

# 2025 Wisconsin Agricultural Outlook Forum



## *Dairy Situation and Outlook* *January 21, 2025*

Leonard Polzin

Dairy Markets and Policy Outreach Specialist  
University of Wisconsin-Madison, Division of Extension

[lpolzin@wisc.edu](mailto:lpolzin@wisc.edu)

# Market Drivers Impacting the Dairy Industry



**New Processing  
Demand for Milk**

**High Beef Prices:**  
Revenue Stream,  
Culling Decisions

**B**

**U**

**L**

**L**

**B**

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**A**

**R**

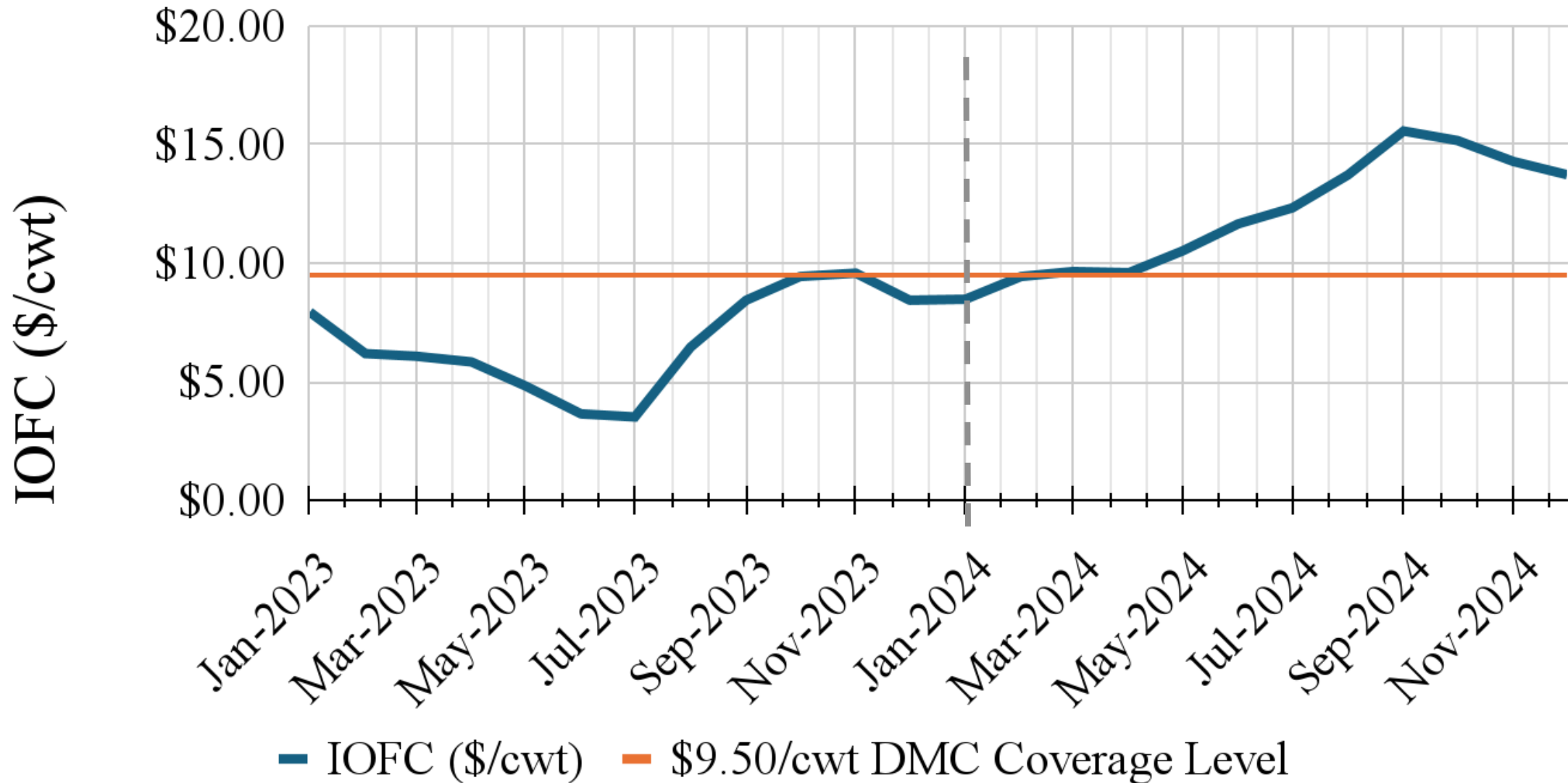
**Policy: Tariffs,  
Food Assistance  
Programs, Labor**

**More Product  
Supply from New  
Processing**

**Production of Milk  
Solids**

**FMMO Changes  
(Producer side)**

# USDA FSA DMC Income Over Feed Cost, 2023-2024



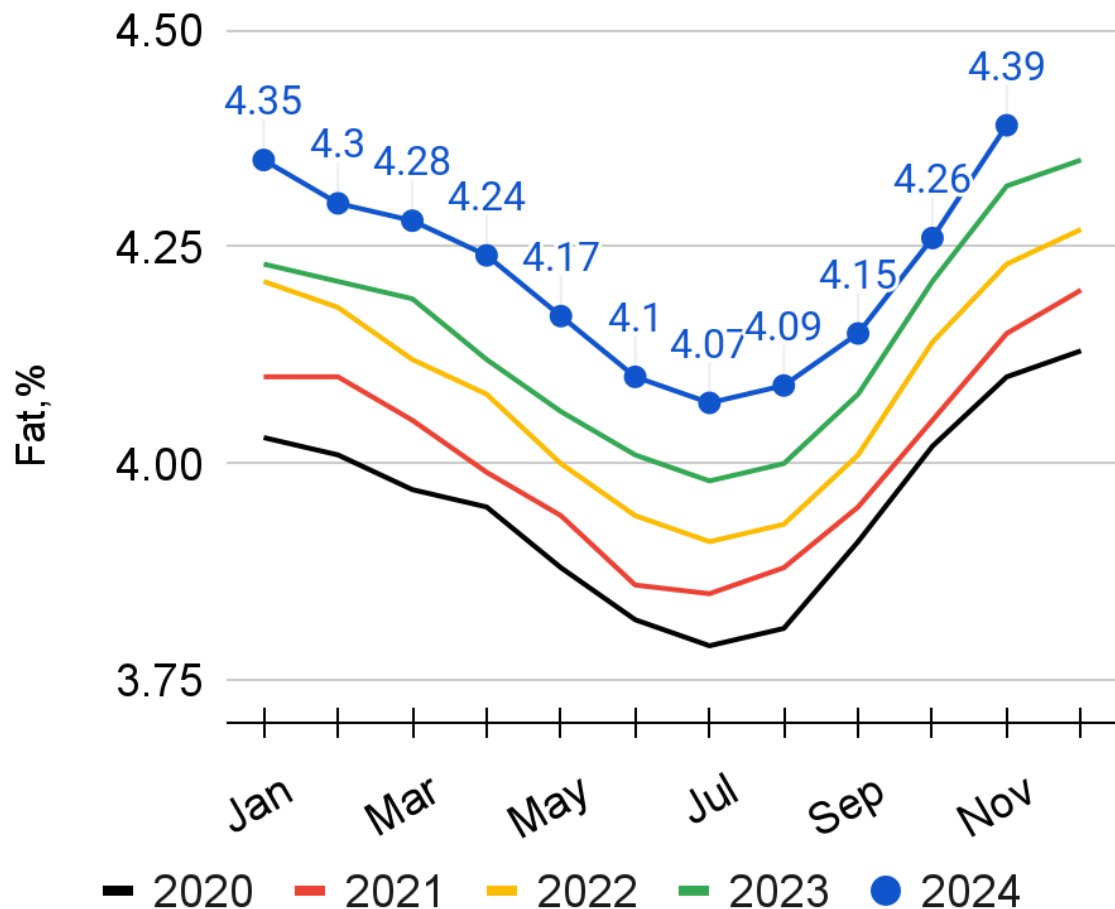
Source: USDA FSA, Dairy Margin Coverage (DMC) Program Updates and Prices



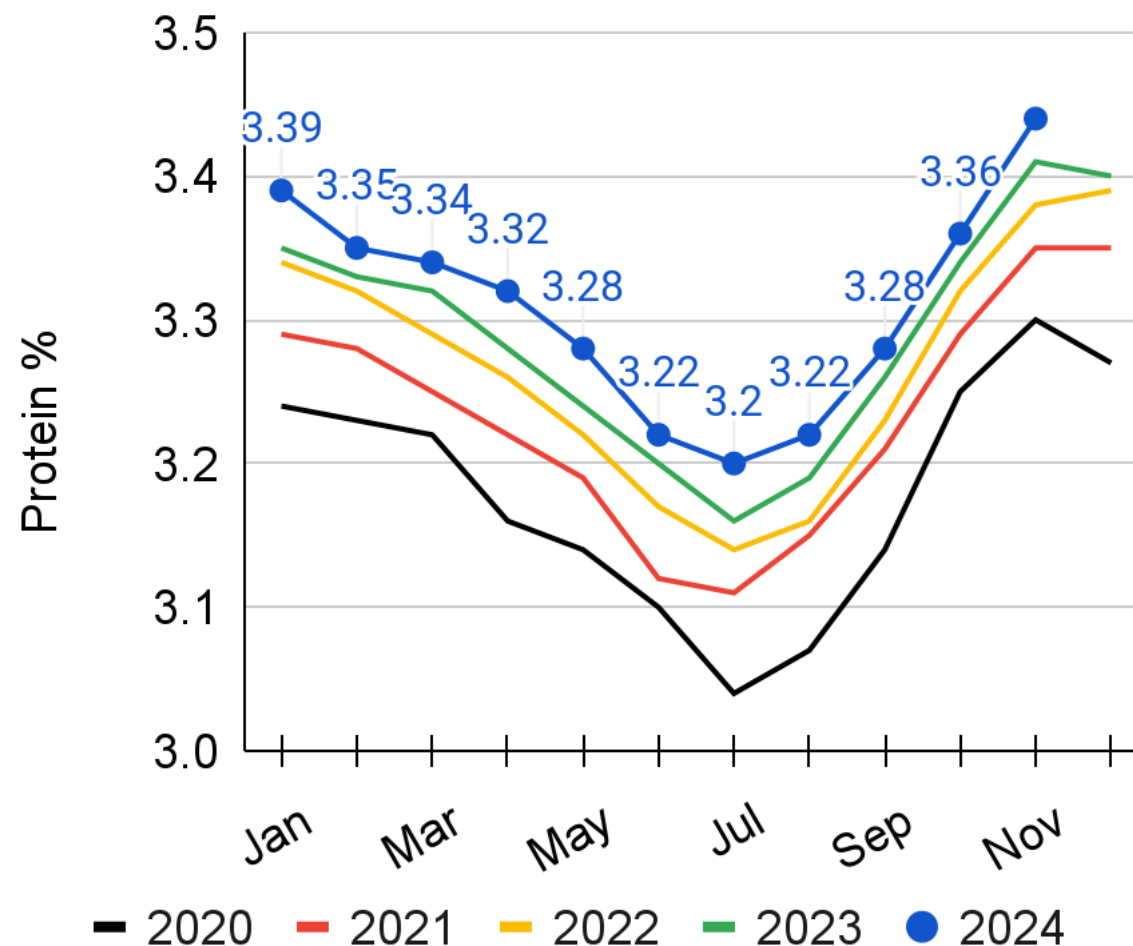
Ave YTD: 2023=4.13%, 2024=4.218%

Ave YTD: 2023=3.28%, 2024=3.309%

### US All Milk Fat Test, %



### US All Milk Protein Test, %

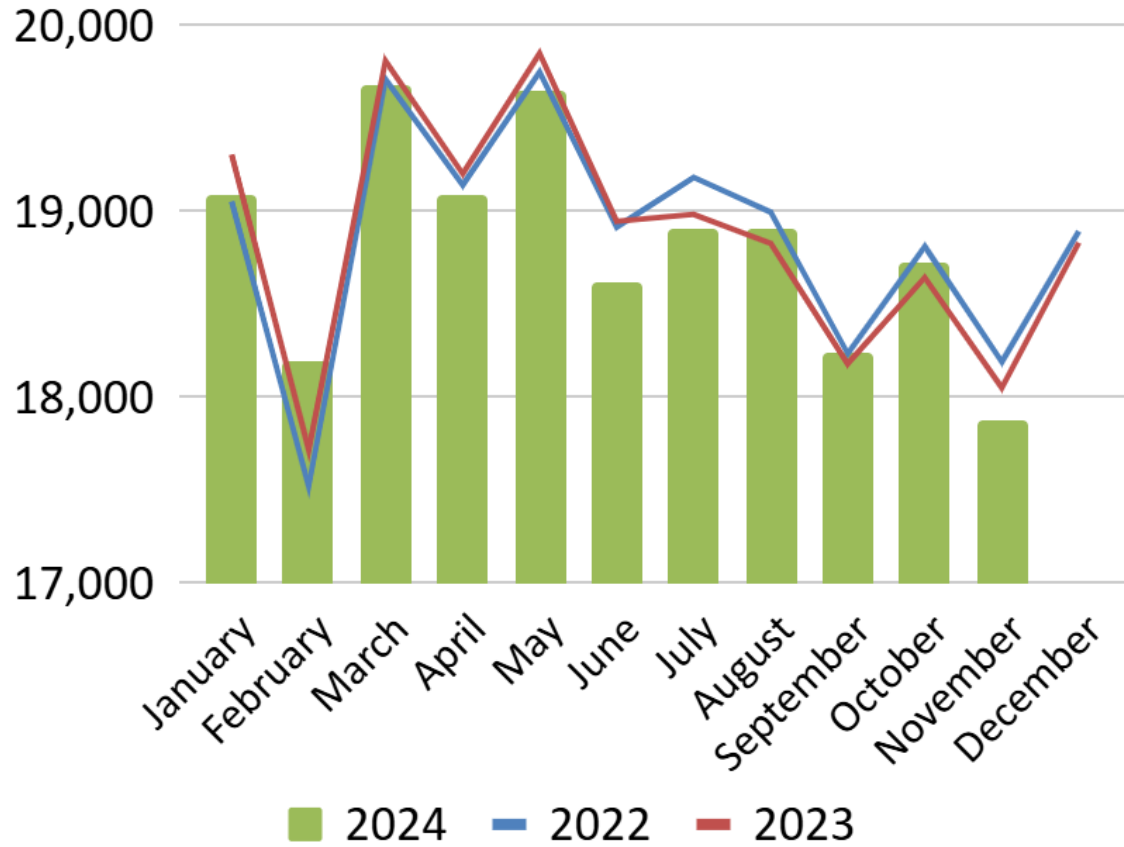


**-0.262% YTD Change**

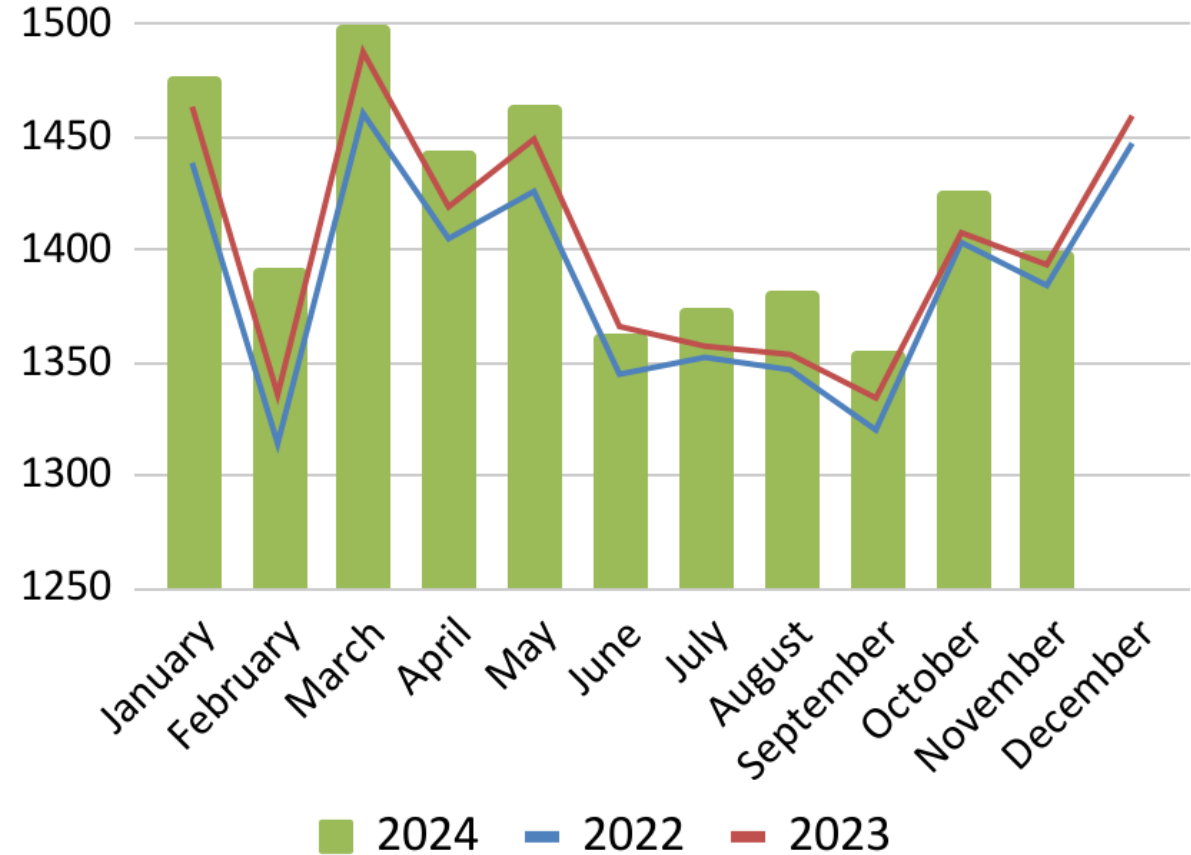
**1.345% YTD Change**



Monthly US Milk Production (Mil lbs)

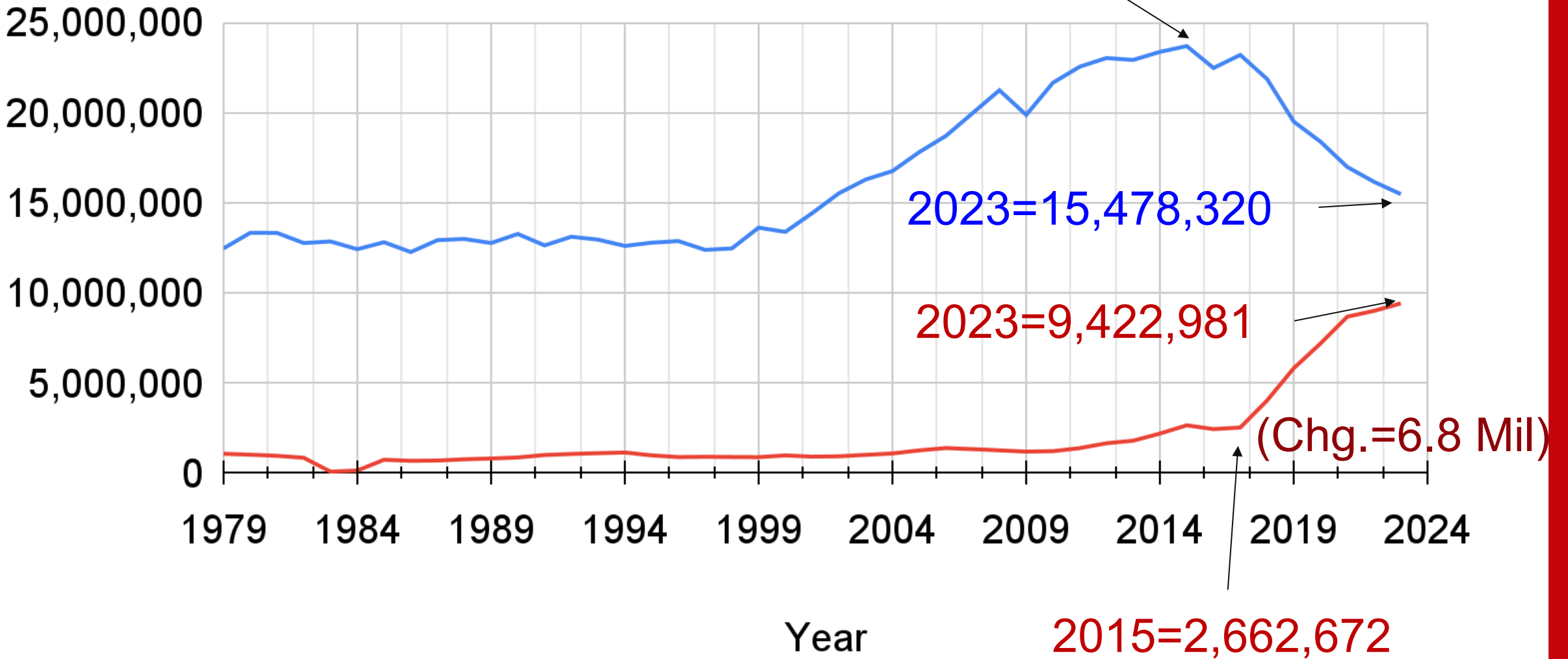


Monthly Fat and Protein Production (Mil lbs)





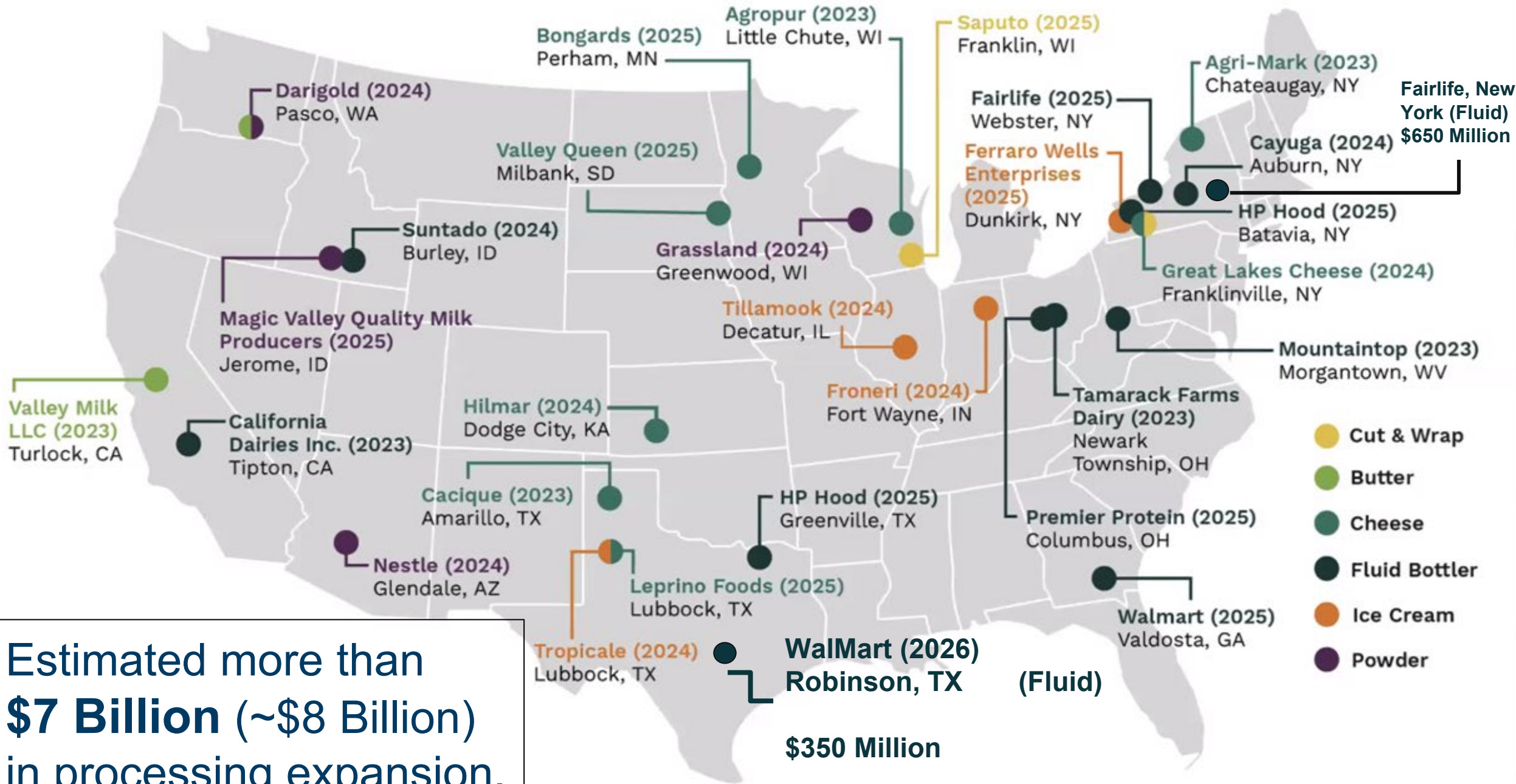
# US Cattle Semen Sales



— Domestic Dairy Semen Sales — Domestic Beef Semen Sales

Source: National Association of Animal Breeders (NAAB), Semen Sales Report

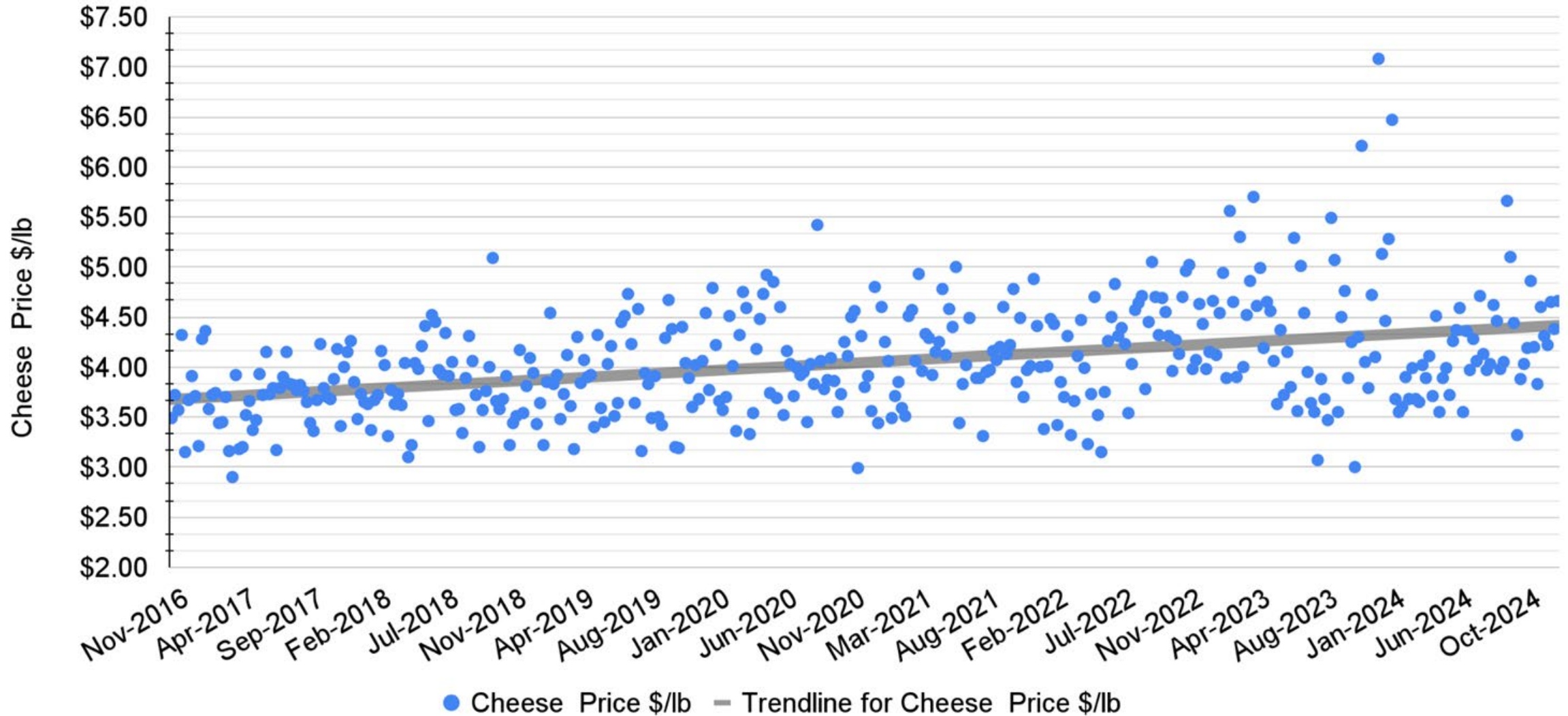
Estimated more than **\$7 Billion** (~\$8 Billion) in processing expansion.





# Cheese Price Range Bound, Price Sensitivity Constraining Class III Price

Wtg Avg Advertised Retail Cheese Price



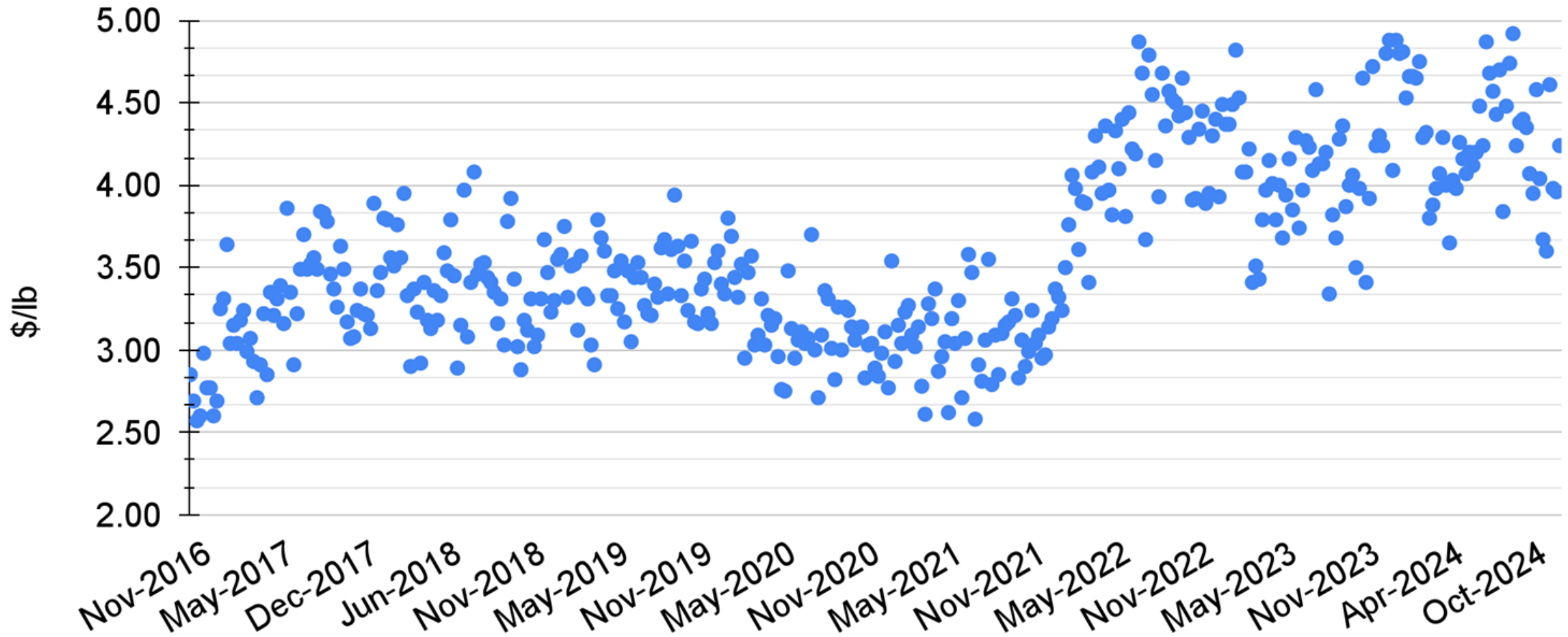
Source: USDA Agricultural Marketing Service (AMS) Dairy Market News, National Retail Report-Dairy





# Butter Has Found New Retail Price Level, Supportive of Class IV Price

Wtg Avg Advertised Retail Butter Price

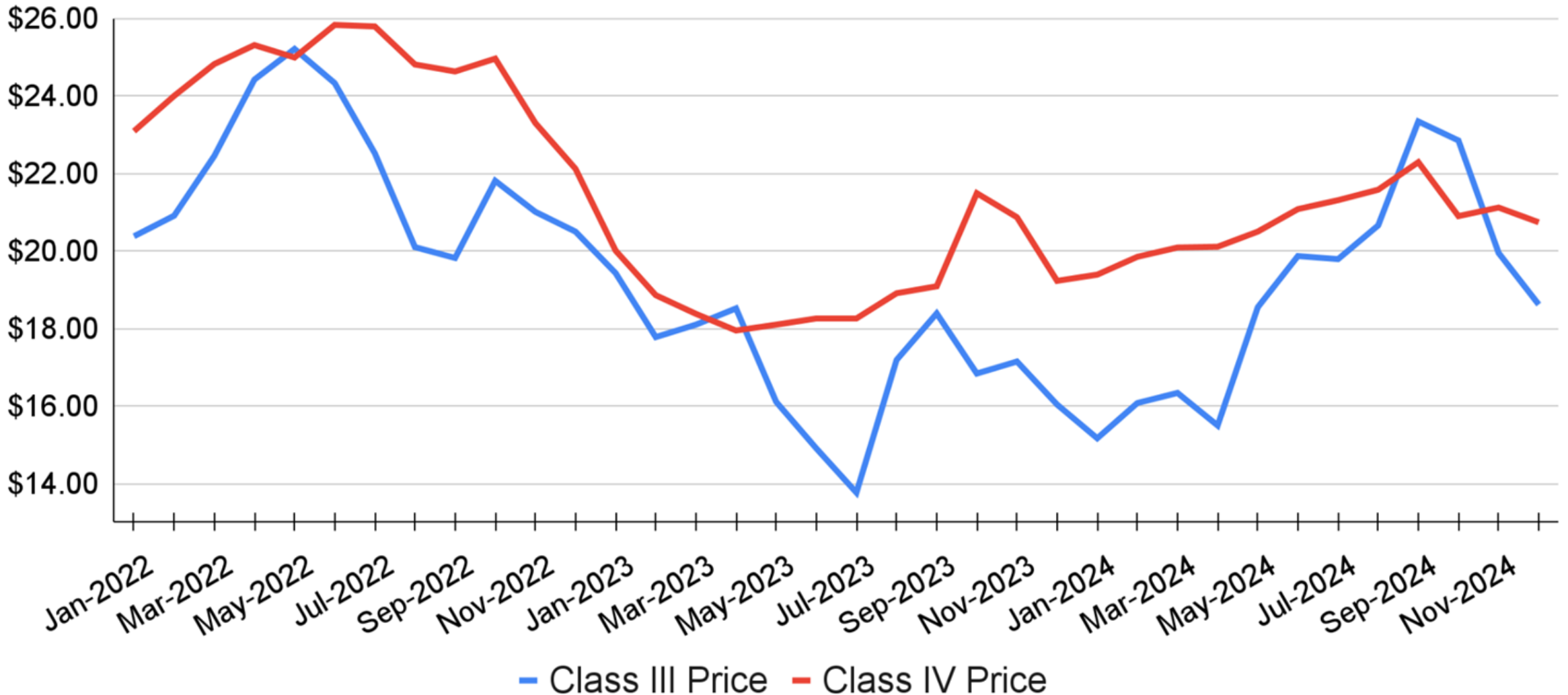


Source: USDA Agricultural Marketing Service (AMS) Dairy Market News, National Retail Report-Dairy



# Starting to See Class III/IV Price Spread Return

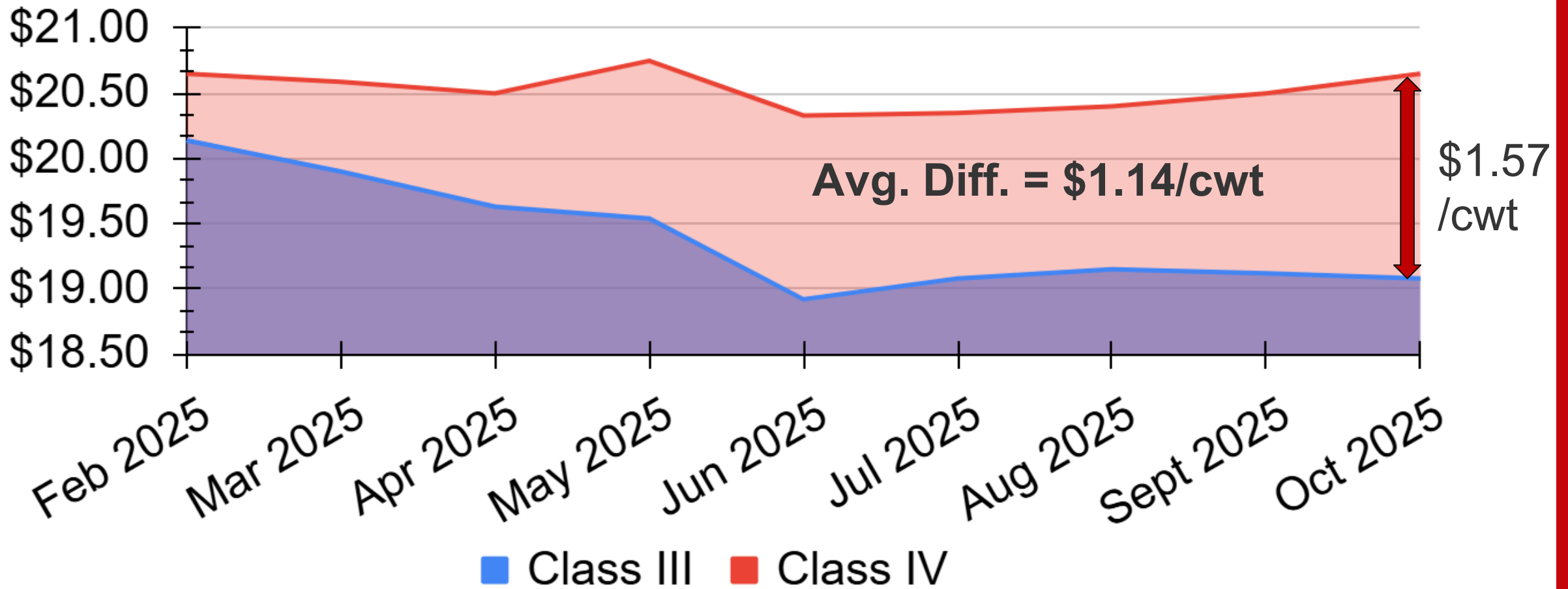
## Class III and IV Price History





# Futures Project Continued Price Spread and Class III Pressure

## Class III and Class IV Futures Prices (\$/cwt)

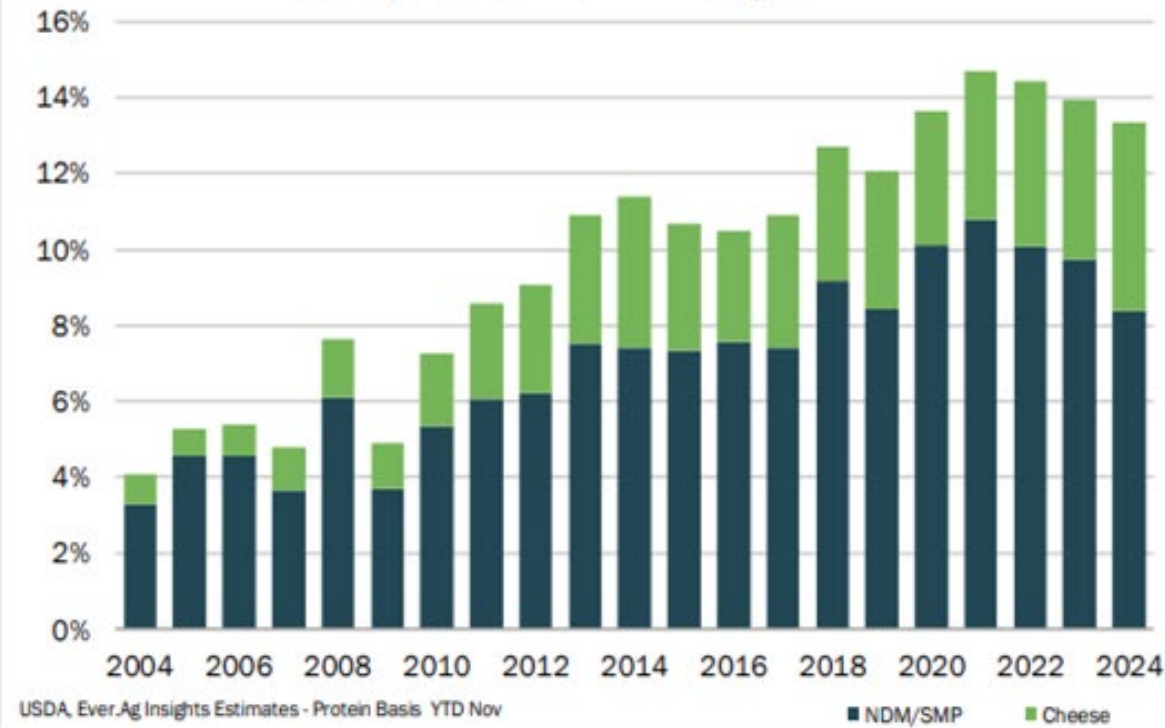


Source: CME Group (As of January 17, 2025)

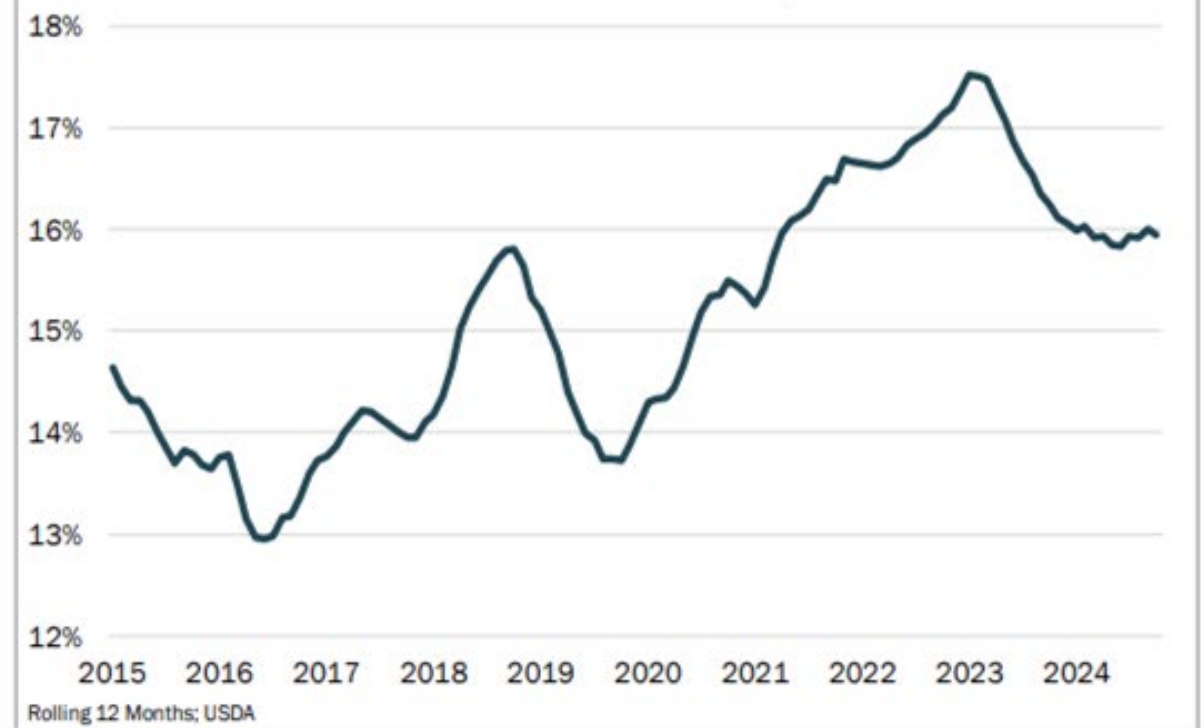


# Dairy Exports Lagging Previous Year, Still Historically Strong

US Exports as % of Milk Output YTD



Percent of U.S. Milk Solids Exported



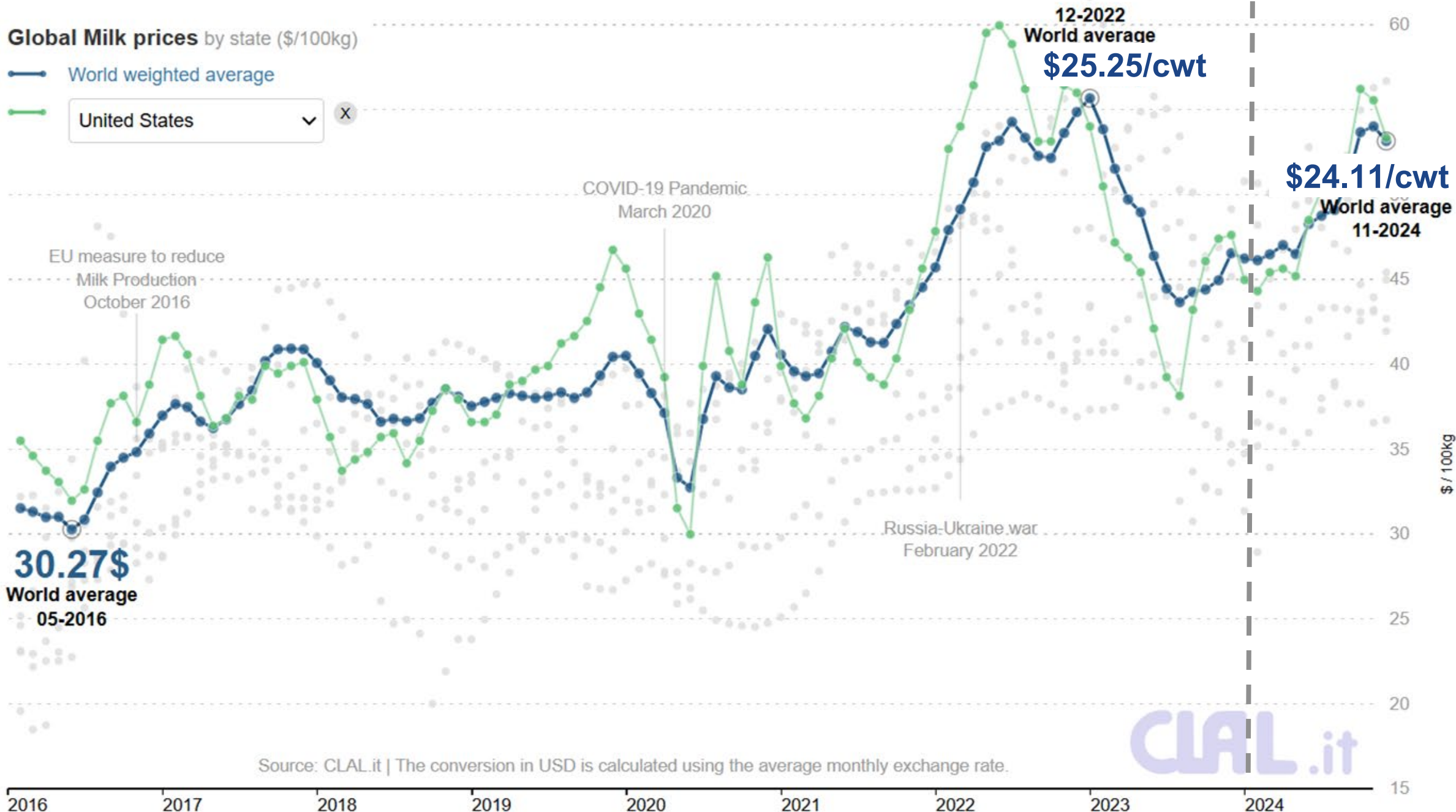
Source: USDA, Ever.Ag



# Global Milk prices by state (\$/100kg)

World weighted average

United States



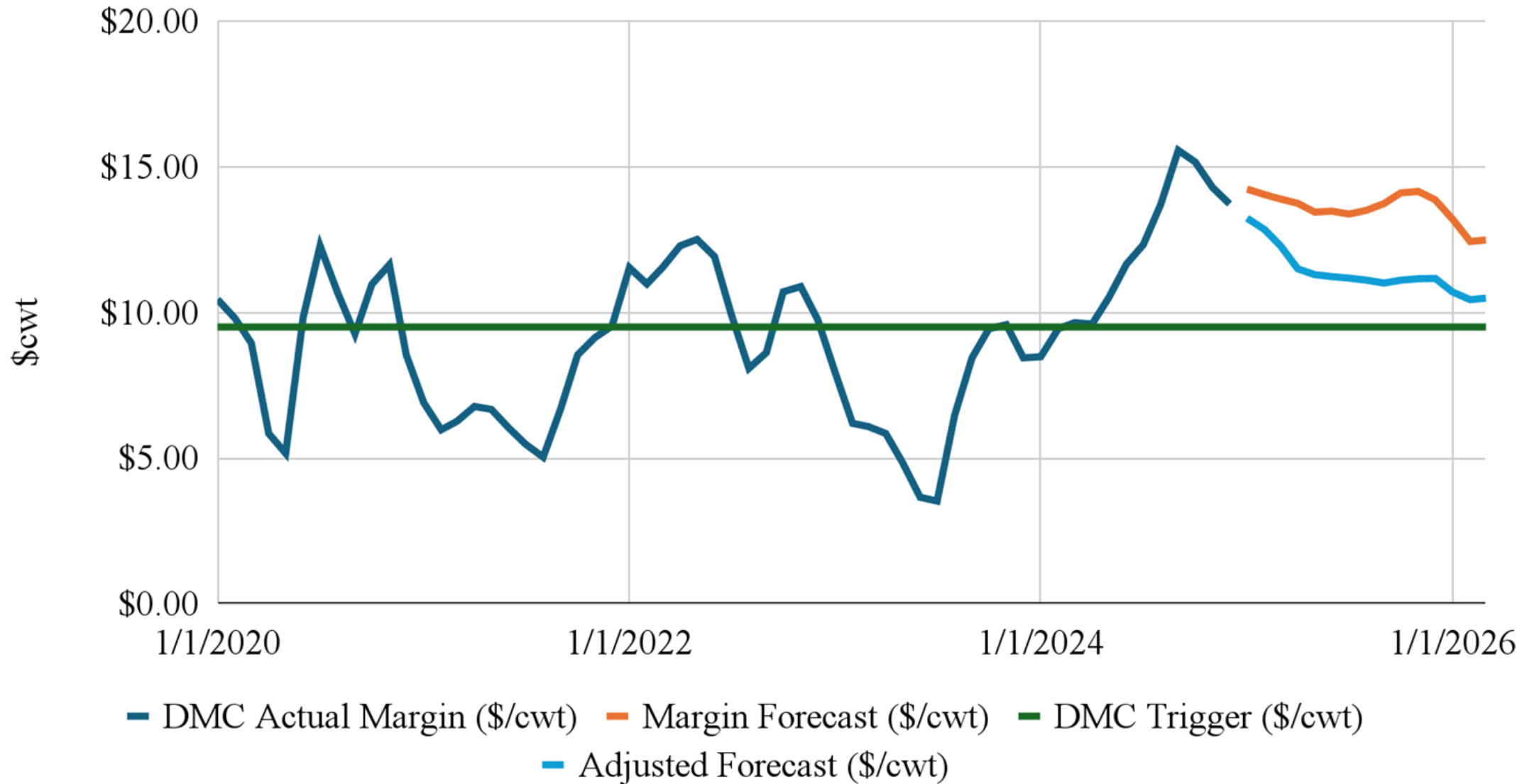
Source: CLAL.it | The conversion in USD is calculated using the average monthly exchange rate.

CLAL.it

Source: CLAL.it



# DMC Margin Forecast



Source: USDA FSA, Dairy Margin Coverage (DMC) Program Updates and Prices and CME Group



**\$20/cwt  
Milk Price**



**Price Pressure  
in the 2nd half  
of the year.**



**\$11/cwt  
IOFC  
Margin**

**Mostly  
coming from  
Class III**



# **Key Takeaways: Dairy Outlook**

