



2026 Wisconsin Agricultural Outlook Forum

Dairy Situation and Outlook January 27, 2026



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Market Drivers Impacting the Dairy Industry

**New Processing
Demand for Milk**

High Beef Prices:
Revenue Stream,
Culling Decisions

B

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**Policy: Tariffs,
Labor, ?'s**

**More Supply
Domestically and
Globally**

**Phantom Supply:
Production of Milk
Solids**

**Mixed Market
Signals**

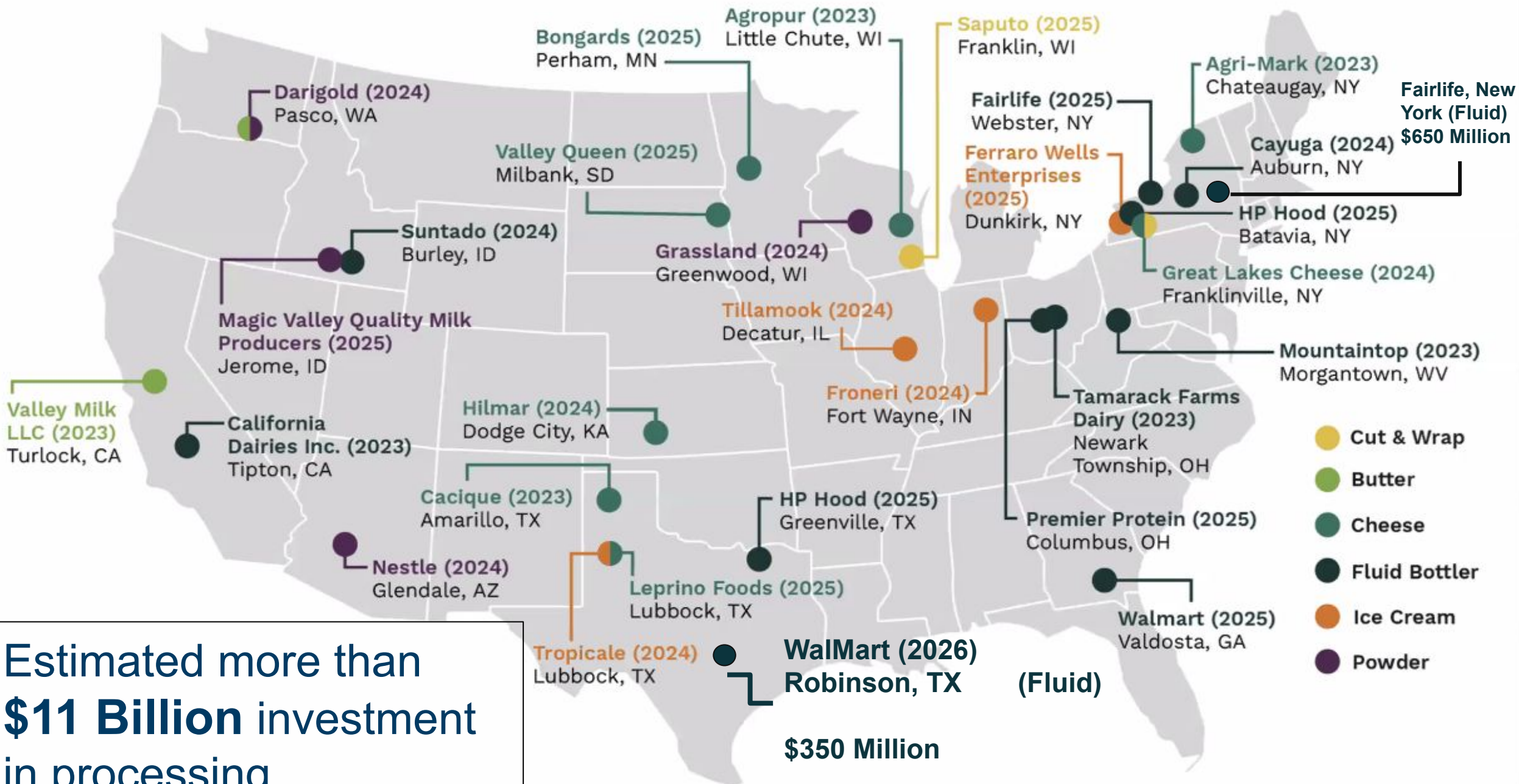


What “Normal” Looks Like

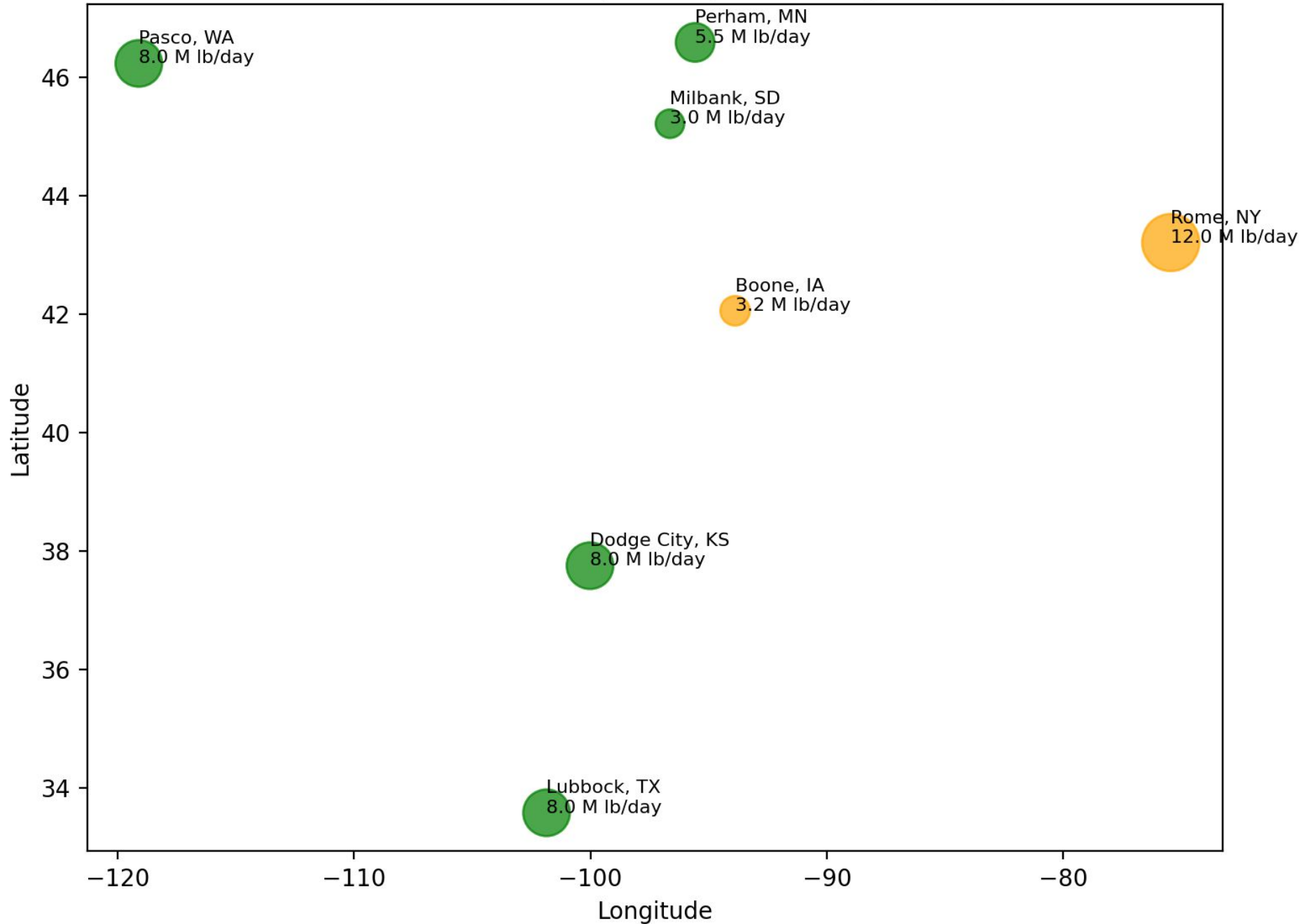
Time Period	Ave Annual Processing Investment (\$) (Capex)	Ave Annual Output Growth (%)
Last 20-50 Years	\$1-2 billion	0.8-1.0%
Current Wave (2024-2028)	<ul style="list-style-type: none">• \$11B over 3-4 years• (\$2.8-3.7B per year) (2X-3X normal)	+4-6% of U.S. Milk Supply

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

Estimated more than
\$11 Billion investment
in processing.



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



2023)
NY
Fairlife, New York (Fluid)
\$650 Million
2024)
NY
(2025)
NY
se (2024)

taintop (2023)
intown, WV

- Cut & Wrap
- Butter
- Cheese
- Fluid Bottler
- Ice Cream
- Powder

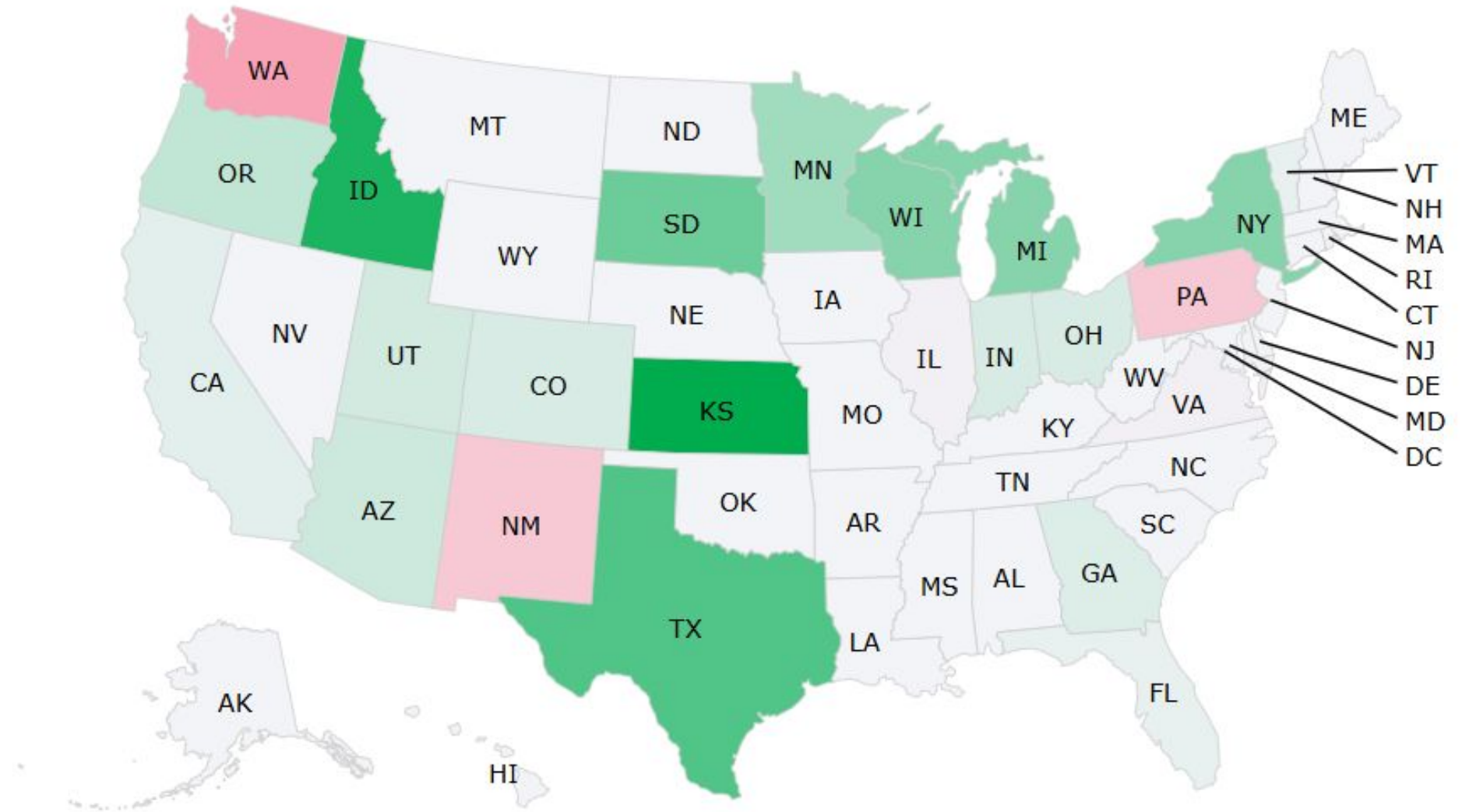
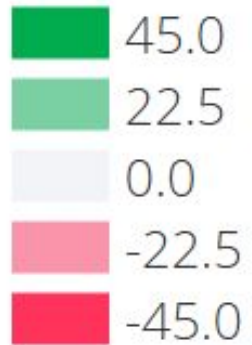
ce: Ever.Ag

Estimate
\$11 Bill
in proce

Milk Cows, Year on Year (Dec 2025)



1,000 head



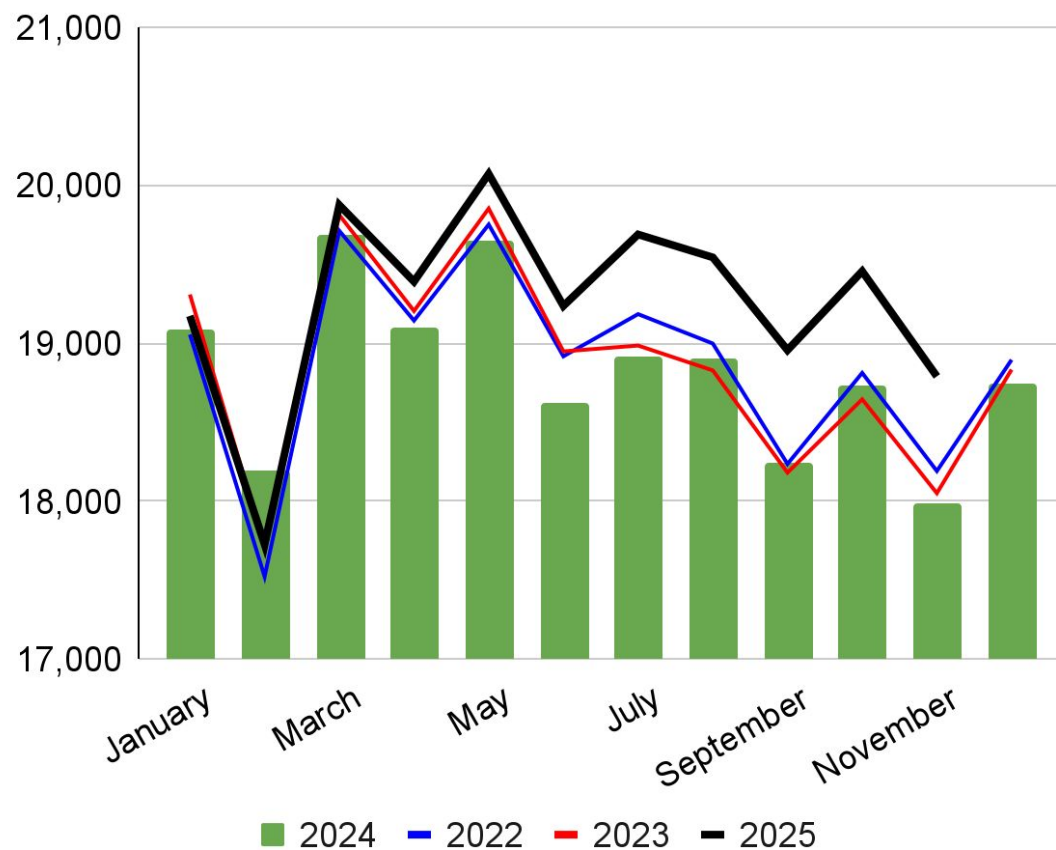


Key Takeaways on U.S. Dairy Processing Growth

- >\$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

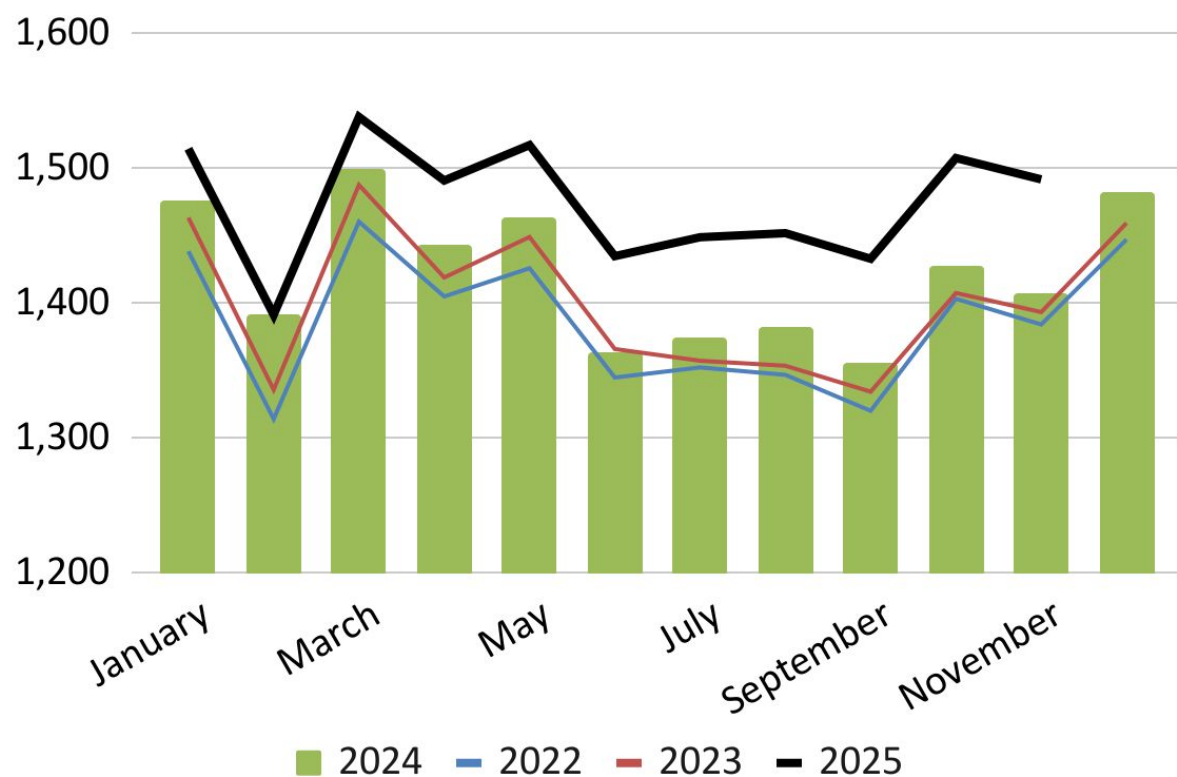
2025 YTD = 2.26% (as of Nov) Change in Milk Production

Monthly US Milk Production (Mil Lbs.)



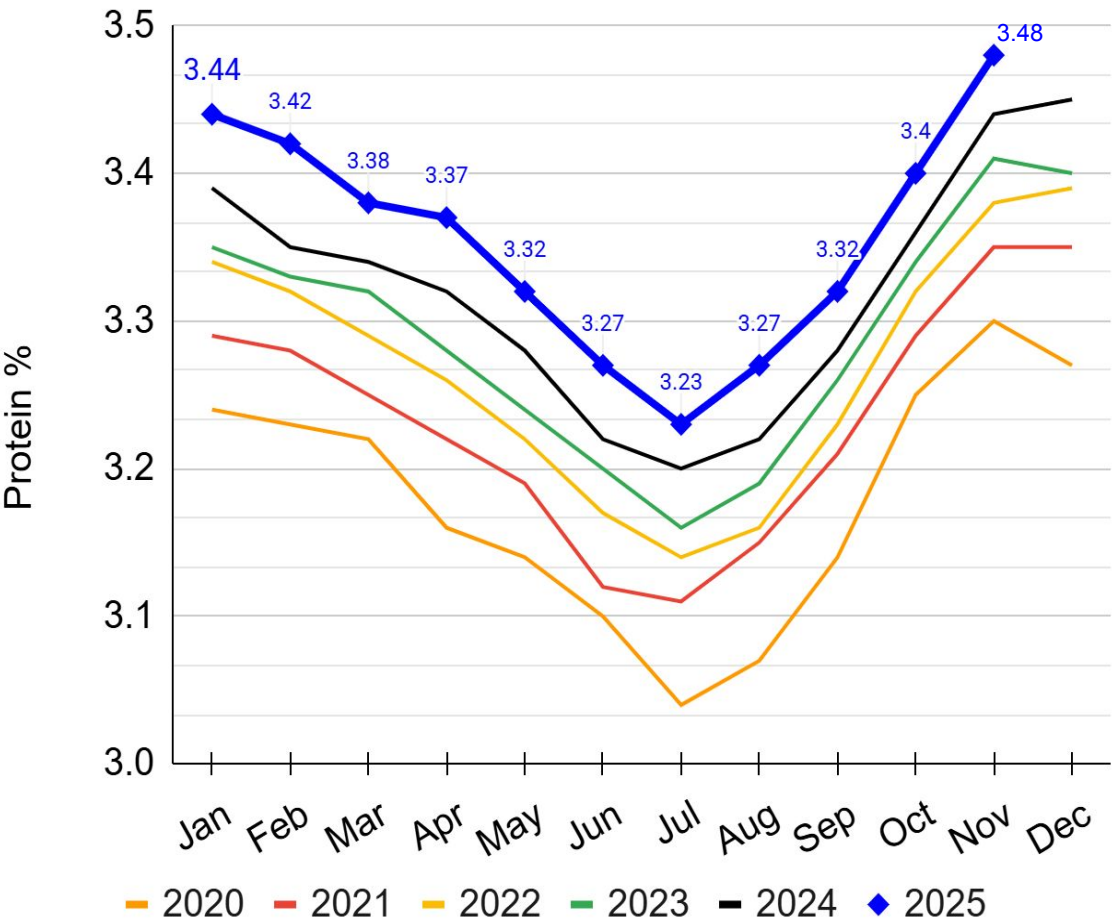
2025 YTD = 4.07% (as of Nov) Change in Solids Production

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

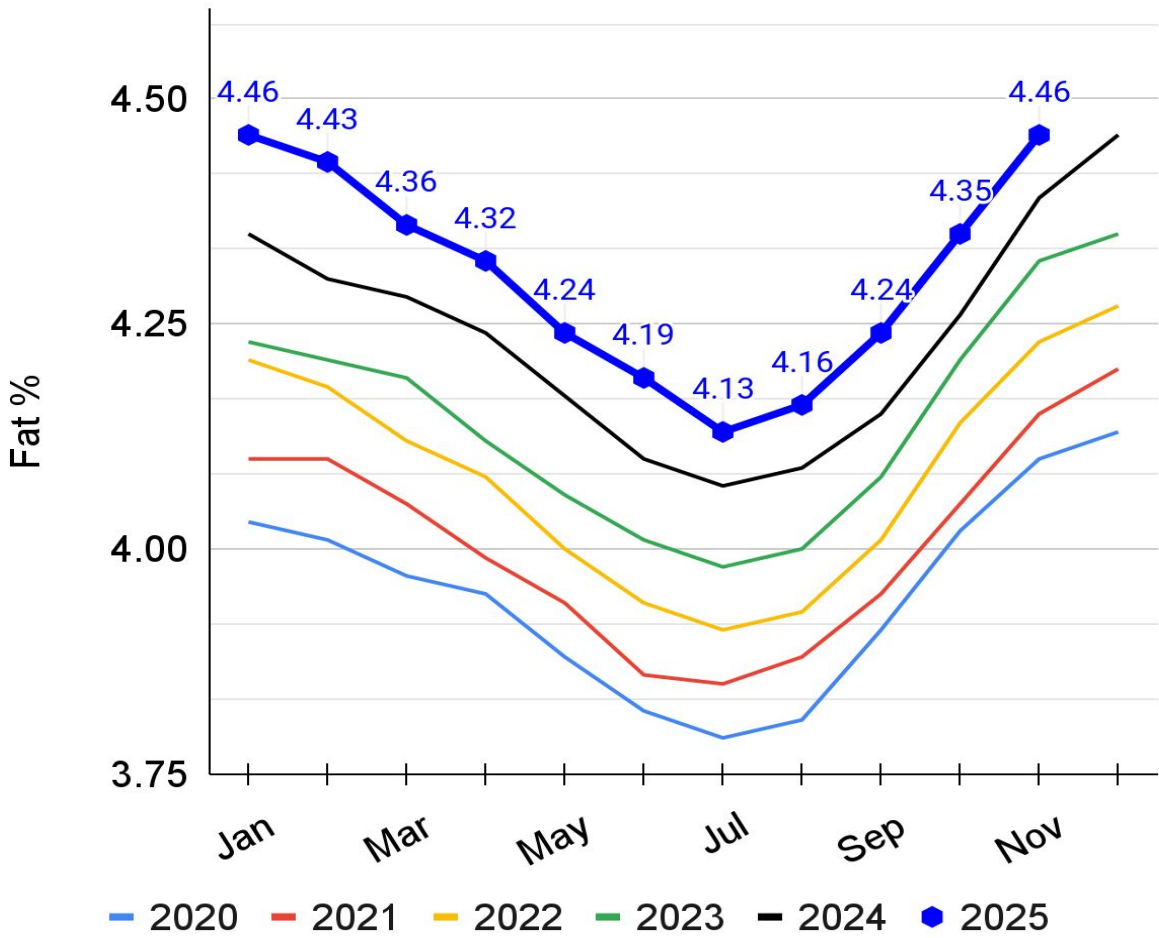




US All Milk Protein Test,%



US All Milk Fat Test %



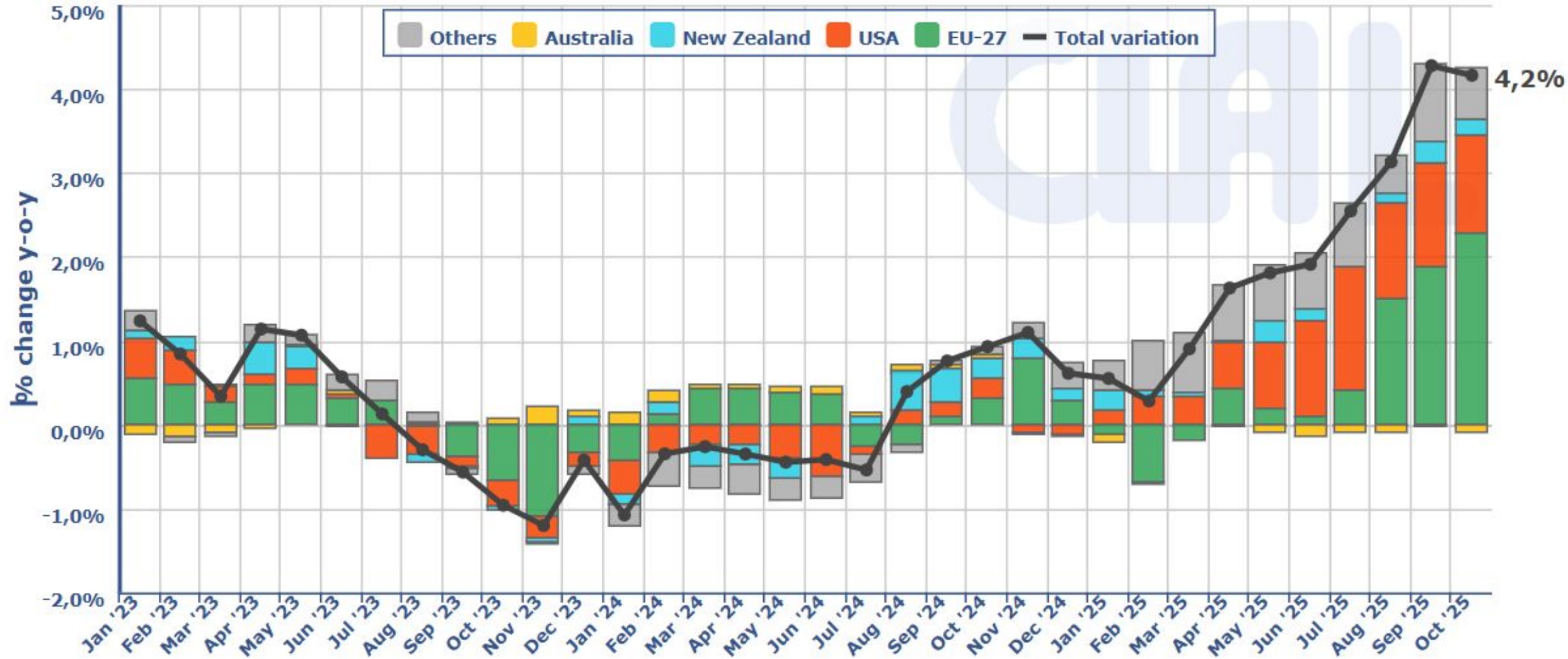
World - Global Supply Variation in the Key Exporters of Dairy Products

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

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

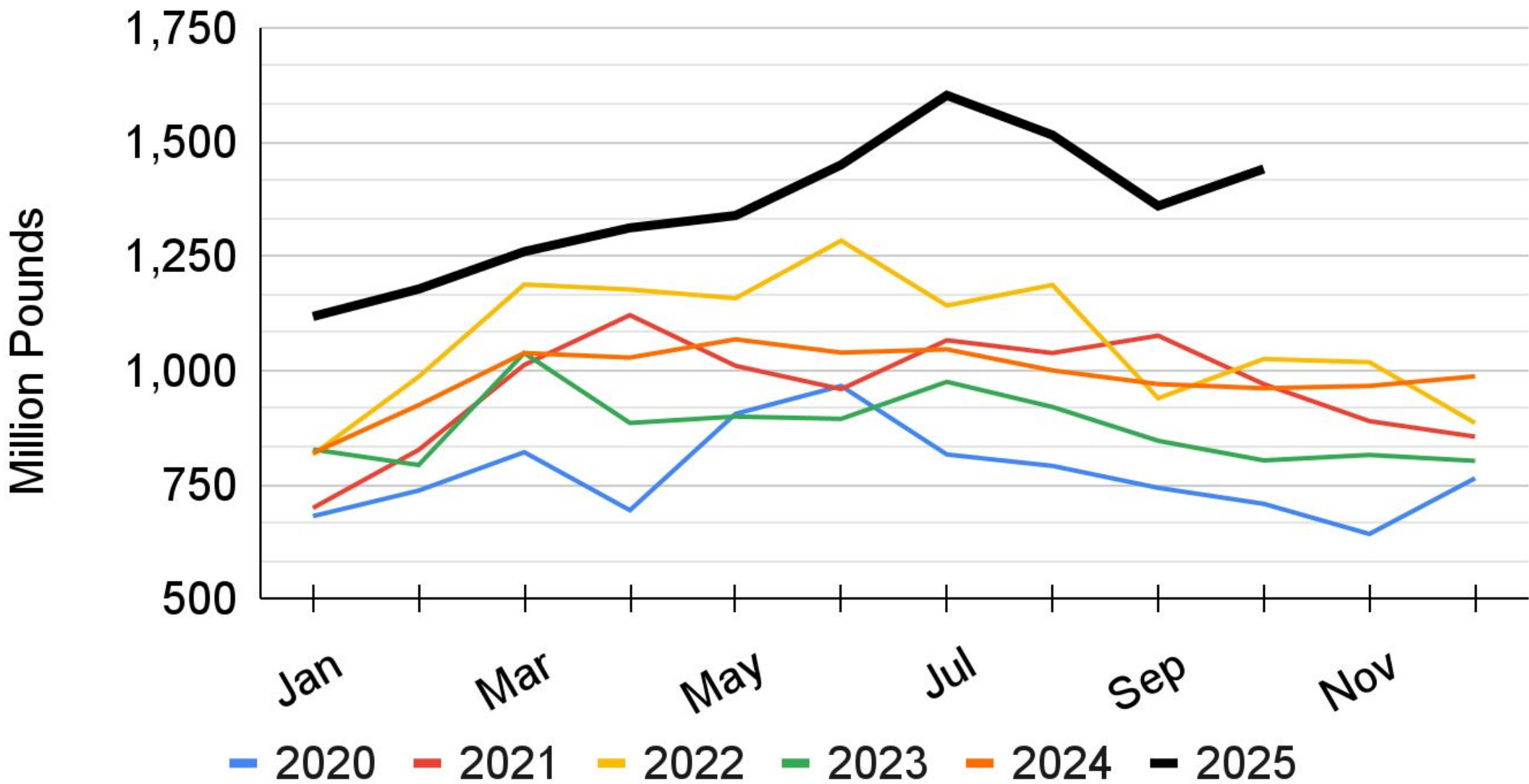
The month of February for the leap year is calculated on 28 days

Processed by CLAL





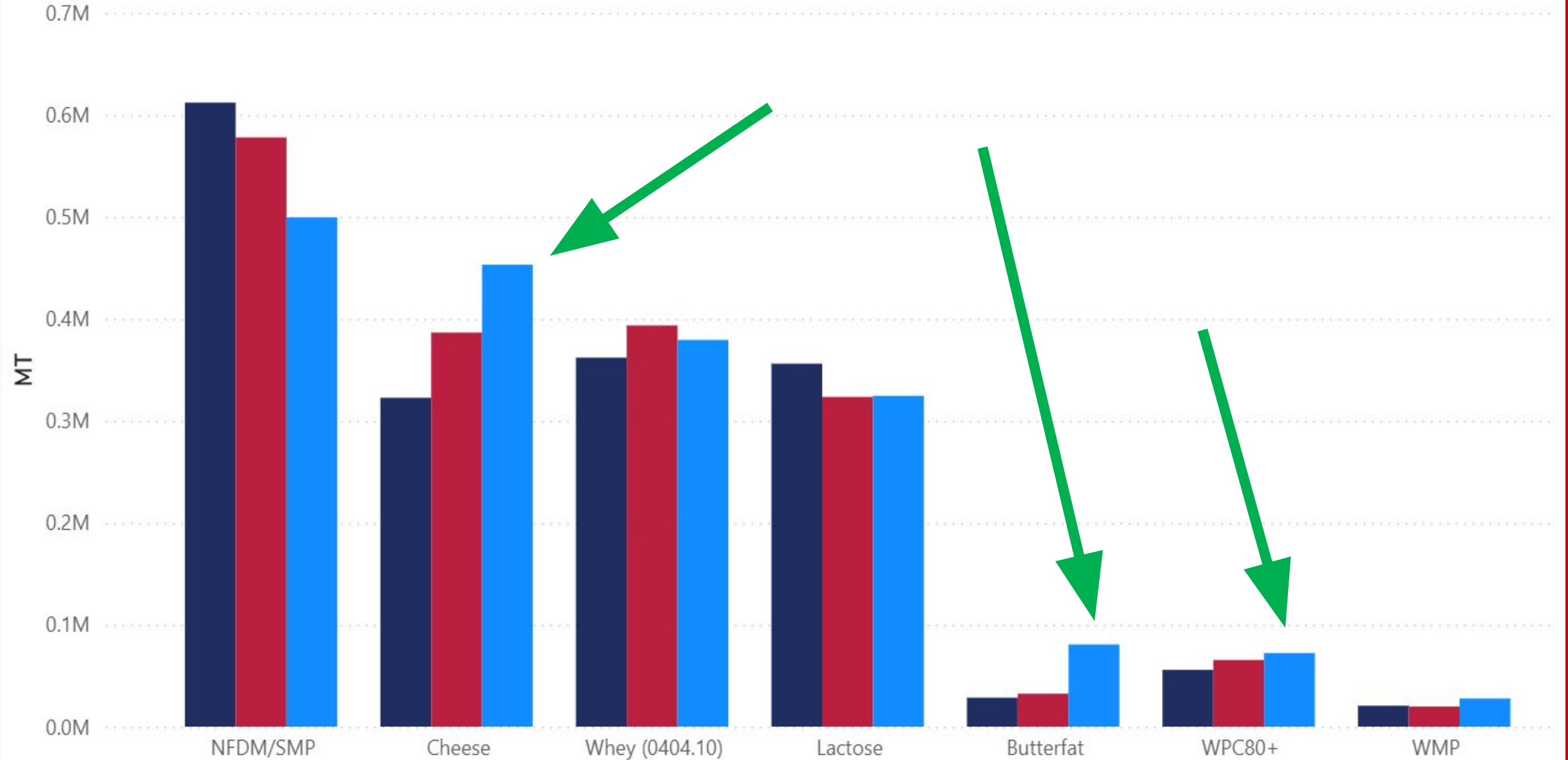
Exports: Milk-Equivalent, Milk-Fat Basis



U.S Total Dairy Exports YTD (Oct 2025)



Year ● 2023 ● 2024 ● 2025



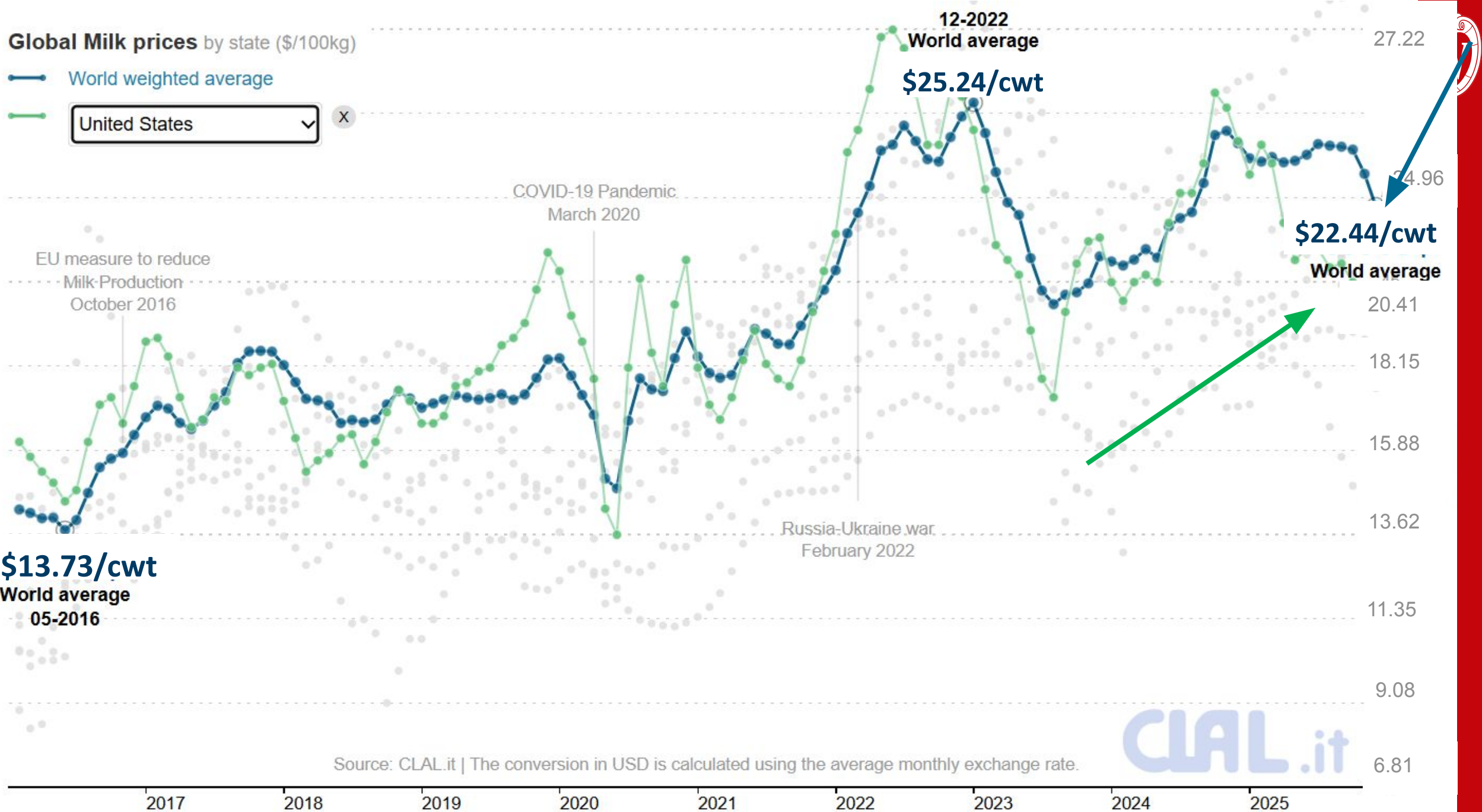
Source: <https://www.usdec.org/economics-and-data/usdec-data-hub>

© : L. Polzin, UW-Madison

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

World weighted average

United States



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

CLAL.it

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

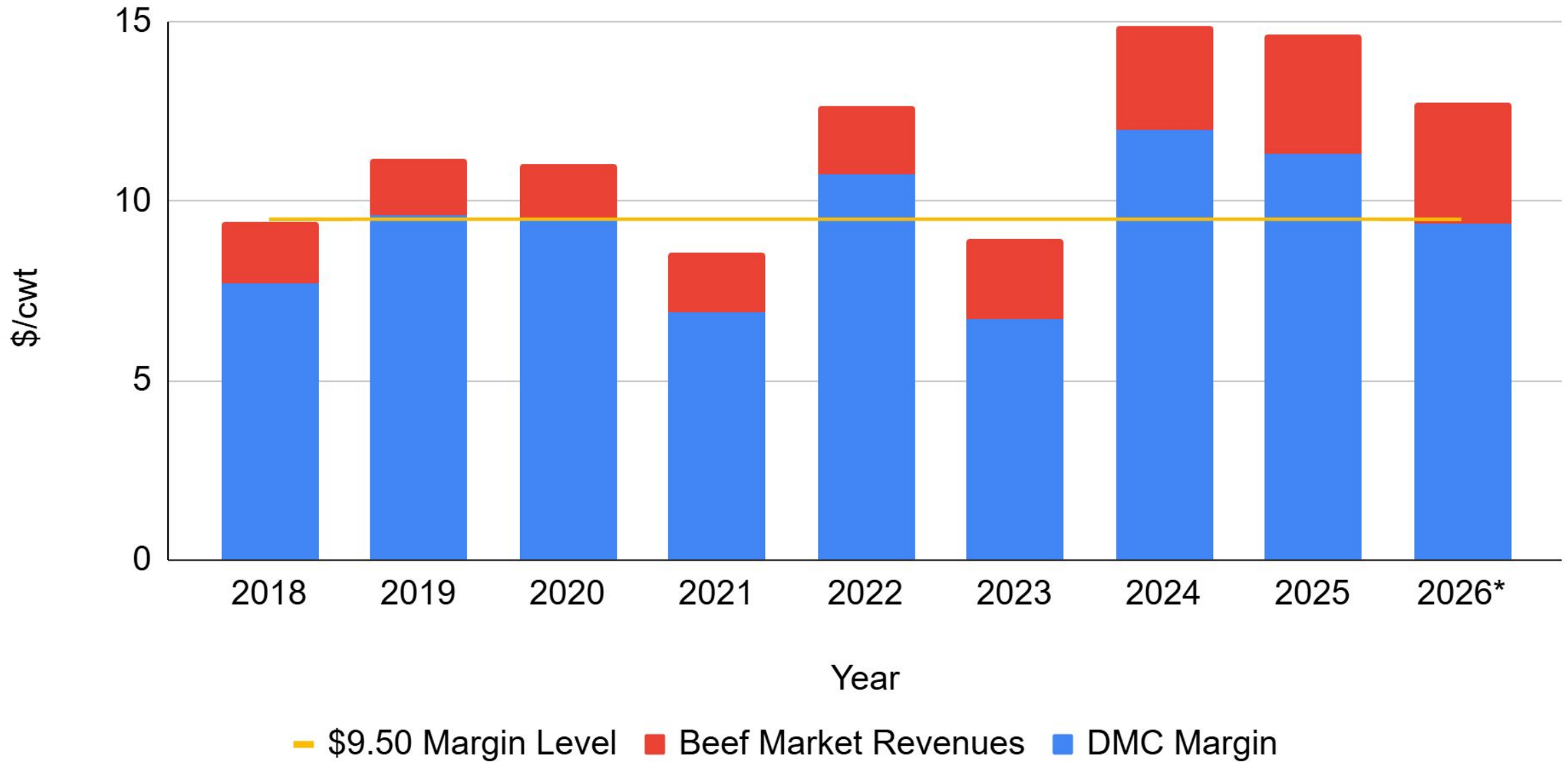
Beef Market Contribution to Milk Revenues (\$/cwt of milk)



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

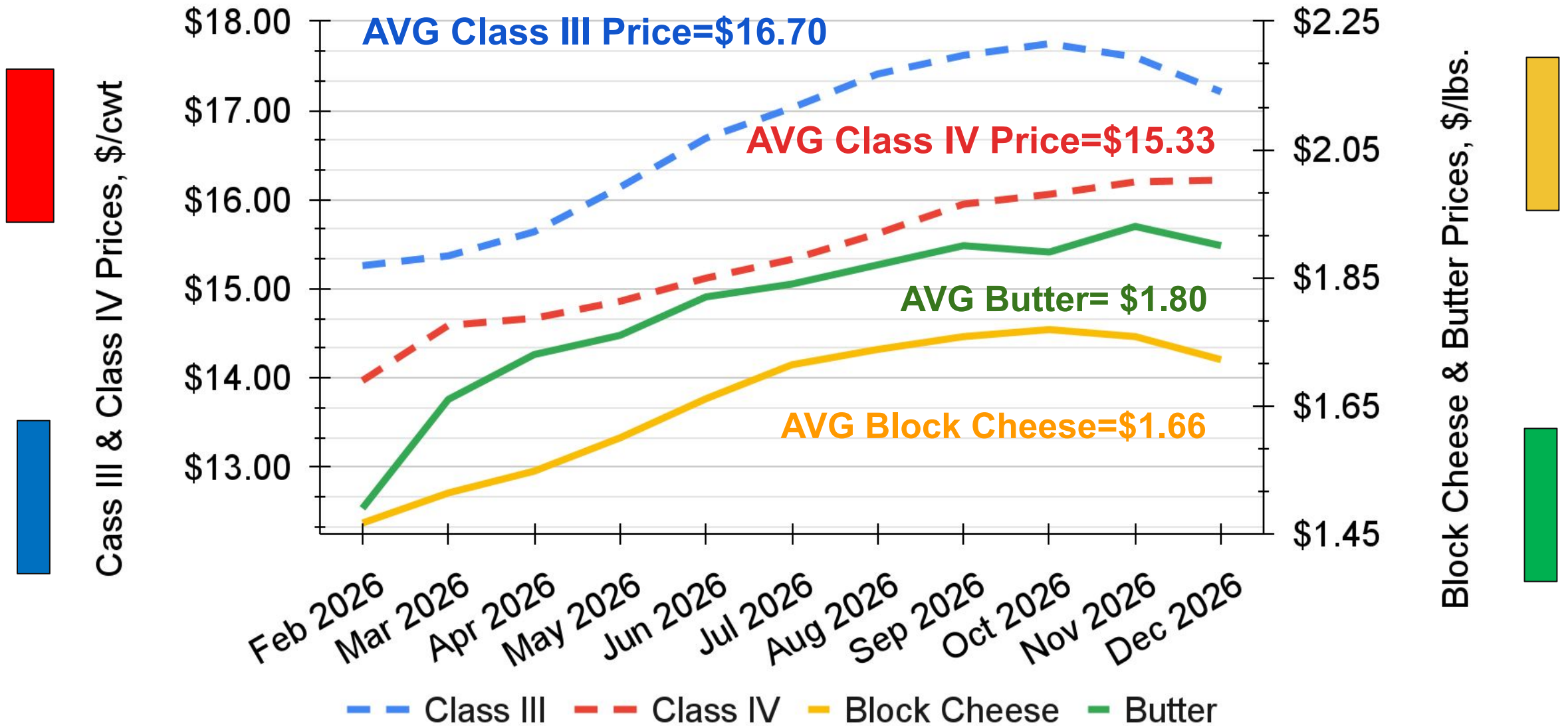


DMC Margin + Beef Market Revenues (\$/cwt)



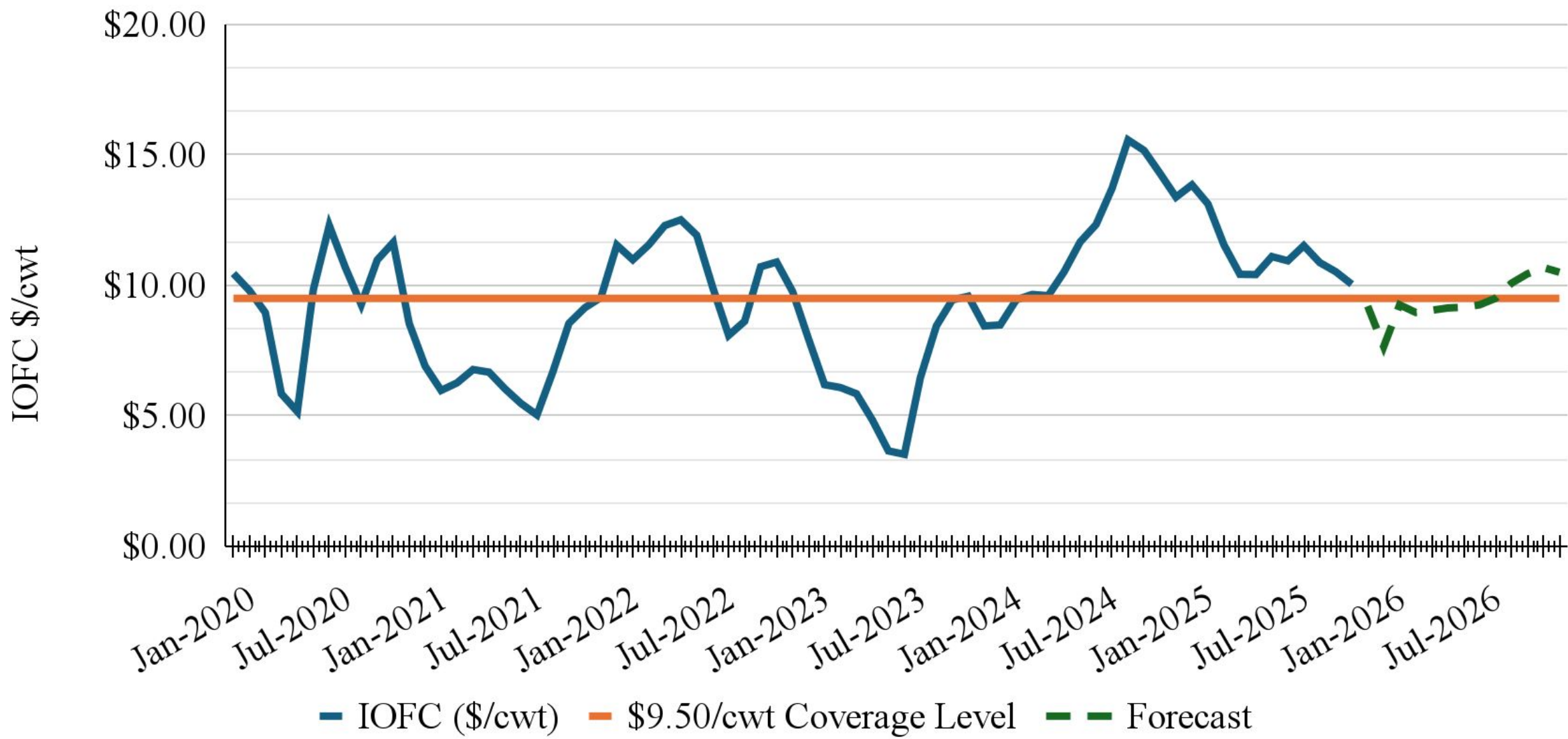


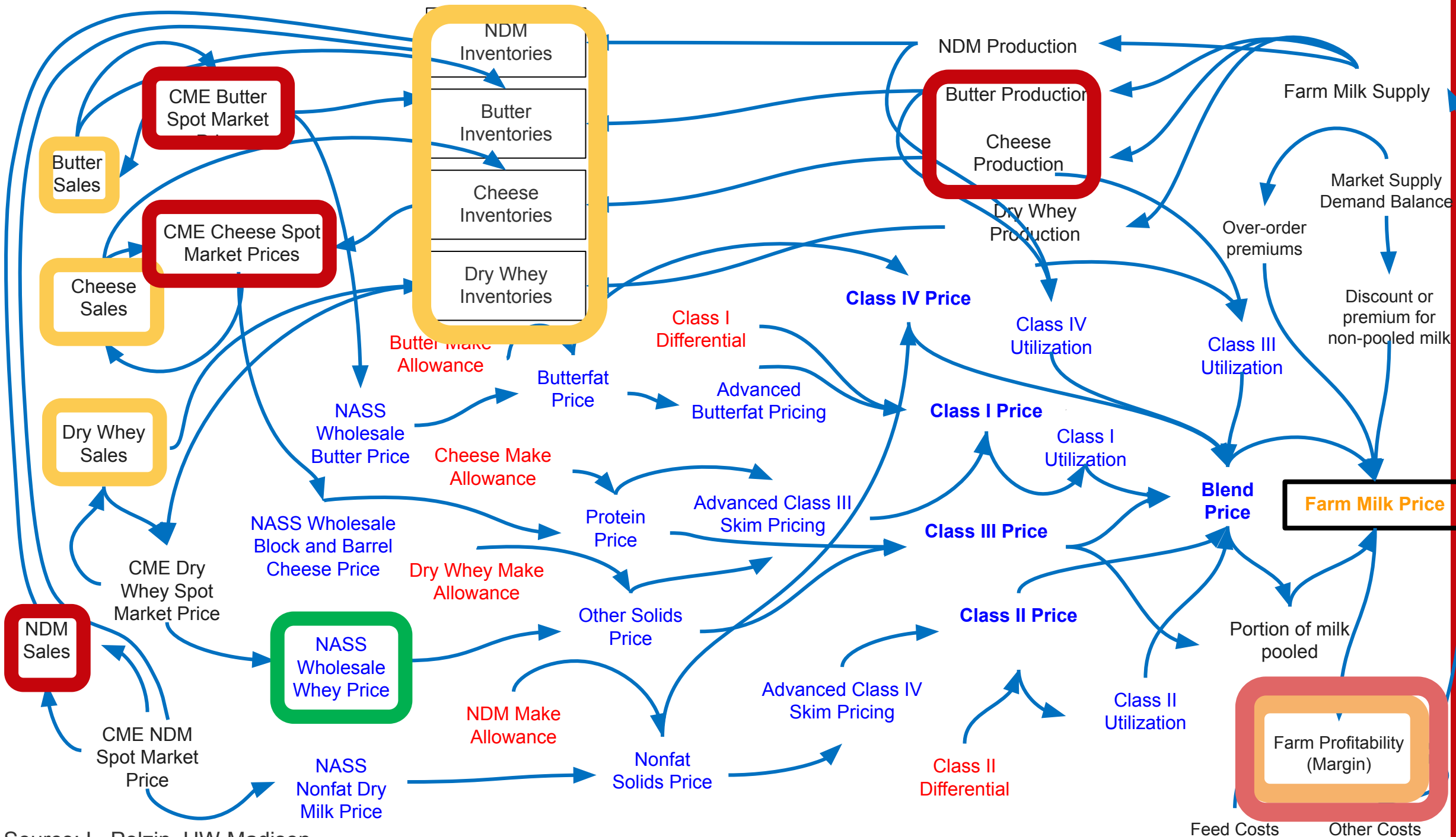
Current Future Price, CME





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>

