

# CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — FEB. 4, 2026 — except where noted



By VALERIE MASON-FAITH  
Center for Dairy Excellence  
vmason@centerfordairyexcellence.org



**DMC enrollment still open, until February 26:** USDA opened Dairy Margin Coverage (DMC) enrollment for the 2026 Program Year on January 12. Those farms that enroll could potentially receive payments on milk produced from January through March, based on current margin projections on the USDA Decision Tool. As of February 2, the January margin under the DMC Program was forecast at \$7.52 per hundredweight, which would provide an indemnity payment of \$1.98 per cwt., or about \$1,564 on a million pounds of production covered under Tier 1, which would cover premium costs. The enrollment period will remain open until February 26th, with payments retroactive to January milk.

The One Big Beautiful Bill Act, passed in July 2025, increased DMC's Tier 1 coverage level increased from five million pounds to six million pounds. All dairy operations that elect to enroll in DMC for 2026 will establish a new production history. Existing dairy operations that started marketing milk on or before January 1, 2023, will use the higher of milk marketings for the years of 2021, 2022, or 2023. New dairy operations starting after January 1, 2023, will use their first year of monthly milk marketings, even for a partial year. Milk marketing statements or production evidence are required to establish a production history.

Dairy operations also have the option to lock-in coverage levels for six years (2026-2031) with premium fees discounted by 25%. The OBBA reauthorized DMC for calendar years 2026 through 2031 and provided substantial program improvements, including establishing new production history and increasing Tier 1 coverage.

For farms that have never enrolled in DMC before, it is important to understand that the DMC program is intended to serve as a safety net against volatility in either your milk price or in the price you are paying for your feed. It is margin-based insurance that was authorized under the 2018 Farm Bill and is administered through USDA's Farm Service Agency (FSA). Farms can protect anywhere from a \$4 to a \$9.50 margin in 50-cent increments.

New in 2026, farms that fall under 6 million pounds in annual production (about 250 to 300 cows) can enroll all their milk in Tier 1 coverage, with very reasonable premium levels. You can protect a \$9.50 margin on your dairy for 15 cents per hundredweight. The

margin is derived from subtracting the feed costs per one hundred pounds of milk produced from the announced All-Milk price for that month. For those farms that are above that 6-million-pound threshold, you can enroll the first 6 million pounds in the Tier 1 Program and purchase additional coverage under Tier 2. However, the premium levels are much higher, and you can only cover up to an \$8 margin.

DMC margin projections in 2026 start at a low of \$7.52 per hundredweight in January and increase throughout the year to \$10.89 in November before dropping to \$10.79 in December for an average margin of \$9.73 per hundredweight. If realized, this would result in a total net indemnity payment of \$1,264 per one million pounds of production covered at the maximum \$9.50 level for Tier 1, after the premium is deducted from the total indemnity amount but before any sequestration.

For those enrolled in the DMC Program in 2025, December's margin was calculated to be \$9.42 per hundredweight with the release of the USDA Ag Price and Feedstuffs reports. If realized, this would be the first month that the DMC margin fell below the \$9.50 threshold in 2025, with an average margin of \$11.15 per hundredweight, well above the projected average margin for the coming year.

DMC offers different levels of coverage, including an option that is free to producers, minus a \$100 administrative fee. Again, it is important to remember that the USDA DMC Program is intended to provide a safety net against very low milk prices. This coming year may be a time when dairy farms will be thankful to have that safety net. To learn more about the program, visit your local USDA Farm Service Agency office.

Penn State Extension will be hosting a webinar covering how the program works, changes, and real-life examples. There will be a live Q&A session at the end, where participants can ask questions in real-time. The webinar is free but pre-registration is required. To register, visit [www.extension.psu.edu/dairy-margin-coverage-enrollment-and-strategies](http://www.extension.psu.edu/dairy-margin-coverage-enrollment-and-strategies).

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 — FEB. 4, 2026 AT THE CLOSE

	FEB-26	MAR-26	APR-26	MAY-26	JUN-26	JUL-26	AUG-26	SEP-26	OCT-26	NOV-26	DEC-26	JAN-27	TREND											
<b>CLASS III MILK FUTURES (\$/CWT) vs. week ago:</b> Feb26 dn 15¢, Rest of board 40 to 90¢ higher, with the top gains weighted toward Mar-Aug26. 12-Month Avg. 17.48 ↑↑	15.43	16.95	17.33	17.60	17.76	17.91	17.96	18.01	18.10	18.00	17.65	17.00	↑↑											
<b>CLASS IV MILK FUTURES (\$/CWT) vs. week ago:</b> Up 35 to 75¢ across the board, with Apr-Jun26 up 75¢ to \$1.30 12-Month Avg. 17.81 ↑↑	15.40	17.10	18.31	18.18	18.12	18.16	18.30	18.35	18.33	18.39	18.29	16.90	↑↑											
<b>MILK BASIS (MAILBOX minus CLASS 3 \$/CWT) 2018-23 AVG FOR NORTHEAST &amp; MIDEAST STATES OF PA, NY, NEW ENGL., OH vs. NAT'L AVERAGE - YOUR INDIVIDUAL BASIS WILL VARY</b>																								
Mailbox	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	19.22	18.75
Class III	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	16.81	16.81
BASIS	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	2.41	1.94

	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			
<b>CORN FUTURES (\$/BU)</b>	4.270	4.346	4.412	4.404	4.550	4.672	4.736	4.772	4.630	4.692	4.820	4.880	4.902	↓↓			
<b>SOYMEAL FUTURES (\$/TON)</b>	295.8	299.7	304.2	305.1	305.1	304.5	307.7	309.1	310.2	313.1	314.0	314.0	311.1	↓↓			
<b>U.S. AVG PREMIUM ALFALFA &amp; ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report</b>																	
SEP-24	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	↑↑

	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	*DEC-25	
<b>DMC OFFICIAL GROSS MARGINS per cwt(USDA All-Milk, com, alfalfa &amp; Ill. soybean, feed for ALL CLASSES of dairy cattle on farm)</b>																		
MARGIN	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	*9.42	↓↓
ALL MILK	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	*19.00	↓↓
FEED \$	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	*9.58	↓↓

	02/03/26	02/04/26	02/03/26	02/04/26	WK ENDING 01/31/26*
<b>DAIRY COMMODITIES - GLOBAL BIWEEKLY Internet Auction (\$/LB) 02/03/26</b>					
Weighted Avg. 1 to 6 mo. FORWARD CONTRACTS per metric ton converted to \$/LB					
NEXT GDT Auction 02/17/26					
ALL-PRODUCT INDEX	1.7377 ↑↑	6.7%	BUTTER	2.6193 ↑↑	8.8%
MILKFAF (AMF)	2.9601 ↑↑	5.0%	CHEDDAR (BULK)	2.1652 ↑↑	3.8%
BUTTERMILK POWDER	1.4279 ↑↑	6.4%	MOZZARELLA (BULK)	1.6760 ↑↑	10.6%
LACTOSE	0.6375 ↑↑	1.5%	WHOLE POWDER (WMP)	1.6397 ↑↑	5.3%
<b>U.S. CME SPOT DAILY (\$/LB) 02/04/26</b>					
Prev. 5 day Dlys	Spot price	Weekly Avg			
NFDM	6	1.5375 ↑↑	1.4992 ↑↑		
BUTTER	28	1.6075 ↑↑	1.5892 ↑↑		
CHEDDAR-40	45	1.4275 ↑↑	1.4058 ↑↑		
CHEDDAR-500	0	1.4400 ↑↑	1.4175 ↑↑		
DRY WHEY	5	0.7250 ↑↑	0.7233 ↓↓		
<b>U.S. WEEKLY USDA NDPSR (\$/LB) WK ENDING 01/31/26*</b>					
FMMO PROD	MIL. LBS	WTED	AVG \$		
NFDM	16.3	1.2197 ↑↑			
BUTTER	3.4	1.4962 ↑↑			
CHEESE-40	9.4	1.3805 ↓↓			
CHEESE-500	REPA	REPORT ENDED			
DRY WHEY	7.1	0.6861 ↓↓			

	CL I ADV	CL I SKIM	*CL II	*CL III	*CL IV	*ALL-MILK-U.S.	*ALL-MILK-PA
<b>ANNOUNCED FEDERAL ORDER PRICES (\$/CWT) NASS ALL-MILK (\$/CWT)</b>							
CL I ADV (FEB)	14.70	9.99	*13.92	*14.59	*13.55	*19.00	*18.90
FEB. CL I Skim ESL Adj.	+0.57	*NEW RULE: ADV BF \$1.4446					
	16.35	11.17	14.41	15.86	13.64	19.70	19.30
	21.27	10.32	21.58	20.34	20.73	23.30	24.20

	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
<b>U.S. AVG. BRED COWS &amp; HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report</b>														
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
<b>U.S. AVG. FRESH/MILKING COWS per head as reported by USDA Monthly National Dairy Comprehensive Report</b>														
22489	N/A	N/A	N/A	N/A	N/A	N/A	3021	N/A	3010	N/A	N/A	N/A	N/A	N/A

	MILK COWS (NASS) U.S. Avg.	MILKING HEIFERS: Springing	Bred	BxD	OPEN: 300-600 lbs	BXD	600-900 lbs	BXD	900-1100 lbs	BULLS (800-1300 lbs)			
<b>CATTLE - DAIRY PURPOSES (\$/HD) USDA and other auction reports combined 4-week rolling average as of JAN. 19, 2025</b>													
*\$2860 Q4-25 ↓↓	\$3110 Q3-25	3200	All Dairy	3200	2650	3000	1200	N/A	2100	N/A	2500	2000	
\$2660 Q4-24	\$2600 Q3-24	3200		3100	2800	2200	1200	1500	1400	N/A	2000	1800	
<b>PA Auction Markets Jan. 29-Feb. 2, 2026</b>													
<b>CULL MARKET COWS (\$/CWT LIVWEIGHT)</b>													
Premium White	Breakers	Boners	Lean										
N/A	157.00 ↑↑	144.00 ↓↓	131.35 ↓↓										
				<b>FED STEERS (\$/CWT LIVWEIGHT)</b>				<b>Holstein</b>		<b>Beef-X-Dairy</b>		<b>WK AGO</b>	
				Choice & Prime 1250-1550 lb				211.85 ↑↑		225.25 ↑↑		183.00 ↓↓	
				BULL CALVES: No. 1 & 2, 90-130 lbs				1260.00 ↑↑		1550.00 ↑↑		1150.00	
				(\$/cwt liveweight) 70- 85 lbs				1300.00 ↑↑		1800.00 ↑↑		1285.00	

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