

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — July 8, 2026 — except where noted

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May DMC results and margin forecasts: For the Dairy Margin Coverage (DMC) program, the USDA announced May's margin to be \$10.62 per hundredweight (cwt), a high so far for the 2026 program year. With the margin being \$1.12 per cwt above the \$9.50 trigger, no indemnities were paid to participating dairies. May's margin was 8 cents above the prior month's \$10.54 and 22 cents above \$10.40 from May 2025. Compared to 5 years ago, the May 2026 margin is almost 60% above the \$6.67 margin in May 2021.

While total feed costs rose by 42 cents from April to \$10.68 per cwt for May, the primary factor widening the margin month over month was the all-milk price. From April to May, the milk price increased by 50 cents and landed at \$21.30 per cwt. When compared year over year, the all-milk price remained the same. Looking back over the monthly data for each month between January 2025 to May 2026, the all-milk price started off January 2025 at \$24.10 per cwt. It then trended downward through the rest of the year, landing at \$19.00 per cwt in December. However, for 2026, the milk prices started at a low of \$17.50 per cwt, then steadily rebounded.

For May, the total feed costs landed at \$10.68 per cwt, a 42-cent increase from the previous month. When comparing May 2025 to 2026, feed costs are down 22 cents from \$10.90. Even though corn, premium alfalfa hay, and soybean meal (SBM) prices experienced month-over-month increases of 17 cents per bu., \$13.00 per ton, and \$8.44 per ton, respectively, the milk price had a more significant influence on the monthly margin.

Based on the most recent data from the DMC Decision Tool, current margin forecasts (updated July 7) climb to \$11.24 in June, fall to \$8.80 in August, recover to \$10.88 by November, and then drop to \$10.09 per cwt in December. All-milk prices are projected to fall to \$19.08 in August and rebound over the remaining months to \$21.11 per cwt in December.

Feed cost forecasts drop to \$9.46 in June, then fluctuate between \$10.12 and \$10.23 per cwt for the rest of 2026, averaging \$10.11. Premium alfalfa hay prices are projected to average \$230.07 per ton, reaching a low of \$212 in June and a high of \$233 for November and December. SBM price forecasts drop to \$311.72 in June, steadily increase to \$324.85 in October, and then trail off through December to \$321.39

per ton. Current corn price projections take a hit in June, landing at \$3.98 per bu. From July through December, the corn price forecasts fluctuate between \$4.30 and \$4.46/bu.

If the price and margin forecasts hold true, there could be indemnities triggered for July and August of 26 cents and 70 cents per cwt, respectively. For a dairy with an established production history of one million pounds with the 95% coverage level at \$9.50, the estimated combined payment would be \$9,600 (before sequestration is deducted) for July and August. However, it is important to remember these projections are forecasts, not guaranteed.

While margin continues to widen at the national level, the same cannot be said for some states like Pennsylvania. Based on the most recent Ag Prices Report, Pennsylvania's all-milk price reached \$22.10 per cwt for May, an 80-cent increase from the same month the previous year. Feed costs were also up at the state level but to a greater extent. Corn and premium alfalfa hay prices were reported at \$4.89/bu. and \$280/ton, respectively. Even though the Keystone State's corn price was down 10 cents month over month, it is still 41 cents above the national average of \$4.48 per bu. The premium alfalfa hay price increased by \$40/ton year over year to \$280 per ton and was \$33 higher than the \$247 per ton U.S. average.

The DMC program is a cost-effective way to protect your dairy's bottom line. However, this is an example of how regional price differences can make the program more or less beneficial for producers in certain parts of the country, depending on Federal Order prices and feed availability. By using additional programs, like DRP and/or LGM, along with DMC to build out your risk management toolbox could help you better navigate the lows and highs of the dairy and feed markets. To learn more about DRP and/or LGM, reach out to your local crop insurance agent. You can hear market intel and advice from risk management professional, Andy McCarty with Land O' Lakes, on our latest Dairy Report Rundown mini-episode, which you can find on Apple, Spotify, and Amazon Music under the "Protecting Your Profits" podcast series.

CME DAILY FUTURES & OPTIONS TRADING — JULY 8, 2026 AT THE CLOSE

	JUL-26	AUG-26	SEP-26	OCT-26	NOV-26	DEC-26	JAN-27	FEB-27	MAR-27	APR-27	MAY-27	JUN-27	TREND											
CLASS III MILK FUTURES (\$/CWT) vs. week ago: 2026 months down \$0.05-0.20, except Sep-Oct dn \$0.30-0.35; 2027 months steady.	15.54	16.22	16.76	17.19	17.57	17.58	17.32	17.35	17.35	17.32	17.31	17.36	MIXED											
CLASS IV MILK FUTURES (\$/CWT) vs. week ago: Jul-Aug26 dn \$0.15-0.35; Sep26-Jan27 dn \$0.85, except Oct. steady; Feb-Jun27 dn \$0.20-0.50.	18.11	17.68	18.04	18.08	18.03	17.97	17.96	17.92	18.16	18.20	18.25	18.25	↓											
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																								
Mailbox	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	18.52	18.15	18.68	18.38
Class III	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	17.33	17.33	18.16	18.16
BASIS	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	1.19	0.82	0.52	0.22

	JUL-26	SEP-26	DEC-26	MAR-27	MAY-27	JUL-27	SEP-27	DEC-27	MAR-28	MAY-28	JUL-28	SEP-28	DEC-28	TREND			
CORN FUTURES (\$/BU)	4.346	4.350	4.562	4.714	4.802	4.832	4.746	4.812	4.930	4.994	5.032	4.806	4.854	↑			
SOYMEAL FUTURES (\$/TON)	314.5	312.3	309.7	307.8	311.2	312.8	314.5	315.9	318.4	318.0	316.7	314.2	317.0	↑			
U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report																	
MAR-25	195.30	195.50	187.01	188.00	195.00	202.00	179.00	192.00	202.00	206.60	208.60	215.90	193.75	211.24	220.22	*233.00	↑

	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	APR-26	*MAY-26
DMC OFFICIAL GROSS MARGINS per cwt(USDA All-Milk, com, alfalfa & Ill. soybean, feed for ALL CLASSES of dairy cattle on farm)	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	10.54	*10.62
MARGIN	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	20.80	*21.30
ALL MILK	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	10.26	*10.68
FEED \$																	

	07/07/26	07/08/26	07/09/26	07/10/26	07/11/26	07/12/26	07/13/26	07/14/26	07/15/26	07/16/26	07/17/26	07/18/26	07/19/26	07/20/26	07/21/26	07/22/26	07/23/26	07/24/26	07/25/26	07/26/26	07/27/26	07/28/26	07/29/26	07/30/26	07/31/26	
DAIRY COMMODITIES - GLOBAL BIWEEKLY Internet Auction (\$/LB) 07/07/26																										
Weighted Avg. 1 to 6 mo. FORWARD CONTRACTS per metric ton converted to \$/LB																										
NEXT GDT Auction 07/21/26																										
ALL-PRODUCT INDEX	1.7210	1.7210	1.7210	1.7210	1.7210	1.7210	1.7210	1.7210	1.7210	1.7210	1.7210	1.7210	1.7210	1.7210	1.7210	1.7210	1.7210	1.7210	1.7210	1.7210	1.7210	1.7210	1.7210	1.7210	1.7210	
MILKFA (AMF)	2.8770	2.8770	2.8770	2.8770	2.8770	2.8770	2.8770	2.8770	2.8770	2.8770	2.8770	2.8770	2.8770	2.8770	2.8770	2.8770	2.8770	2.8770	2.8770	2.8770	2.8770	2.8770	2.8770	2.8770	2.8770	
BUTTERMILK POWDER	1.7178	1.7178	1.7178	1.7178	1.7178	1.7178	1.7178	1.7178	1.7178	1.7178	1.7178	1.7178	1.7178	1.7178	1.7178	1.7178	1.7178	1.7178	1.7178	1.7178	1.7178	1.7178	1.7178	1.7178	1.7178	
LACTOSE	0.7858	0.7858	0.7858	0.7858	0.7858	0.7858	0.7858	0.7858	0.7858	0.7858	0.7858	0.7858	0.7858	0.7858	0.7858	0.7858	0.7858	0.7858	0.7858	0.7858	0.7858	0.7858	0.7858	0.7858	0.7858	

	CL I ADV	CL I SKIM	*CL III	*CL III	*CL IV	*ALL-MILK-U.S.	*ALL-MILK-PA	
ANNOUNCED FEDERAL ORDER PRICES (\$/CWT) NASS ALL-MILK (\$/CWT)	21.33	15.91	*22.78	*15.98	*20.96	*21.30	*22.10	
*JULY CL I Skim ESL Adj. (-1.46)						4.31F	4.25F	
22.18	16.75	20.28	16.92	22.32	20.80	4.34F	21.20	4.29F
18.82	9.66	18.43	18.82	18.30	21.00	4.24F	21.30	4.16F

	MAY-25	JUN-25	JUL-25	AUG-25	SEP-25	NOV-25	DEC-25	JAN-26	FEB-26	MAR-26	APR-26	MAY-26	JUN-26
U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report	2650	N/A	N/A	N/A	2600	N/A	N/A	N/A	2750	N/A	N/A	N/A	N/A
U.S. AVG. FRESH/MILKING COWS per head as reported by USDA Monthly National Dairy Comprehensive Report	3021	N/A	3010	N/A	N/A	N/A	N/A	N/A	2700	N/A	N/A	N/A	N/A
CATTLE - DAIRY PURPOSES(\$/HD) USDA and other auction reports combined 4-week rolling average as of JULY 9, 2026													
MILK COWS (NASS) U.S. Avg.	*\$3130	Q1-26	↑	*\$2890	Q4-25								
MILKING HEIFERS: Springing	3500												
Bred	3900	small	3000										
BxD	3200		3000										
OPEN: 300-600 lbs	1800		N/A										
BxD 600-900 lbs	2400		N/A										
BxD 900-1100 lbs	2800		N/A										
BULLS (800-1300 lbs)	2200												
\$2860 Q1-26	\$2660 Q4-24	3300	3000	1600	N/A	2000	N/A	2300	1800				

	PA/NY Markets, cull cows up \$10, but Lean lower July 2-7, 2026	CULL MARKETS (\$/CWT LIVELWEIGHT)	FED STEERS (\$/CWT LIVELWEIGHT)	Holstein	Beef-X-Dairy	WK AGO	YR AGO
Premium White	N/A	183.00	↑	166.50	↑	137.00	↓
Breakers	N/A	172.00		157.50		138.00	
Boners	N/A	160.25		155.50		145.00	
Lean	N/A						
Choice & Prime 1250-1550 lb	N/A	243.00	↑	218.00	↑	233.50	N/A
BULL CALVES: No. 1 & 2, 90-130 lbs	1150.00	↓	1550.00	↑	1200.00	1575.00	975.00
70- 85 lbs	1350.00	↑	1750.00	↑	1300.00	1750.00	925.00