

January 5, 2026

MARKET NEWS

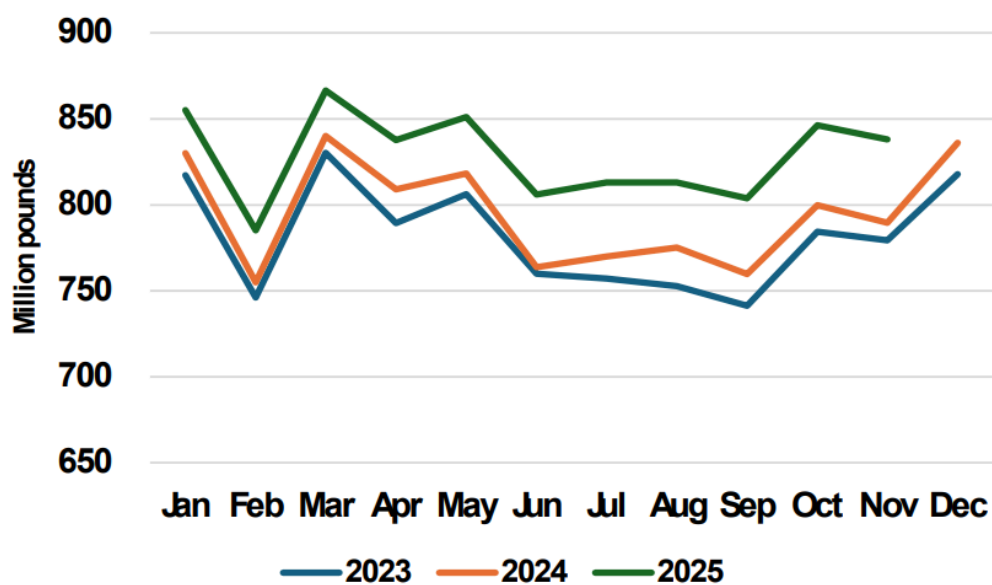
Demand Helped Mitigate Big Supplies in 2025 📦

Daily Dairy Report | January 2, 2026

The bulls ruled in the first part of 2025, while the bears closed out the year. One of the themes of 2025 was the increased volume of milkfat in the United States, which led to multi-year low butter prices. Through November, U.S. dairy cows produced more than 9.1 billion pounds of fat, the most ever for the period, and 4.7% more than January to November 2024, when adjusted for leap year. Butter churns ran hard due to heavy cream supplies and weaker demand for other fat-heavy products including ice cream and cream cheese. Through October, butter production was nearly 2 billion pounds, another record high and 6.9% more than in the same months of 2024. This led to a massive selloff in the butter market, with prices plummeting by more than \$1/lb. from their peak of \$2.62 in early July to their late-December bottom of \$1.385/lb.

New processing capacity was also the talk of the industry, as greenfield-built cheese plants roared into action. Most of the new cheesemaking facilities came online in the Central Plains, which pushed output to record levels in the region. Through October, more than 6.1 billion pounds of cheese were produced the Central US, up more than 5% from the same period in 2024. As these facilities continue to move beyond the ramp-up phase, even more cheese will be produced in early 2026.

US Butterfat Pounds



While cheese exports grew and set multiple records in 2025, absorbing some of this new production, strong export sales will be needed again in 2026 to keep cheese from piling up

and prices from falling further. In addition, the huge discount that U.S. cheese commanded relative to prices offered by other dairy exporters made it the product of choice for international buyers, boosting U.S. cheese exports. This price advantage will need to be maintained in 2026 for the United States to continue to move large volumes of cheese abroad. In October and November 2025, the price advantage narrowed, and EU cheese became the cheapest in the world.

However, by late December, CME block Cheddar prices dropped to \$1.3325/lb., their lowest price in over two years, highlighting the competitiveness of the global marketplace.

Whey protein concentrates and whey protein isolate production also set record highs, but despite growing volumes, prices also headed to new high-water marks on relentless demand. Cottage cheese production grew, with year-to-date production through October at its highest level since 1989 at nearly 1.2 billion pounds for the three varieties USDA tracks. The heavy protein demand pushed dry whey prices over 70¢ per pound starting in late October, helping them finish 2025 where they started. This made whey the only dairy commodity to show strength by the end of 2025. Due to the rise in GLP-1 weight-loss drugs and the social media influence of protein consumption, this trend is unlikely to slow in the new year.

Looking ahead, more milk is expected globally, and lower prices will persist for at least the first half of the year. But glimmers of hope are on the horizon for dairy demand. For example, Taste of Home lists cold foam, a whipped cream-like topping that coffee shops and at-home cooks use as a garnish for iced coffees, as continuing to grow in popularity, along with a greater emphasis on gut health, which bodes well for cultured dairy products such as kefir and yogurt. The Food Network named Hojicha, a Japanese green tea treat, as the 2026 beverage of the year. Hojicha, typically made as a latte, offers more opportunities for milk use at coffee shops. Dairy-laden Tiramisu is the news outlet's dessert of the year, while the New York Times predicts that while protein's popularity may have peaked in 2025, it will remain a food trend in 2026, along with a return to nostalgic cooking and wholesome foods—including dairy.

NMPF NEWS ALERT

- Welcome back! Before the holiday break, Congress passed the Whole Milk for Healthy Kids Act in both the Senate and the House. The bill now awaits presidential signature to become law. The Senate also confirmed Dr. Julie Callahan as Chief Agricultural Negotiator for the Office of the U.S. Trade Representative before adjourning for the holidays.
- Congress returns this week to unfinished work—including reauthorizing key farm bill programs not included in the One Big Beautiful Bill Act in July. Lawmakers also face the threat of another government shutdown if they do not pass the remaining fiscal 2026 spending measures before the Jan. 30 deadline.

CEO's Corner: Whole milk win points the way forward

NMPF – Jan. 5

What a great way to end a year — and begin a new one. It's hard to overstate the importance of the Whole Milk for Healthy Kids Act, which is now law, not only because it represents major progress in improving the nourishment of American schoolkids, but because of what it says about the moment that dairy is experiencing, and the great opportunities this industry has to build on that momentum.

USDA releases bridge assistance payment rates

Agri-Pulse Daybreak (Starts at 1:11) – Jan. 5

USDA made some important news during the holiday break, releasing payment rates for \$11 billion in the Farmer Bridge Assistance Program, as well as the final annual Household Food Security survey. Commodity groups welcomed the release of the payment rates but also stressed that they would not make farmers whole after several years of stagnant prices and rising input costs.

Beef pricing remains a bright spot amid 2026 uncertainty

Wisconsin Public Radio – Jan. 2

Many farmers are entering 2026 in a tight spot. Crop growers in the Midwest and Great Plains are grappling with low crop prices. Meanwhile, beef is selling for record-high prices, sparked by the smallest U.S. herd in about 75 years. Cortney Cowley, a senior economist at the Kansas City Federal Reserve Bank, said the challenges for crops and livestock are opposites.

Mental health resources, stress management tips for farmers

Successful Farming – Jan. 5

Communication with loved ones, neighbors, and mental health professionals can be a key piece of addressing the stressors and mental health issues that affect farmers at higher rates than other professions. According to the National Rural Health Association, suicide rates are “significantly higher” in rural areas than in urban areas and farmers die by suicide at a rate 3.5 times higher than the general population.



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