

May 26, 2026

MARKET NEWS

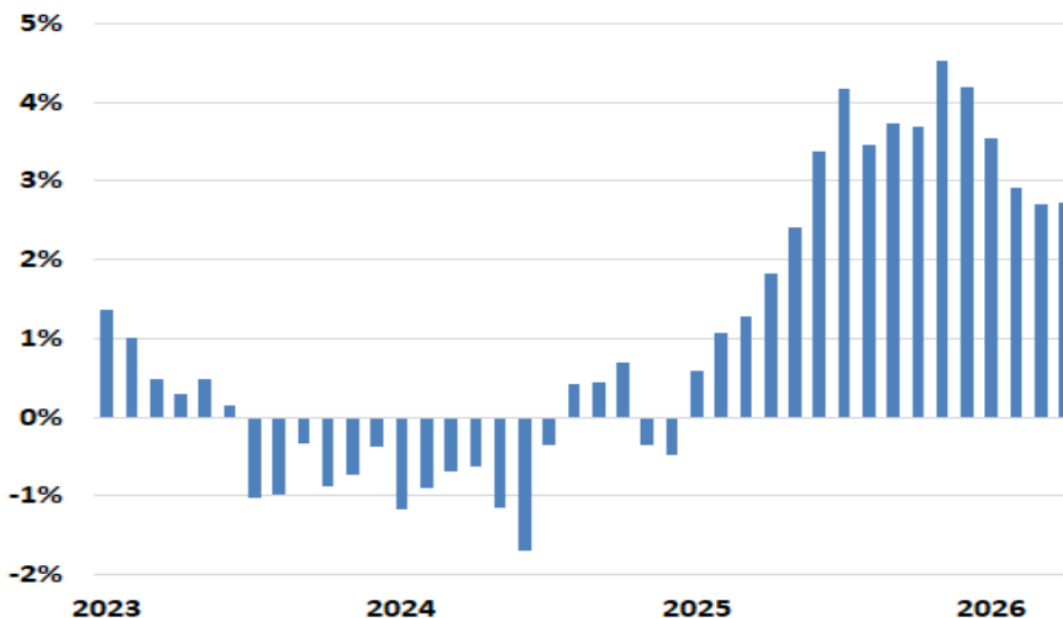
U.S. Dairy Industry Expands Again 🥛

Daily Dairy Report | May 22, 2026

The U.S. dairy industry expanded again in April. Dairy producers added 10,000 cows, and the dairy herd grew to 9.645 million head, the highest headcount since mid-1993. Producers milked 190,000 more cows than in April 2025 that gave 0.7% more milk, on average, than their peers did a year ago. With that, milk output jumped 2.7%, matching March's year-over-year growth and outpacing analysts' expectations. The industry is now building on last year's strength. The U.S. milk[1]cow herd had largely recovered from avian influenza by April 2025, and milk output that month was 1.8% greater than in April 2024.

Nearly every major dairy state contributed to the expansion. Milk cow numbers were higher than the prior year in every state except New Mexico, Pennsylvania, Vermont, Virginia, and Washington. Cows from those states moved to nearby milksheds, boosting head counts in Texas, Kansas, Idaho, and New York to supply new dairy processing facilities. Dairy producers in Kansas cranked out 94 million pounds more milk than last year, a 23.7% increase. Top-ranked dairy states California and Wisconsin both made 79 million pounds more milk than in April 2025, while Texas added 67 million pounds of milk and Idaho's and Michigan's output jumped 45 and 42 million pounds, respectively.

YOY Change in Milk Output



On-farm economics suggest that expansion will continue. Dairy producers who earn some Class I or Class IV revenue can expect to cash massive milk checks in the months to

come—despite the recent setback in Class IV prices. Record-shattering cull cow and crossbred beef calf revenues will further pad U.S. dairy producers' bottom lines.

U.S. cheese and butter inventories grew seasonally from March to April, but decent domestic demand and hefty exports helped keep growth in check despite ample production. According to USDA's Cold Storage report, butter inventories advanced 18.3 million pounds in April, a smaller-than-typical increase. At the end of last month, 308.2 million pounds of butter were being held in refrigerated warehouses, 8.5% less than the year before and the smallest April tally since 2022.

Cheese stocks grew 12.4 million pounds last month, and American-style cheeses, including Cheddar, accounted for nearly the entire increase. Cheese inventories stood at 1.42 billion pounds on April 30, down 0.9% from the same date in 2025. The steep increase in American-style cheese stocks in both March and April suggests that, while exports are helping to clean up supplies of other cheese varieties, international buyers are not interested in U.S. Cheddar. If American-style cheese continues to pile up, some will wind up in Chicago and weigh on the CME spot price. CME spot Cheddar prices dropped a nickel this week to notch a three-month low.

Other dairy markets also plummeted this week. The short squeeze that propelled CME spot nonfat dry milk (NDM) markets to all-time highs has clearly ended. CME spot NDM plunged 20¢, and the other dairy product markets also lost ground. Most Class IV futures contracts lost more than \$1/cwt. this week, while Class III futures dropped between 30¢ and 98¢ per hundredweight.

NMPF NEWS ALERT

- Two NMPF publications, the [Regulatory Register](#) and the [Dairy Market Report](#), were released last week. The Regulatory Register covers key regulatory issues from the last quarter, and the Dairy Market Report dives into the latest market data.
- The National Dairy FARM Program is hosting a 45-minute informational webinar at 2 p.m. ET Thursday to walk through how data is collected, stored, and protected within the program. The session will also dig into how the FARM Environmental Stewardship Program helps keep farmer data safe while opening the door to opportunities like carbon programs and market-driven premiums. [Registration](#) is required.

Dairy Defined Podcast: Milk variety makes healthy kids

NMPF – May 26

The greater the variety of milk in schools, including whole, lower-fat and flavored varieties, the greater the benefits to students, dairy farmers are telling lawmakers as they meet them on Capitol Hill. The latest podcast episode features Lauren Schwartzbeck, a schoolteacher and dairy farmer who farms near Union Bridge, MD, and Prairie Farms Chairman and NMPF Executive Committee Member Frank Doll, whose dairy is near Greenville, IL.

Surface transportation bill passes House committee

Agri-Pulse – May 22

The House Transportation and Infrastructure Committee early Friday morning advanced a \$580 billion bill to reauthorize a slate of road, bridge and transportation infrastructure programs for five years after approving amendments targeting rail safety and truck weights. The Build America 250 Act was approved with a 66-2 vote after a 14-hour committee markup that began Thursday morning.

Organic Valley sues to leave federal milk marketing system

Wisconsin Public Radio – May 26

Wisconsin-based Organic Valley and other major organic brands are challenging the federal system regulating the sale of milk, which they claim favors conventional producers. The Coalition for Organic Dairy Exemption, which also includes Aurora Organic Dairy and

Horizon Organic Dairy, filed a lawsuit against the federal government questioning the constitutionality of requiring participation in the Federal Milk Marketing Orders program.



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