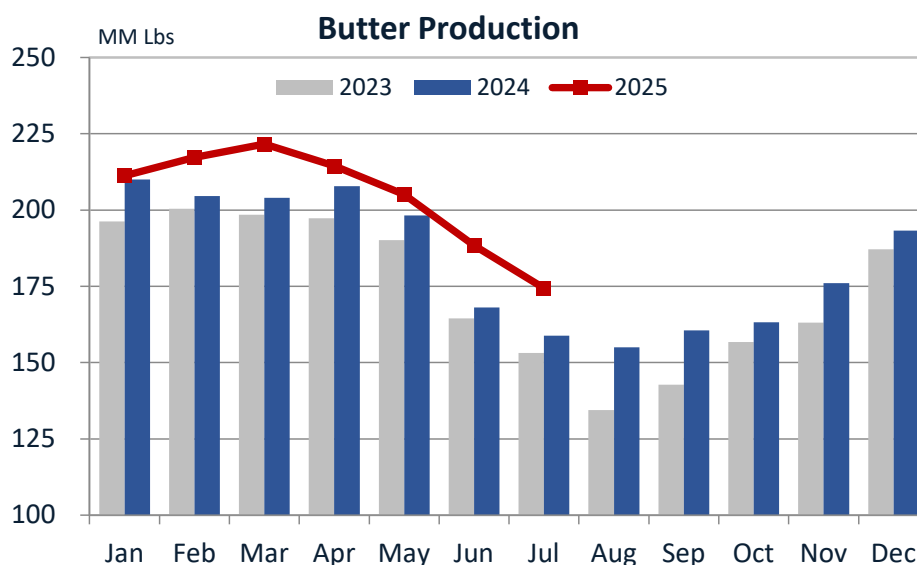


## BUTTER KEY DRIVERS

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### Butter production has grown, but demand has been stronger

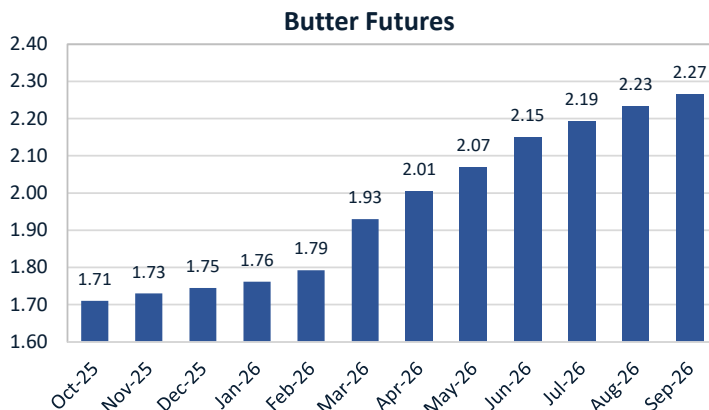
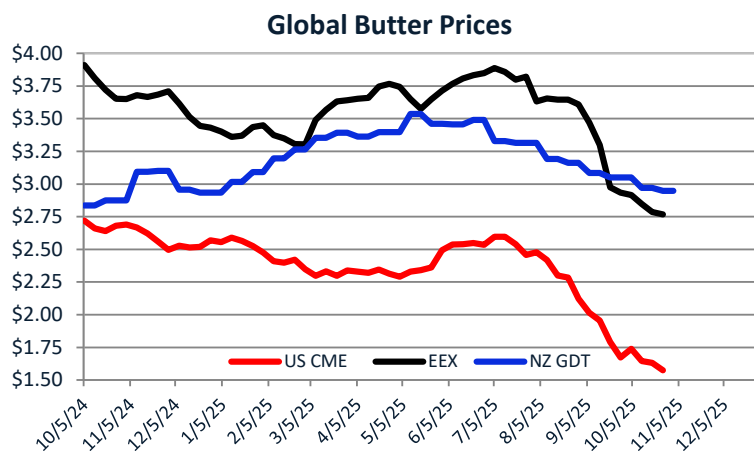
- Butter production was up 10% vs. prior year in July
- Stocks on August 31 were 5.7% below YA but the drop during the month was less than the last 4 years
- July commercial disappearance was up 5.4% vs. YA (domestic -0.8%; exports +208% - highest since March 2014)



# BUTTER PRICES

## CME butter prices hit multi-year lows last week

- CME butter prices dropped to \$1.55 – lowest since February 2021 – before rebounding to \$1.60 on increasing buying interest
- Global prices (vs. prior week): NZ/GDT \$2.95 (-0.02) and Europe \$2.77 (-0.02)
- Bullish
  - » Low US prices attract export demand for butter and AMF
  - » July exports more than triple last year
  - » Q4/holiday demand
- Bearish
  - » Heavy cream and butter supplies
  - » Buyers appear well covered
  - » Falling global prices



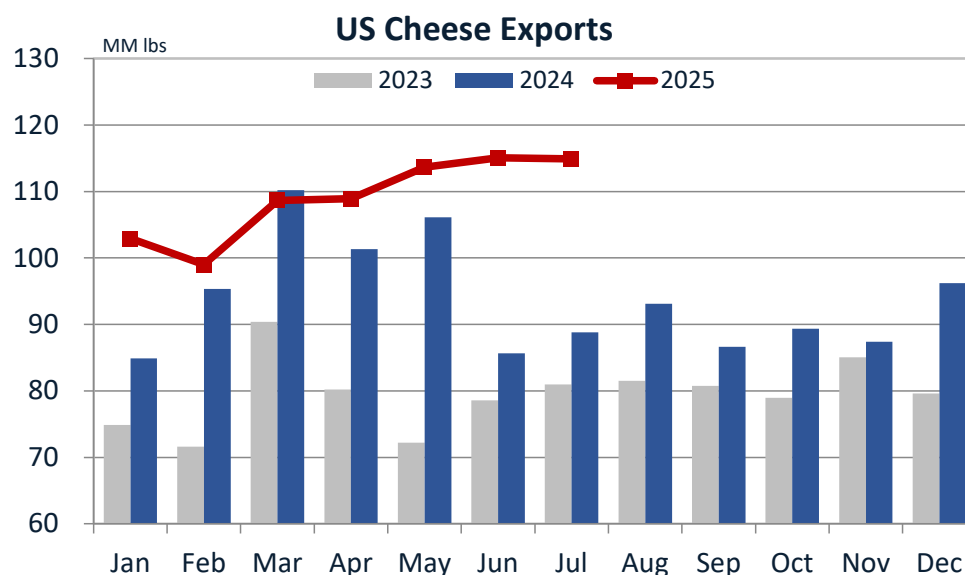
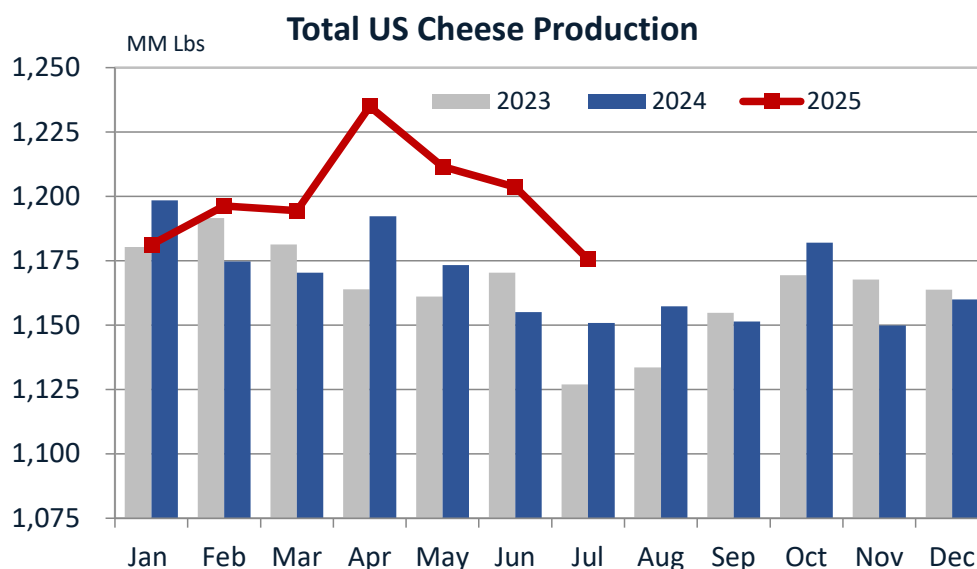


# CHEESE KEY DRIVERS

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**Cheese production is increasing while domestic demand has been weak**

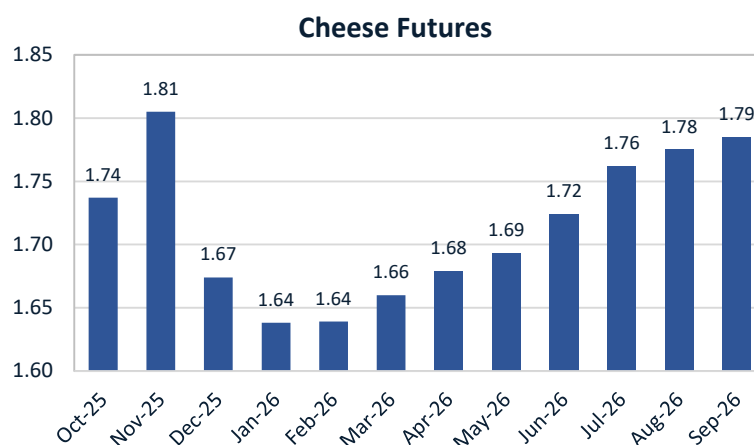
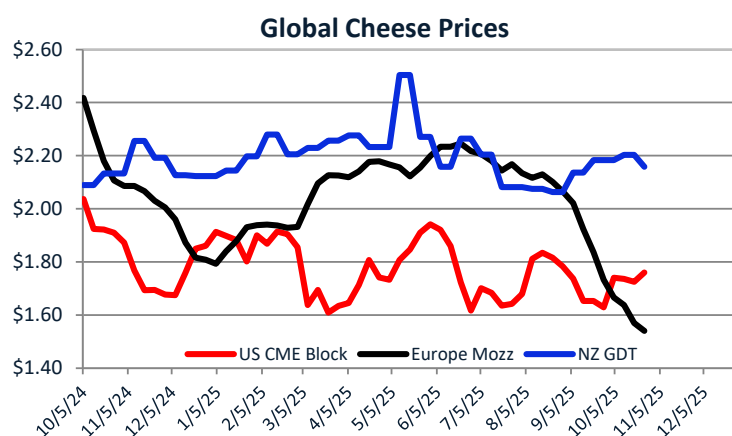
- Total cheese production in July was up 2.1% vs. YA
- August 31 total cheese stocks were up 1.7% vs. YA with American stocks up 3.1%
- Total commercial disappearance in July was down 0.4% vs. YA. Domestic disappearance was down 2.7% vs. YA and exports were up 29%.



## CHEESE PRICES

### CME cheese prices are firm in the \$1.70's on improved demand... for now

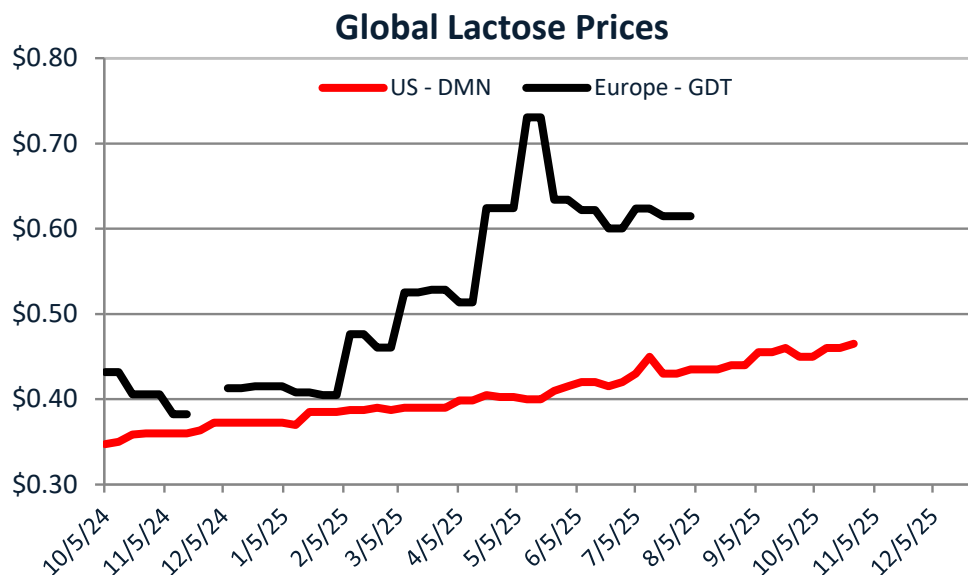
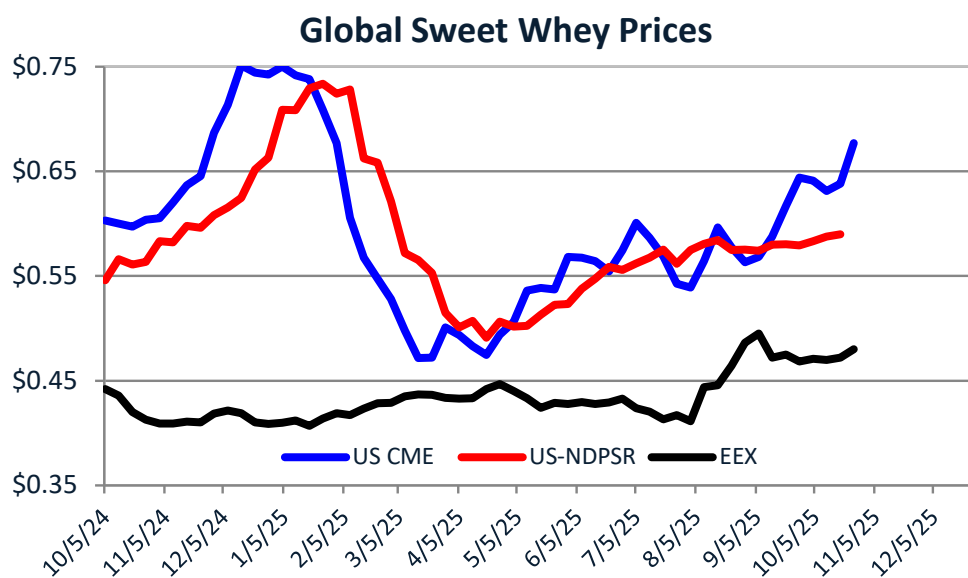
- CME block cheese prices hit \$1.80 as holiday demand is reportedly strong and fresh cheese supplies are tighter
- Global prices (vs. prior week): NZ GDT Cheddar \$2.16 (-0.04); Europe Cheddar \$1.84 (-0.07) and Europe GDT Mozzarella \$1.47 (-0.07)
- Bullish
  - » Retail demand for Q4
  - » Record high exports in past 3 months
- Bearish
  - » Cheese production growth
  - » Falling global prices
  - » Tariff uncertainty with Mexico



## WHEY PRICES

### US sweet whey prices are moving higher on tighter supplies

- CME whey prices have moved up to \$0.70 while other indices remain in the upper \$0.50's to low \$0.60's
- July SWP production +0.6% vs. YA
- July 31 sweet whey stocks were down 21% vs. YA (-4.5% vs. prior month)
- July disappearance was up 12.5% vs. YA (domestic +7.6%, exports +18%)



## 2025 OUTLOOK

- Milk production in the US and other key regions has outpaced demand growth.
- Exports remain the key to cheese and butter markets
- Watch-outs
  - ✓ Impact from lower milk prices/margins on milk production
  - ✓ Macroeconomy and consumer demand

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