



U.S. Dairy Outlook

Corey Geiger

Lead Dairy Economist

2026 World Dairy Expo

Industry Person of the Year

Agribusiness & Water Council of Arizona
Tempe, Arizona, September 18, 2026



Dairy is dynamic and growing

\$80.3 billion
Retail dairy sales in 2025



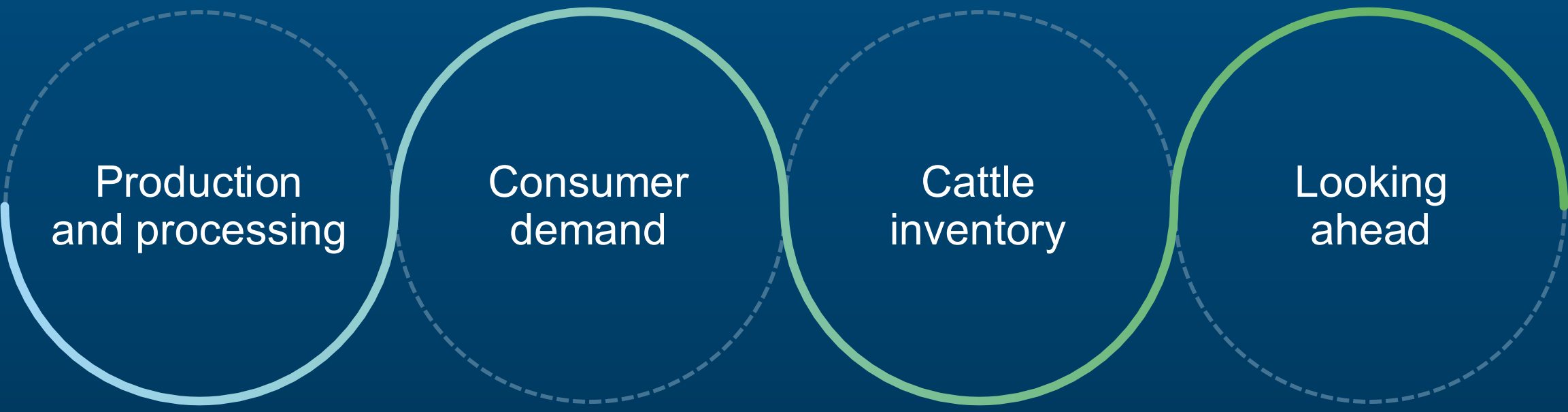
Largest category
in retail grocery
(alcohol is no. 2)



Up 3.2% from 2024



Dairy is the world's
largest refrigerated
supply chain

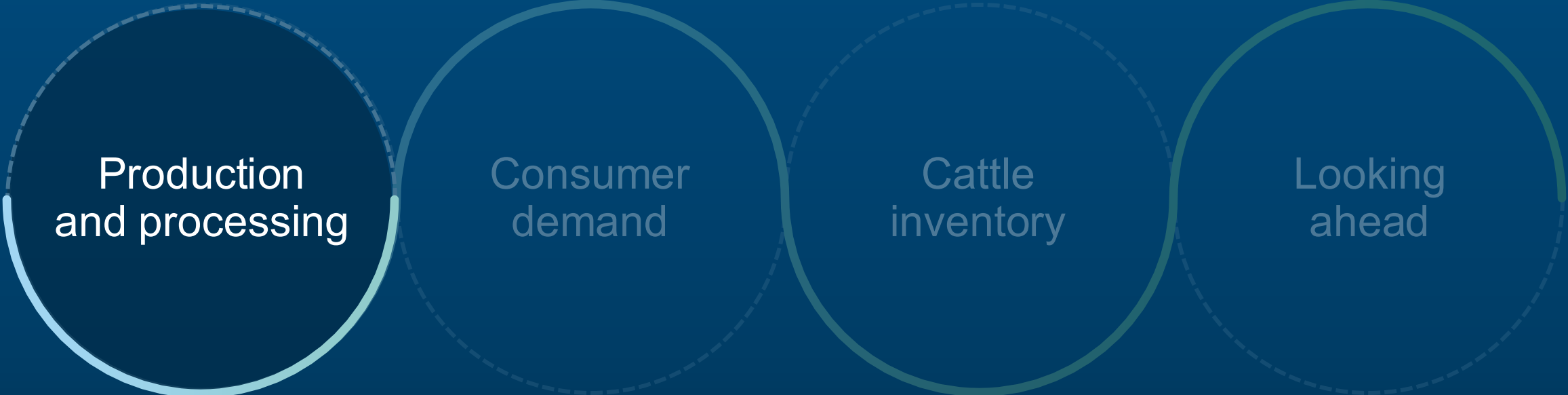


Production
and processing

Consumer
demand

Cattle
inventory

Looking
ahead



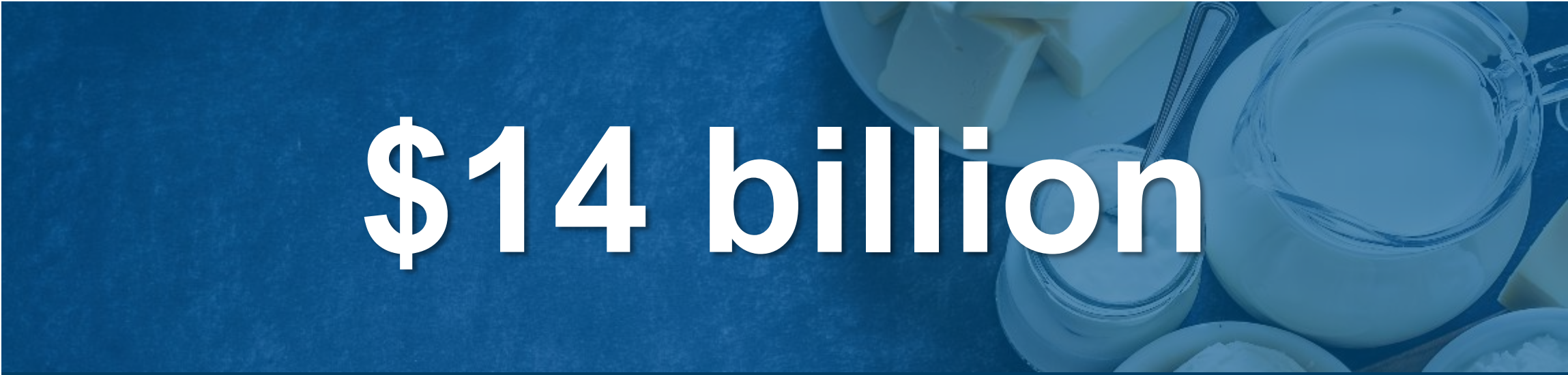
Production
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Dairy processing expansion is moving quickly

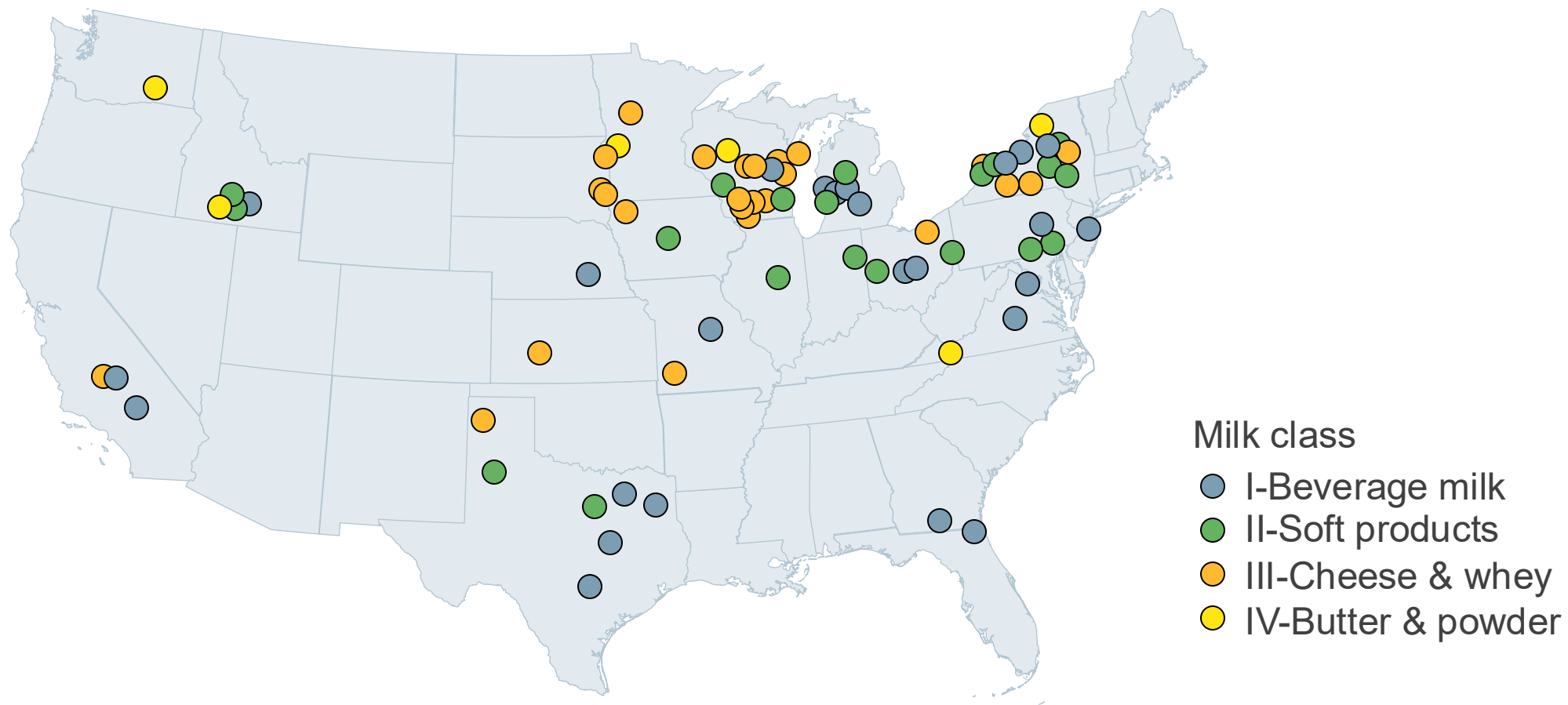


\$14 billion

Generational investment in the U.S. dairy industry

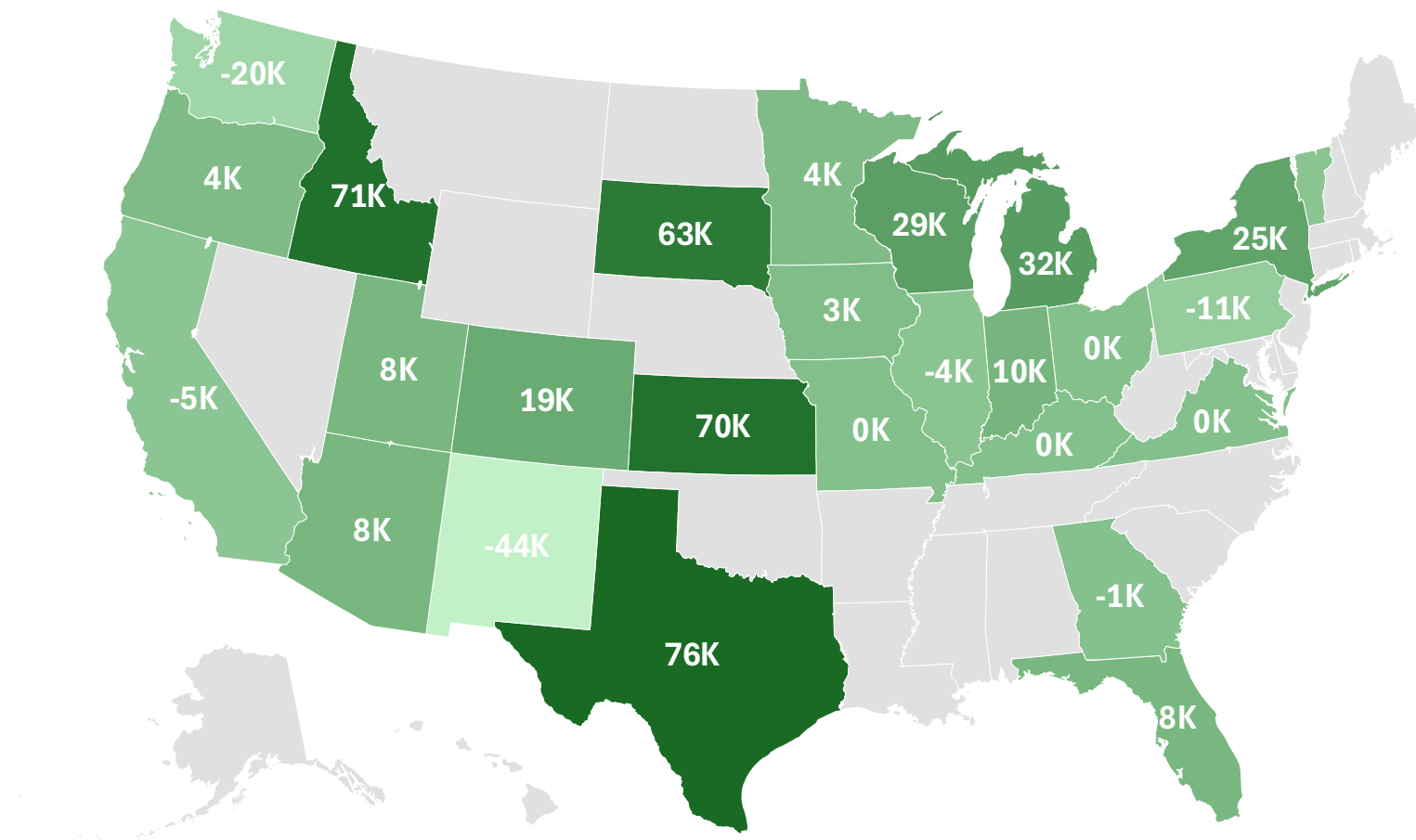
What's the future for U.S. dairy consumption?

New or recently completed plants through 2028 – \$14 billion



Dairy cows are moving across the U.S.

Change in dairy cow herd since January 2023



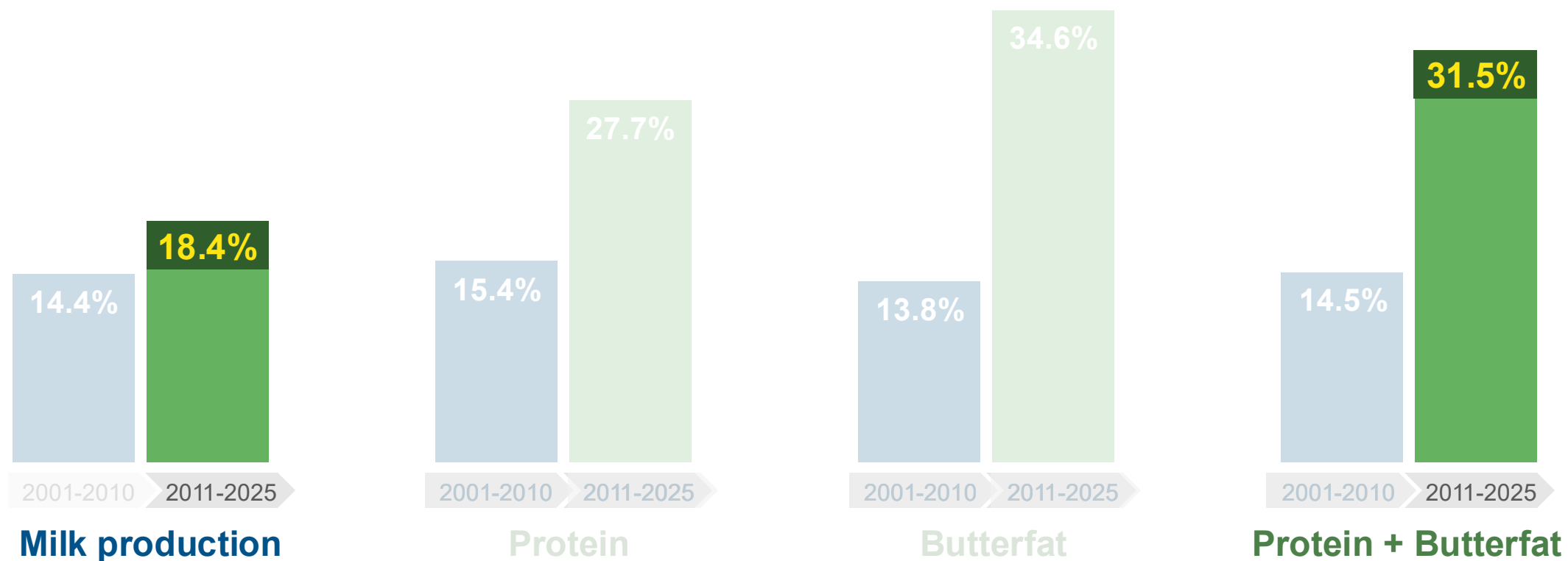
Top 5 growth states:

Texas 76K
Idaho 71K
Kansas 70K
South Dakota 63K
Michigan 32K

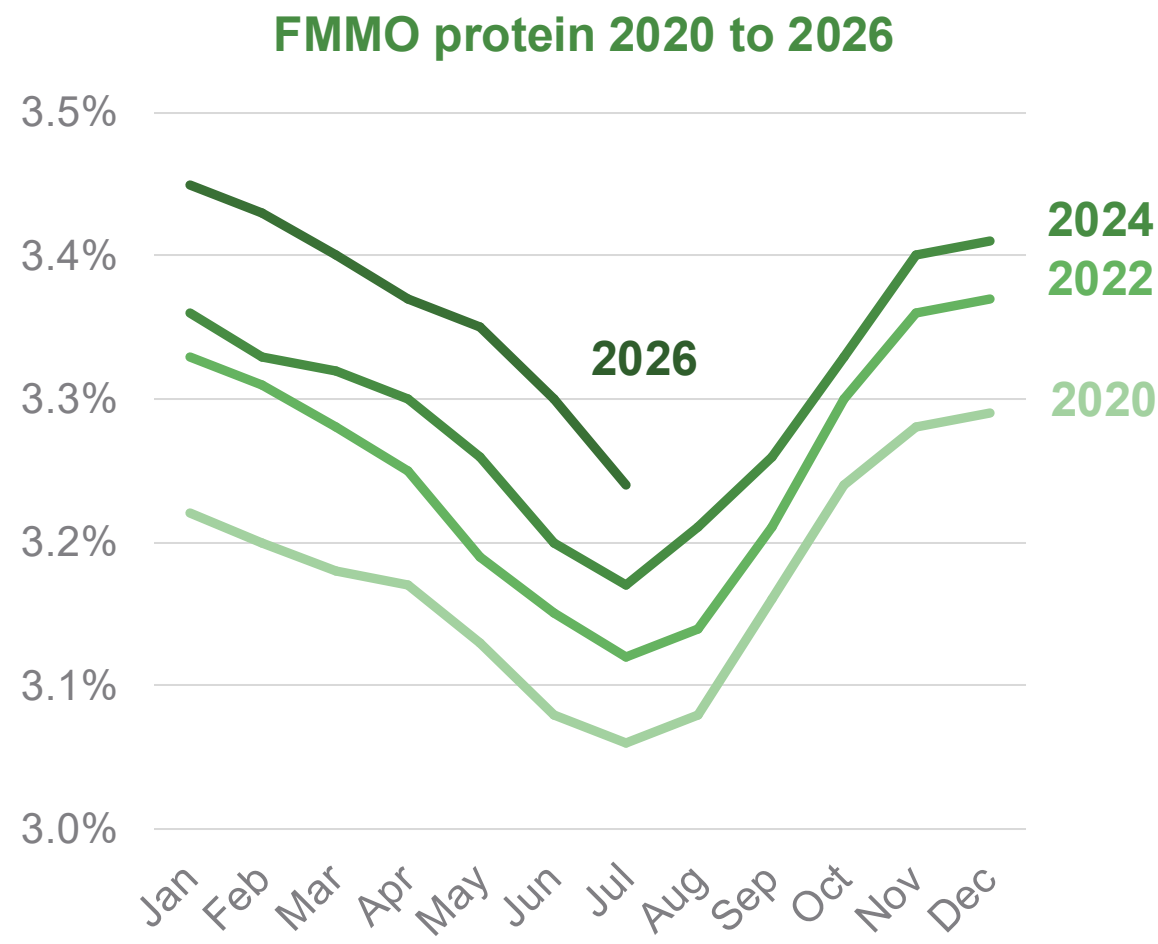
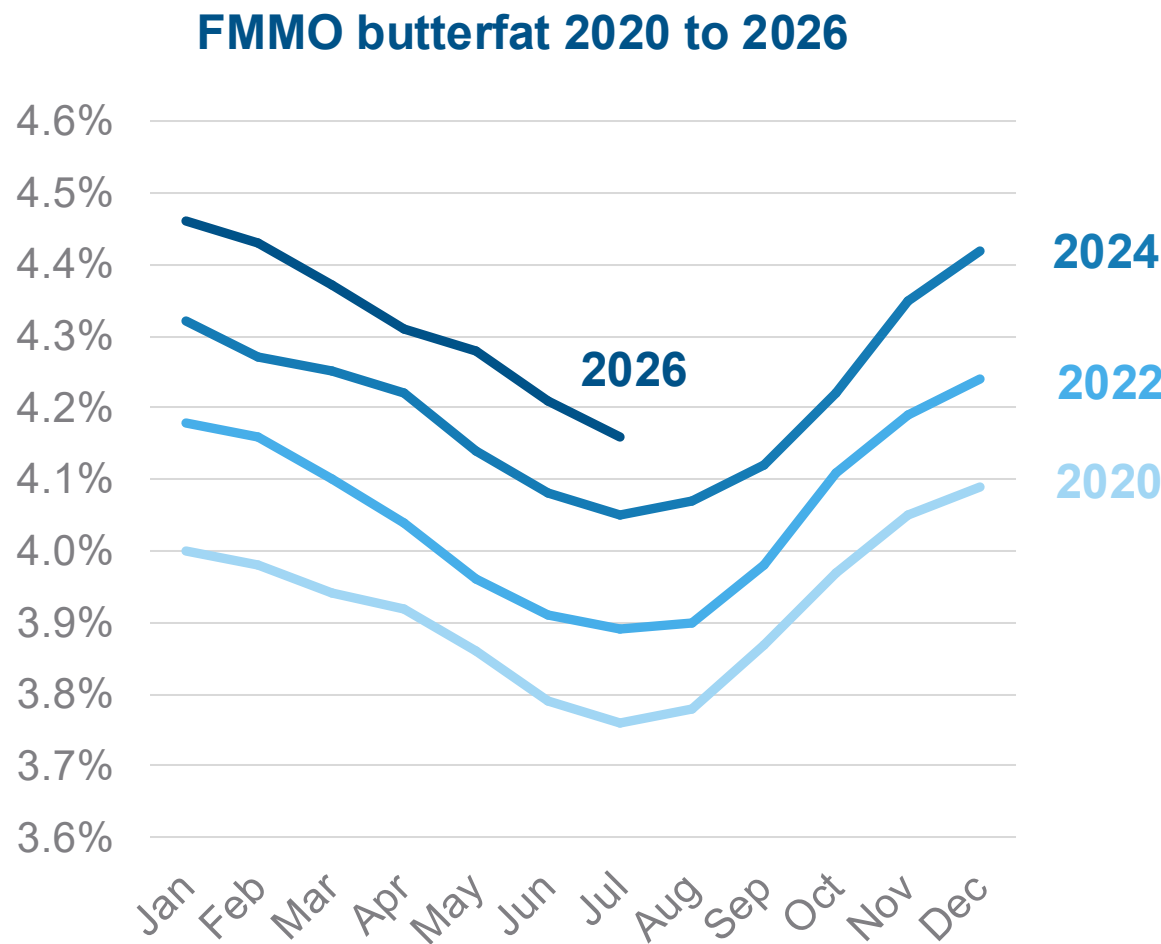
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Milk components matter more than milk production

Percent change



Big shifts in butterfat and protein levels



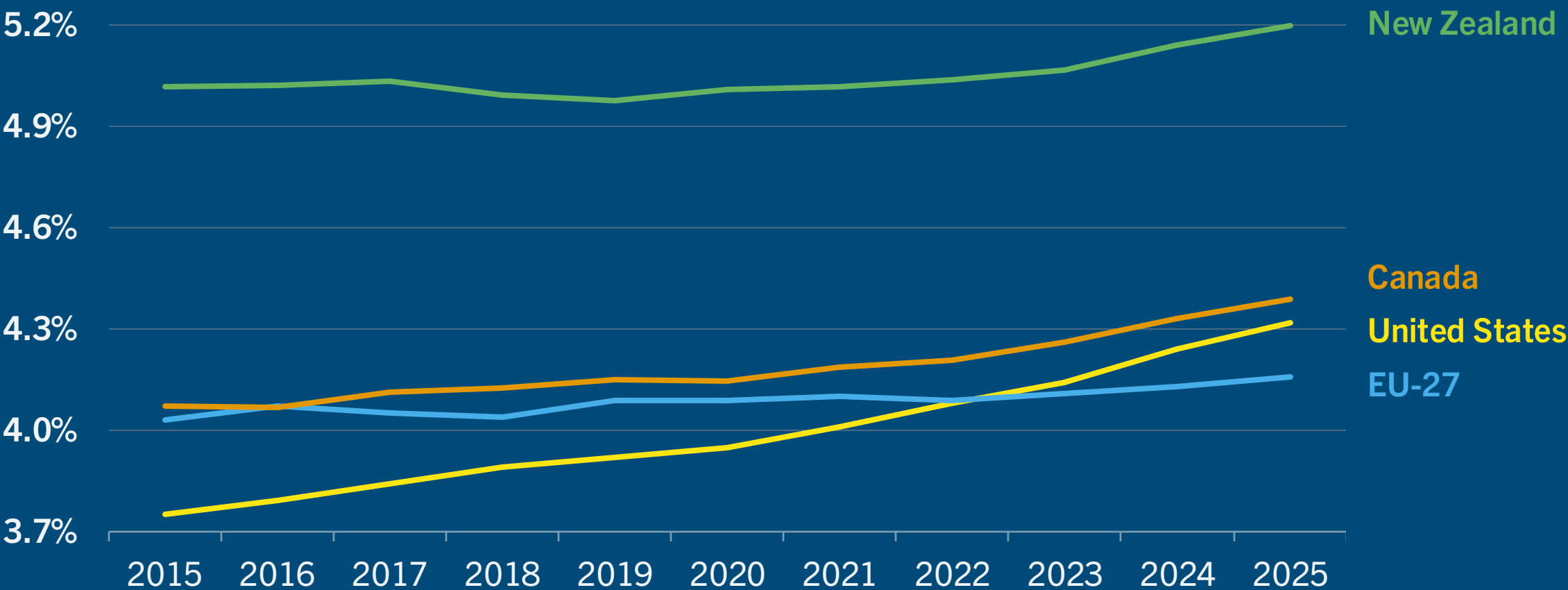
Source: USDA and Federal Milk Marketing Order data. Presentation by Corey Geiger and Abbi Groves, CoBank.

Let's look at dairy's big three – EU, New Zealand and U.S.



Butterfat levels are growing for New Zealand and U.S.

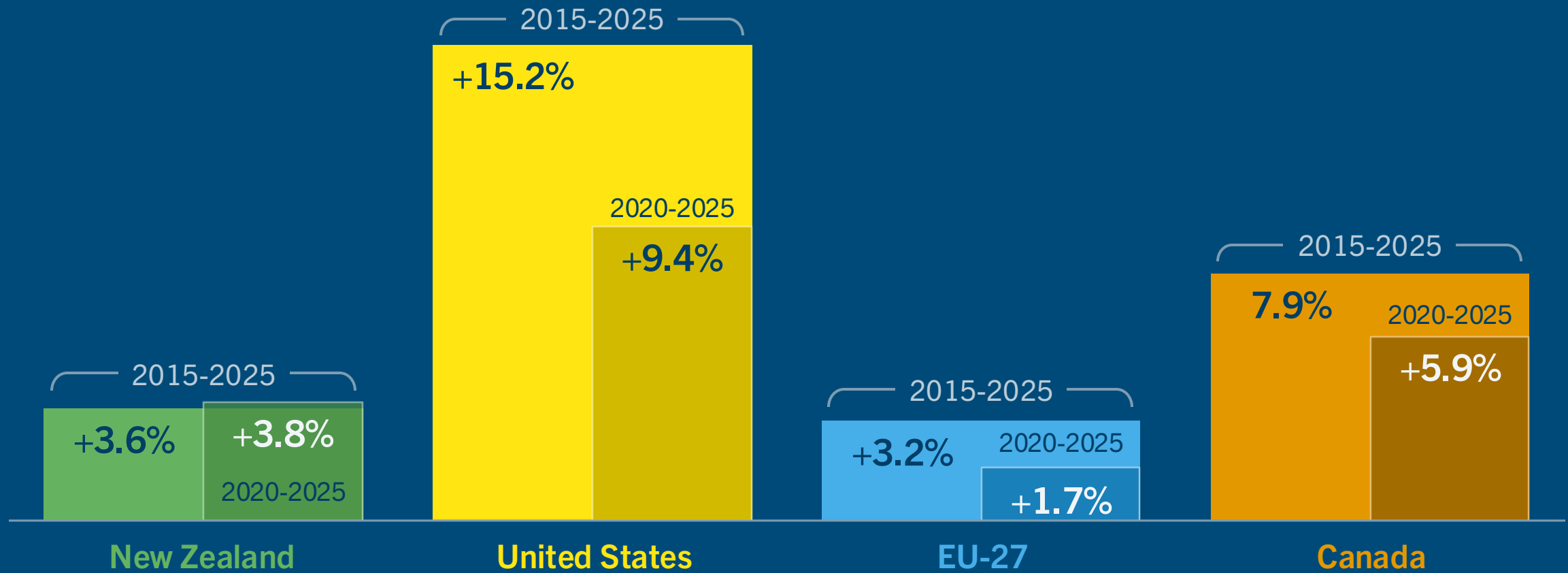
Butterfat percentage in milk measured by weight



Source: DairyNZ and LIC, CLAL and Eurostat, USDA and FMMO, Government of Canada

The U.S. has been experiencing seismic butterfat growth over the past decade

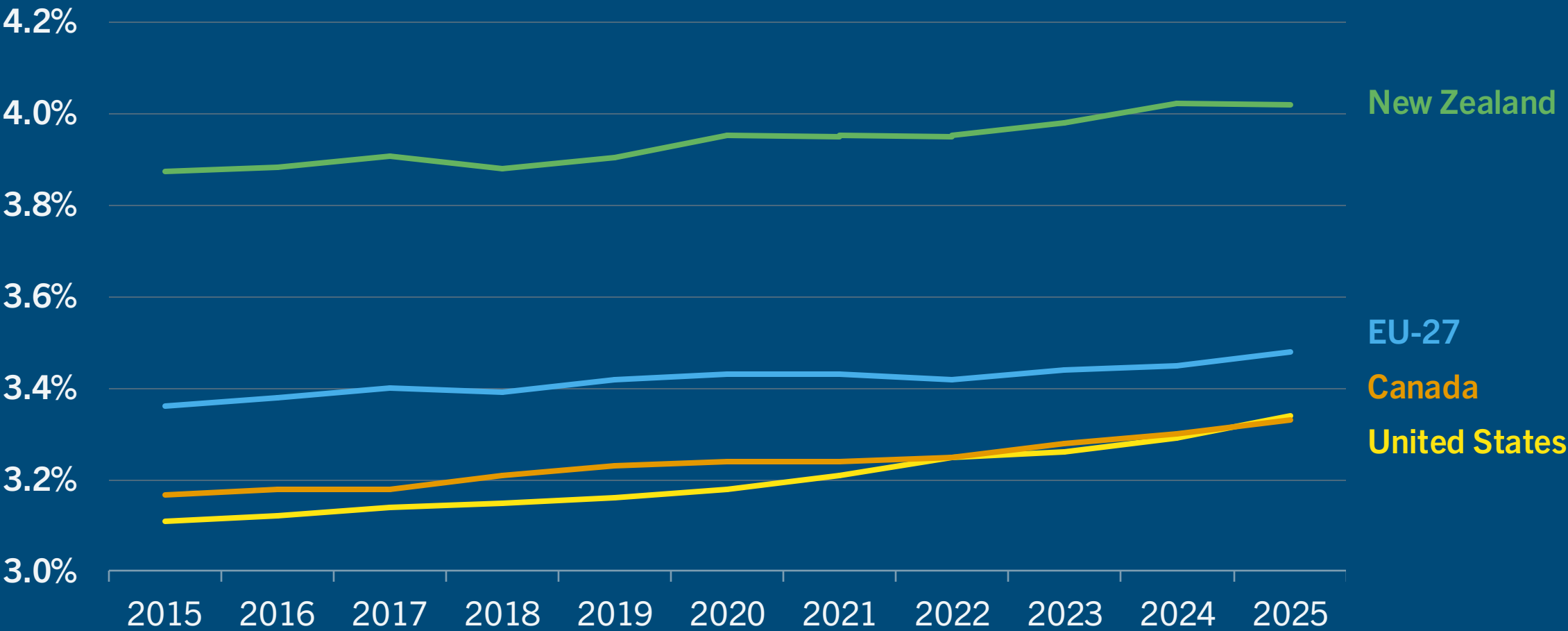
Percent change period-over-period



Source: CoBank calculations based on country data

Protein content is steadily growing in major dairy markets

Protein percentage in milk measured by weight

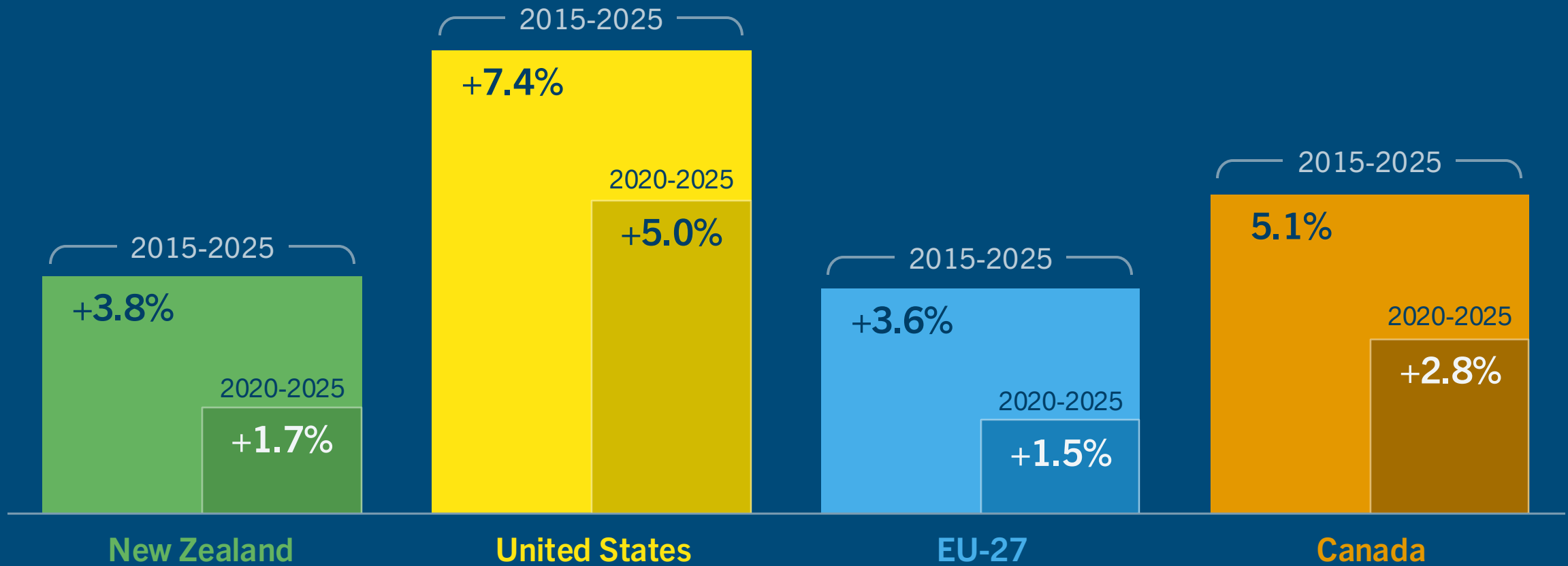


Sources: DairyNZ and LIC, CLAL and Eurostat, U.S. Federal Milk Marketing Order data, Government of Canada



The U.S. tops growth in milk protein over the past decade

Percent change period-over-period



Source: CoBank calculations based on country data

U.S. butterfat and protein growth

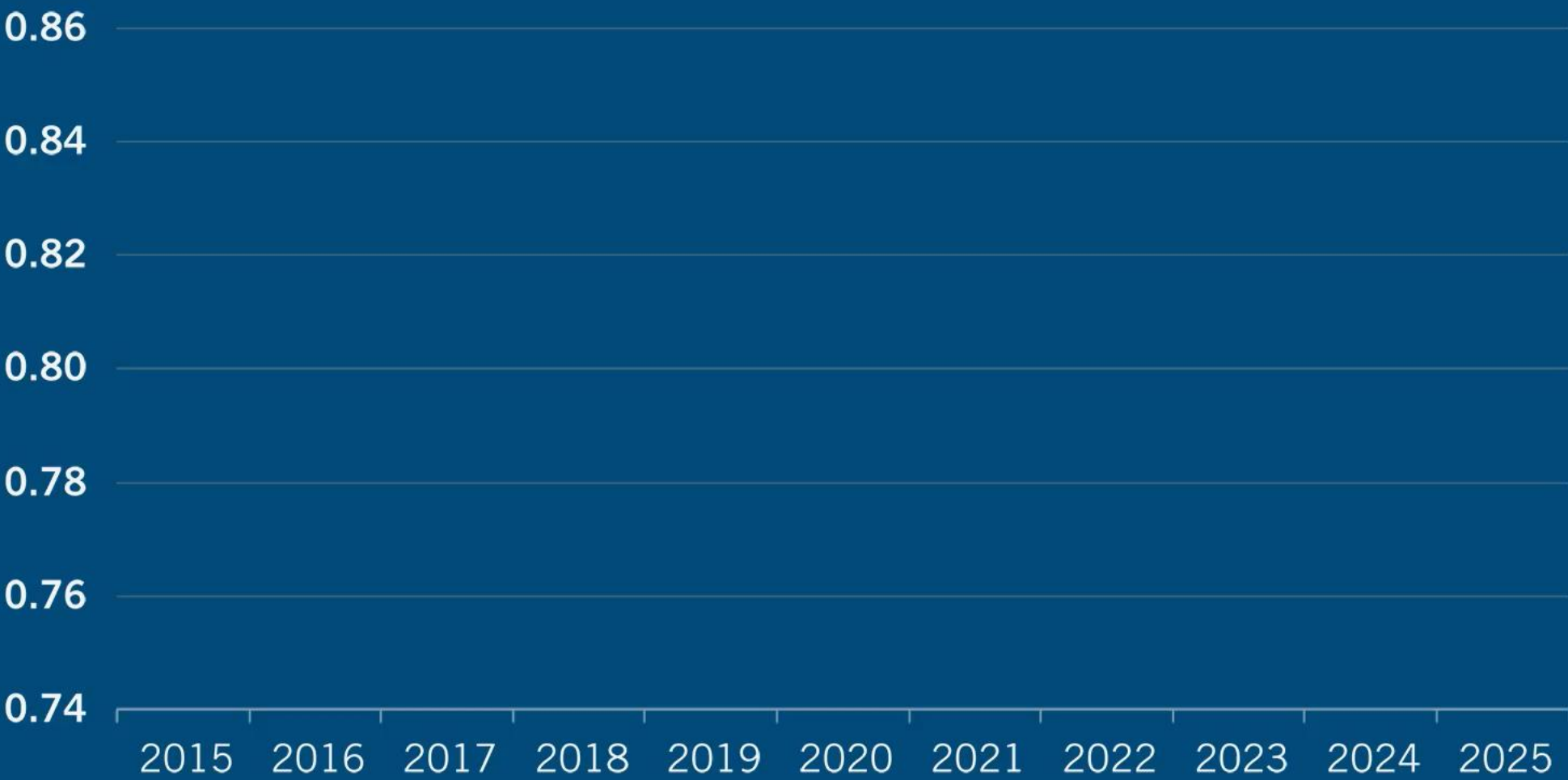
Percent change, 2015-2025

Butterfat

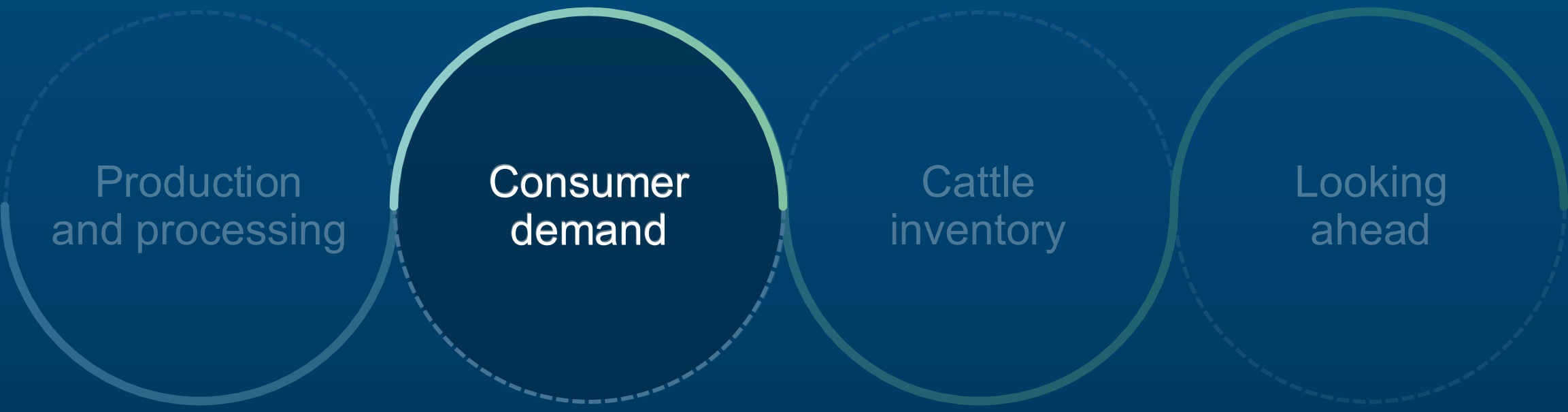
Protein

Source: CoBank calculations based on country data

U.S. protein-to-fat ratio in milk takes significant downturn



Source: CoBank protein-to-fat ratio calculations based on country data



Production
and processing

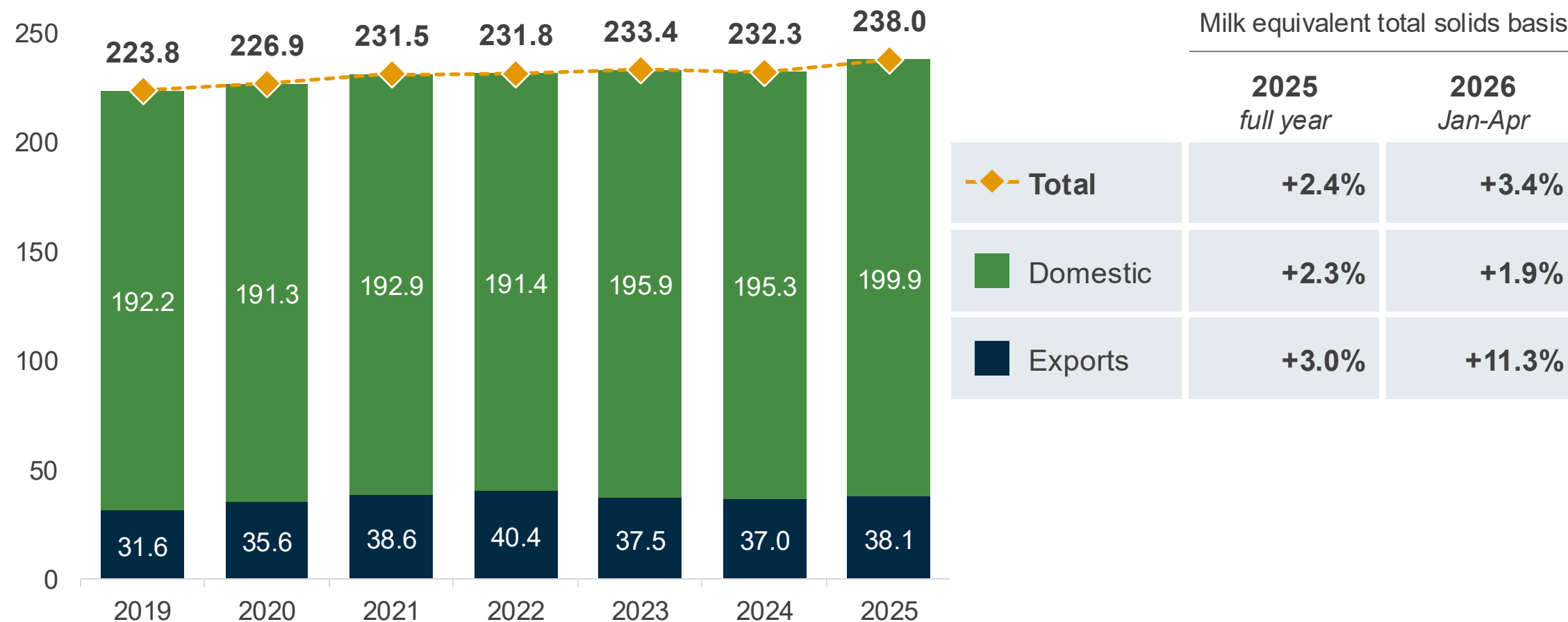
**Consumer
demand**

Cattle
inventory

Looking
ahead

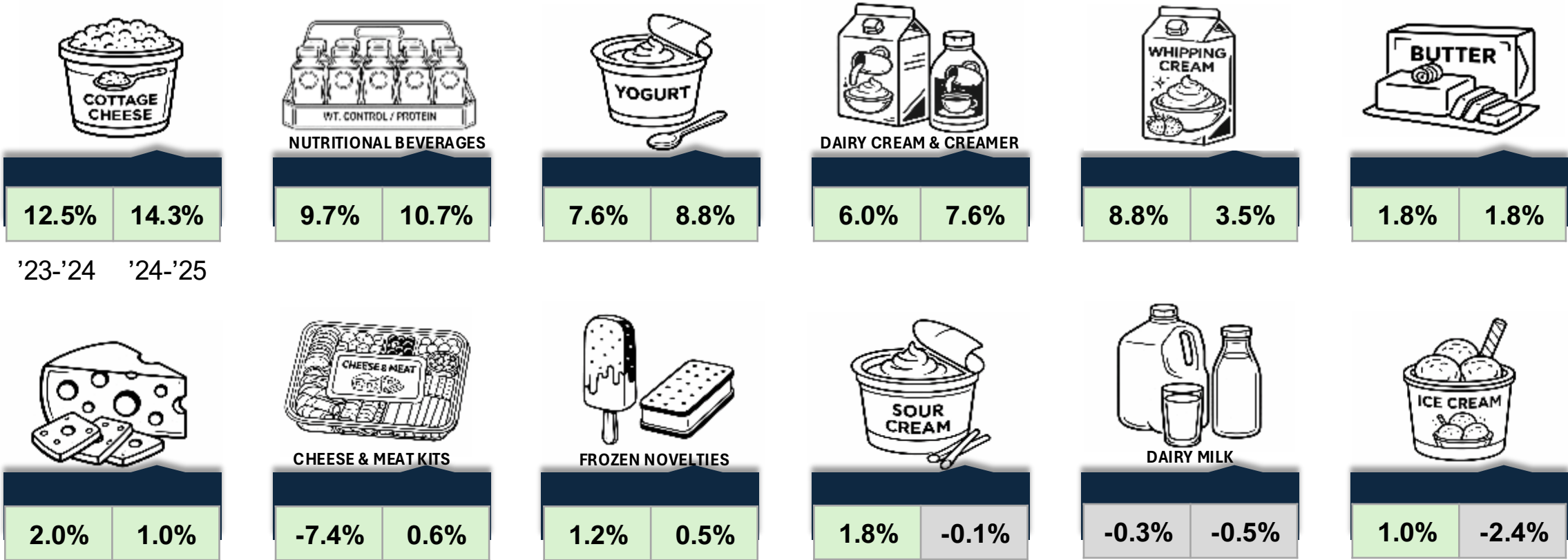
Record dairy use with continued momentum

Commercial dairy use, billion pounds



Nearly all dairy categories in the U.S. saw retail volume gains

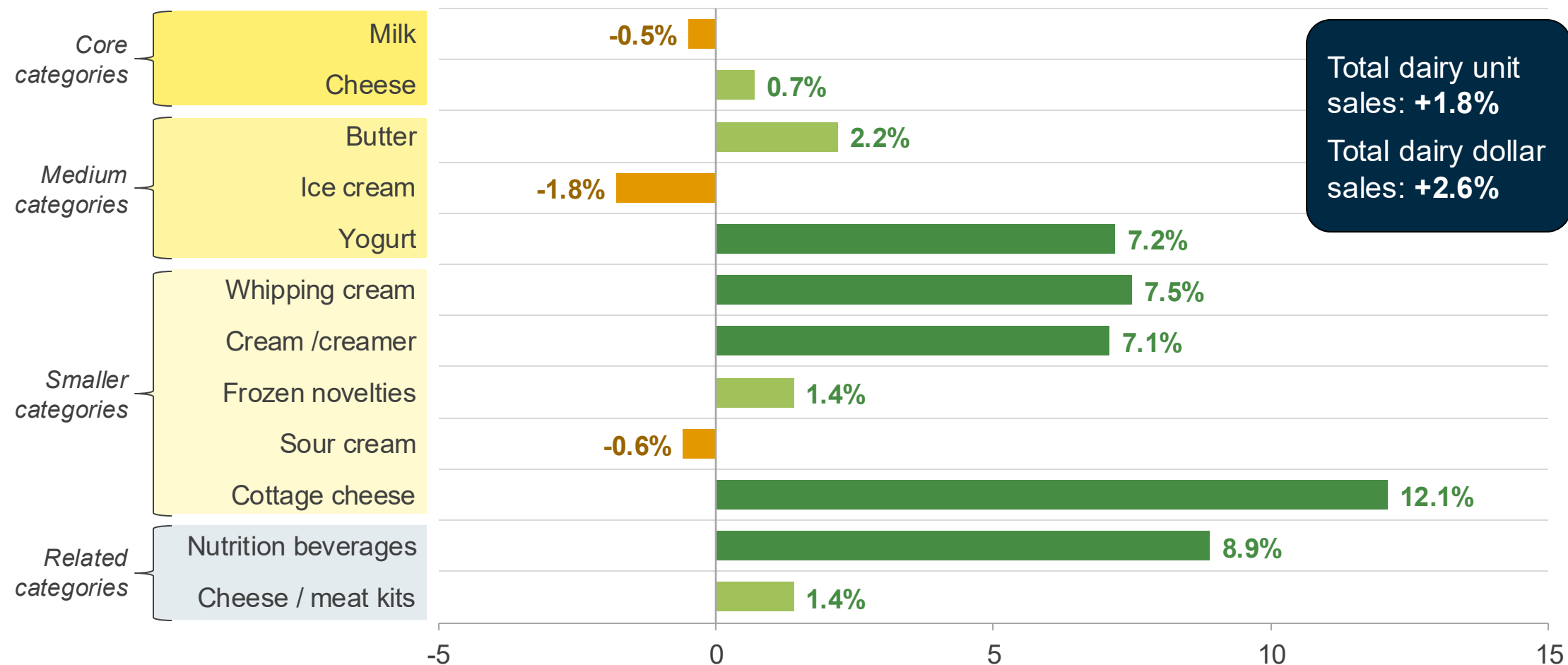
Total U.S. retail volume growth for 2024 and 2025 % Change versus the previous



Source: slide courtesy of Dairy Management Inc. with data source from Circana MULO+ with convenience.
 Note: Butter includes butter blends, Ice Cream includes sherbet, Yogurt is dairy yogurt, Creams include half & half, regular and light cream & dairy creamers, Cheese excludes imitation/vegan; weight control/protein beverages include both shelf stable and refrigerated.

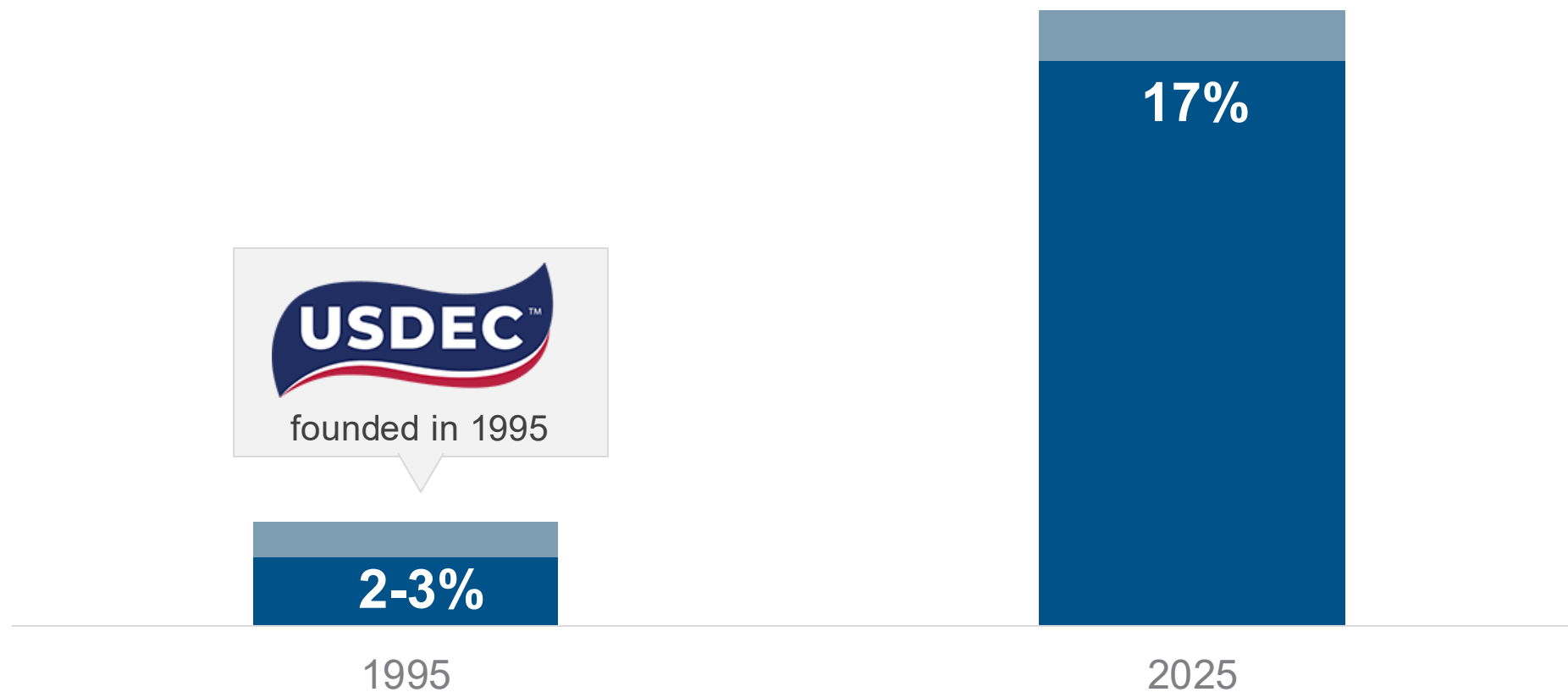
Retail dairy growth story strengthens beyond the core

Total U.S. retail volume growth, 52 weeks ending 5/31/26, percent change vs. prior year



U.S. is realizing its dairy export potential

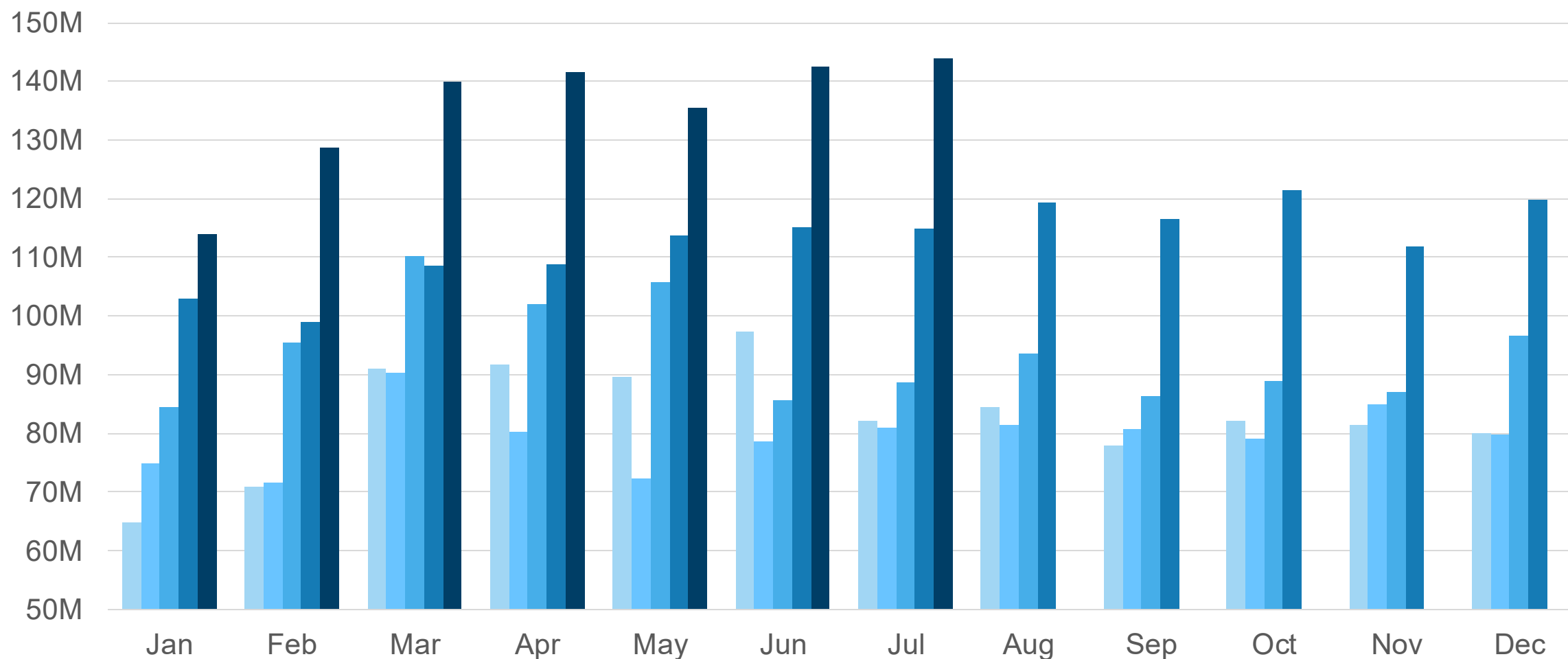
Percentage of U.S. milk supply exported



New records for cheese exports in the making

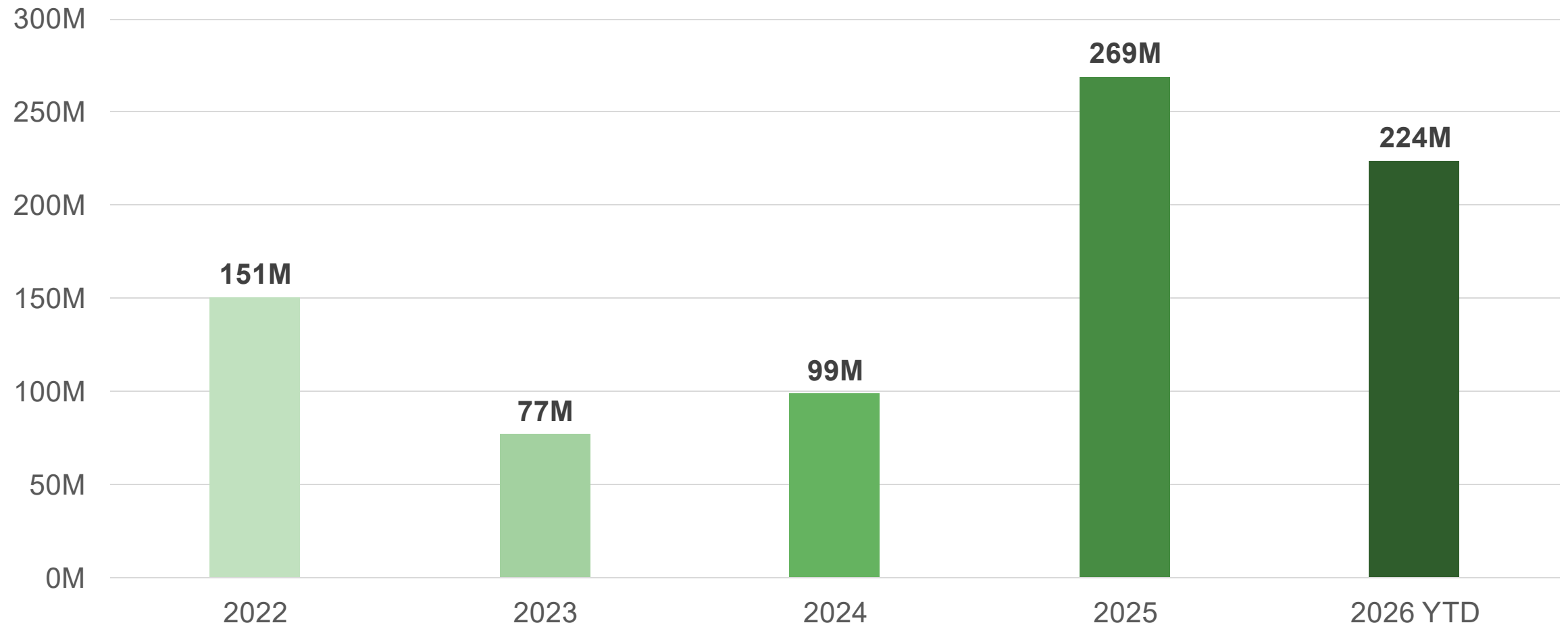
In pounds

2022 – 2026



2026 butterfat exports more than double 2024 through July

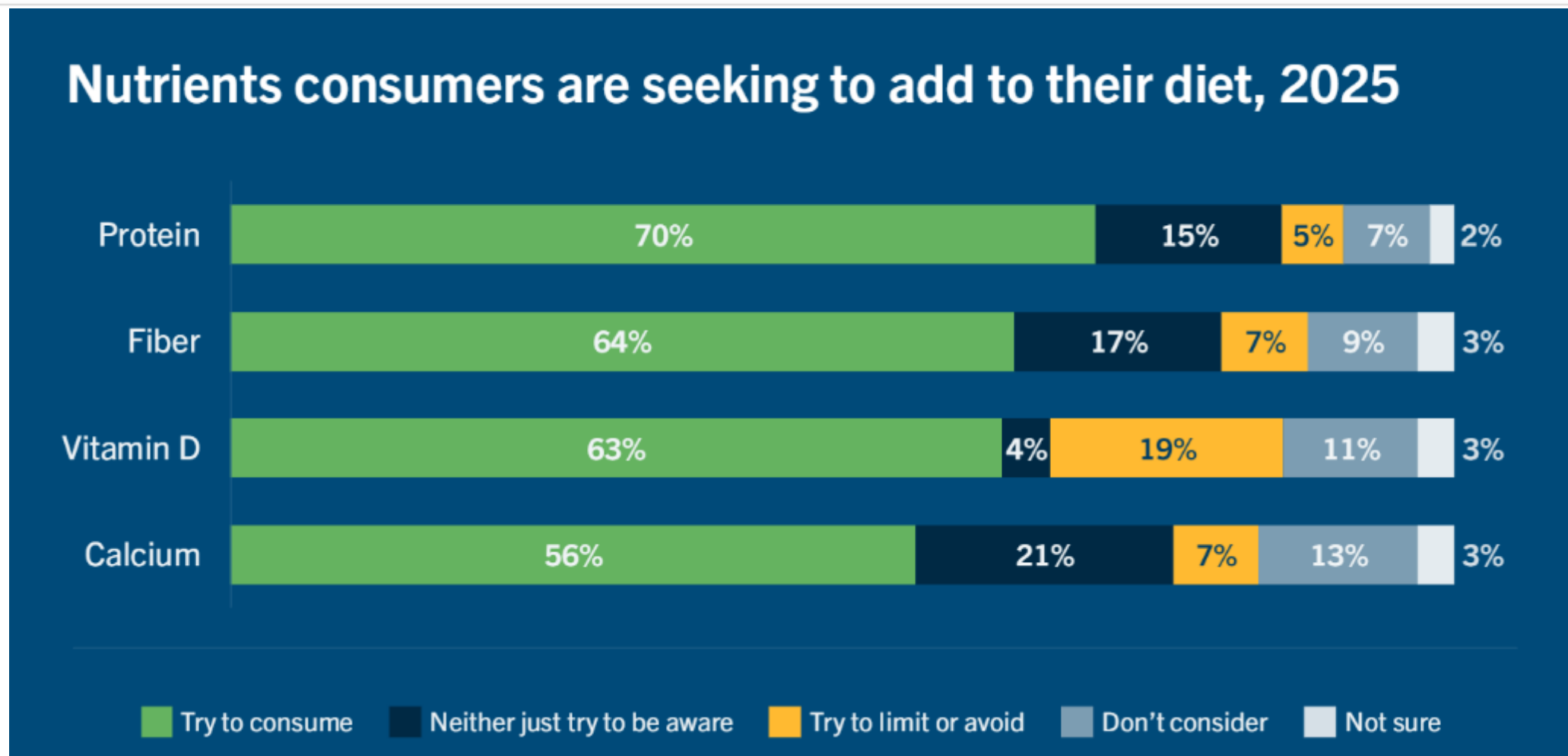
In pounds



Protein demand is booming and dairy wins multiple times

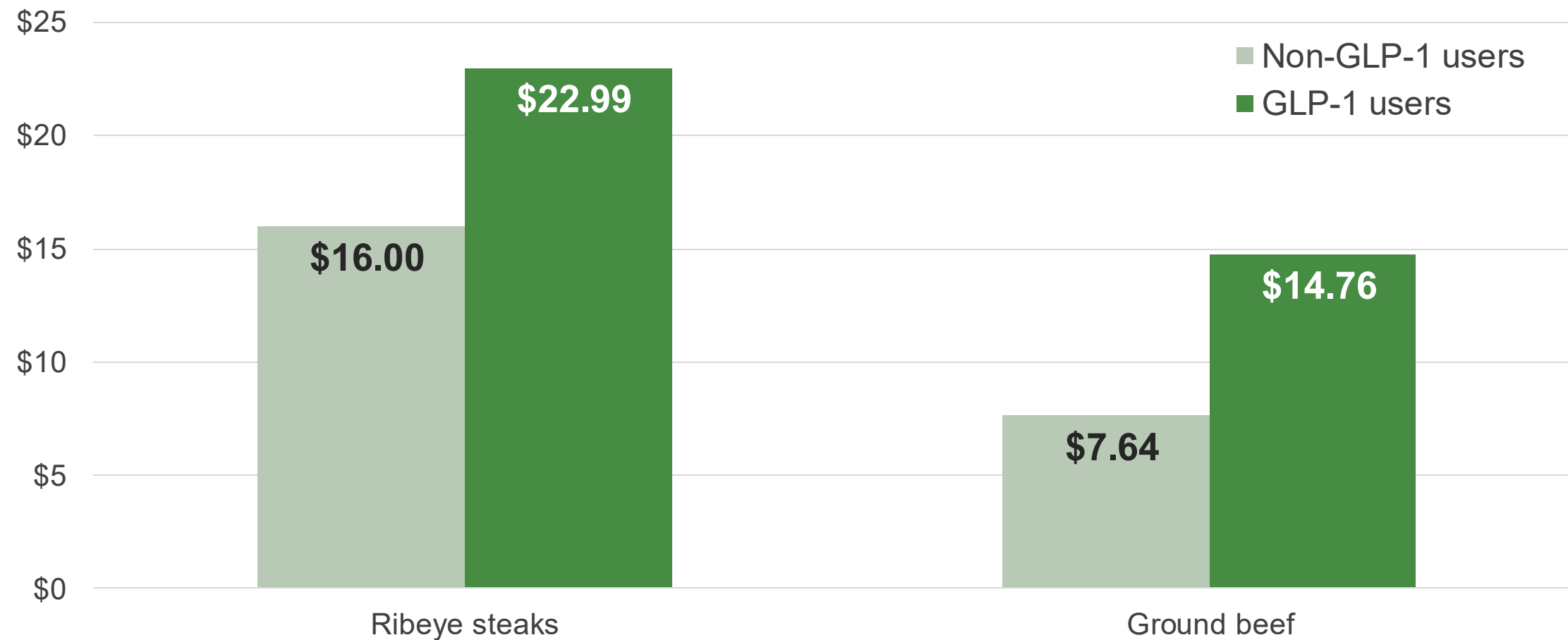


Consumers are seeking to add nutrients to their diet



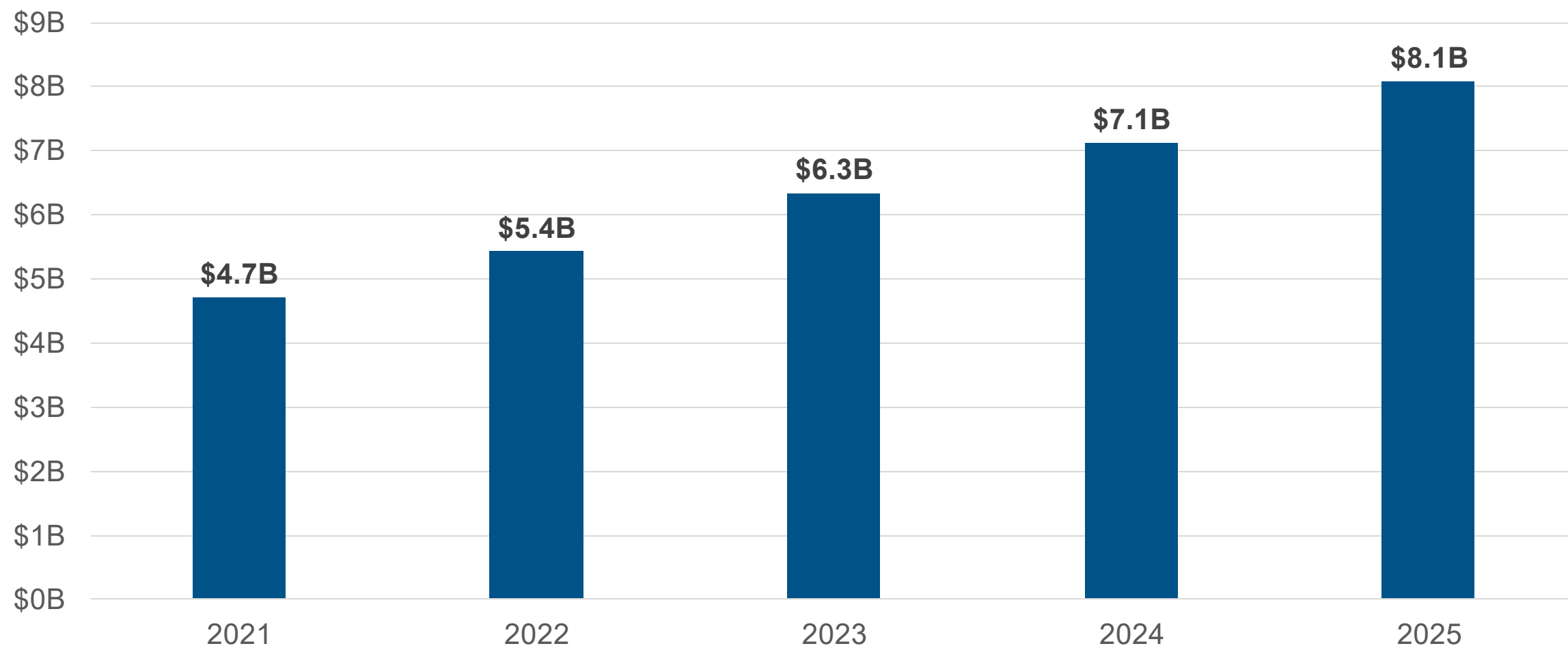
Strong protein premium exists among GLP-1 users

Mean willingness-to-pay (dollars per pound)



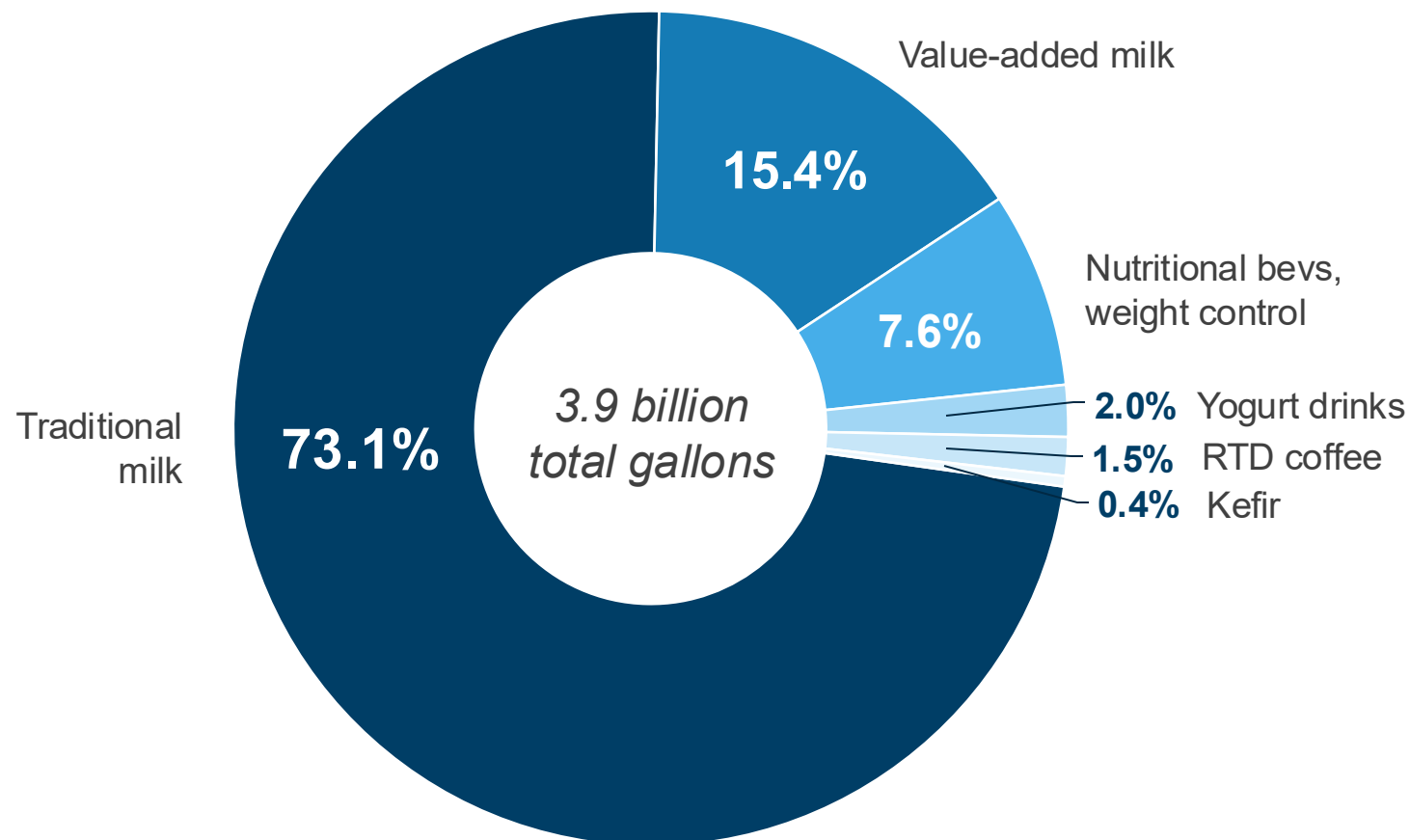
Ready-to-drink protein dairy shakes up 71% in four years

Dollar sales



Dairy-related beverage growth shifts to value-added

52 weeks ending 5/31/26



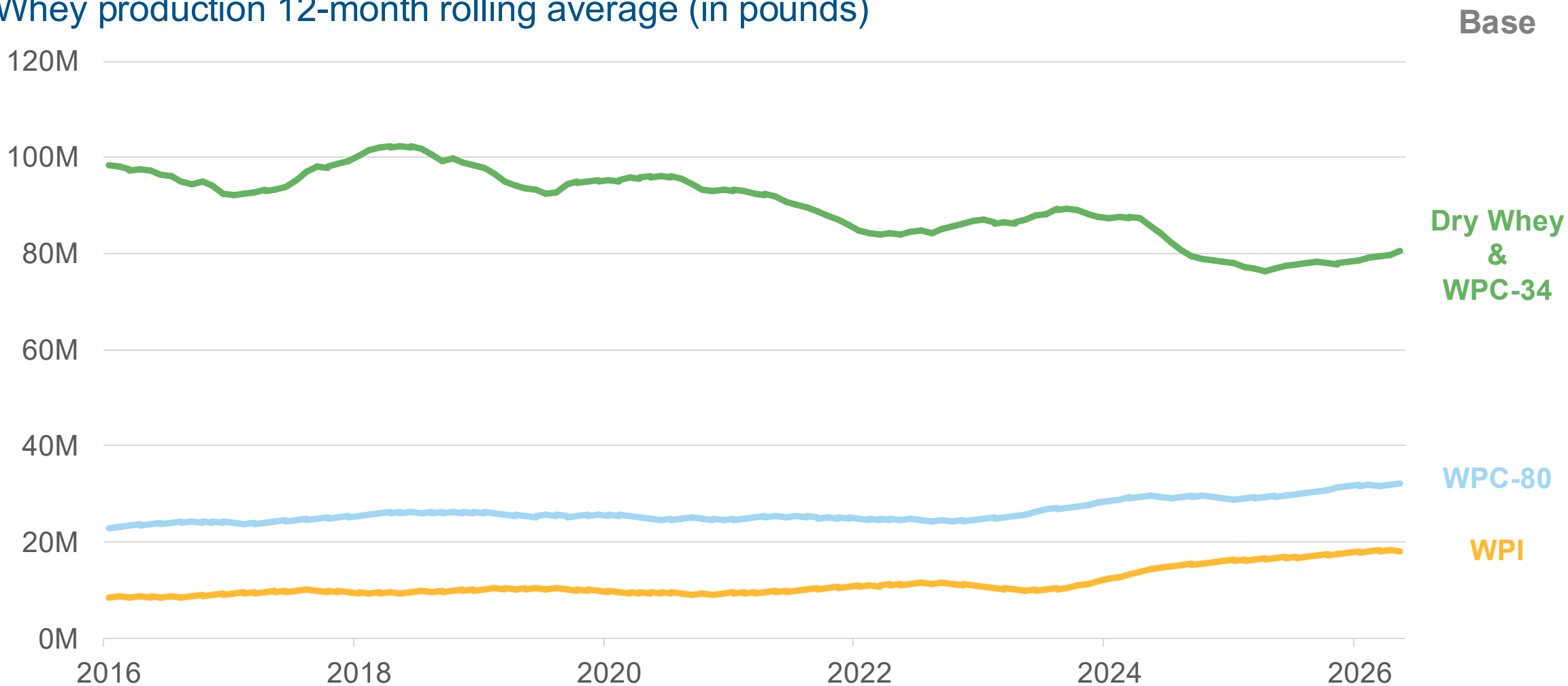
	Percent change vs prior year (volume)
Traditional milk	-1.5%
Value-added milk	+4.4%
Nutritional bevs, weight control	+8.9%
Yogurt drinks	+14.6%
RTD coffee	-1.4%
Kefir	+26.2%

Source: Circana MULO+ with convenience, Total U.S.

Note: excludes buttermilk/eggnog, RTD Coffee includes iced coffee + cold brew: cappuccino, frappuccino, lattes products with mentions of milk or cream; weight control includes shelf-stable and refrigerated ready-to-drink; note that some weight control/nutritional beverages may include non-dairy proteins

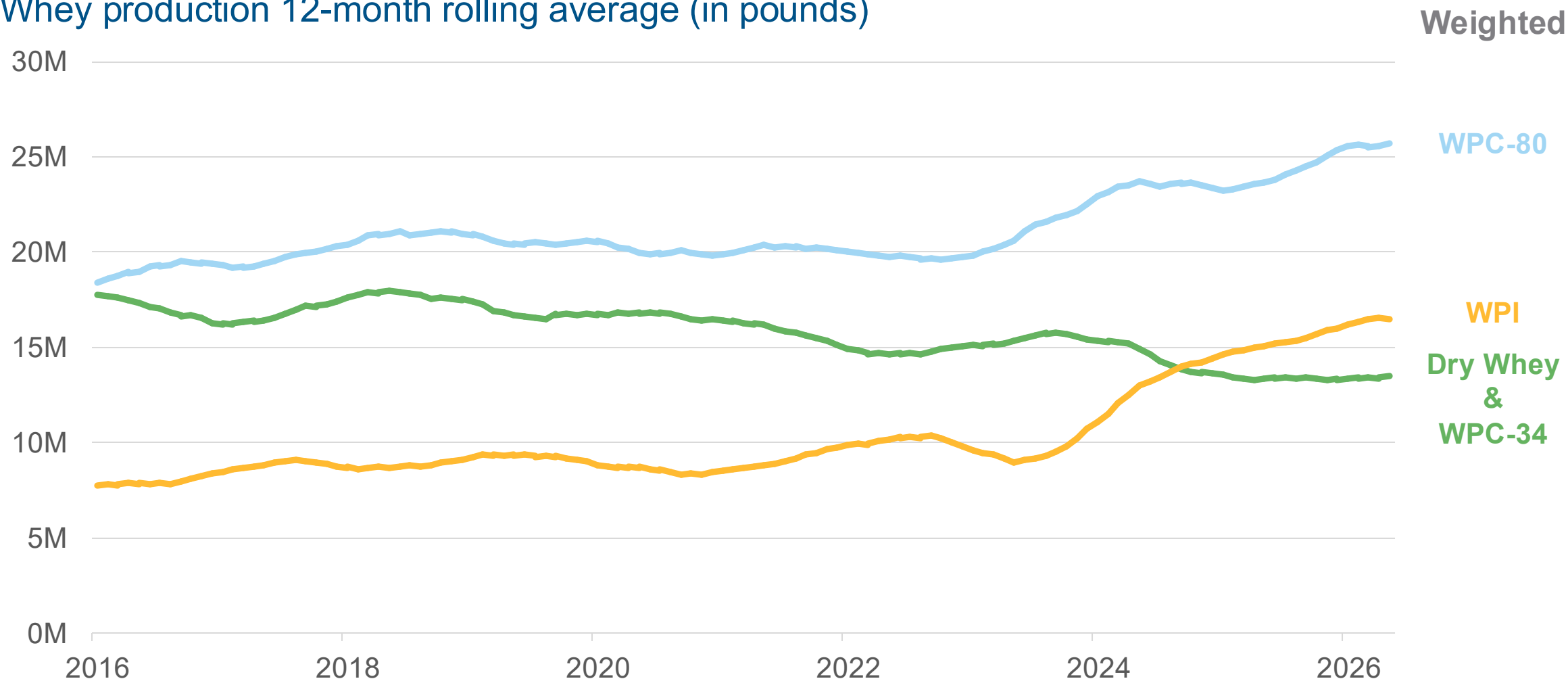
High protein weigh continues to grow market share

Whey production 12-month rolling average (in pounds)



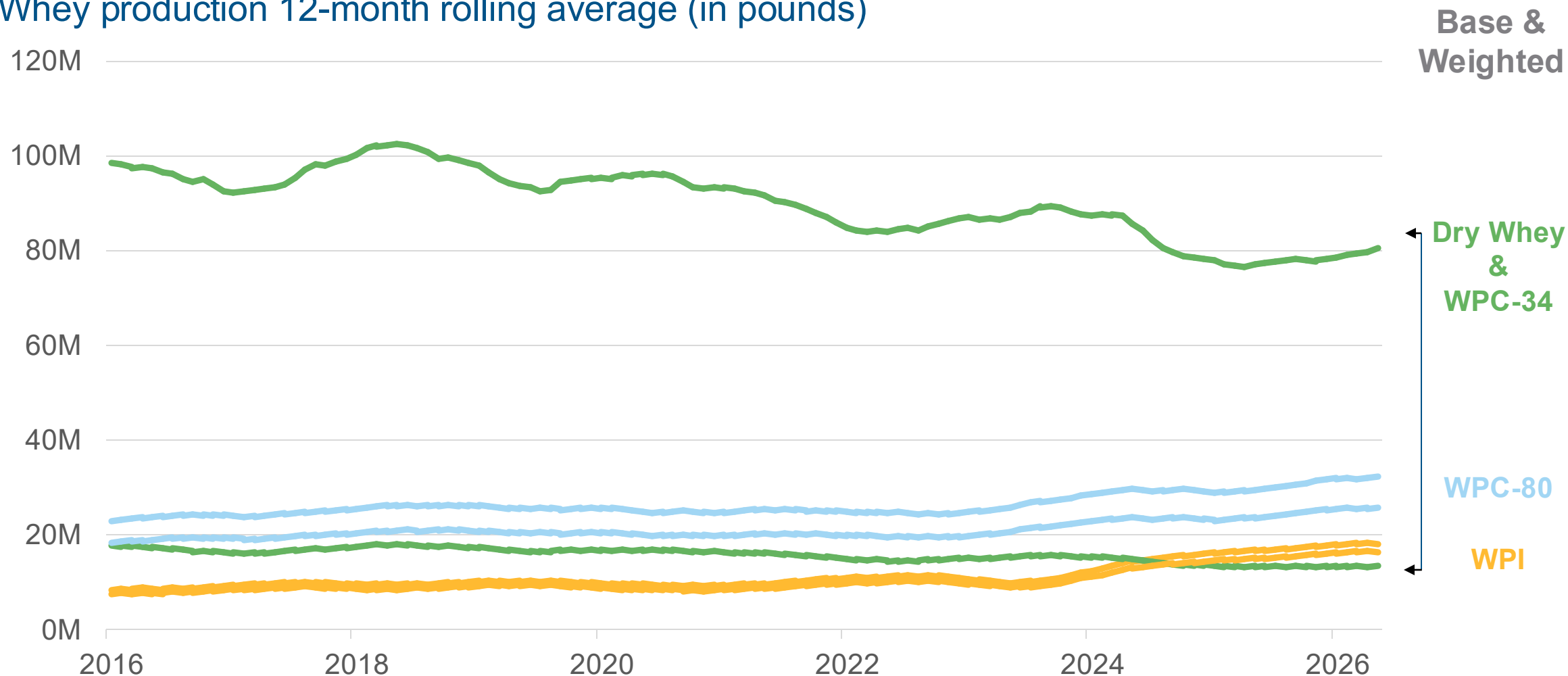
High protein weigh continues to grow market share

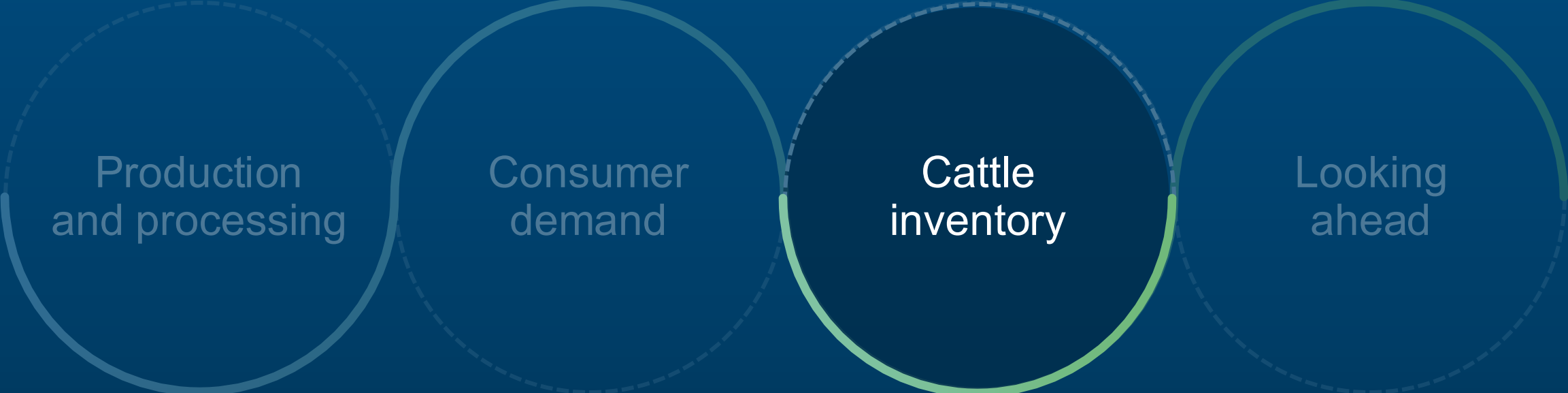
Whey production 12-month rolling average (in pounds)



High protein weigh continues to grow market share

Whey production 12-month rolling average (in pounds)





Production
and processing

Consumer
demand

Cattle
inventory

Looking
ahead

U.S. Cattle inventories continue to decline



86.7 million head

Total cattle inventory



Smallest beef cow
herd since 1961



Record high calf prices, age of
rancher, insufficient pasture
conditions delaying rebuilding

Dairy herd is growing because of fewer cull cows

457,600

Pullback on dairy cow culling since Labor Day 2023



75,700 more cows in
2026 than last year



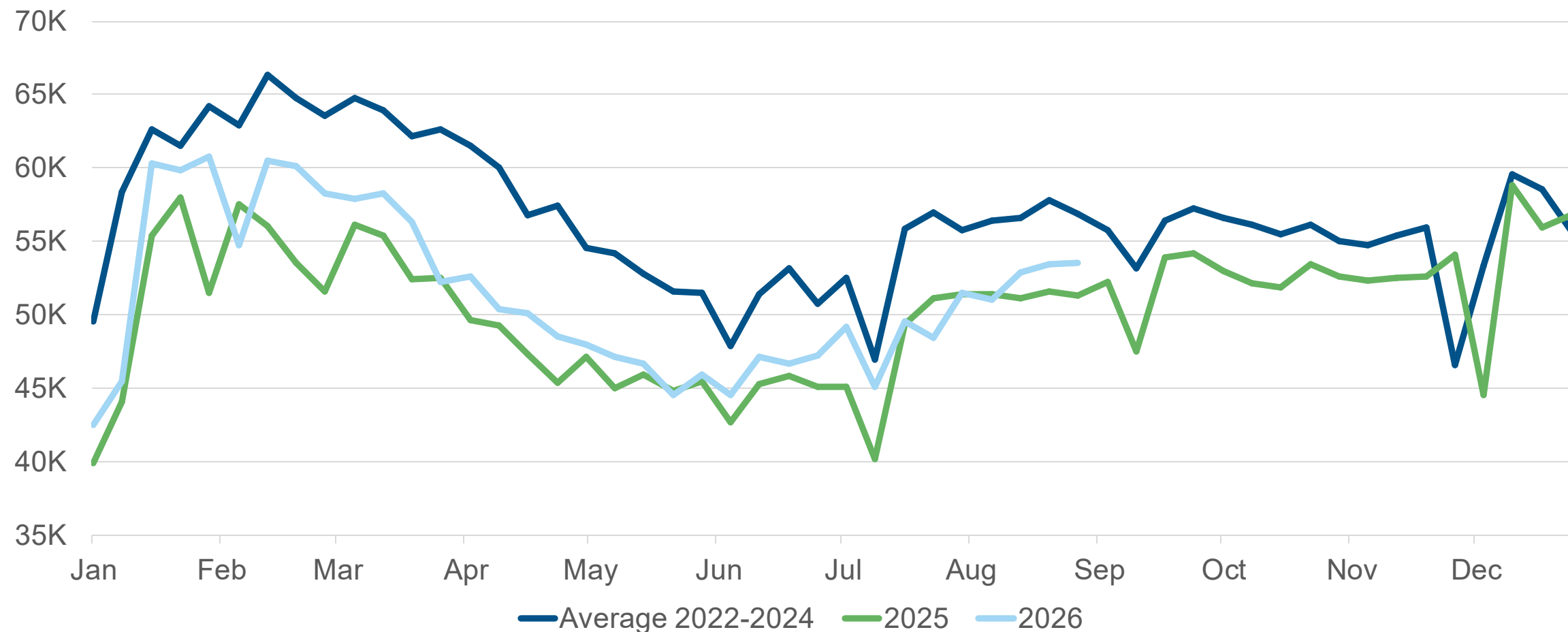
Fewer heifer
replacements leading
to fewer cows culled



All except 5 weeks in
2026 has culling been
higher year-over-year

Weekly dairy cow slaughter is higher than a year ago

Number of head



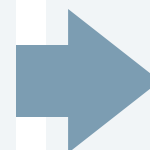
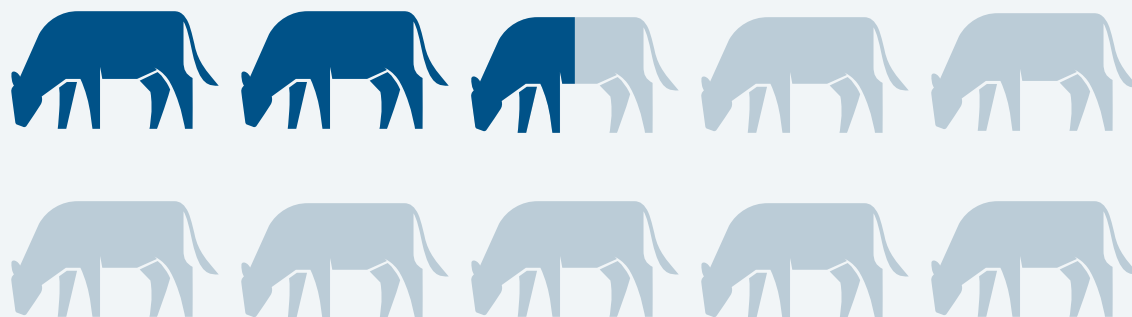
The dairy triple play

Sexed semen

Genomics

Beef-on-dairy

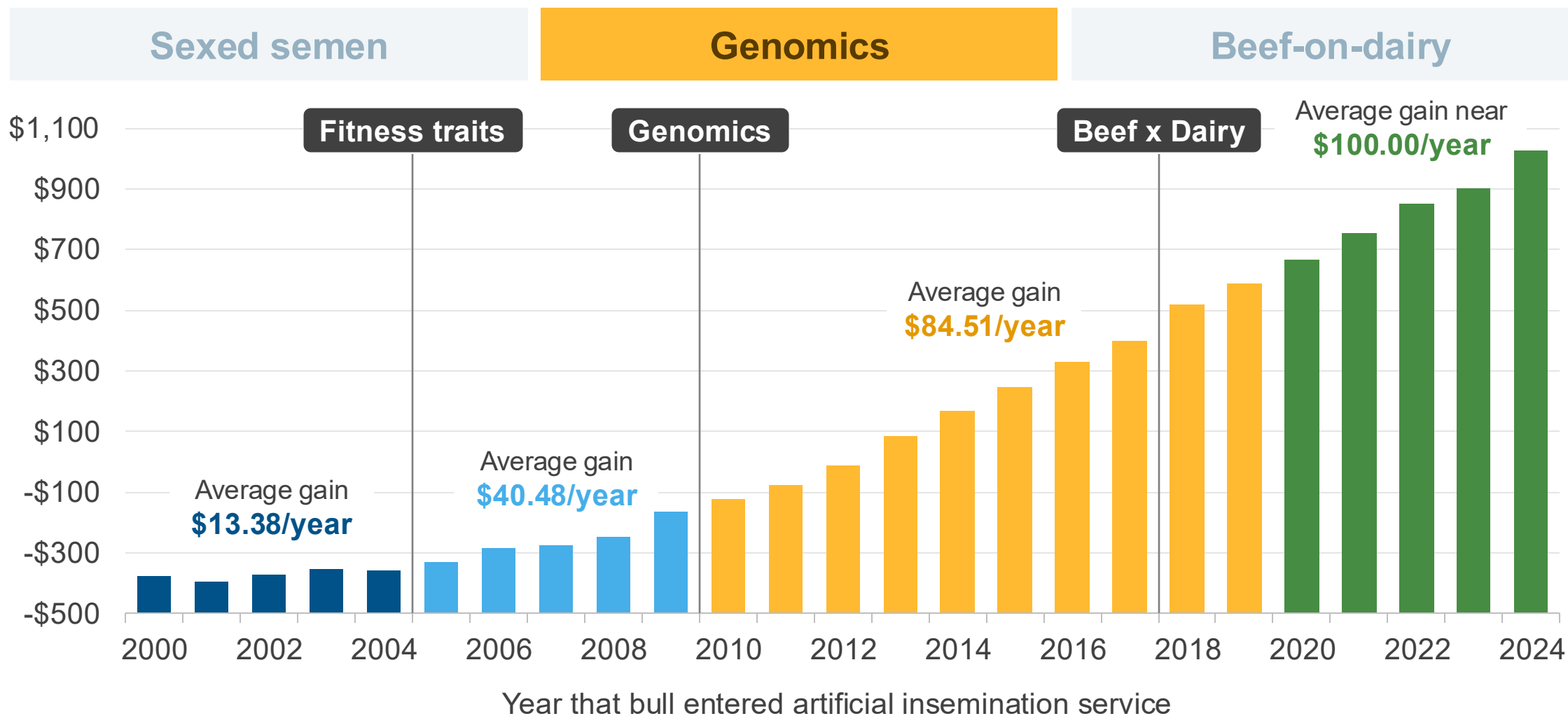
20%-25% of U.S. dairy heifers have genomic tests



Revealing **70%** of genetic ability while still a calf

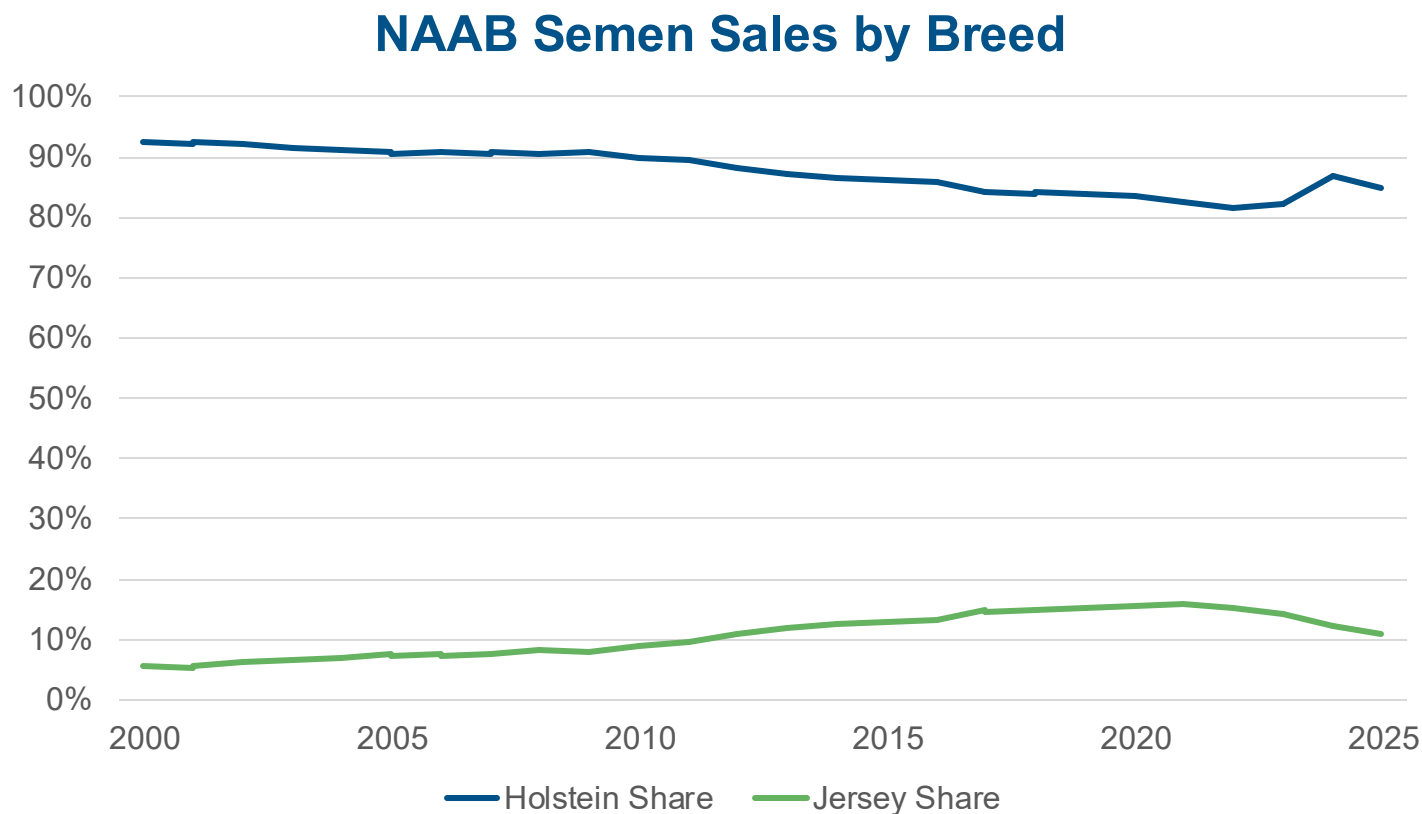


Genetic merit of marketed Holstein bulls



Updating selection indexes – TPI makes a major shift

- Breed market share
 - Holstein – 85%
 - Jersey – 11 %
 - Crossbreeds – 2.1%
- Two main selection indexes for Holsteins
 - Net Merit
 - Total Performance Index (TPI)
- New TPI Formula in April
 - Protein moved from 19 to 24
 - Butterfat moved from 19 to 14



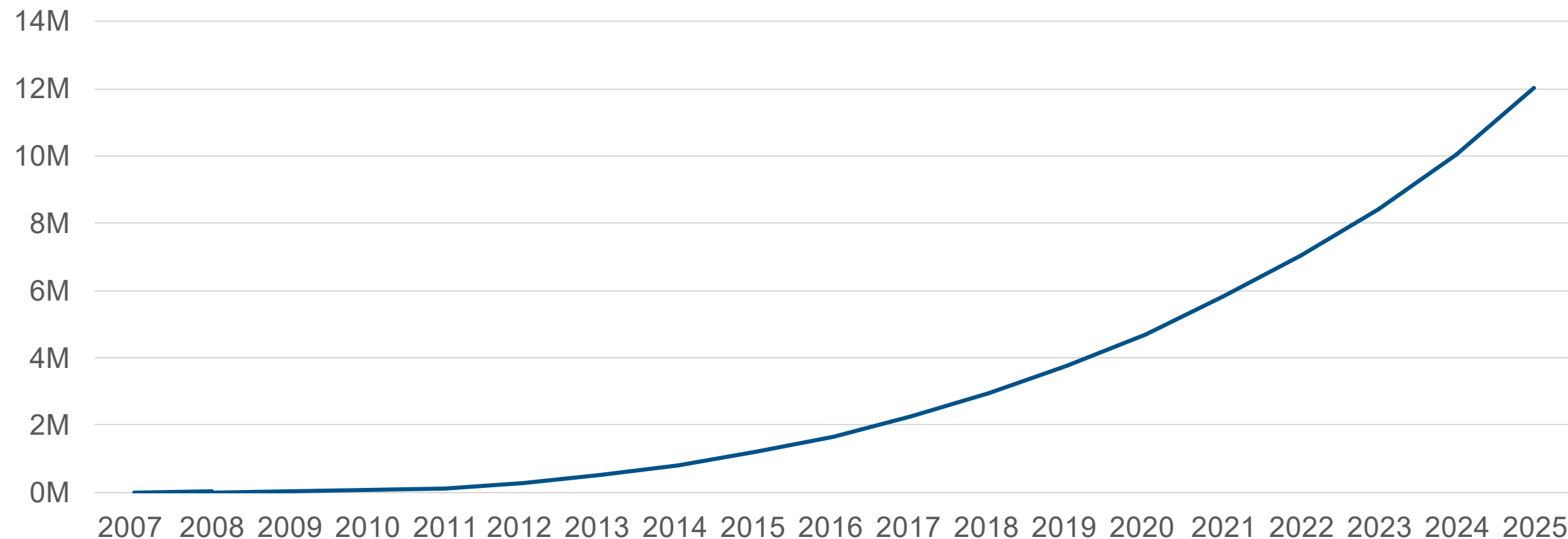
The dairy triple play

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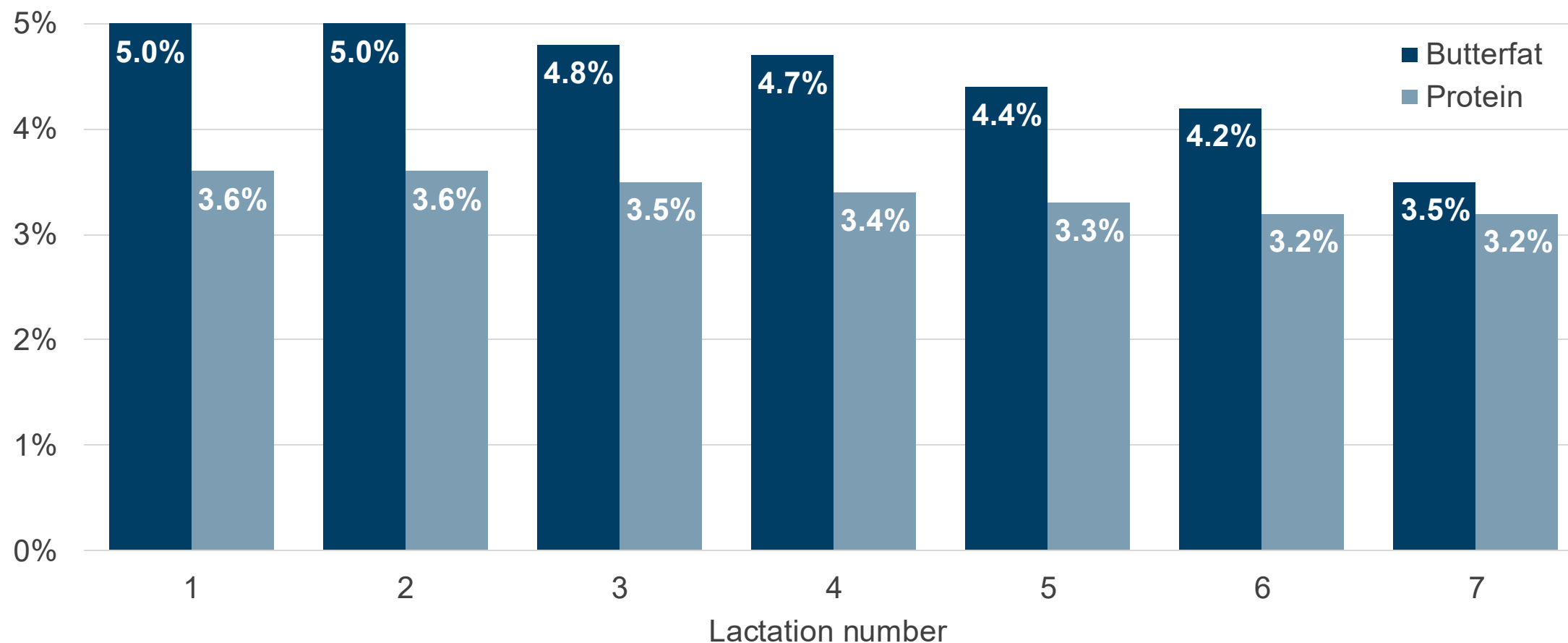
Beef-on-dairy

Animals genotyped in National Cooperator Database

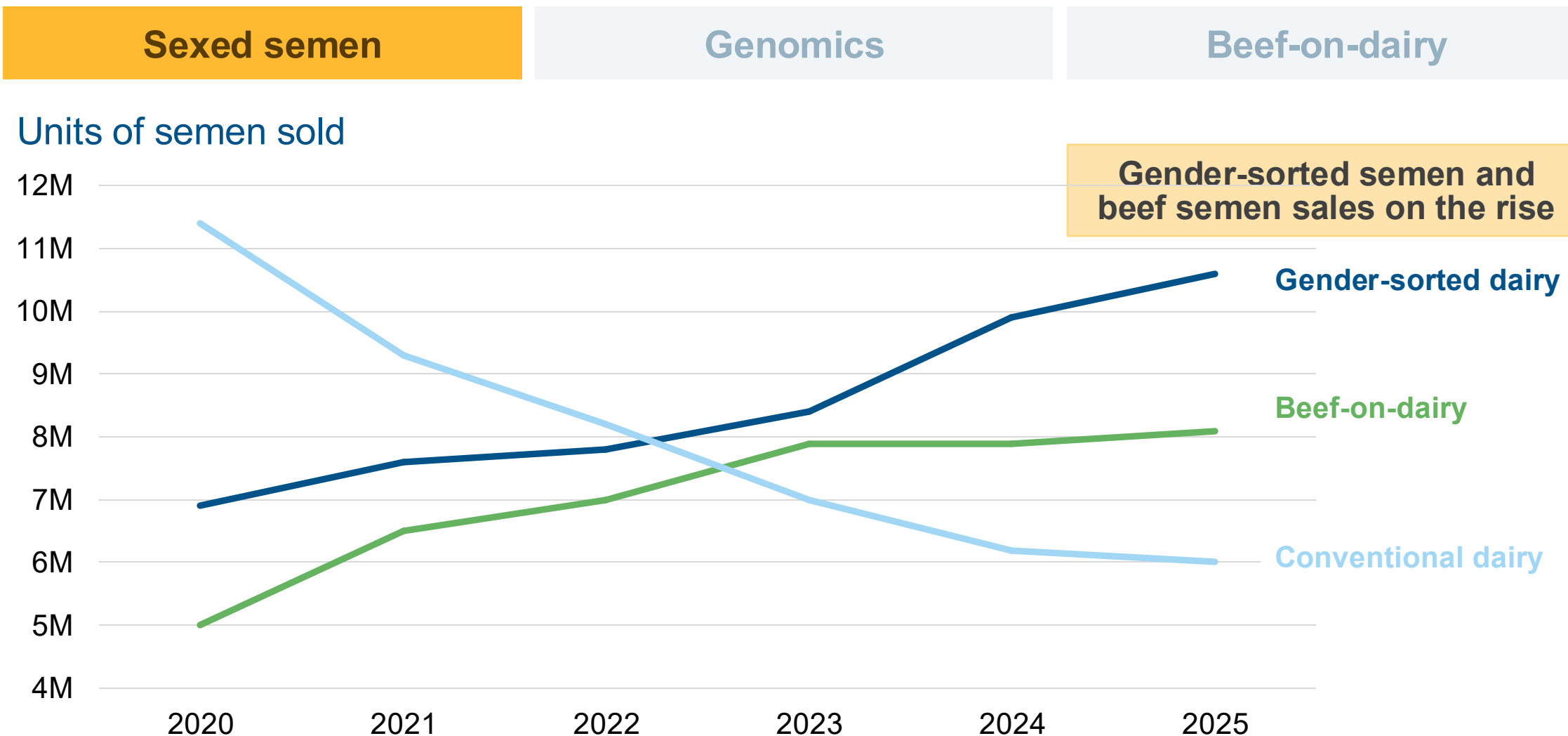


Lactation shift in butterfat and protein at Oakfield Corners

Butterfat and protein percentages by lactation number



Gender-sorted semen to pump up replacement heifer herd



Beef-on-dairy continues to transform category

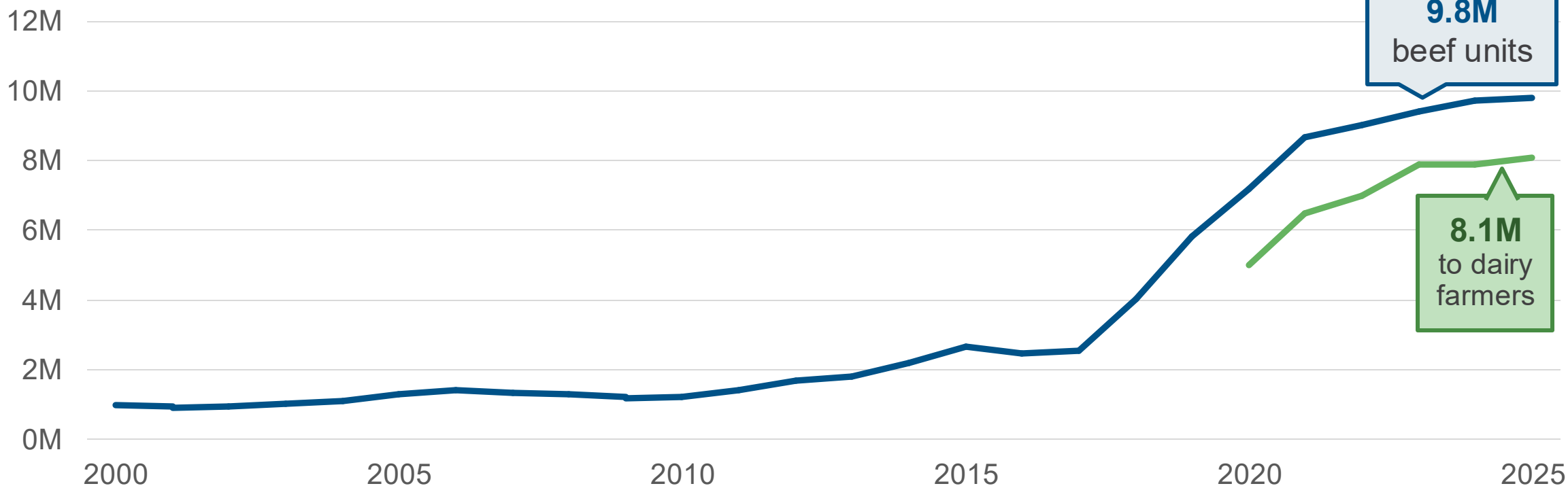
Sexed semen

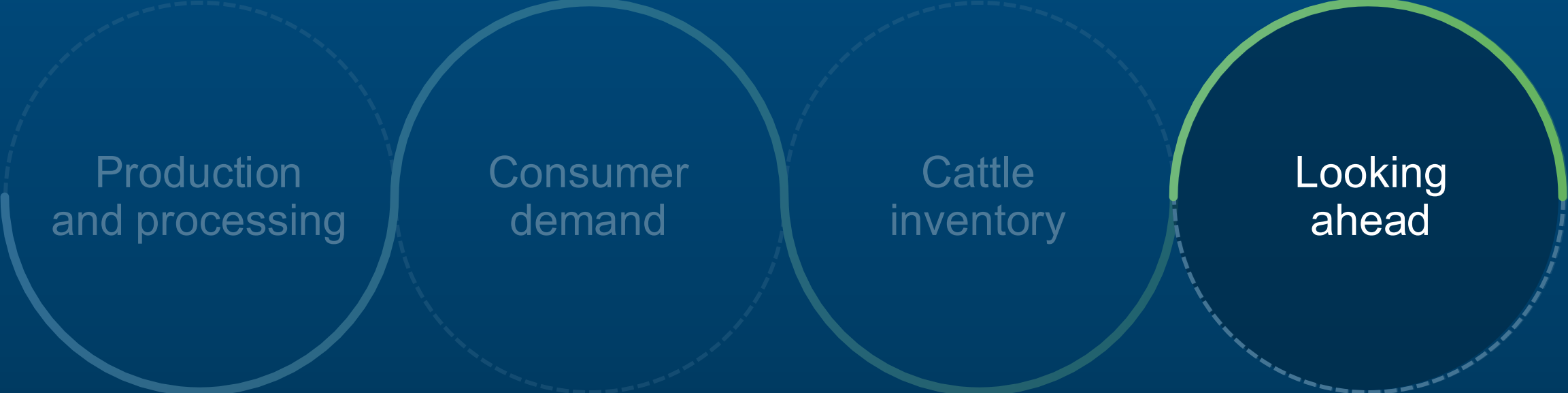
Genomics

Beef-on-dairy

Domestic beef semen sales climbed substantially

Units sold





Production
and processing

Consumer
demand

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inventory

Looking
ahead

Largest dairy cow herd in 34 years



Monthly dairy cow inventory



Why cow numbers and milk may not contract quickly

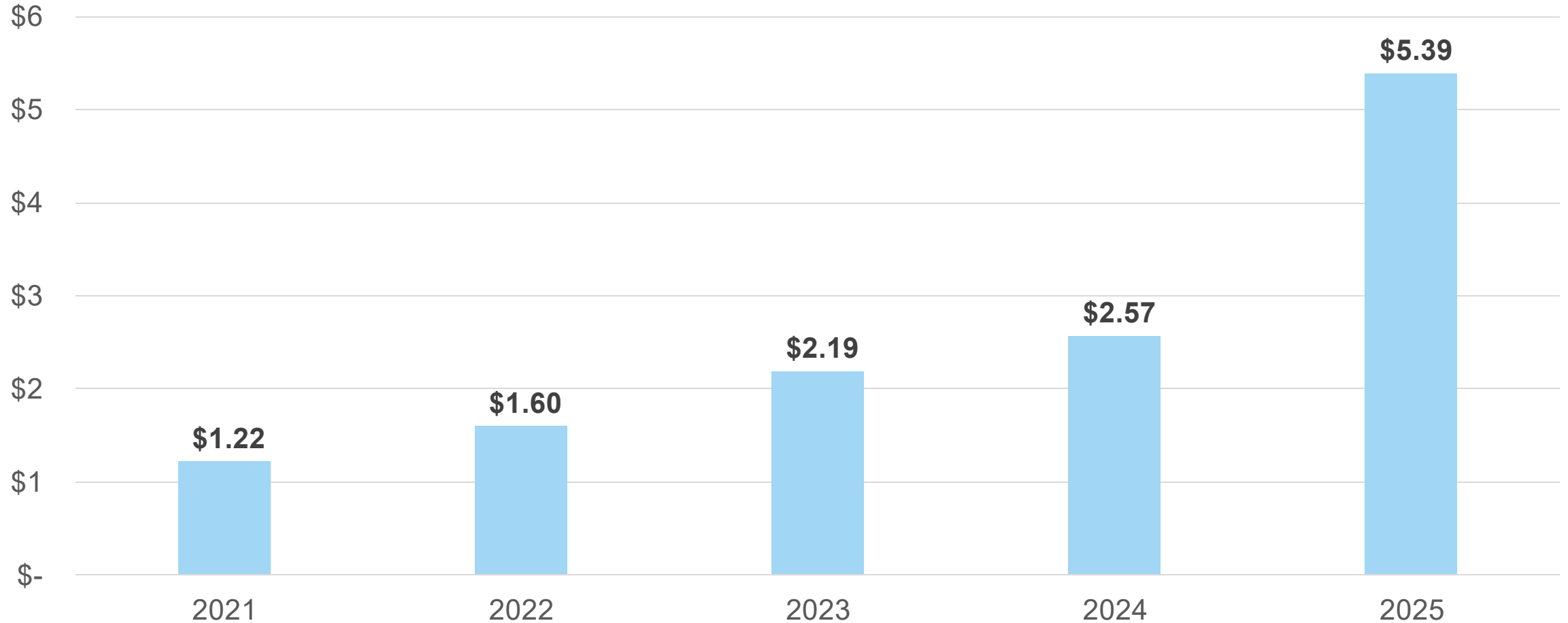


Pennsylvania beef-on-dairy calf pricing (price per calf)



Cull cows and calf sales deliver more income to dairy

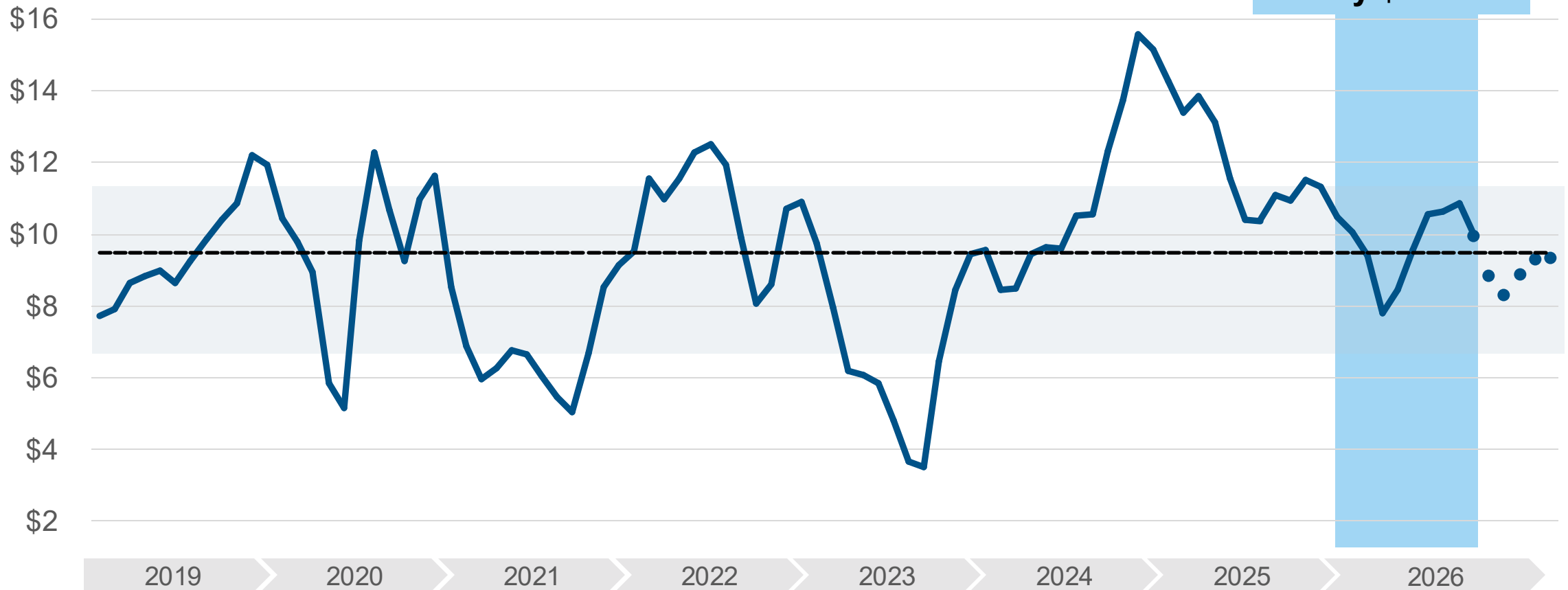
Cattle sales in \$ per cwt.



Volatility in milk price has been covered by beef-on-dairy



Actual and forecast dairy margin
(dollars per cwt.)



A 30,000-foot global dairy industry view

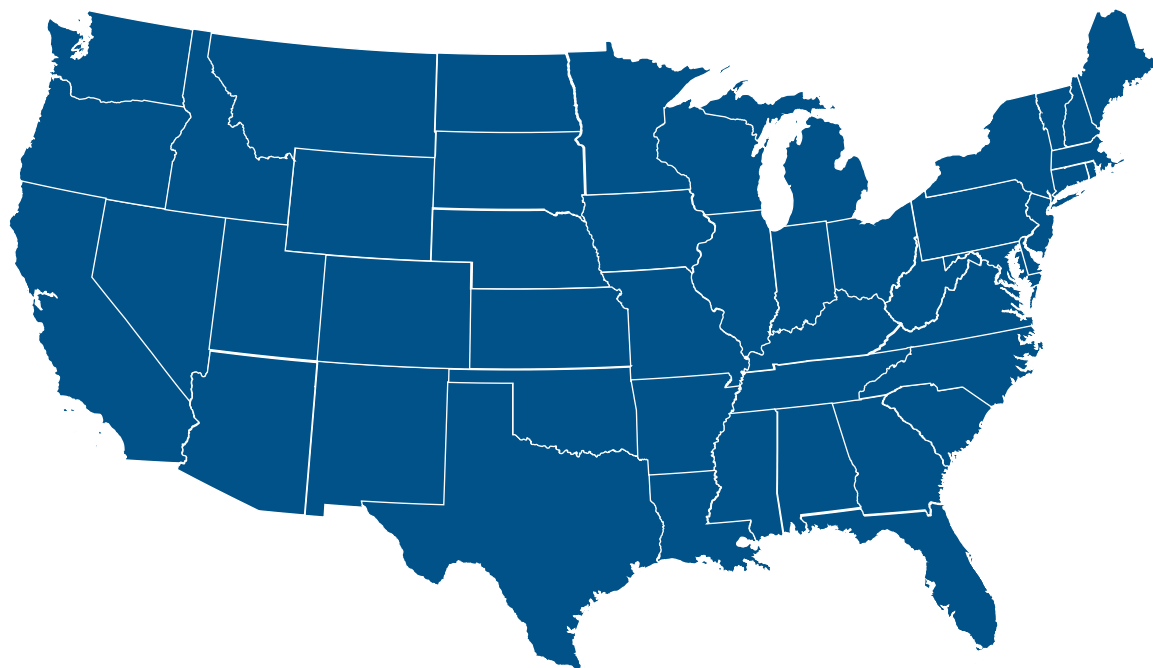
Ask an international dairy company or co-op CEO:

“ Where do you want to expand your dairy business? ”

What do you say?

Where do you want to expand your dairy business?

You guessed it: the United States



Multiple reasons companies and cooperatives want to do business in the U.S.

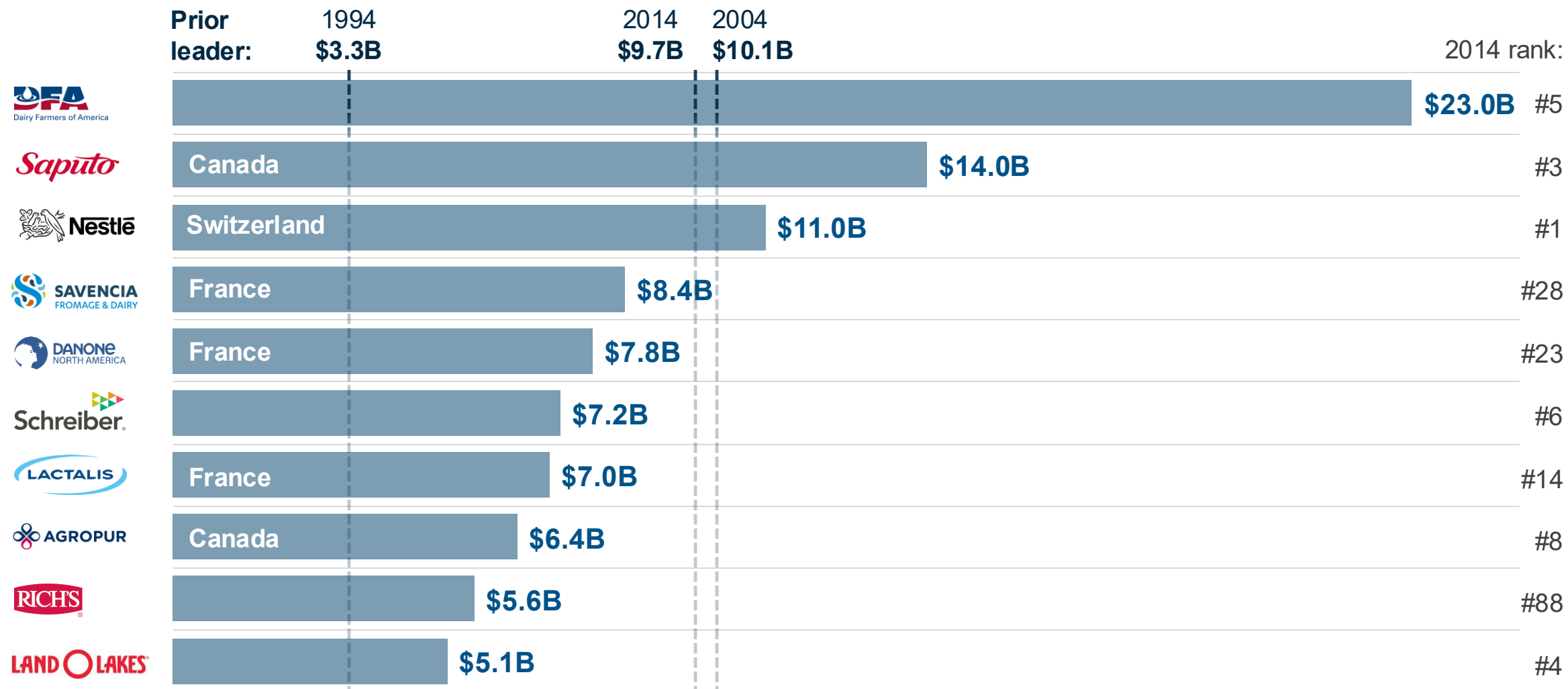
- ▶ U.S. dairy sector growth mindset
- ▶ For 25 years – major investment in developing exports
- ▶ Steady stream of milk and components that keeps growing
- ▶ Modern dairy infrastructure

Question: Is this a fair of assessment of the marketplace?

U.S. dairy processing sales 30 years ago in 1994



U.S. dairy processing sales in 2024



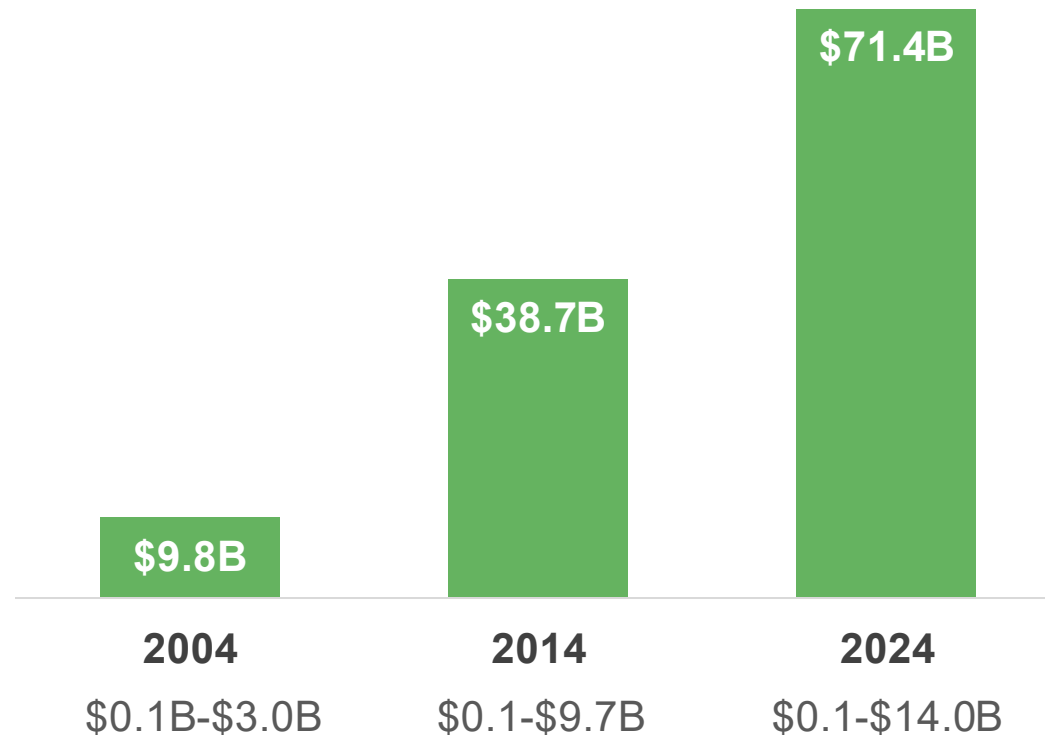
Foreign dairy investment



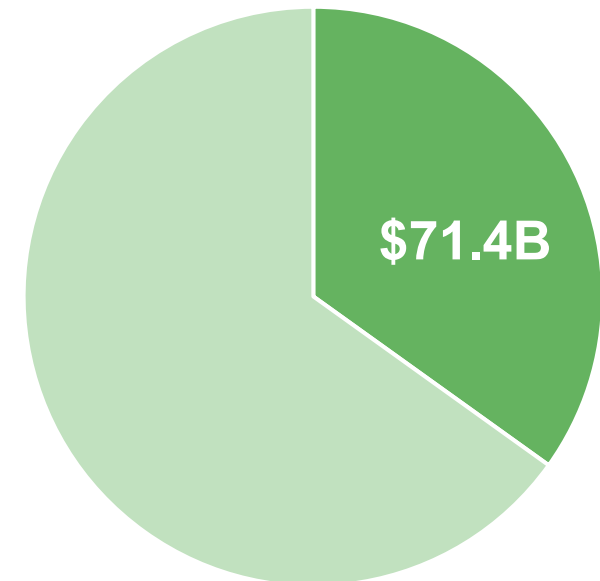
Do Canada and Europe view the U.S. as part of their long-term growth plan?

YES

Foreign processor sales

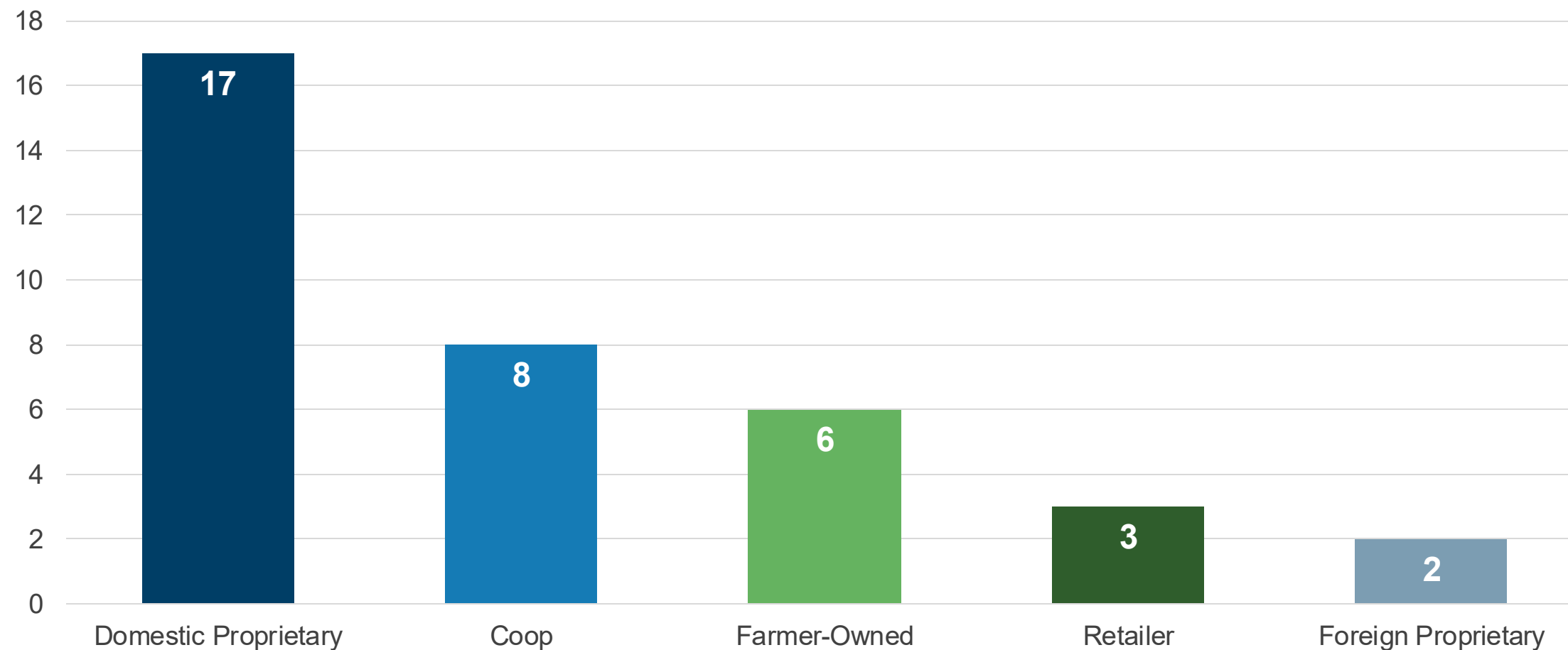


Foreign-owned entities process and market about 35% of U.S. milk



36 new plants; 33 different companies

Number of new or expanded dairy processing investments by ownership (2023-2026)



Key themes



Protein is in strong demand



Historic growth in milk components



Beef brings more to dairy

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