

DAIRY FARMERS
OF CANADA

SPRING
2026



QUARTERLY SKIM



Welcome to the latest edition of Dairy Farmers of Canada's Quarterly Skim, where we take a glimpse into what's happening in the marketplace and provide insight into what to expect in the upcoming months. Our goal is to help you stay informed on how the marketplace for dairy products is evolving.

In this first quarter 2026 edition, we provide an update on global dairy commodity prices, review recent trade developments, and take a look at market trends over the full year of 2025. We also examine the growing role of protein in shaping demand, analyze consumption trends in the Canadian market and conclude with a summary of the International Dairy Federation (IDF) outlook from 2023 to 2028.

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GLOBAL DAIRY COMMODITY PRICES UPDATE

RECOVERY IN GLOBAL MILK PRICES AFTER A DOWNWARD PRESSURE IN LATE 2025

The International Farm Comparison Network (IFCN) World Milk Price Indicator is a benchmark for tracking global dairy market trends. It represents the theoretical price a processor could pay to farmers if dairy products were sold on the world spot market¹, assuming standardized production costs.

The IFCN World Milk Price Indicator showed global milk prices rose steadily through early 2025, climbing from CAD 68.21 per 100 kg Solid Corrected Milk (SCM)² in January to CAD 73.87 per 100 kg SCM in May. Prices then softened in the second half of the year as production strengthened and global supply increased, falling to CAD 59.93 per 100 kg SCM in January 2026, representing a 18.9% decline from May.

Regional price developments help explain movements in the IFCN World Milk Price Indicator. Butter prices are still highest in Oceania, followed by the EU and the U.S., while skim milk powder is strongest in the U.S. The EU dairy sector is still facing environmental regulations and tight margins, which are limiting production growth, with 2026 forecasts showing a slight decline in milk deliveries and herd numbers (European Dairy Association, 2025). In the U.S., after a sharp drop in late 2025, markets began recovering in early 2026, supported by stable domestic and export demand. Increased butter and milk powder purchases ahead of the Chinese Spring Festival also supported early 2026 demand, while cold storage data suggests inventories remain relatively tight despite rising milkfat production (IFCN, 2026; Daily Dairy Report, 2026)³. In New Zealand, milk production is forecast to decline slightly in 2026 as the cow numbers fall and a developing El Niño may bring hotter and drier conditions later in the year (IFCN, 2026). Overall, markets remain under pressure from oversupply, but futures for 2026 have shifted higher, supported by strong seasonal demand.

Class 4A solid non-fat (SNF) prices, which generally follow trends in global skim milk powder (SMP) markets, declined through the second half of 2025, reaching a low of CAD 2.59/kg in December 2025 (Figure 2). The 12-month average for the period ending January 2026 was CAD 2.82/kg. Futures suggest price growth ahead, with prices expected to increase to about CAD 3.43/kg in May 2026. These projections are derived from U.S. NFDN futures converted into Canadian Class 4A equivalents, and actual movements will depend on global SMP trends, currency fluctuations, and transportation costs.

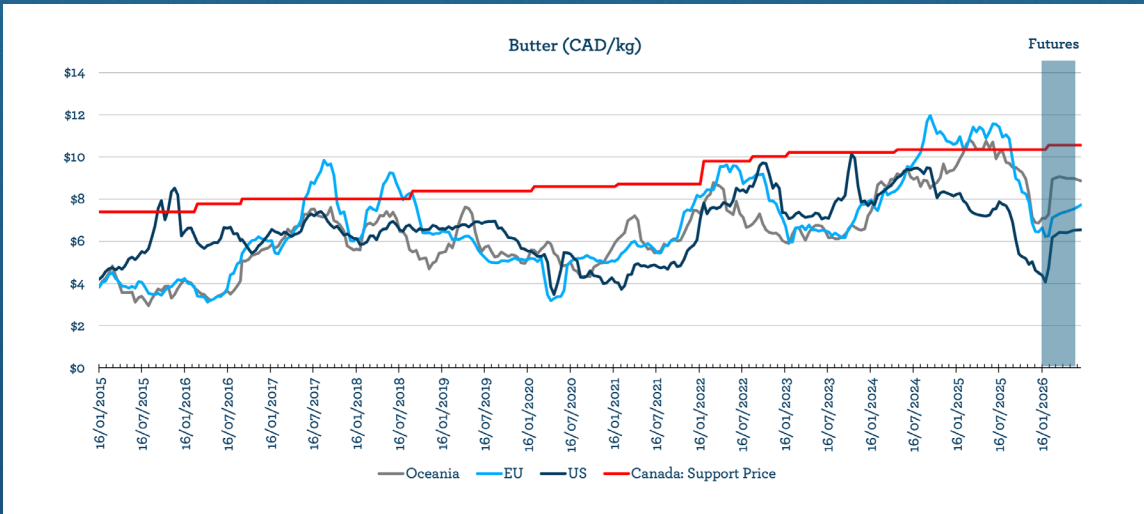


¹ The world spot market is the global market where commodities are sold for immediate delivery at current market prices.

² The IFCN World Milk Price Indicator is a weighted average of three components: SMP & butter (32%), cheese & whey (51%), and WMP (17%), with the weights adjusted quarterly based on the global trade shares of these commodities. It does not include processor margin.

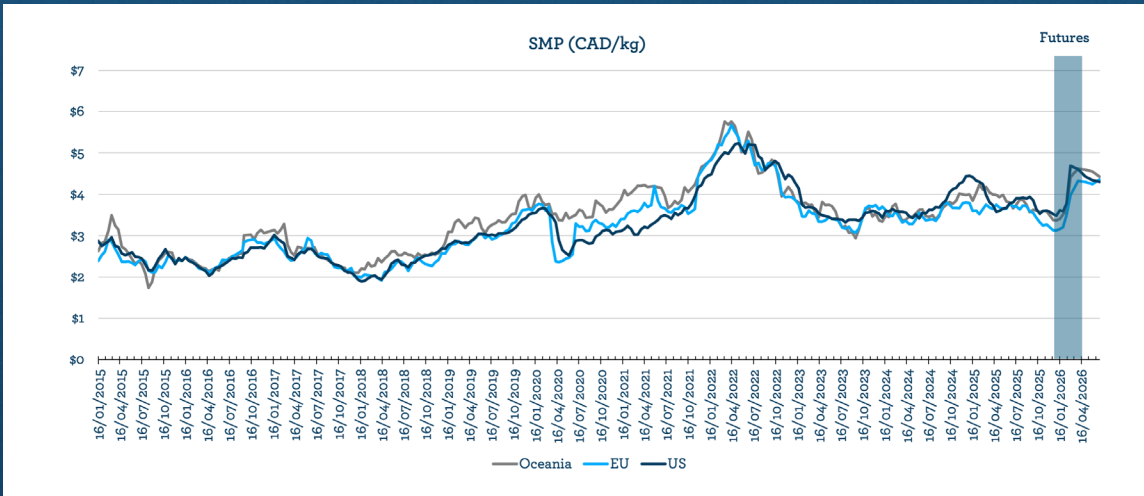
³ Daily Dairy Report: Vol. 14, No. 212 / February 24, 2026

FIGURE 1A AND 1B: EVOLUTION OF BUTTER AND SMP WORLD PRICES



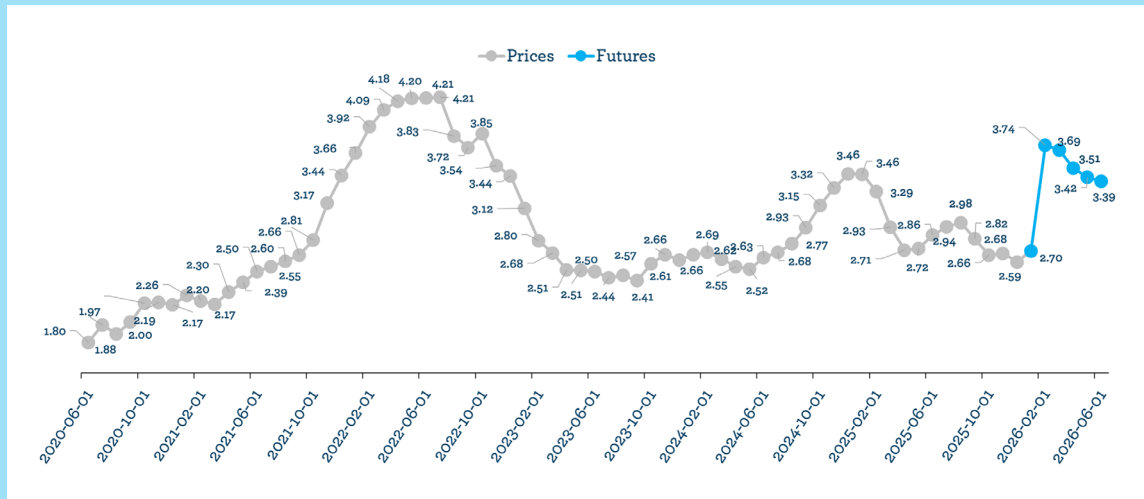
Sources: USDA, CME, NZX, EEX and DFC calculations as of February 24, 2026.

Note: The butter support price shown for Canada is a theoretical reference price and should not be interpreted as the actual market price for manufactured butter.



Sources: USDA, CME, NZX, EEX and DFC calculations as of February 24, 2026.

FIGURE 2: 4A SNF PRICE



Sources: CDC (prices), CME (futures), and DFC calculations from February 24, 2026.

Note: Futures data is based on settled futures prices for the prior trading day.

TRADE

This section examines tariff rate quotas (TRQs) and fill rates under Canada’s foreign trade agreements up to December 2025. TRQs allow a predetermined quantity to be imported for each dairy product.

The data used in this analysis comes from Global Affairs Canada (GAC) and the Canadian Dairy Information Centre (CDIC).

TOTAL CHEESE

Since 2022, cheese TRQ levels under the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) have been established at 17,700 tonnes. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) TRQs increased 1% from 14,645 tonnes in 2024 to 14,791 tonnes in 2025. A further 1% increase to 14,940 tonnes will occur in 2026. Under the Canadian-United States-Mexico Agreement (CUSMA), cheese TRQ levels rose 20% from 10,416 tonnes in 2024 to 12,500 tonnes in 2025, with growth slowing to 1% in 2026.

Total cheese imports under the World Trade Organization (WTO) reached a 99% fill rate in 2025, up slightly from 95.1% in 2024, reaching near full TRQ utilization.

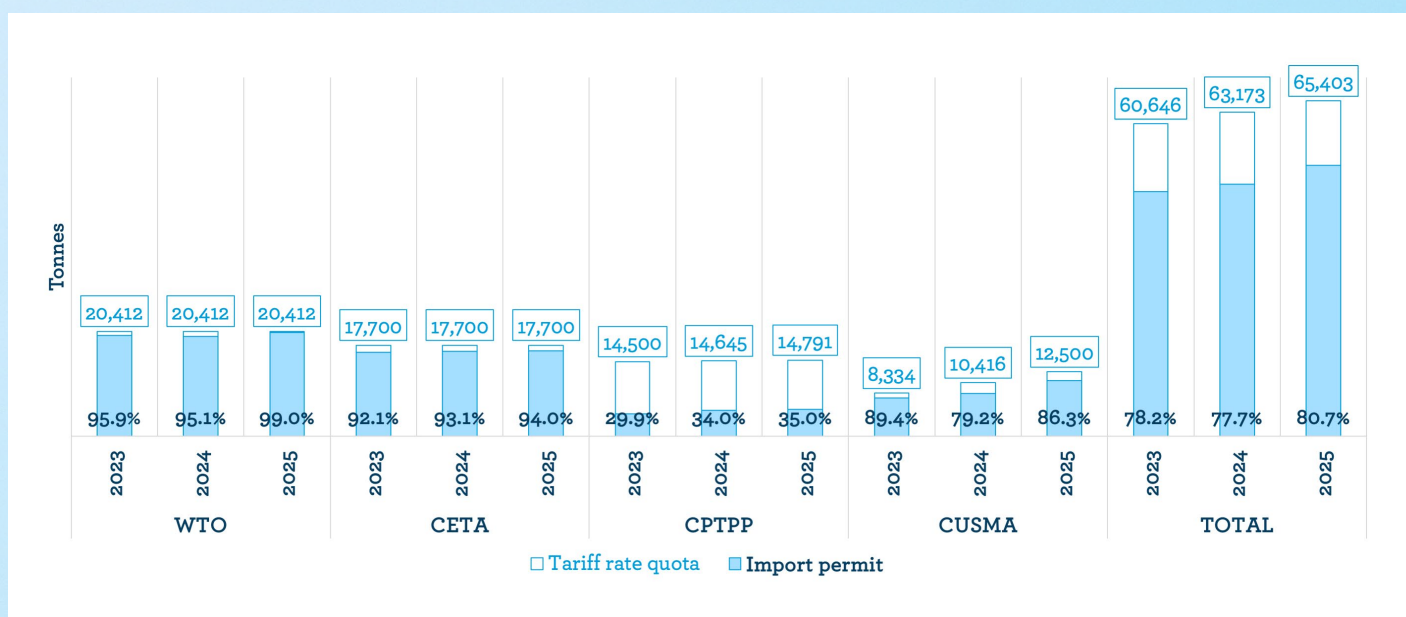
Under CETA, cheese TRQ utilization has been high. The fill rate was 94% in 2025, consistent with the fill rate in 2024.

Imports from the Asia-Pacific region under CPTPP remain stable compared to 2024. Under the CPTPP the total cheese fill rate was 35% in 2025.

Under CUSMA, the cheese fill rate increased to 86.3% in 2025, up from 79.2% in 2024.

Across all agreements, cheese imports saw a 7.5% increase year over year, up from 49,106 tonnes in 2024 to 52,802 tonnes in 2025. Over the same period, total cheese TRQ increased from 63,173 tonnes to 65,403 tonnes, meaning cheese imports filled 77.7% of the quota in 2024 and 80.7% in 2025.

FIGURE 3: TOTAL CHEESE IMPORTS



Source: Global Affairs Canada

ICE CREAM AND MIXES

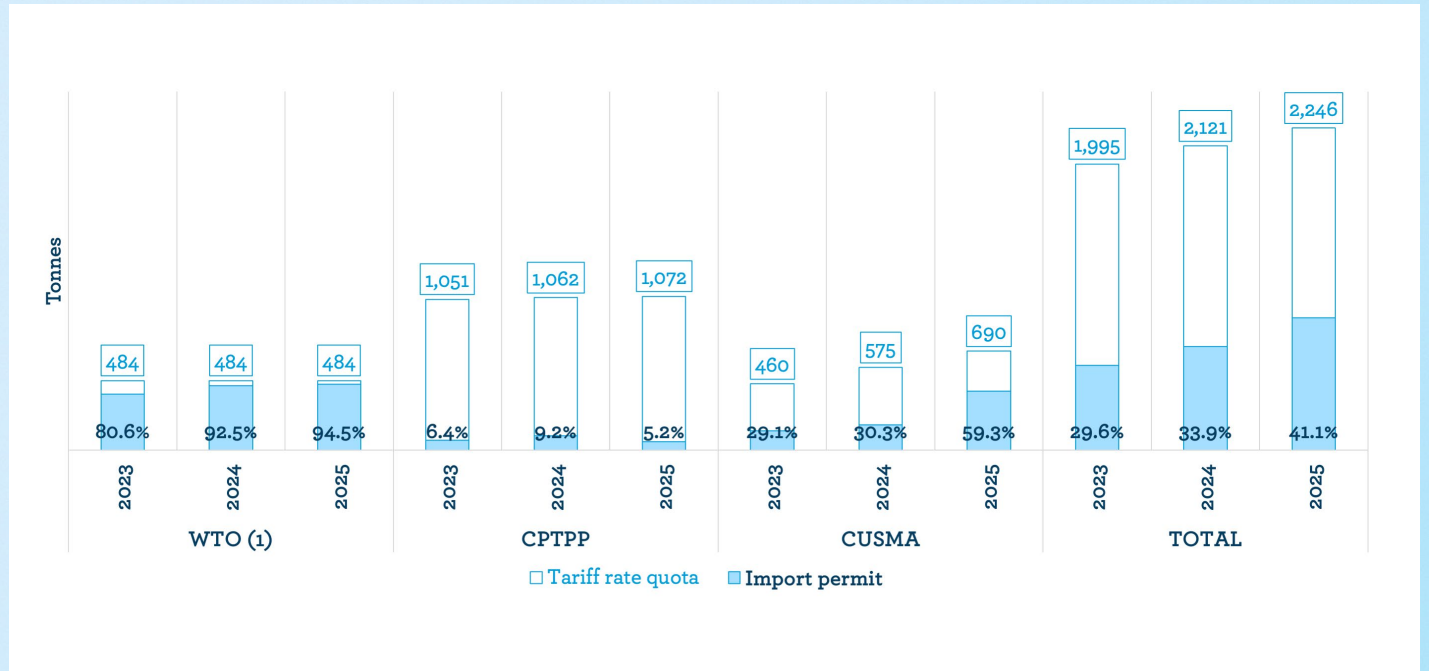
In 2025, ice cream and mixes imports under the WTO reached a 94.5% fill rate. This is consistent with last year's fill rate.

Under CPTPP, there was no significant change in imports of ice cream and mixes in 2025.

CUSMA imports reached a fill rate of 59.3% in 2025. This is an increase from the 30.3% fill rate in 2024.

Overall, total ice cream imports increased from 720 tonnes in 2024 to 922 tonnes in 2025.

FIGURE 4: ICE CREAM AND MIXES IMPORTS



(1) For the WTO, the tariff rate quota of 484 tonnes and the import permits shall apply only to ice cream. There is no market access for beverages containing milk, and ice cream mix and ice milk mix.

Source: Global Affairs Canada

NATURAL MILK CONSTITUENTS

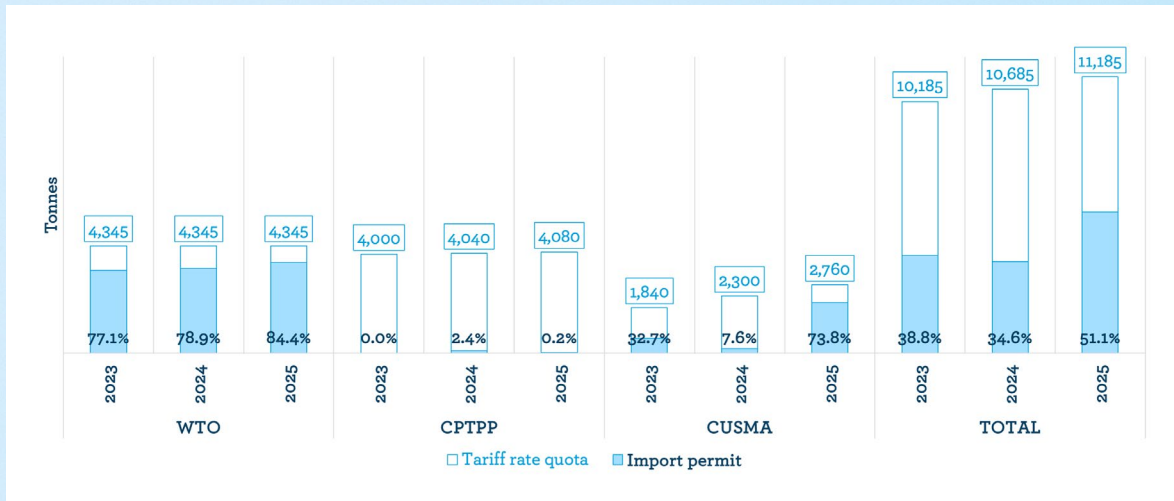
Under the WTO, imports of products containing natural milk constituents (NMC), commonly known as Milk Protein Concentrates (MPC), were slightly up in 2025 with an 84.4% fill rate. In 2024, fill rates under WTO were 78.9%.

Under CPTPP, there was no significant change in imports of products consisting of NMC in 2025.

Imports of MPC under CUSMA were filled to 73.8% in 2025. This represents a significant increase from the levels observed in 2023 and 2024, which stood at 32.7% and 7.6%, respectively.

Across all agreements, products consisting of NMC imports increased from 3,697 tonnes in 2024 to 5,715 tonnes in 2025.

FIGURE 5: NATURAL MILK CONSTITUENT IMPORTS



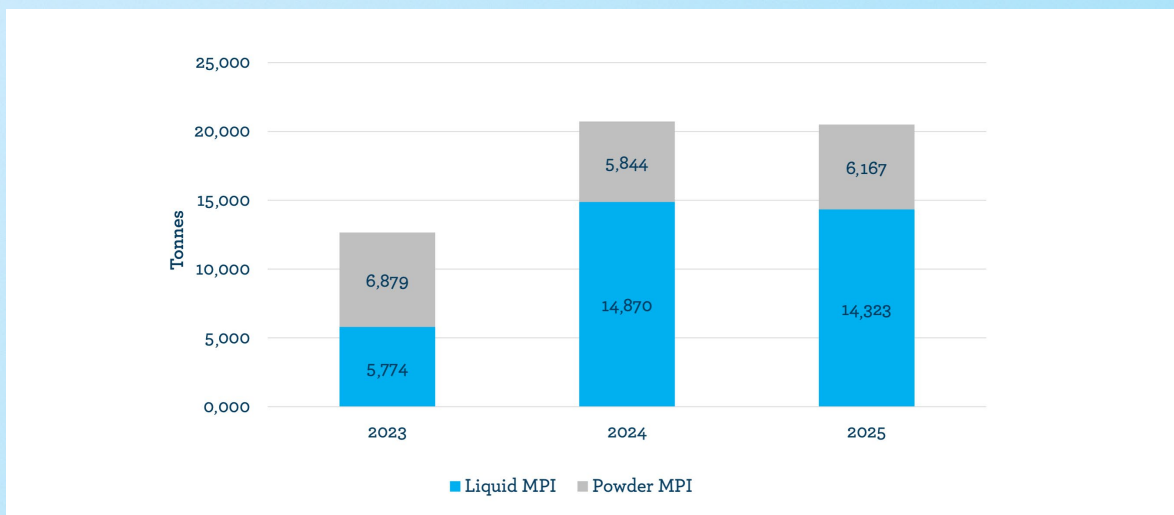
Source: Global Affairs Canada

MILK PROTEIN SUBSTANCES (MPI)

In 2025, Canada imported 20,490 tonnes of milk protein substances (MPI), of which 14,323 tonnes were liquid, and 6,167 tonnes were powder. Liquid MPI accounted for 70% of total MPI imports, up from 45.6% in 2023.

While overall MPI import volumes declined slightly by 1.1% compared to 2024, total protein supplied increased by 2.7%, indicating a similar import level with a slight shift toward powder MPI, which is higher in protein than liquid MPI.

FIGURE 6: MPI IMPORTS



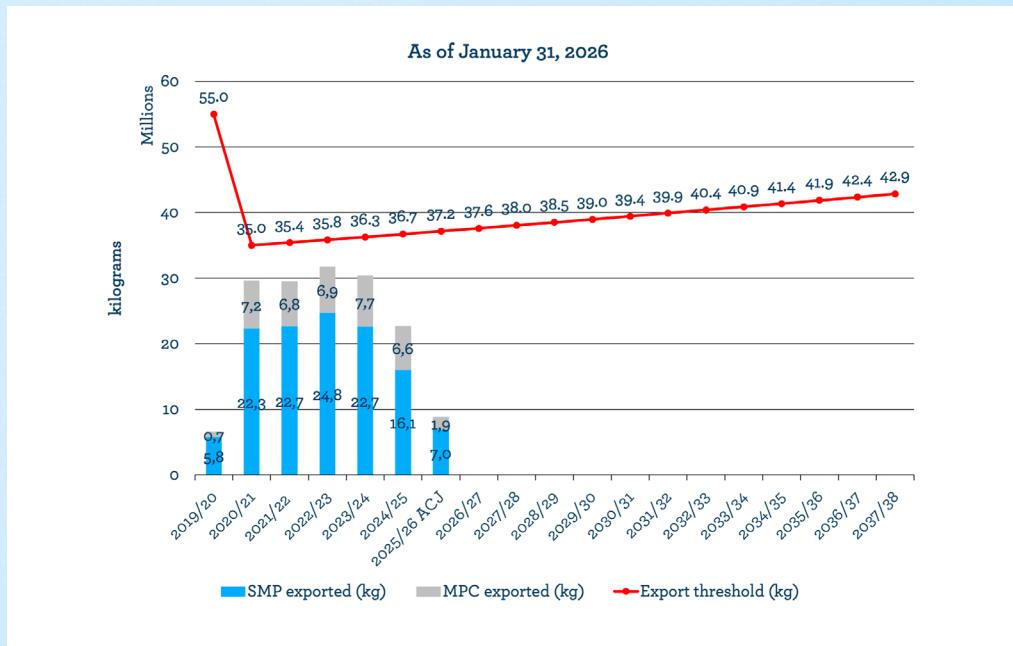
Source: Canadian Dairy Information Centre

EXPORTS OF SMP AND MPC

Exports of skim milk powder (SMP) and milk protein concentrates (MPC) totalled 22.6 million kg in the 2024/25 dairy year, remaining below the export threshold of 36.7 million kg. This included 16.1 million kg of SMP and 6.6 million kg of MPC.

From August 2025 to January 2026, SMP and MPC exports have reached 8.8 million kg, making up 6.9 million kg of SMP and 1.9 million kg of MPC. By comparison, exports over the same period last year totalled 12.2 million kg.

FIGURE 7: EXPORTS OF SMP AND MPC



Source: Global Affairs Canada



A FOCUS ON PROTEIN

Canadians are increasingly turning to protein-rich foods, driven by interest in nutrition and healthy eating. High-protein dairy products like ultra-filtered milk, cottage cheese, and Greek yogurt are benefiting from this trend, as consumers look for foods that support muscle and bone health. GLP-1 medications, which reduce appetite and overall calorie intake, may also be influencing these choices by making protein particularly important for preserving muscle during weight loss (Mozaffarian, Dariush et al., 2025). In 2025, 15% of Canadian households had at least one GLP-1 user (NielsenIQ, 2025). Younger generations are primarily using the medications for weight loss and older Canadians are using them more often for diabetes management (NielsenIQ, 2025).

A recent Cornell University study found that while U.S. households reduced grocery spending by 5.3% within six months of starting a GLP-1 medication, there were a few categories where spending increased, reflecting a shift toward more protein-dense, convenient options (Hristakeva, Liaukonytė, & Feler, 2025).

In Canada, high-protein dairy sales are rising across both food service and retail channels. Direct Link data for the third quarter of 2025, which tracks sales in food service, restaurants, hotels, and nursing homes, show that volume sales of ultra-filtered milk increased 7.7%, cottage cheese 10.7%, and Greek yogurt 14.4% compared with the same period a year prior. Retail sales for the full year in 2025 show a similar pattern, with ultra-filtered milk up 9.4%, cottage cheese up 25.8%, and Greek yogurt up 18.8% compared with 2024.

These trends reflect more than just GLP-1 adoption. A 2024 Mintel report on Canadian yogurt consumption identified “high in protein” as the most important health claim affecting purchase decisions. The same report noted that Gen Z and Millennial consumers increasingly favour frequent snacking over structured meals (Mintel, 2024)⁴. Overall, rising awareness of protein’s role in health, changing snacking habits, and evolving dietary trends appear to be driving sustained growth across high-protein dairy categories in Canada.

⁴Mintel: Yogurt and Yogurt Drinks – Canada – 2024 / May 28, 2024



CONSUMPTION TRENDS IN THE CANADIAN MARKET

In 2025, overall consumption for all major dairy products increased compared to 2024. Several demographic and economic factors may be contributing to these trends. Population growth remains a driver of consumption in the total market, as a larger population naturally leads to higher total consumption. That said, population growth was more tempered in 2025 at 0.9%, down from 3% in 2024.

With disposable income and food expenditures per capita improving, out of home consumption has shown signs of growth for certain dairy products. Though, consumers continue to shift their retail shopping to discount grocery banners, mass merchandisers, and warehouses in search of lower prices across all food categories. These seemingly opposing trends underscore the complex trade-offs of where consumers choose to allocate their budget. More details on specific trends are provided below.

FIGURE 10: CANADIAN MARKET
2025 VS. 2024

PERIOD	MARKET	TOTAL	RETAIL (NielsenIQ)		ALL OTHER MARKETS	
			Dairy Product	Sales in Volume (% Change)	Sales in Volume (% Change)	Sales in Volume (% Share)
2025	Milk (litres)	0.3%	-0.5%	76.5%	3.1%	23.5%
	Cream (litres)	0.1%	0.1%	39.8%	0.2%	60.2%
	Refrigerated yogurt (kilograms)	6.4%	6.3%	94.8%	7.3%	5.2%
	Natural cheese (kilograms)	3.0%	1.7%	55.2%	4.7%	44.8%
	Butter (Kilograms)	7.4%	4.1%	57.1%	12.1%	42.9%

Note

1. Total market for milk, cream, and refrigerated yogurt = production + imports for domestic market – domestic exports
2. Total market for natural cheese, and butter = production + imports for domestic market – stocks variation – domestic exports
3. IREP, over-access committed imports, and foreign exports (re-exports) are not included in the total market
4. HRI = total market – retail market – class 5
5. HRI = hotels, restaurants, institutions, independent retailers that are not captured by Nielsen, class 5 further processing when not available, and all other further processing not included in class 5
6. Does not capture cross-border shopping of dairy products. These were estimated by Agriculture and Agri-Food Canada (AAFC) at 64,500 tonnes per year for fluid milk between 1989 and 1991

Sources: Statistics Canada, GAC, CDC, NielsenIQ, AAFC, and DFC calculations

FIGURE 11: PER CAPITA CONSUMPTION

2025 VS. 2024

PERIOD	MARKET	TOTAL	RETAIL (NielsenIQ)		ALL OTHER MARKETS	
	Dairy Product	Sales in Volume (% Change)	Sales in Volume (% Change)	Sales in Volume (% Share)	Sales in Volume (% Change)	Sales in Volume (% Share)
2025	Milk (litres)	-0.6%	-1.5%	76.5%	2.1%	23.5%
	Cream (litres)	-0.8%	-0.9%	39.8%	-0.7%	60.2%
	Refrigerated yogurt (kilograms)	5.4%	5.3%	94.8%	6.3%	5.2%
	Natural cheese (kilograms)	2.0%	0.7%	55.2%	3.7%	44.8%
	Butter (Kilograms)	6.4%	3.2%	57.1%	11.1%	42.9%

Note

1. Total market for milk, cream, and refrigerated yogurt = production + imports for domestic market – domestic exports
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Sources: Statistics Canada, GAC, CDC, NielsenIQ, AAFC, and DFC calculations

MILK

In the total market, milk sales increased by 0.3% in 2025 compared to the same period one year ago. Per capita milk consumption declined by 0.6% over the same timeframe.

All the growth in the total milk market has come from the Hotel, Restaurant and Institutional (HRI) food sector and further processing markets, where sales increased 3.1% year over year. These markets now account for 23.5% of total milk consumption. Growth in the HRI sector likely reflects shifting consumer habits, including a greater number of in-office workdays (e.g., public servants), which has supported higher levels of out-of-home consumption.

In contrast, retail milk sales declined by -0.5% compared to the previous reporting period, now accounting for 76.5% of the total market. The recent decline in retail milk consumption is linked to the rise in out-of-home consumption. Reduced immigration and demographic shifts like the growing share of younger generations in Canada's population and the arrival of new immigrants with different food cultures have also likely contributed

to weaker fluid milk sales. Within retail, whole milk sales have continued to grow, reflecting the demand for higher milk fat. Notably, the performance of value-added milk products, such as lactose-free, and ultrafiltered products continue to perform well.

Sales of plant-based beverages declined over the current period and now account for 8.4% of total retail sales in the milk and substitutes category, down from 8.5% in 2024. This decrease occurred even though the price difference between milk and plant-based beverages shrunk at retail. Within the current economic context, consumers appear more sensitive to the higher comparative price of plant-based beverages. Additionally, plant-based beverage sales have continued to be affected by the ongoing impact of a July 2024 plant-based beverage recall.

CREAM

Total cream consumption remained stable at 0.1% in 2025 compared to the same period a year ago. On a per capita basis, consumption decreased by 0.8%.

In the retail market, which accounts for 39.8% of the total cream consumption, sales remained relatively stable at 0.1% over the same period. Like fluid milk consumption at retail, cream sales are being driven by consumer demand for higher-fat cream.

For cream consumed in other markets, sales remained relatively stable at 0.2% and represent 60.2% of the total cream market. Sales in the further processing market decreased compared to the previous year, Direct Link data suggest there are two opposing trends occurring in the HRI market. Economic pressures on household budgets have led consumers to purchase fewer meals at fine-dining restaurants, which has reduced cream consumption. This trend has been partially offset by the out-of-home consumption associated with more employees returning to the office, similar to the consumption of milk.



REFRIGERATED YOGURT

Refrigerated yogurt sales increased by 6.4%, compared to 2024. Per capita consumption was also strong, rising 5.4%, which suggests factors such as interest in higher protein options are influencing consumption habits.

Retail sales continued to capture the majority of the total yogurt market, accounting for 94.8%. At retail, yogurt consumption increased 6.3% year over year. This growth reflects several trends. First, there is a shift toward larger yogurt formats, which offer more cost-effective options and encourage higher consumption as they are not restricted to a single portion size. In addition, consumers are also increasingly choosing varieties with higher protein content like Greek and Skyr products.

Consumption in all other markets grew by 7.3% compared with the previous year, now representing 5.2% of the total market. The HRI market was responsible for most of the growth outside of retail. Yogurt used in Class 5 for the further processing market continues to make up a small portion of the market.



NATURAL CHEESE

In 2025, natural cheese consumption increased by 3% compared to 2024. Per capita consumption of natural cheese increased by 2% compared to one year ago.

Per capita natural cheese consumption has been supported by growth across both retail and out-of-home channels. The HRI sector, which accounts for 44.8% of the total natural cheese market, has begun to rebound. Statistics Canada data indicate growth in sales receipts across quick-service, full-service, and special food service locations in 2025, even after adjusting for inflation. This recovery aligns with broader economic trends: food price growth has slowed, while real disposable income and food expenditures per capita have improved, signalling a start to easing budgetary pressures. Additionally, in their quarterly report, Restaurants Canada highlighted the impact of the Canadian government's GST/HST holiday and an increase in domestic tourism that helped boost traffic among HRI establishments.

Consumer purchases of natural cheese at retail have continued to grow, supported by minimal growth in average retail prices. Retail sales increased by 1.7% during this period, accounting for 55.2% of the total market. On a per capita basis, sales of natural cheese increased by 0.7% compared to one year ago.

Additionally, cottage cheese has experienced strong sales growth at retail, rising 25.8% compared to the same period a year ago. Similar to certain high-protein yogurts, cottage cheese has gained popularity due to its versatility and high protein content.

The one outlier to growth is natural cheese used in Class 5 for further processing, which declined during the current reporting period.

BUTTER

In 2025, butter consumption rose 7.4% year over year with per capita sales up 6.4%.

Growth was observed across all segments of the market, with the strongest gains coming from butter consumed outside of retail, which now accounts for 42.9% of total consumption. Across all other markets, butter continues to gain momentum. This growth may be linked to declining butter prices. According to HRI data, total dollar sales increased by 6% year over year, while margarine sales declined by - 5% (Direct Link, 2025). This points to a shift away from margarine toward butter within food service establishments.

Retail continues to represent the largest share of the market, accounting for 57.1% of total butter consumption. Retail butter sales increased 4.1% compared to a year earlier, driven by lower retail prices, which helped stimulate consumer demand. Shifting consumer preferences toward less processed products have further strengthened butter's position and contributed to continued declines in margarine sales, despite lower margarine prices.

As a result, butter's share within the butter and substitute category has risen to 55.7% of total sales in kilograms, up from 53% a year ago. Another notable trend is the growing presence of clarified/ghee butter products, which have higher butterfat content than regular butter. Sales of these products continued to rise over the past year, driven by the influx of new immigrants to Canada. These products now account for 2.2% of the butter and substitute category.

IDF GLOBAL CONSUMPTION TRENDS OUTLOOK

IDF forecasts from 2023 to 2028 suggest that Canada's consumption is aligning with other developed dairy markets.

Fluid milk consumption is expected to decline slightly each year, mirroring trends in the United States, Australia, and Western Europe. This reflects ongoing demographic shifts like the growing share of younger generations and changes in eating habits across developed markets.

In contrast, other categories demonstrate greater resilience. Yogurt is expected to grow by approximately 1-2% annually, driven by steady demand for high-protein products, a trend also observed across North America and Europe. Butter is similarly projected to grow, reflecting ongoing interest in less processed foods. Ice cream is forecasted to increase by 1-2% per year, aligning with other developed markets where warmer summers and the indulgence category continue to support growth.

Cheese consumption is expected to increase slightly, up to 1% per year, similar to trends in the U.S. and several European countries. Tighter household food budgets may limit more significant growth. Cream is also projected to experience steady but modest growth.

Overall, Canada's outlook points to modest growth in some categories, while fluid milk continues to face gradual downward pressure.



CONCLUSION

After meeting highs early in 2025, global dairy markets have cooled as oversupply puts pressure on prices. While forecasts indicate that prices could edge up again, the situation remains volatile as markets adjust to supply and demand conditions.

On trade side, tariff rate quotas for cheese are almost fully used. Imports of milk protein substances and natural milk constituents have also increased in recent years. Export volumes of skim milk powder and milk protein concentrates remain well below thresholds.

Should you have suggestions for topics in future editions, we invite you to send them to communications@dfc-plc.ca.

Domestically, consumer trends continue to shift. While people are drinking less milk, other products such as yogurt, natural cheese and butter are supporting growth. Strong interest in protein and more meals eaten outside the home are helping sustain demand. Overall, Canada's outlook remains similar to other developed dairy markets, with modest growth for value-added categories.

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