# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — JAN. 28, 2026 — except where noted


DR. BECCA WEIR
Assistant Professor of Agricultural Economics
Penn State University
rbw5600@psu.edu


**Dairy demand and supply: Which force is stronger?** As we cruise into February, it's important to pause and consider the market conditions in the current dairy landscape. In this month's update, we are going to focus on two key market principles – supply and demand – to understand the current environment and how they influence prices.

Let's first look at supply. Milk production is expected to grow in 2026 to 234.3 billion pounds, a 1.25% increase from 2025 (231.4 billion pounds) and up 8.4 billion pounds from 2024 (225.9 billion pounds). There are two factors that are driving the increased production: increases in milk yield per cow and the number of cows. Improved genetics and management have allowed producers to increase production from their cows. In 2015, milk yield per cow averaged 23,372 pounds, and the 2026 projection is a record high of 24,520 pounds (which is up 140 pounds from 2025). Pair this with more cows, and it is no surprise that U.S. milk production is expected to rise. The USDA estimates that there will be 9.555 million cows milking in 2026, which is the largest herd since 1993. From an economic perspective, an increase in supply lowers prices to restore market equilibrium, but we also need to consider the demand side of the equation.

Demand for dairy products has been promising. Domestic use on a milk-fat basis is estimated at 224.5 billion pounds for 2026, up nearly 1% from 2025. Per capita consumption data are not forecasted, but 2024 averaged 650.7 pounds per capita, while 2023 was 660.7 pounds per capita, the highest consumption since 1959! Demand for butter was at a record high in 2024, and yogurt and cottage cheese also saw strong growth. Internationally, exports on a milk-fat basis are projected to be a record high at 17.0 billion pounds. This is up 3.7% from 2025 (16.4 billion pounds), which followed a substantial year-over-year increase from 2024 to 2025 (39% increase of 11.8 to 16.4 billion pounds).

So, what are the price expectations for 2026? Economic principles tell us that as supply increases, prices will decline. Similarly, as demand increases, we would expect prices to rise. Which force is stronger? How are prices expected to respond?

Throughout 2025, we saw prices decline from $24.10/cwt in January to $19.70/cwt in November. The prices have declined month over month since Sept. 2024. Looking forward, prices are expected to continue to decline through the first half of 2026 and finally begin to rebound mid-year. Price projections for each quarter of 2026 are $17.10/cwt, $17.60/cwt, $18.80/cwt, and $19.40/cwt, respectively, which brings the average price expectation for 2026 to $18.25/cwt. This average price is lower than the 2025 ($21.15/cwt) and 2024 ($22.55/cwt) average prices.

Several other factors will play a role in the market and should not be ignored. The Whole Milk for Healthy Kids Act was signed on January 14, 2026, which is expected to increase demand for butterfat in milk. Also, despite the growing national dairy herd, older cows and limited availability of replacements are likely to influence the industry, and new processing capacity is likely to alter markets as well.

Lastly, while the milk price outlook is dismal in the near term, there are some bright spots for the dairy industry. Feed prices for 2026 are expected to remain stable at $9.80/cwt based on futures price expectations from Jan. 23, 2026. This is the lowest feed price, in inflation-adjusted terms, over the past several years as shown in the table below. It reflects a mix of corn, soybean meal, and premium alfalfa hay, consistent with the formula used in the Dairy Margin Coverage program.

| Year | Avg Feed Price ($/cwt) |
|---|---|
| 2020 | 11.04 |
| 2021 | 14.00 |
| 2022 | 16.32 |
| 2023 | 14.56 |
| 2024 | 10.91 |
| 2025 | 10.04 |
| 2026 | 9.80 |

Note: The average feed price is inflation-adjusted to 2025 dollars.

The combination of stable feed prices and depressed milk prices puts pressure on already tight margins in the dairy industry, which makes risk management strategies even more valuable. The Dairy Margin Coverage Program is a federal program for dairy producers based on the milk-and-feed price margin. Enrollment for the DMC Program is open through Feb. 26, 2026. Based on current market expectations, this program will likely result in payouts at the $9.50/cwt coverage level, helping to offset margin pressure. To enroll, contact your local FSA office.

*Notes: Data referenced in this article are from USDA sources including the Farm Service Agency, Agricultural Prices Report, Milk Production Report, and Livestock, Dairy and Poultry Outlook.*

*Prices change daily. This market information is an example for educational purposes. The market data shown below are compiled weekly by Farmshine, via CME & USDA reports.*

## CME DAILY FUTURES & OPTIONS TRADING — JAN. 28, 2026 AT THE CLOSE

**CLASS III MILK FUTURES** ($/CWT) vs. week ago: *Jan26 dn 10¢, Feb-Jul26 up 30 to 60¢, Apr26 up 80¢, Aug-Sep26 up 10 to 15¢, Oct-Dec26 firm.* *12-Month Avg. 16.81* ↑↑

**CLASS IV MILK FUTURES** ($/CWT) vs. week ago: *Jan up 15¢, rest of board up a whopping $1.25 to $2.50!* *12-Month Avg. 16.93* ↑↑

| | JAN-26 | FEB-26 | MAR-26 | APR-26 | MAY-26 | JUN-26 | JUL-26 | AUG-26 | SEP-26 | OCT-26 | NOV-26 | DEC-26 | TREND |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Class III | 14.64 | 15.59 | 16.04 | 16.42 | 16.73 | 17.04 | 17.35 | 17.54 | 17.74 | 17.75 | 17.60 | 17.29 | ↑↑ |
| Class IV | 13.55 | 15.05 | 16.65 | 16.93 | 17.16 | 17.26 | 17.48 | 17.70 | 17.90 | 17.95 | 17.95 | 17.60 | ↑↑ |

**MILK BASIS** (MAILBOX minus CLASS 3 $/CWT) **2018-23 AVG FOR NORTHEAST & MIDEAST STATES OF PA, NY, NEW ENGL., OH vs.** *NAT'L AVERAGE - YOUR INDIVIDUAL BASIS WILL VARY*

| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Mailbox | 19.22 18.75 | 18.82 18.25 | 18.96 18.48 | 18.64 18.27 | 18.52 18.15 | 18.68 18.38 | 18.65 18.35 | 18.62 18.41 | 19.27 18.75 | 20.20 19.76 | 20.58 20.17 | 20.25 19.64 |
| Class III | 16.81 16.81 | 16.03 16.03 | 16.98 16.98 | 17.31 17.31 | 17.33 17.33 | 18.16 18.16 | 18.16 18.16 | 17.59 17.59 | 17.60 17.60 | 18.72 18.72 | 19.07 19.07 | 17.30 17.30 |
| BASIS | 2.41 1.94 | 2.79 2.22 | 1.98 1.50 | 1.33 0.96 | 1.19 0.82 | 0.52 0.22 | 0.49 0.19 | 1.03 0.82 | 1.67 1.15 | 1.48 1.04 | 1.51 1.10 | 2.95 2.34 |

**CORN FUTURES** ($/BU)

| MAR-26 | MAY-26 | JUL-26 | SEP-26 | DEC-26 | MAR-27 | MAY-27 | JUL-27 | SEP-27 | DEC-27 | MAR-28 | MAY-28 | JUL-28 | TREND |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 4.321 | 4.392 | 4.350 | 4.442 | 4.582 | 4.702 | 4.764 | 4.794 | 4.640 | 4.704 | 4.814 | 4.874 | 4.886 | ↑↑ |

**SOYMEAL FUTURES** ($/TON)

| MAR-26 | MAY-26 | JUL-26 | AUG-26 | SEP-26 | OCT-26 | DEC-26 | JAN-27 | MAR-27 | MAY-27 | JUL-27 | AUG-27 | SEP-27 | TREND |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 297.3 | 301.1 | 306.0 | 307.9 | 309.1 | 309.5 | 313.1 | 315.0 | 316.3 | 318.3 | 321.1 | 320.6 | 319.2 | ↑↑ |

**U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP** - *Source: USDA Monthly National Dairy Comprehensive Report*

| SEP-24 | OCT-24 | NOV-24 | DEC-24 | JAN-25 | FEB-25 | MAR-25 | APR-25 | MAY-25 | JUN-25 | JUL-25 | AUG-25 | SEP-25 | OCT-25 | NOV-25 | *DEC-25 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 199.57 | 206.63 | 192.20 | 184.82 | 184.49 | 189.60 | 195.30 | 195.50 | 187.01 | 188.00 | 195.00 | 202.00 | 179.00 | 192.00 | 202.00 | *206.60 | ↑↑ |

**DMC OFFICIAL GROSS MARGINS** *per cwt(USDA All-Milk, corn, alfalfa & Ill. soybean, feed for ALL CLASSES of dairy cattle on farm)*

| DMC | JUL-24 | AUG-24 | SEP-24 | OCT-24 | NOV-24 | DEC-24 | JAN-25 | FEB-25 | MAR-25 | APR-25 | MAY-25 | JUN-25 | JUL-25 | AUG-25 | SEP-25 | OCT-25 | *NOV-25 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MARGIN | 12.33 | 13.72 | 15.57 | 15.17 | 14.29 | 13.38 | 13.85 | 13.12 | 11.55 | 10.42 | 10.40 | 11.10 | 10.94 | 11.52 | 10.87 | 10.52 | *10.04 | ↓↓ |
| ALL MILK | 22.80 | 23.60 | 25.50 | 25.20 | 24.20 | 23.30 | 24.10 | 23.60 | 22.00 | 21.00 | 21.30 | 21.30 | 20.80 | 20.90 | 20.40 | 20.00 | * 19.70 | ↓↓ |
| FEED $ | 10.47 | 9.88 | 9.93 | 10.03 | 9.91 | 9.92 | 10.25 | 10.48 | 10.45 | 10.58 | 10.90 | 10.20 | 9.86 | 9.38 | 9.53 | 9.48 | * 9.66 | ↑↑ |

**DAIRY COMMODITIES - GLOBAL BIWEEKLY Internet Auction ($/LB) 01/20/26**
*Weighted Avg. 1 to 6 mo. FORWARD CONTRACTS per metric ton converted to $/LB*
*NEXT GDT AUCTION 02/03/26*

| | | |
|---|---|---|
| ALL-PRODUCT INDEX | 1.6402 ↑↑ | 1.5% |
| MILKFAT (AMF) | 2.8090 ↑↑ | 3.0% |
| BUTTERMILK POWDER | N/A | N/A |
| LACTOSE | 0.6284 ↓↓ | 1.8% |
| SKIM POWDER (SMP) | 1.1865 ↑↑ | 2.2% |
| BUTTER | 2.4111 ↑↑ | 2.1% |
| CHEDDAR (BULK) | 2.0844 ↓↓ | 1.4% |
| MOZZARELLA (BULK) | 1.5154 ↓↓ | 2.3% |
| WHOLE POWDER (WMP) | 1.5649 ↑↑ | 1.0% |

**U.S. CME SPOT DAILY ($/LB) 01/28/26**

| | Prev. 5 day Lds | Spot price | Weekly Avg |
|---|---|---|---|
| NFDM | 3 | 1.3800 ↑↑ | 1.3567 ↑↑ |
| BUTTER | 30 | 1.5250 ↑↑ | 1.5733 ↑↑ |
| CHEDDAR-40 | 17 | 1.3825 ↑↑ | 1.4108 ↑↑ |
| CHEDDAR-500 | 2 | 1.4100 ↑↑ | 1.4467 ↑↑ |
| DRY WHEY | 1 | 0.7500 ↑↑ | 0.7433 ↑↑ |

**U.S. WEEKLY USDA NDPSR ($/LB) WK ENDING 01/24/26***

| FMMO PROD | MIL. LBS | WTED AVG $ |
|---|---|---|
| NFDM | 14.2 | 1.2032 ↑↑ |
| BUTTER | 3.6 | 1.3641 ↓↓ |
| CHEESE-40 | 9.7 | 1.3873 ↓↓ |
| CHEESE-500 | REPORT ENDED | |
| DRY WHEY | 7.2 | 0.6978 ↓↓ |

***U.S. Weekly NDPSR is averaged for the Month & used in FMMO formulas.*

***NEW* USDA $/CWT* SEP-25**

| | ALL-MILK | BF | *MAILBOX |
|---|---|---|---|
| *FL | $24.40 | 3.96 | $23.99 |
| *SE | $25.40 | 3.96 | $23.69 |
| *APP | $24.70 | 4.11 | $22.27 |
| *OH | $22.10 | 4.22 | $20.95 |
| *N.ENG | $21.40 | 4.32 | $20.65 |
| *IL | $19.80 | 4.28 | $20.48 |
| *NY | $21.00 | 4.28 | $20.47 |
| *IN | $21.60 | 4.11 | $20.32 |
| *MO | N/A | N/A | $20.32 |
| *PAeast | $20.60 | 4.21 | $20.07 |
| *MN | $20.60 | 4.41 | $19.75 |
| *FO30 | N/A | N/A | $19.74 |
| *PAwestern PA only | | | $19.73 |
| *WI | $20.30 | 4.26 | $19.71 |
| *U.S. | $20.40 | 4.24 | $19.55 |
| *TX | $20.20 | 4.40 | $19.27 |
| *MI | $20.30 | 4.18 | $19.23 |
| *CA | $20.40 | 4.19 | $19.22 |
| *IA | $19.80 | 4.32 | $19.05 |
| *SD | $20.20 | 4.48 | N/A |
| *ID | $20.00 | 4.25 | N/A |
| *NE/KS | $18.80 | 4.30 | $18.17 |
| *NM | $18.30 | 4.09 | $17.49 |
| *WA/OR | $20.70 | 4.32 | $16.80 |

**ANNOUNCED FEDERAL ORDER PRICES ($/CWT)  NASS ALL-MILK ($/CWT)**

| | *CL I ADV ↓↓ | CL I SKIM ↓↓ | CL II ↓↓ | CL III ↓↓ | CL IV ↓↓ | ALL-MILK-U.S | ALL-MILK-PA |
|---|---|---|---|---|---|---|---|
| | *14.70 (FEB) | *9.99 (FEB) | 14.41 (DEC) | 15.86 (DEC) | 13.64 (DEC) | 19.70 (NOV) ↓↓ 4.46F | 19.30 (NOV) 4.42F |
| MONTH AGO | 16.35 | 11.17 | 14.54 | 17.18 | 13.89 | 20.00 4.35F | 19.80 4.35F |
| YEAR AGO | 21.27 | 10.32 | 21.28 | 18.62 | 20.74 | 24.20 4.39F | 25.00 4.27F |

*FEB. CL I Skim ESL Adj. +0.57* ↑↑ **NEW RULE; ADV BF $1.4446* ↓↓

**CURRENT FEDERAL ORDER VALUES ($/LB)** * = *NEW
*WEIGHTED AVG. 2-WK JAN. 1-17, 2026

| PRODUCT | VALUE | *(New Make Allow vs Old) | | NET VALUE |
|---|---|---|---|---|
| *CHEESE | 1.4078 ↓↓ | *(0.2519) | 0.2003 | 1.1559 ↓↓ |
| *BUTTER | 1.4208 ↓↓ | *(0.2272) | 0.1715 | 1.1193 ↓↓ |
| *NFDM | 1.1860 ↑↑ | *(0.2393) | 0.1678 | 0.9467 ↑↑ |
| *DRYWHEY | 0.7040 ↑↑ | *(0.2668) | 0.1991 | 0.4372 ↑↑ |

| *DEC. 2025 COMPONENTS | |
|---|---|
| PROT | 2.4563 ↓↓ |
| B.FAT | 1.5761 ↓↓ |
| N.FAT | 0.9057 ↓↓ |
| OS | 0.4352 ↑↑ |

**U.S. AVG. BRED COWS & HEIFERS (3rd trimester)** *per head as reported by USDA Monthly National Dairy Comprehensive Report*
**U.S. AVG. FRESH/MILKING COWS** *per head as reported by USDA Monthly National Dairy Comprehensive Report*

| | NOV-24 | DEC-24 | JAN-25 | FEB-25 | MAR-25 | APR-25 | MAY-25 | JUN-25 | JUL-25 | AUG-25 | SEP-25 | OCT-25 | NOV-25 | DEC-25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bred cows & heifers | 2250 | N/A | N/A | 2921(ltd) | N/A | N/A | 2650 | N/A | N/A | N/A | 2600 | N/A | N/A | N/A |
| Fresh/milking cows | 22489 | N/A | N/A | N/A | N/A | N/A | 3021 | N/A | 3010 | N/A | N/A | N/A | N/A | N/A |

**CATTLE - DAIRY PURPOSES($/HD)** USDA and other auction reports combined 4-week rolling average as of DEC. 18, 2025

| | MILK COWS (NASS) U.S. Avg. | | MILKING | HEIFERS: Springing (All Dairy) | Bred | BxD | OPEN: 300-600 lbs | BXD | 600-900 lbs | BXD | 900-1100 lbs | BULLS (800-1300lbs) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Current | *$3110 Q3-25 ↑↑ | $3010 Q2-25 | 3200 | 3200 | 2650 | 3000 | 1500 | N/A | 2100 | N/A | 2000 | 2000 |
| YEAR AGO | $2600 Q3-24 | $2300 Q2-24 | 3200 | 3100 | 2800 | 2200 | 1200 | 1500 | 1400 | N/A | 2000 | 1800 |

*Price averages do not include lower-end 'common'*

PA Auction Markets Jan. 22-27, 2026
**CULL MARKET COWS** ($/CWT LIVEWEIGHT

| | Premium White | Breakers | Boners | Lean |
|---|---|---|---|---|
| *Average to high dressing* | N/A | 149.10 ↓↓ | 148.85 ↑↑ | 139.50 ↑↑ |
| WEEK AGO | N/A | 153.75 | 141.60 | 129.60 |
| YEAR AGO | N/A | 138.75 | 135.10 | 127.35 |

| | | Holstein | Beef-X-Dairy | WK AGO | | YR AGO | |
|---|---|---|---|---|---|---|---|
| **FED STEERS** ($/CWT LIVEWEIGHT) Choice & Prime | 1250-1550 lb | 183.00LTD | N/A | 185.00LTD | N/A | 171.00 | 201.25 |
| **BULL CALVES:** No. 1 & 2 ($/cwt liveweight) | 90-130 lbs | 1150.00 ↓↓ | 1500.00 ↑↑ | 1200.00 | 1495.00 | 625.00 | 900.00 |
| | 70- 85 lbs | 1285.00 ↑↑ | 1725.00 ↑↑ | 1250.00 | 1715.00 | 675.00 | 1060.00 |

*brought to you by:*

Center for Dairy Excellence · FARMSHINE · Pennsylvania Department of Agriculture