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Dairy EXCELLENCE

Dairy Week in Review

August 26, 2026

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Class III Milk Price (Aug.)	$16.61/cwt	+0.5%	+5.3%	-4.5%
Class IV Milk Price (Aug.)	$17.32/cwt	+0.4%	-5.8%	-6.3%
Corn (Sep.)	$5.00/bu.	+8.0%	+9.2%	+29.2%
SBean Meal (Sep.)	$320.3/ton	+2.3%	–	+7.8%
DMC Margin (Jun.)	$10.88/cwt	–	+2.4%	-2.0%

**Each issue of "Dairy Week in Review" will report on the most recent Milk Margin published through USDA's Dairy Margin Coverage Program. This margin is published each month after the USDA Ag Prices Report is released.*

Markets:

- Based on the most recent USDA Milk Production report, U.S. milk production totaled 20.1 billion pounds, a 2.2 increase from July 2025 to 2026. The U.S. milk output per cow averaged 2,075 pounds, 3 pounds above the monthly average for July 2025. The nation's milk cow numbers rose by 199,000 head from July 2025 to 9.71 million head in July 2026.
- At the state level, 19 of the 24 selected states reported positive growth in their milk supplies. Kansas experienced the most significant milk production growth at 15.4 percent year over year. Kansas' annual milk output spike is directly related to the influx of dairy cows, as the state reported a 199,000-head increase from July 2025 to 2026. South Dakota and Oregon also saw noticeable milk supply growth and reported 6.8 and 6.4 percent increases year over year, respectively.
- From July 2025 to 2026, Pennsylvania's milk production held steady at 810 million pounds. The Keystone State's milk cow numbers are down 5,000 head from 460,000 in July 2025 to 455,000 head in July 2026. However, for July 2026, Pennsylvania experienced positive growth in the milk output per cow, rising 20 pounds from July 2025 and averaging 1,780 pounds.

Government/Industry:

- On August 21, the Trump administration made the decision to suspend tariffs on 300 thousand metric tons of beef imports over the next 90 days in an attempt to lower consumer beef prices. For the dairy and beef industries, this policy shift will have negative impacts. Over the past few years, as dairy farms more widely adopted beef-on-dairy into their operations, beef sales accounted for 20 percent of annual, dairy farm income. Additionally, beef-dairy crosses account for 20 percent of total U.S. beef production. The tariff rollback on beef imports will primarily shift beef sales profits from U.S. farmers to exporters and stunt domestic beef production growth. Encouraging and supporting growth among U.S. beef and dairy producers and herds could lower beef prices at grocery stores more sustainably than relying on cheaper beef imports.
- On August 25, U.S.-Canada trade disputes escalated as Canada implemented retaliatory tariffs on $20 billion worth of U.S. products, including dairy products, farm equipment, and steel. The continuation of the trade war could mean U.S. businesses and consumers could face higher costs on goods, such as seafood, clothing, and cheese. These new tariffs were imposed as a response to the Trump administration's 50 percent tariffs on Canadian products over the weekend. The tariffs will be enacted September 8 at rates of 15, 25, and 50, percent, which Canada plans to match on over 700 products and will mostly affect steel and aluminum. Dairy products, including cheese, will face 25 percent tariffs once the policy takes effect.

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