

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — May 13, 2026 — except where noted

Navigating volatility and leveraging risk management tools

Milk prices in 2026 are off to a much stronger start than expected with second half Class III values sitting near \$18.45 per hundredweight, while Class IV is trading closer to \$19.35. The market continues to weigh robust global milk production against less-than-exciting domestic consumer demand and evolving export dynamics, leaving industry participants wondering how long the strength lasts. As producers look to optimize returns, understanding these market forces and deploying effective risk management strategies are more crucial than ever.

Milk production is surging on a global scale. US milk output rose 2.3% year-over-year in March, bolstered by a still expanding herd. And the U.S. growth story likely won't stop there. Improving milk-over-feed returns combined with a still healthy beef market will continue to support supply expansion in the months ahead. New Zealand and Europe are also posting notable production gains, setting up a more competitive global export market and, ultimately, adding risk to the persistence of US price strength.

The U.S. NDM market headlines the recent Class IV rally. NDM prices have reached unprecedented heights, with CME NDM values reaching a record \$2.2950 per pound in May. That's more than a dollar increase since the beginning of the year. Strong US export volumes combined with competing demand for fluid protein and potential supplies tied up in recalls have created a tight domestic market that has yet to deter buyers. Does that dynamic change in the coming months? The tightness in the NDM market is unique to the U.S. Ample supply out of the EU and New Zealand have those prices trading at more than a 50-cent discount to the U.S., adding risk to U.S. export sales. A pushback in U.S. exports could keep more product filling domestic needs and ultimately put pressure on Class IV values.

Cheese markets remain relatively stable around \$1.60 per pound. Reports suggest that cheese supply is adequate. But with lackluster domestic demand — especially in an environment with higher gas prices — sellers remain focused on securing exports. So far, that strategy is working, with March cheese exports hitting a record 140 million pounds. However, the competitive landscape is shifting as EU mozzarella prices hover near \$1.75. This narrowing price gap could limit growth in U.S. cheese exports.

Butter is a different story. With growing farm fat tests and rising milk output, there's plenty of fat in the market. Demand for butter has been better than expected in the domestic market, and export performance has been a bright spot. Even still, the butter market remains well supplied.

Given these market dynamics, dairy producers face both opportunities and threats. Strong Class IV prices and improved Class III prices offer a chance to lock in attractive margins. However, the risk of declining prices remains significant, especially as global and domestic factors shift rapidly.

Risk management tools like Dairy Revenue Protection (DRP) insurance are especially useful in this environment. DRP allows producers to secure a price floor while retaining the ability to benefit from any upside. The program is affordable, with subsidized premiums, and offers flexibility in coverage options for all herd sizes and component levels.

Beginning with the 2027 crop year, producers can now use LGM Dairy and DRP concurrently for the same production months. This expanded flexibility opens new avenues for risk management. (Note: Producers cannot cover the same pounds of milk twice, and to utilize concurrent coverage, both policies must be written with the same AIP.) LGM-Dairy differs from DRP in several ways. It covers only Class III milk, allows producers to select coverage by month (rather than by quarter), and is sold exclusively on Thursdays. Premiums are also subsidized and the costs are generally comparable to DRP. A unique feature of LGM-Dairy is its margin-based approach, allowing producers to adjust coverage based on feed inputs like corn and soybean meal.

With the ability to utilize both DRP and LGM-Dairy concurrently, producers have greater flexibility to tailor their risk management strategies, combining the strengths of both programs to address their specific operational needs. Staying informed and proactive in risk management will be key to navigating the evolving dairy landscape.

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CME DAILY FUTURES & OPTIONS TRADING — MAY 13, 2026 AT THE CLOSE

	MAY-26	JUN-26	JUL-26	AUG-26	SEP-26	OCT-26	NOV-26	DEC-26	JAN-27	FEB-27	MAR-27	APR-27	TREND											
CLASS III MILK FUTURES (\$/CWT) vs. week ago: 2026 down 10¢, except Jun-Sep down 35 to 50¢, 2027 up 10 to 15¢.	17.09	17.27	17.80	18.26	18.65	18.93	18.72	18.23	17.77	17.72	17.71	17.74	↓											
CLASS IV MILK FUTURES (\$/CWT) vs. week ago: May26 up 40¢, Jun26 dn 10¢, Jul26-Feb27 down 30 to 90¢, Mar-Apr firm to 20¢ higher.	22.44	22.45	21.02	19.87	19.45	19.12	18.75	18.44	18.39	18.35	18.75	18.49	↓											
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	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	18.82	18.25	18.96	18.48	18.64	18.27
Mailbox	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	16.03	16.03	16.98	16.98	17.31	17.31
Class III	1.79	1.92	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	2.79	2.22	1.98	1.50	1.33	0.96
BASIS																								

	MAY-26	JUL-26	SEP-26	DEC-26	MAR-27	MAY-27	JUL-27	SEP-27	DEC-27	MAR-28	MAY-28	JUL-28	SEP-28	TREND
CORN FUTURES (\$/BU)	4.664	4.806	4.872	5.030	5.160	5.226	5.262	5.064	5.114	5.212	5.260	5.274	4.900	↑
SOYMEAL FUTURES (\$/TON)	342.7	338.5	331.6	327.5	325.0	326.6	328.8	326.8	325.6	326.9	325.1	322.3	318.1	↑
U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report														
JAN-25	184.49	189.60	195.30	195.50	187.01	188.00	195.00	202.00	179.00	192.00	202.00	206.60	208.60	215.90
FEB-25														
MAR-25														
APR-25														
MAY-25														
JUN-25														
JUL-25														
AUG-25														
SEP-25														
OCT-25														
NOV-25														
DEC-25														
JAN-26														
FEB-26														
MAR-26														
*APR-26														↑
														211.24

	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	JAN-26	FEB-26	*MAR-26
DMC OFFICIAL GROSS MARGINS per cwt(USDA All-Milk, com, alfalfa & Ill. soybean, feed for ALL CLASSES of dairy cattle on farm)																	
MARGIN	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	7.81	8.46	*9.57
ALL MILK	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	17.50	18.30	*19.70
FEED \$	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	9.69	9.84	*10.31

	05/05/26	05/13/26	05/09/26*
DAIRY COMMODITIES - GLOBAL BIWEEKLY Internet Auction (\$/LB) 05/05/26			
Weighted Avg. 1 to 6 mo. FORWARD CONTRACTS per metric ton converted to \$/LB			
NEXT GDT AUCTION 05/19/26			
SKIM POWDER (SMP)	1.6089	1.6089	1.6089
ALL-PRODUCT INDEX	1.8720	1.8720	1.8720
MILKFAF (AMF)	2.9307	2.9307	2.9307
BUTTER (MILK)	1.5726	1.5726	1.5726
BUTTERMILK POWDER	0.7000	0.7000	0.7000
LACTOSE			
U.S. CME SPOT DAILY (\$/LB) 05/13/26			
Prev. 5 day Lds			
Spot price			
Weekly Avg			
NFD	21	2.2875	2.2858
BUTTER	62	1.6175	1.6308
CHEDDAR-40	18	1.6400	1.6308
CHEDDAR-500	0	1.6000	1.6000
DRY WHEY	5	0.6750	0.6917
U.S. WEEKLY USDA NDPSR (\$/LB) WK ENDING 05/09/26*			
FMMO PROD			
MIL. LBS			
WTED AVG \$			
NFD	24.3	2.0231	2.0231
BUTTER	3.7	1.6799	1.6799
CHEESE-40	9.0	1.6595	1.6595
CHEESE-500	REPORT ENDED		
DRY WHEY	9.0	0.6415	0.6415

	CL I ADV	CL I SKIM	CL II	CL III	CL IV	ALL-MILK-U.S.	ALL-MILK-PA
ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)							
CL I ADV	20.15	14.12	18.82	16.82	20.22	19.70	20.10
CL I SKIM							
CL II							
CL III							
CL IV							
ALL-MILK-U.S.							
ALL-MILK-PA							
MONTH AGO	18.66	12.00	17.35	16.16	18.94	18.30	18.60
YEAR AGO	18.37	9.45	19.22	17.48	17.92	22.00	22.90

	FEB-25	MAR-25	APR-25	MAY-25	JUN-25	JUL-25	AUG-25	SEP-25	OCT-25	NOV-25	DEC-25	JAN-26	FEB-26	*MAR-26
U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report														
FEB-25	2921	N/A	N/A	2650	N/A	N/A	N/A	2600	N/A	N/A	N/A	N/A	2750	N/A
MAR-25														
APR-25														
MAY-25														
JUN-25														
JUL-25														
AUG-25														
SEP-25														
OCT-25														
NOV-25														
DEC-25														
JAN-26														
FEB-26														
*MAR-26														

	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)
CATTLE - DAIRY PURPOSES(\$/HD) USDA and other auction reports combined 4-week rolling average as of MAY 8, 2026										
MILK COWS (NASS) U.S. Avg.	*\$3130 Q1-26	*\$2890 Q4-25	3400	3750	3000	3000	1750	1700	2000	2200
MILKING HEIFERS: Springing										
Bred										
BxD										
OPEN: 300-600 lbs										
BXD										
600-900 lbs										
BXD										
900-1100 lbs										
BULLS (800-1300 lbs)										
YEAR AGO	\$2860 Q1-26	\$2660 Q4-24	3000	3500	2650	2500	1000	1300	1875	2000

PA Auction Markets May 7-12, 2026

CULL MARKET COWS (\$/CWT LIVELWEIGHT)

Premium White	Breakers	Boners	Lean
N/A	179.25	165.75	146.00
WEEK AGO			
N/A	174.10	161.75	145.60
YEAR AGO			
N/A	159.75	156.50	148.75

FED STEERS (\$/CWT LIVELWEIGHT)

Choice & Prime 1250-1550 lb	Holstein	Beef-X-Dairy	WK AGO	YR AGO
235.50	245.50	N/A	240.00	193.00</