



Dairy Economist Ingredient Outlook™

JANUARY 2026

Dairy Market Situation & Outlook

SUMMARY

The tone in dairy markets has shifted quickly in recent weeks

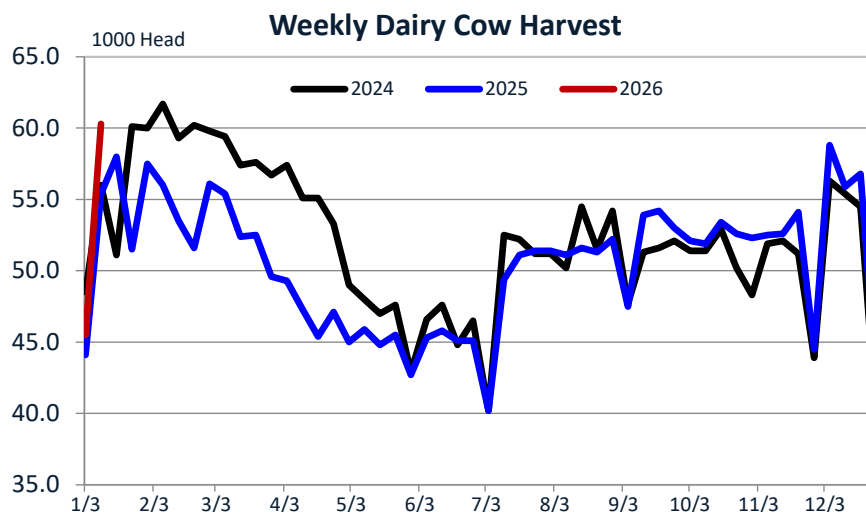
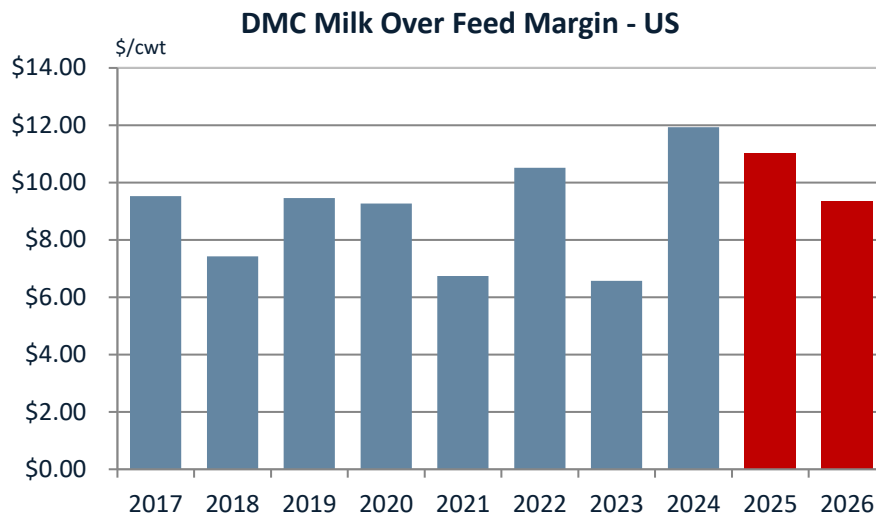
- CME block cheese prices fell to \$1.28 – lowest since May 2020 – before rebounding into the mid-\$1.30's
- Butter prices hit \$1.30 – lowest since February 2021 – before staging a surprising rally to \$1.60 on tight fresh butter supplies
- NFDM prices also jumped higher following a rally in GDT prices and potential supply shortages due to recalls from multiple infant formula companies



DAIRY FARM MARGINS

Negative milk over feed margins are offset by high beef revenue

- The DMC milk over feed margin is lower in 2026 given the drop in dairy/milk prices.
- However, revenue from record high beef prices more than offsets losses in milk for now.
- As milk prices drop, the culling rate has increased which signals a halt in the herd expansion.
- Since mid-September, culling is up 33K head vs. YA.

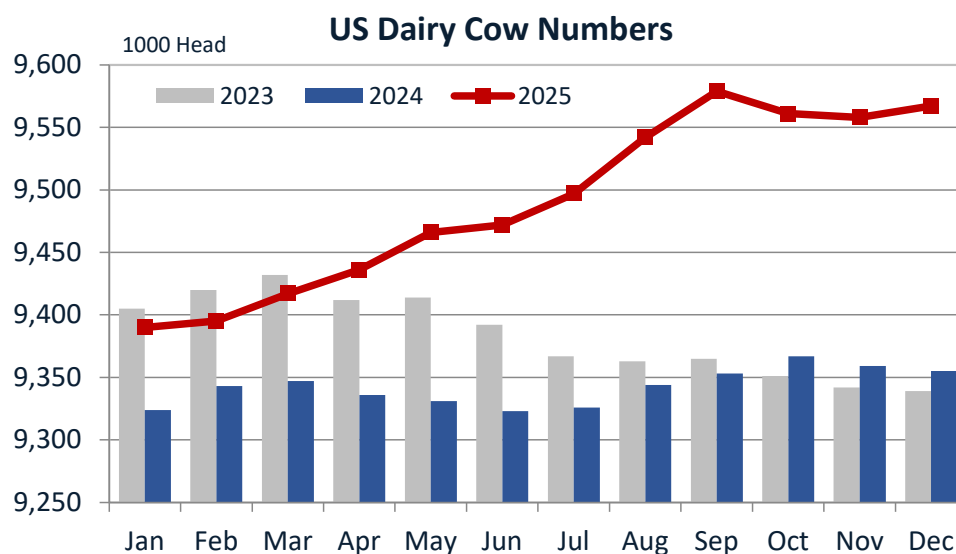
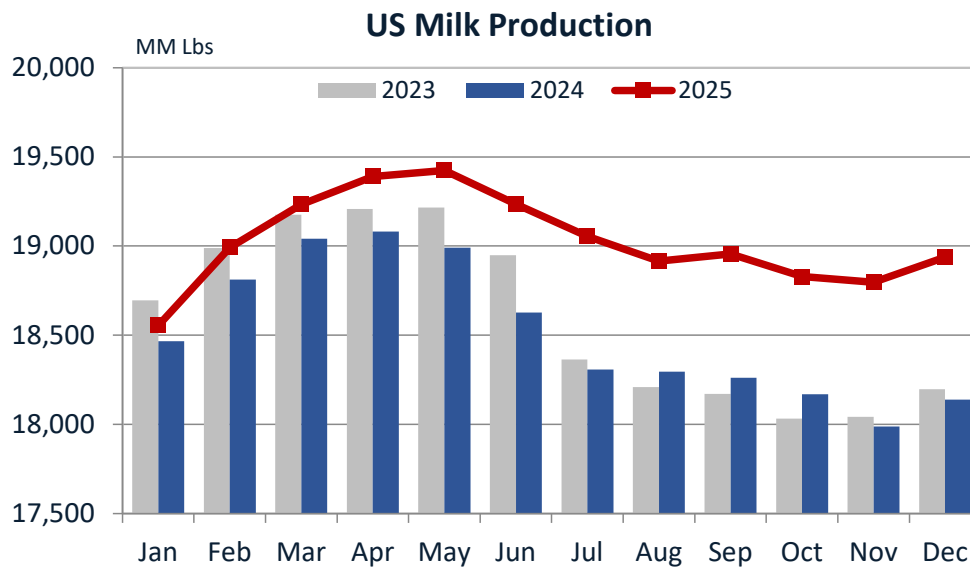




MILK PRODUCTION & COW NUMBERS

US milk production posted another month of strong growth in December

- December milk production was up 4.4% vs. YA (easy comparison due to H5N1 in CA) with growth in 18 of the top 23 states
- Cow numbers were revised lower for October and November, but increased 9K head in December
- YOY cow numbers were up 212K

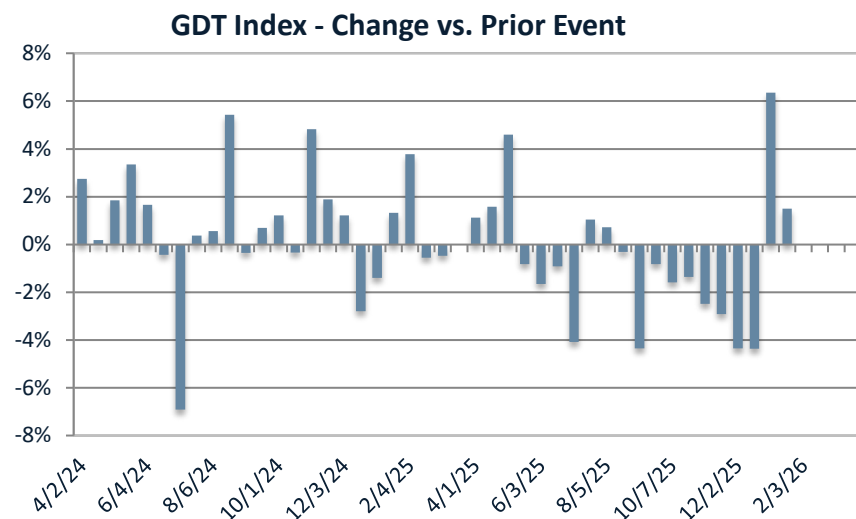
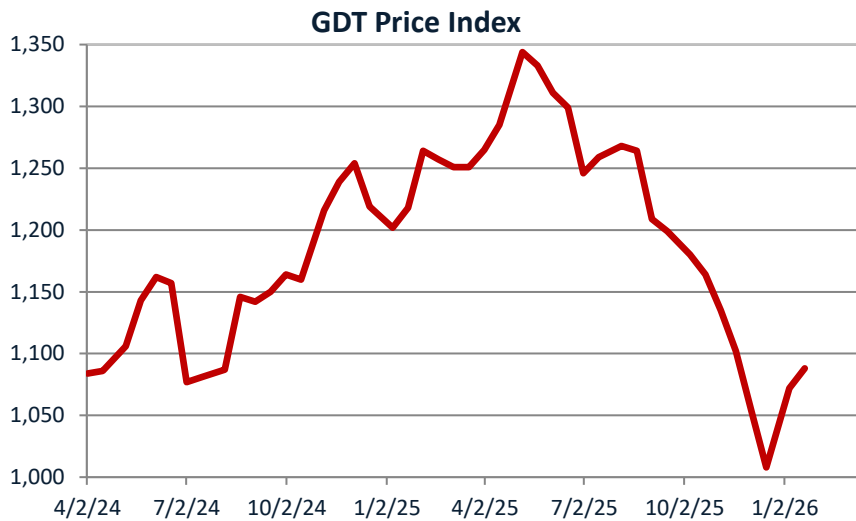




GDT PRICES

After jumping 6% on January 6, the GDT index gained another 1.5% on January 20 led by higher milk powder prices

- WMP prices added 1.2%
- SMP gained \$0.03 to \$1.19
- Cheddar cheese (NZ) price fell \$0.04 to \$2.08 while European Mozzarella was down \$0.03 to \$1.52
- Butter rose \$0.05 to \$2.35 while AMF gained 3%



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.

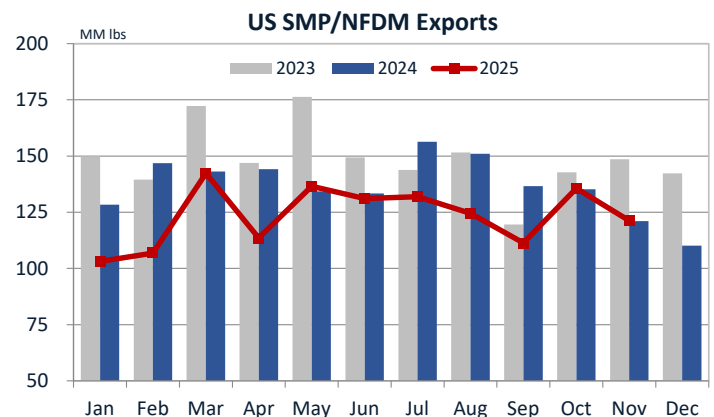
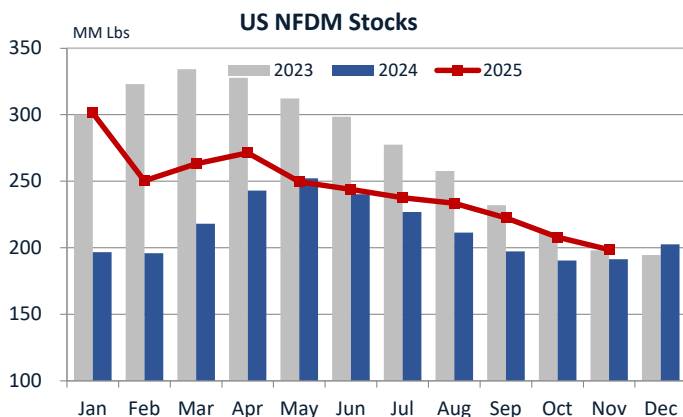
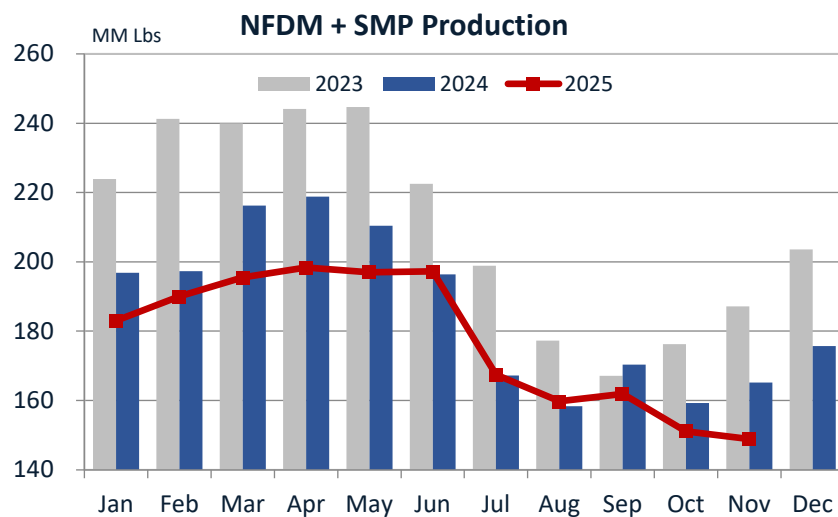
Visit www.globaldairytrade.info for more information



Milk Powder Key Drivers

Milk powder production fell below YA in the last 3 months, and stocks have declined for 7 consecutive months

- Combined milk powder production was down 9.9% vs. YA in November (NFDN -9.8%, SMP -9.9%)
- Stocks ended November up 3.7% vs. YA
- Exports in November were up 0.1% vs. YA

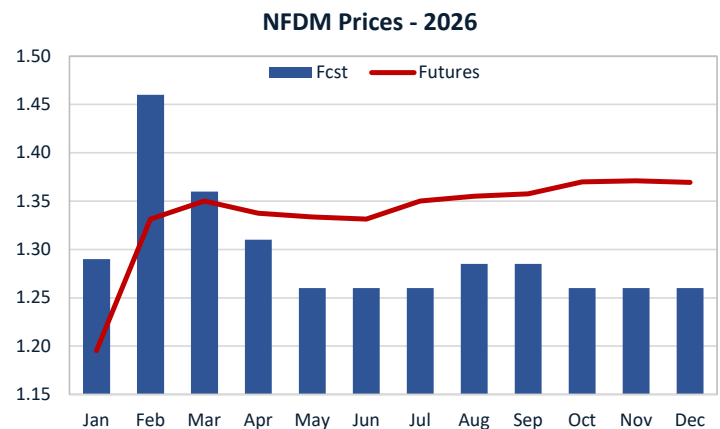
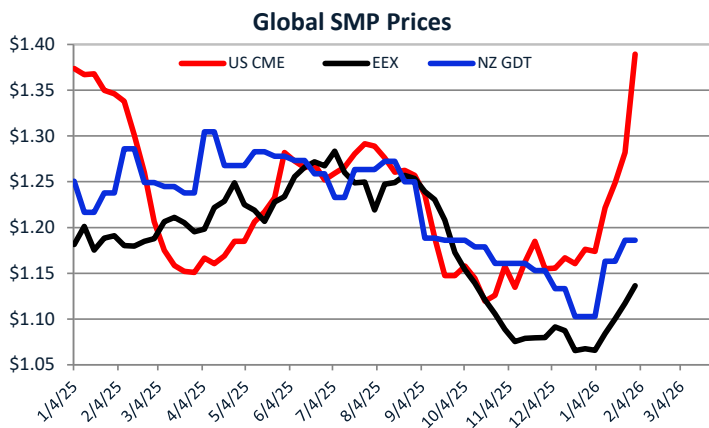




MILK POWDER PRICES

US NFDM prices are at multi-month highs on tighter supplies and potential restocking by global infant formula companies following recalls

- CME NFDM rallied to the mid-\$1.40's
- Global prices (vs. prior week):
 - » NZ/GDT \$1.19 (+0.03)
 - » Europe \$1.12 (+0.02)
- Bullish
 - » Infant formula recalls
 - » Lower US production
 - » Traders and end users caught short
- Bearish
 - » Growing global milk supplies
 - » US stocks up 3.7% vs. YA on November 30

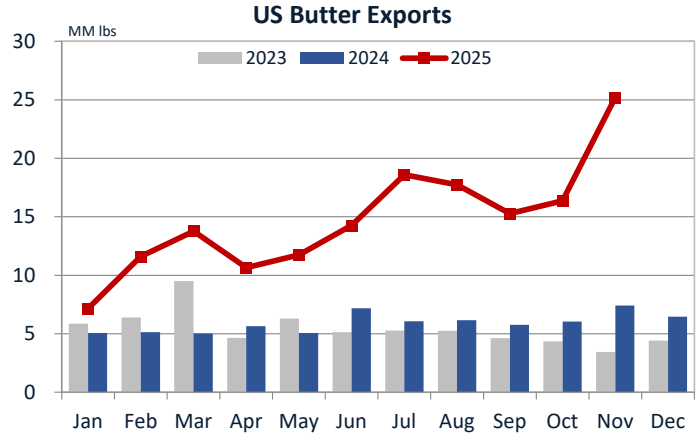
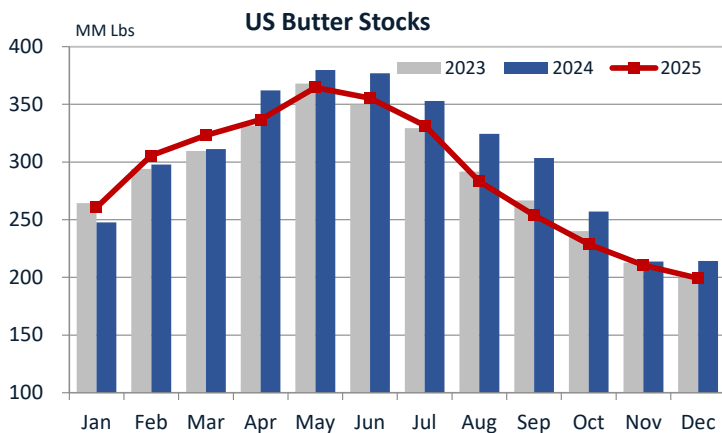
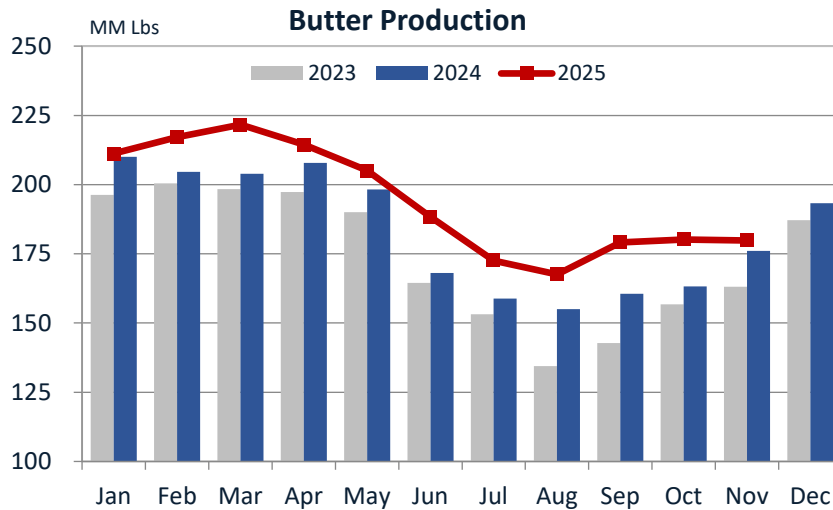




BUTTER KEY DRIVERS

Butter production growth slowed and exports soared in November

- Butter production was up only 2.2% in November following 2 months of 10-12% growth
- Butter stocks on December 31 were 7.0% below YA; stocks fell 11MM lbs. during December vs. the 5-year average gain of 3MM lbs.
- November exports +240% - largest volume since August 2008

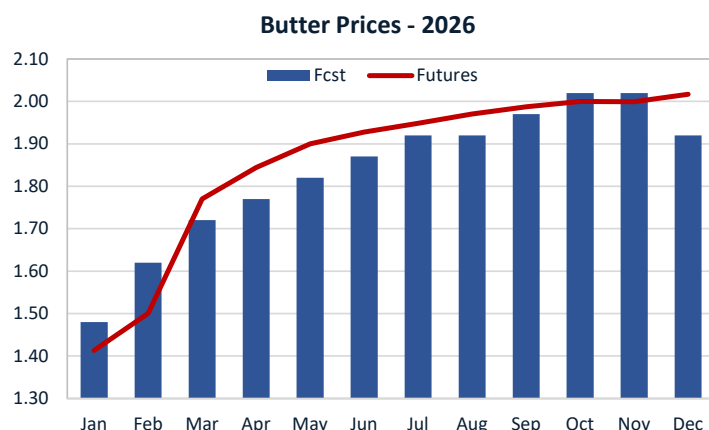
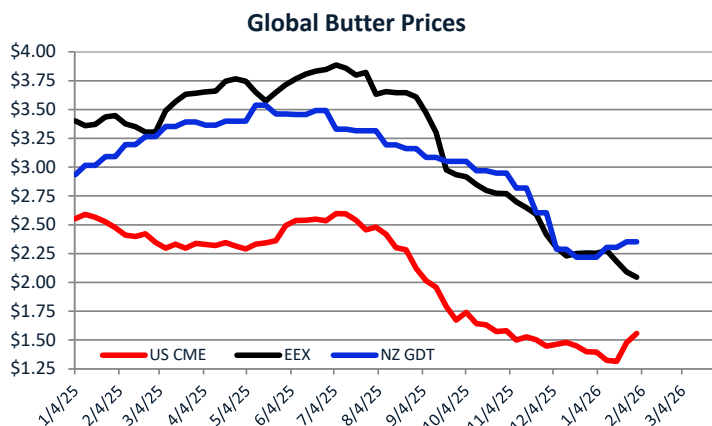




BUTTER PRICES

CME butter prices jumped from \$1.30 to the mid-\$1.50's

- CME butter staged a surprising rally on tighter fresh butter supplies and lower Dec 31 stocks
- Global prices (vs. prior week):
 - » NZ/GDT \$2.35 (+0.05)
 - » Europe \$2.10(-0.09)
- Bullish
 - » Strong exports in Q1
 - » Tight fresh butter supplies and impact to CME cash trading
 - » Stocks fell in December
- Bearish
 - » Heavy cream and butter supplies
 - » Buyers appear well covered

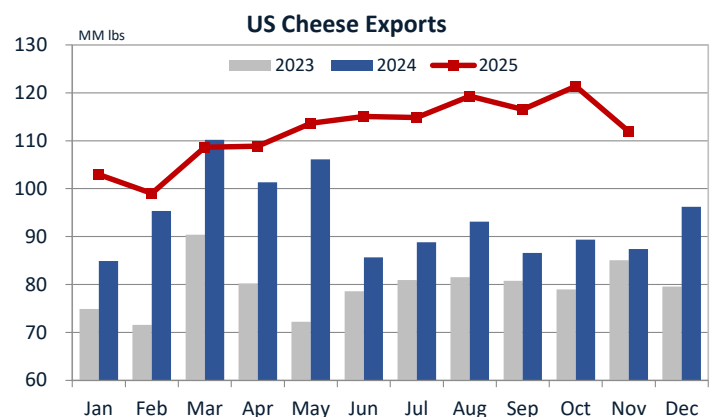
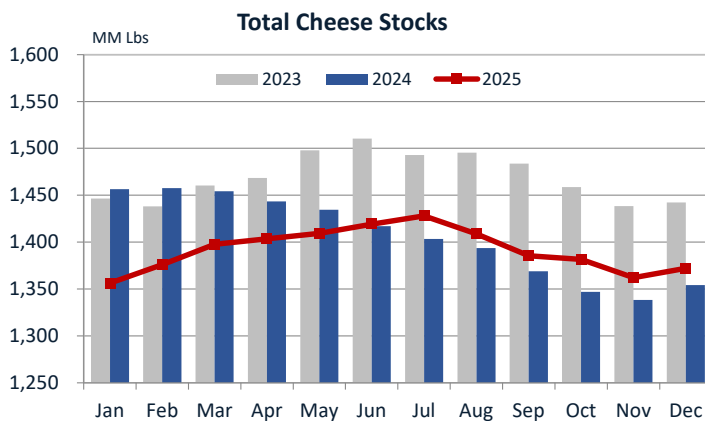
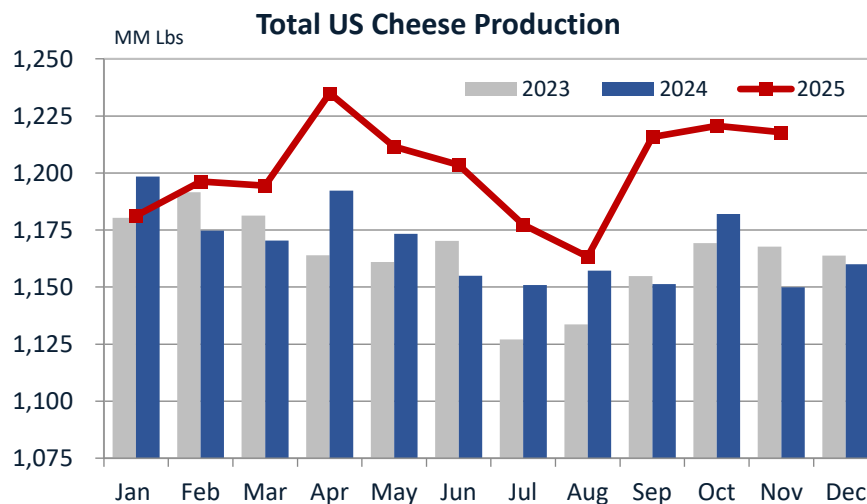




CHEESE KEY DRIVERS

Cheese production growth partly offset by continued record high exports

- Total cheese production in November was up 5.9% vs. YA; American +5.6%, Mozzarella +7.2%
- December total cheese stocks were up 1.3% vs. YA; American cheese +2.4%
- November exports were up 28% vs. YA; domestic disappearance was down 1.9% vs. YA in October

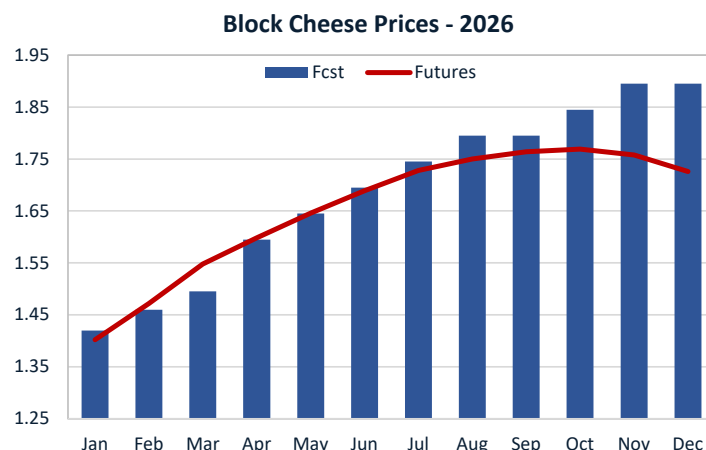
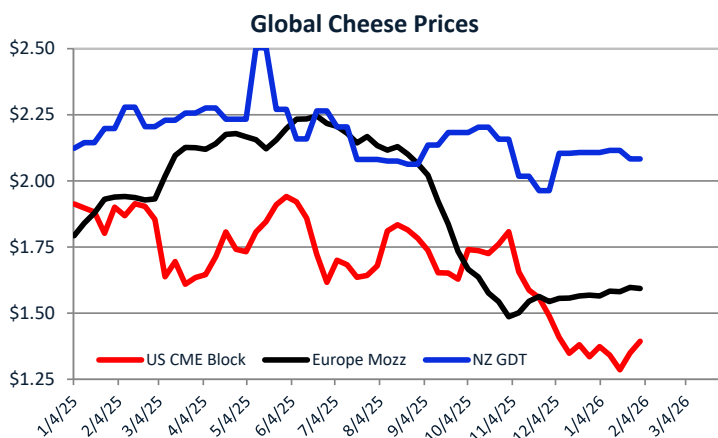




CHEESE PRICES

CME block cheese prices were under \$1.30 briefly – lowest since May 2020

- CME block cheese prices moved back up to the mid-\$1.30's as buyers found value at multi-year lows
- Global prices (vs. prior week):
 - » NZ GDT Cheddar \$2.08 (-0.04)
 - » Europe Cheddar \$1.72 (-0.01)
- Bullish
 - » Retail demand for Super Bowl
 - » Low prices spur demand
 - » Improving export outlook for Q2
- Bearish
 - » Milk & cheese production growth
 - » Slow export pace to start Q1
 - » Continued weakness in foodservice demand



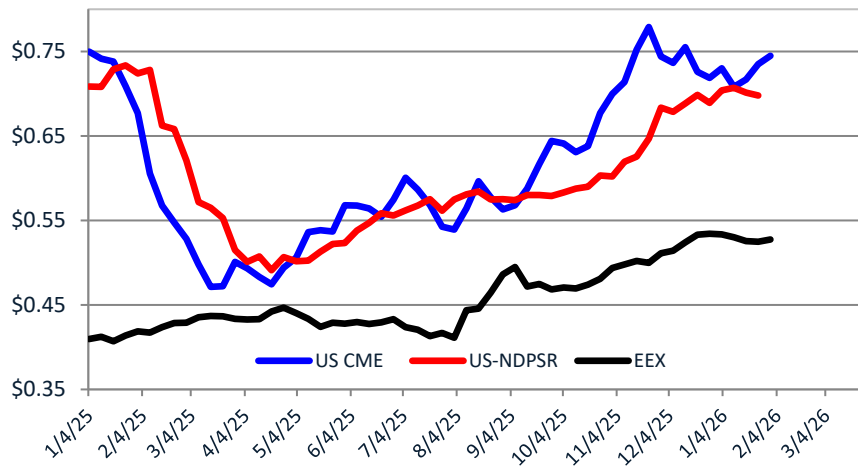


WHEY PRICES

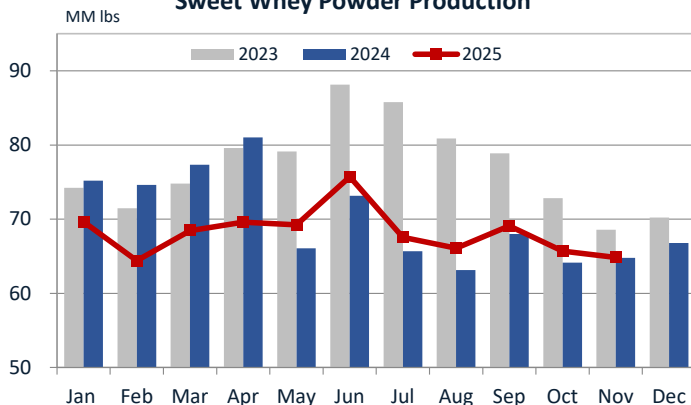
US sweet whey prices have topped out on weakening demand

- NDPSR sweet whey price was \$0.70 last week while the CME price was \$0.75 on Friday
- November SWP production flat vs. YA
- November 30 sweet whey stocks were down 5% vs. YA (+7.6% vs. prior month)
- October disappearance was down 6.1% vs. YA (domestic -27%)
- November exports +18%

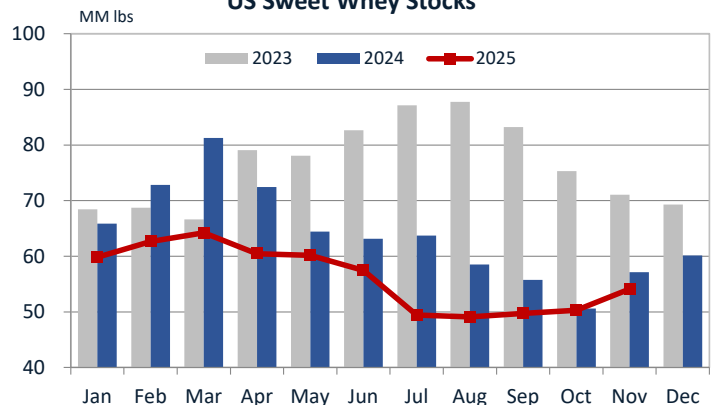
Global Sweet Whey Prices



Sweet Whey Powder Production



US Sweet Whey Stocks





2025 OUTLOOK

- Milk production in the US and other key regions is outpacing demand growth. This is forecast to continue to mid-2026 or longer.
- Milk and dairy prices have bounced off their lows, but milk supplies remain abundant.
- Record high beef revenue will continue in 2026 offsetting losses on milk margins.
- Culling rates will be key to how long the expansion cycle continues.
- Potential government activity to address food cost inflation and low milk prices during an election year

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