



Navigating Dairy Trends in 2026 & Beyond

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Georgia Dairy Conference
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Dairy is dynamic and growing

\$80.3 billion
Retail dairy sales in 2025



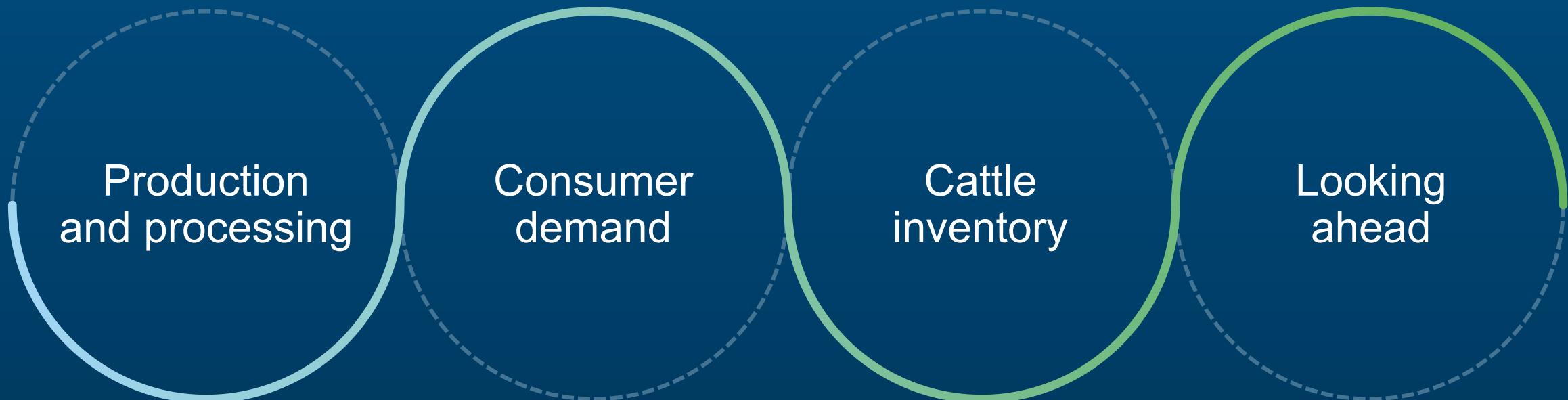
Largest category
in retail grocery
(alcohol is no. 2)

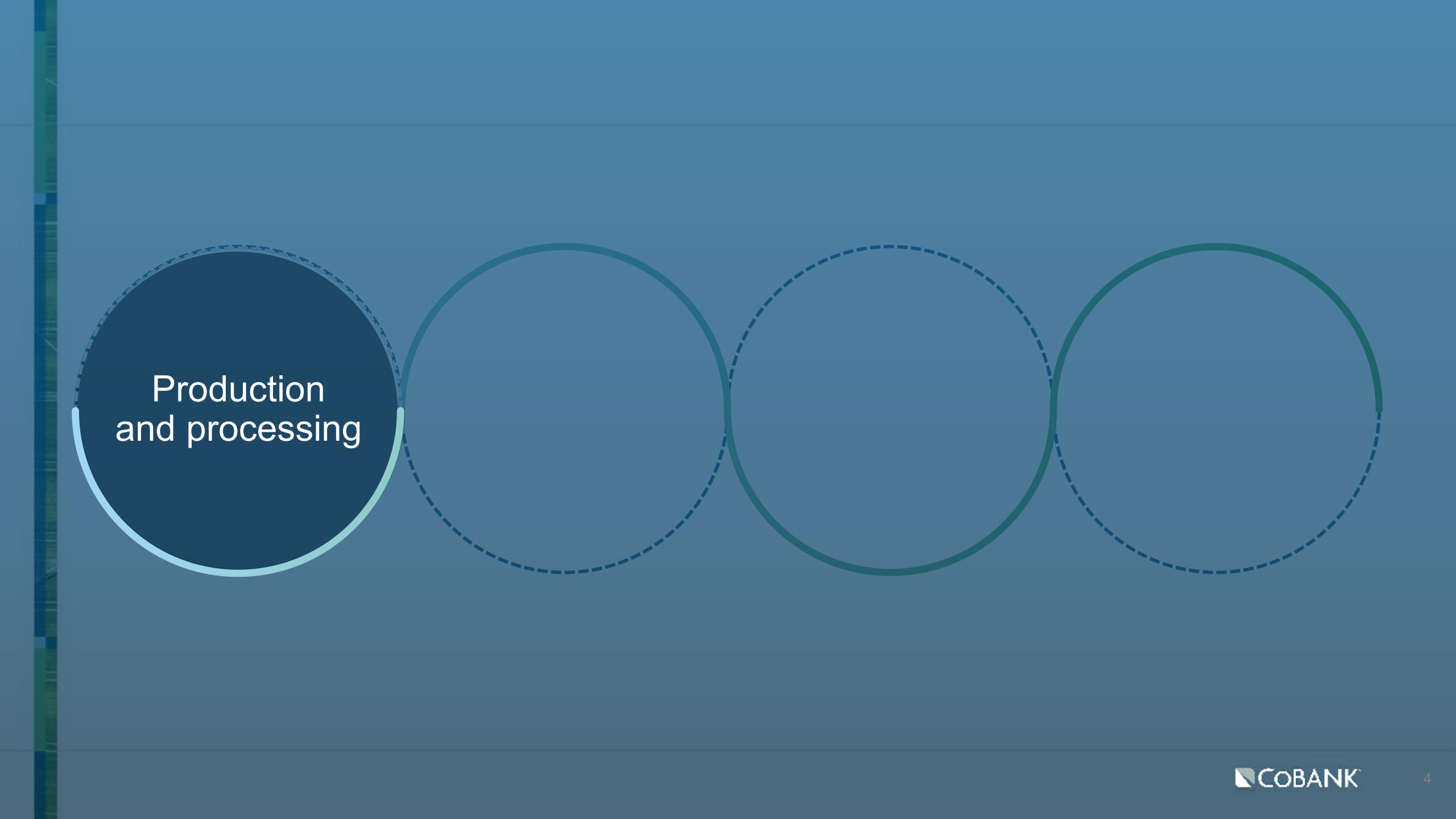


Up 3.2% from 2024



Dairy is the world's
largest refrigerated
supply chain

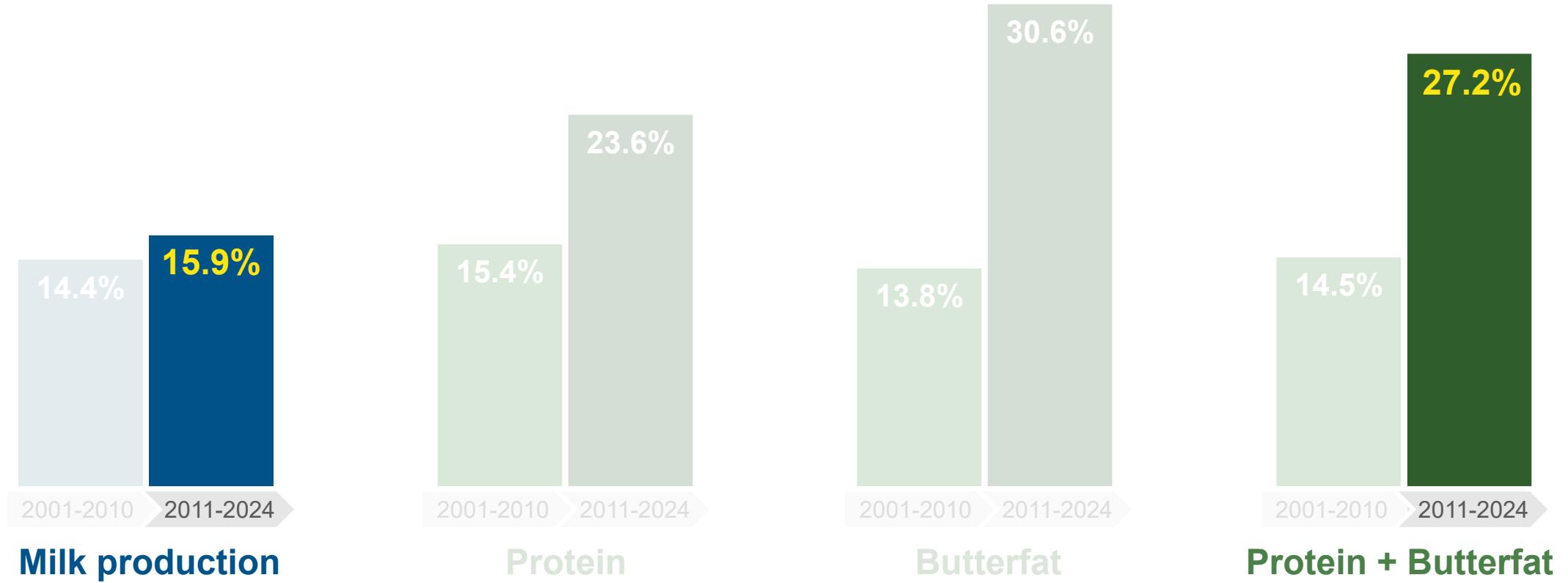




Production
and processing

Milk components matter more than milk production

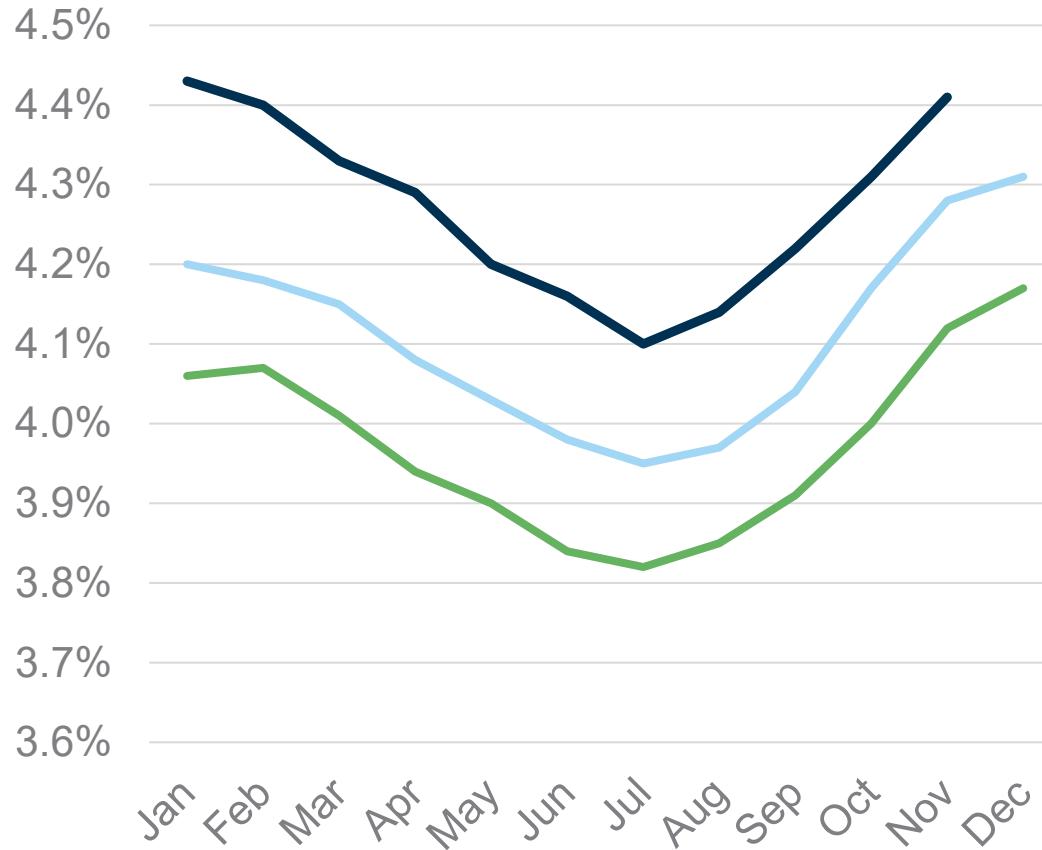
Percent change



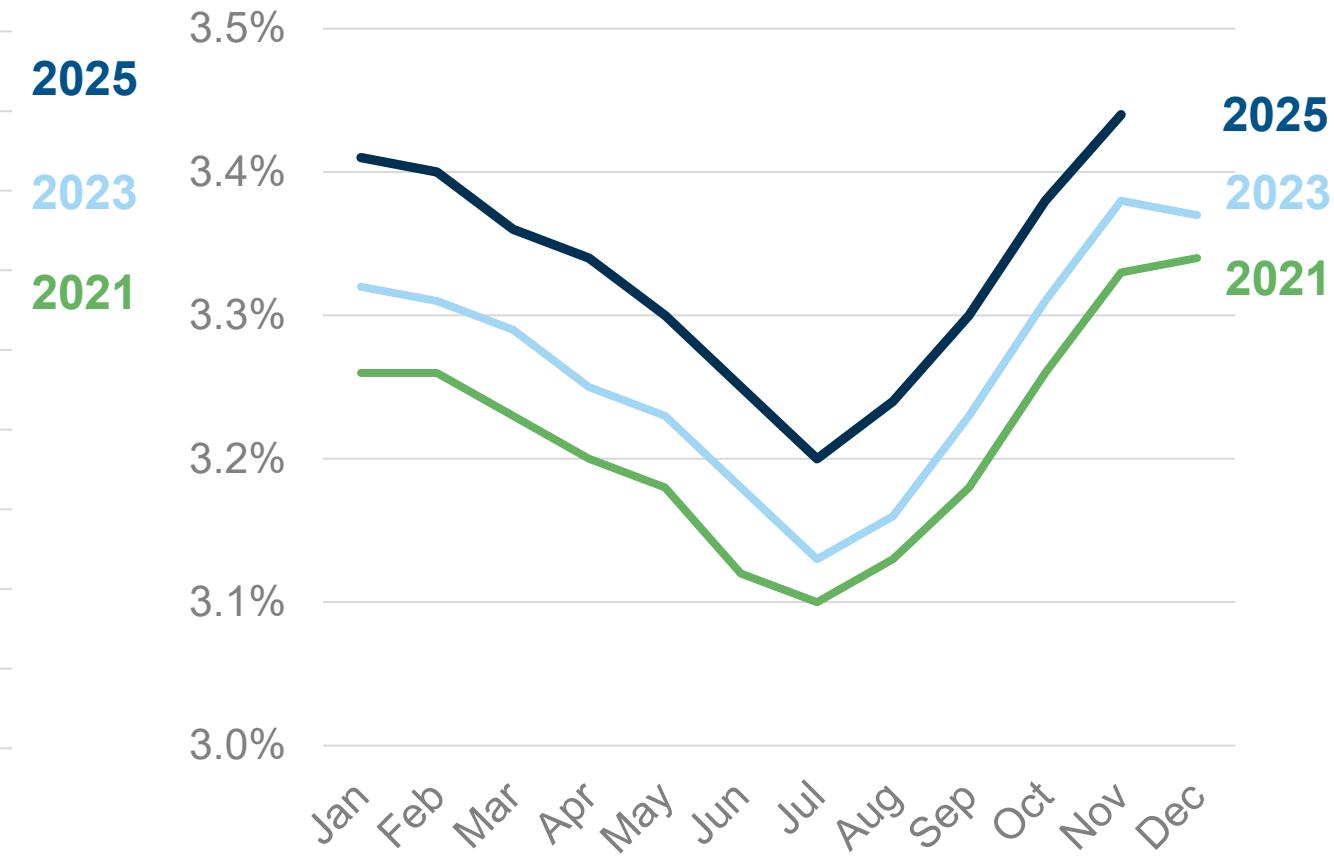
Source: USDA and FMMO data, calculation. Presentation by Corey Geiger, CoBank.

Big shifts in butterfat and protein levels

FMMO butterfat 2021 to 2025

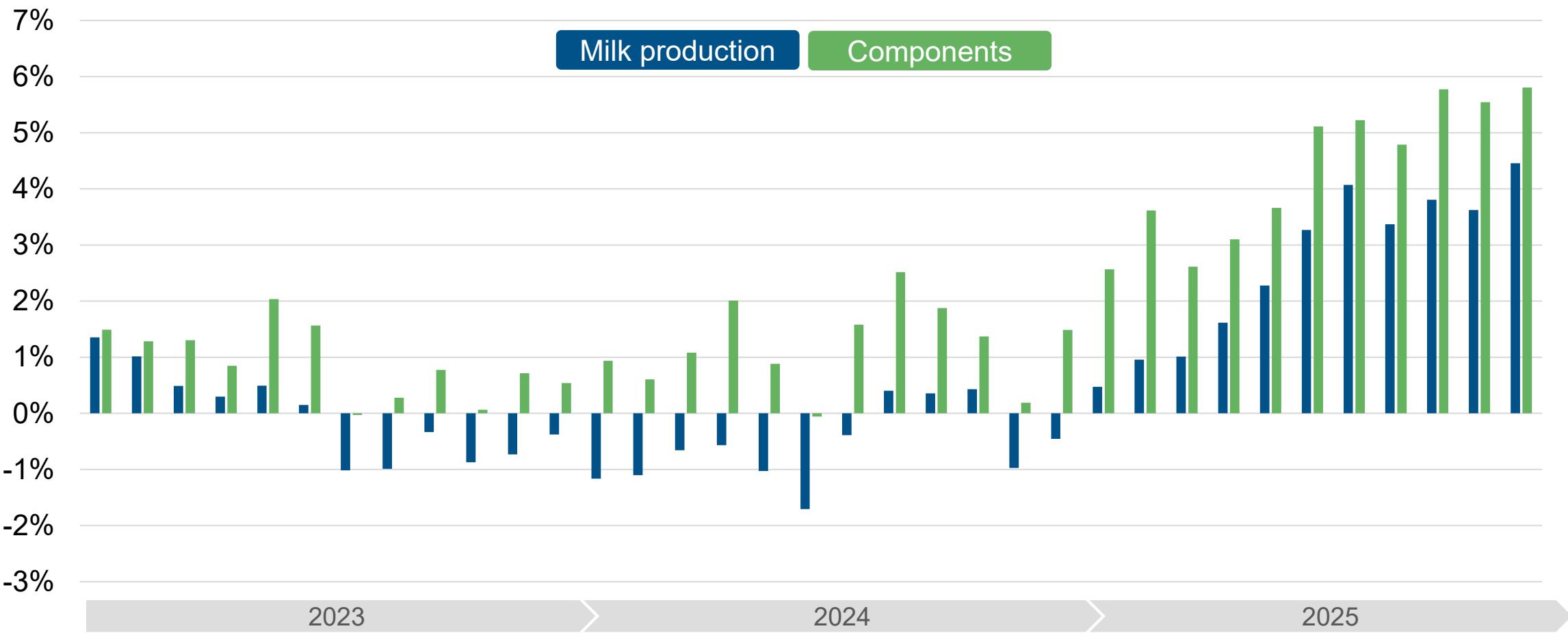


FMMO protein 2021 to 2025



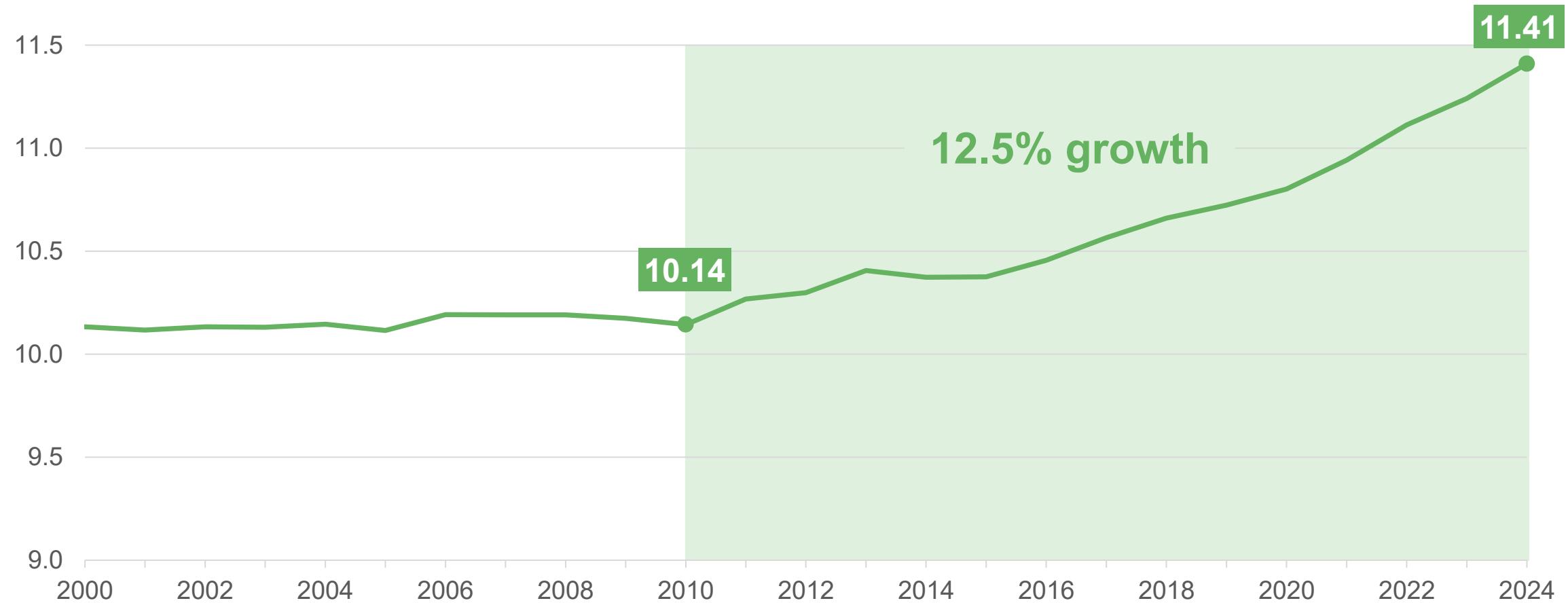
Milk production is picking up steam, but components keep growing at a faster rate

Year-over-year percent change



Farmgate milk yields more dairy products

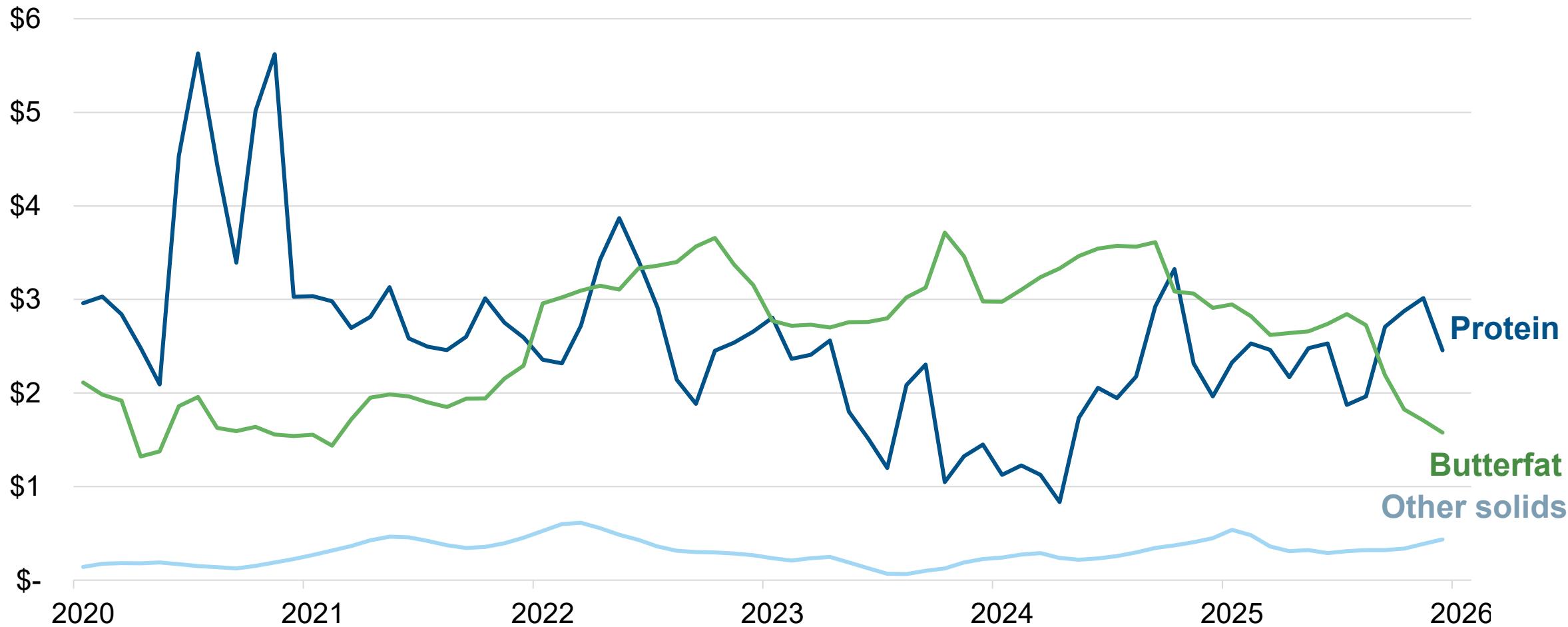
Pounds of **cheese** yield per hundredweight of milk



Source: USDA and FMMO Data. Calculations and presentation by Corey Geiger and Abbi Prins, CoBank.

Over 90% of milk priced on Multiple Component Pricing

Monthly federal order butterfat, protein, and other solids prices (dollars per pound)



Sources: USDA and Federal Milk Marketing Order. Presentation by Corey Geiger and Abbi Prins, CoBank.

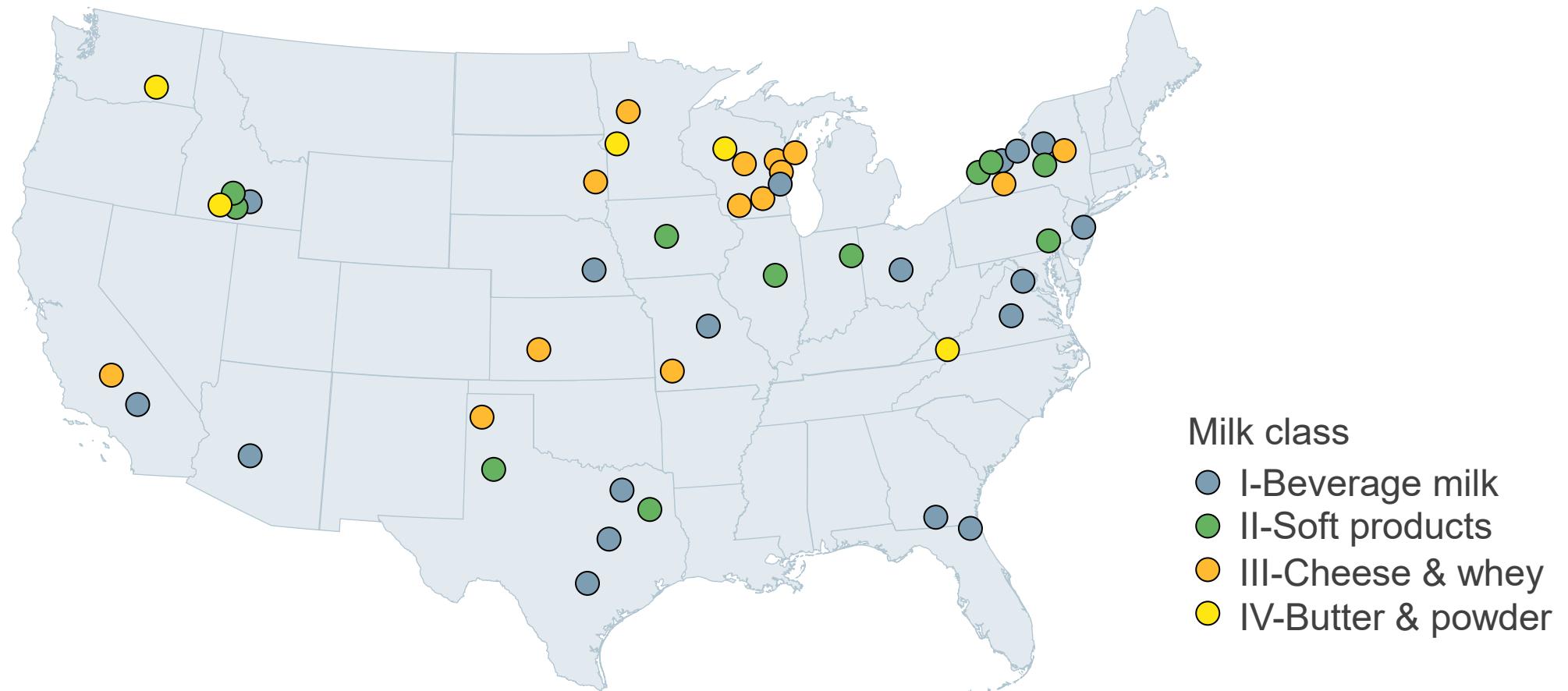
Dairy processing expansion is moving quickly

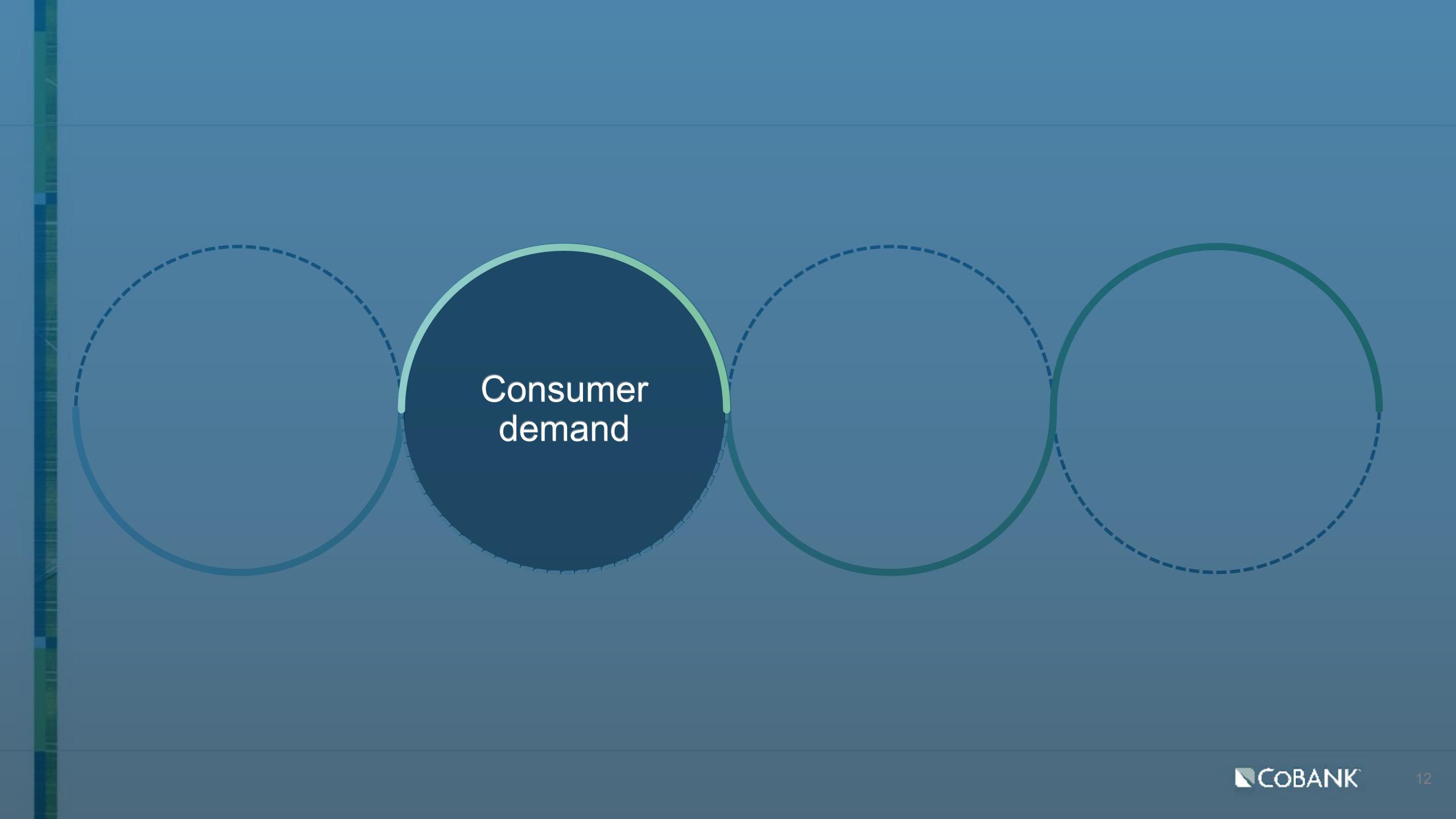
\$11 billion

Generational investment in the U.S. dairy industry

What's the future for U.S. dairy consumption?

New or recently completed plants through 2028 – \$11 billion





Consumer
demand

Consumers say high cost of living is number one problem

What is the most important financial problem facing your family today?

Percent of respondents

50%

40%

30%

20%

10%

0%

2019

2020

2021

2022

2023

2024

2025

29% High cost of living/inflation

12% Cost of owning/renting a home

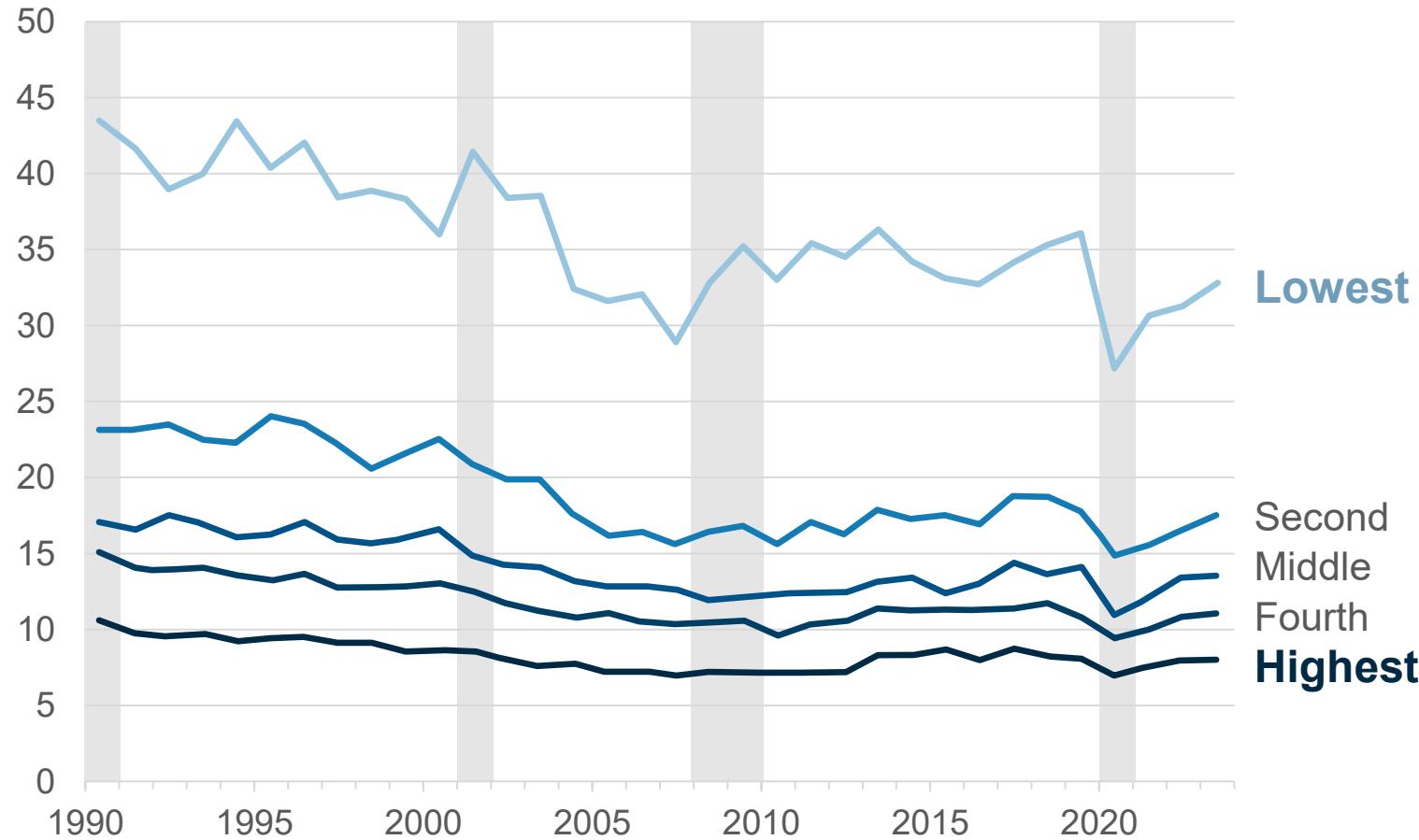
12% Lack of money/low wages

7% Healthcare costs

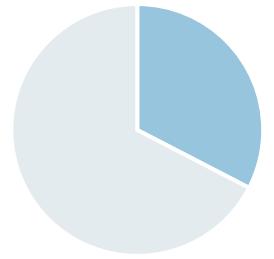
5% Too much debt/not enough money to pay debt

Food prices have impacts across the economy

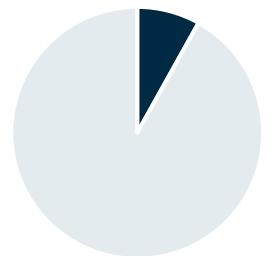
Percent of after-tax income spent on food by income quintile



Lowest income quintile spent **\$5,300** in 2023
(32.6% of income)



Highest income quintile spent **\$17,000** in 2023
(8.1% of income)

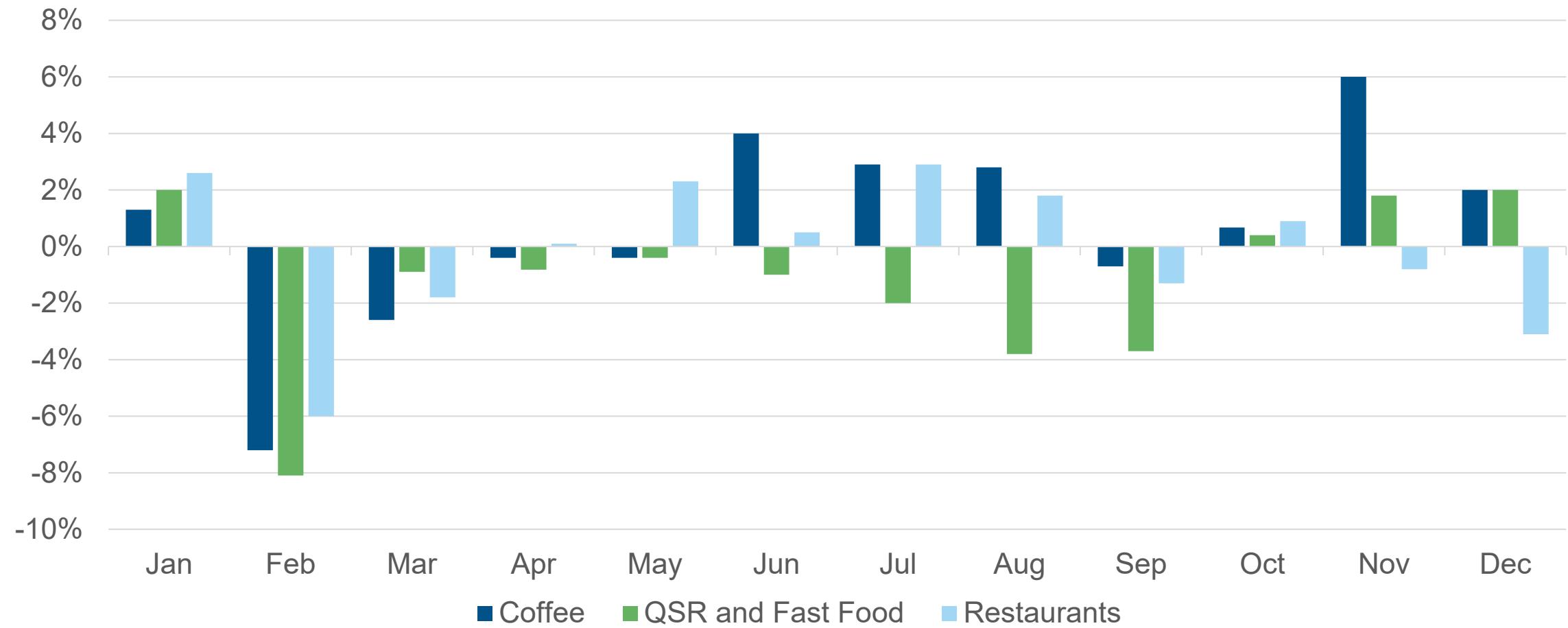


Shading indicates a recession

Source: Megan Sweitzer, USDA ERS, using BLS Consumer Expenditure Survey. Presentation by Corey Geiger and Abbi Prins, CoBank.

Restaurant visits show a shift in consumer behavior in 2025

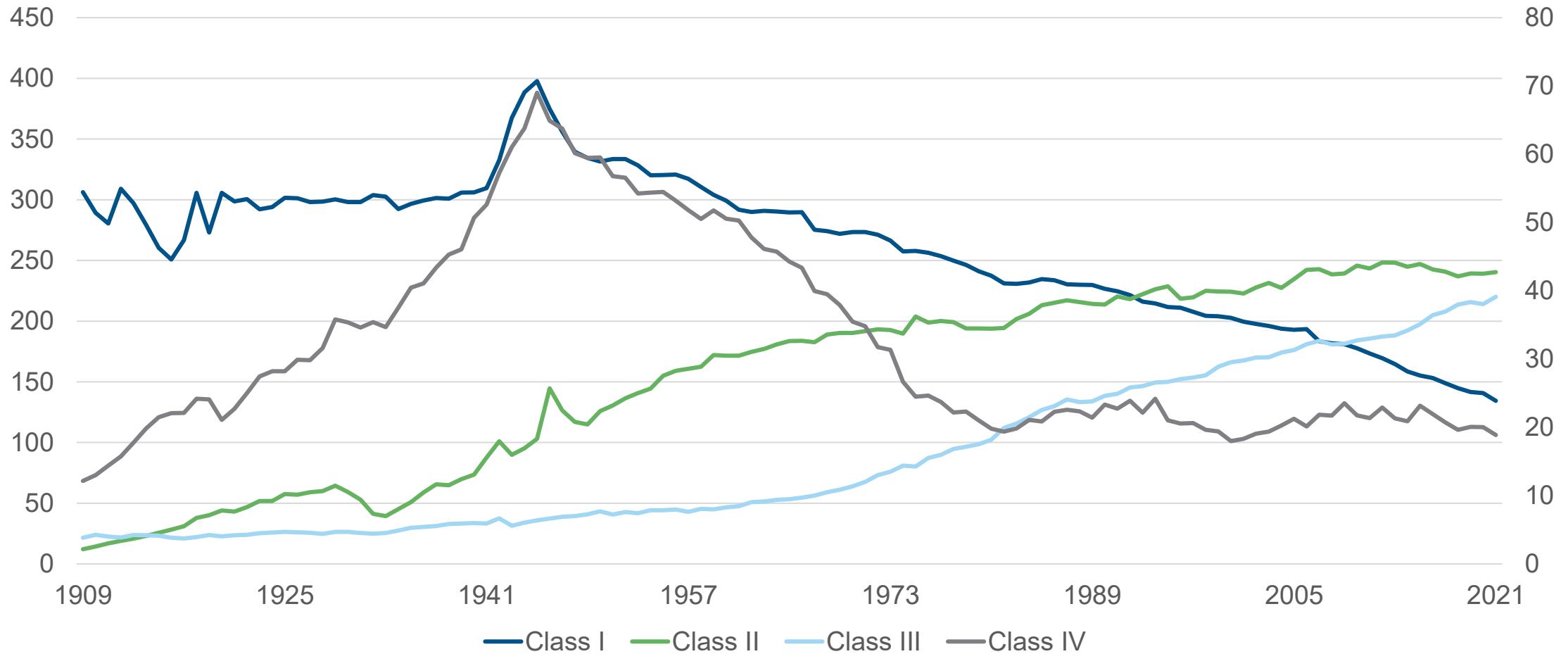
Restaurant visits per location by restaurant type (% change YoY)



Consumers are eating dairy more than they are drinking

Pounds per capita Class I (left)

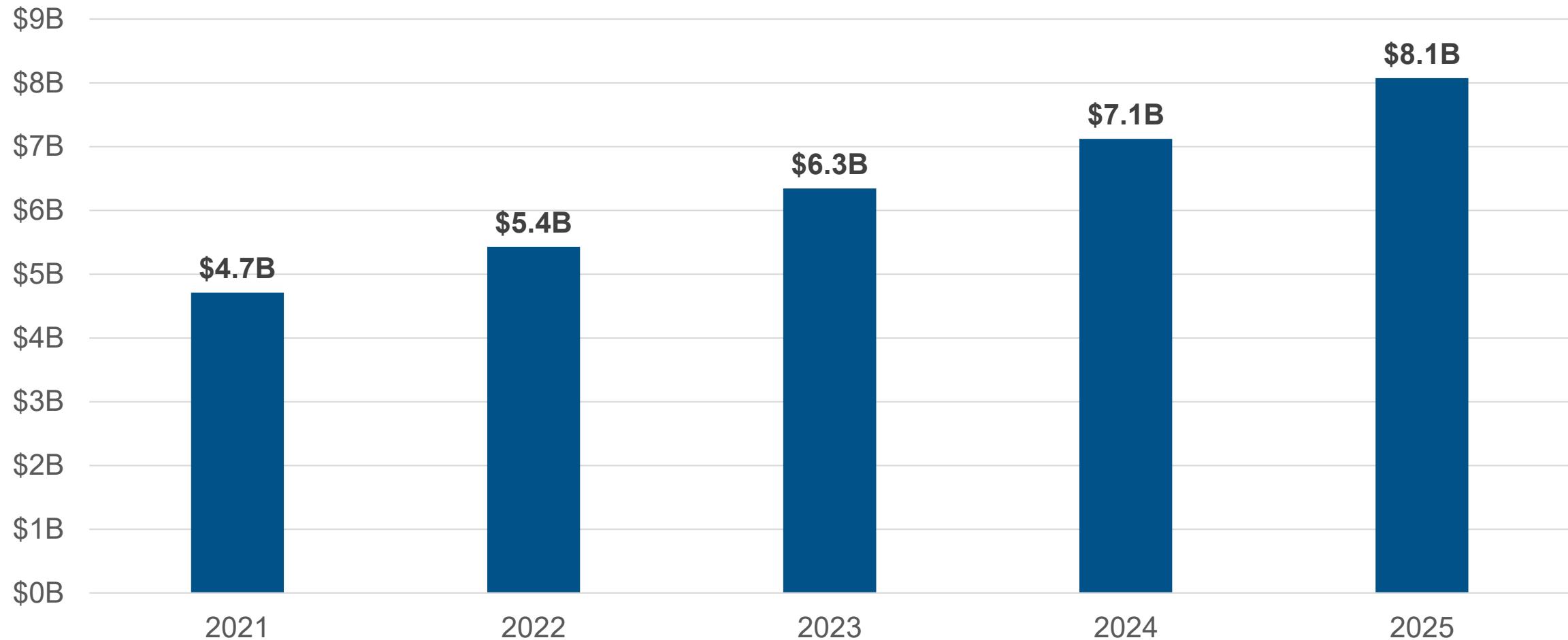
Classes II, III, IV (right)



Source: USDA-Economic Research Service. Presentation by Corey Geiger and Abbi Prins, CoBank.

Ready-to-drink protein dairy shakes and nutritionals sales up 71% in four years

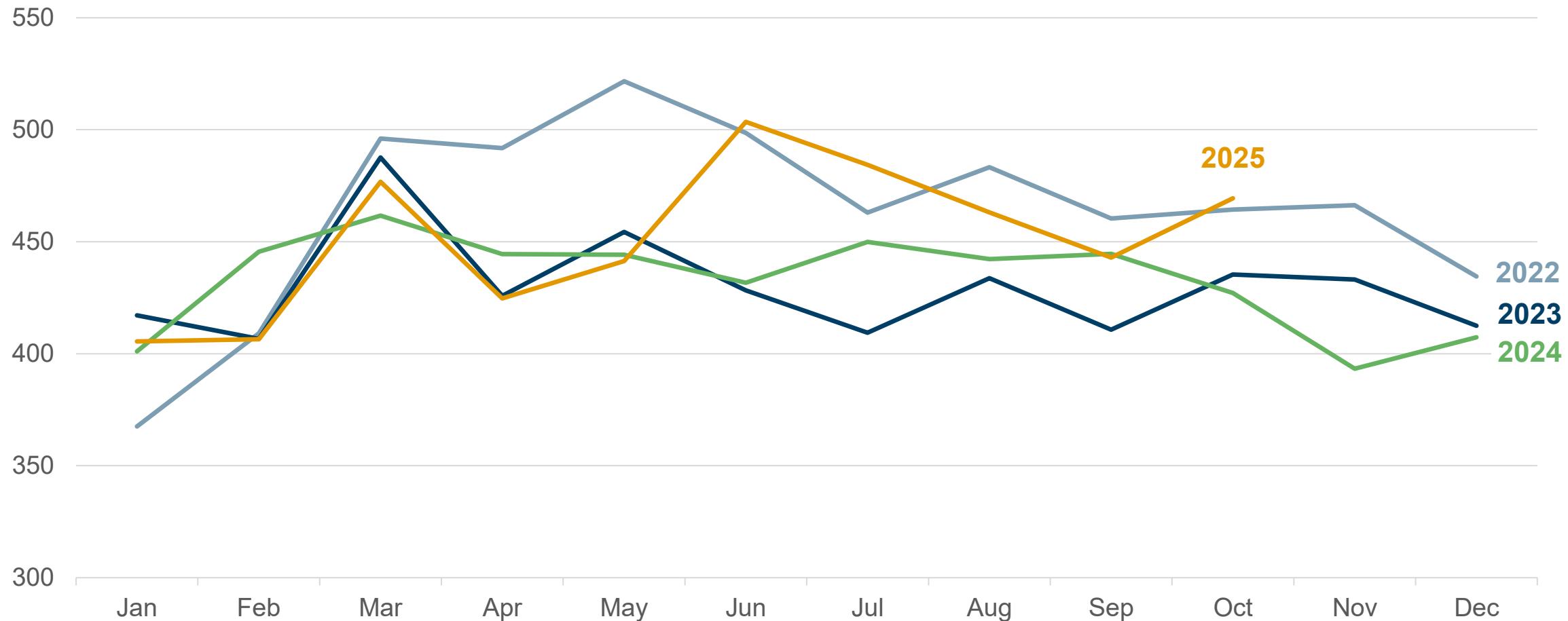
Dollar sales



Source: Circana MULO+ with RTD Nutritionals as based on UPCs. Presentation by Corey Geiger and Abbi Prins, CoBank.

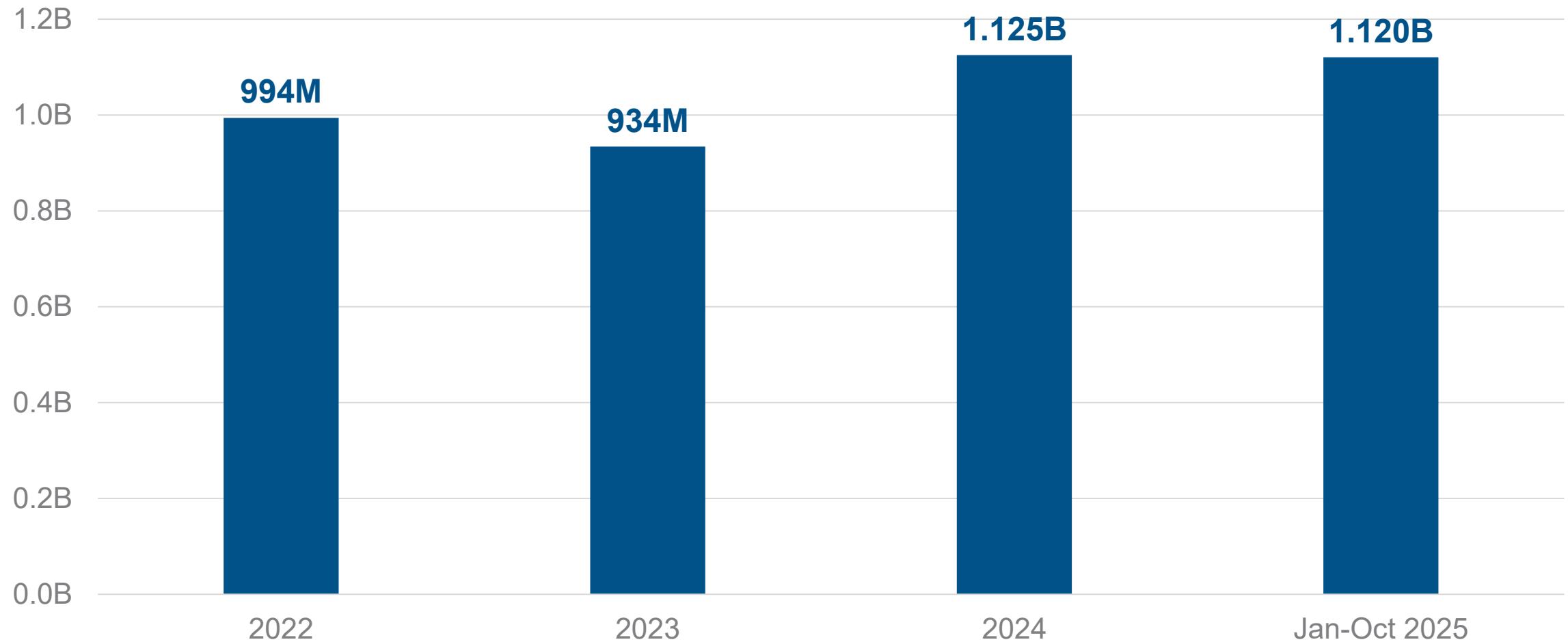
Roughly 17% of U.S. milk production is exported

U.S. dairy exports by month (million pounds)



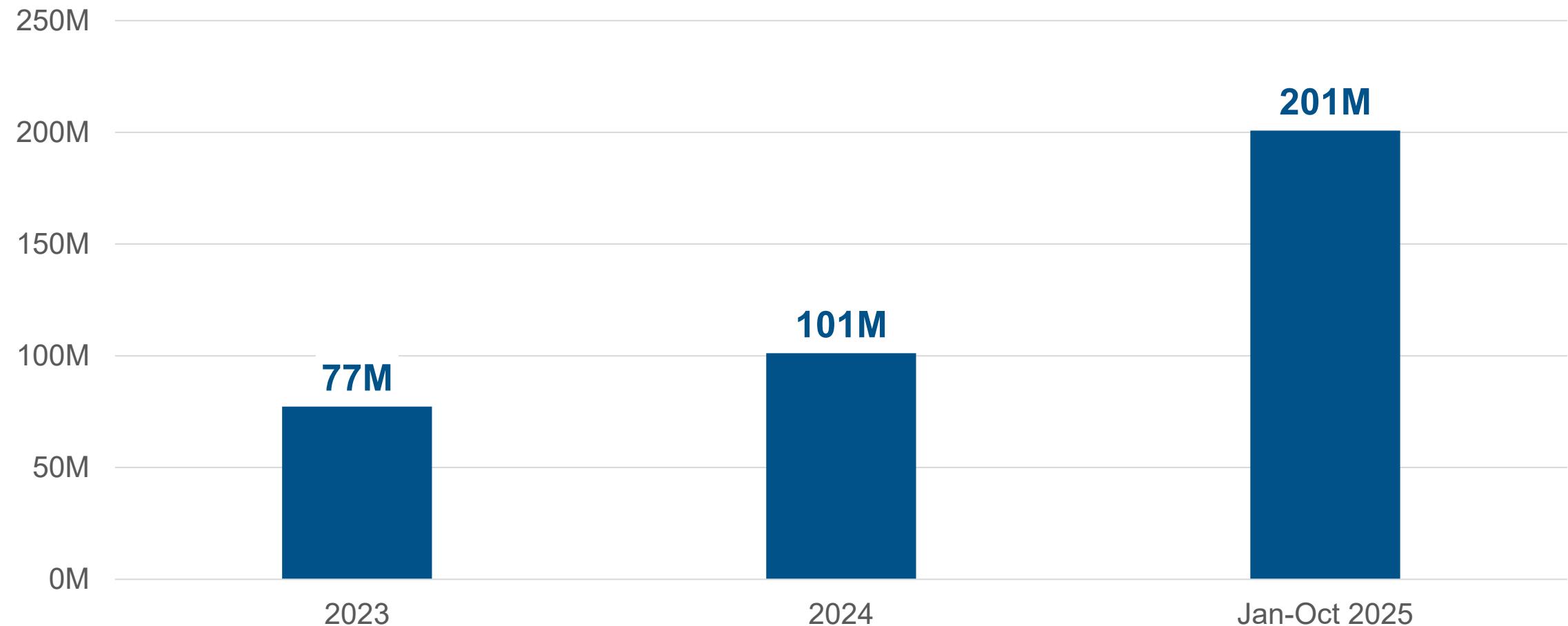
New records for cheese exports in the making

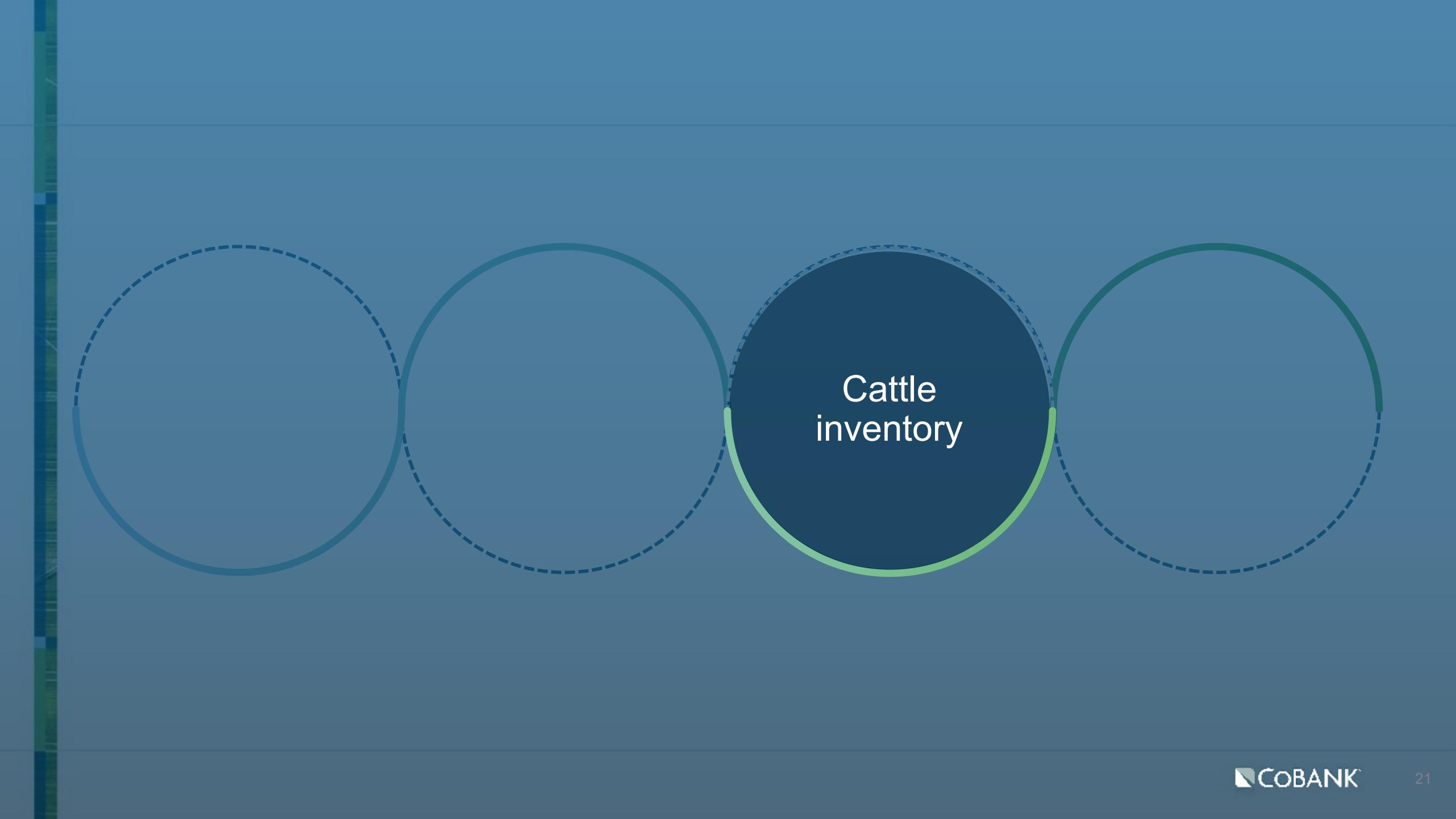
U.S. cheese exports (pounds)



2025 butterfat exports will be over double of 2024

Butterfat exports (pounds)





Cattle
inventory

Dairy herd is growing based due to fewer cull cows

529,300

Pullback on dairy cow culling since Labor Day 2023



So far, 90,700 fewer cows in 2025 than last year



Fewer heifer replacements leading to fewer cows culled



Culling has picked up since August

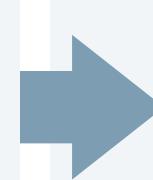
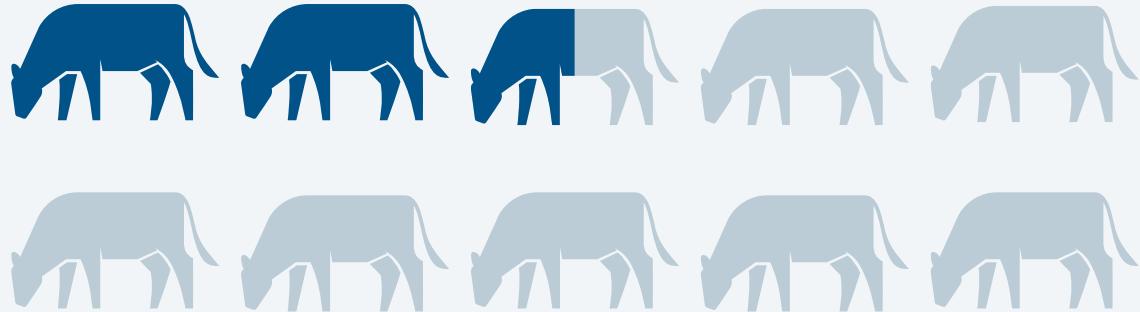
The dairy triple play

Sexed semen

Genomics

Beef-on-dairy

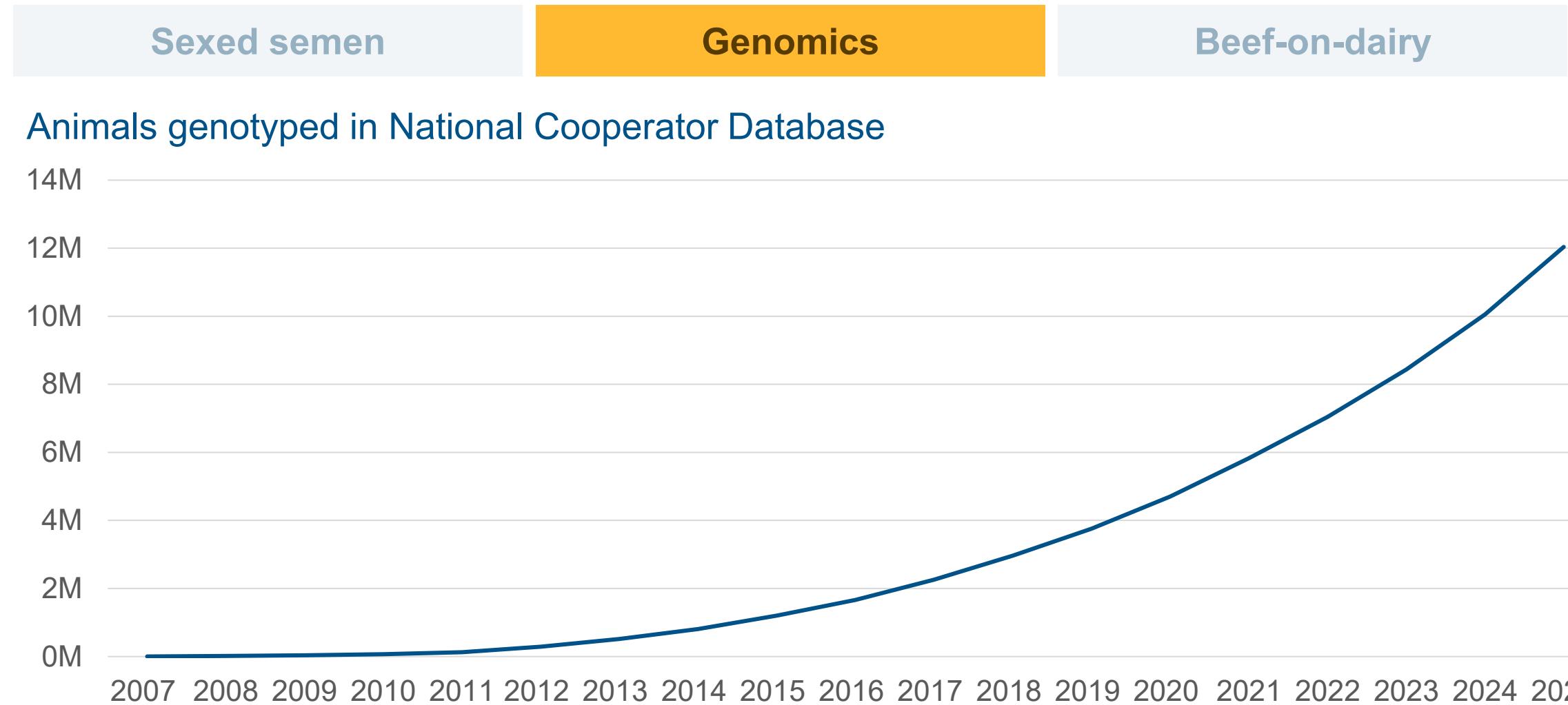
20%-25% of U.S. dairy heifers have genomic tests



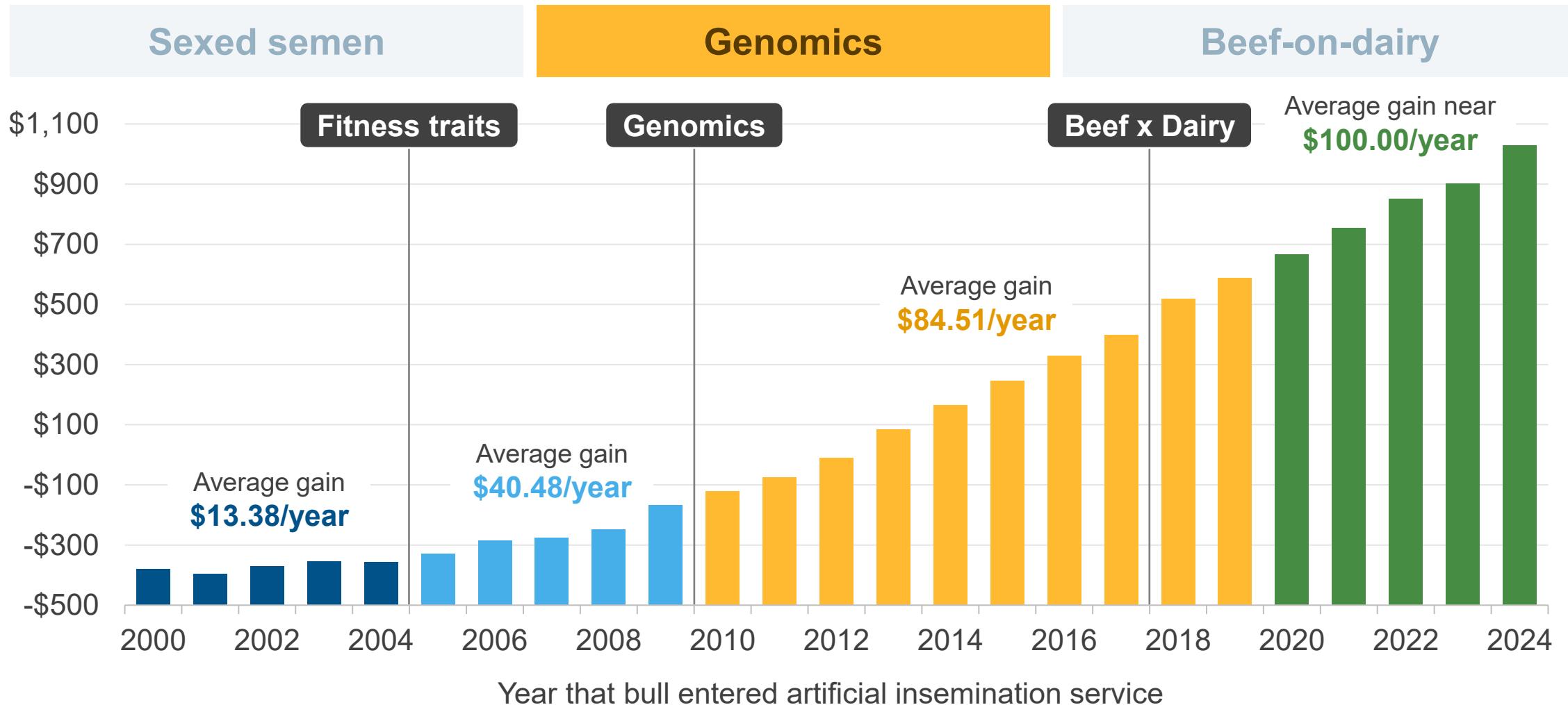
Revealing **70%** of genetic ability while still a calf



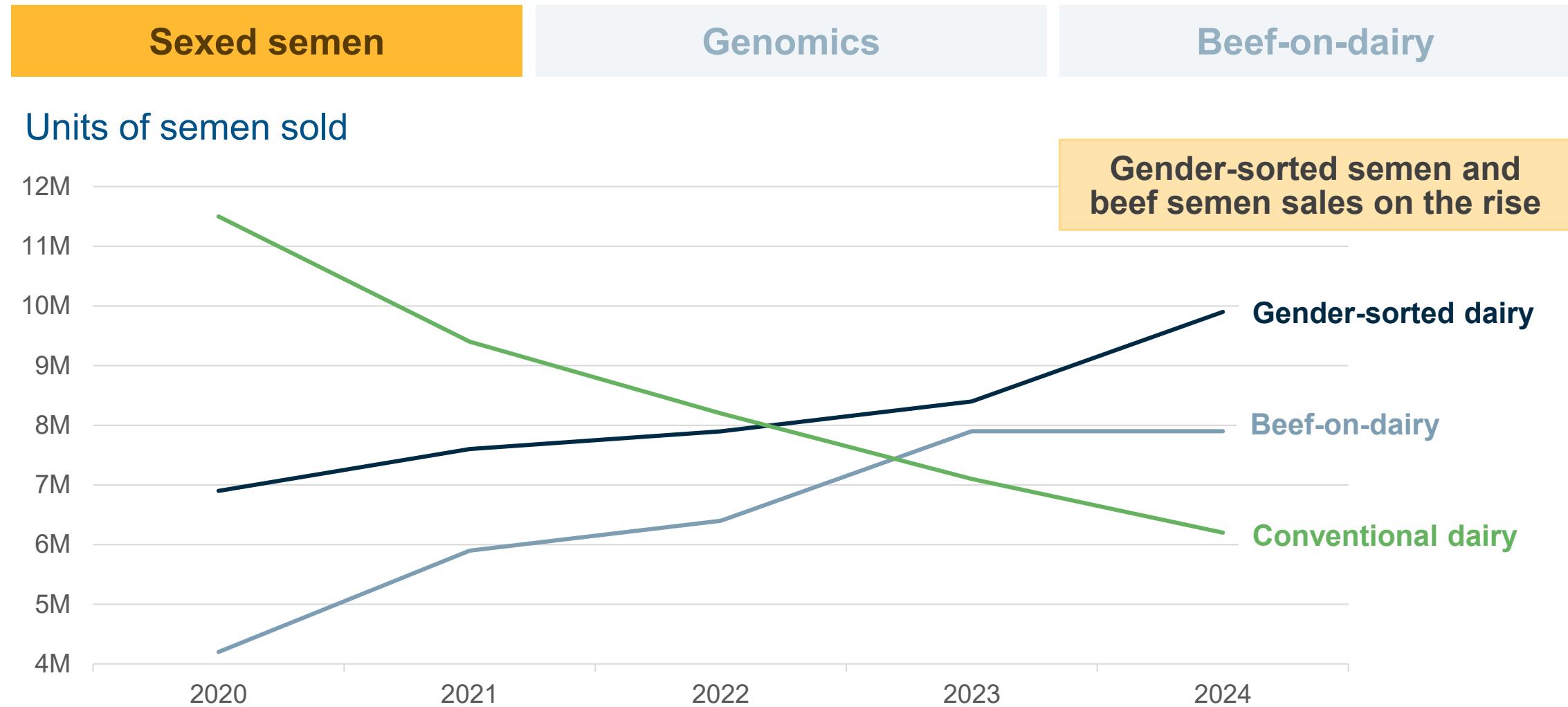
The dairy triple play



Genetic merit of marketed Holstein bulls



Replacements will limit ability to raise U.S. milk production



Beef-on-dairy continues to transform category

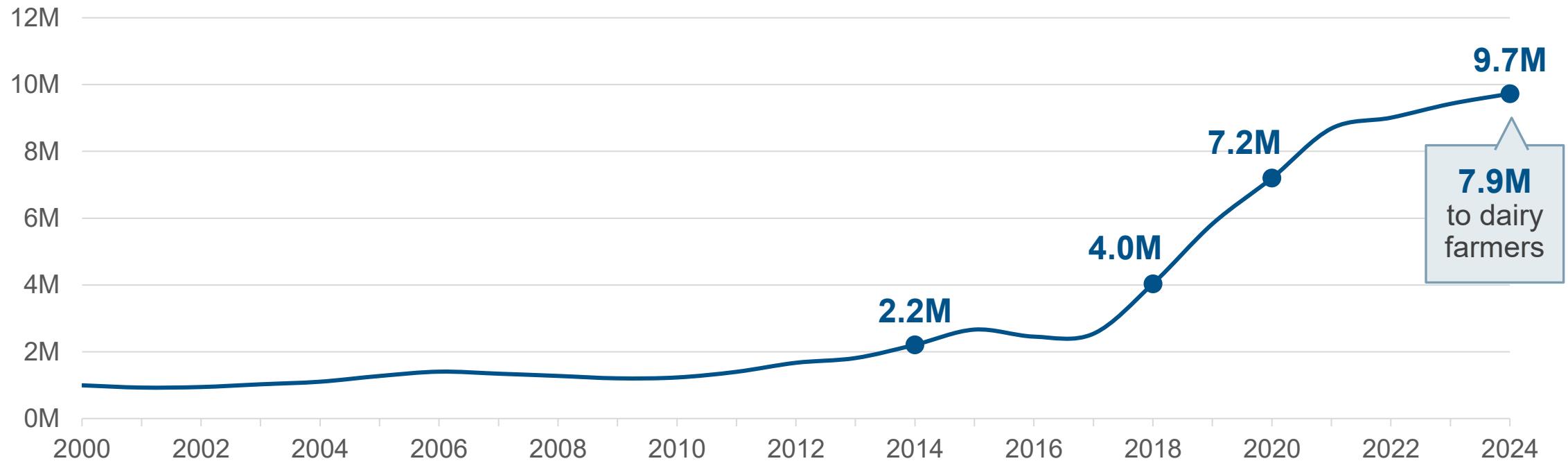
Sexed semen

Genomics

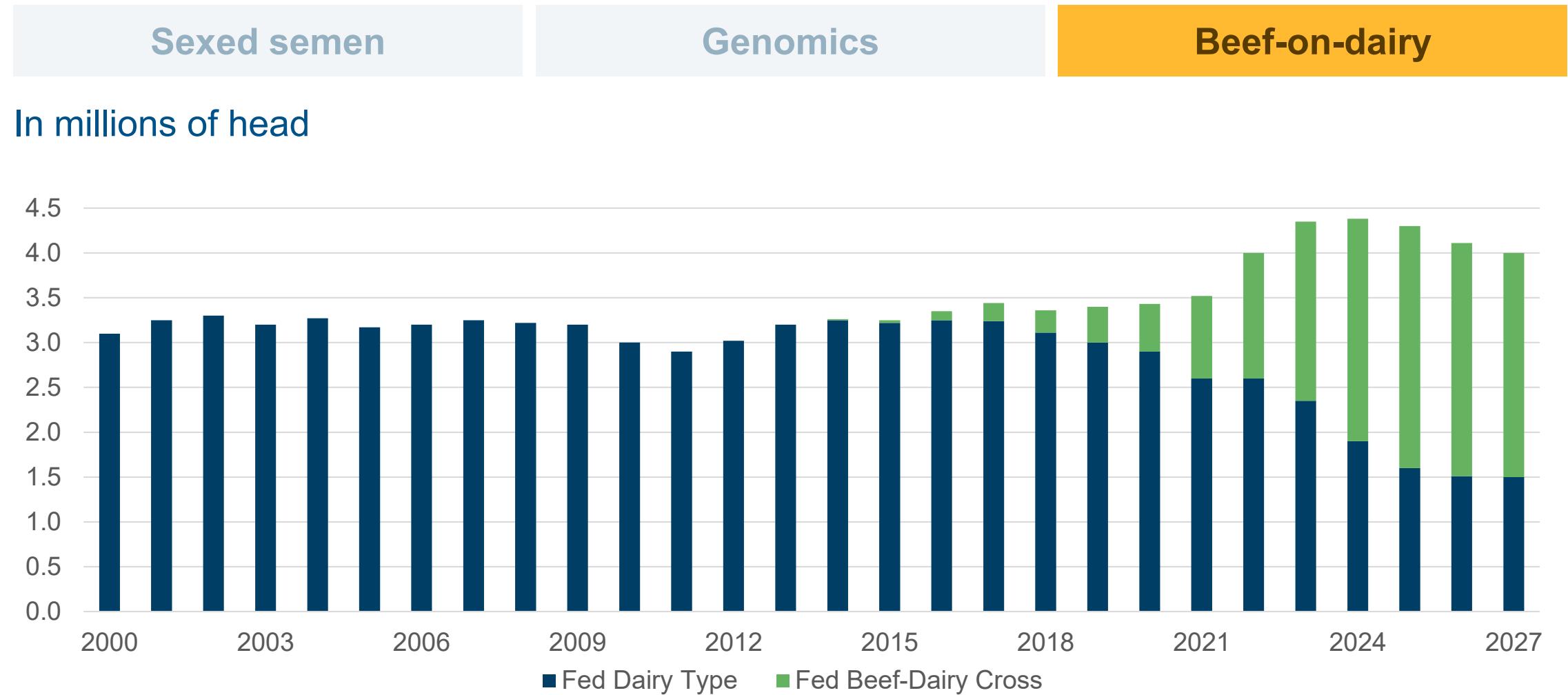
Beef-on-dairy

Domestic beef semen sales climbed substantially

Units sold

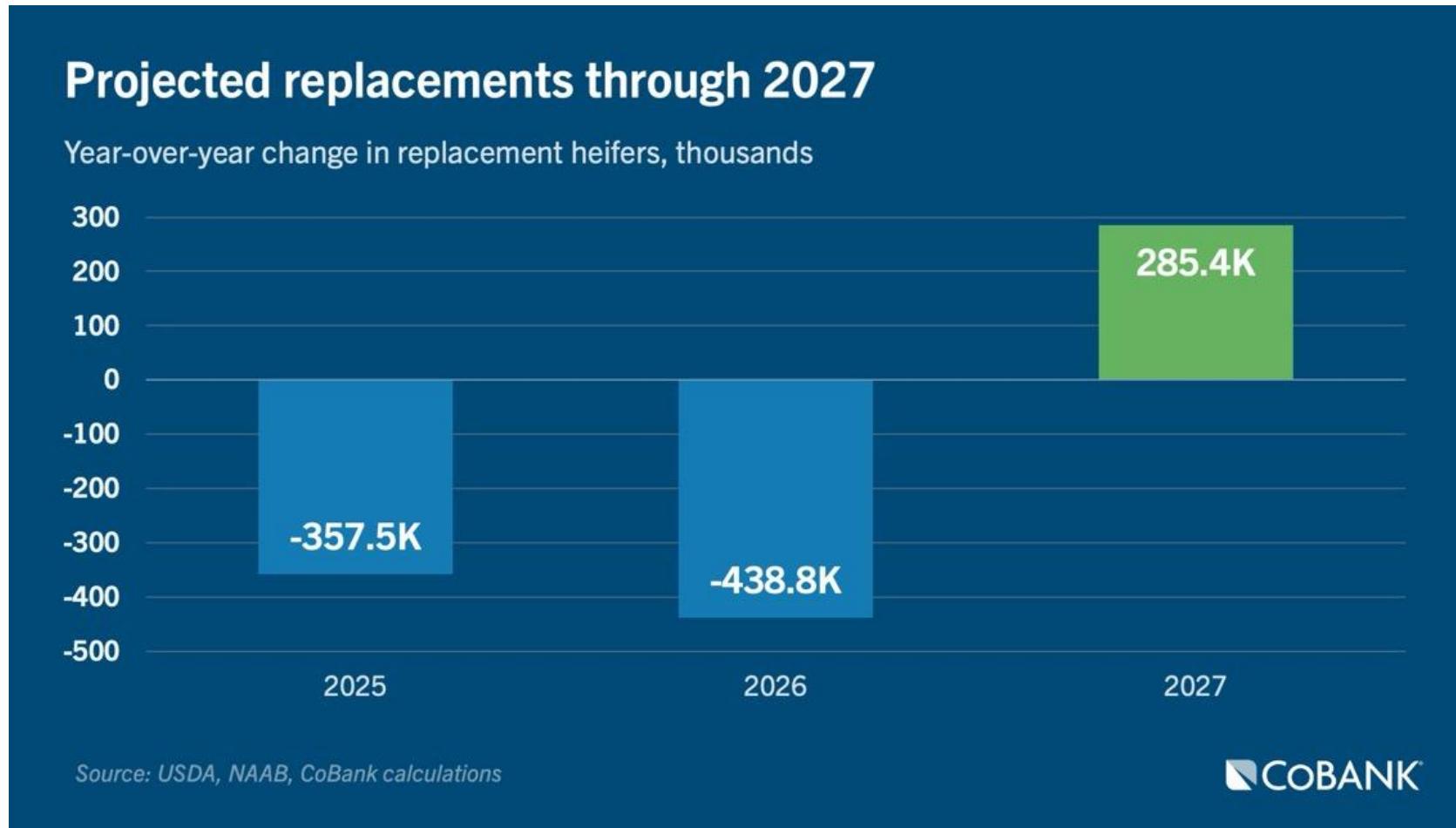


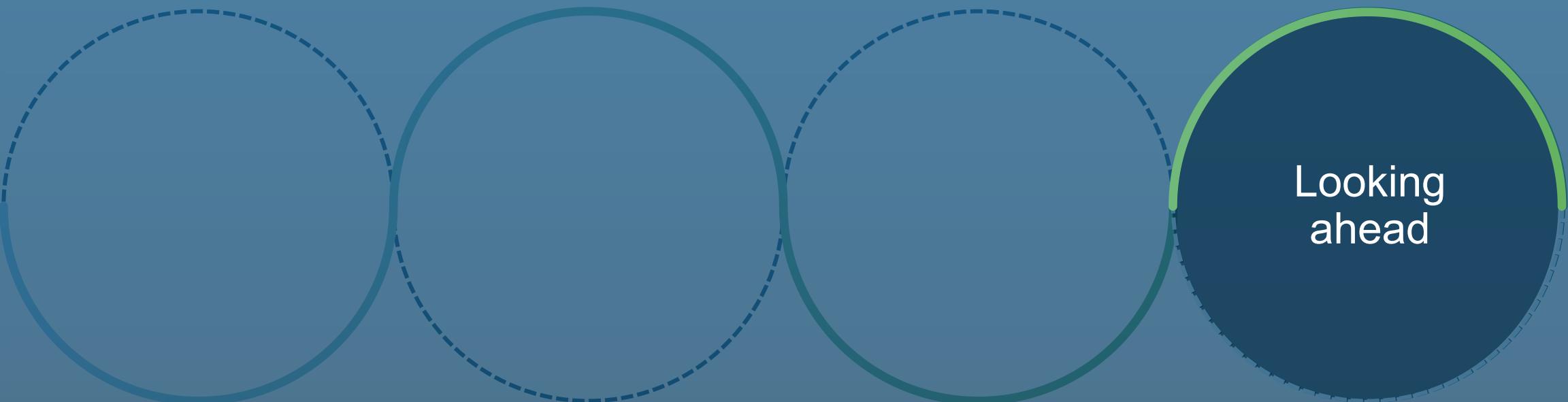
Beef on dairy cattle add more head to the feeder supply



Dairy replacements will shrink further until 2027

Dairy replacements available to enter the milking string on U.S. dairy farm (year over year)





Looking
ahead

Largest dairy cow herd in 30 years

Monthly dairy cow inventory



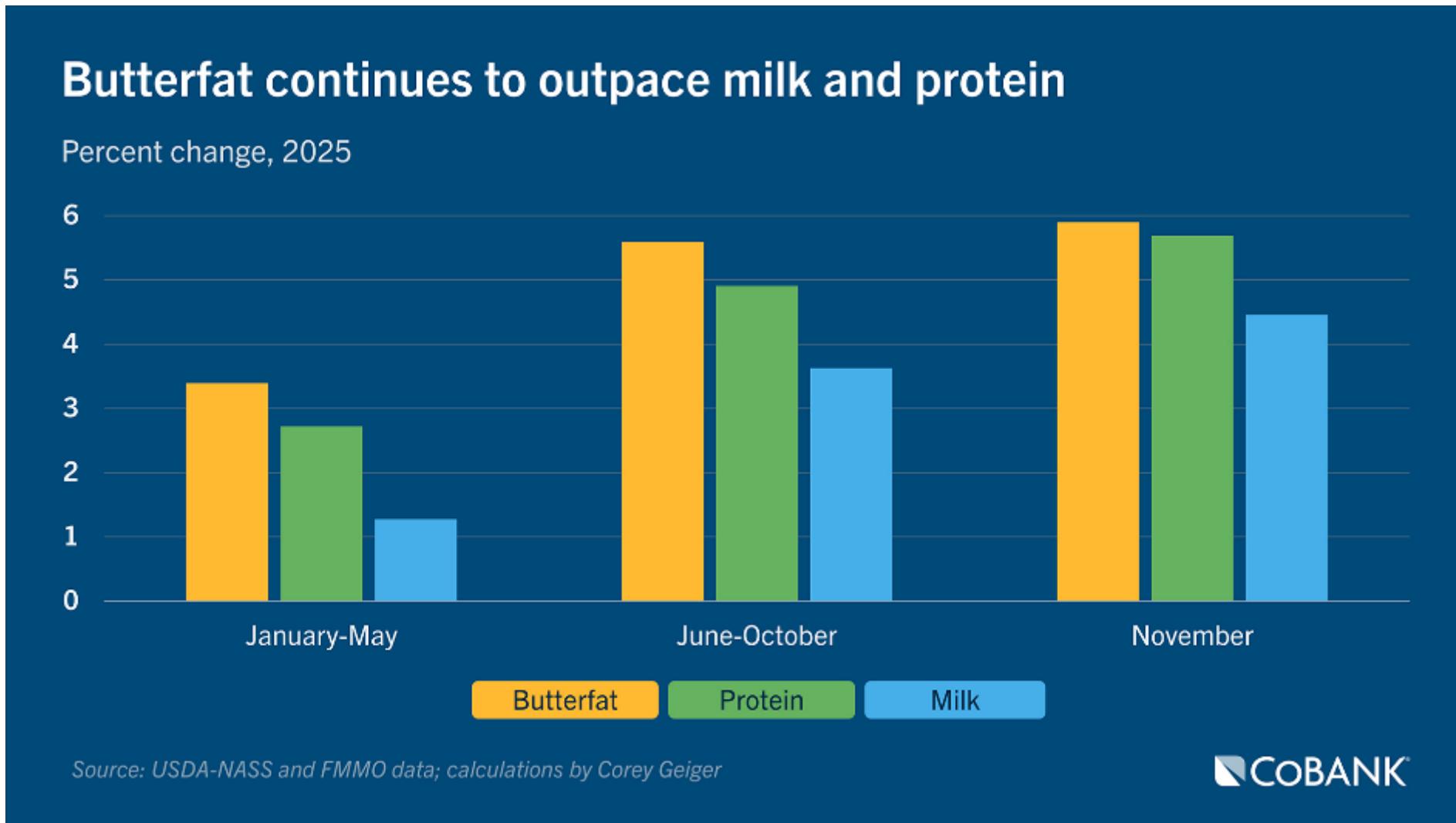
Source: USDA. Presentation by Corey Geiger and Abbi Prins, CoBank.

Why cow numbers and milk may not contract quickly

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



Butterfat production continues to surge year over year



Global Dairy Trade (GDT) pricing fell for 5 months before rebound

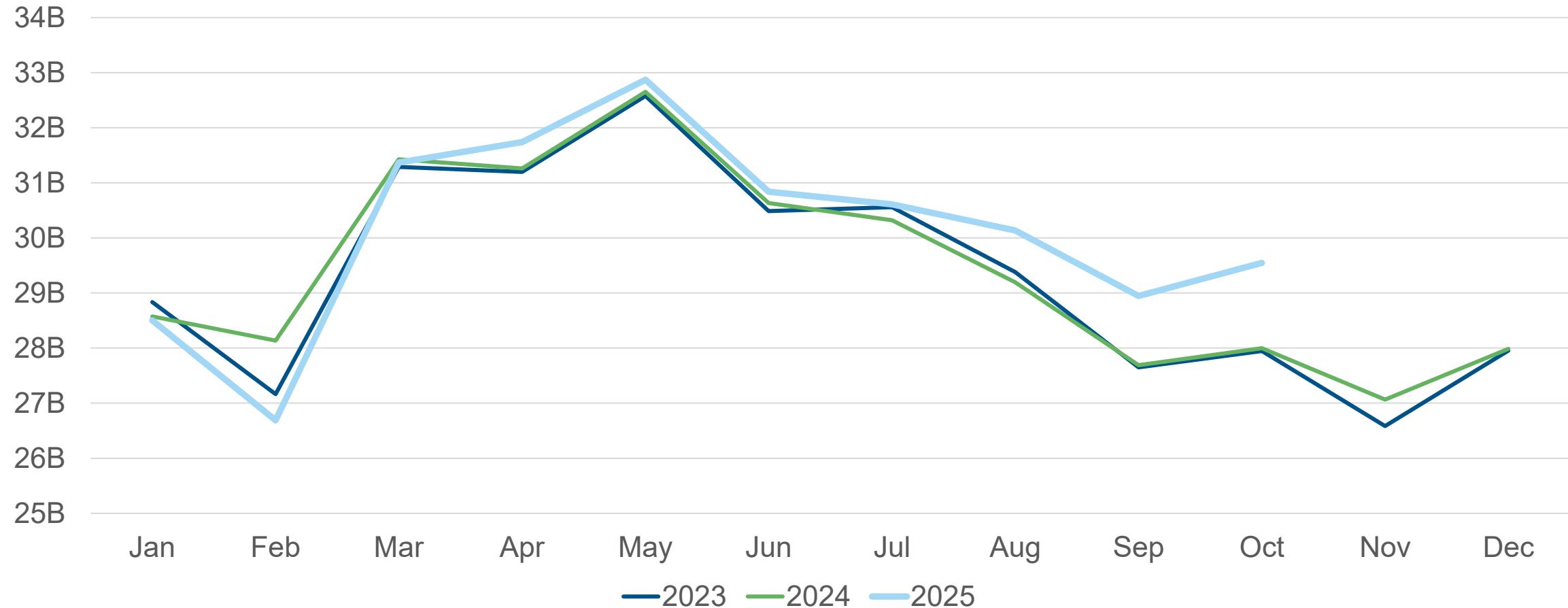
Average weighted price (in USD per MT)



Source: Global Dairy Trade, UDM. Presentation by Corey Geiger and Abbi Prins, CoBank.

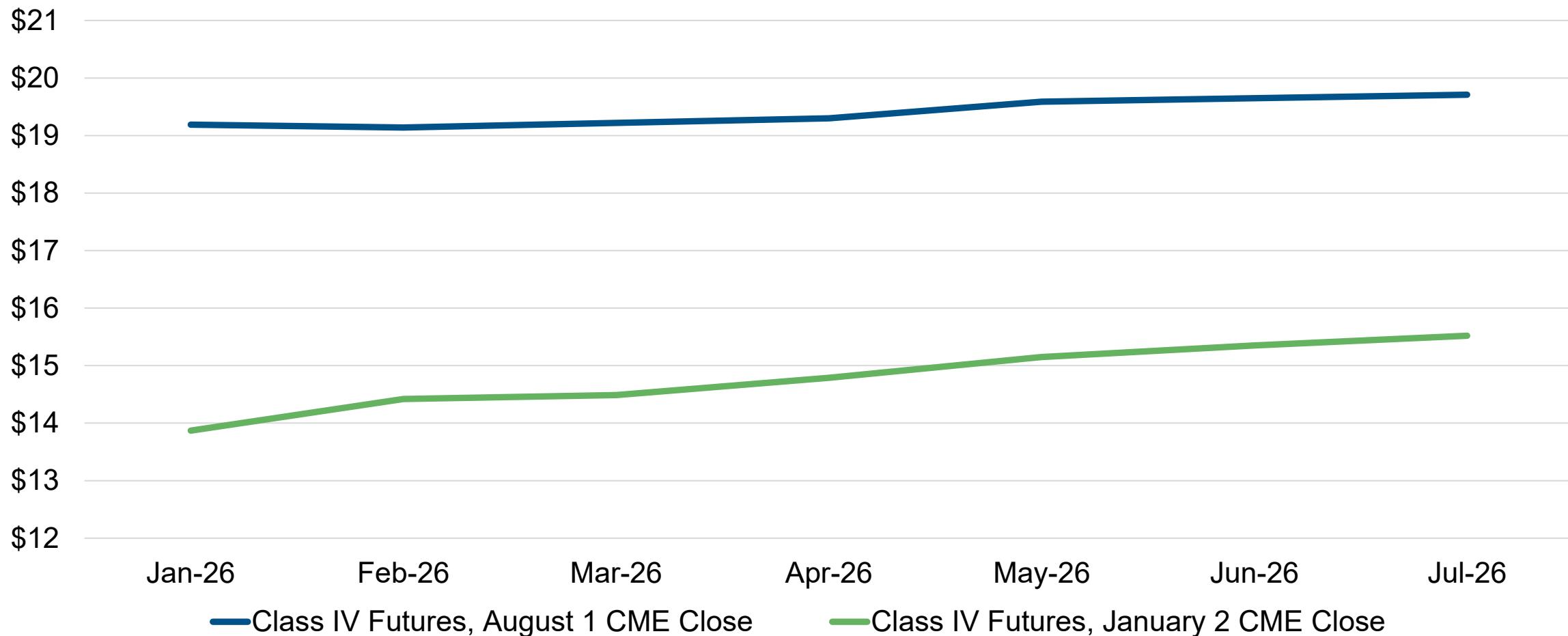
EU milk production has been moving higher

EU milk production (pounds)



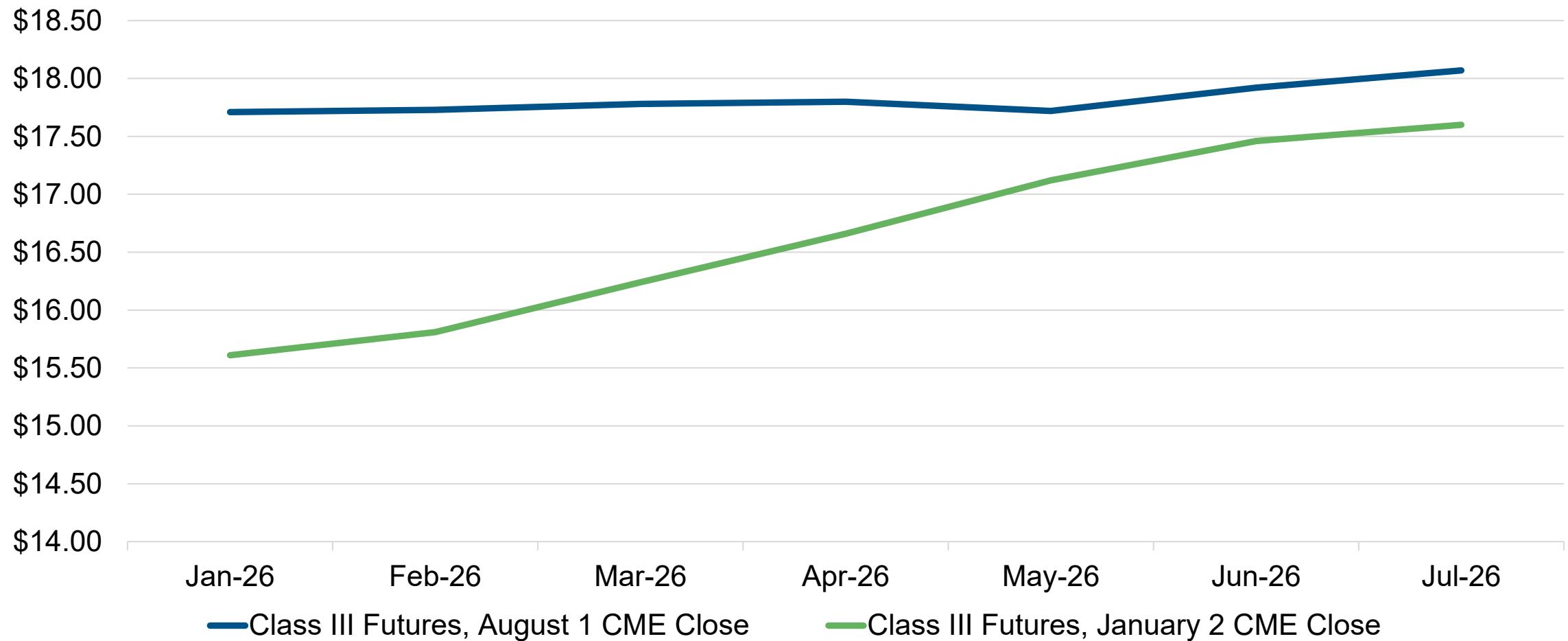
CME Class IV futures quickly turned bearish

Class IV Milk (in \$ per hundredweight)



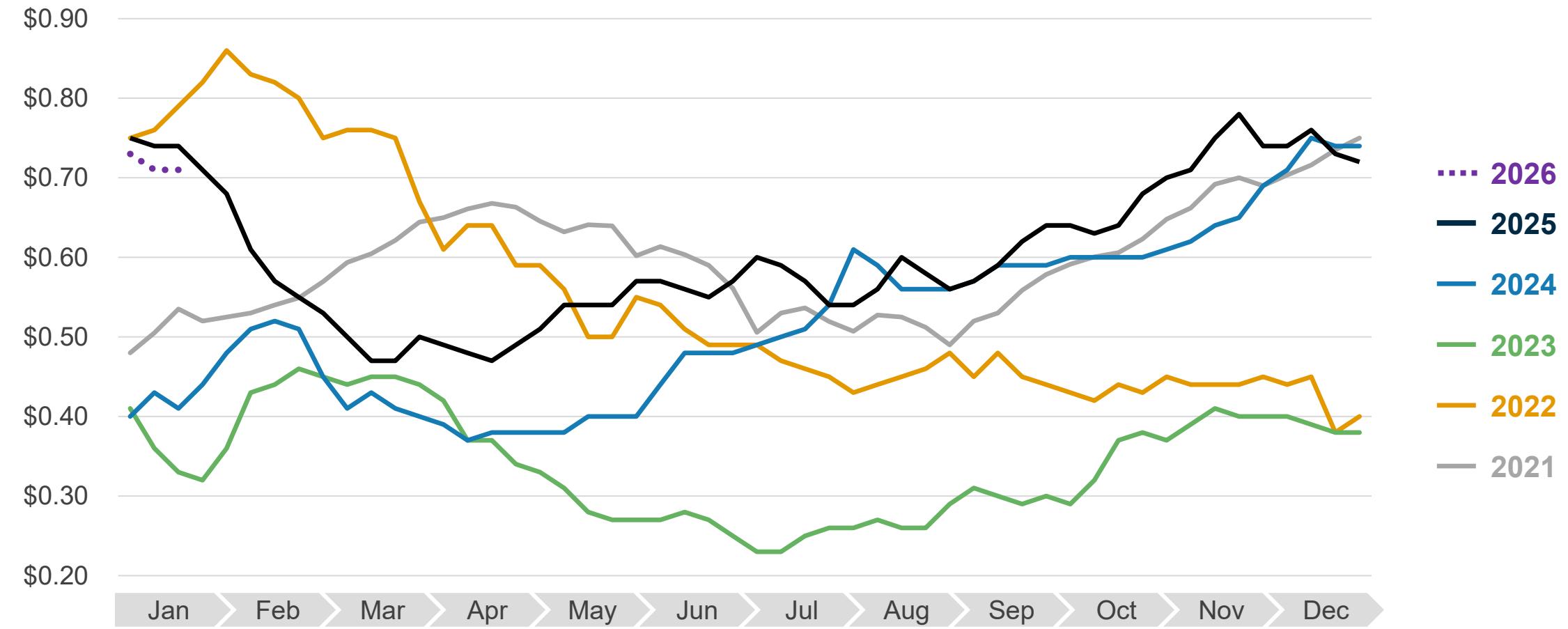
Class III Milk Futures Have Turned Lower

Class III Milk (in \$ per hundredweight)

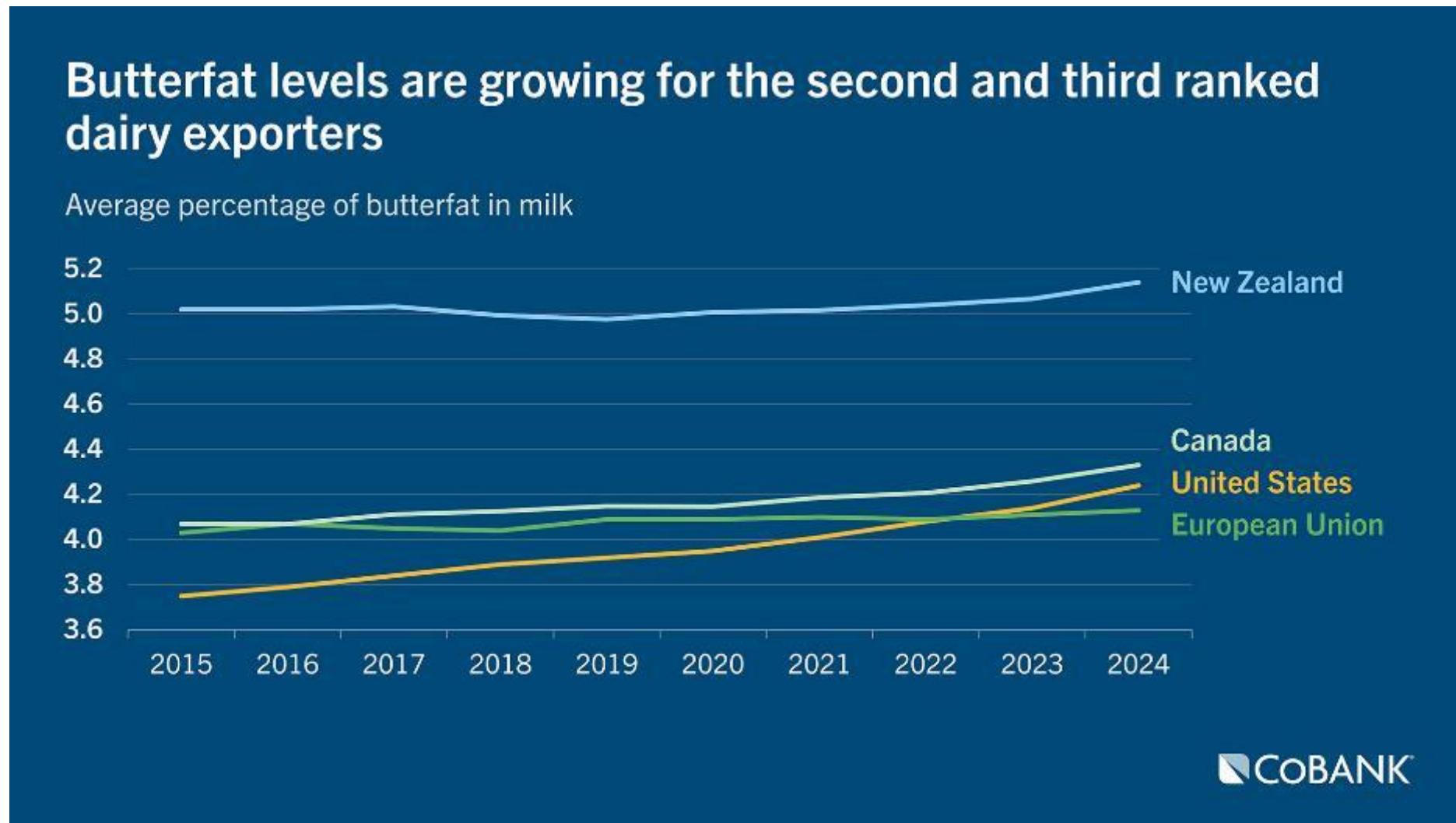


Whey values keep growing driven by consumer demand

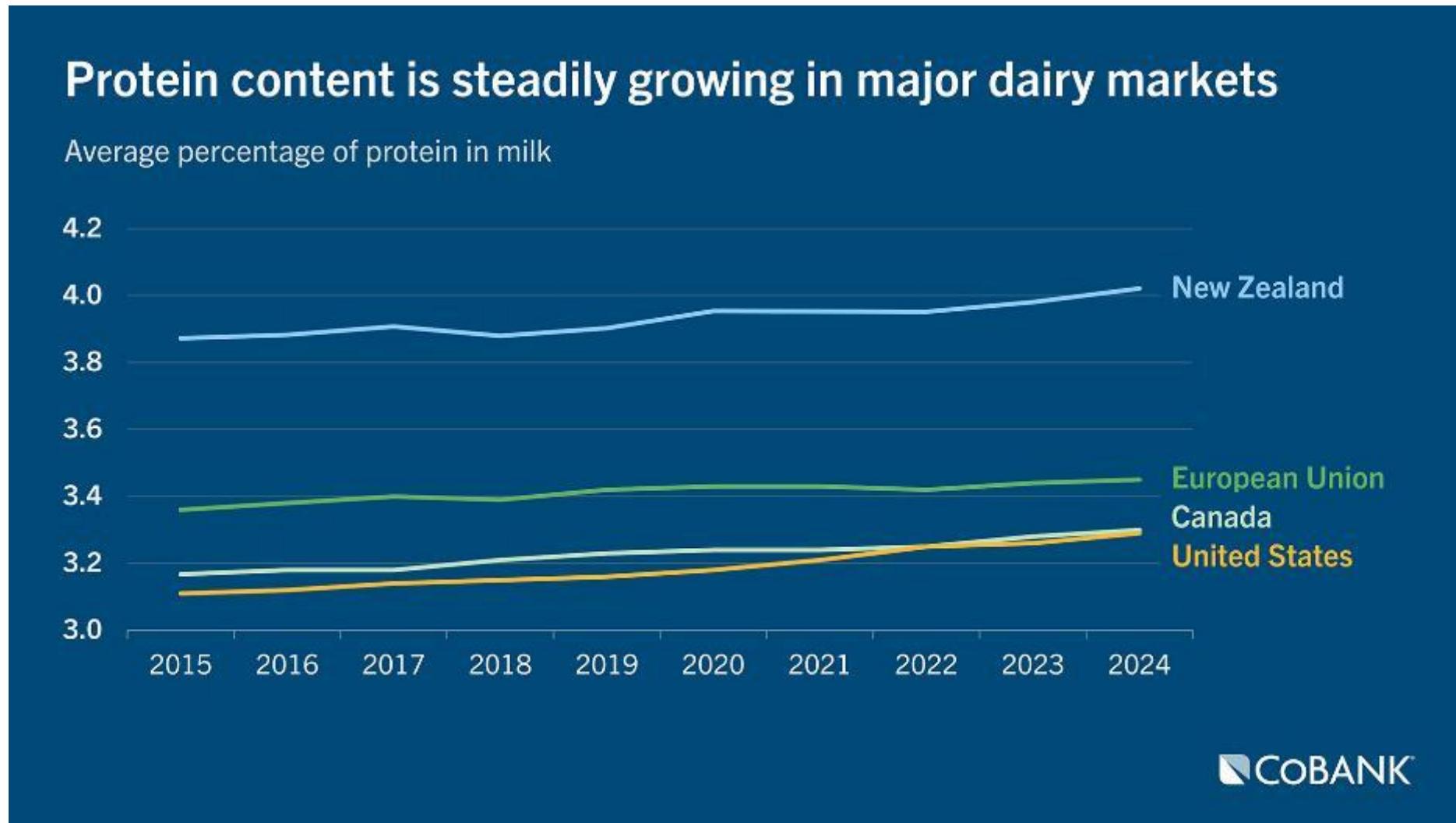
CME weekly average cash dry whey prices (dollars per pound)



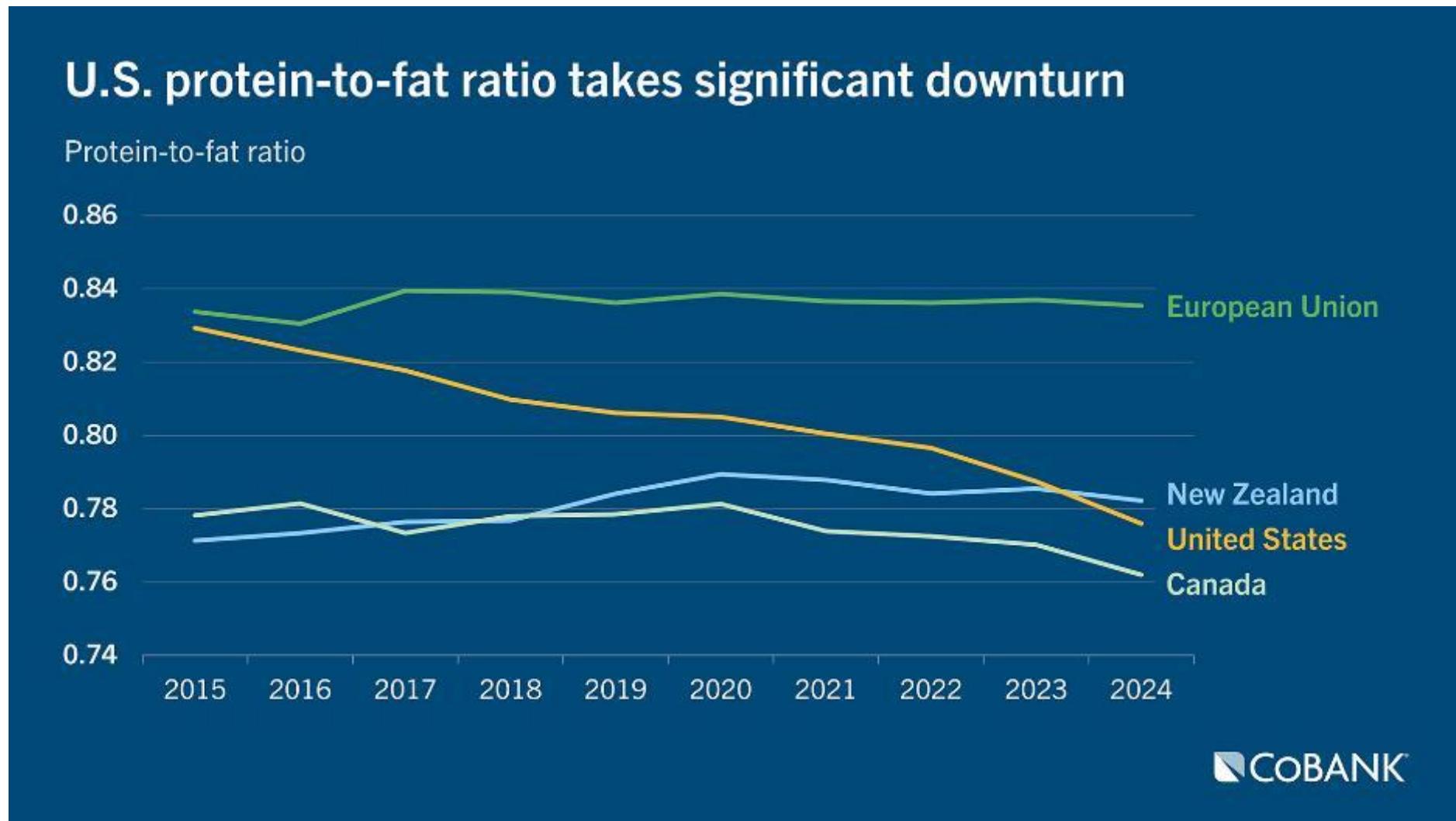
U.S. butterfat percentages have grown over 13% in past decade



U.S. protein percentages have grown 6% in past decade

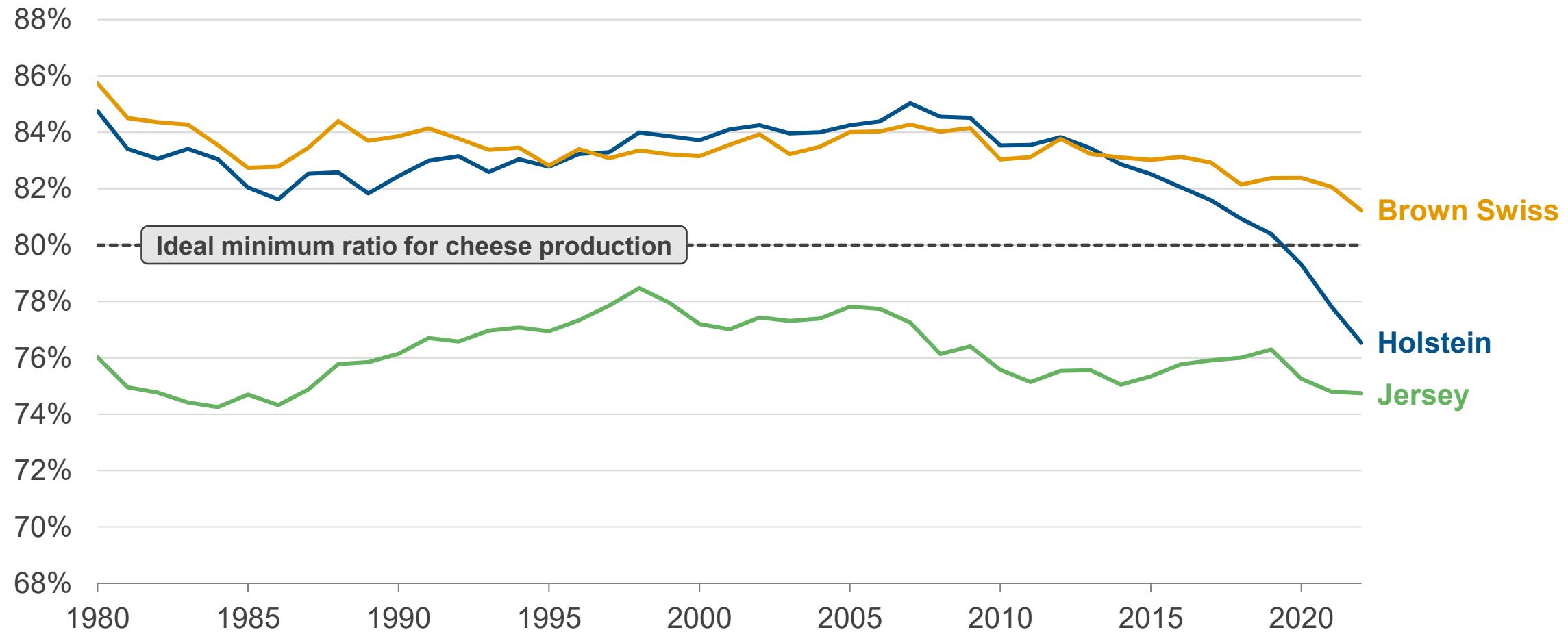


U.S. protein-to-fat ratio brings issues to cheesemakers



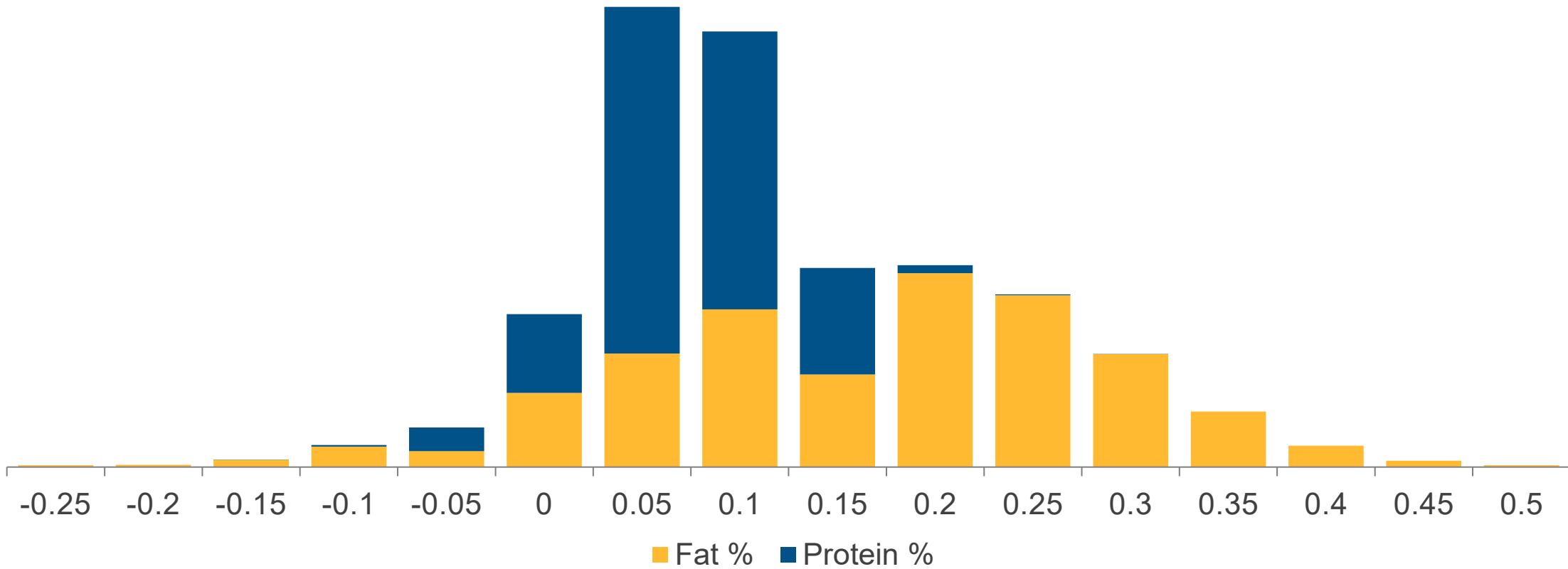
Protein to fat ratios have been steadily declining

Percentage of milk protein relative to milk fat



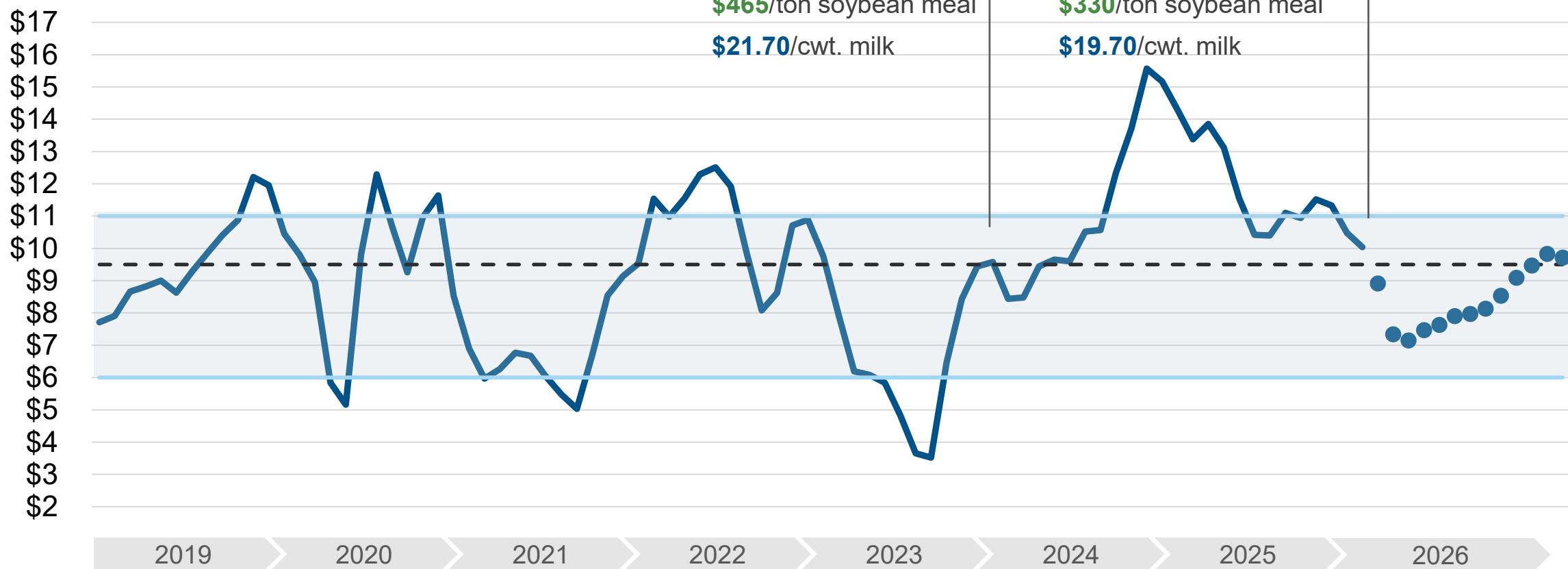
More genetic variation for fat than protein

Predicted transmitting ability (PTA) for fat and protein percentages of Holstein A.I. bulls born since 2020 (frequency of bulls)



Dairy margins to be hindered until milk price rebound

Actual and forecast dairy margin
(dollars per cwt.)



Key themes



Dairy is a growing food category

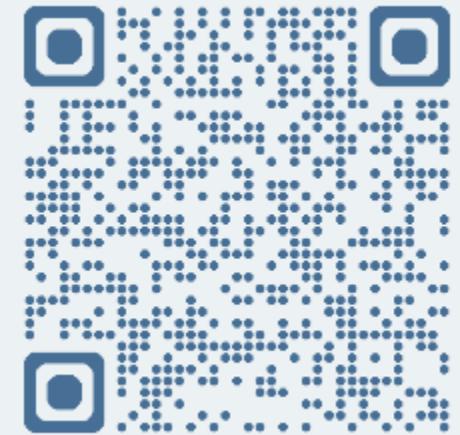


Historic growth in milk components



Beef brings more to dairy

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