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MMPA

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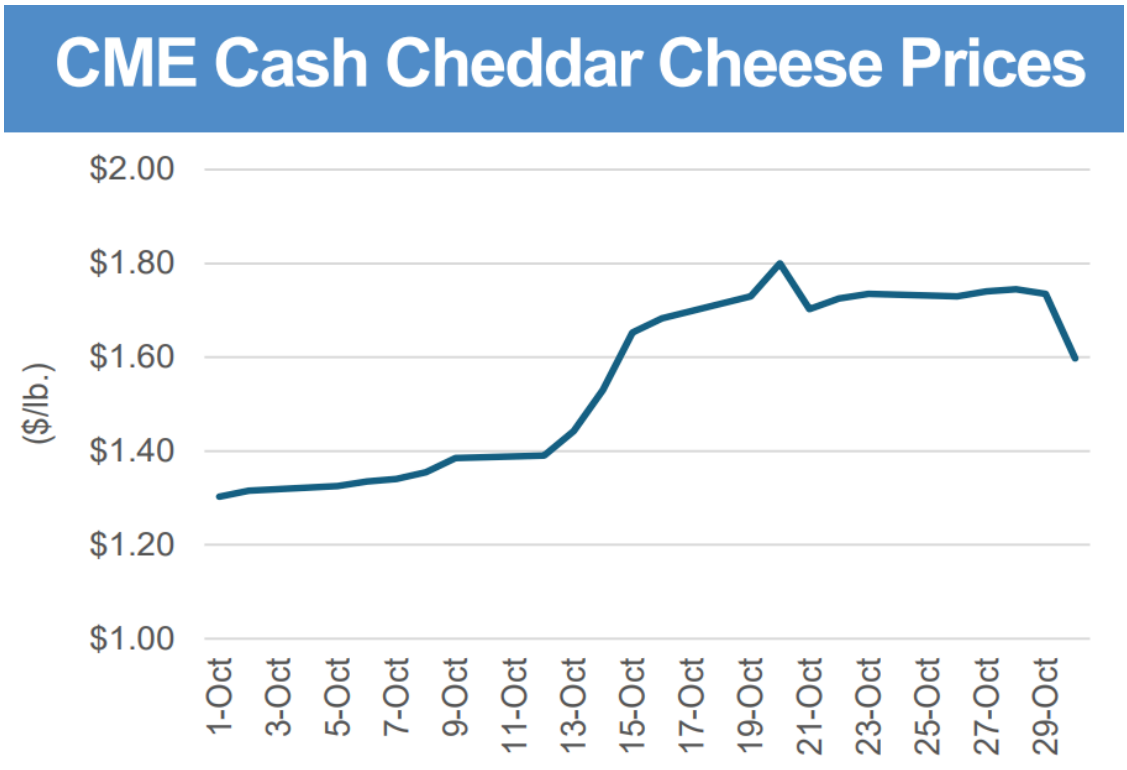
MARKET NEWS

USDA Buys More Section 32 Dairy🧀

Daily Dairy Report | October 30, 2026

This year's second Section 32 purchases included $165.5 million worth of dairy products, USDA announced yesterday. This follows dairy purchases of $148 million in February. The purchases are part of a larger package of food purchases that reached $465.5 million in October and $263 million in February.

Section 32 is part of the Agricultural Adjustment Act Amendment of 1935 and authorizes USDA to buy surplus agricultural products for food banks and other federal nutrition assistance programs. The Section 32 purchases are administered through USDA's Agricultural Marketing Service (AMS), which issues purchase program announcements, invites offers from approved vendors and awards contracts. Dairy products have been purchased with Section 32 funds since the passage of the Agricultural Act (Farm Bill) of 2014.



Details of the latest Section 32 dairy purchases have not been published, but the purchases will likely mirror those announced in February, albeit with nearly 12% more funding in October. Under the February 2026 plan, USDA's dairy purchases included $75 million for butter, $32.5 million for cheese and cheese products, $10 million for Swiss cheese, $20.5 million for fresh fluid milk, and $10 million for Ultra-high temperature (UHT) shelf-stable milk. USDA's Food and Nutrition Service programs, including the Emergency

Food Assistance Program, distributes the products to food banks across the United States.

The Section 32 purchases are in addition to USDA purchases for the national school lunch and breakfast programs, Child and Adult Care Food Program, and the food distribution program on Indian reservations. In fiscal year 2026 (Oct. 1, 2025, to Sept. 30, 2026), USDA purchased 372.2 million pounds of dairy products worth $546.8 million. Cheese purchases of 394.2 million pounds accounted for 56% of the volume and 72% of the value in 2026, followed by UHT milk at 17% of the volume and 6% of the value, fresh milk at 16% of volume and 5% of value, and butter at 8% of volume and 13% of value.

Through August, U.S. butter output was 6% greater than January through August 2025 production, and cheese output was 2.3% higher. USDA's fiscal 2026 butter and cheese purchases could absorb about 1.3% of this year's hefty annual output. Without details on the timing of these purchases, LaSalle Street is waiting to react. If AMS spends these funds in just a few months, it could push dairy product prices significantly higher, reducing U.S. competitiveness in international markets. That would distort market signals and add to volatility, as prices could crash as the government purchases stop and export shipments slow. If AMS spreads its spending over a longer period, it could have a minimal impact on U.S. dairy product values.

Today, the market was focused on abundant cheese supplies. CME spot Cheddar blocks tumbled 13.75¢ to $1.5975/ lb., prompting a double-digit decline in NOV and DEC Class III futures. In contrast, CME spot butter and nonfat dry milk (NDM) closed the week higher, supporting gains in the butter and NDM futures settlements.

NMPF NEWS ALERT

- A huge win for dairy was delivered over the weekend when EPA announced an end to more than 20 years of uncertainty for the dairy farms and other livestock operations that volunteered for the National Air Emissions Monitoring Study (NAEMS).

- Earlier last week, USDA announced it will buy $165.5 million in dairy products through Section 32, part of a $472.5 million package of American-grown foods headed to food banks and federal nutrition programs.

- The midterm elections are tomorrow and NMPF encourages everyone to get out and vote. Once the votes are tallied, the NMPF government relations team will break down what the results mean for dairy during an Election Day Debrief webinar for members at 2 p.m. ET Thursday. The webinar will cover the House and Senate races we've been watching, any surprises, and who's likely to lead the committees that will shape farm and food policy.

Dairy farmers welcome EPA decision to close out NAEMS
NMPF – Nov. 1
The National Milk Producers Federation welcomed the U.S. Environmental Protection Agency's announcement that it will not finalize air emissions estimating methodologies under the 2005 Animal Feeding Operations Air Compliance Agreement, and that it will move to terminate the agreement. The decision ends more than 20 years of uncertainty for the dairy farms and other livestock operations that volunteered for the National Air Emissions Monitoring Study (NAEMS).

HPAI makes comeback in dairy cattle
Agri-Pulse Daybreak (Starts at 04:55) – Nov. 2
Dairy cattle in Washington, Kansas, Texas, and now Colorado are seeing new cases of highly pathogenic avian influenza. On Friday, Colorado's Agriculture Department announced the first HPAI detection the state has seen in dairy herds since August 2024. Meanwhile, Washington saw 34 dairy cases in October, while Texas saw three and Kansas one, according to Agriculture Department data.

More than milk: Dairy farmers nourish communities

Morning Ag Clips – Nov. 1

For dairy farmers, nourishing communities goes well beyond producing milk. In Michigan and Florida, dairy farmers are helping put nutritious food within reach for families facing food and nutrition insecurity. The United Dairy Industry of Michigan (UDIM) and Florida Dairy Farmers (FDF) are advancing that commitment through Dairy Nourishes Michigan and Dairy Nourishes Florida.

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