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MARKET UPDATE
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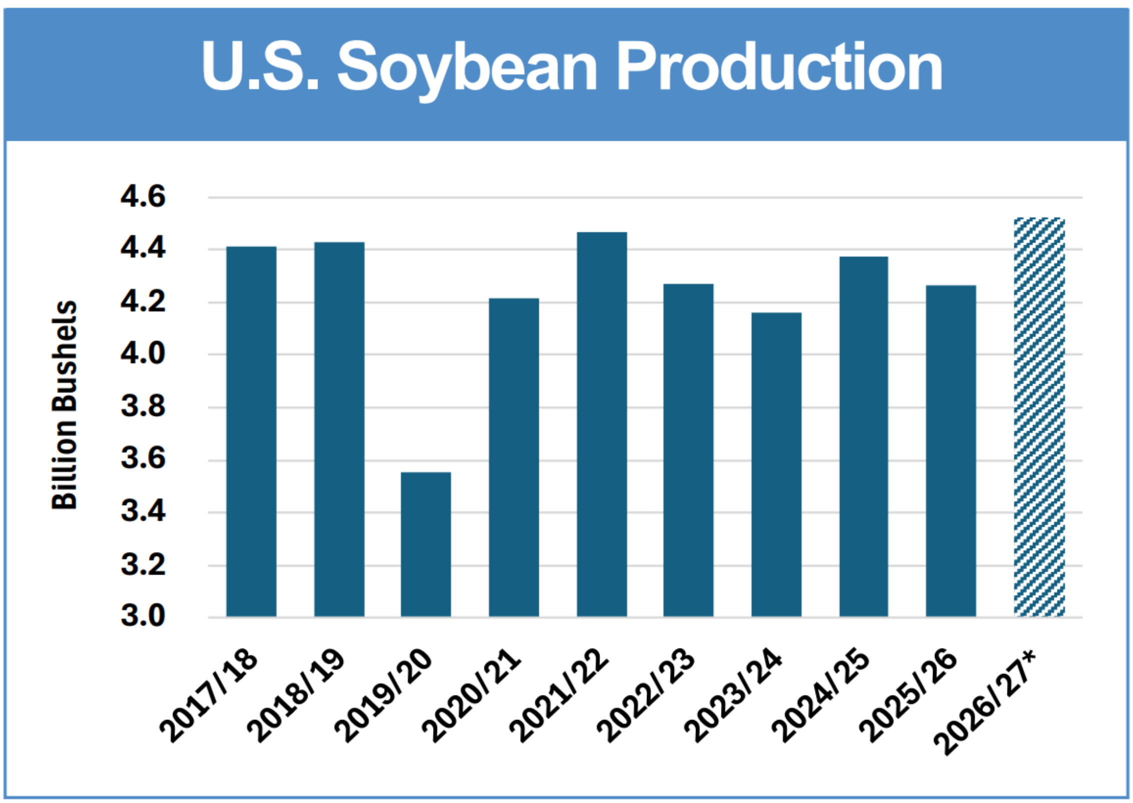
MARKET NEWS

Daily Dairy Report | August 12, 2026

USDA Decreases Corn, Soybean Yields 📉

USDA reduced its yield expectation for this year’s corn crop in its World Agricultural Supply and Demand Estimates (WASDE) released today. The agency’s first surveybased estimate of the season pegged corn yields at 180.7 bu. per acre for the 2026- 27 production year, a decrease of 2.3 bu. from July’s estimate and a 5.8-bu. dip from last year. Despite the lower yields, USDA increased its corn production estimate a slight 0.1% due to an anticipated 1.3-millionacre increase in harvested area. With production effectively unchanged at 16.013 billion bushels, lower beginning stocks and higher exports led to a 137-million-bushel decline in ending stocks, which pushed the average farm price up a dime to $4.50/bu.



USDA made only minimal adjustments to its soybean ledger, with an increase in estimated acreage more than compensating for a small reduction in yield. Taken together, USDA now pegs soybean production at 4.519 billion bushels, which, if realized, would be the largest U.S. soybean crop ever recorded. Minor changes across the rest of the balance sheet left the average price of soybeans and soybean meal unchanged at $11.40/bu. and $310/ton, respectively.

USDA also made only small revisions to its international projections in this month’s WASDE report. Expectations for corn and soybean production in South America were unchanged from last month’s estimates. The agency increased corn and wheat production forecasts for Russia and Ukraine, but continued conflict in the region will likely stifle export capacity. Overnight attacks on grain exporting infrastructure in Russia sent grain markets higher today as fears about product availability in the Black Sea proliferated.

With producer revenues under pressure from falling milk prices and weakening beef values, operating costs will likely come under greater scrutiny. Feed values have remained relatively affordable in recent months, but any upward price movement, whether driven by weaker yields or the ongoing geopolitical conflict, would certainly be unwelcome news for dairy producers.

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Component-adjusted milk production grew 3.1% in May on account of a larger milking herd and a rebound in component tests.

More milk means more dairy products, and healthy domestic demand combined with exceptional export volumes have prevented cheese and butter volumes from becoming burdensome at the CME even as prices are towards the lower end of their historic range. Conversely, exceptional domestic demand for proteins, both in the form of nonfat dry milk and whey protein concentrates, has reduced export availability for those products. Beyond the United States, global milk supply may be slowing for the first time in months as heatwaves impact milk production, particularly in the European Union, potentially setting the stage for improved global prices.

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USDA DAIRY MARKET NEWS

August 7, 2026

CHEESE HIGHLIGHTS: Milk production in the East increased this week. Lower temperatures in the Central region allowed production to return to near-normal levels. Some Class III milk sales occurred due to downtime at a few facilities. The West continues to experience high temperatures, though production remains stable. Class III spot milk prices range from $1 under to $5 over Class. Production remains stable nationwide, with steady demand. Overall, the cheese market tone remains balanced, with production and demand aligning closely with established regional availability. Exports remain consistent in the East and West, while the Central region is slowing.

DRY PRODUCTS: Nonfat dry milk prices in the Central and East regions increased slightly at both ends while high heat declined minimally at the lower end of the range. In the Western region, nonfat dry milk prices moved higher at the bottom of the range for both low/medium and high

BUTTER HIGHLIGHTS: Western region stakeholders note strong domestic butter demand this week. Central and East region stakeholders note steady domestic butter demand. Demand from international buyers varies from steady to strong throughout the country. Western region cream availability tightened this week, while availability improved in the Central and East regions. Butter production paces are mixed this week. Butter inventories are stable as butter producers churn cream to build inventory for Q4 buyer demands. Bulk butter overages range from 3 cents below to 5 cents above market across all regions.

FLUID MILK: Eastern milk supplies strengthened this week as recently idled plants resumed near full operations, helping to stabilize regional milk flows. Class I demand is rising as schools prepare to reopen, and Class II demand is stable as ice cream production tapers and summer cream usage eases. Class III heat while the top of the ranges remained the same. Dry buttermilk in the Central and East region rose moderately at the lower end and was slightly down at the upper end. In the West, prices for dry buttermilk remained unchanged. Dry whey prices in all regions held steady this week, with a slight narrowing of the range in the East. Contacts say spot movement remains limited throughout the country, although availability increased in the East. Animal feed whey continues to trade within a narrow range. Lactose held steady at the lower end of the price range and eased slightly at the top. Prices for both acid casein and rennet casein remained unchanged this week. Dry whole milk prices eased at the lower end of the range while moving slightly higher at the top. Whey protein concentrate (WPC) 34% prices strengthened at the bottom of the mostly range and held steady throughout the remainder of the series. Contacts report manufacturers continue to focus on WPC 80% production.

supplies continue to support steady cheese production for retail and foodservice channels. Class IV cream remains ample, allowing consistent butter output. In the Central region, cooler temperatures boosted milk production, bringing volumes close to pre heatwave levels. Class I demand is increasing as schools reopen. Demand for Classes II and IV remains robust, with Class II users actively purchasing cream and condensed skim for cultured and frozen dairy products. Class III output is strong with spot prices reflecting stability. Cream demand is firm though supplies are tight for some buyers. Milk production in the Western region is unchanged, but spot load availability is tighter. Arizona, New Mexico, and the Pacific Northwest are experiencing lighter output due to smoke and heat. Mountain states also report tighter supplies. Class I demand in the West is strengthening ahead of school openings, while demand for Classes II, III, and IV remains steady. Cream supplies range from balanced to tighter, with demand somewhat stronger. Condensed skim remains available to meet increased needs.