

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — Oct. 7, 2026 — except where noted

2027 Dairy Margin Coverage signup Oct. 5 to Dec. 18

For the Dairy Margin Coverage (DMC) program, the USDA announced August's margin to be \$9.34 per hundredweight (cwt). Participating producers enrolled at the \$9.50 coverage level received an indemnity of 16 cents per hundredweight (cwt). When compared month over month and year over year, the margin was down by 59 cents and \$2.18 per cwt, respectively.

For August, the lower margin is linked both to a decrease in the milk price and slightly higher feed costs. The all-milk price fell 50 cents from \$20.30 in July to \$19.80 per cwt in August, continuing to trend downwards from \$21.30 per cwt in May. From August 2025 to 2026, the all-milk price experienced a steeper decline of \$1.10 per cwt.

Along with the all-milk price dropping, total feed costs increased by 9 cents to \$10.46 per cwt, narrowing the margin for the second month in a row. Year over year, feed costs were up \$1.08 from \$9.38 per cwt. From July to August, the soybean meal (SBM) price fell by \$17.66 per ton, while the premium alfalfa hay rose by \$1.00 per ton. For increasing feed costs, the primary driver was corn. Month over month, the corn price increased by 19 cents.

Looking ahead to the next four months, feed costs are projected to rise significantly, placing pressure on the margins for the rest of program year 2026. The DMC Decision Tool (updated October 5, 2026) forecasts margins to fall below the \$9.50 trigger September through November with December just three cents above.

Currently, the all-milk price projections drop to \$19.58 in September, then recover to \$20.73 per cwt in December. Feed component prices are forecasted to increase over the next four months. For the remainder of program year 2026, total feed costs projected to average \$11.31 per cwt, down 16 cents from the previously forecasted average.

If price and margin forecasts hold true, participating dairies could receive indemnities for the next three months, in addition to the payments triggered in January, February, and August. At



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the current forecasted margins, a dairy with one million pounds of established production history could receive a potential total of \$4,325 (before sequestration) for program year 2026 (at 95% coverage and at the \$9.50 coverage level).

Last week, the USDA announced 2027 DMC enrollment will run from October 5 through December 18, 2026. For program year 2027, DMC margins are currently forecasted to be under the \$9.50 trigger from January through September. However, it is important to remember that these projections are not guaranteed and constantly change with the shifting dairy and feed markets. If the projections hold true, enrolled dairies could receive indemnities for the first nine months.

Several changes were implemented in program year 2026, including increasing tier 1 coverage by 1 million pounds. For more information or to enroll in DMC for program year 2027, please contact your local Farm Service Agency office.

Coming up, the Center and Penn State Extension will be jointly hosting a Risk Management & Financial Literacy Workshop from 10 a.m. to 2:30 p.m. at the Franklin County Extension Office on October 15. The workshop will feature three practical sessions covering decoding the dairy markets, breaking down the price risk management programs, and diving into the key financial statements and metrics to make informed farm management decisions.

With DMC enrollment open for program year 2027, Dr. Weir will share insights and examples to help attendees understand how DMC can fit into their risk management strategies. During lunch, participants have the option to talk one-on-one with an industry professional. These workshops are free, but registration is required. Visit www.centerfordairyexcellence.org/events to learn more or to register.

CME DAILY FUTURES TRADING - OCT. 7, 2026 AT THE CLOSE



OCT-26	NOV-26	DEC-26	JAN-27	FEB-27	MAR-27	APR-27	MAY-27	JUN-27	JUL-27	AUG-27	SEP-27	TREND
CLASS III MILK FUTURES (\$/CWT) vs. week ago: Oct26 up \$0.15; Nov26-Apr27 \$0.25-0.50 higher, May-Sep27 up \$0.05-0.15.												
15.02	15.87	16.26	16.60	16.97	17.14	17.20	17.23	17.35	17.53	17.55	17.70	↑↑
CLASS IV MILK FUTURES (\$/CWT) vs. week ago: Fully \$0.25 to \$0.50 higher, except Jul-Sep27 up \$0.10-0.20.												
20.48	21.05	20.30	19.83	19.60	19.56	19.28	19.02	19.00	18.94	18.90	18.85	↑↑

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	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
Class III	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
BASIS	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

CORN FUTURES (\$/BU)												
DEC-26	MAR-27	MAY-27	JUL-27	SEP-27	DEC-27	MAR-28	MAY-28	JUL-28	SEP-28	DEC-28	JUL-29	DEC-29
5.020	5.172	5.250	5.286	5.104	5.196	5.324	5.396	5.424	5.120	5.120	5.280	5.014
TREND ↑↑												
SOYMEAL FUTURES (\$/TON)												
OCT-26	DEC-26	JAN-27	MAR-27	MAY-27	JUL-27	AUG-27	SEP-27	OCT-27	DEC-27	JAN-28	MAR-28	MAY-28
365.9	364.0	363.0	362.1	362.7	364.9	361.5	356.5	350.5	351.8	353.1	351.4	351.7
TREND ↑↑												
U.S. AVG PREMIUM ALFALFA & ALFALFA/GRASS HAY 20-22% CP - Source: USDA Monthly National Dairy Comprehensive Report												
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
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
JUN-26	JUL-26	*AUG-26										
233.00	247.56	*267.75										

DMC OFFICIAL GROSS MARGINS per cwt(USDA All-Milk, com, alfalfa & Ill. soybean, feed for ALL CLASSES of dairy cattle on farm)																
DMC	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	JUN-26	JUL-26
MARGIN	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	10.88	9.93
ALL MILK	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	21.10	20.30
FEED \$	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	10.22	10.37

DAIRY COMMODITIES - GLOBAL BIWEEKLY Internet Auction (\$/LB) 10/06/26												
Weighted Avg. 1 to 6 mo. FORWARD CONTRACTS per metric ton converted to \$/LB												
NEXT GDT AUCTION 10/20/26	SKIM POWDER (SMP) 1.7455↑↑ 4.3%											
ALL-PRODUCT INDEX	1.7822↑↑	1.2%	BUTTER	2.1506↑↑	0.3%	NFDM	16	2.2550↑↑	2.2408↑↑	FMMO PROD	MIL. LBS	WTD AVG \$
MILKFAT (AMF)	2.5785↑↑	1.1%	CHEDDAR(BULK)	1.7809↑↑	3.7%	BUTTER	57	1.2900↑↑	1.3050↑↑	NFDM	16.3	1.9369↑↑
BUTTERMILK POWDER	1.8707↑↑	0.7%	MOZZARELLA (BULK)	1.7391↑↑	3.9%	CHEDDAR-40	36	1.3600↑↑	1.3333↑↑	BUTTER	5.2	1.3694↑↑
LACTOSE	0.7609↑↑	6.9%	WHOLE POWDER (WMP)	1.6357↑↑	1.2%	CHEDDAR-500	0	1.4525NC	1.4525NC	CHEESE-40	10.1	1.4579↑↑
						DRY WHEY	1	0.8500↑↑	0.8400↑↑	CHEESE-500	REPORT ENDED	
										DRY WHEY	6.8	0.6814↑↑

ANNOUNCED FEDERAL ORDER PRICES (\$/CWT) NASS ALL-MILK (\$/CWT)												
*CL I ADV↑↑	*CL I SKIM↑↑	*CL III	*CL III	*CL IV↑↑	*ALL-MILK-U.S.	*ALL-MILK-PA						
*18.88(OCT)	*14.12(OCT)	*17.60(SEP)	*16.04(SEP)	*18.94(SEP)	*19.80(AUG)↑↑	*20.10(AUG)						
*OCT CL I Skim	ESL Adj.	-0.46↑↑	ADV BF	\$1.50↑↑	4.20F	4.15F						
17.04	12.16	18.71	16.64	17.36	20.30	4.19F	21.50	4.13F				
18.04	10.03	17.39	17.59	16.17	20.90	4.16F	21.30	4.07F				

U.S. AVG. BRED COWS & HEIFERS (3rd trimester) per head as reported by USDA Monthly National Dairy Comprehensive Report												
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
2650	N/A	N/A	N/A	2600	N/A	N/A	N/A	N/A	2750	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	N/A	2700	N/A	N/A	N/A

CATTLE - DAIRY PURPOSES(\$/HD) USDA and other auction reports combined 4-week rolling average as of AUG. 31, 2026												\$D	\$18.50	4.46	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)					
*\$3260 Q2-26 ↑↑ *\$3130 Q1-26		3300	AVG. 3800 small 3200	3000	3000	1800	N/A	2200	N/A	2400	1900					
\$3000 Q2-25 \$2860 Q1-25		3200	3500	YEAR AGO		3100	3300	1600	N/A	2000	N/A	2300	1800			
PA/NY, Oct. 1-6, 2026, Choice native beef up \$5, BxD dn \$5, Holst light test cows mixed, Breakers up \$5, Holstein calves up \$25; BxD calves up \$65.												FED STEERS (\$/CWT LIVELWEIGHT) Choice & Prime 1350-1800 lb BULL CALVES: No. 1 & 2, 75-125 lbs.				
CULL MARKET COWS (\$/CWT LIVELWEIGHT)												HOLSTEIN 176.00↓↓ BEEF X DAIRY 195.00↓↓ BEEF 213.50↑↑ HOLSTEIN 975.00↑↑ BEEF X DAIRY 1250.00↑↑				
Premium White		Breakers	Boners	Lean			WEEK AGO									
N/A		146.85↑↑	129.00↓↓	110.00↑↑	180.00		200.00		208.50		950.00		1185.00			
		WEEK AGO						YEAR AGO								
N/A		141.60	129.75	106.00	N/A		228.60		243.25		1150.00		1550.00			
		YEAR AGO														
N/A		157.50	148.00	130.50												

Price averages do not include lower-end 'common'

Average to high dressing



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FARM SHINE



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