



# Dairy Economist Ingredient Outlook™

FEBRUARY 2026

## Dairy Market Situation & Outlook

### SUMMARY

**With mostly bearish news built into dairy markets, it was vulnerable to any surprisingly bullish news and prices have rallied off multi-year lows.**

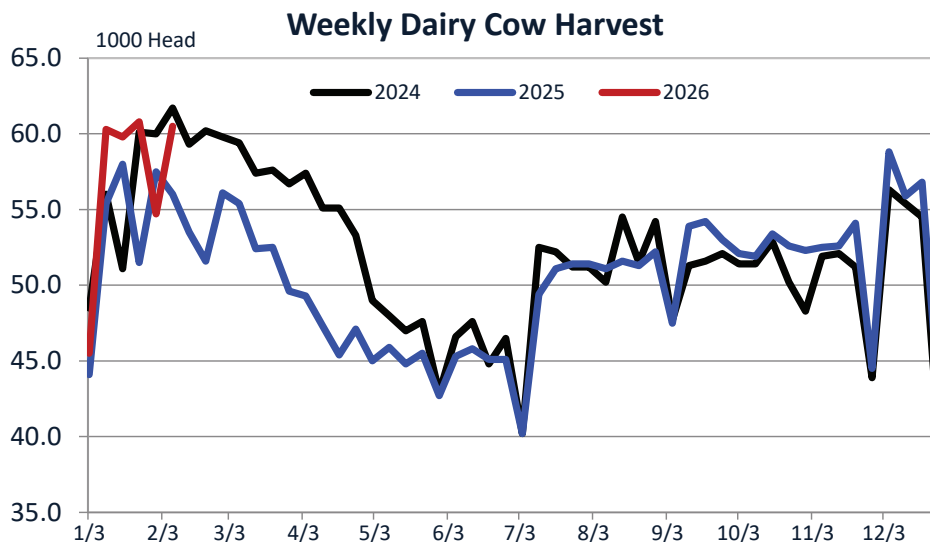
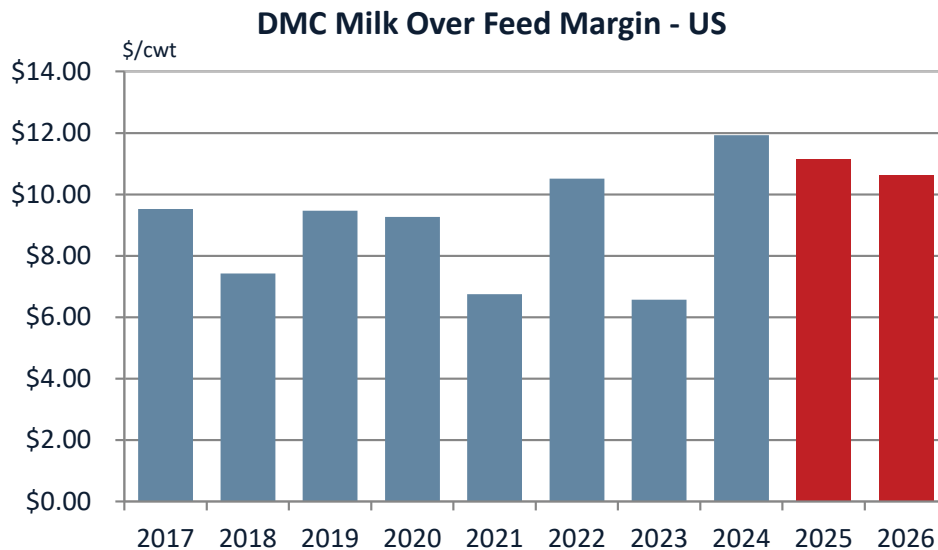
- January and February featured several market moving events
  - ✓ Milk powder and whey: recalls of infant formula by 3 major companies amid tight supplies; traders caught short
  - ✓ Butter: sudden tightness in fresh butter supplies in the US plus USDA purchase news (\$40MM)
  - ✓ Cheese: a large winter storm over the US caused disruptions in logistics and a big uptick in grocery buying; USDA purchases of \$20MM
- February started with the first report of Mexican Screwworm in the US, which created more bullish momentum, at least temporarily
- As milk supply growth continued in January, US exports, particularly cheese and butter, will be key to keep surplus from building in the US market



# DAIRY FARM MARGINS

## Dairy farm margin outlook has improved with the rally in milk prices

- DMC milk over feed margin will hit lows in Q1 before moving higher
- As milk prices dropped, the culling rate increased although this is likely to slow as milk prices and margins have recovered
- Through early February, cow culling was up 19K head from 2025.

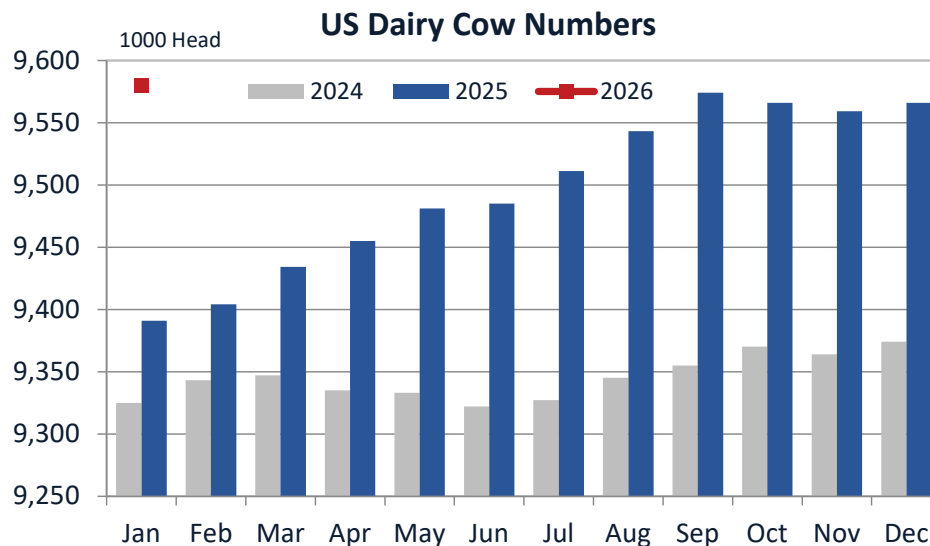
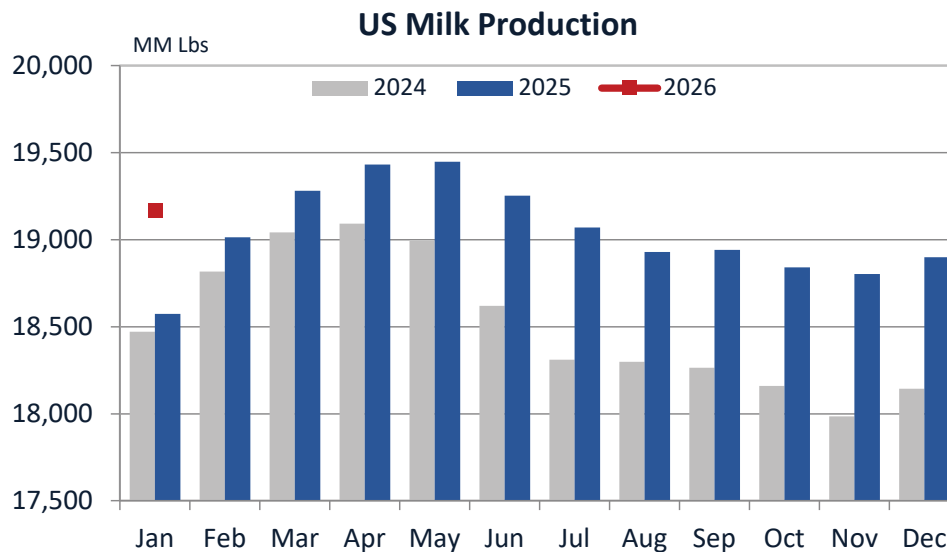




# MILK PRODUCTION & COW NUMBERS

## US milk production growth continued in January with cow numbers hitting new highs

- January milk production was up 3.2% vs. YA with growth in 19 of the top 23 states
- Cow numbers were revised up with another increase in January – surpassing the September high
- YOY cow numbers were up 189K vs. YA and up 14K from December



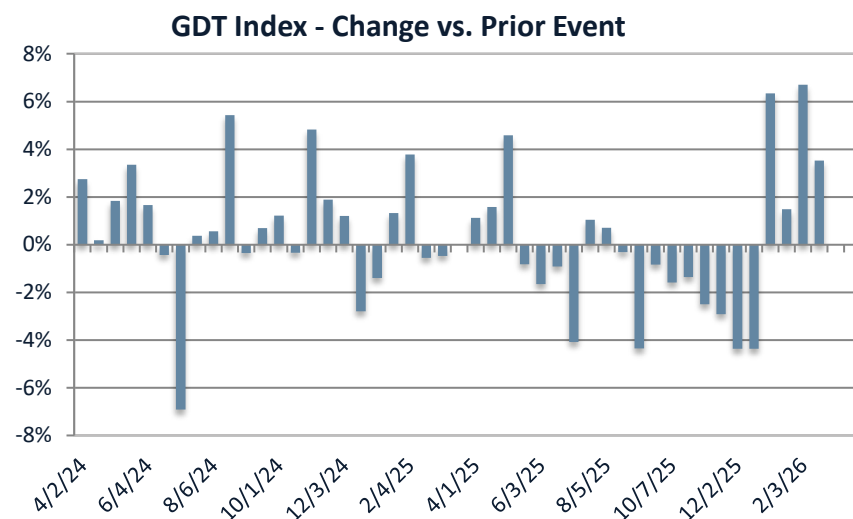
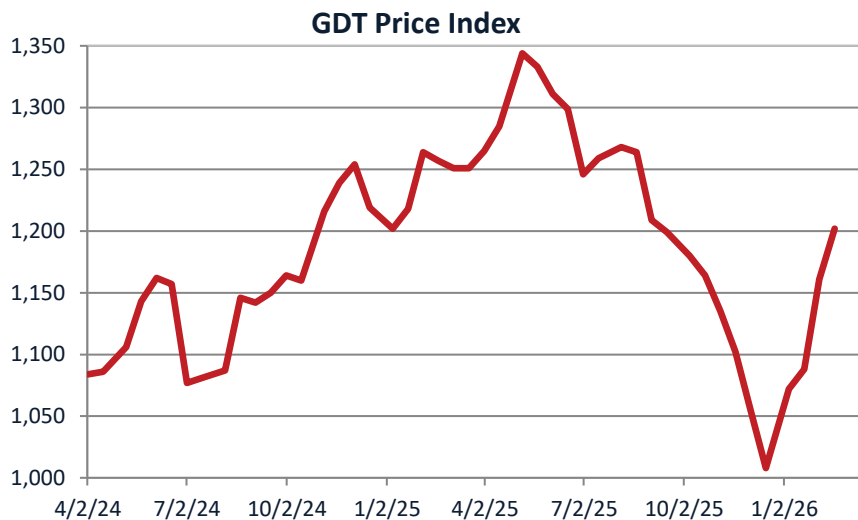


# GDT PRICES

The GDT index gained 3.5% on February 17 – up 18% since early January

- WMP prices added 2.5%
- SMP gained \$0.05 to \$1.35
- Cheddar cheese (NZ) price lost \$0.01 to \$2.15 while European Mozzarella was up \$0.08 to \$1.76
- Butter jumped \$0.26 to \$2.81 while AMF gained 3.5%

Latest Results		2/17
Product	Price	% Change
Index	1,202	3.5%
WMP	1.68	2.5%
SMP	1.35	3.4%
Cheddar	2.15	-0.8%
Mozzarella	1.76	5.0%
Butter	2.81	9.9%
AMF	3.06	3.5%



## 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.

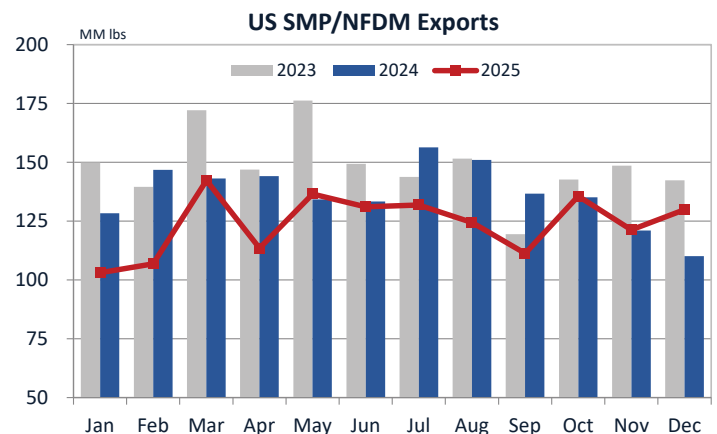
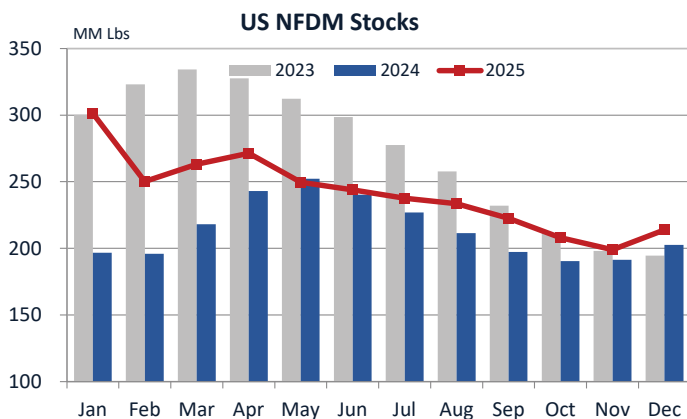
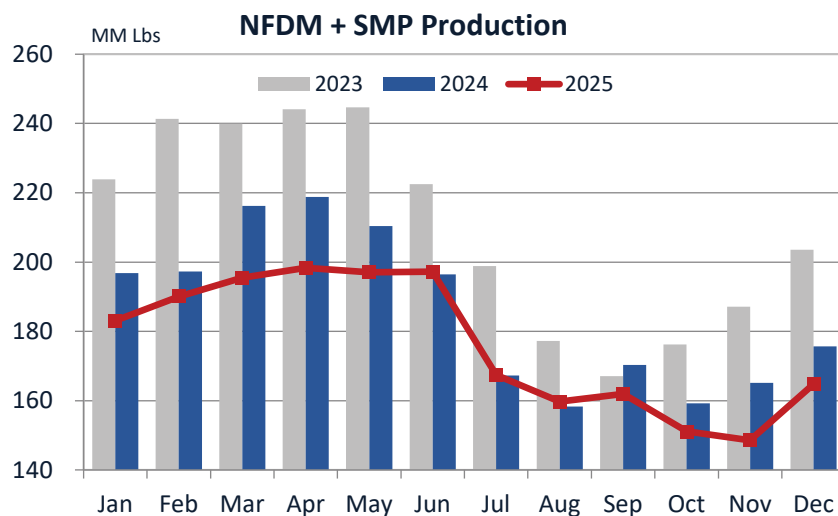
Visit [www.globaldairytrade.info](http://www.globaldairytrade.info) for more information



# Milk Powder Key Drivers

Milk powder production fell below YA in the last 4 months, although stocks have tracked above YA

- Combined milk powder production was down 6.2% vs. YA in December (NFDM -2.7%, SMP -15.2%)
- Stocks ended December up 5.6% vs. YA
- Exports in December were up 18% vs. YA

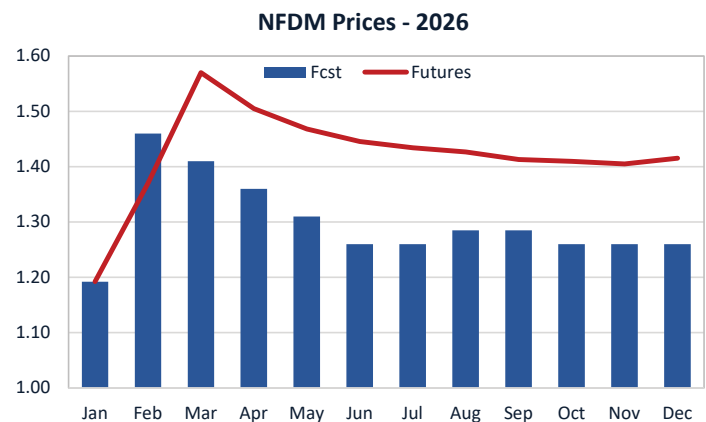
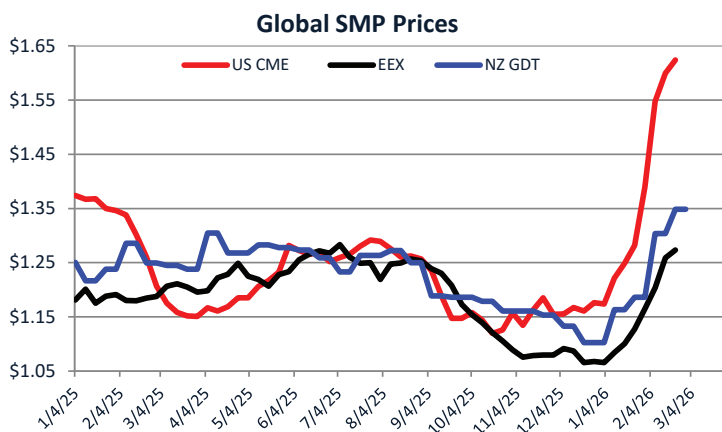




# MILK POWDER PRICES

## CME NFDM rallied into the \$1.60's

- CME NFDM prices hit the highest point since July 2022 with NDPSR prices lagging behind
- Global prices (vs. prior week):
  - » NZ/GDT \$1.35 (+0.05)
  - » Europe \$1.27 (+0.01)
- Bullish
  - » Tight US supplies
  - » IF recall
  - » Traders short of product
- Bearish
  - » Growing global milk supplies
  - » US prices above NZ and Europe

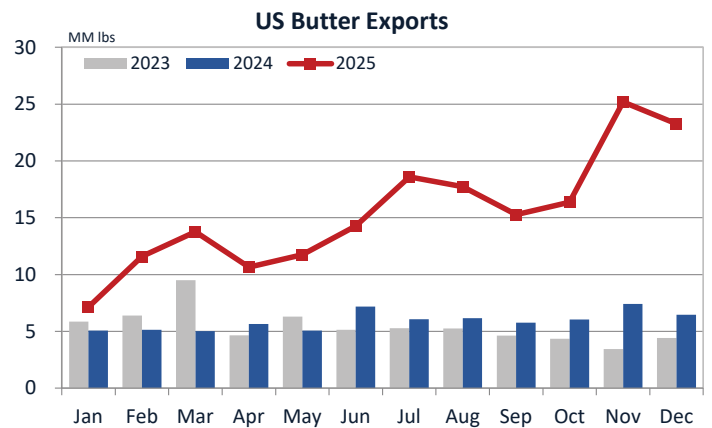
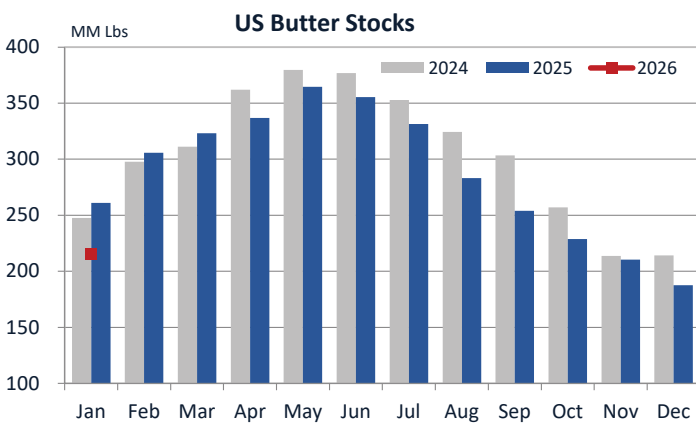
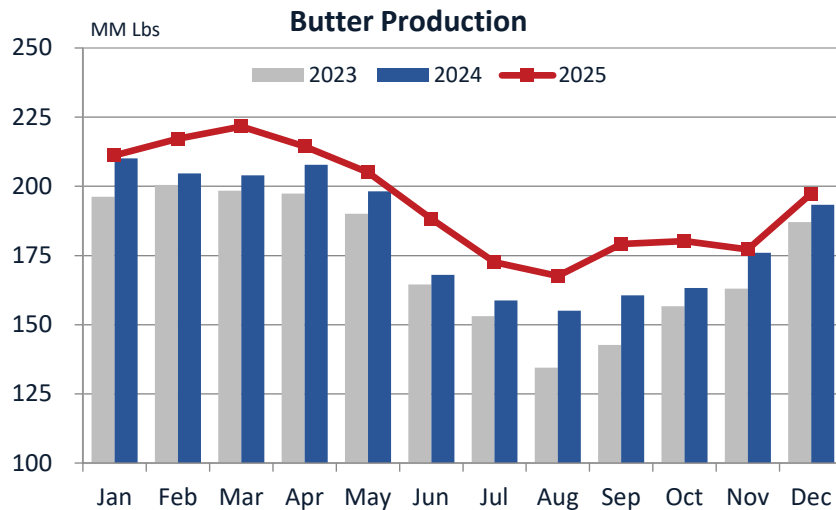




# BUTTER KEY DRIVERS

## Butter production growth slowed while exports were strong in Q4

- Butter production was up only 2% in December
- Butter stocks on January 31 were 17.5% below YA; stocks rose less than average with stocks the lowest for the date since 2019
- December exports +259% vs. YA



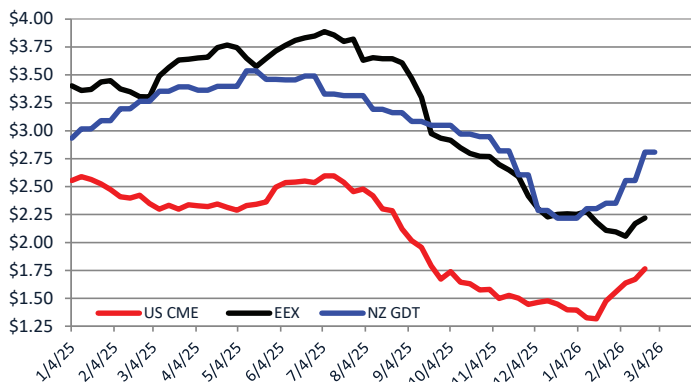


# BUTTER PRICES

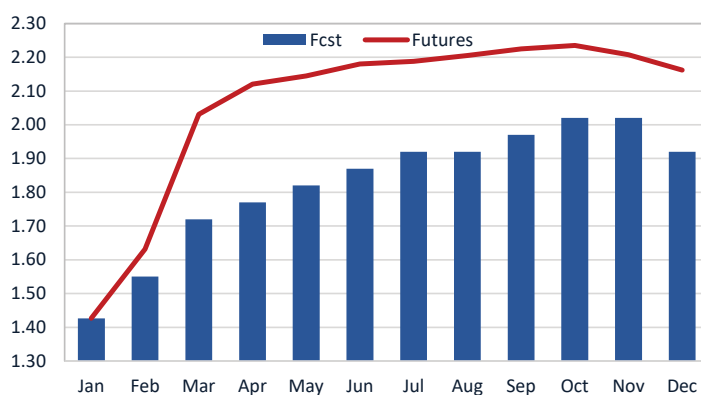
## CME butter prices jumped into the \$1.80's on tight supplies and USDA purchase news

- CME butter continued to rally last week as USDA purchase news pushed prices up over \$1.80 for the first time since last September
- Global prices (vs. prior week):
  - » NZ/GDT \$2.81 (+0.26)
  - » Europe \$2.22 (+0.05)
- Bullish
  - » USDA purchases
  - » Tight fresh butter stocks – January 31 stocks down 17.5% vs. YA
  - » Higher global prices attract export demand for butter and AMF
- Bearish
  - » Milk and cream supply growth

Global Butter Prices



Butter Prices - 2026

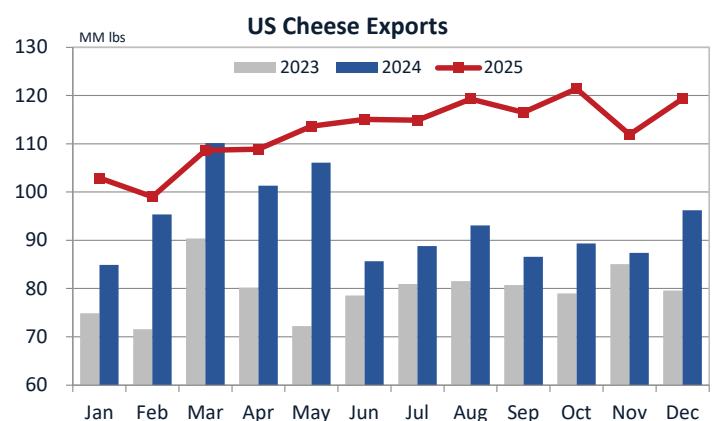
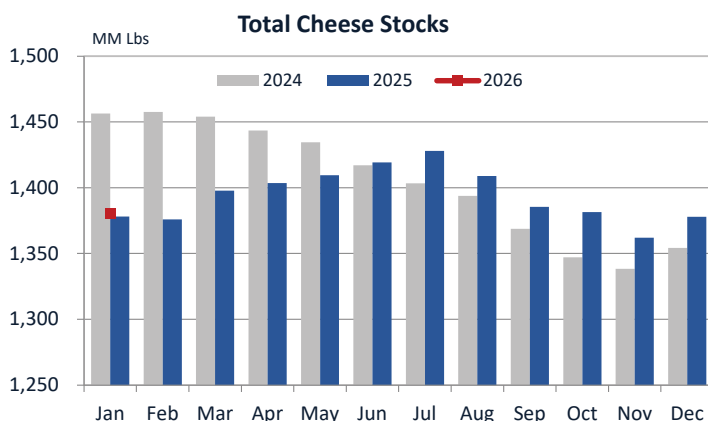
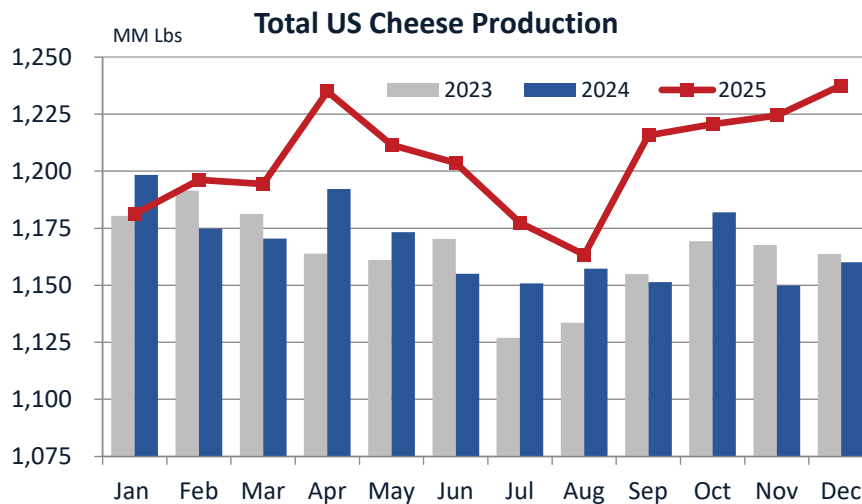




# CHEESE KEY DRIVERS

## Cheese production growth partly offset by continued record high exports

- Total cheese production in December was up 6.7% vs. YA; American +6.8%, Mozzarella +5.9%
- January 31 total cheese stocks were up 0.2% vs. YA; American cheese 0.0%
- Commercial disappearance in November was up 6.5% vs. YA (exports +28%; domestic +4.8%); Dec exports +24%

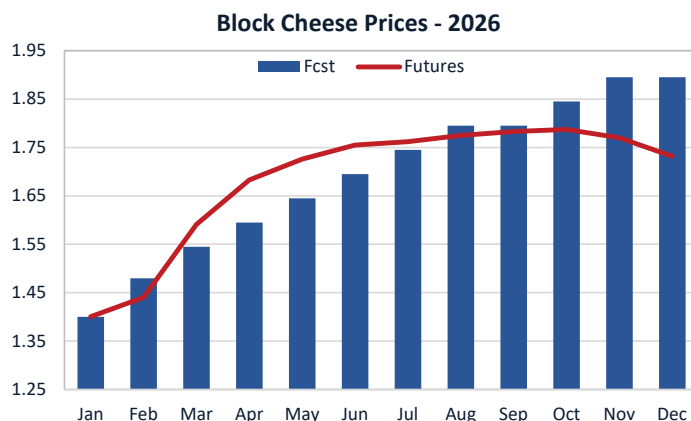
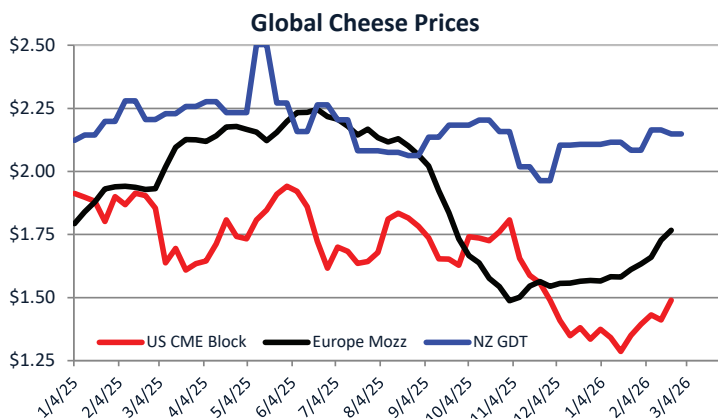




# CHEESE PRICES

## CME block cheese prices rallied on USDA purchase news and higher European prices

- CME block cheese prices hit \$1.50 last week – highest since late November
- Global prices (vs. prior week):
  - » NZ GDT Cheddar \$2.15 (-0.01)
  - » Europe Cheddar \$1.79 (+0.01)
  - » Europe Mozzarella \$1.77 (+0.04)
  - » Europe GDT Mozzarella \$1.76 (+0.08)
  - » Europe Gouda \$1.78 (+0.05)
- Bullish
  - » Higher European prices raises US ceiling for US prices and export competitiveness
  - » USDA purchases
  - » Low prices spur demand
- Bearish
  - » Milk & cheese production growth
  - » Slow export pace to start Q1
  - » Continued weakness in foodservice demand



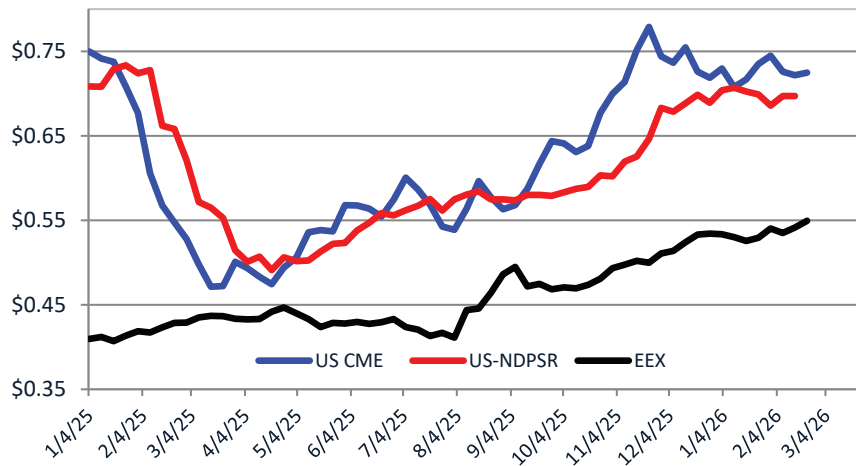


# WHEY PRICES

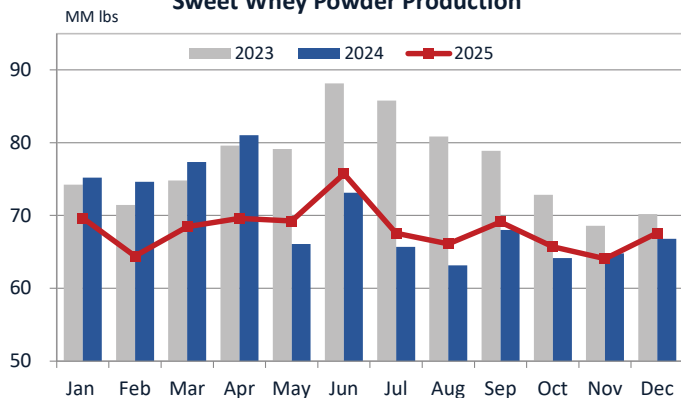
## US sweet whey prices have topped out on weakening demand

- NDPSR sweet whey price was \$0.70 last week; CME price has slipped to the mid-\$0.60's
- December SWP production +1.2% vs. YA
- December 31 sweet whey stocks were down 1.7% vs. YA (+8.3% vs. prior month)
- November disappearance was up 2.7% vs. YA (domestic -16%)
- December exports +33%

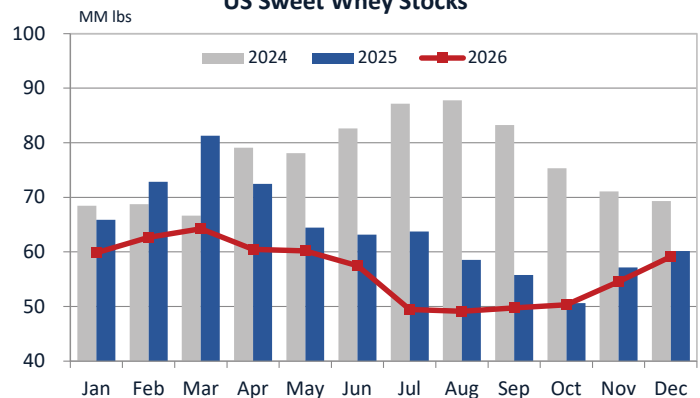
Global Sweet Whey Prices



Sweet Whey Powder Production



US Sweet Whey Stocks





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