



2026 Wisconsin Agricultural Outlook Forum

Dairy Situation and Outlook January 27, 2026



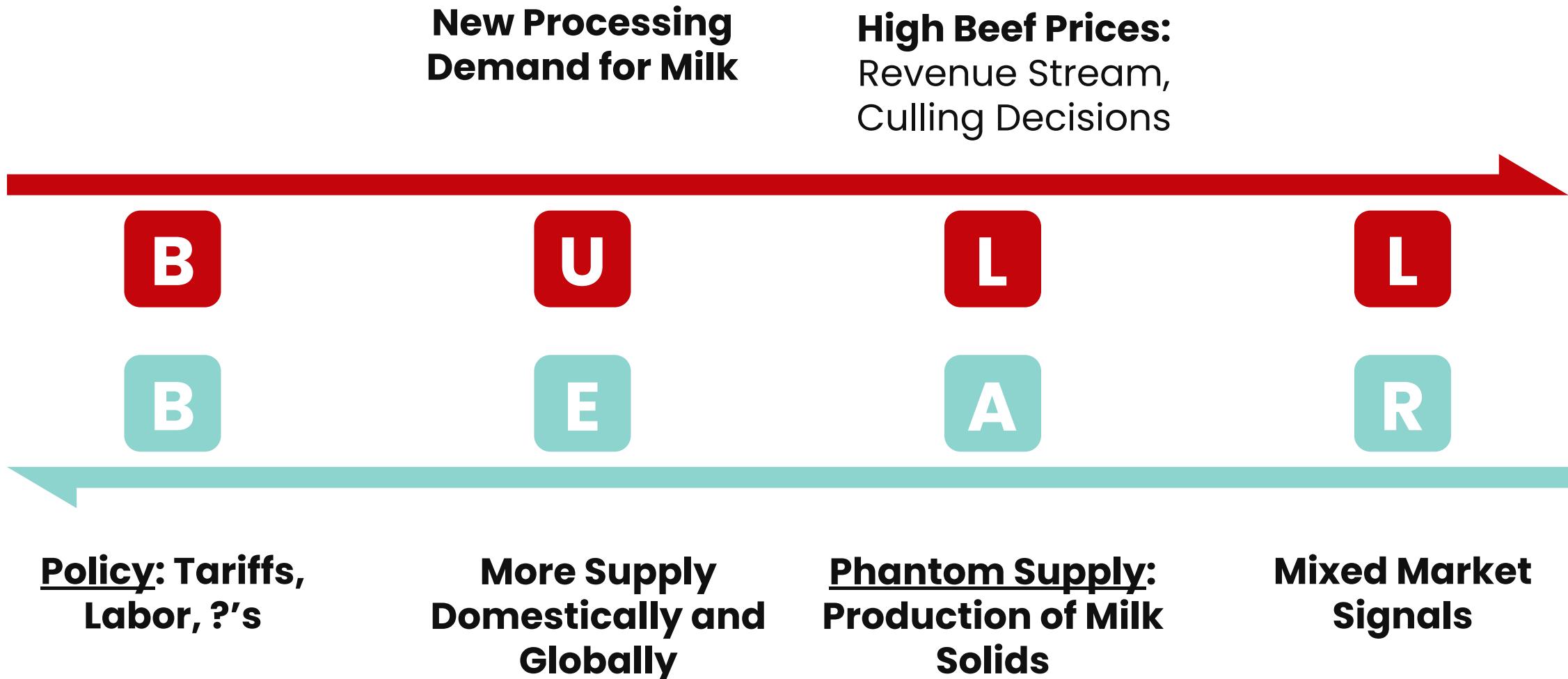
Leonard Polzin

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

lpolzin@wisc.edu



Market Drivers Impacting the Dairy Industry

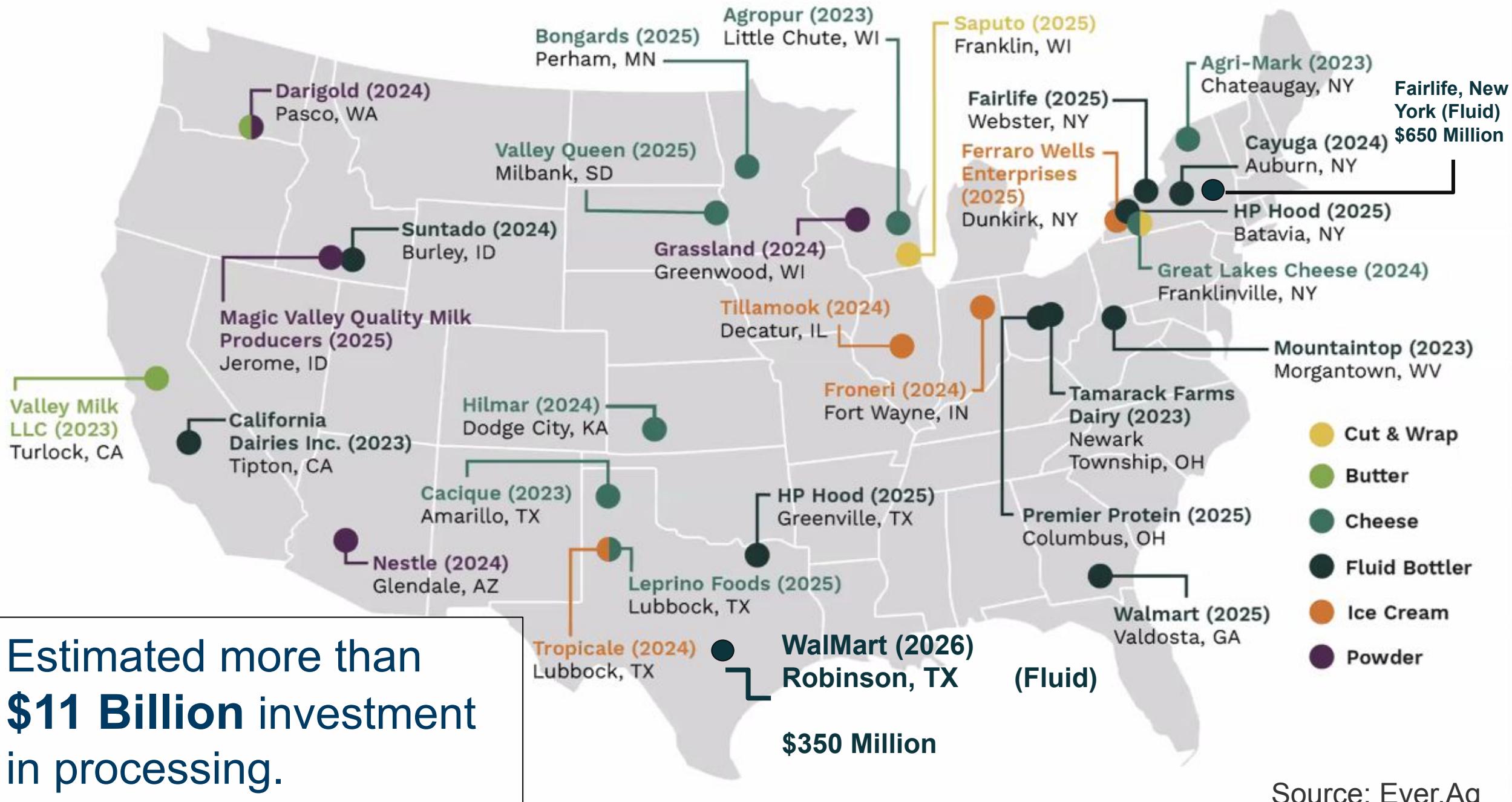




What “Normal” Looks Like

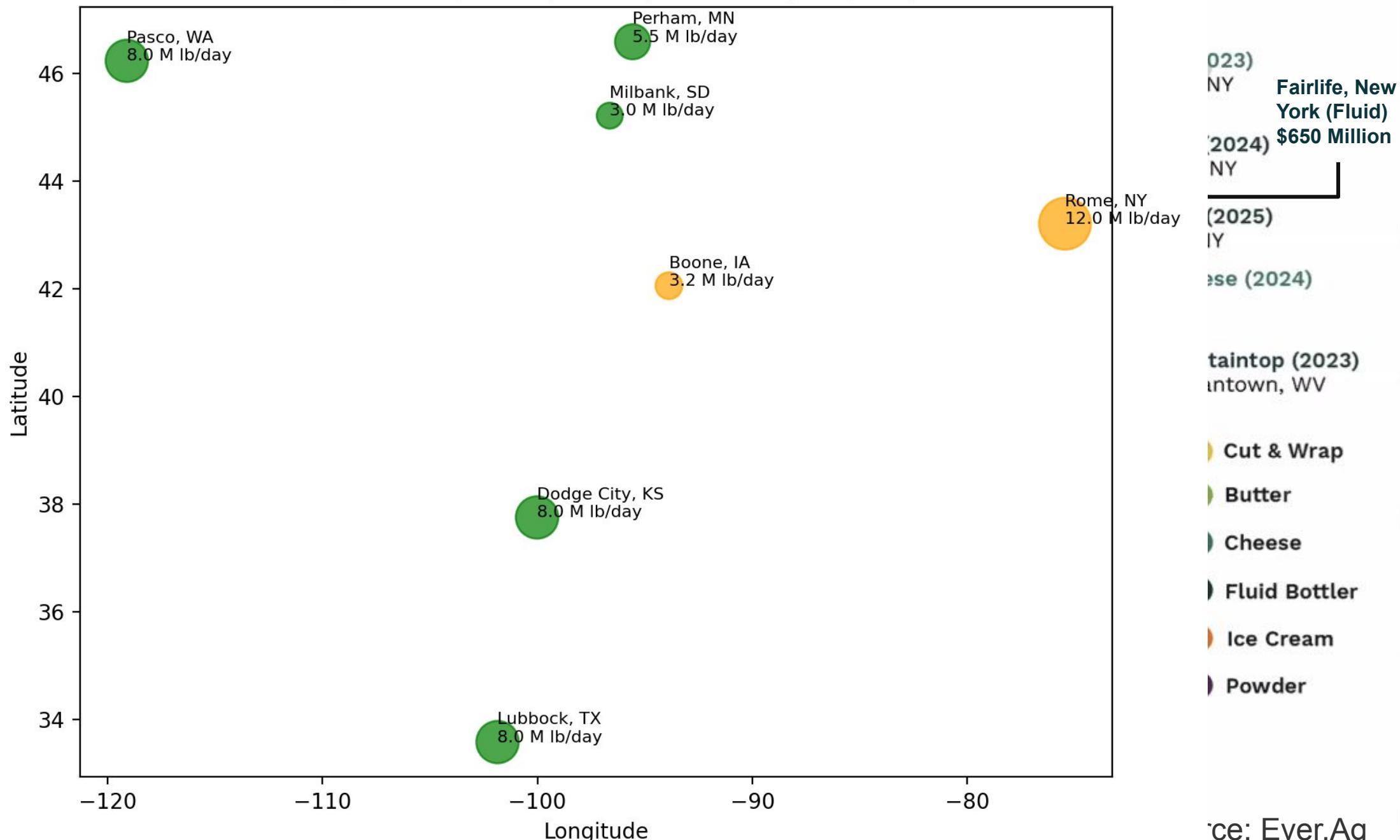
Time Period	Ave Annual Processing Investment (\$) (Capex)	Ave Annual Output Growth (%)
Last 20-50 Years	\$1-2 billion	0.8-1.0%
Current Wave (2024-2028)	<ul style="list-style-type: none">• \$11B over 3-4 years• (\$2.8-3.7B per year)• (2X-3X normal)	+4-6% of U.S. Milk Supply

Sources: Census ASM NAICS 3115, Federal Reserve IP Index, USDA NASS

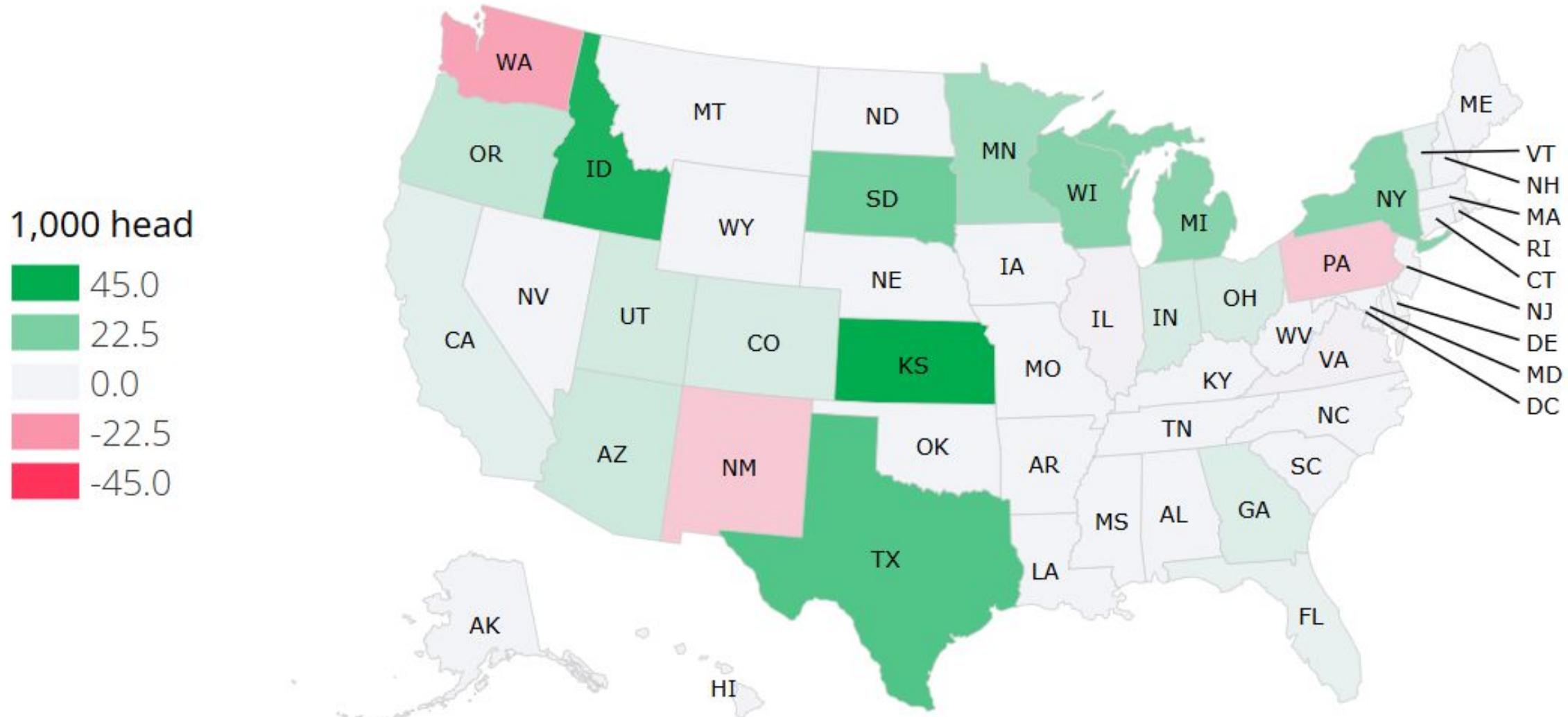


Source: Ever.AG

Milk-Intake-Weighted Map of Major Dairy Processing Capacity Additions



Milk Cows, Year on Year (Dec 2025)



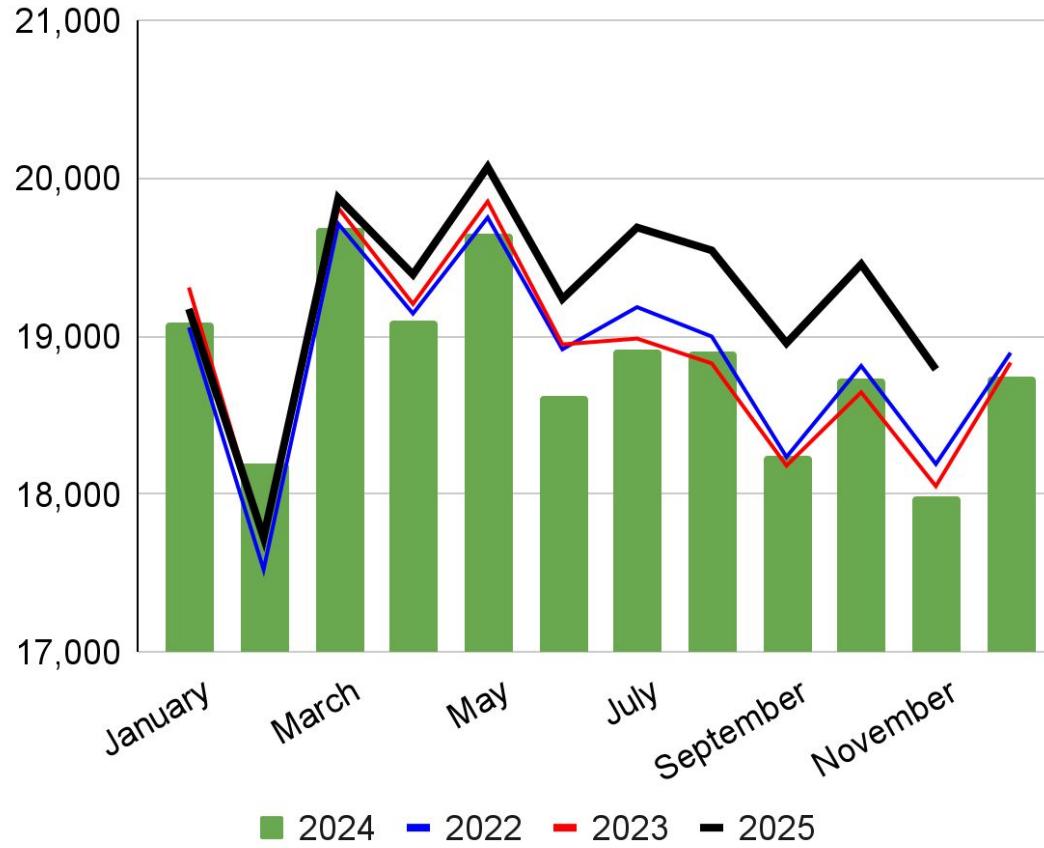


Key Takeaways on U.S. Dairy Processing Growth

- >\$11B announced, 50+ projects, 19 States, 2024-2028
- **~40% to ~70%** of the \$11B is likely online or commissioned
- Corresponds to **~5% to ~15%** of U.S. milk supply.
- So far milk has arrived from **~70% herd growth, ~30% productivity growth**
- Categories are (IDFA):
 - Cheese: ~\$3.2B
 - Milk/cream: ~\$3.0 - 3.9B
 - Yogurt/cultured: ~\$2.8B
 - Butter/powders: ~1.6B
 - Ice cream: ~\$0.5B

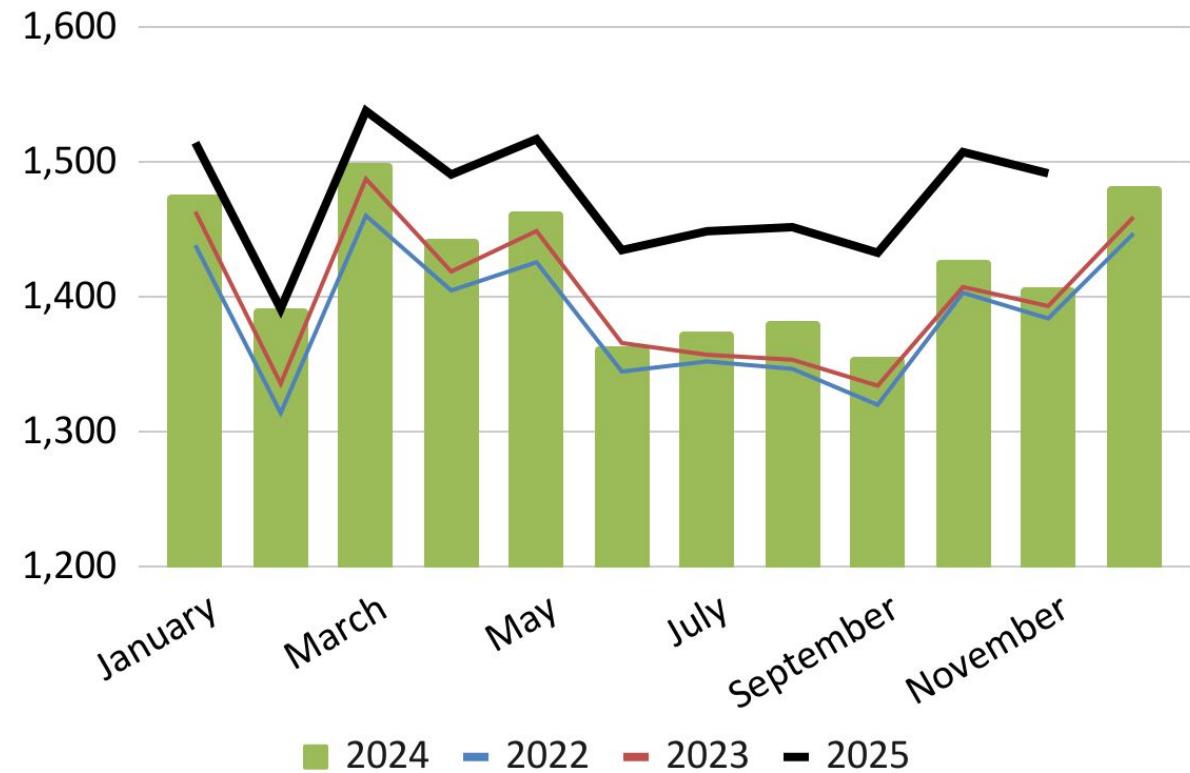
2025 YTD = 2.26% (as of Nov) Change in Milk Production

Monthly US Milk Production (Mil Lbs.)



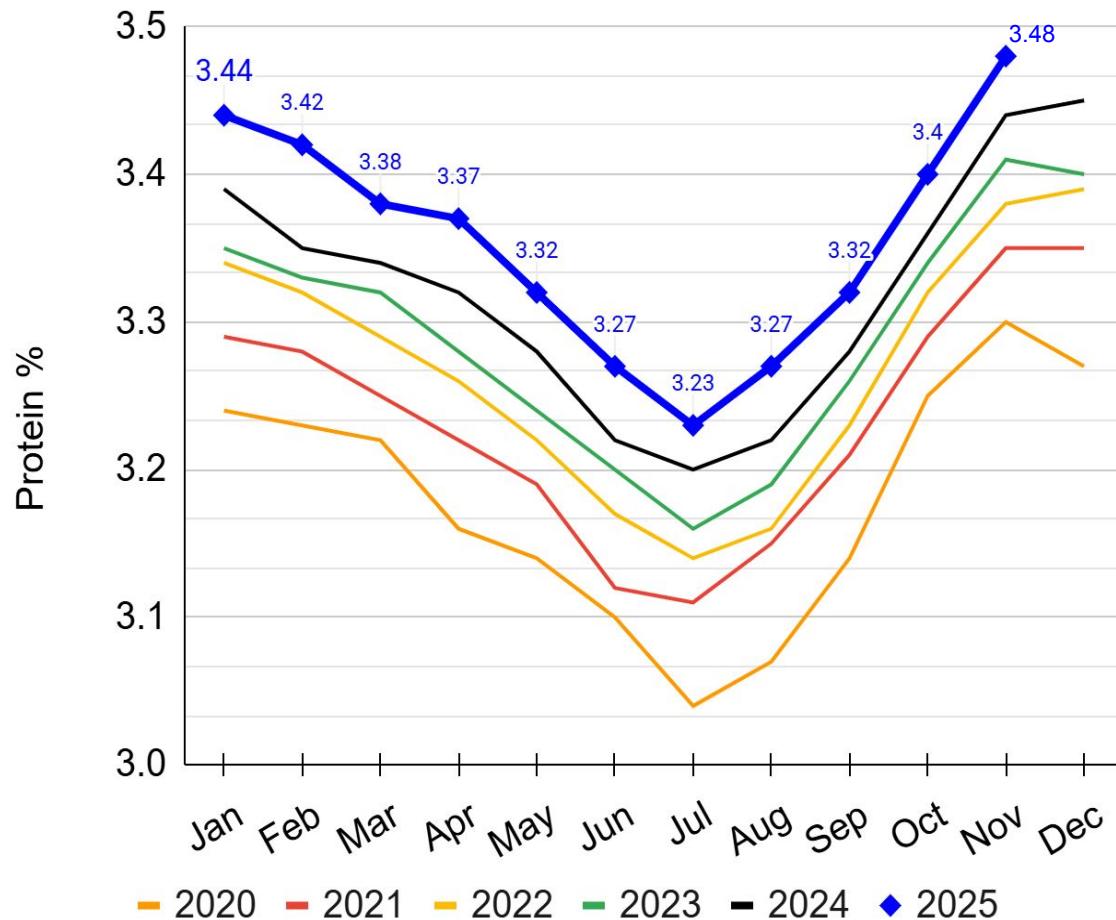
2025 YTD = 4.07% (as of Nov) Change in Solids Production

Calculated Monthly US Fat and Protein Production (Mil Lbs.)

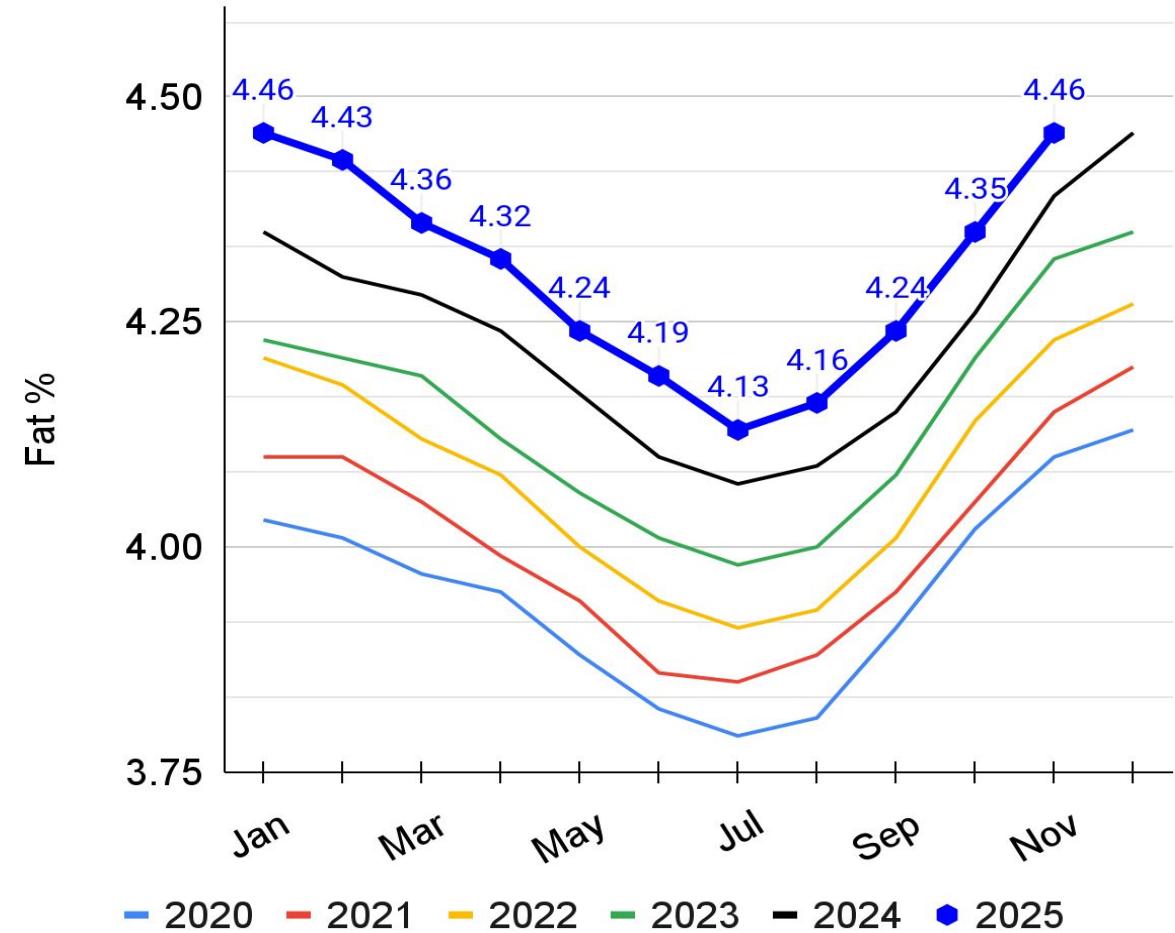




US All Milk Protein Test, %



US All Milk Fat Test %



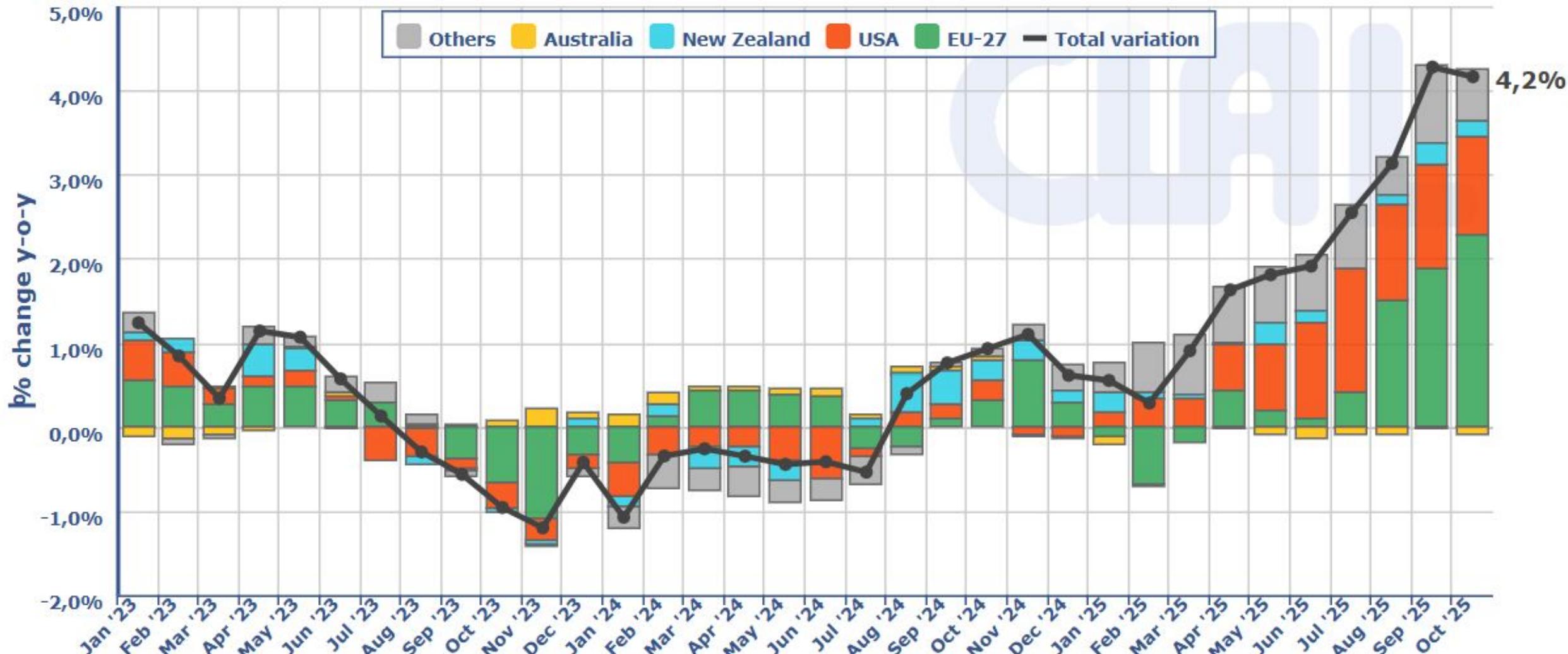
World - Global Supply Variation in the Key Exporters of Dairy Products

% change y-o-y subdivided by the contribution of each Player

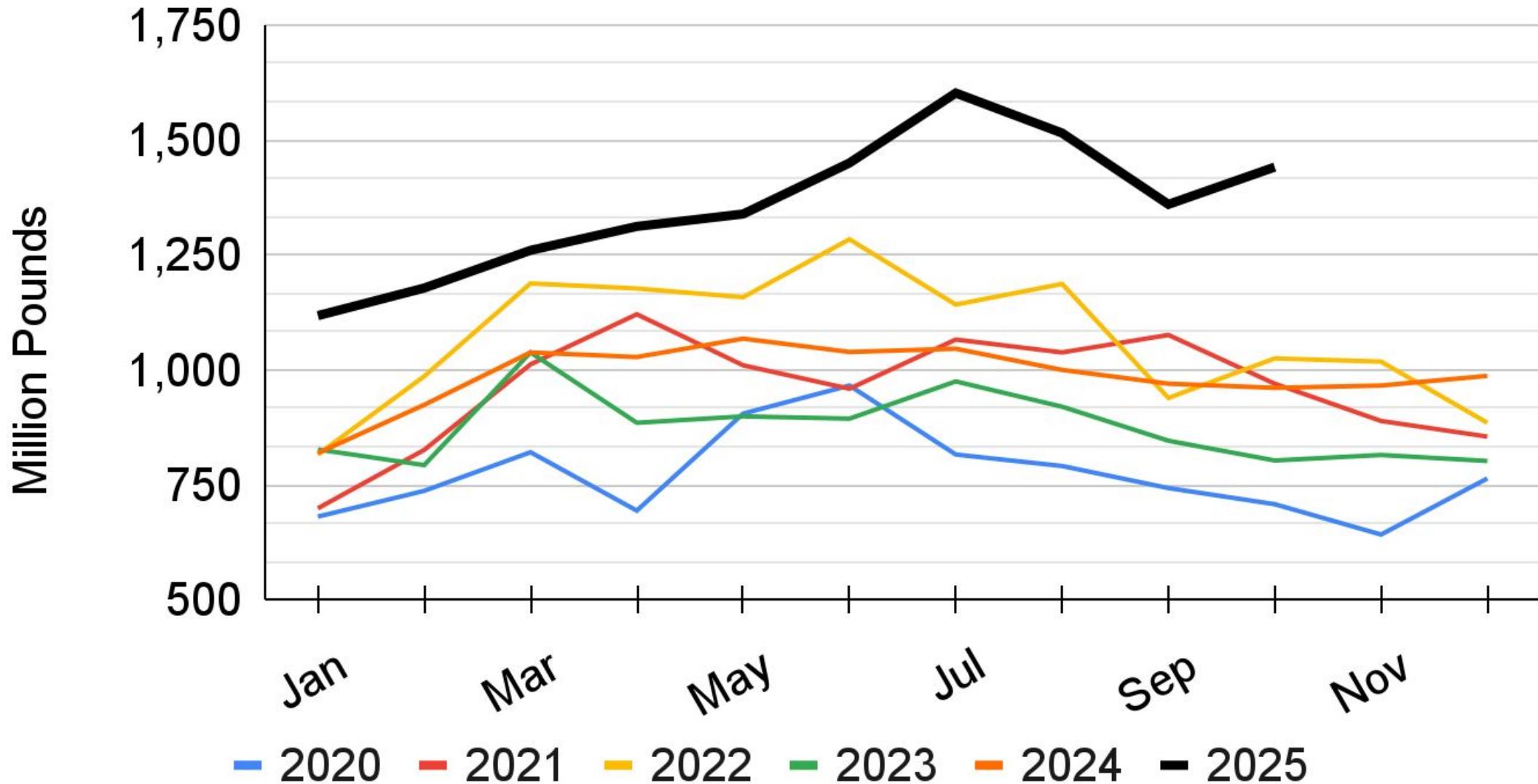
Players considered: EU-27, USA, New Zealand, Australia, Others: Argentina, Belarus, Chile, Uruguay

The month of February for the leap year is calculated on 28 days

Processed by CLAL



Exports: Milk-Equivalent, Milk-Fat Basis



U.S Total Dairy Exports YTD (Oct 2025)



Year ● 2023 ● 2024 ● 2025

0.7M

0.6M

0.5M

0.4M

0.3M

0.2M

0.1M

0.0M

MT

NFDM/SMP

Cheese

Whey (0404.10)

Lactose

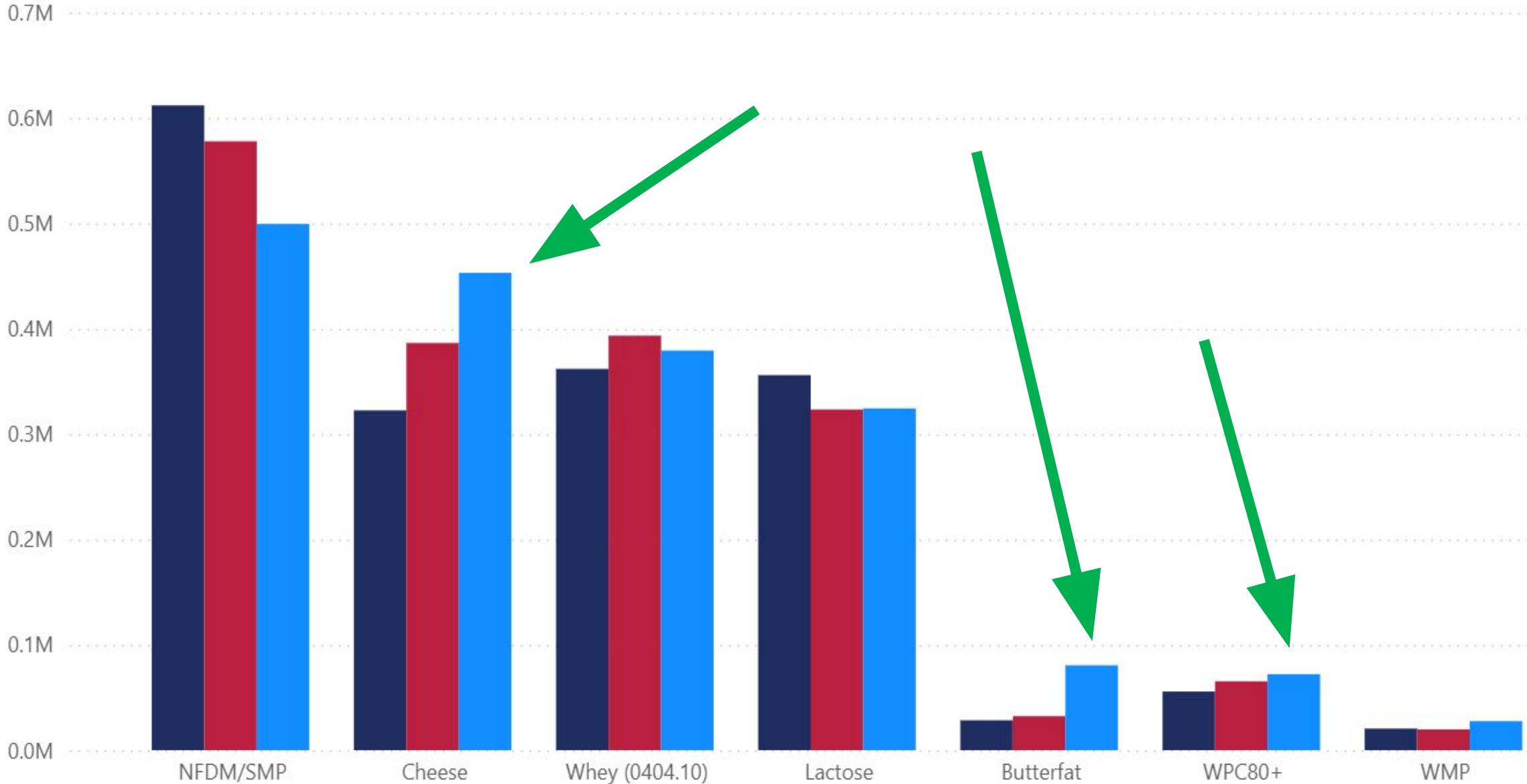
Butterfat

WPC80+

WMP

Source: <https://www.usdec.org/economics-and-data/usdec-data-hub>

© : L. Polzin, UW-Madison



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

World weighted average

United States

EU measure to reduce
Milk Production
October 2016

\$13.73/cwt
World average
05-2016

COVID-19 Pandemic
March 2020

12-2022

World average
\$25.24/cwt

Russia-Ukraine war
February 2022

\$22.44/cwt
World average

27.22

20.41

18.15

15.88

13.62

11.35

9.08

6.81

2017

2018

2019

2020

2021

2022

2023

2024

2025

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

CLAL.it

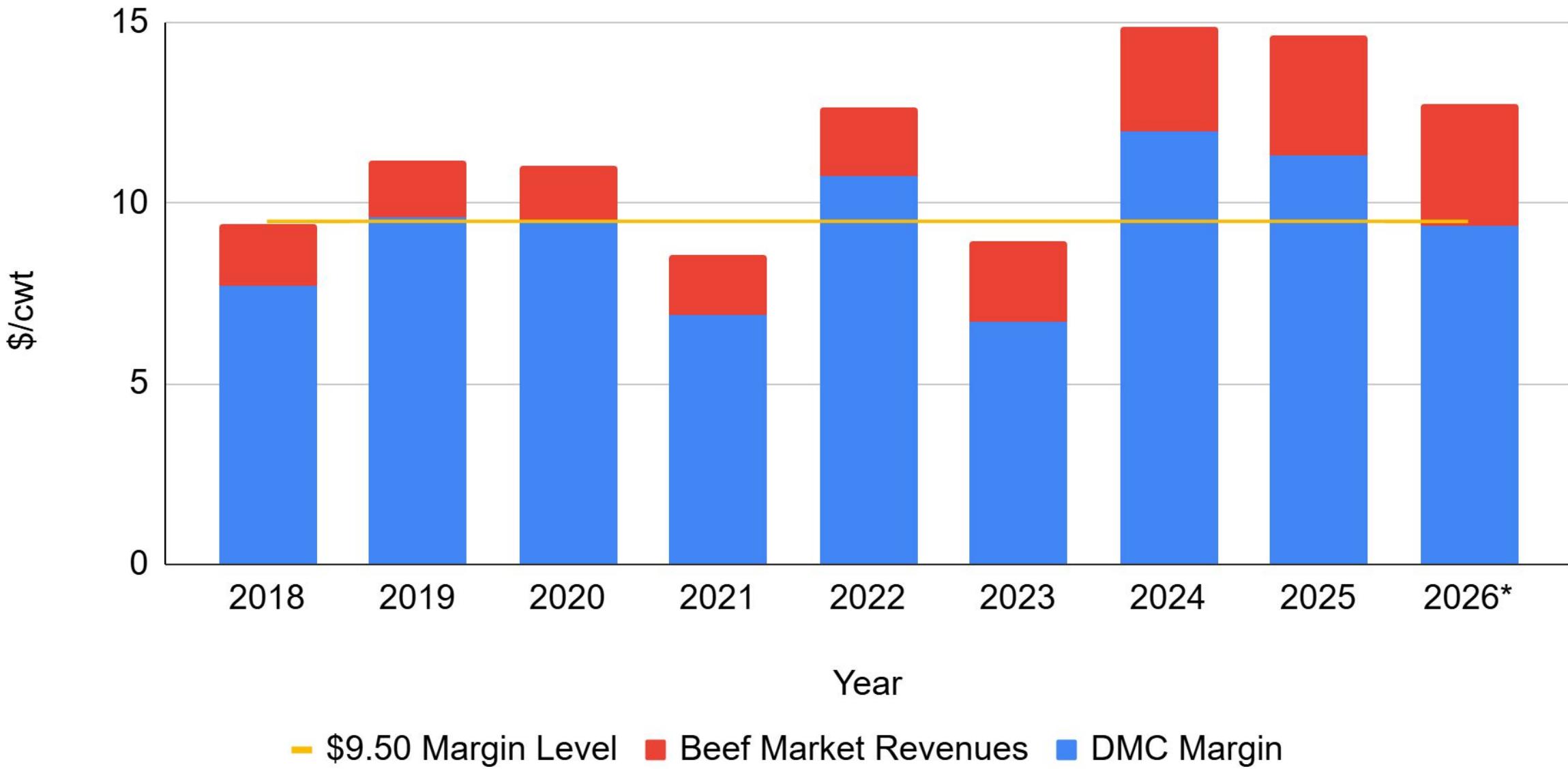
Source: CLAL, © : L. Polzin, UW-Madison



Beef Market Contribution to Milk Revenues (\$/cwt of milk)

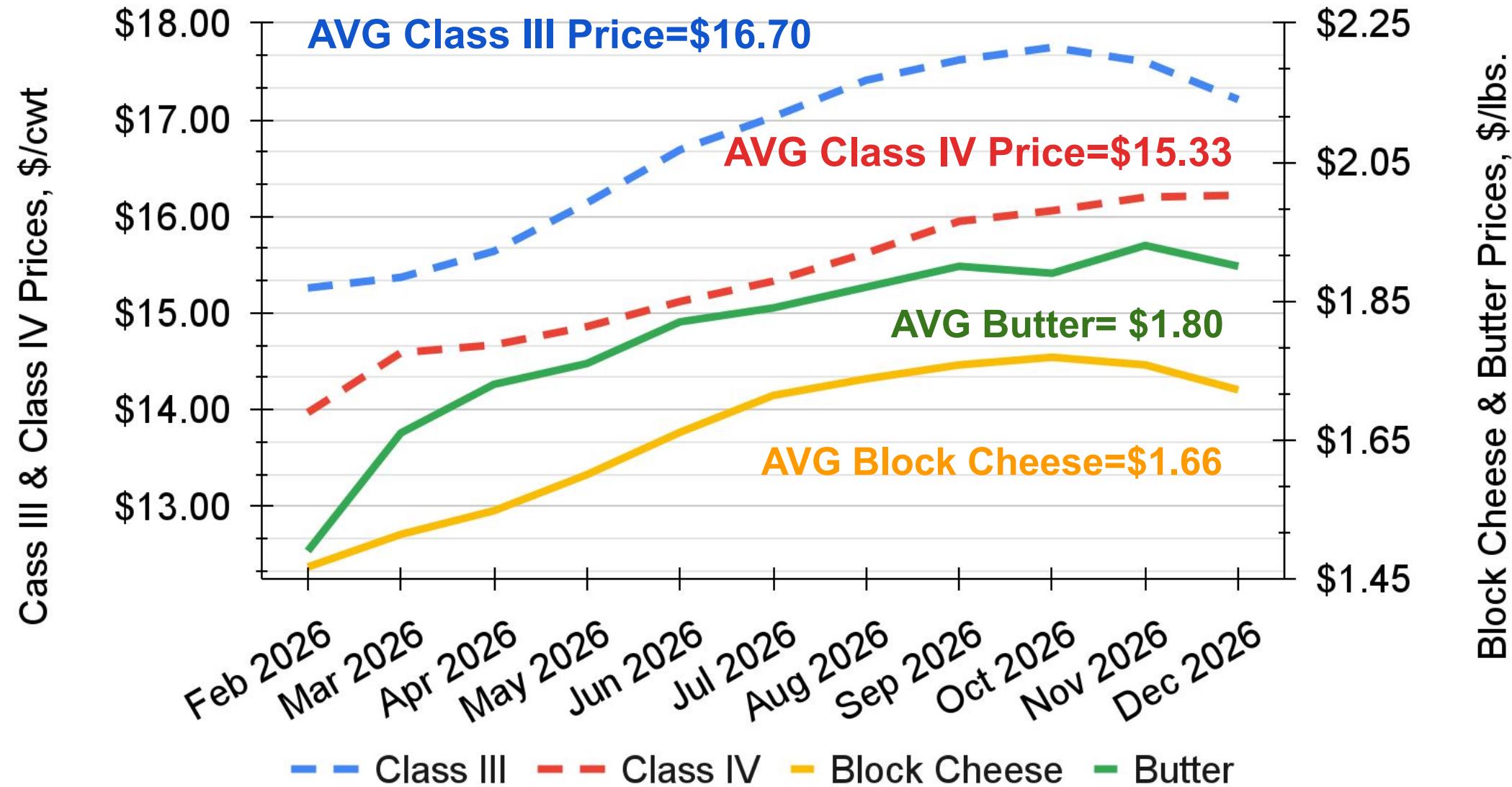
Year	Cull Cows (\$/cwt milk)	DBX Bull Calves (\$/cwt milk)	Total (\$/cwt milk)	% of Gross Revenue (GR=Milk Rev + Beef Rev)
2018	0.93	0.75	1.69	10.37
2019	0.86	0.69	1.55	8.34
2020	0.87	0.71	1.58	8.61
2021	0.92	0.74	1.66	9.03
2022	1.06	0.86	1.92	7.96
2023	1.25	1.01	2.26	11.86
2024	1.61	1.31	2.92	13.58
2025	1.85	1.50	3.35	16.03

DMC Margin + Beef Market Revenues (\$/cwt)

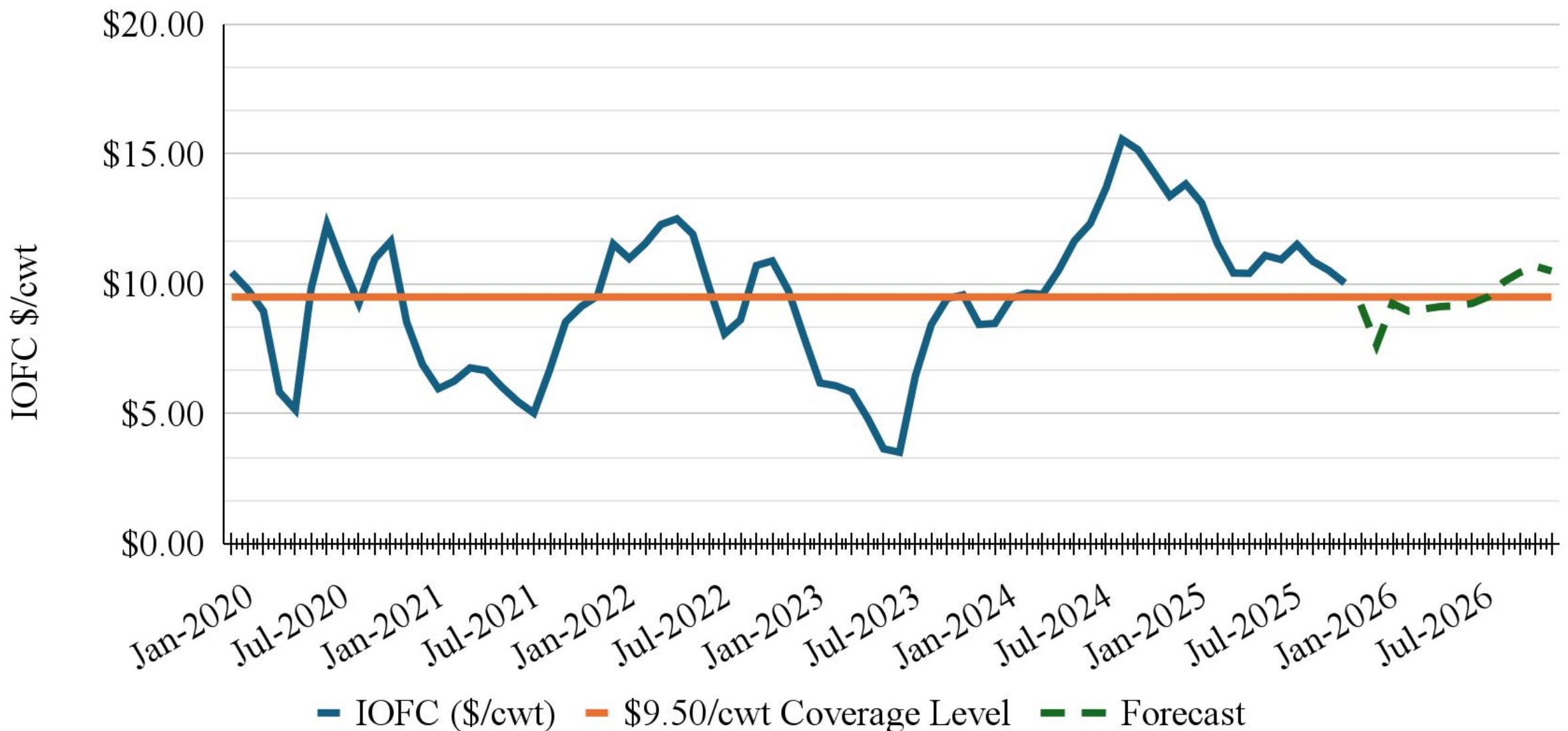


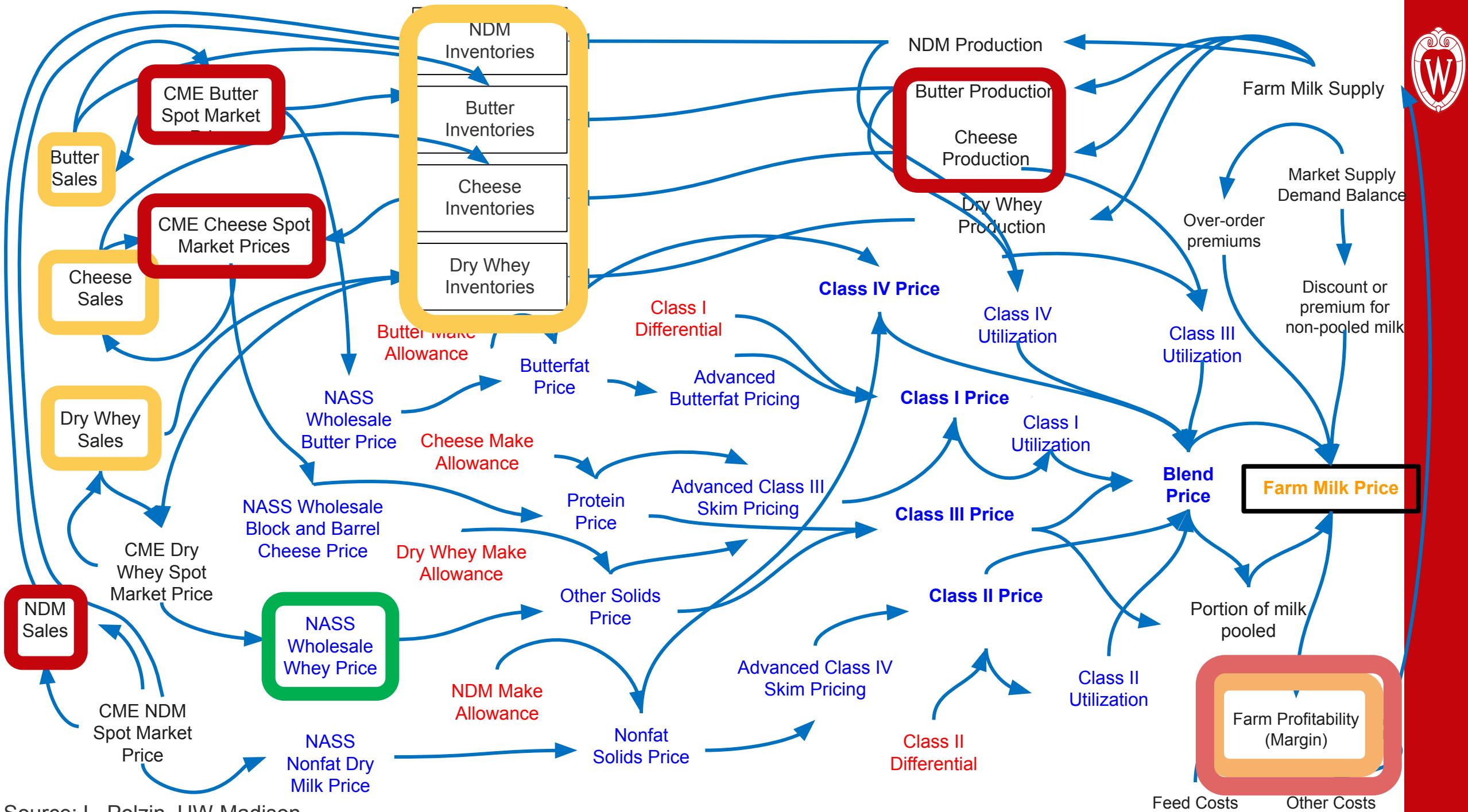


Current Future Price, CME



USDA FSA DMC Income Over Feedcost, 2020-2026







**\$18/cwt
Milk Price**



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



**Mixed
Market
Signals**



Key Takeaways: Dairy Outlook



Farm Management

Division of Extension



SCAN ME

For more Information: <https://go.wisc.edu/dairymarkets>

