



Dairy Market Update: Protect What You've Built

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Progressive Dairy

June 3, 2026





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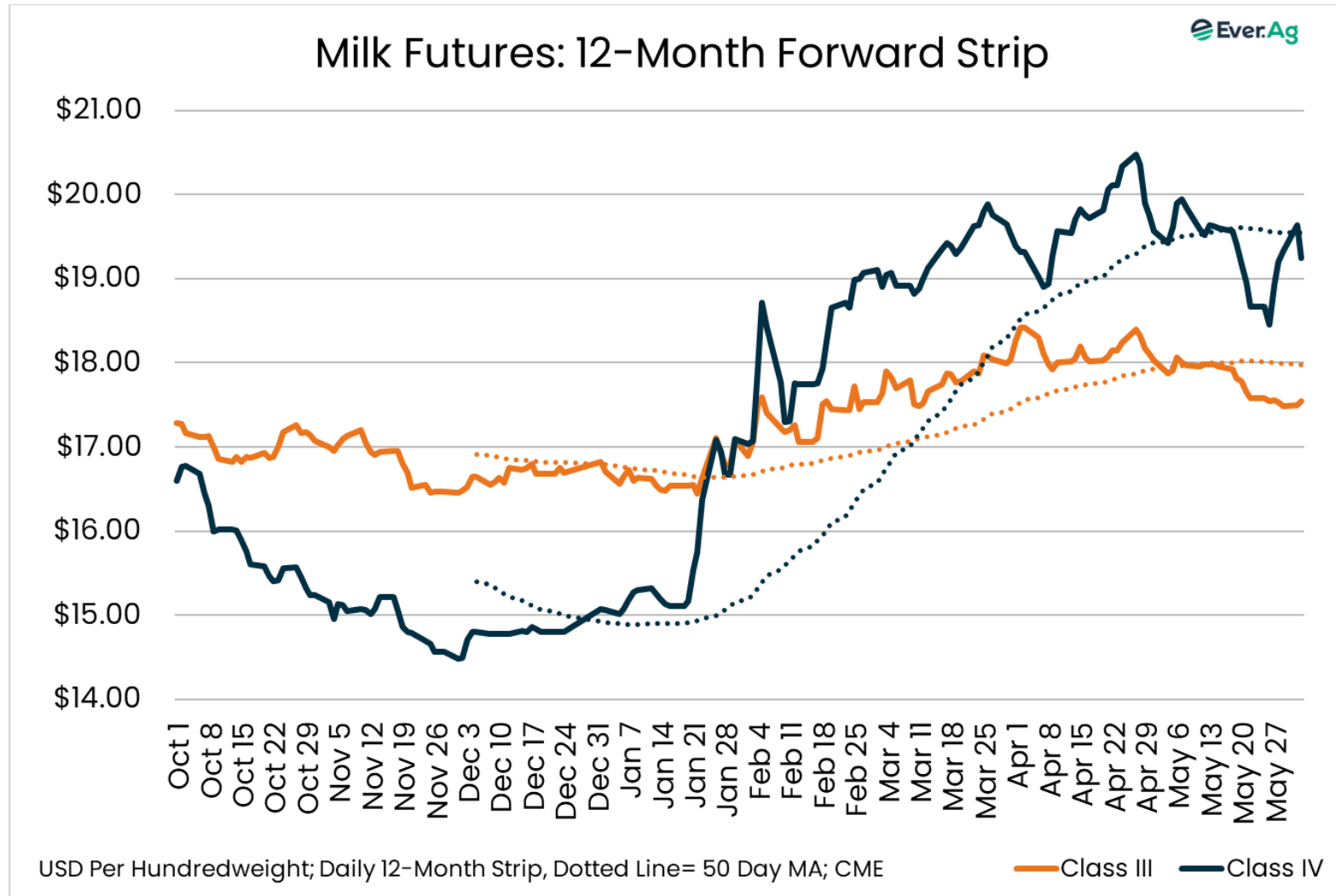
Vice President, Ever.Ag Insights

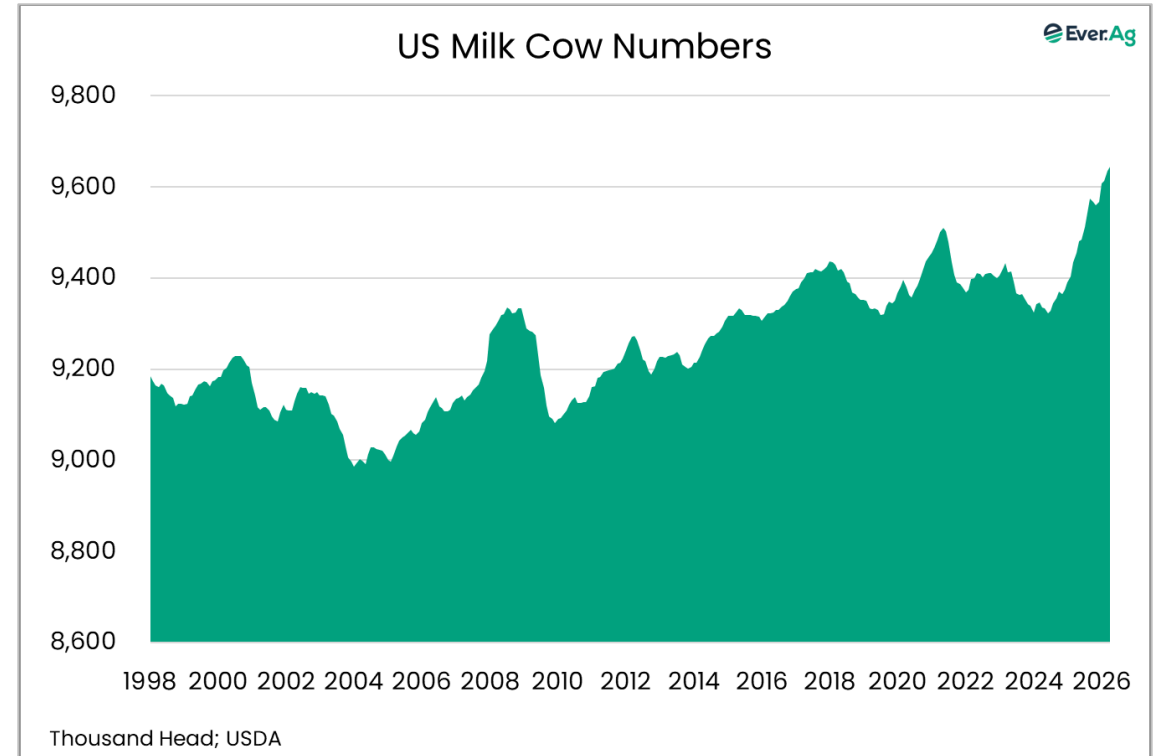
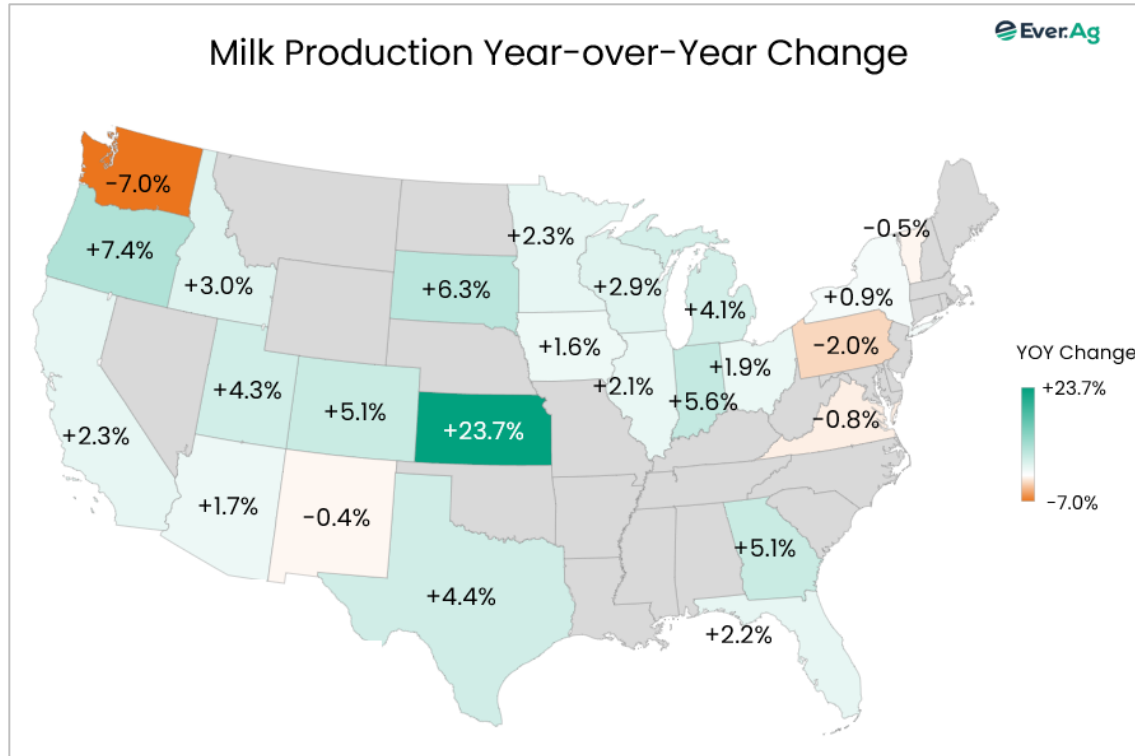


Katie Burgess

Dairy Market Advising Director

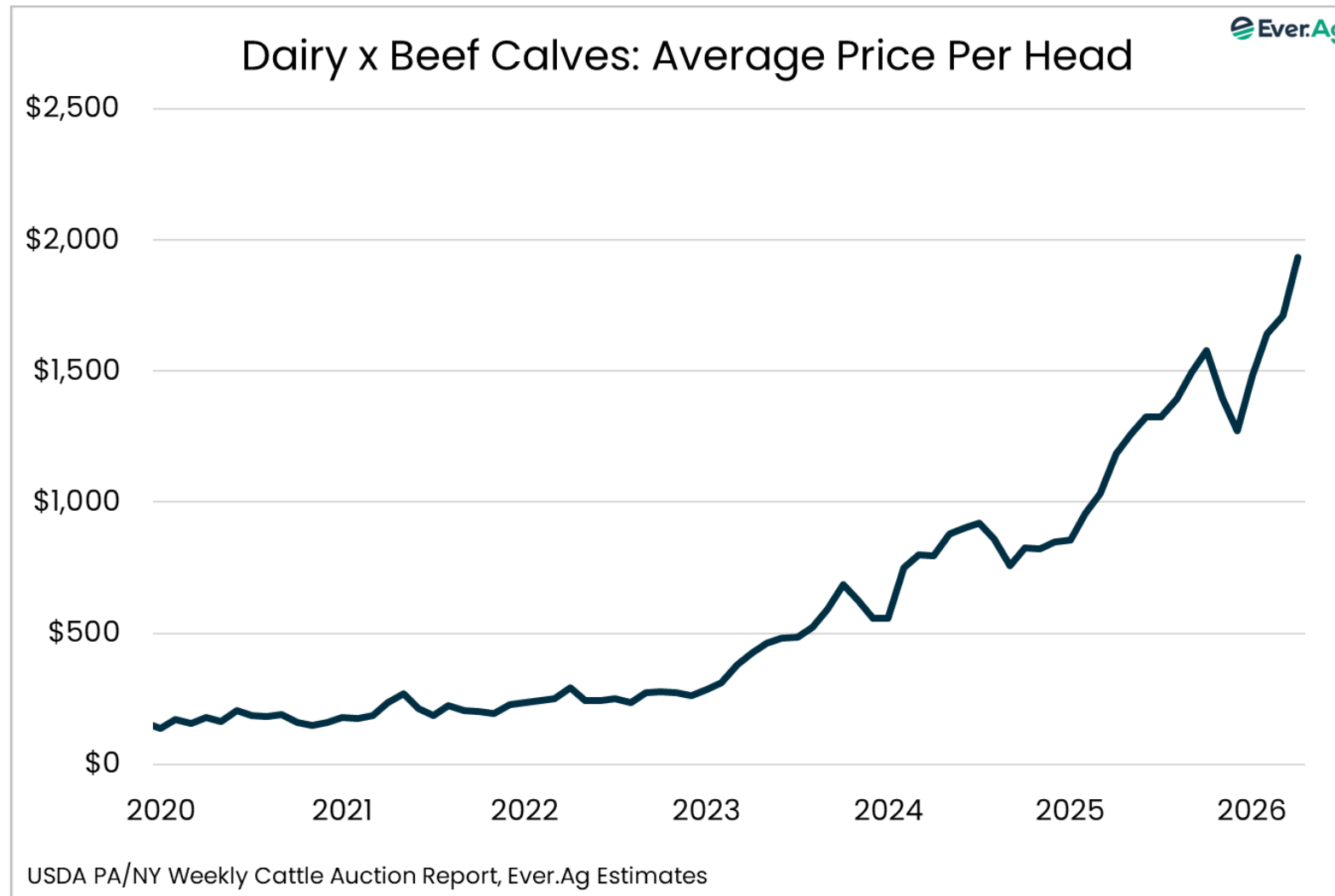
Volatile First Half



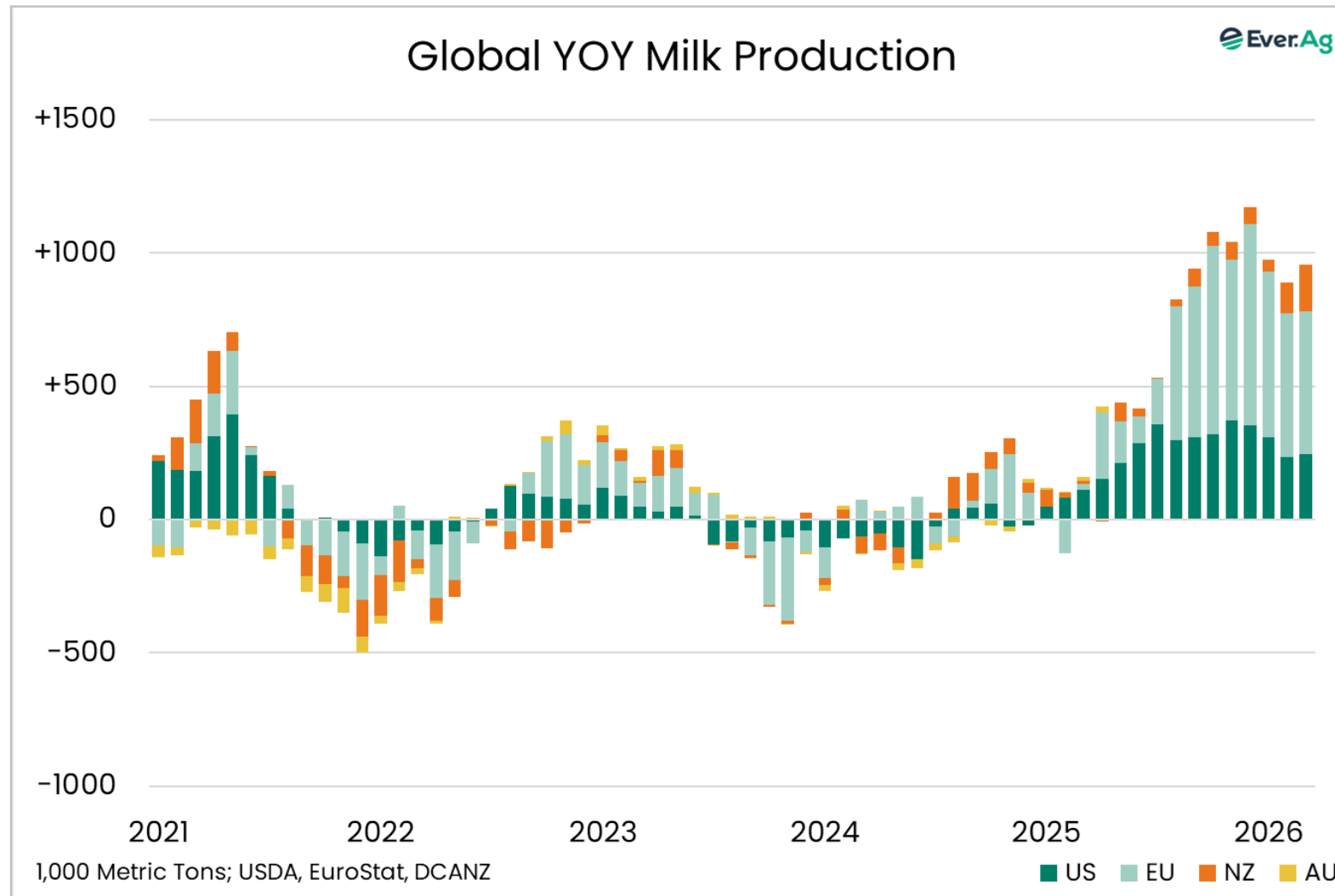


- April production: +2.7%, slightly ahead of expectations
- Growing cow numbers continue to propel growth. April herd: 9.645 million head, up 10,000 MOM and up 190,000 YOY to another new 30+ year high.

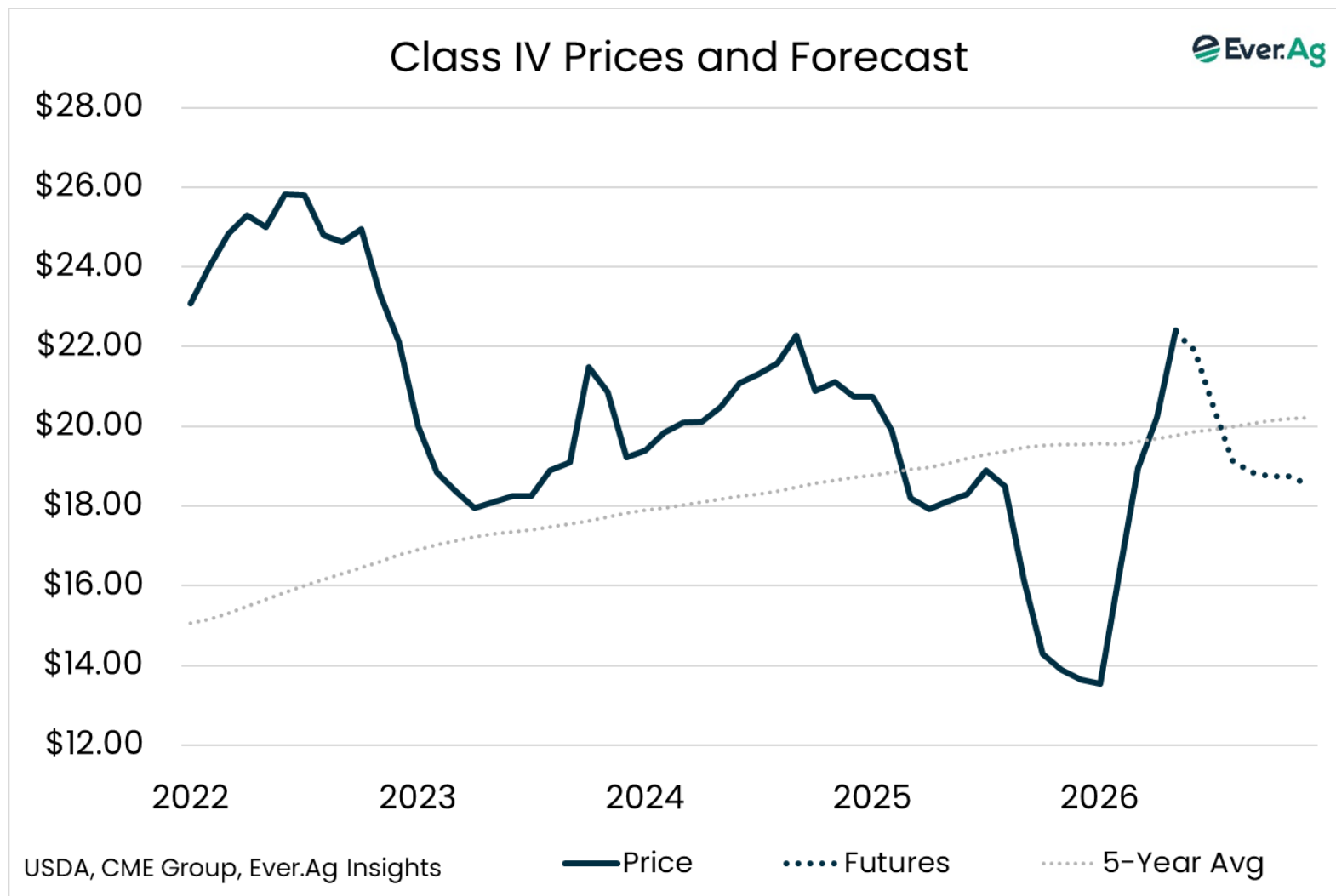
Dairy x Beef \$\$\$ Still Rolling In



Global Supply Still Strong

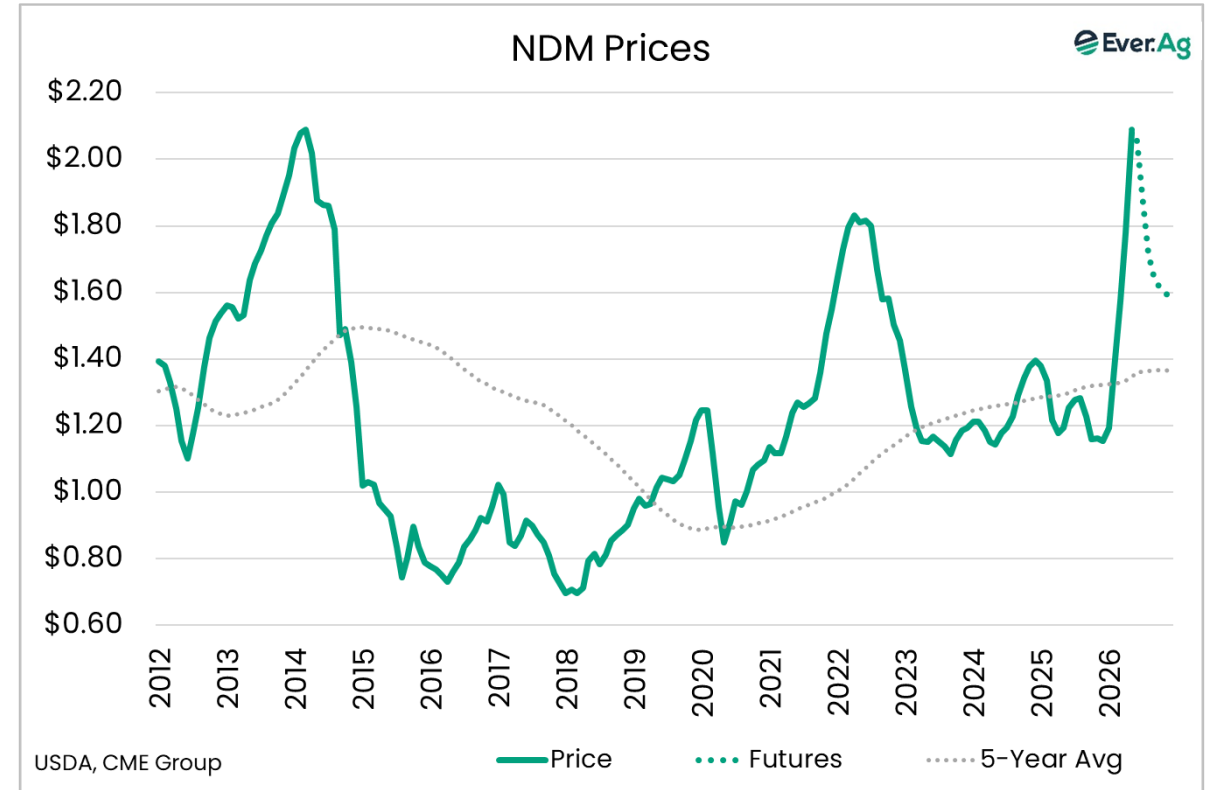
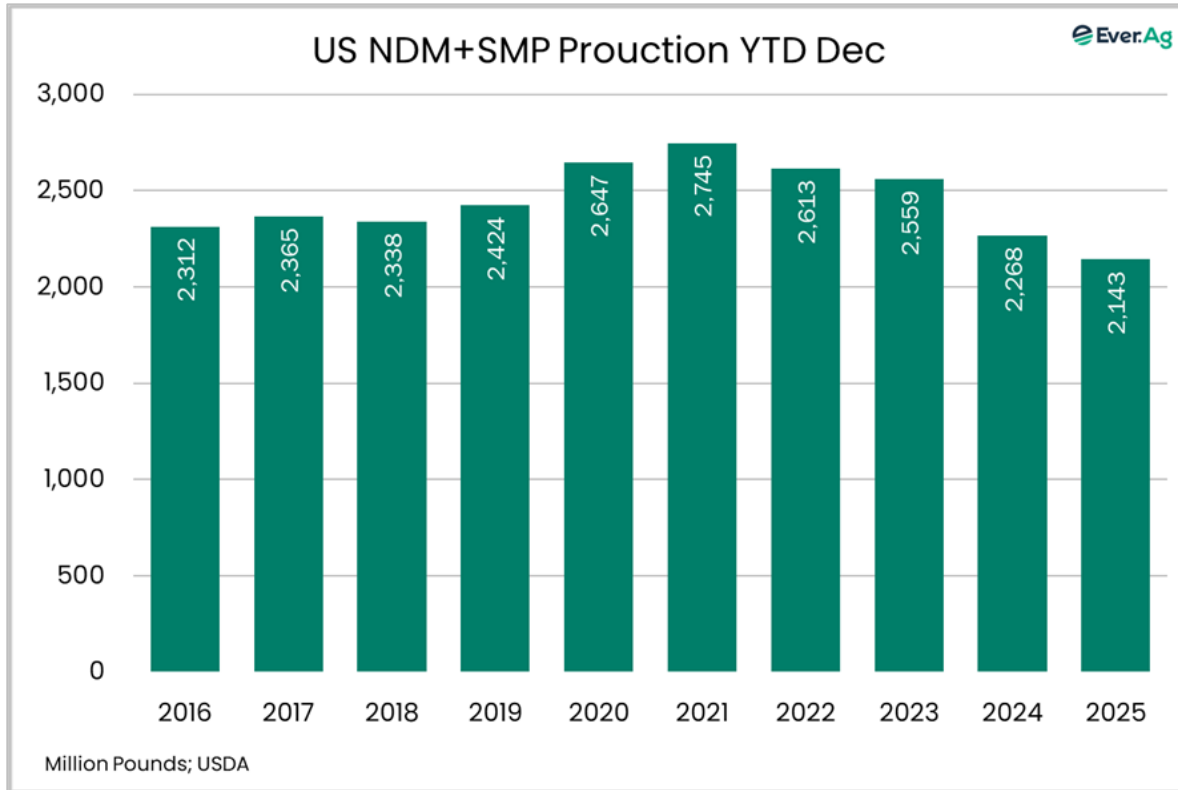


Class IV Rollercoaster

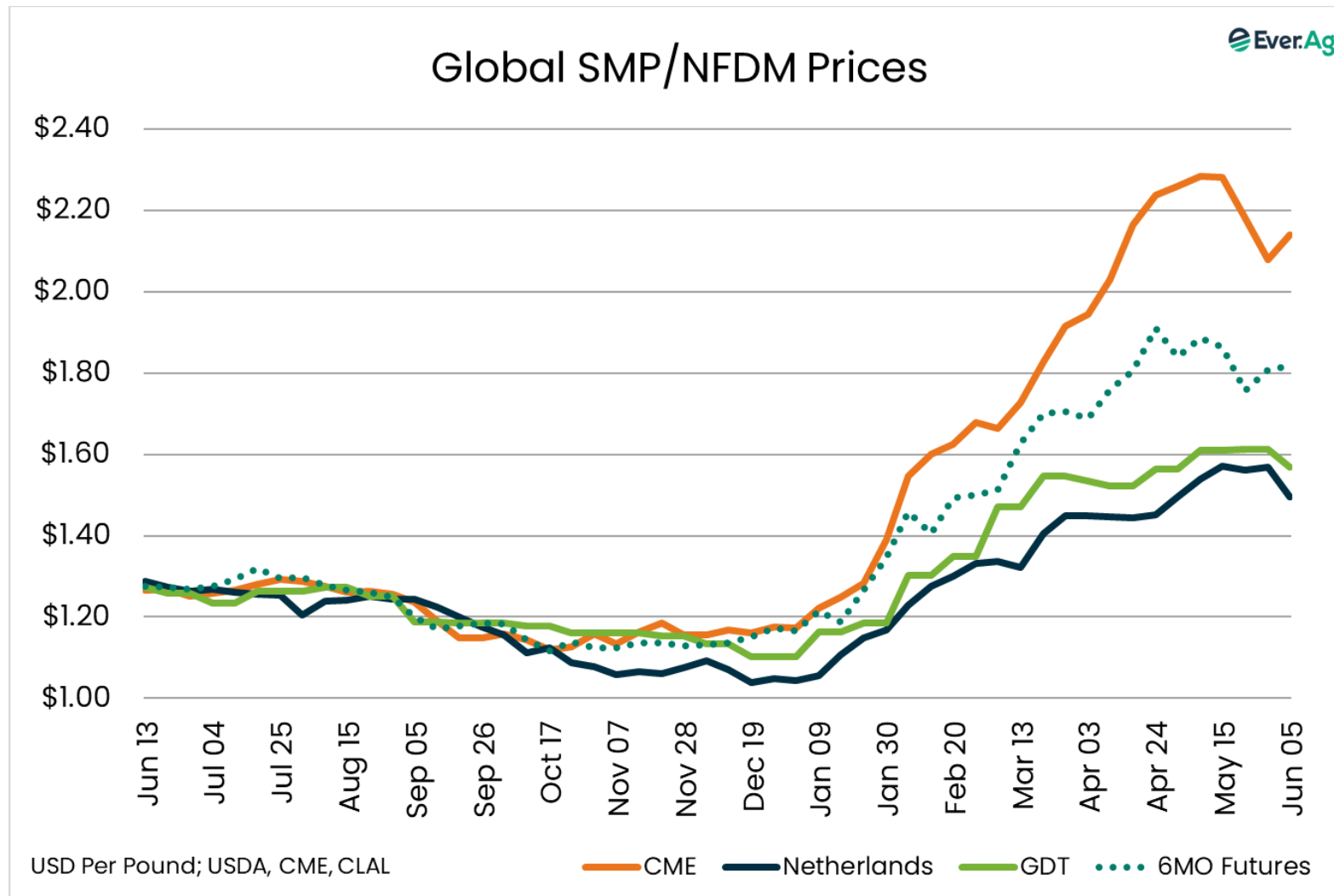


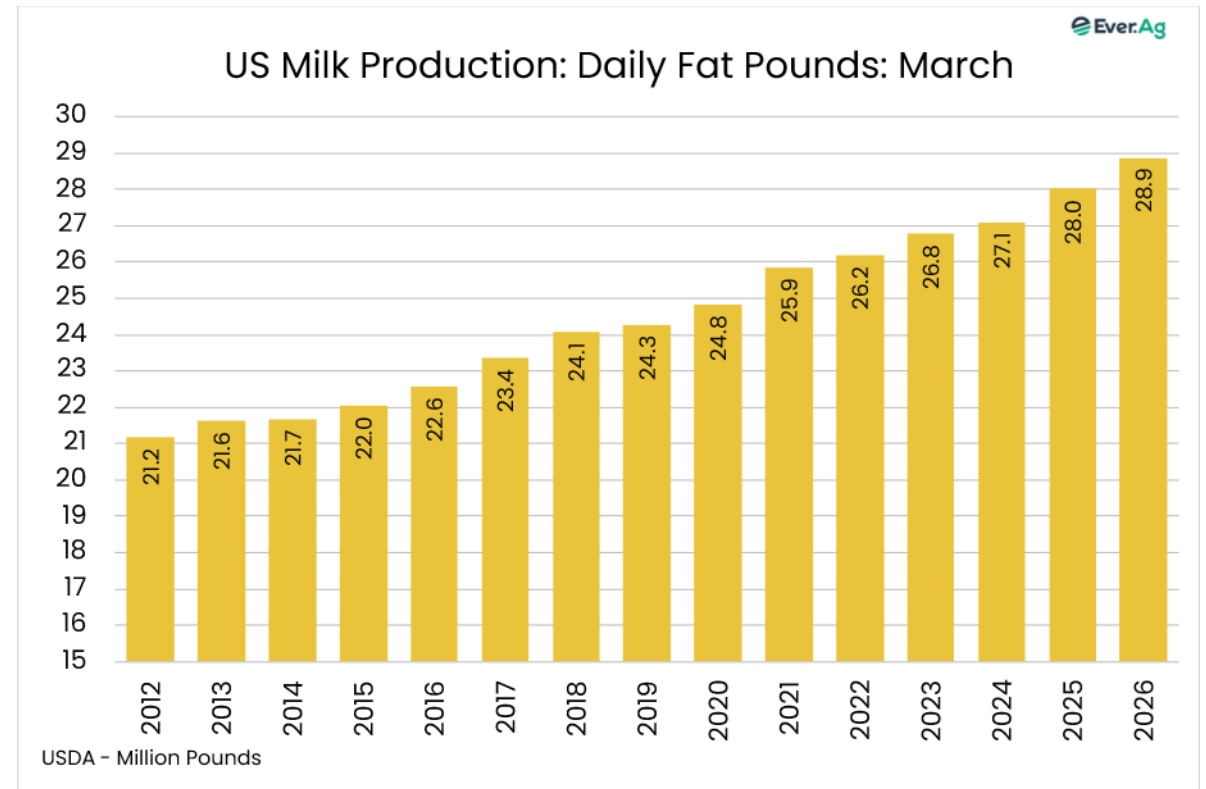
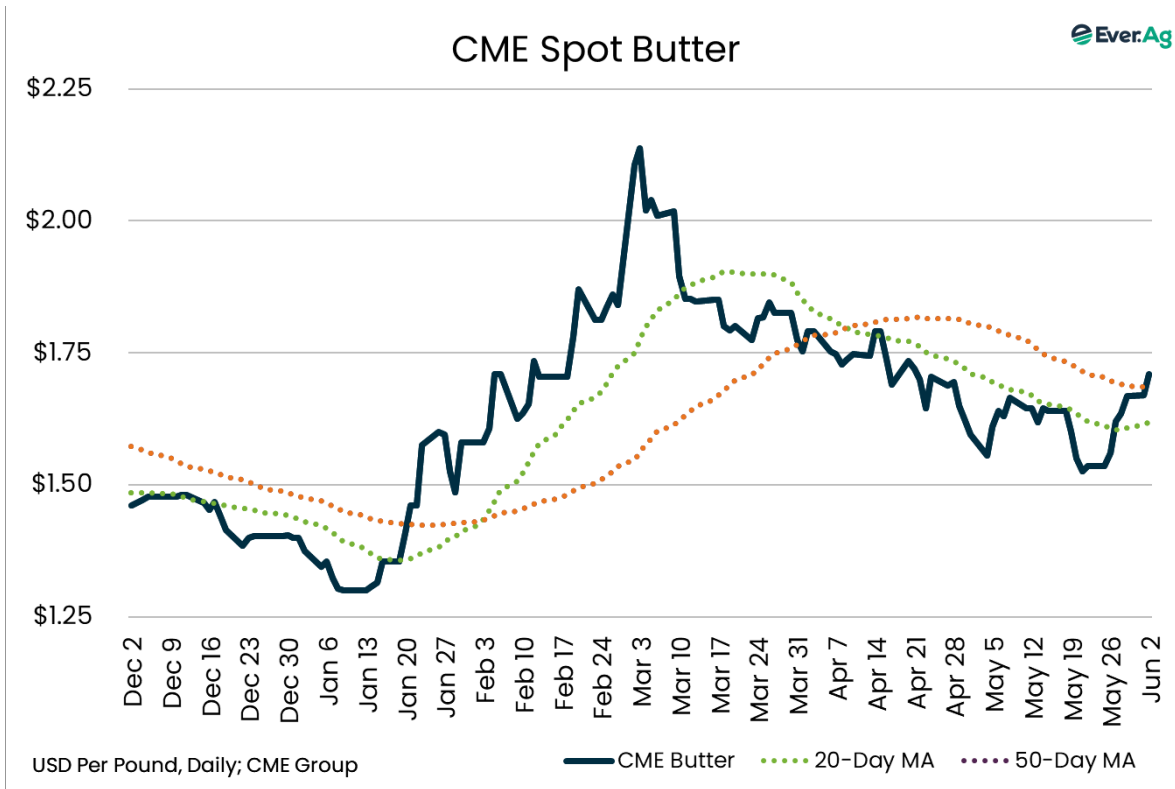
- January Class IV milk settled at the lowest level in nearly five years: \$13.55
- May Class IV will likely settle near \$22.30, the highest level in more than three years
- But, futures projecting that May will be the peak
- Class IV drives Class II
- Class IV also driving Class I as the “higher-of”

NDM Drives The Price Surge

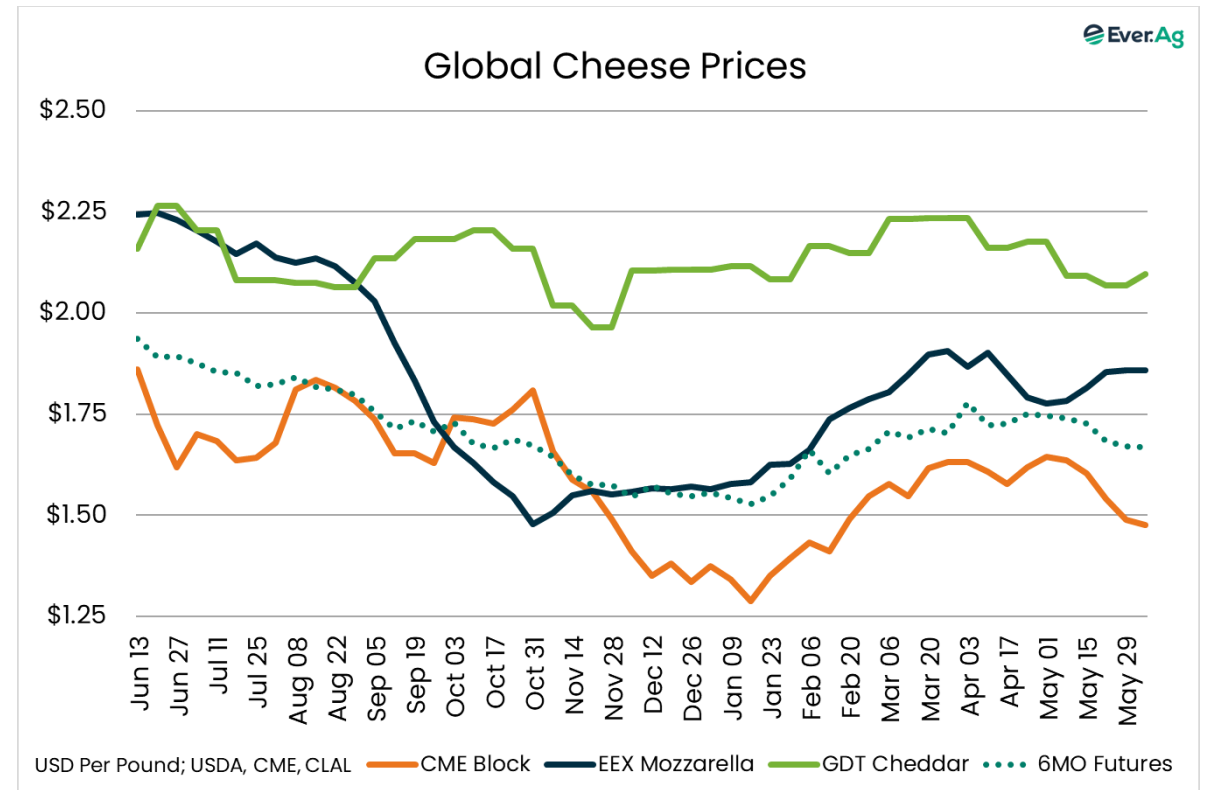
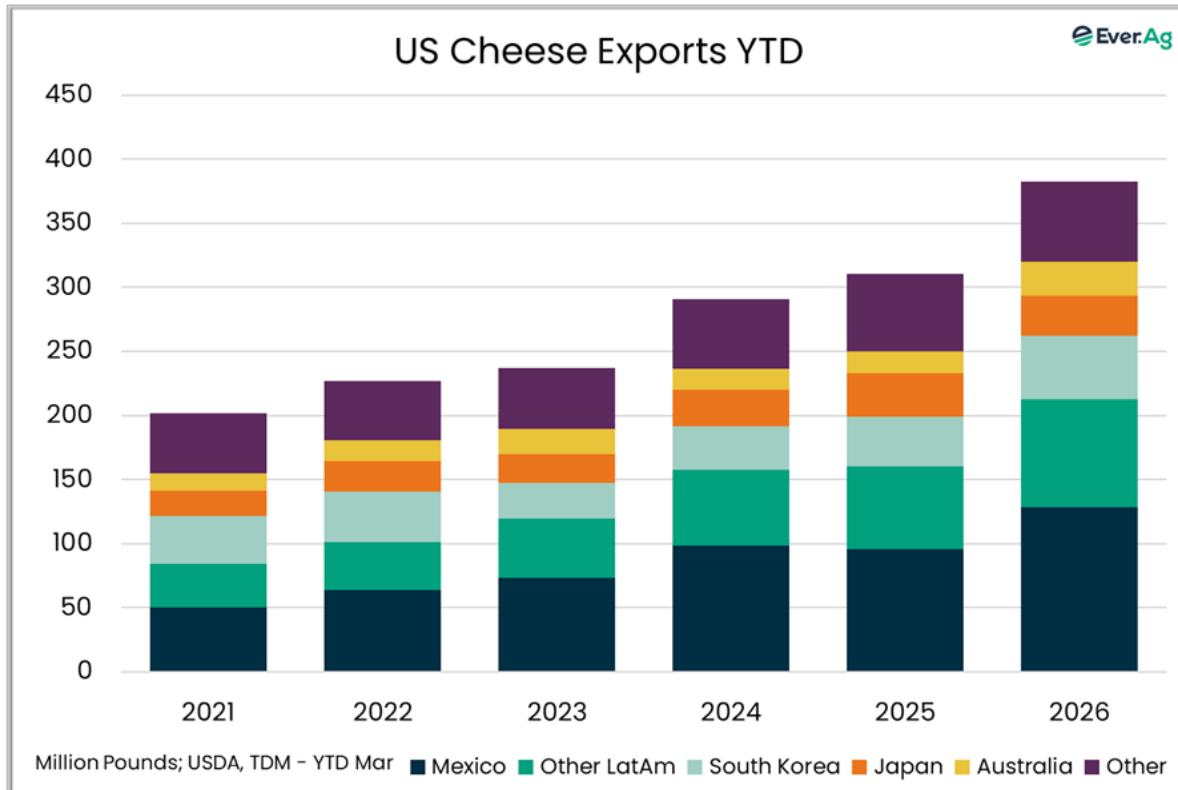


Do We Lose Exports Here?

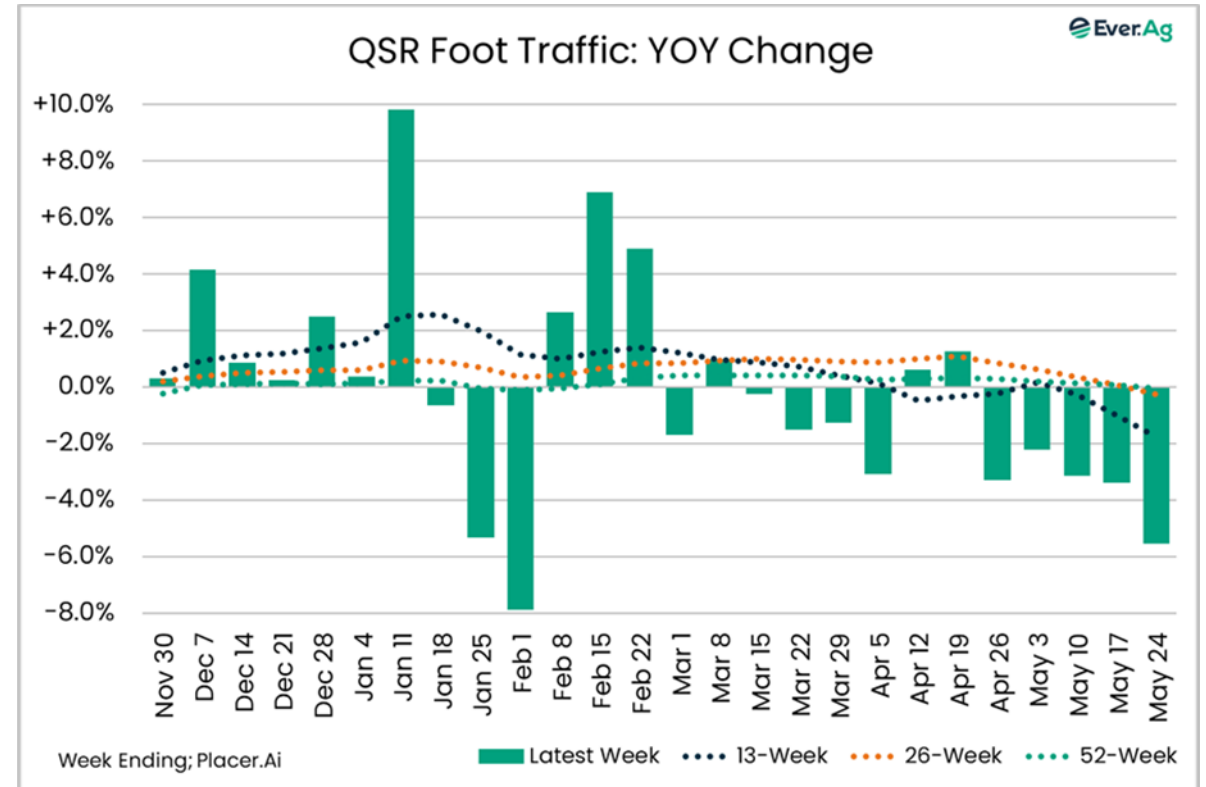
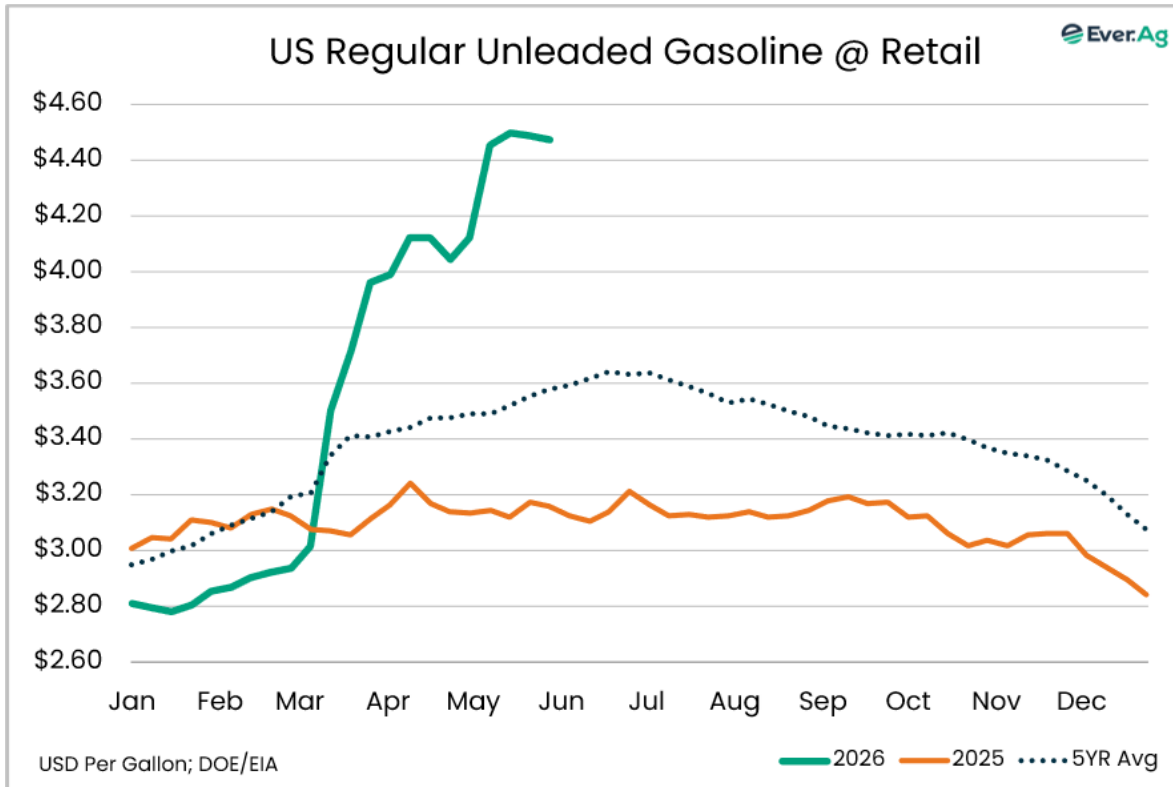




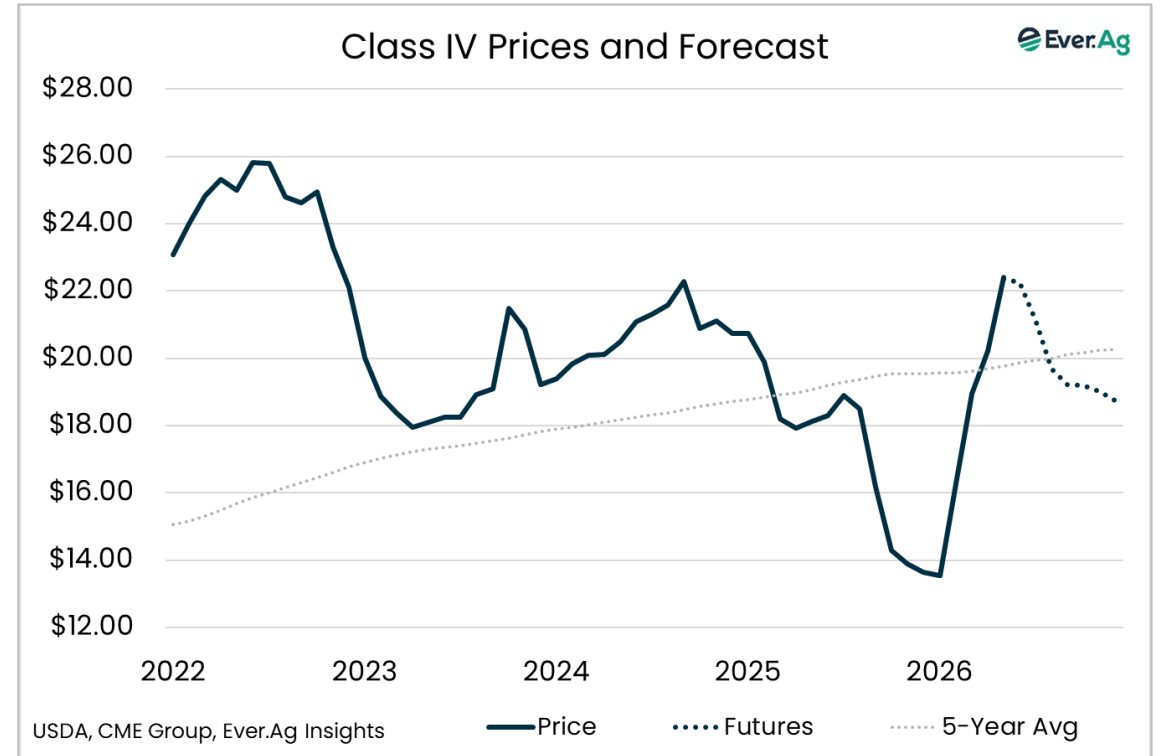
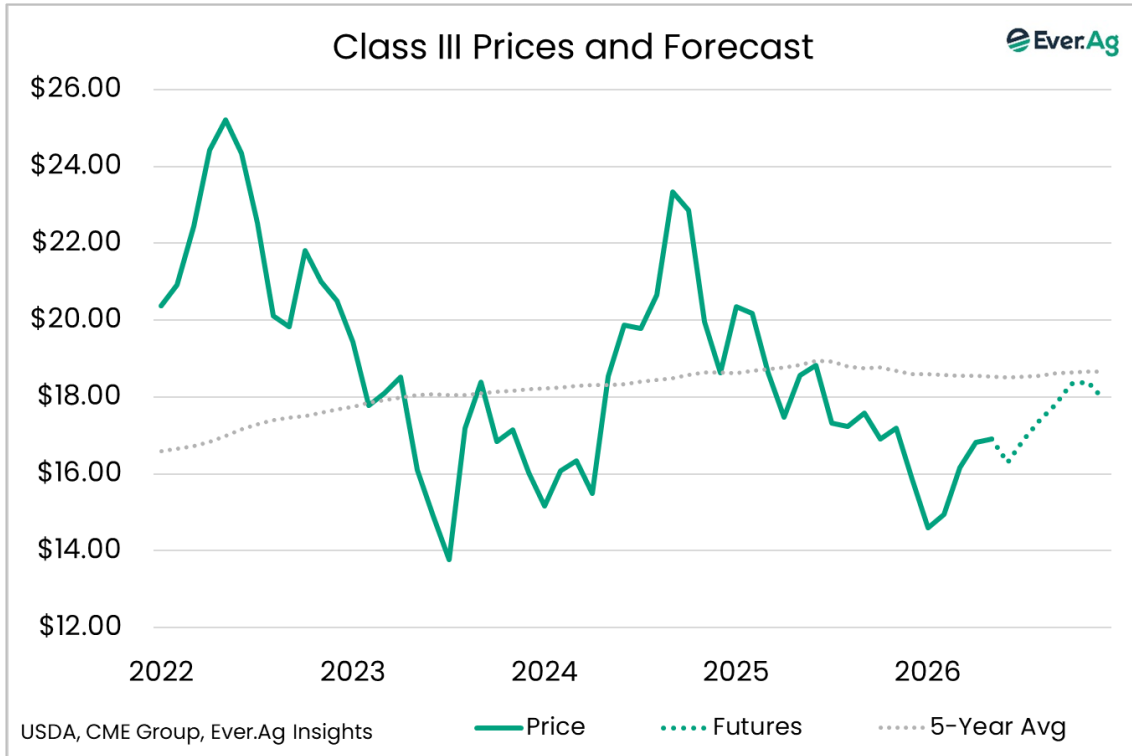
Cheese Exports: Record Start



Domestic Demand Struggling

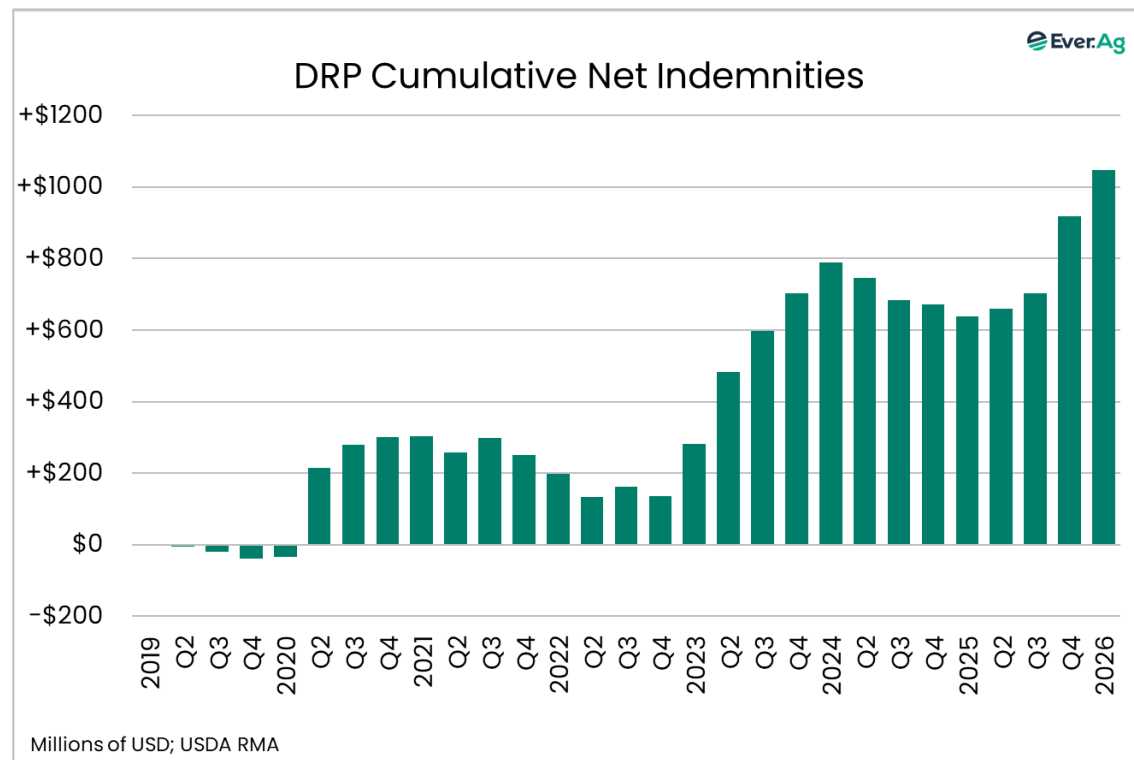
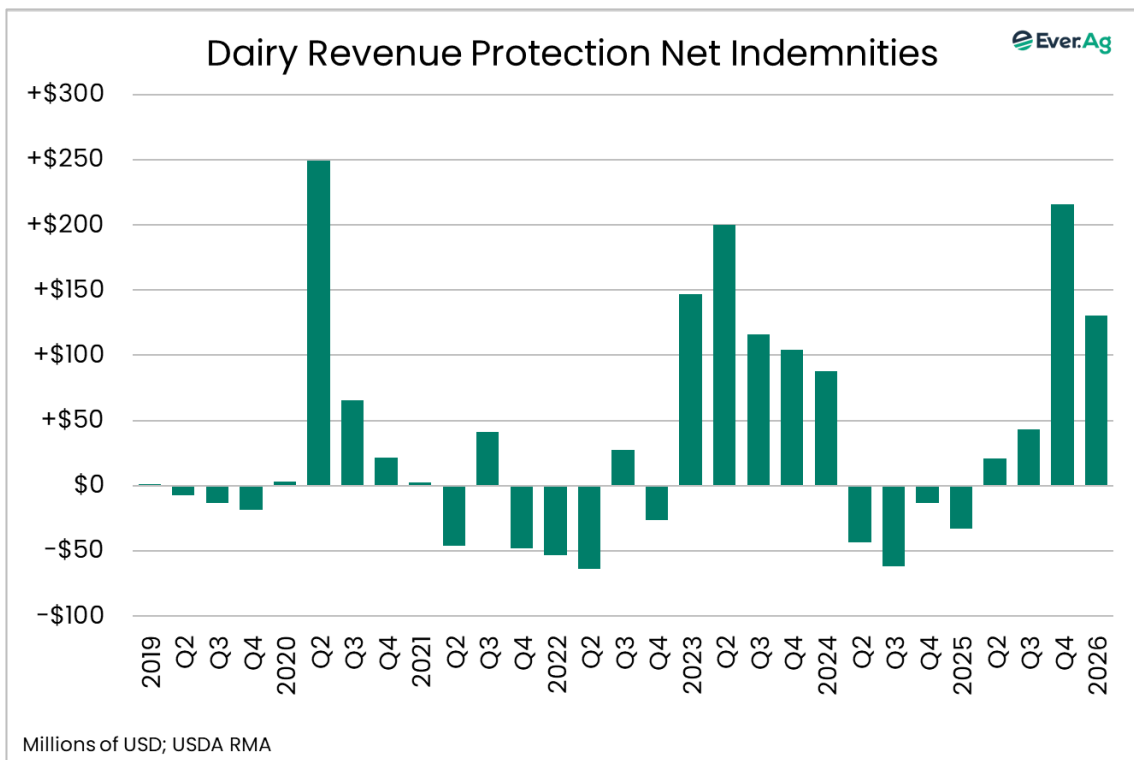


Market Expectations



- Class III – July-Dec futures: \$17.75
- Class IV – July-Dec futures: \$19.50
- **Risk management is key!**

Milk Insurance Works!



- In Q1 2026, net indemnities totaled \$130 million.
- Since program inception, net payouts equal more than \$1 billion cumulatively.

DRP

Class III and Class IV

Quarterly Coverage

Quarterly Deadlines

Quarterly Claims/Bills

Available Most Days

LGM - Dairy

Class III Only

Weight to Single Month

Monthly Deadlines

Monthly Claims/Bills

Available Thursdays

How To Pick?

- Is it Thursday? No – DRP
- Do you need Class IV? Yes – DRP
- Do you want to cover feed? Yes – LGM

- Has the quarterly DRP deadline passed?
 - For instance – if it's July 16, can no longer buy Q3 DRP, but September LGM is available

- Compare premiums / net coverage levels:
 - DRP
 - DRP high components
 - LGM

- Consider any risk from yield adjustment / feed cost declines.

Coverage for Unborn Calves

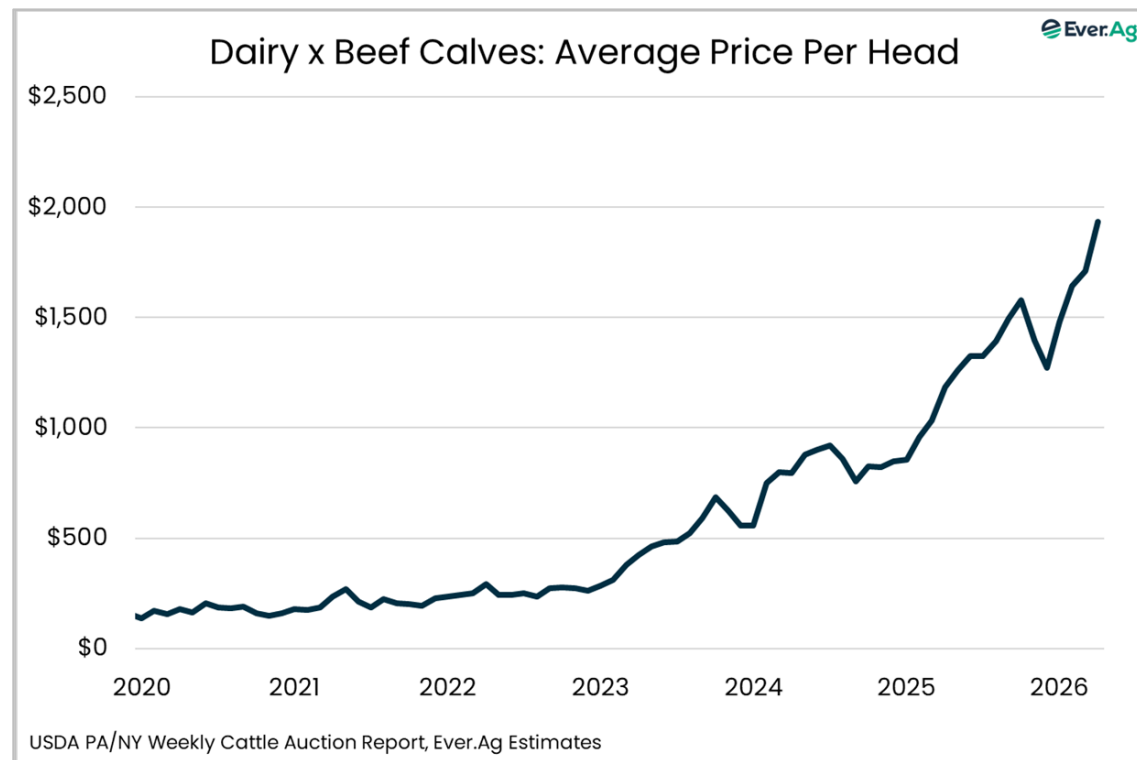
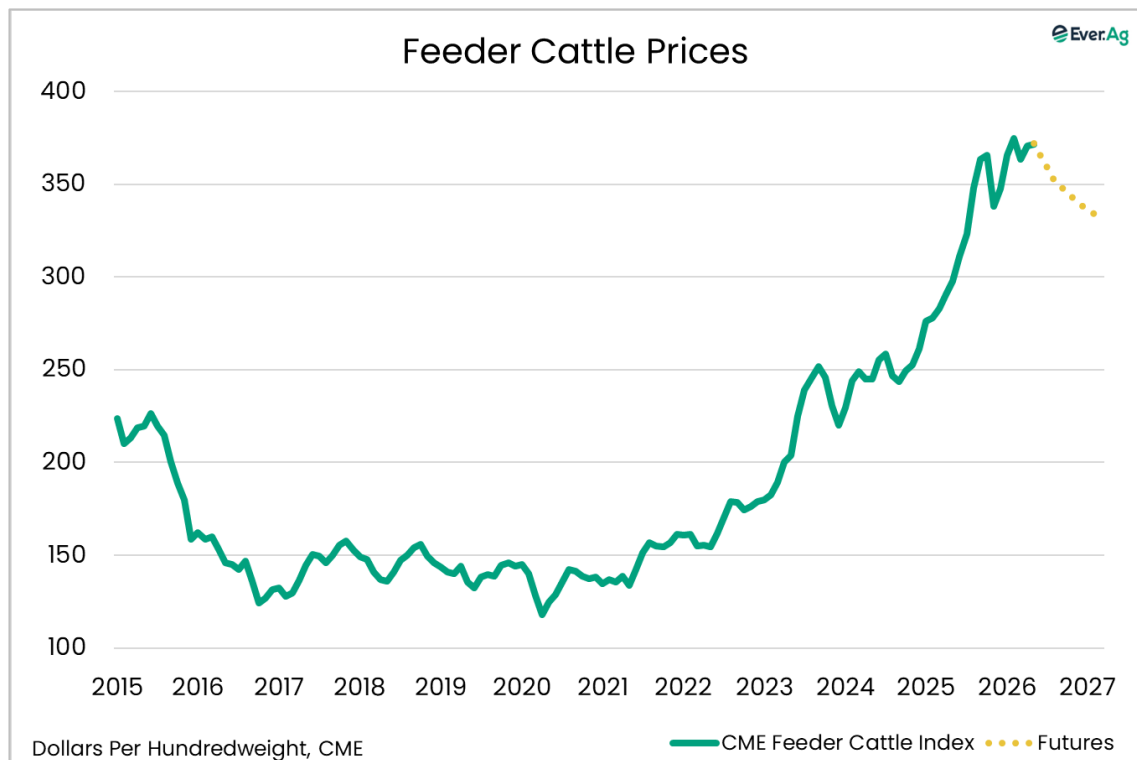
LRP endorsement allows **unborn calves** price protection

Producers can insure **expected calves** prior to birth

Applies to **Beef-on-Dairy cross calves**

- Target Weight of **0.60–0.99 cwt**
- **Must be sold within the first two weeks after birth**
- Must provide documents verifying the sale, no earlier than 30 days before & no later than 30 days after

Calf Insurance: How It Works



- Pricing based on CME Feeder Index
- Easy math example: If Feeder cattle at \$350, calf price at \$1,400
- $\$1,400 / \$350 = 4 = 400\%$
- Then, USDA applies a seasonality adjustment

Coverage for Cull Cows

New LRP endorsement allows **cull cow** price protection

Marketed under the **Fed Cattle policy for eligible weights**

Use for scheduled herd reductions or market timing flexibility

- Target Weight of **8 to 17 cwt**
- Starting July 1, endorsement length expands out to 52 weeks
- Must provide documents verifying the sale, no earlier than 30 days before & no later than 30 days after

Building a Strategy

- Set a budget (either total dollars or cents per cwt)
- Layering in – some people do a little each month or every couple months
- Other people have a set floor in mind:
 - For instance, always buy if the Class III floor minus premium is greater than \$17.00
- Consistency is key!



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