

INTERNATIONAL
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Key Trends in U.S. Dairy Sector

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Key Long-Term Trends in U.S. Dairy Sector

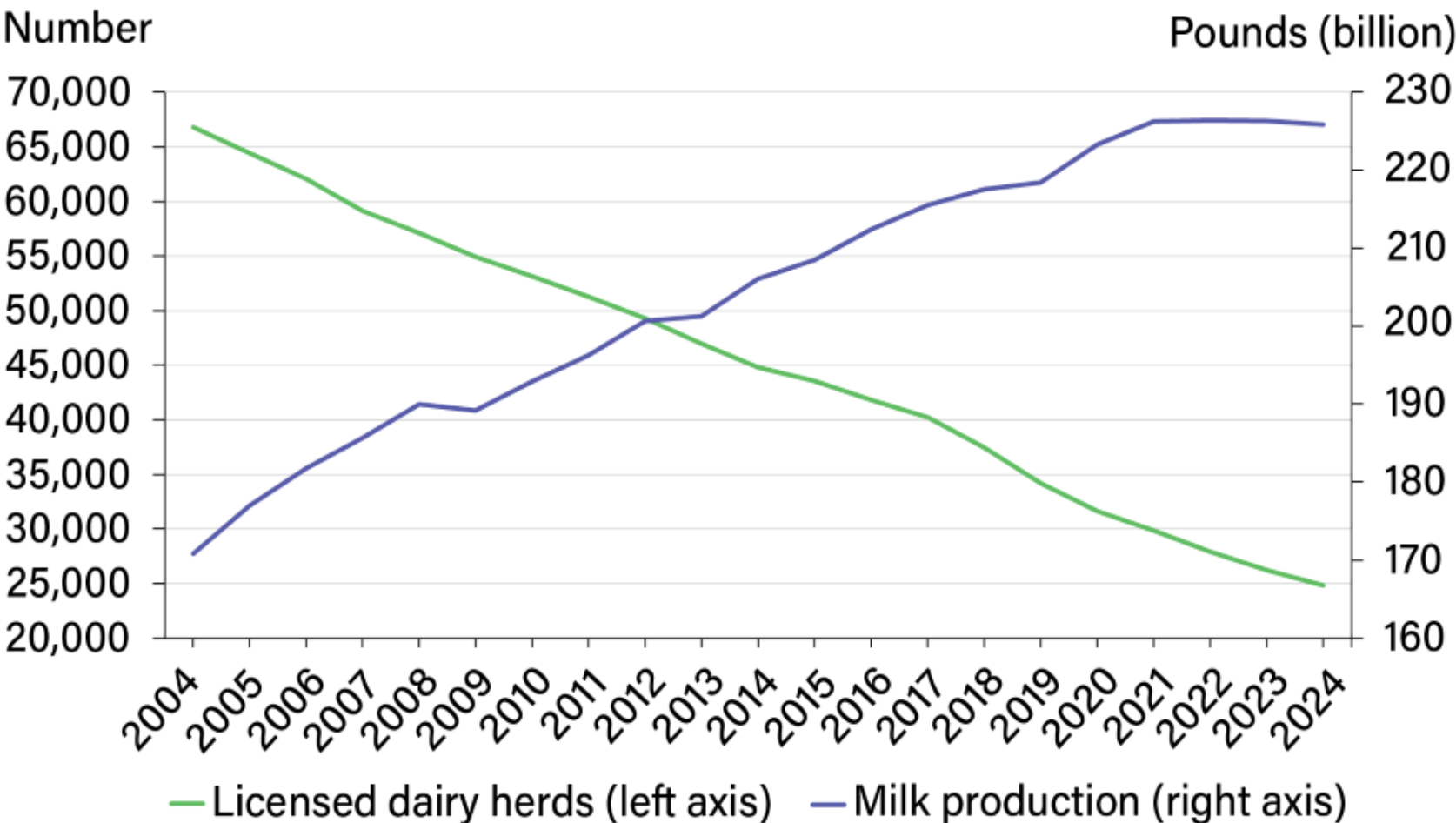
- Continued Farm Consolidation
- Increasing Efficiency
- Changing Domestic Consumption Patterns
- Rising Exports





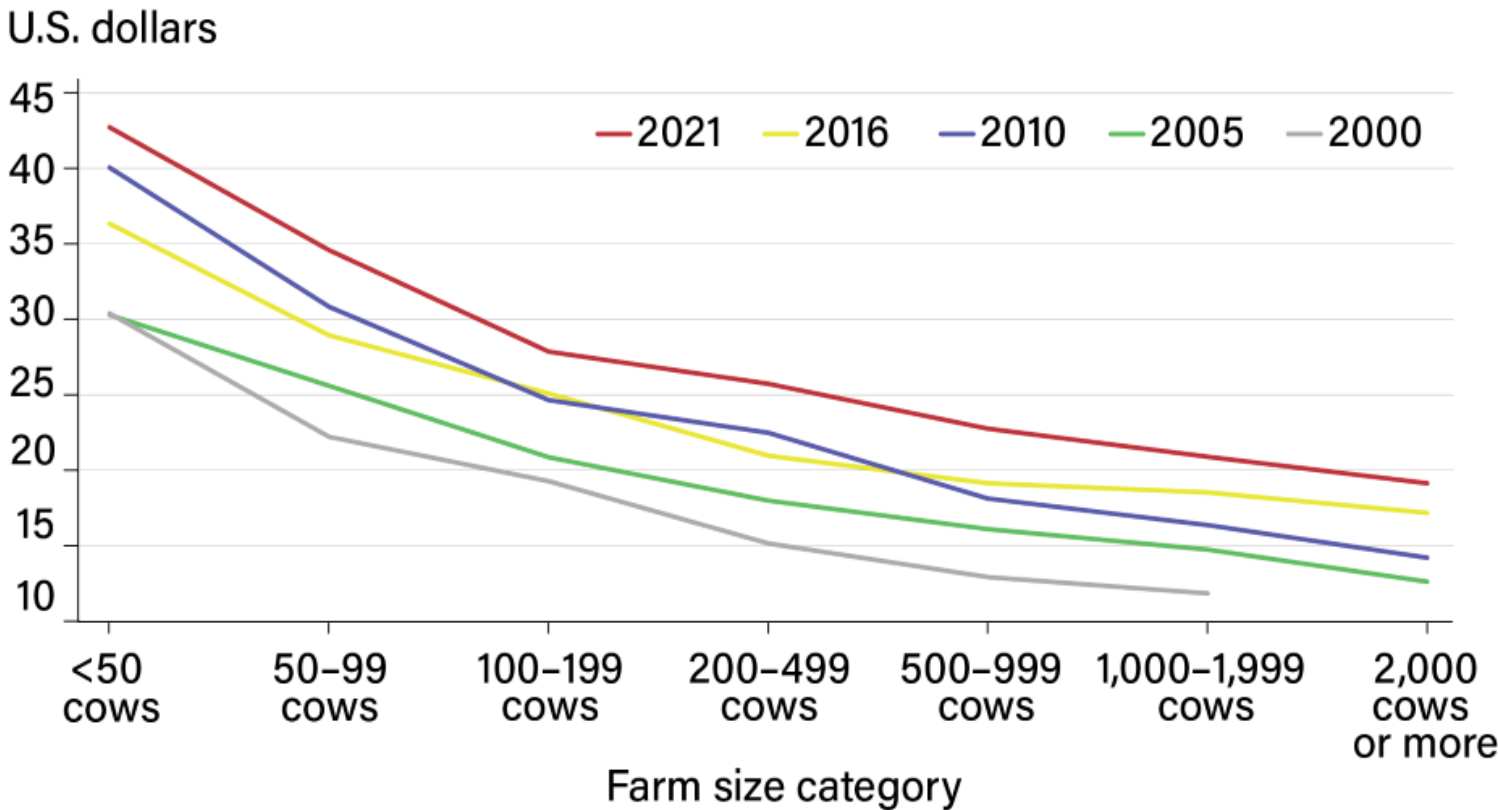
Continued Farm Consolidation

While the number of licensed dairy herds has declined since 2004, milk production has increased



Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service, Milk Production, February issues 2006-18, March 2019, February 2020-25.

The average cost of producing 100 pounds of milk has decreased with increased cow herd size



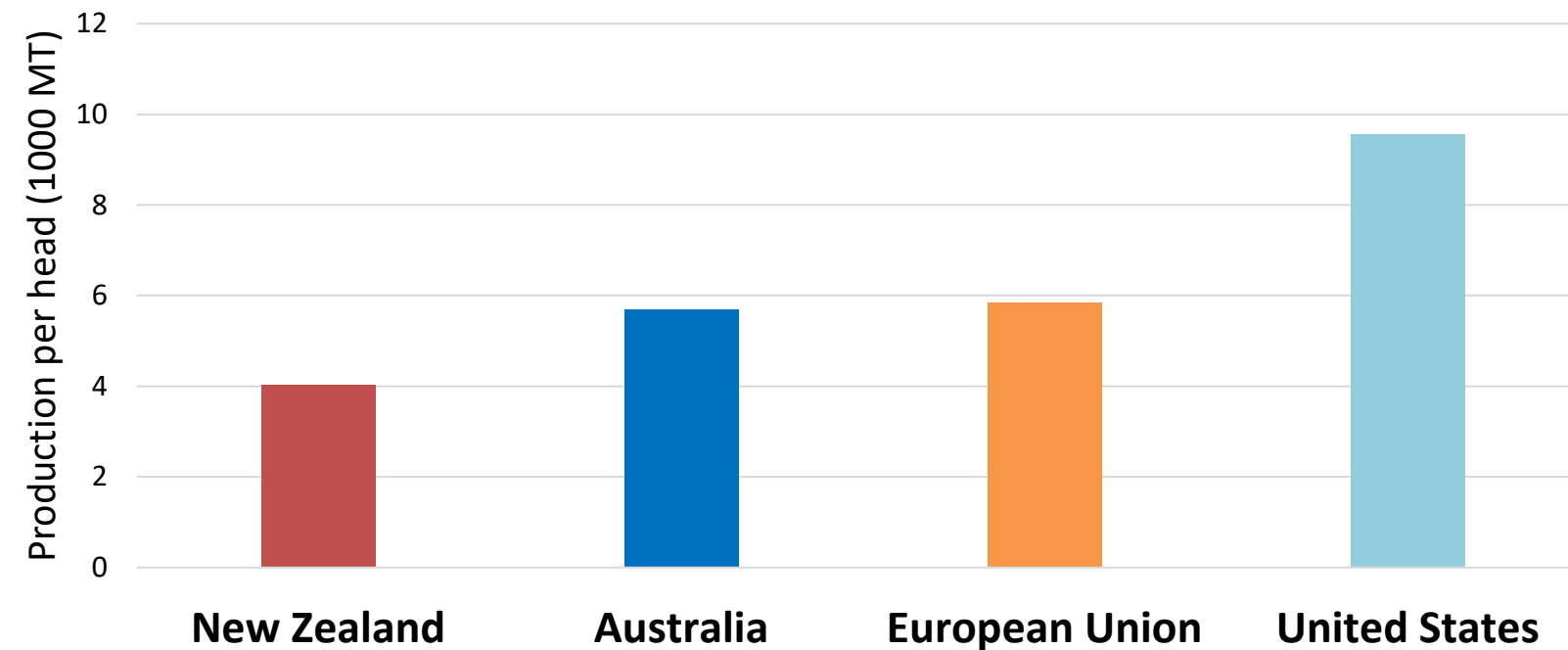
Note: Values are not adjusted for inflation. For 2000, the categories for 1,000-1,999 cows and 2,000 cows were combined into a single category that includes 1,000 cows or more.

Source: USDA, Economic Research Service (ERS) based on the 2000, 2005, 2010, 2016, and 2021 Agricultural Resource Management Survey dairy versions, jointly administered by USDA, ERS and USDA, National Agricultural Statistics Service.



Increasing Efficiency

Milk Per Cow

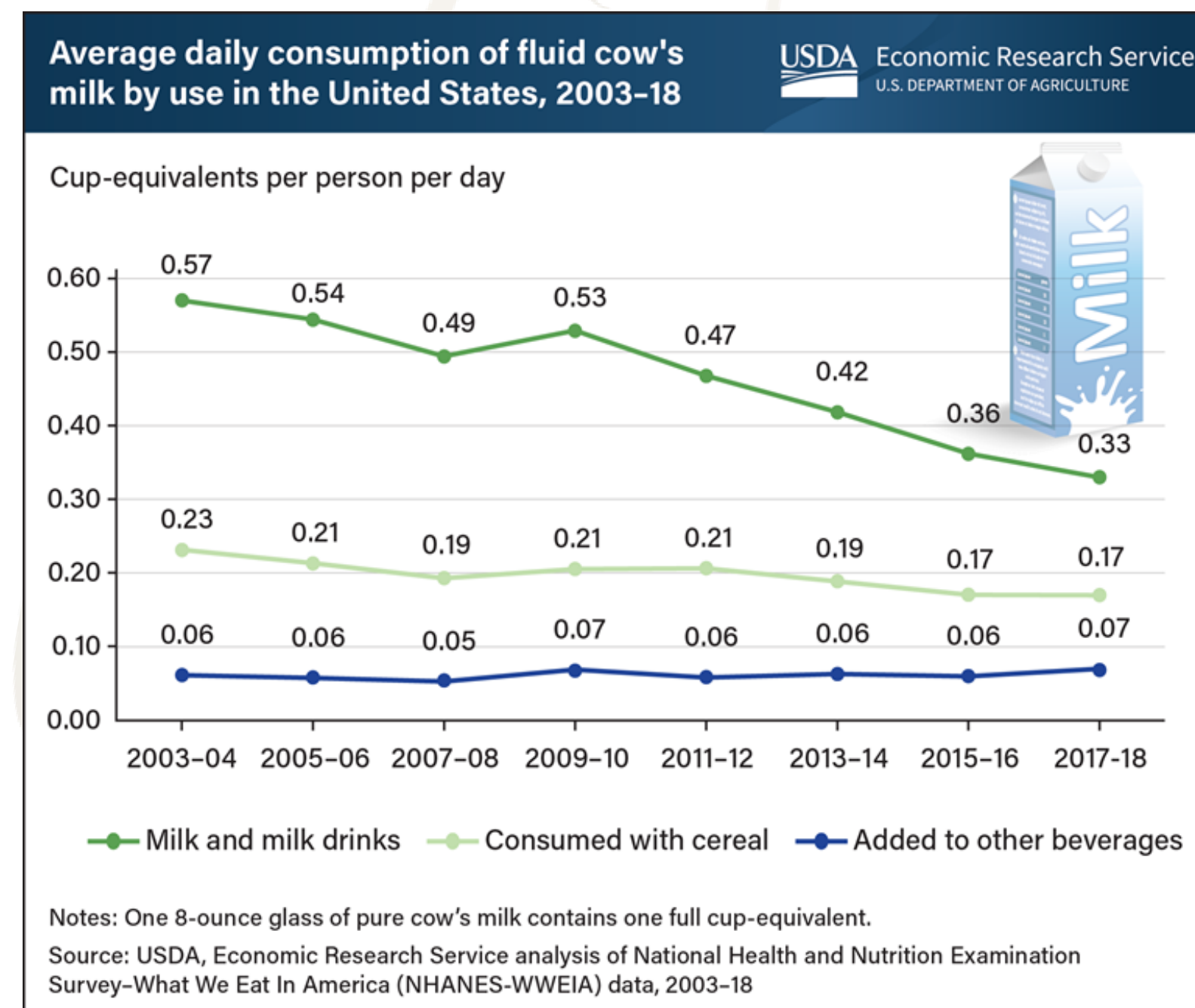


Source: FAS PSD/Online

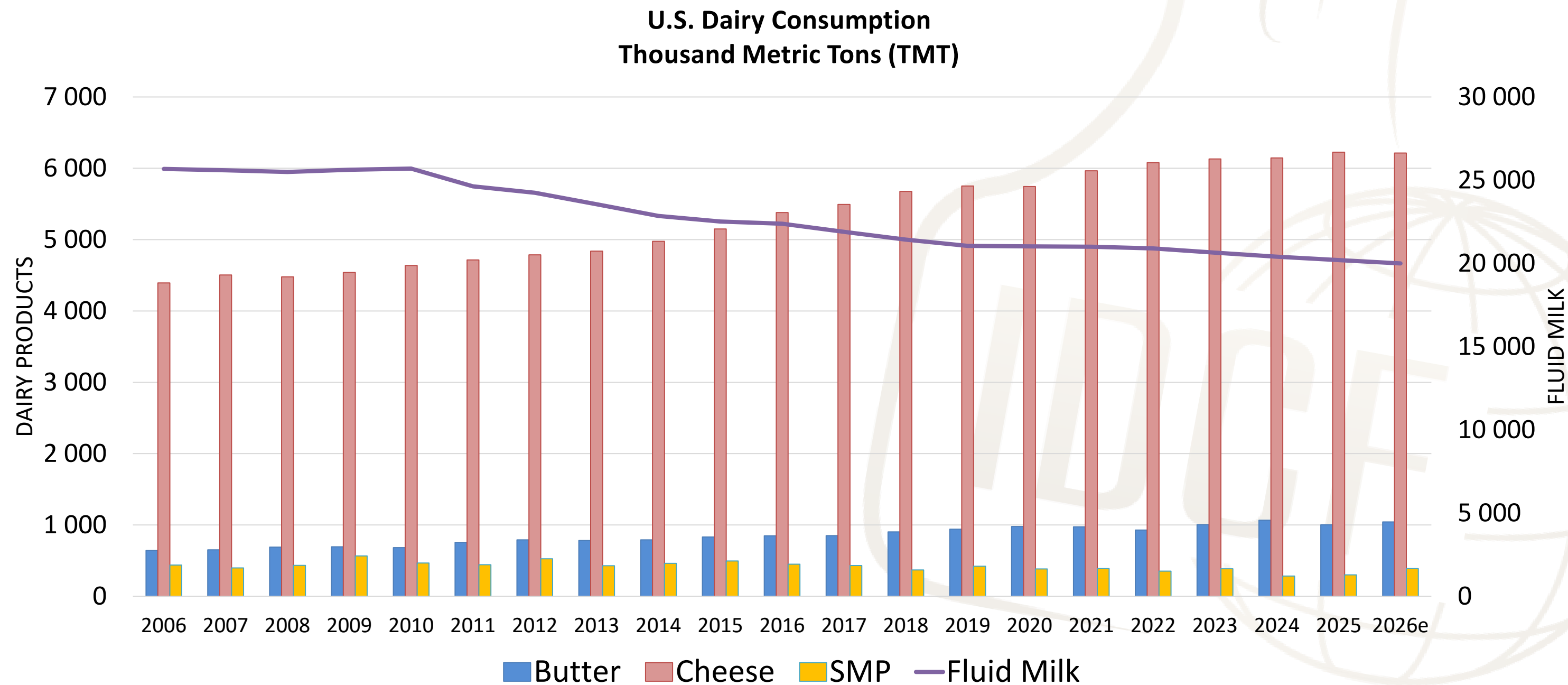
- Milk production is forecast to rise at an annual rate of 1.2 percent over the next 10 years, reaching 259.2 billion pounds by 2035
- The U.S. dairy herd is expected to peak at 9.57 million head in 2026 and decline through 2031. However, it is forecasted to increase from 2031 and reach 9.59 million head by 2035
- Technological and genetic advances should contribute to increasing cow milk yields, as well as higher milk fat and skim-solids (protein, lactose, and minerals) content. In 2035, annual milk production per cow is projected to average 27,043 pounds.

Changing Domestic Consumption Patterns

- The decline in per capita consumption of fluid milk products is expected to continue
- Demand for cheese is forecasted to rise by 2035 based on increasing consumption driven by population growth and rising consumer income. Butter demand is also expected to expand



Changing Domestic Consumption Patterns

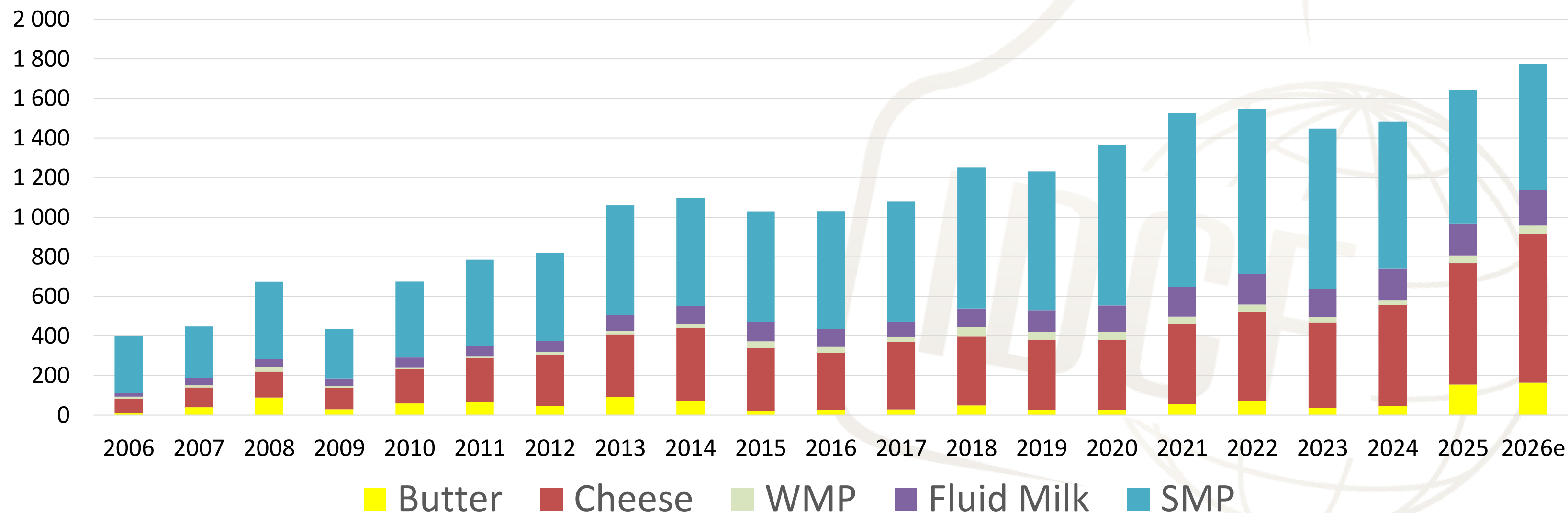


Source: FAS PSD Online



Rising Dairy Exports

U.S. Dairy Exports by Volume TMT

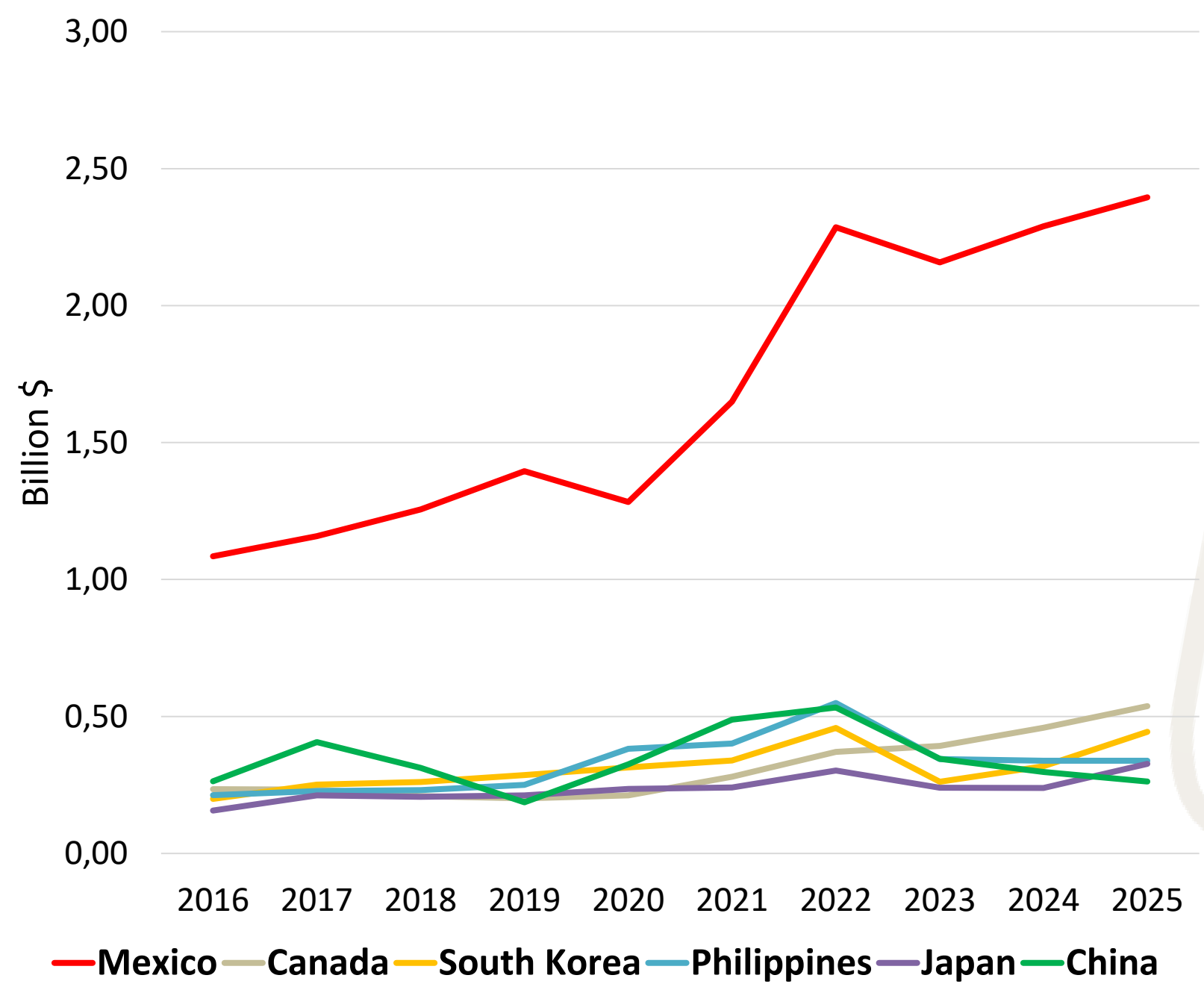


Source: FAS PSD Online

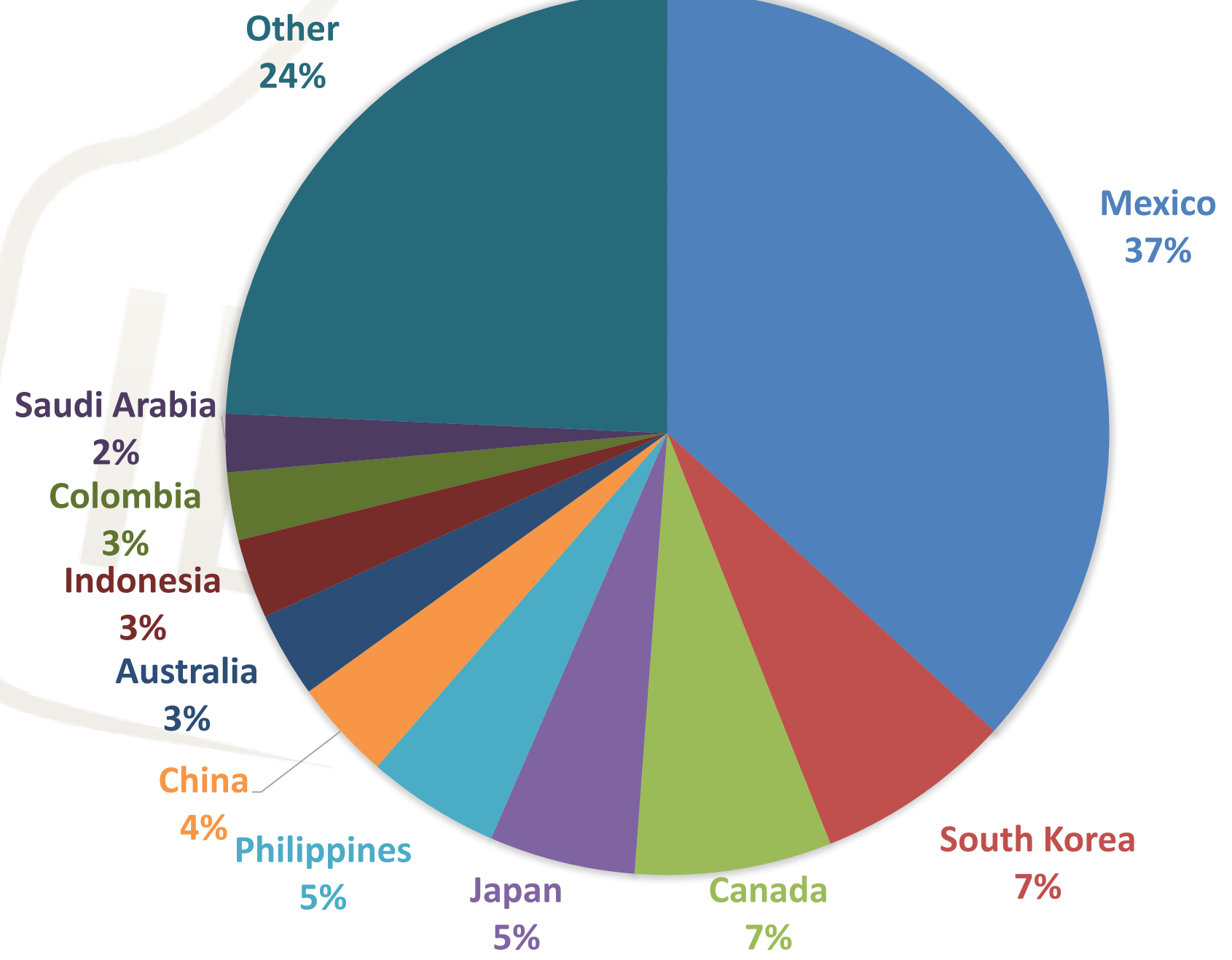


Rising Dairy Exports

U.S. Dairy Exports By Value



EXPORTS BY COUNTRY
1ST HALF 2026
+14% Y/Y



Source: FAS U.S. Census Data/Trade Data Monitor

Rising Dairy Exports

- Global demand for U.S. dairy products is expected to continue to rise over the projection period (2027–35), especially for cheese.
- On a skim-solids basis, dairy exports as a share of production are expected to grow from 21.5 percent to 25.2 percent between 2027 to 2035.
- However, on a milk-fat basis, exports as a share of production are expected to decline from 6.1 percent to 5.7 percent during this same period.



Short-Term U.S. Dairy Forecasts

- Rising U.S. Production
- Recovering Exports
- Slightly Lower Farm-Gate Prices





2027 Outlook for United States

	2024	2025	2026 (e)	2027 (f)	% Change 2026 to 2027
Production					
Milk Production (billion pounds)	225.9	231.7	236.6	238	0.59%
Fat Basis Exports (billion pounds)	11.8	16.7	20.7	21.3	2.90%
Skim-solid Basis Exports (billion pounds)	48.9	48.2	49.3	49.5	0.41%
Price					
All Milk Price (\$/hundredweight)	22.55	21.18	19.85	19.8	-0.25%
Cheese (\$/pound)	1.8634	1.7878	1.575	1.665	5.71%
Butter (\$/pound)	2.887	2.2202	1.645	1.705	3.65%
Source: August WASDE USDA					



Thank You

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U.S. Embassy Warsaw
United States Department of Agriculture

<https://www.ers.usda.gov/topics/animal-products/dairy>

<https://www.usda.gov/about-usda/general-information/staff-offices/office-chief-economist/commodity-markets/wasde-report>

