



DAIRY OUTLOOK



CURTIS BOSMA



WHAT WE DO

- 01 **Insights**
- 02 **Insurance**
- 03 **Brokerage**
- 04 **Advisory**

CLIENTS ACROSS THE GLOBAL DAIRY SUPPLY CHAIN



Producers



Processors



Traders



Import/Export



Retail

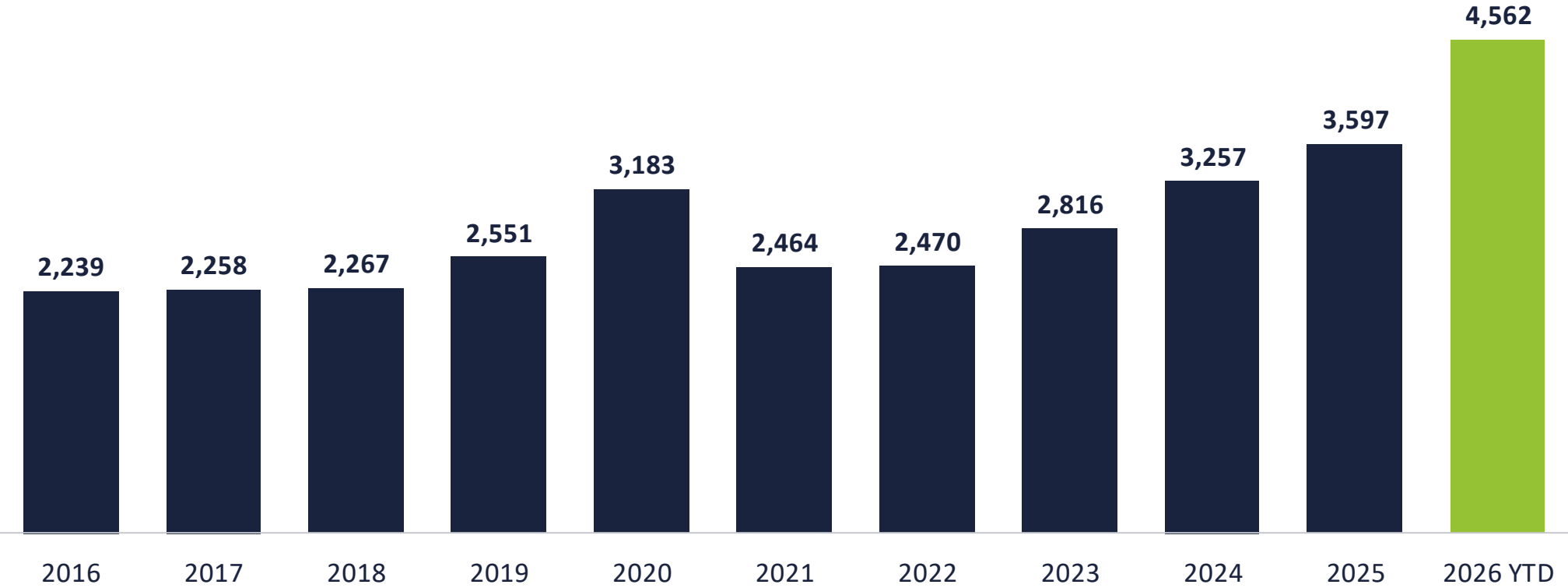


Food service

CME DAIRY FUTURES

Total dairy CME futures volume

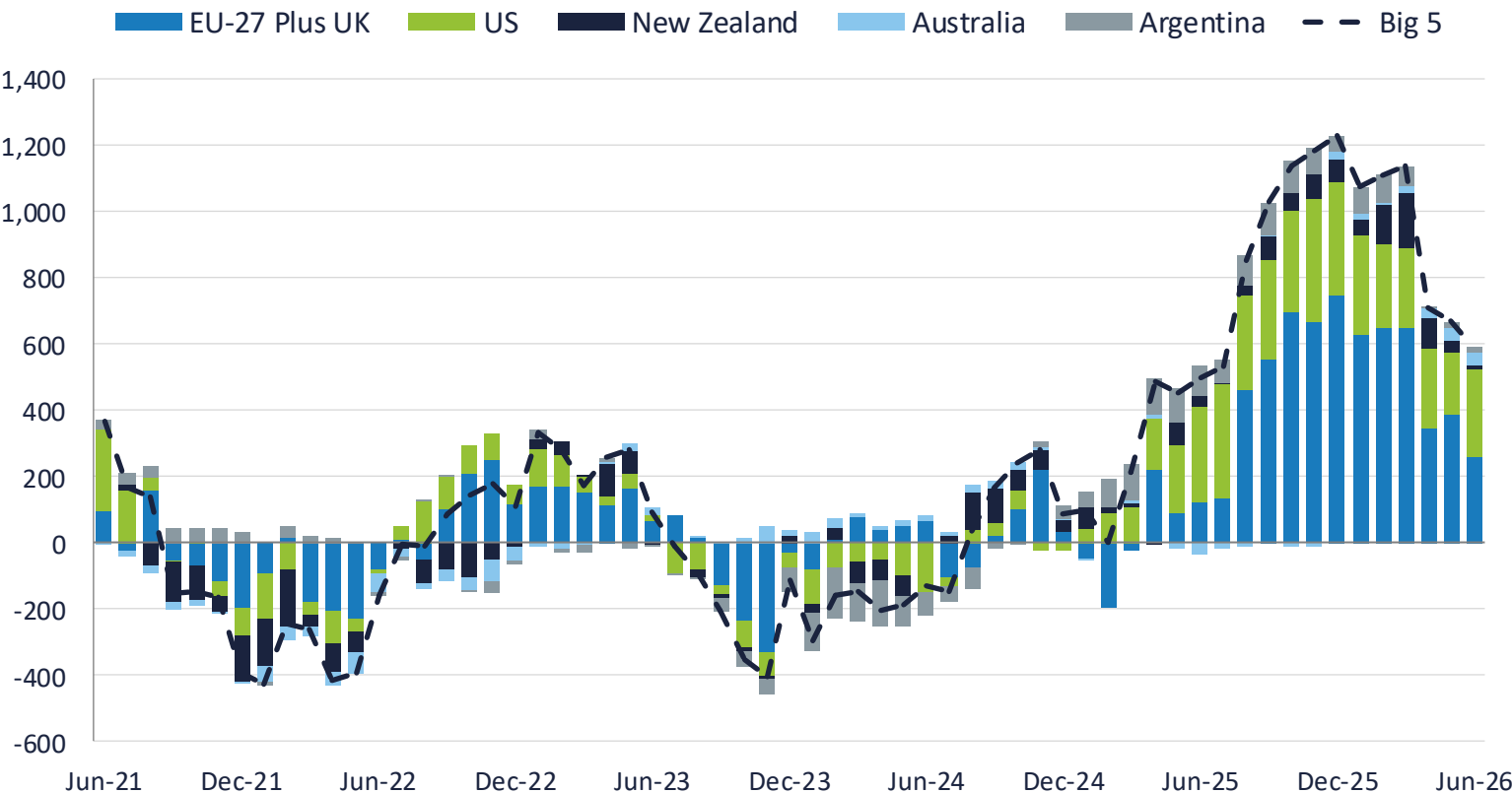
Average daily volume, contracts/day (Class III, Class IV, Cheese, Butter, NFD, Dry Whey)



GLOBAL MILK PRODUCTION

Monthly change in milk production vs. prior year

Big 5 exporters, thousand MT



Sources: AHDB, USDA, DCANZ, Dairy Australia, Eurostat, Argentina Ministry, EU-27+UK

Year-Over-Year Percent Change in Production: Jun-26

Country	Percent Change
EU-27 Plus UK	1.9%
United States	3.0%
New Zealand	4.6%
Australia	7.0%
Argentina	1.6%
Big 5	2.4%

Jun-26

Big 5 output rose **591k MT** vs. prior year, less than half the **1,229k MT** peak in Dec-25.

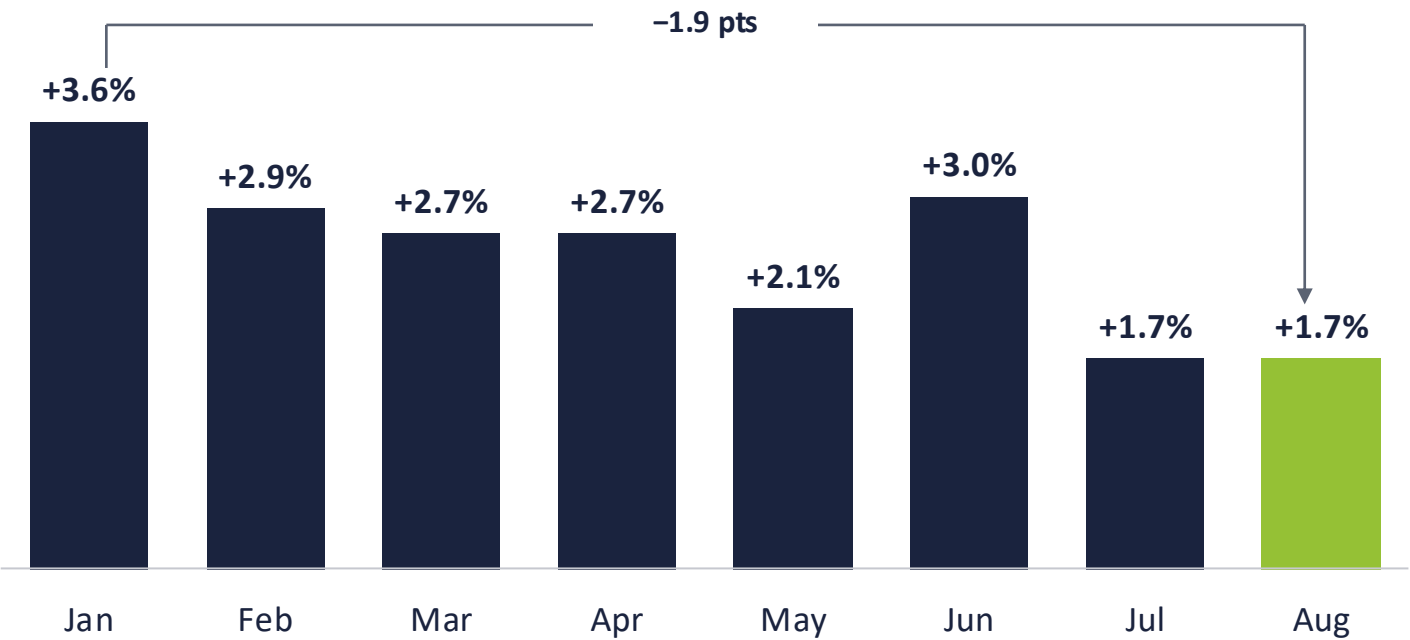
EU-27 plus UK (**263k MT**) and the US (**261k MT**) supplied 89% of the gain.



US MILK PRODUCTION

Milk growth has halved since January as yields flatten

US milk production, change vs. same month of 2025, %, 2026



Source: USDA NASS Milk Production, HighGround Dairy.

2026 so far

Jan–Aug, US total

+2.6%

158.9B lbs of milk, 4.0B lbs more than Jan–Aug 2025

+167K cows

9.71M head in August, the largest US herd since the early 1990s

0.0%

Milk per cow in August, 2,049 lbs vs. 2,050 a year ago; growth now comes from cows



PROTEIN-MAXXING

Protein claims now lead the label across the dairy case

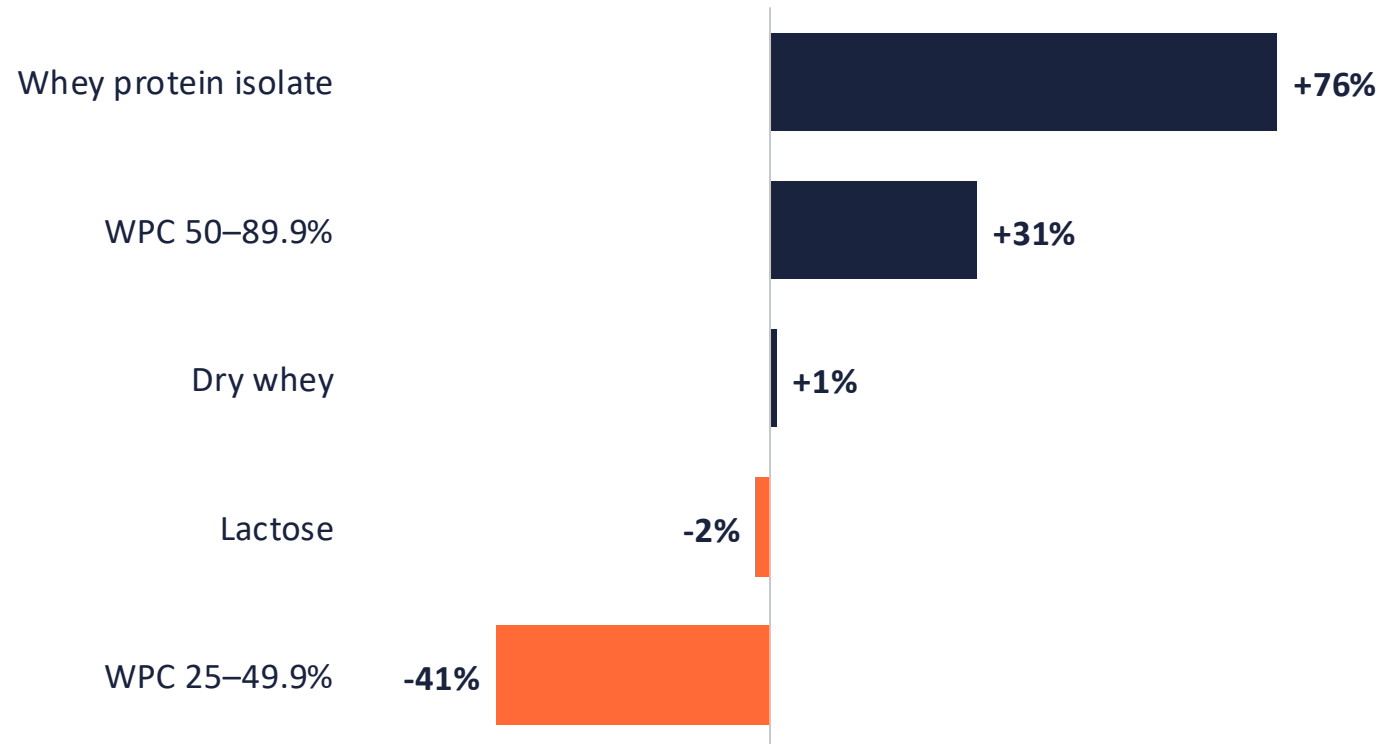
Examples of high-protein dairy products on US retail shelves, 2026



WHEY UPGRADE

High-protein whey grew while low-protein streams shrank

Change in US production, Jan–Jul 2026 vs. Jan–Jul 2021, %



¹ Expana, Sept 2026. Source: USDA NASS, HighGround Dairy.

Whey is moving up the value chain

Cheese plants are fractionating for protein

Isolate: +56M lbs

Jan–Jul WPI output rose from 74M to 130M lbs since 2021, the fastest-growing whey product.

WPI at \$14.25/lb

Whey protein has been the most valuable use of the milk stream in 2026.¹

Low-protein fading

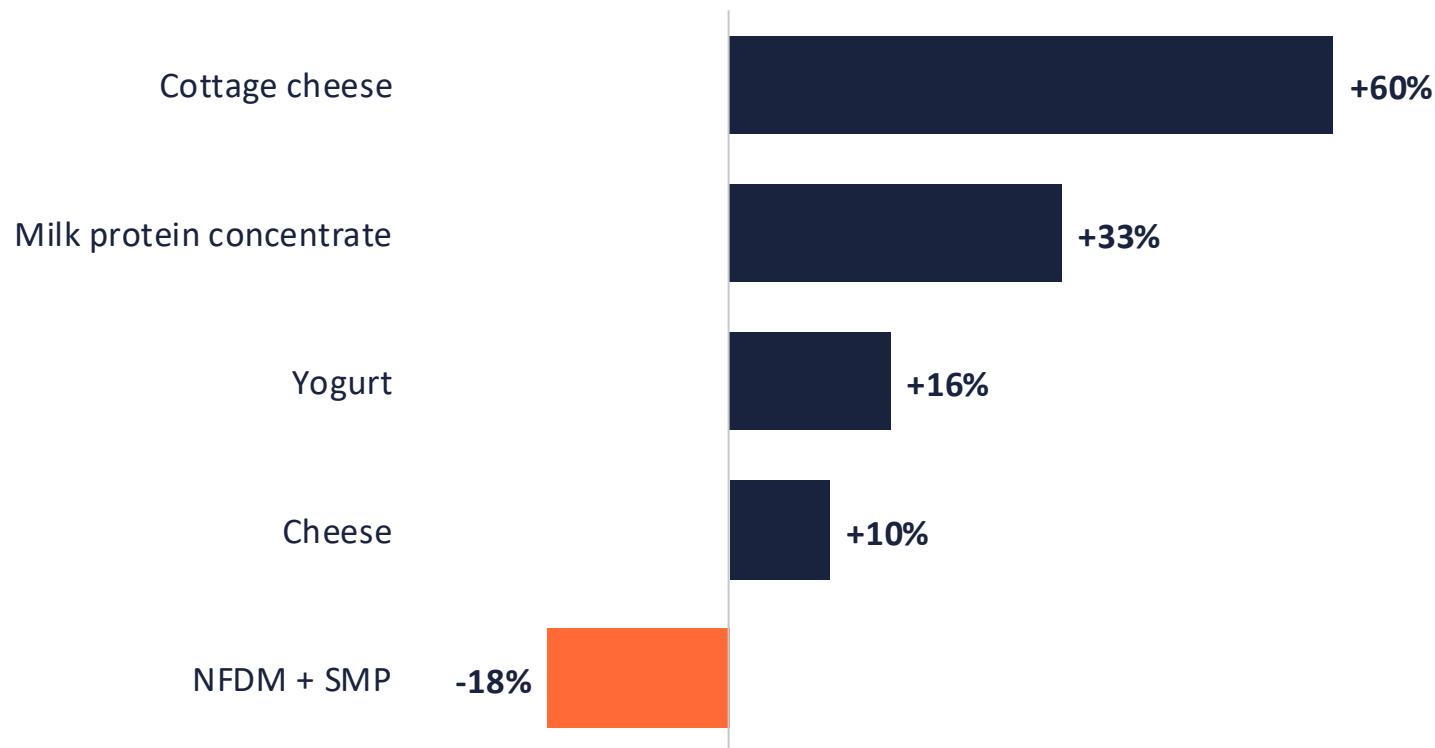
WPC 25–49.9% fell 41%; 2025 dry whey output was the lowest this century.



SKIM PROTEIN PULL

Every protein product grew while commodity powder fell

Change in US production, Jan–Jul 2026 vs. Jan–Jul 2021, %



Where the skim is going

Three outlets pulling from the dryers

Cheese: most volume

+795M lbs of cheese vs. 2021, the largest draw on milk by far.

Class II: high protein

Cottage cheese curd +60% and yogurt +16% since 2021, both protein-dense Class II uses.

UF and MPC: fastest new

fairlife sales +28% in 2025 and \$1.3B of new UF capacity; MPC +33%.¹

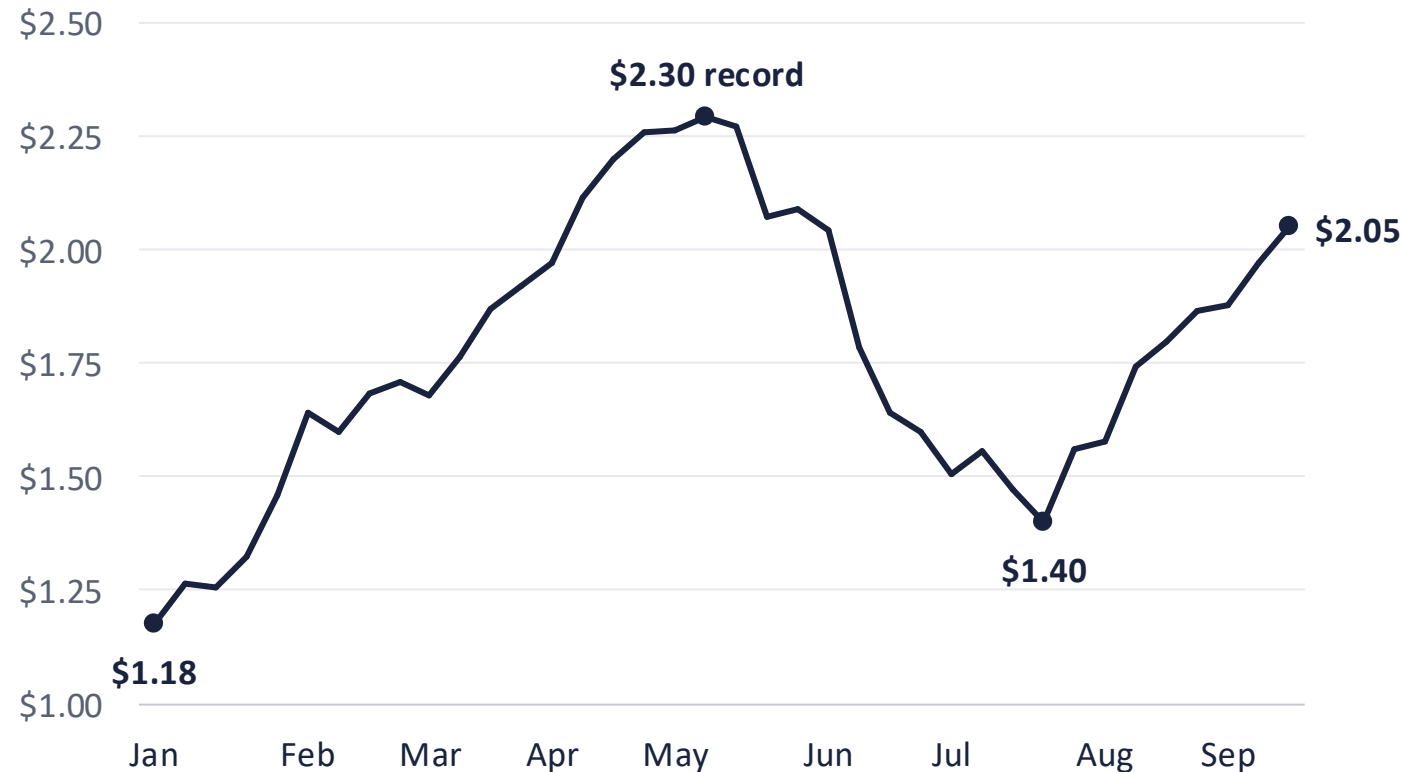
Cottage cheese is curd production; cheese is total cheese. ¹ Circana via TheStreet (Mar 2026); Coca-Cola, \$650M each for NY plant and MI expansion. Source: USDA NASS, HighGround Dairy.



NFDM WHIPLASH

NFDM hit a record in May, fell 39% by July and is climbing again

CME spot nonfat dry milk, \$/lb, 2026 weekly



Weekly closes; the May peak and July low are daily extremes, latest close Sep 17. ¹ FDA testing plans per Operation Stork Speed (Food Fix, Mar 2026); product holds per industry reports. Source: CME.

What keeps US powder tight

Drivers behind the 2026 pricing

Protein pull

UF milk, MPC and cheese are absorbing skim that used to go to dryers.

FDA scrutiny

FDA is testing milk powder after infant formula botulism cases.¹

Export risk

US powder trades above EU and NZ supply, which could slow exports and cap the rally.

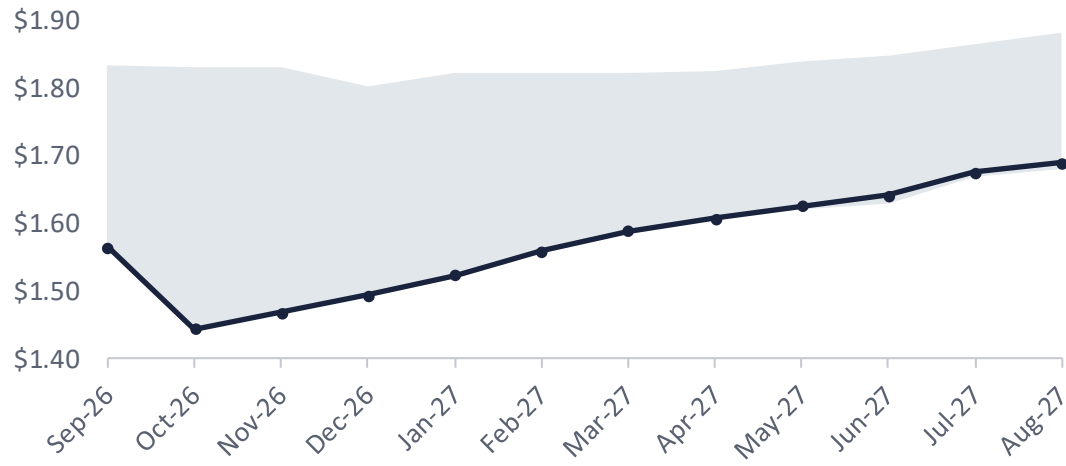


FAT IS THE BYPRODUCT?

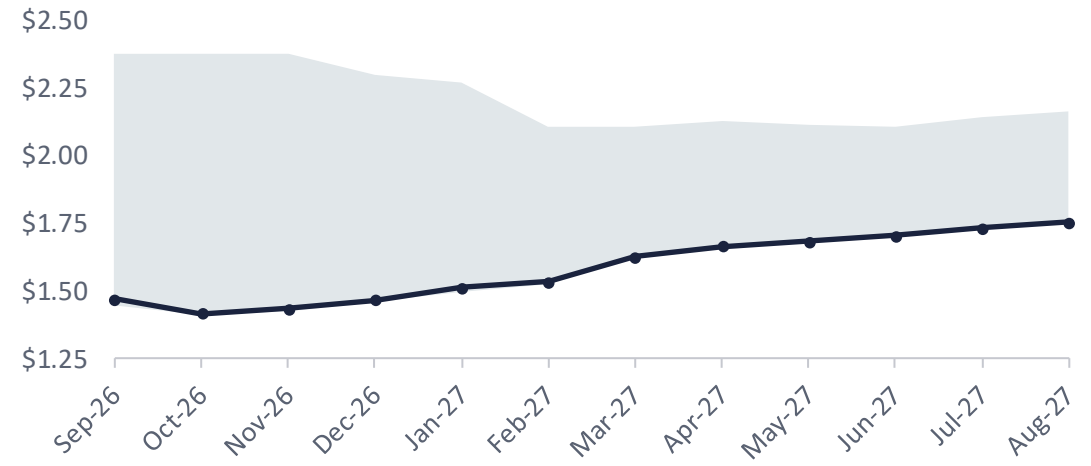
The fat side might just be the byproduct: cheese and butter futures sit at contract lows

CME futures curves, \$/lb. Line is the Sep 28, 2026 settle; shaded band is each contract's 12-month high-low range

Cheese



Butter



+24%

US cheese exports, Jan–Jul 2026, with a record 144M lbs in July¹

+69%

US butter exports, Jan–Jul 2026, won on price against the EU and NZ¹

\$1.41 vs. \$1.96

Oct butter vs. Oct NFDM futures; skim now outprices fat

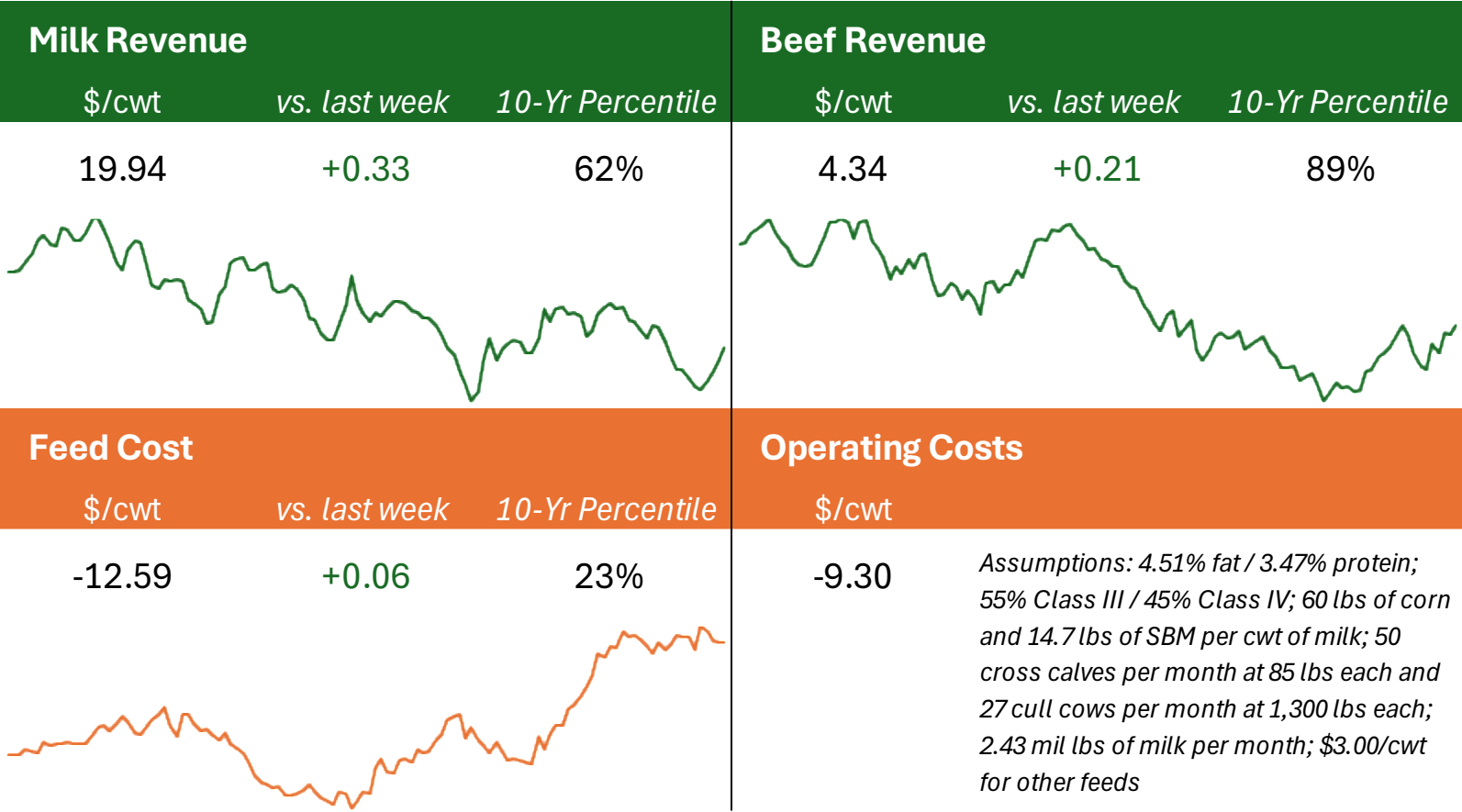
¹ USDA FAS via Cheese Reporter, Sep 2026. Source: CME + HighGround Dairy.



MARGIN MONITOR

Q1 2027

Using September 25, 2026 Futures



MARGIN MONITOR

Q1 2027

Using September 25, 2026 Futures

Margin			Margin = Milk Revenue + Beef Revenue - Feed Cost - Operating Costs
\$/cwt	vs. last week	10-Yr Percentile	

2.38 +0.48 66%



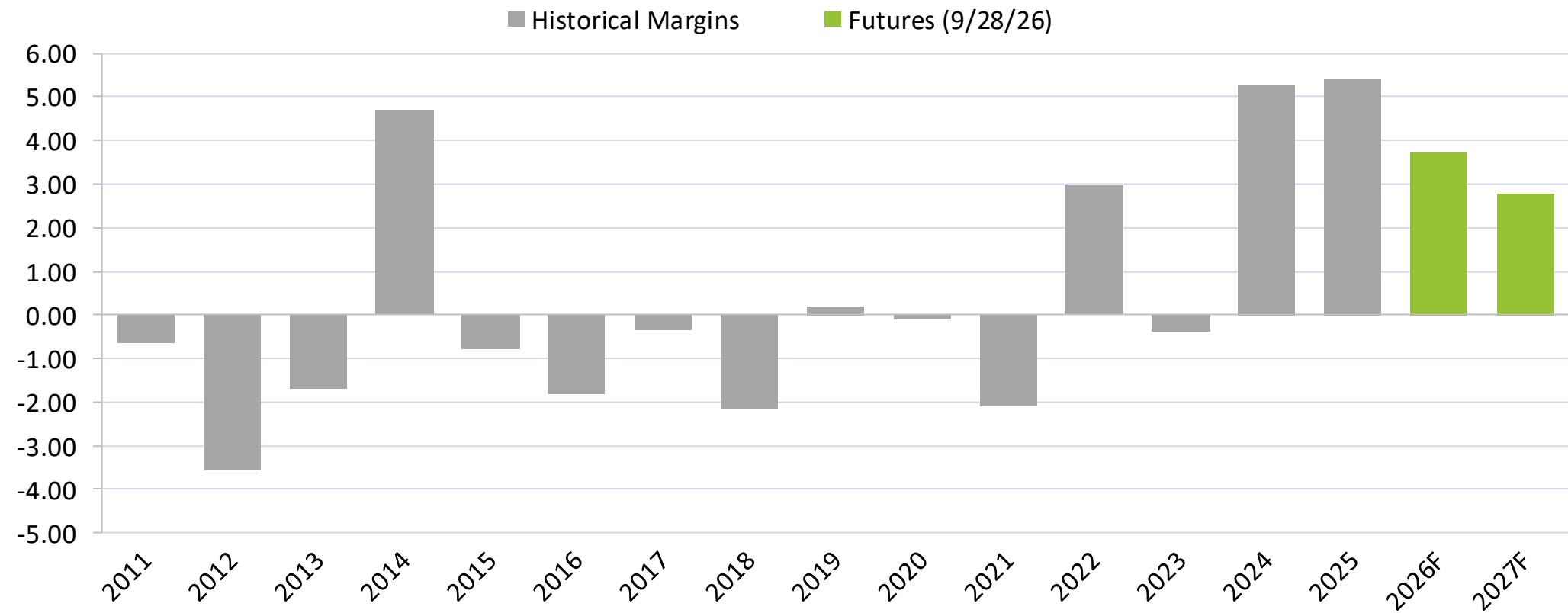
Sources: CME. CBOT. USDA. HighGround Calculations



MARGIN MONITOR

Estimated yearly margins

US dairy farm margin, \$/cwt; 2026F and 2027F from CME futures



*2026 and 2027 are forecasted values using CME futures.

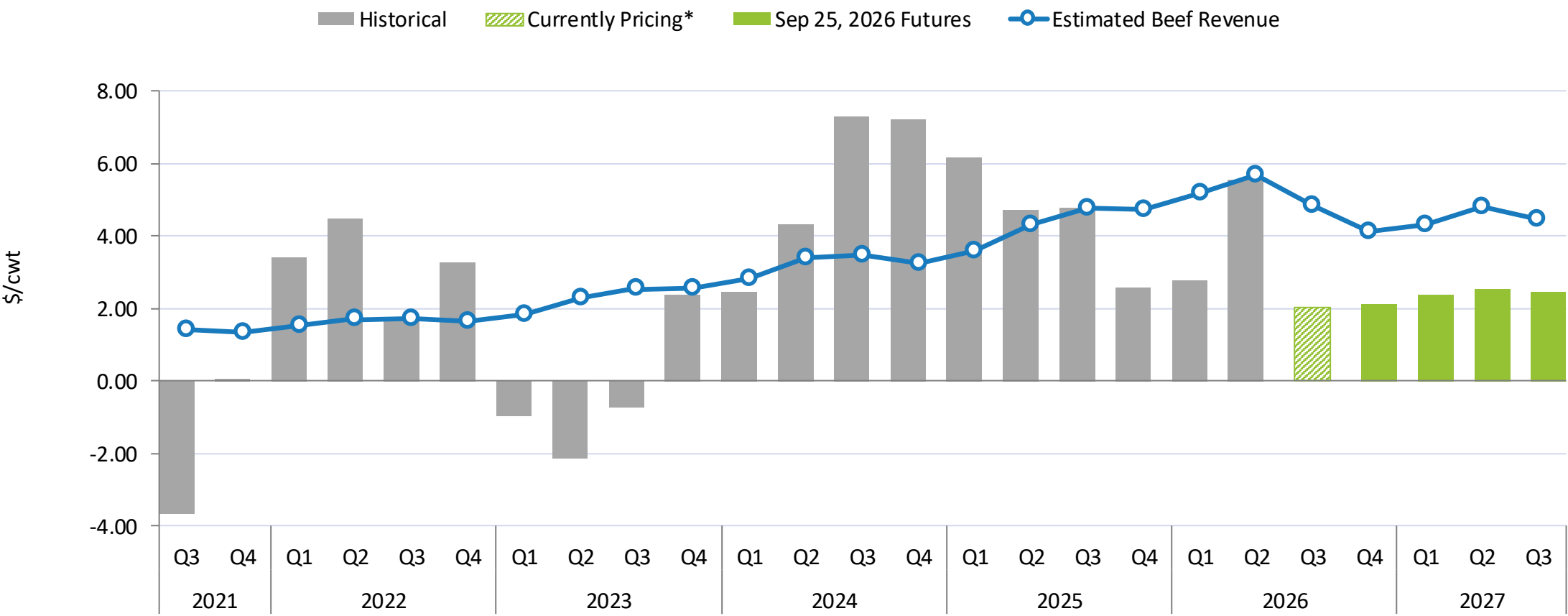
Source: USDA, CME, HighGround Calculations



BEEF REVENUE IS ESSENTIAL

Quarterly margins and beef revenue

US dairy farm margin and estimated beef revenue, \$/cwt; Sep 25, 2026 futures



THANK YOU

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Navigating Cattle Trends in 2026 & Beyond

Abbi Groves

Livestock Economist

CDCB Industry Meeting at World Dairy Expo
September 30, 2026



U.S. cattle inventories continue to decline

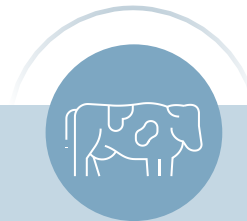


86.7 million head

Total cattle inventory January 1, 2026



Smallest beef cow
herd since 1961

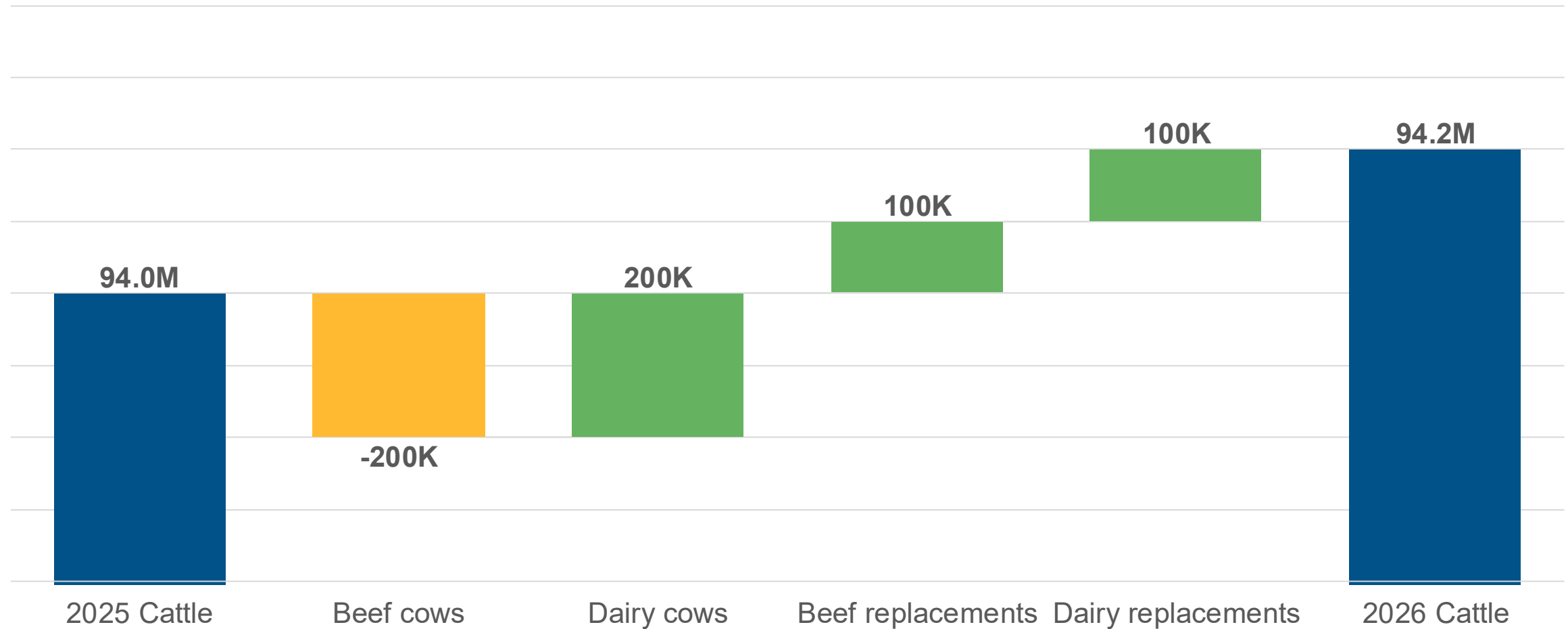


Record high calf prices, age of
rancher, insufficient pasture
conditions delaying rebuilding

First mid-year growth in total cattle since July 2018



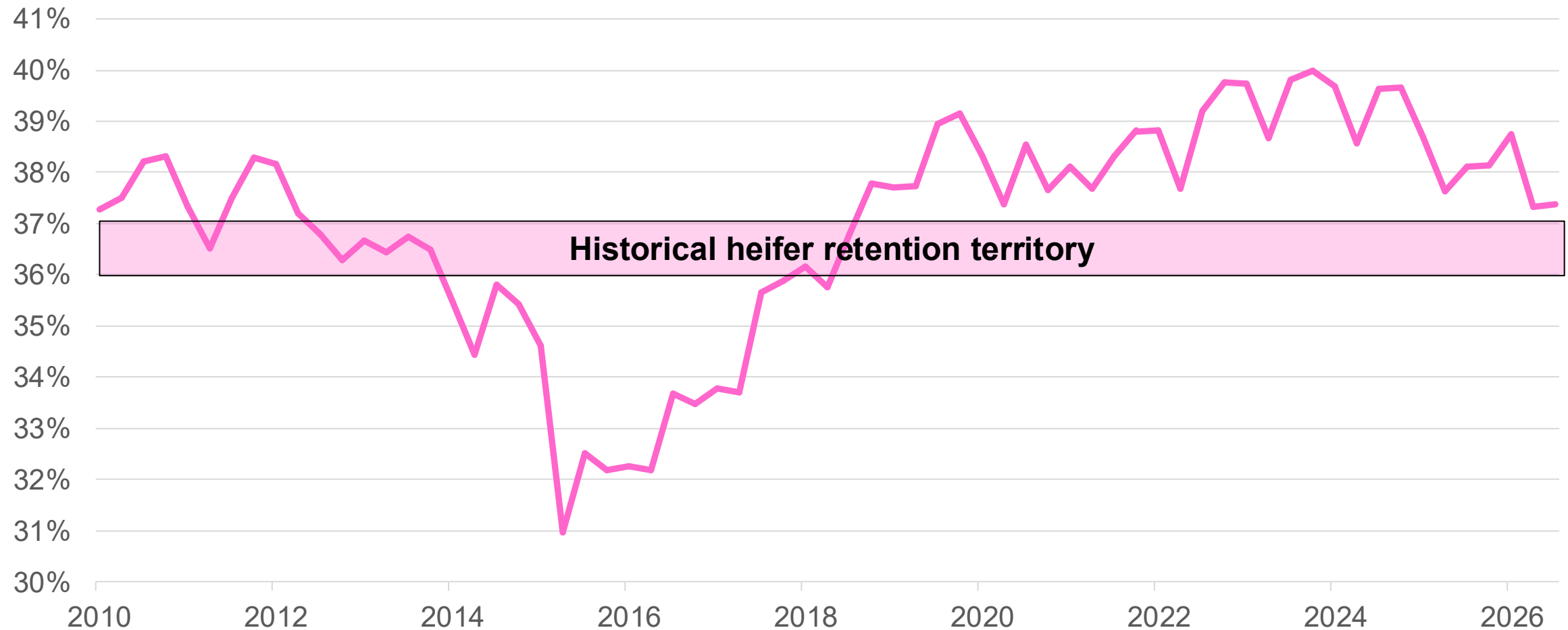
Year-over-year change in head



Heifers on feed declining, but beef-on-dairy is in the mix



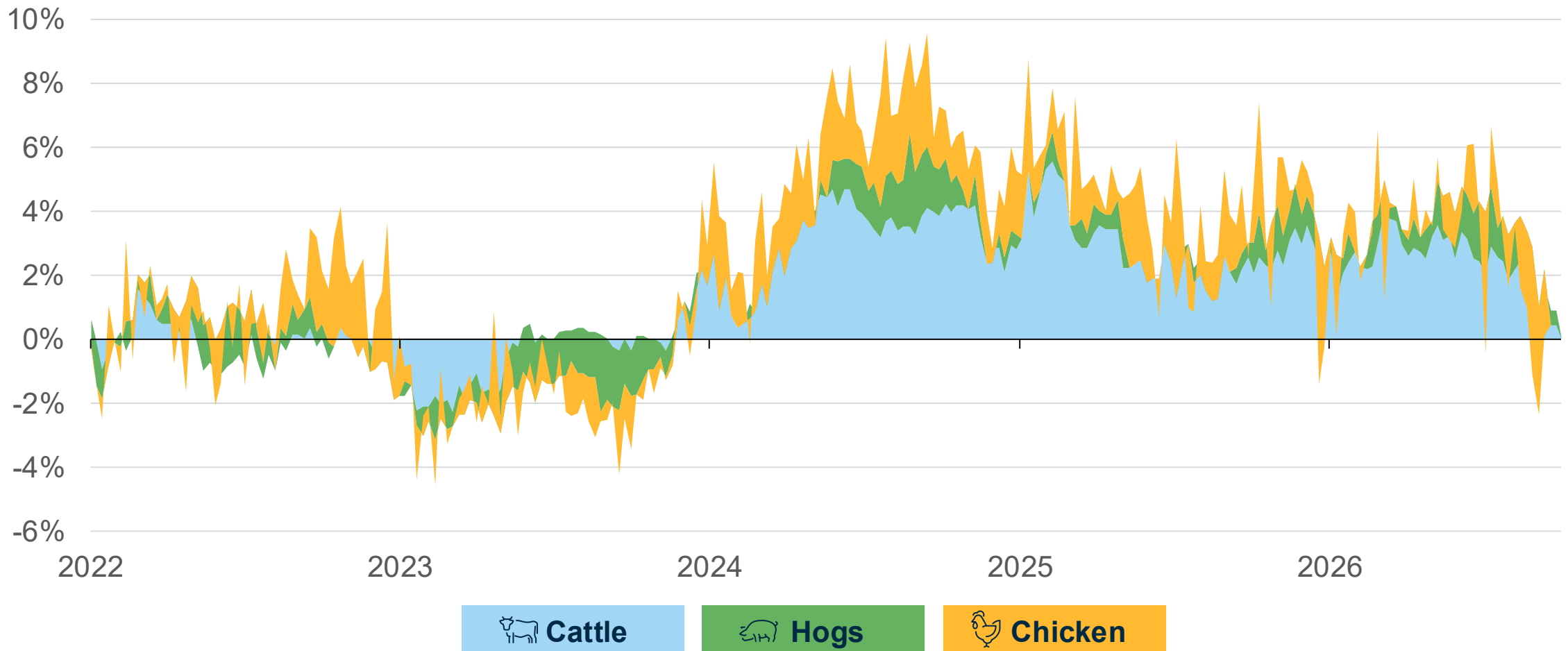
Percent of heifers on feed



Livestock “waistline” expansion is slowing down



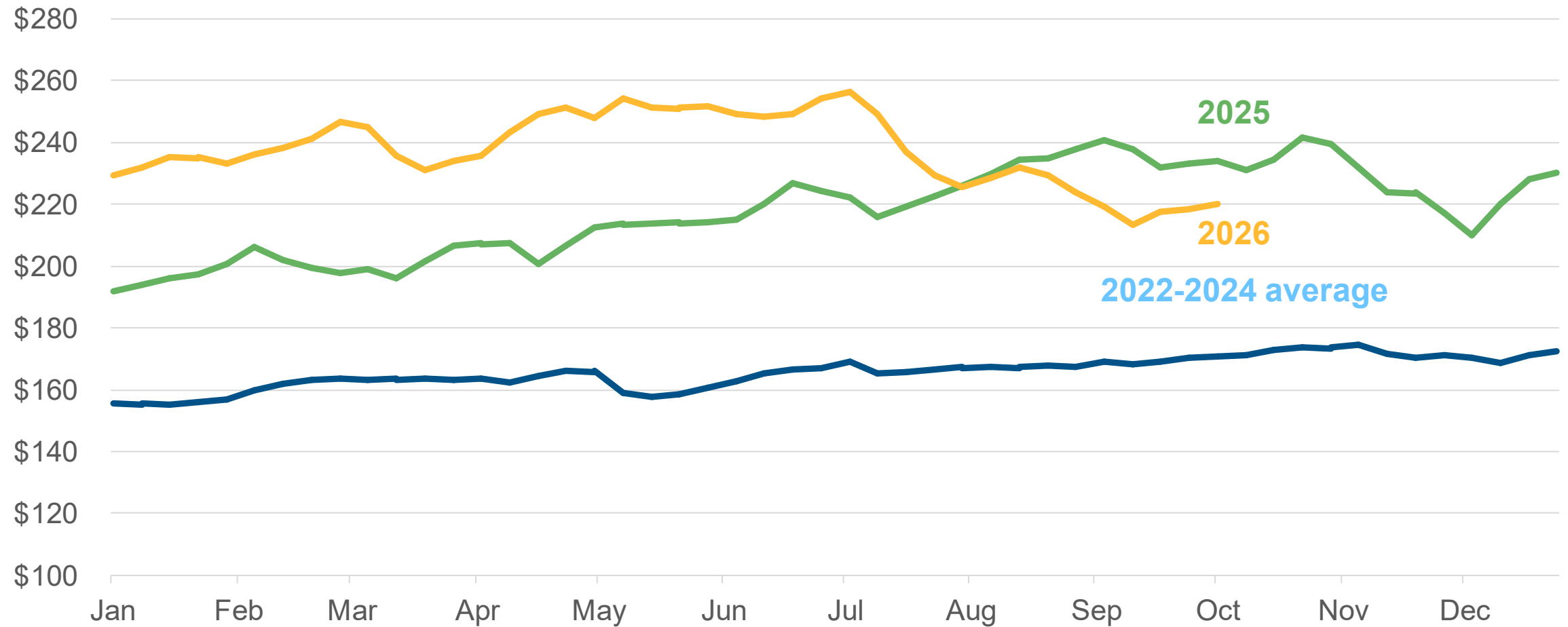
Weekly slaughter weights, percent change year-over-year



Live cattle futures stable after drop off mid-summer



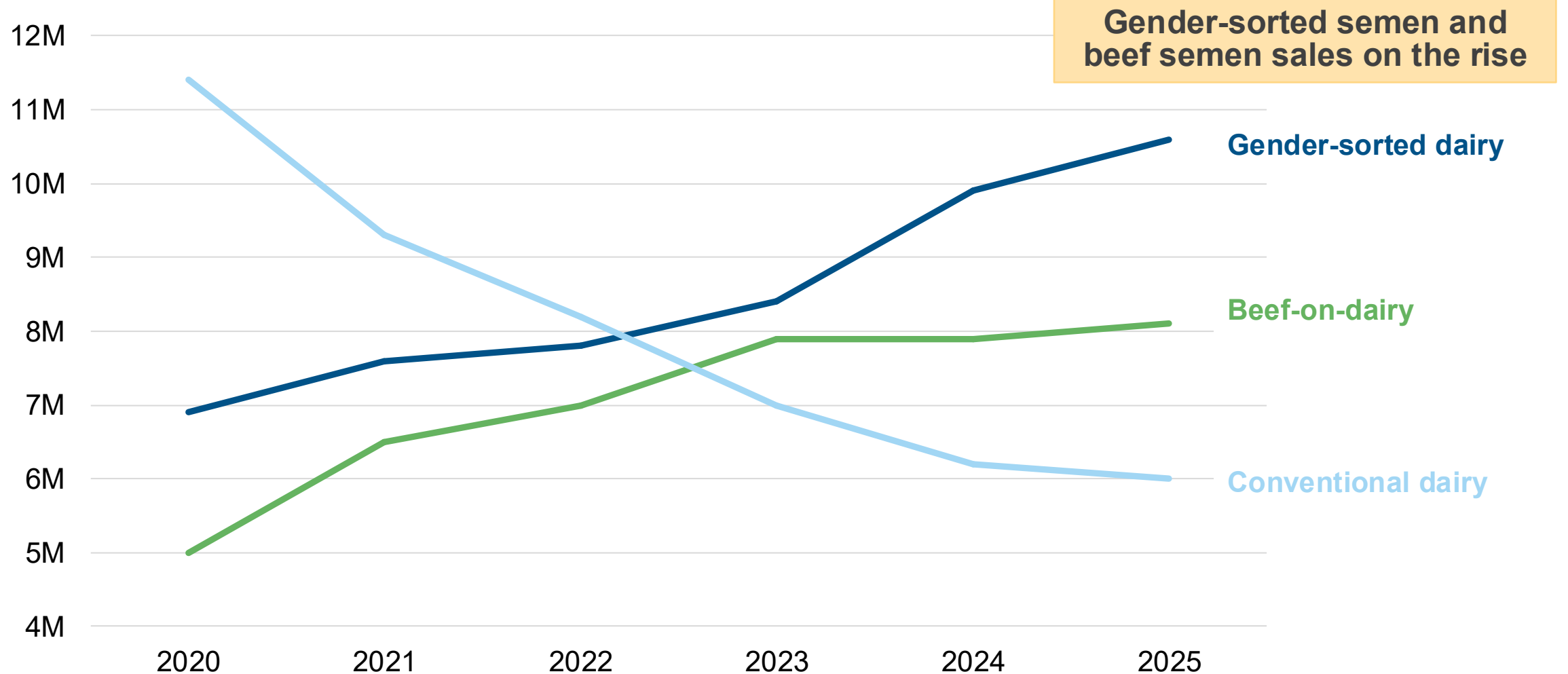
Weekly live cattle futures (in \$ per cwt.)



Gender-sorted semen to pump up replacement heifer herd



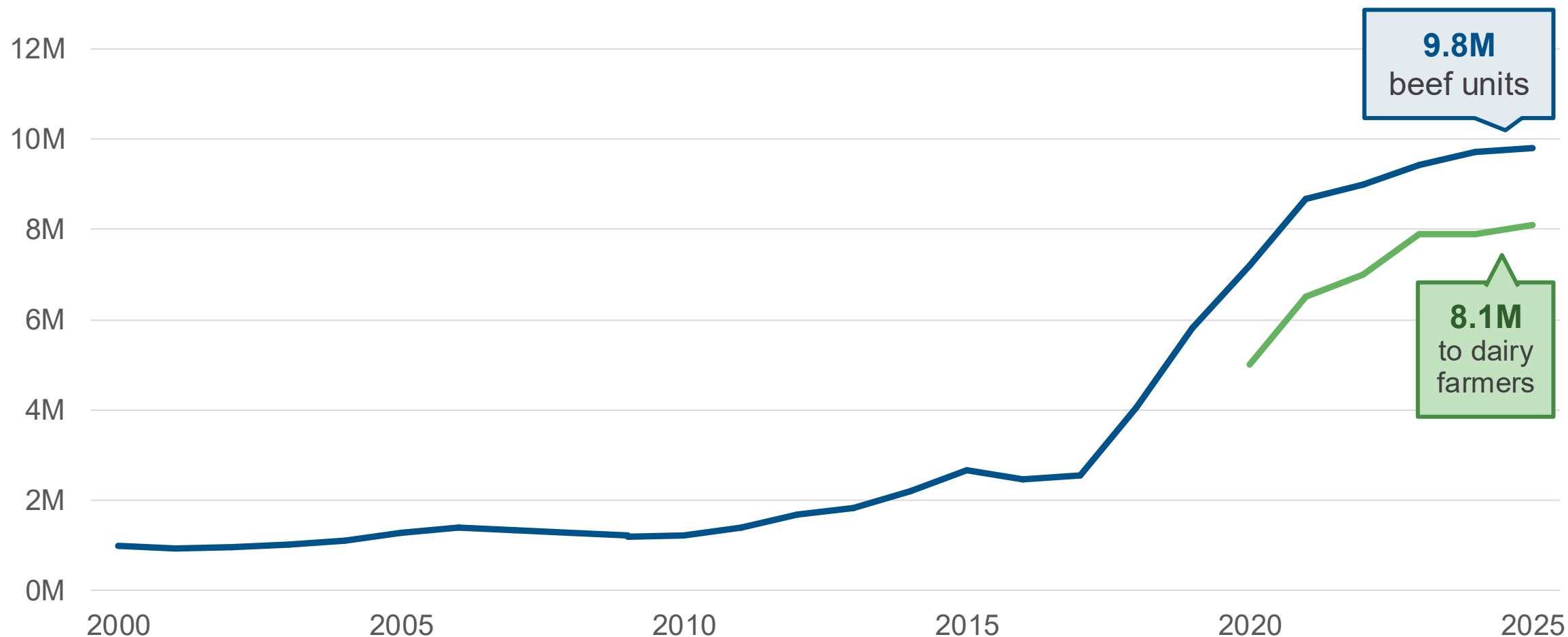
Units of semen sold



Beef-on-dairy continues to transform category

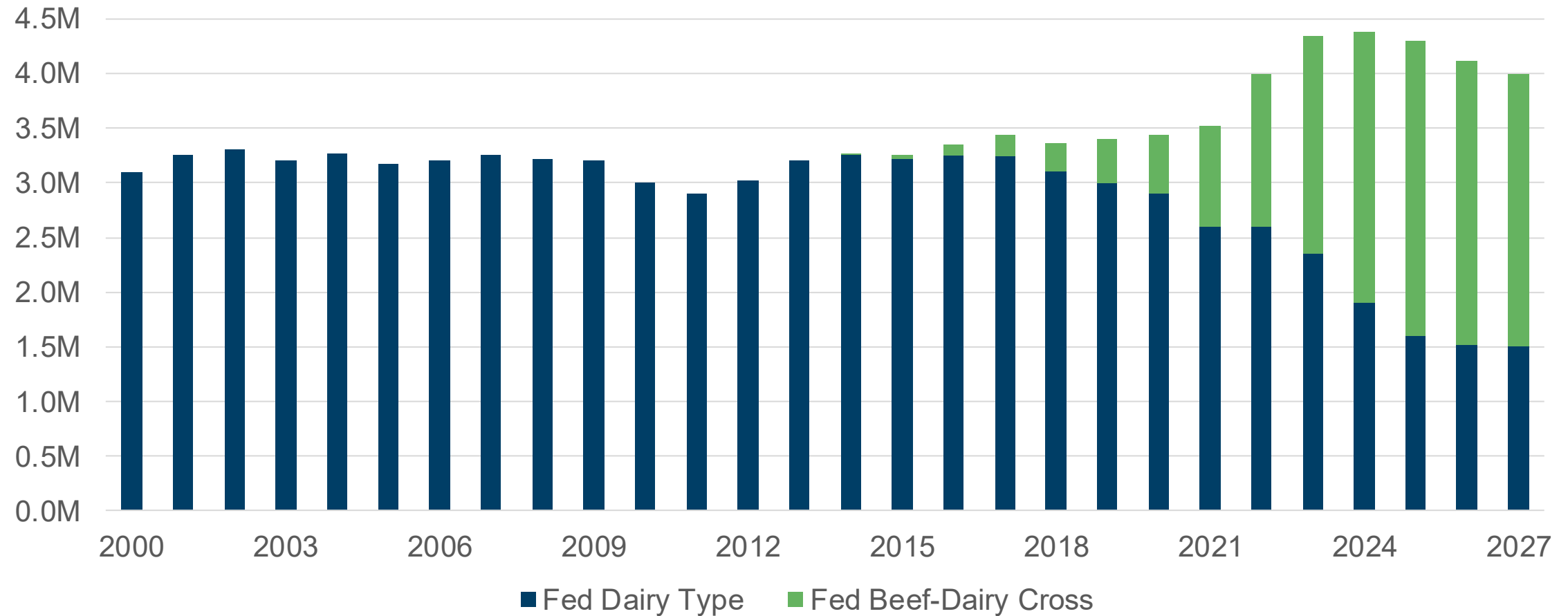


Domestic beef semen sales climbed substantially (in units sold)



Beef-on-dairy cattle add more head to the feeder supply

In head



Beef-on-dairy calves add more to the dairy bottom line



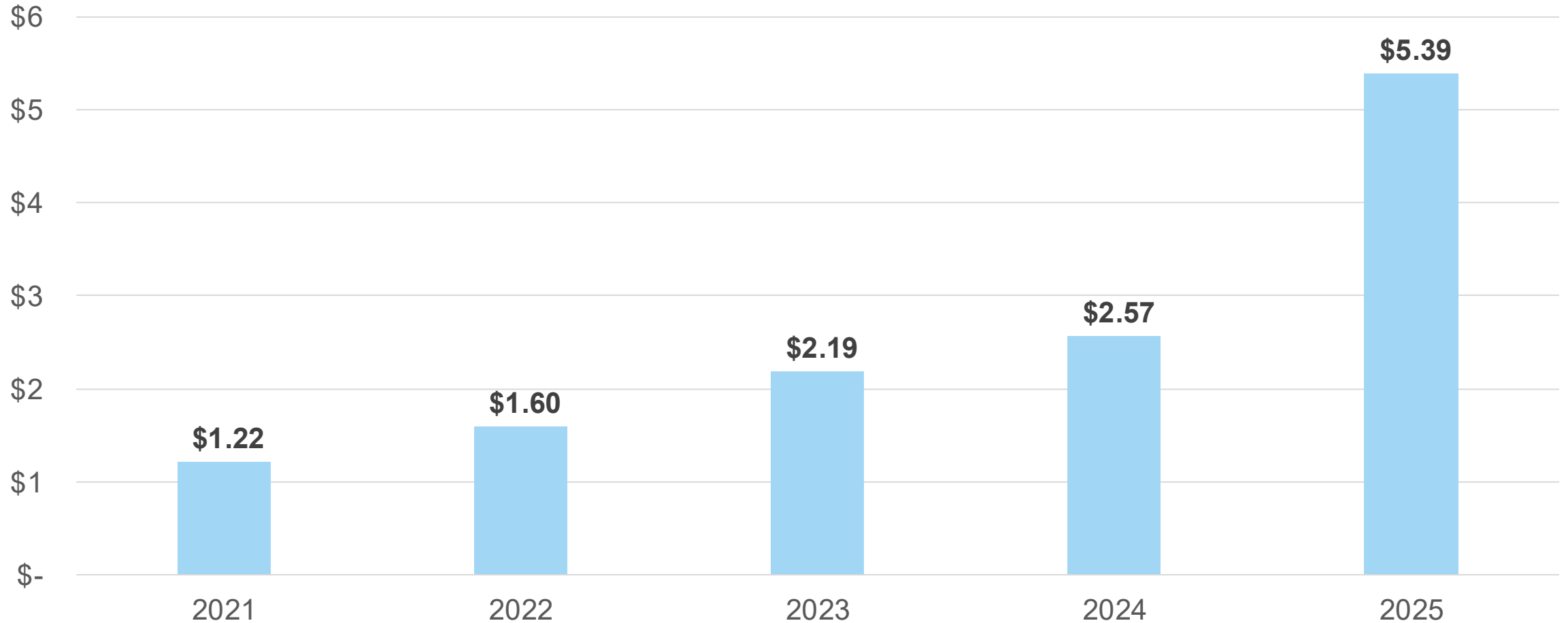
Pennsylvania beef-on-dairy calf pricing (price per calf)

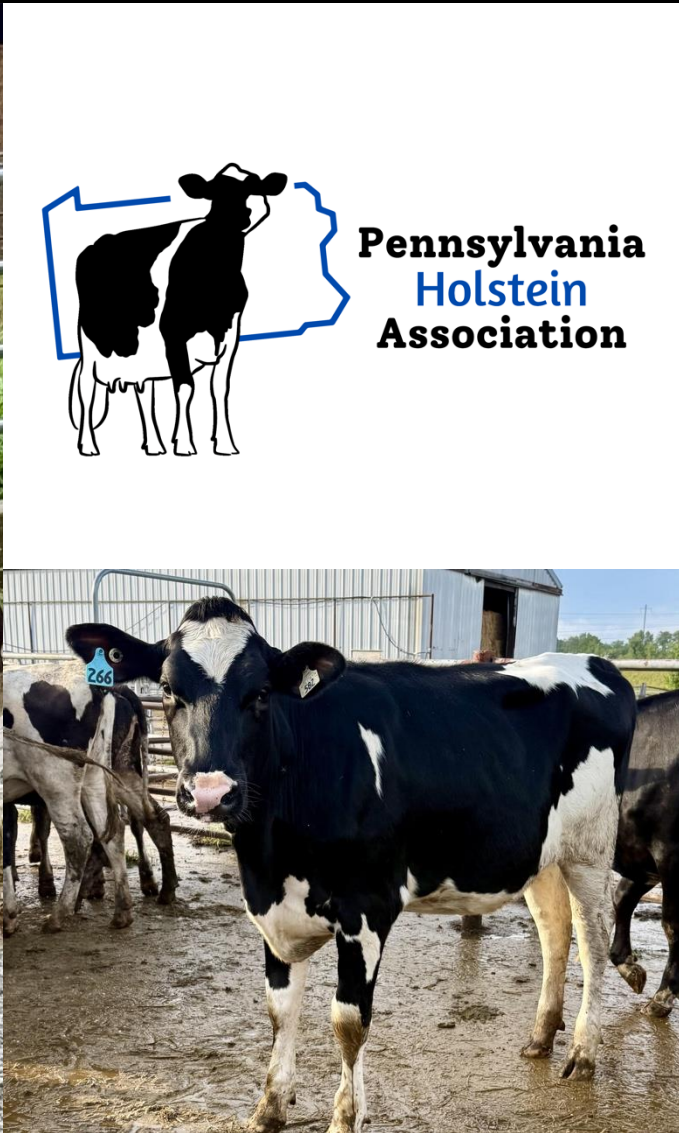


Cull cows and calf sales deliver more income to dairy



Cattle sales in \$ per cwt.





What's the Market for Holstein Heifers in my World?

BY: DAVID J. LENTZ

EXECUTIVE DIRECTOR OF
PENNSYLVANIA HOLSTEIN
ASSOCIATION



How I Started
& What I Do
Now?

The background of the slide features a close-up of a human eye, which is the central focus. Overlaid on the eye is a complex digital interface. This interface includes a circular gauge or dial with numerical markings at 100, 400, and 500. There are also several vertical and horizontal lines, some of which are dashed, and a network of small dots connected by lines, resembling a data visualization or a technical diagram. The overall color scheme is a mix of dark blues, greys, and light blues, giving it a high-tech, futuristic feel.

Criteria that create Value

TEST #1

EYEBALL TEST

Criteria that create Value

TEST #2 DATA



Real Data from the PHA

“Know What You Buy” Heifer Sale Series

Fall 2025 to Fall 2026

Total of 4 sales	1,136 head sold	grossed \$2,899,100	Average \$2,552
Registered	829 head sold	grossed \$2,231,275	Average \$2,692
Sire-ID	254 head sold	grossed \$563,800	Average \$2,220
Unknown Grade	45 head sold	grossed \$92,825	Average \$2,063
REGISTERED \$\$\$ Advantage \$472 REG vs. SID AND \$629 REG vs. UNK			

What Does This Heifer Sale Data Tell Us?



INFORMATION IS POWER!

Export Market for Heifers..... What are They Worth?

DEPENDING ON:

SELECTION CRITERIA LIKE

- GTPI, NET MERIT
- EYEBALL TEST
- HEALTH TESTING





How to capture the Top Market?

1. OFFICIAL ID
2. GENOMIC TEST
3. SELECT FOR TRAITS
THAT CREATE LONGEVITY
& HIGH COMPONENT
PRODUCTION
4. TOP NOTCH GENERAL
CARE OF FEEDING &
VACCINATION, ETC.



That's my two
Cents....
I look forward to
your questions

THANK YOU FOR YOUR ATTENTION