

July 6, 2026

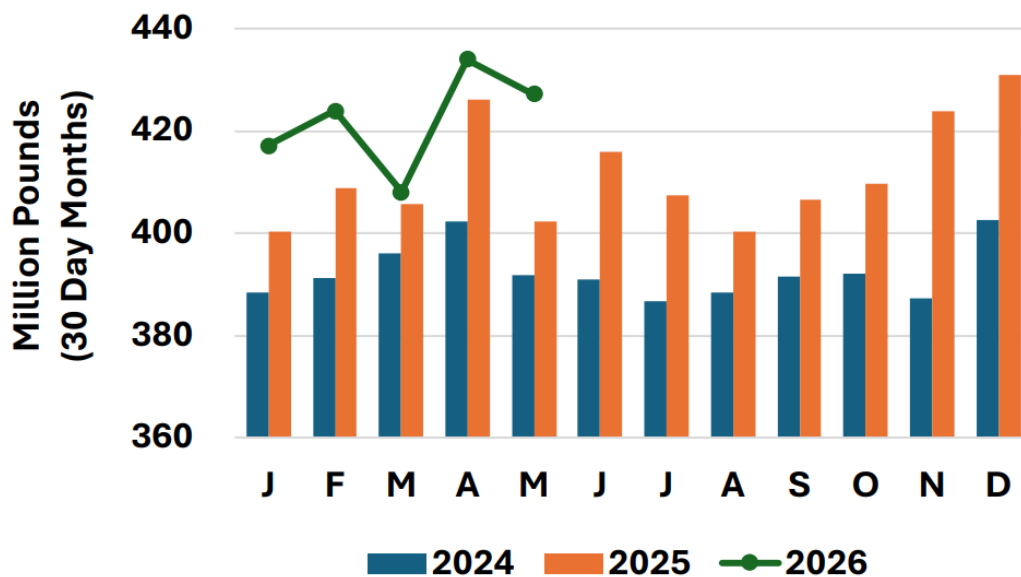
MARKET NEWS

Butter, Cheese Production Persists

Daily Dairy Report | July 2, 2026

Strong milk production ensured that dairy product output also remained robust, according to USDA's May Dairy Products report released today. Even as the fat content of raw milk has stabilized, butter production has continued to expand. Churns turned out 224.25 million pounds of butter in May, up 3.5% compared with the previous year. Abundant production has also led to record-large trading volumes at the CME spot market. Demand, particularly from international sources, has stayed sufficiently upbeat to prevent a dramatic deterioration in prices, but if the hefty production levels persist, accumulating inventories could start to weigh more heavily on prices.

U.S. Mozzarella Production



Cheese production also ticked up in May, rising 2% year over year to 1.282 billion pounds. Italian varieties led the charge, with Mozzarella production jumping 6.2%. Much of this Mozzarella has likely been routed to international markets, fueling record-large cheese exports. Meanwhile, domestic demand, especially through foodservice channels, remains tepid. Cheddar production fell 1.2% in May, likely reflecting manufacturers' fears of getting stuck with overpriced inventory as May's CME spot price declined.

Even as the nonfat dry milk (NDM) price reached its peak, dryers struggled to maintain their recent production pace. Combined production of NDM and skim milk powder totaled

202.662 million pounds, down 1.6% compared to the May of last year. This represented the first decline in production following four consecutive months of growth.

For the first time since December 2022, whey protein isolate production did not rise in May, with volumes slipping 0.5% instead. Meanwhile, output of whey protein concentrates with more than 50% protein rose 5.9% and dry whey production for human consumption jumped 14.3%.

NMPF NEWS ALERT

- Last week before the holiday, the long-awaited Securing Agriculture's Workforce Act of 2026 was introduced by House Agriculture Committee Chair Glenn "GT" Thompson. This bill represents the most significant reform to the ag workforce in decades and has an astounding 49 original co-sponsors.
- NMPF will continue to press the administration, Congress, and trading partners on strengthening dairy provisions and securing renewal for the U.S.-Mexico-Canada Agreement, as the three countries did not come to a long-term renewal agreement by the July 1 deadline. The original USMCA is still in place and will now have formal annual reviews each July 1 through 2036.

Deadly screwworm's leap into the U.S. mystifies health experts

Bloomberg – July 6

As the deadly New World screwworm spreads through Texas, posing significant risk to the U.S. cattle herd, experts are still puzzling over the mystery of how it got there. The parasite fly's larvae, which feeds within the wounds of warm-blooded animals, was first detected in a calf in Zavala County at the start of last month, marking the first case in the country's livestock in about five decades. Detections have grown to over 30, and it's still unclear how the pest got into the U.S. or how it is spreading.

USDA reports unusually large beef exports, raising data doubts

Reuters – July 2

With U.S. beef prices soaring and supplies tight, USDA surprised meat producers and traders on Thursday by reporting a spike in the nation's export sales, fueling questions over the accuracy of the data. The beef export sales, reported in weekly USDA data, included deals that may have taken place months ago, contributing to the sudden increase, the agency told Reuters. Traders said the totals still looked excessive.

Unfinished Farm Bill: First reading of proposed Senate legislation

Successful Farming – July 6

Senator John Boozman, R-AR, chairman of the Senate Committee on Agriculture, Nutrition, and Forestry, released legislative text for the unfinished provisions of the traditional farm bill on June 23. Chairman Boozman is calling the legislation "Farm Bill 2.0". This article provides a first reading of the legislative text and some discussion about cuts to conservation proposed in it.





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