

SOUTHEAST DAIRY MARKET OUTLOOK

Georgia Milk Producers Association

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Calvin Covington

ccovington5@cs.com

Topics – Focus on the Southeast

1. Impact of Federal Milk Marketing Order Changes
2. Milk supply and demand
3. 2026 milk price projections

Class I Differentials

	Appalachian	Florida	Southeast
	(\$/cwt.)		
<u>Base Zones</u>	Charlotte	Tampa	Atlanta
Old	\$3.40	\$5.40	\$3.80
New	\$5.60	\$6.80	\$5.80
Change	\$2.20	\$1.40	\$2.00
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<u>Estimated Effective</u>			
Old	\$3.23	\$5.55	\$3.18
New	\$5.05	\$6.95	\$4.71
Change	\$1.82	\$1.40	\$1.53

Higher Class I Differentials

More “Decoupling” of Class I Price

January 2026 Class I Price - Atlanta

	(\$/cwt.)	(%)
Class I Mover 3.5% fat	\$16.35	
Class I Mover – 2.66 % fat	\$15.10	
Class I Differential	\$5.80	26.36%
Transportation Credit	\$0.60	2.73%
Delivery Credit	\$0.50	2.27%
Differential +Assessments	\$6.90	31.36%
Total	\$22.00	

“Higher of” versus “Average of”

Month	“Higher of” minus “Average of”
	(Class I Skim Mover \$/cwt.)
June 2025	(\$0.69)
July	(\$0.40)
<u>August</u>	<u>\$0.16</u>
<u>September</u>	<u>\$0.16</u>
October	(\$0.36)
<u>November</u>	<u>\$0.49</u>
<u>December</u>	<u>\$1.38</u>
<u>January 2026</u>	<u>\$0.63</u>
Average	\$0.17

Other Changes – Impact on SE

CHANGE	IMPACT
<u>Lower Make Allowances</u>	
Butterfat (\$/lb.)	(\$0.0675)/lb.
Class II skim (\$/cwt.) – June-November	(\$0.64)/cwt.
Class III skim (\$/cwt.) – June – November	(\$0.70)/cwt.
Class IV skim (\$/cwt.) – June -November	(\$0.64)/cwt.
<u>Higher Skim Factors – December</u>	
Added to Class II skim (\$/cwt.)	\$0.28/cwt.
Added to Class III skim (\$/cwt.)	\$0.54/cwt.
Added to Class IV skim (\$/cwt.)	\$0.27/cwt.
<u>Eliminate Barrel Cheese</u>	So far, based on CME prices, lower
<u>ESL Adjustor Range (\$0.91) to \$1.38</u>	Not significant

Bottom Line – Impact on SE

Month	Appalachian	Florida	Southeast
	(estimated change in pool revenue - \$/cwt. on producer milk)		
June 2025	(\$0.11)	(\$0.33)	(\$0.33)
July	\$0.14	(\$0.10)	(\$0.06)
August	\$0.54	\$0.31	\$0.36
September	\$0.64	\$0.35	\$0.41
October	\$0.22	(\$0.09)	\$0.00
November	\$0.54	\$0.33	\$0.39
December	\$1.92	\$1.82	\$1.69
average	\$0.77	\$0.35	\$0.36

Bottom Line Federal Order Changes

- Increase in Class I Differentials:
\$0.25 (Arizona) to \$2.20 (Appalachian) – base zones
estimated effective all orders **\$1.24/cwt.**
- In multiple component pricing orders (manufacturing)
June – December 2025 – average components
lowered the Class II and IV prices **\$0.93/cwt.**
lowered the Class III (cheese) price **\$1.01/cwt.**

Converging Class I Utilization's

FMMO	2021	2022	2023	2024	2025
	Class I Percent				
Appalachian	70.8	70.4	69.8	70.0	72.3
<u>Florida</u>	82.2	83.0	82.2	81.7	80.2
<u>Southeast</u>	67.5	72.4	74.1	74.3	73.4
Three Orders Combined	71.9	73.7	73.8	74.0	74.5
All FMMOs	30.8	27.0	25.5	27.7	26.7 (p)

Average Class I Producer Milk per Day

Year	Appalachian	Florida	Southeast	Total	Change
Class I Producer Milk Average Daily Loads (50,000) Per Day					
2021	205	110	170	485	
2022	209	113	155	477	(8)
2023	208	113	144	464	(11)
2024	203	113	142	458	(6)
2025	202	110	139	451	(7)
Estimated Class II Used to Produce – Average Daily Loads (50,000) Per Day					
2025	29	10	11	50	+3

Fluid Sales “In” versus “Total”

Year	Plants in the Three Orders	“Total” Fluid Sales	“Total” minus “In”	“In” percent of “Total”
	(billion lbs.)			
2020	9.06	10.07	1.01	90.0%
2021	8.78	9.71	0.94	90.3%
2022	8.58	9.56	0.98	89.7%
2023	8.38	9.31	0.93	90.0%
2024	8.29	9.33	1.04	88.9%
2025 (e)	8.12	9.17	1.05	88.6%
2025 versus 2024	(2.1%)	(1.7%)		

Southeast States – Milk Supply

Year	Milk (billion lbs.)	Georgia (billion lbs.)	Florida (billion lbs.)	Florida + Georgia % of Total
2010	9.01	1.40	2.13	39%
2020	8.45	1.77	2.29	48%
2021	8.20	1.80	2.17	48%
2022	8.11	2.03	1.93	49%
2023	8.03	1.93	2.05	50%
2024	7.86	1.95	2.03	51%
2025 (p)	7.90	2.08	2.07	52%

More – Cows and Components

	2024	2025	2025 vs. 2024	2026 projection	2026 vs. 2025
Cows (1,000)	9,342	9,500	+158	9,555	+55
(billion lbs.)			(billion lbs.)		
Milk	225.9	231.4	2.24%	234.3	1.3%
Fat	9,509.0	9,926.4	4.4%	10,190.0	2.7%
Protein	7,431.1	7,728.3	4.0%	7,920.0	2.5%
Total Solids	29,995.3	31,028.7	3.4%	31,654	2.0%
Fat %	4.21%	4.29%		4.35%	
Protein %	3.29%	3.34%		3.38%	

Dairy Demand – Fat and Skim Solids

	2024 - October	2025 - October	Change
	(million lbs.)		(%)
<u>Skim Solids</u>			
Domestic	13,863	14,739	3.7%
Export	3,756	3,667	(2.4%)
Total Skim	17,619	18,046	2.4%
Inventory	841.5	839.5	(0.25%)
<u>Fat</u>			
Domestic	7,796	7,906	1.4%
Export	415	581	39.9%
Total Fat	8,211	8,487	3.4%
Inventory	616	604	(2.0%)
Total Solids	25,830 (16.1%)	26,522 (16.0%)	2.7%

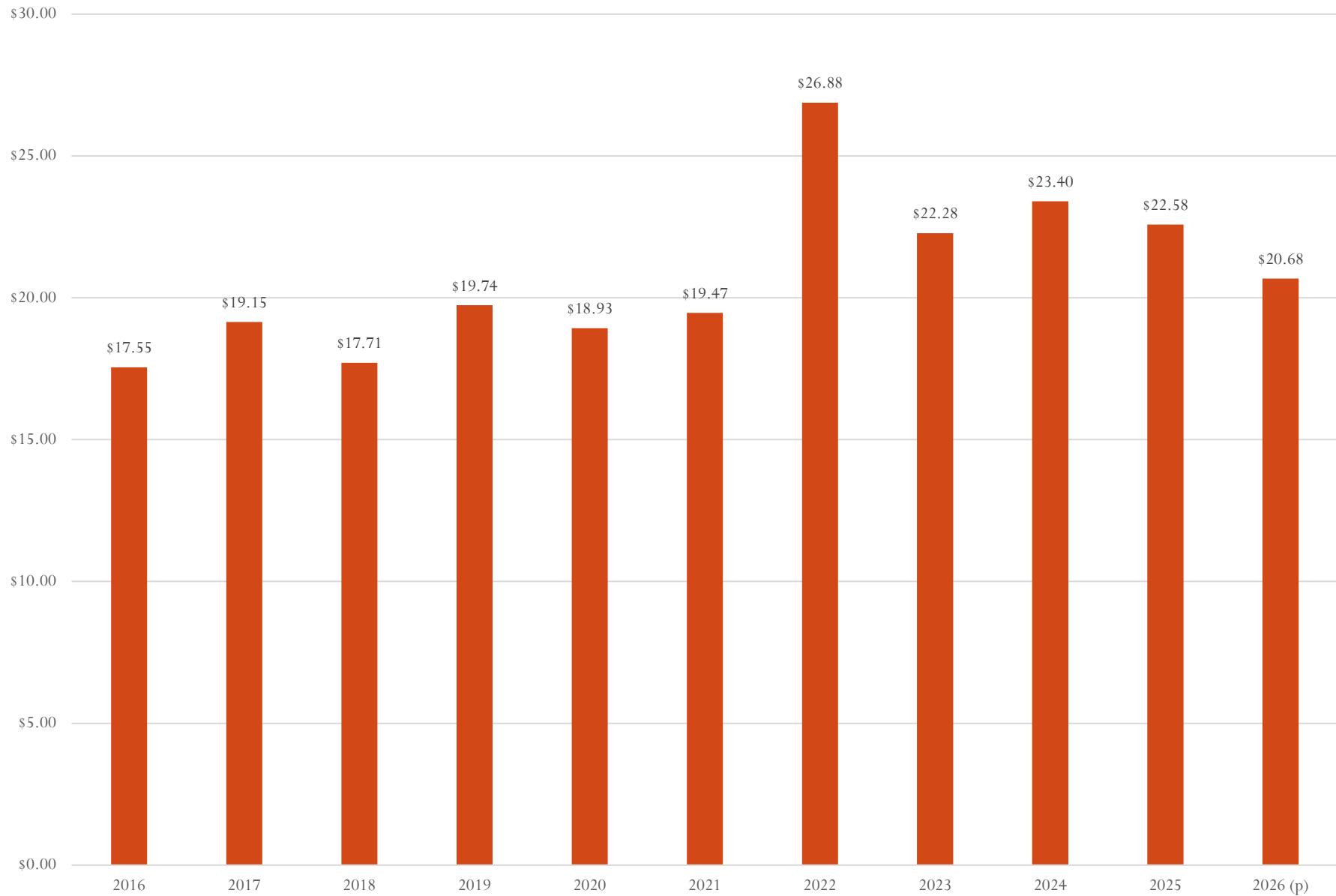
USDA Projections

	2024	2025 (p)	2026 (p)	Change %
Butter (\$/lb.)	\$2.89	\$2.22	\$1.61	(\$0.61)
Cheese (\$/lb.)	\$1.86	\$1.79	\$1.59	(\$0.20)
Nonfat Dry Milk Powder (\$/lb.)	\$1.24	\$1.24	\$1.21	(\$0.03)
Dry Whey (\$/lb.)	\$0.49	\$0.60	\$0.67	\$0.07
Class III (3.5 \$/cwt.)	\$18.89	\$18.01	\$16.35	(\$1.66)
Class IV (3.5 \$/cwt.)	\$20.75	\$17.38	\$14.45	(\$2.93)
All-Milk (\$/cwt.)	\$22.55	\$21.15	\$18.25	(\$2.90)

2026 Projections – SUP

	Appalachian	Florida	Southeast
<u>2025</u>			
\$/cwt. 3.5% fat	\$22.18	\$23.64	\$22.58
<i>Butterfat \$/lb.</i>	\$2.52	\$2.53	\$2.52
<i>Butterfat Differential</i>	\$0.238	\$0.237	\$0.238
2025 vs. 2024	(\$0.70)	(\$1.18)	(\$0.82)
<u>2026 Projection</u>			
\$/cwt. 3.5% fat	\$20.23	\$21.42	\$20.68
<i>Butterfat \$/lb.</i>	\$1.79	\$1.80	\$1.79
<i>Butterfat Differential</i>	\$0.165	\$0.165	\$0.165
2026 vs. 2025	(\$1.95)	(\$2.22)	(\$1.90)

SOUTHEAST FMMO ANNUAL and Projected SUP



DATA SOURCES

- USDA – Agricultural Marketing Service
- USDA – National Agricultural Statistics Service
- USDA – Economic Research Service

THANK YOU FOR THE OPPORTUNITY

QUESTIONS