



# Dairy Market Outlook

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Phoenix Feeds

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# The Ever.Ag Portfolio

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Innovative and established software solutions that drive immediate value to your supply chain and ESG efforts

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Tech-enabled risk management services to help you more predictably manage your risk and profit margins

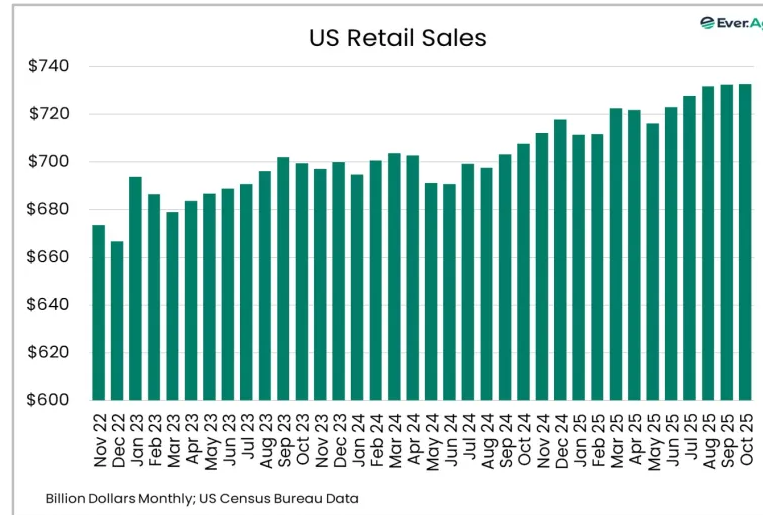
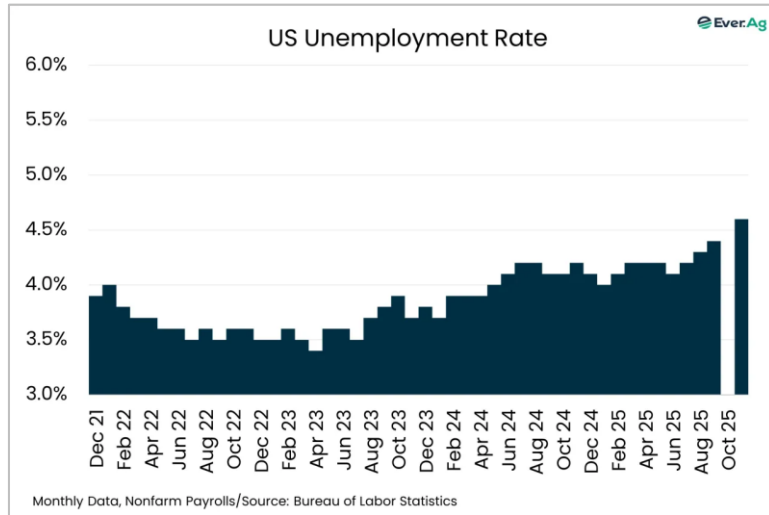
Insights



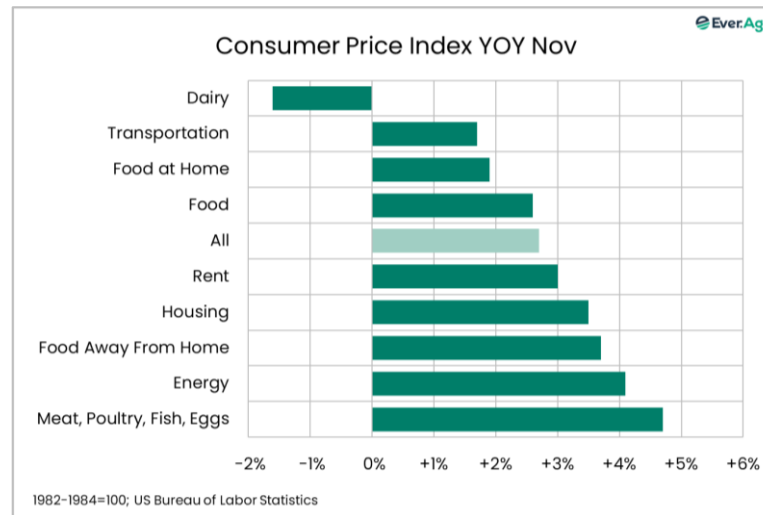
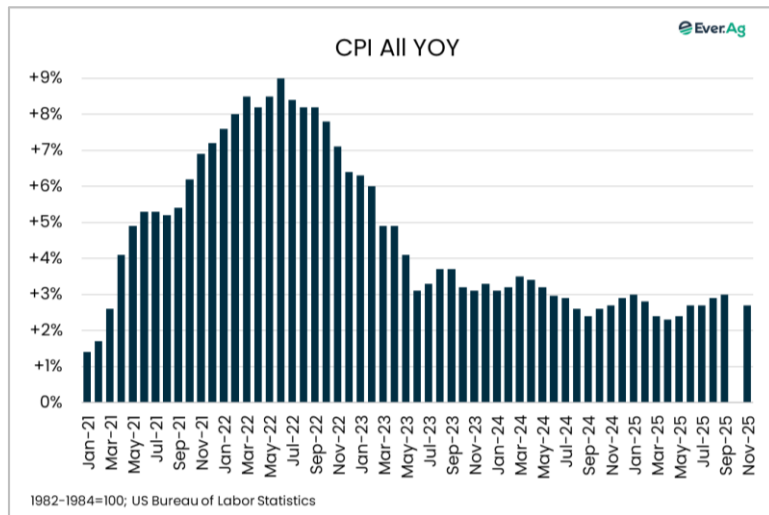
## DATA-DRIVEN ADVISORY

Industry expertise with the tech and data behind it to help you make the important decisions in time to reap the rewards

# Christmas Spending...Ho, Ho, Hum

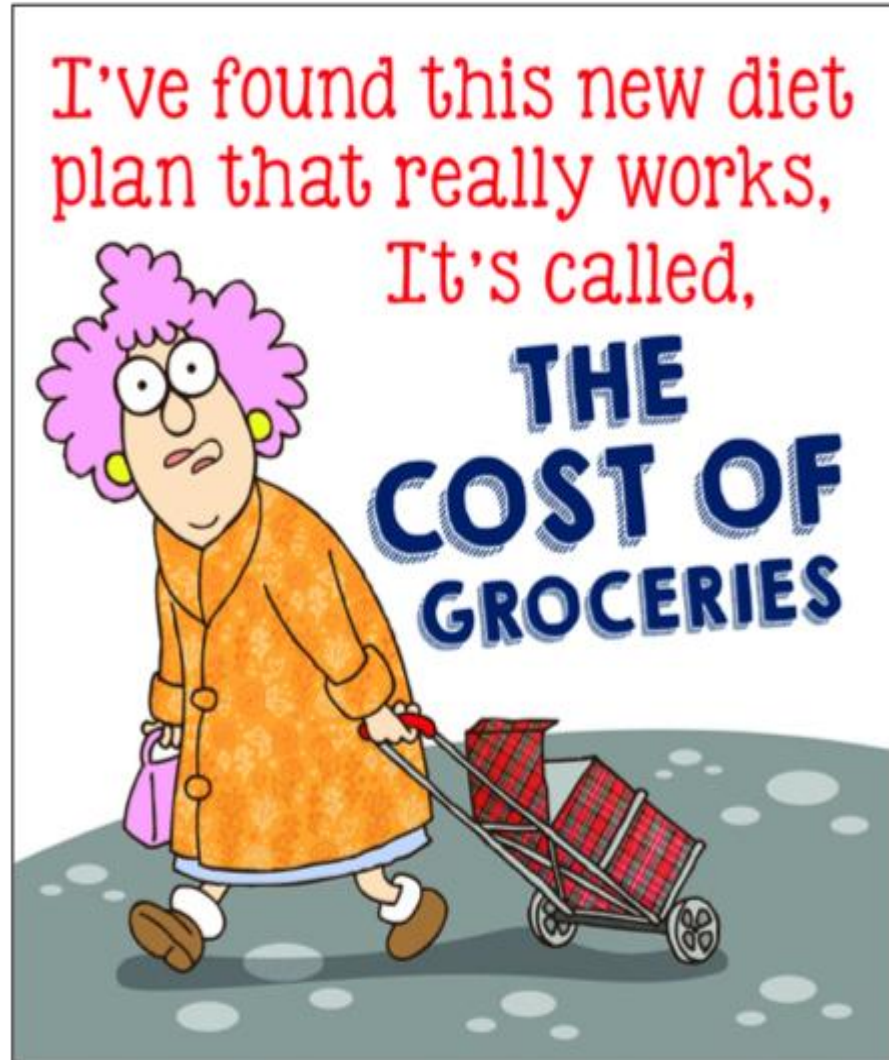
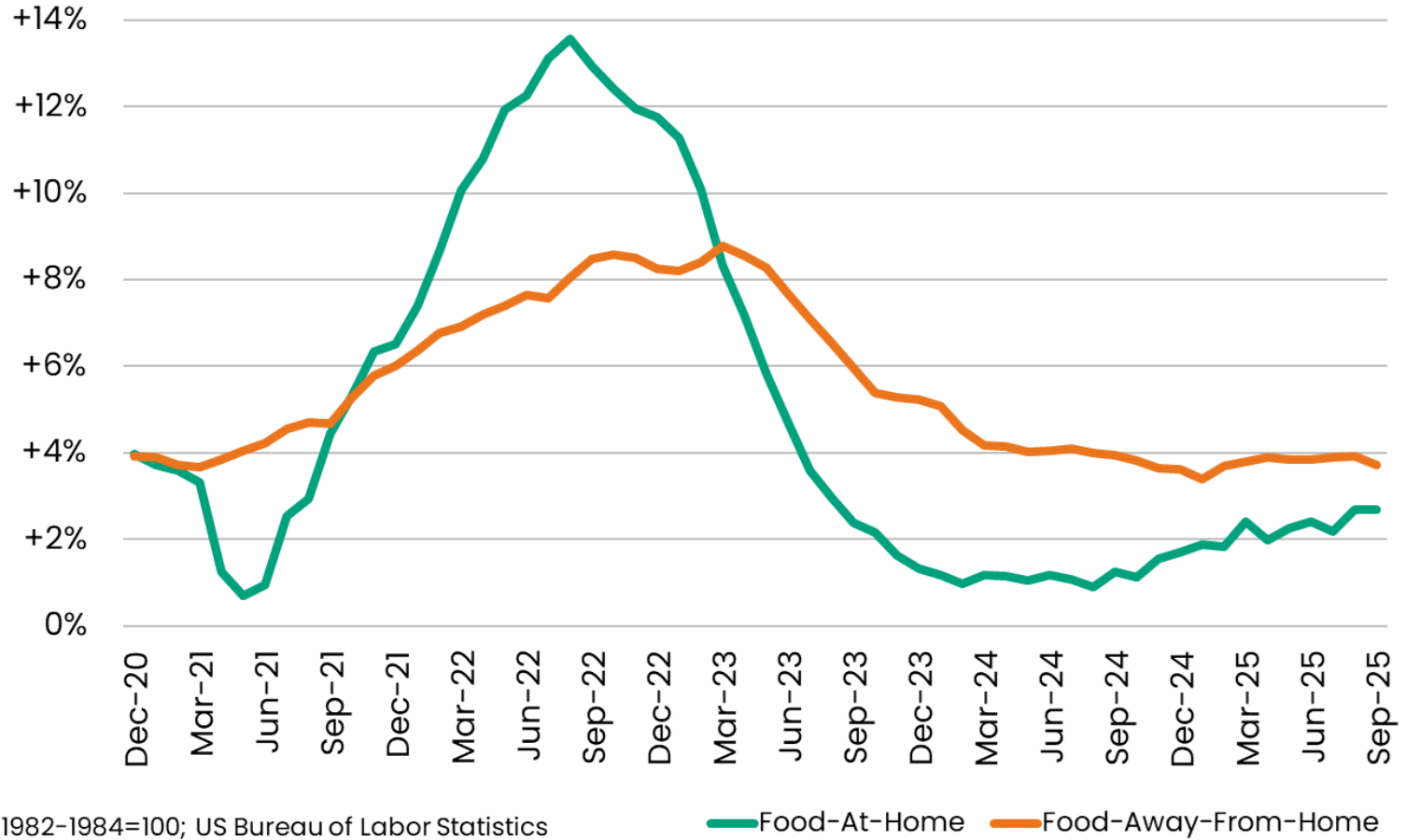


- Unemployment at 4.6% continues to push the trend higher and is the highest since late 2021
- Retail sales have been holding flat \$733 Billion in October, up 3.5% YOY, just higher than the average rate of inflation
- Inflation continues to register YOY 2.5 to 3% growth. Category by category, food costs are near the average, with the one value play being **DAIRY**

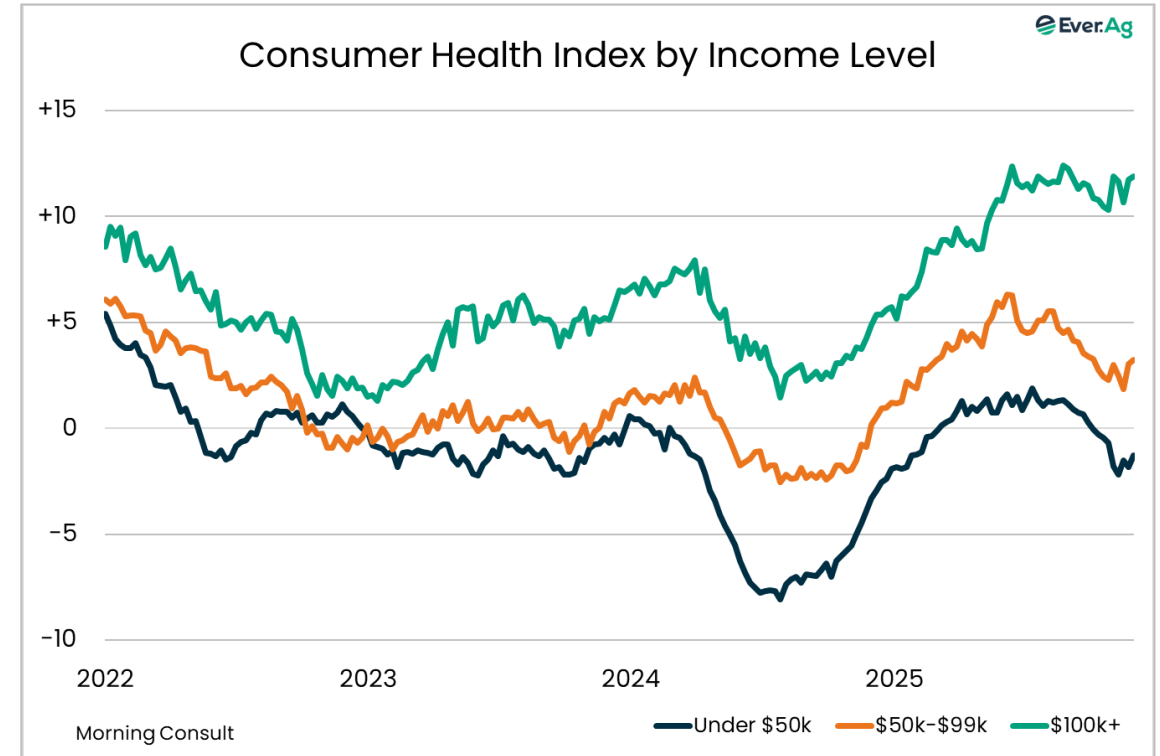
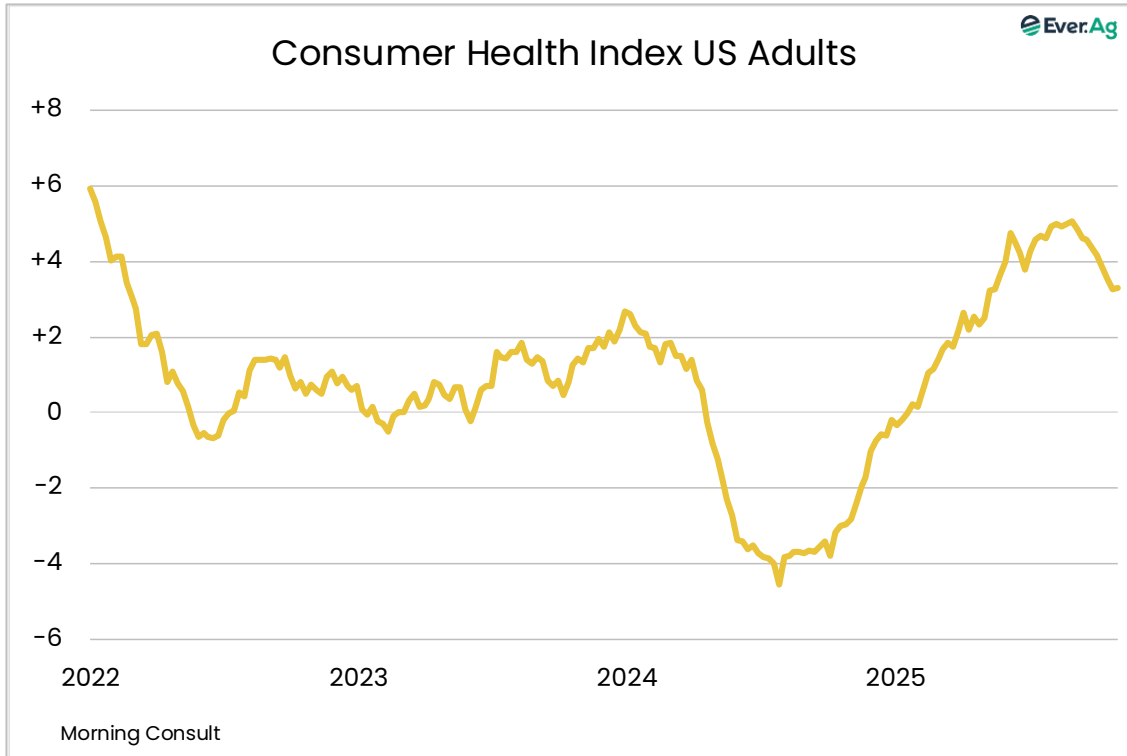


# Trying To Hit That Resolution?

Inflation: Food-At-Home & Away-From-Home

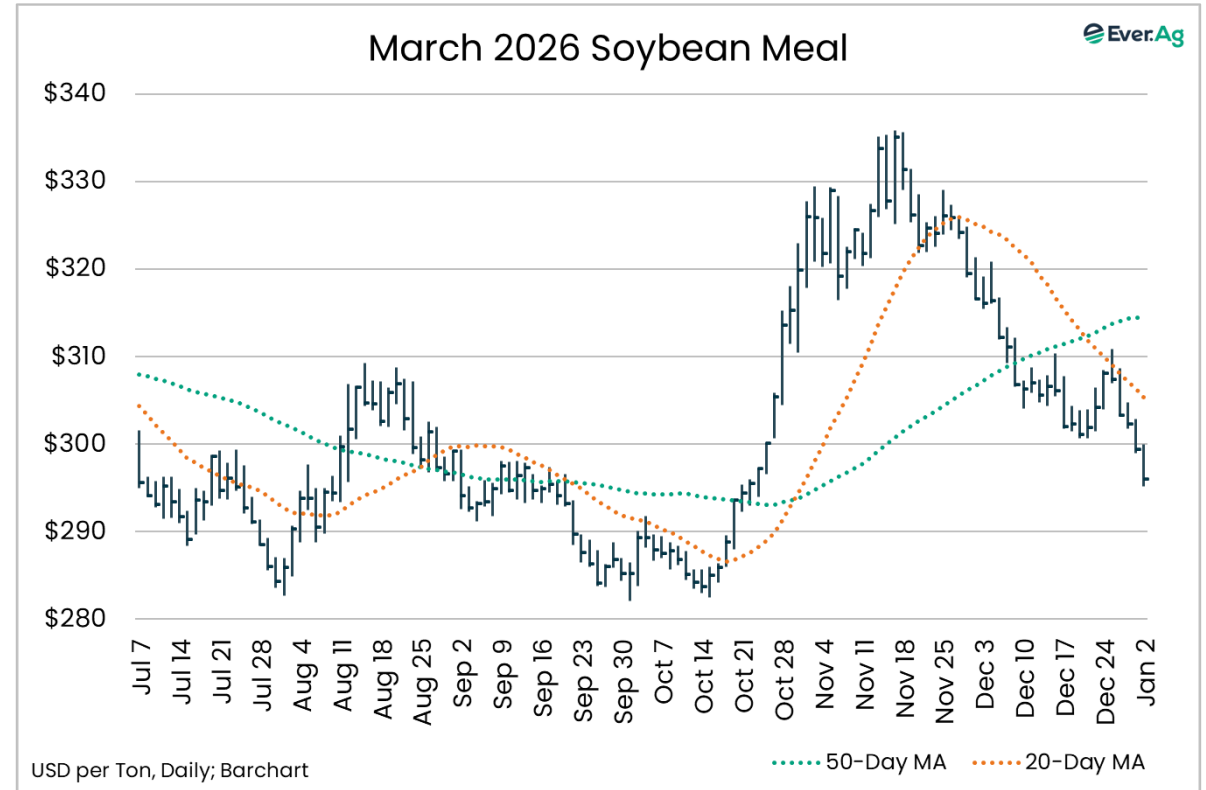
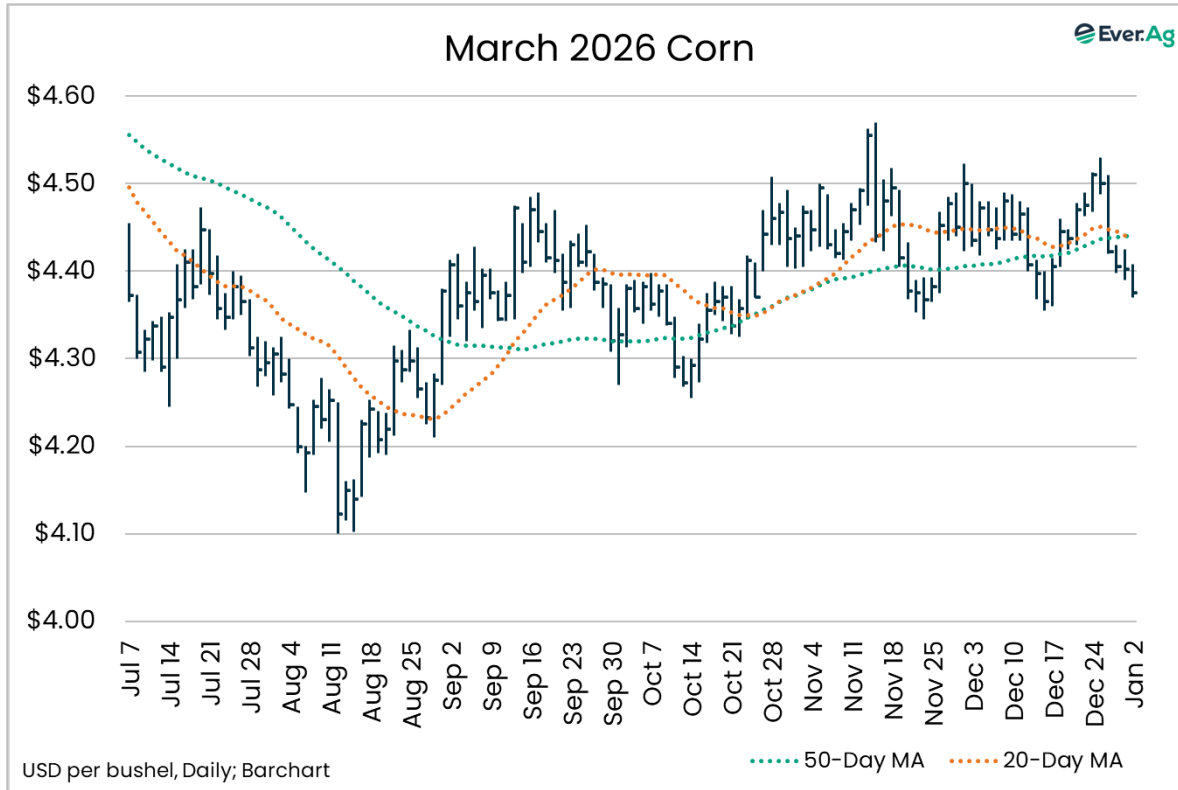


# Finances: Sinking, Divided

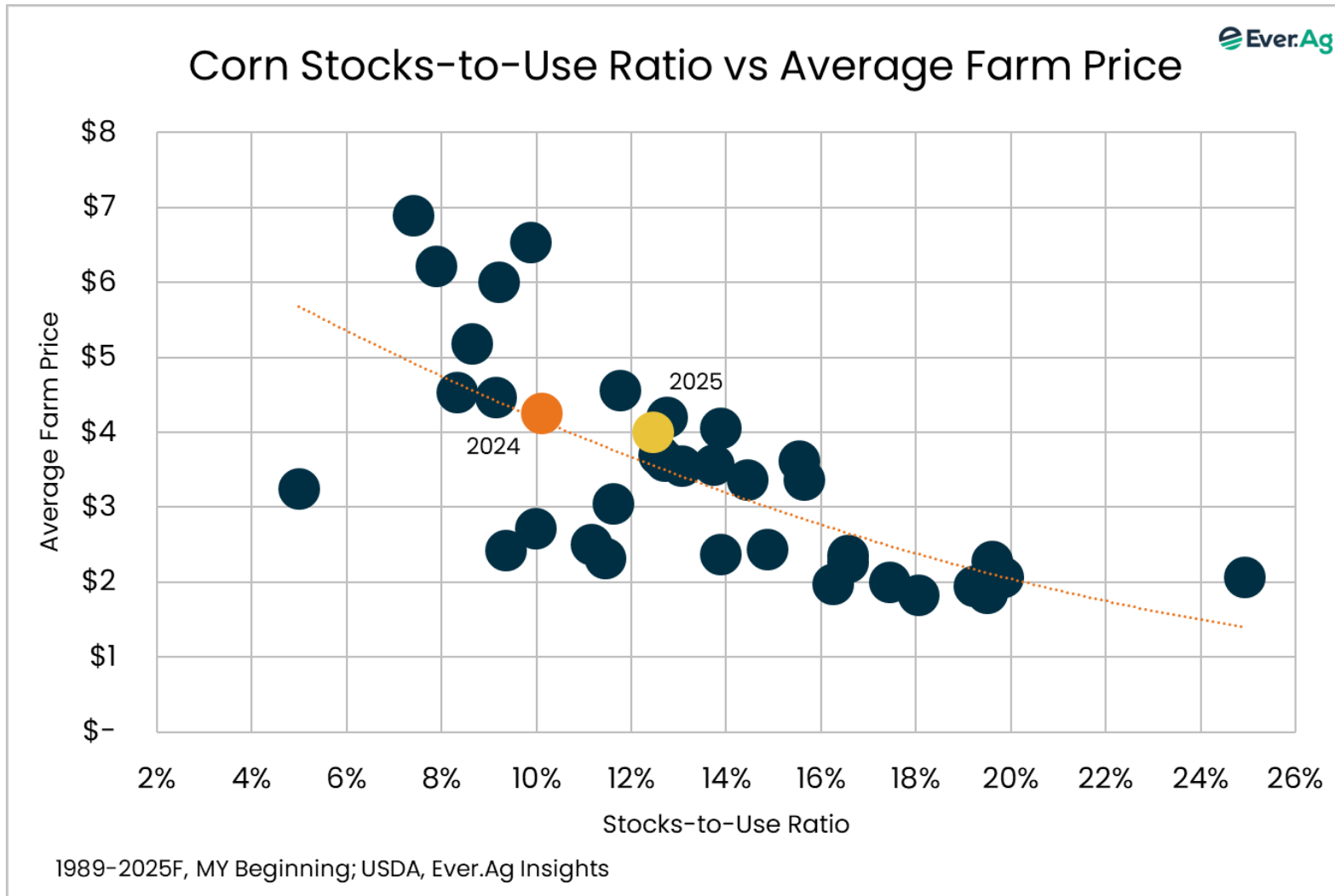


- Morning Consult’s latest Consumer Health Index reading for all US adults came in at +3.3, down from the August highs, but above year-prior levels. Families earning more than \$100,000 registered at 11.9, the highest since August while families under \$50,000 were at -1.8.
- **The consumer spending environment remains uneven and vulnerable.**

# Grain Prices Off Their Lows



# Hefty Inventory A Lid On Price



- Historically, a price response above \$4.65 has required a reduction in the stocks-to-use ratio below 10%
- At the current 12.5% ratio, it would require an increase in demand by 4.1 billion bushels or a reduction in supply by 407 million bushels
- Since the increase in demand is grossly unlikely, a reduction in supply is the greater hope. With 90 million harvested acres, USDA would have to cut yield by 4.5 bushels. USDA cut yield by 6 bpa in last January's report.

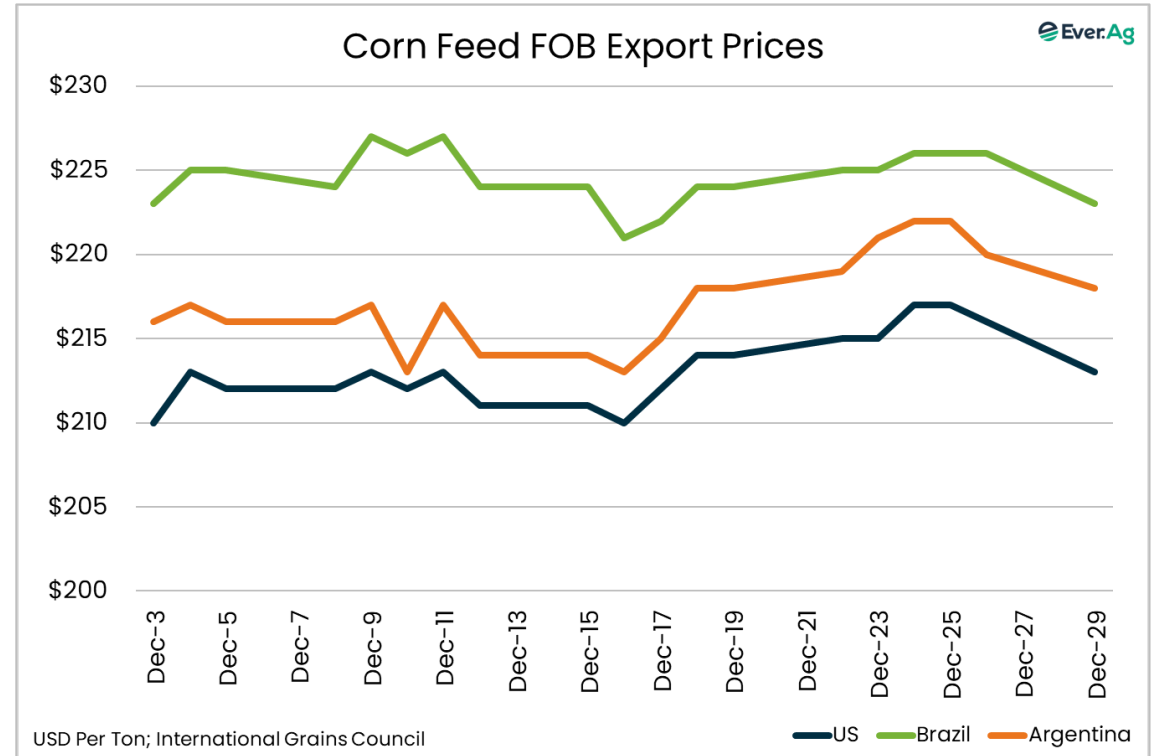
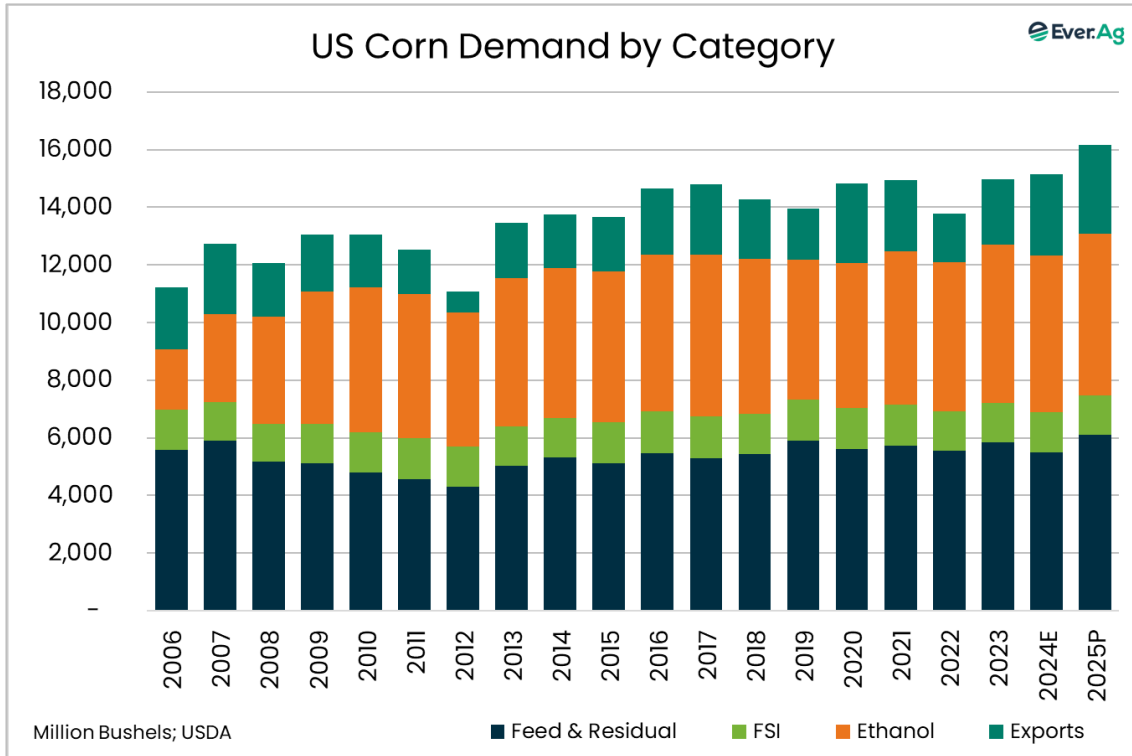
# Big Production, Big Demand

CORN: USDA Supply/Demand			2023-24	2024-25	2025-26 Nov Proj.	2025-26 Dec Proj.	Proj. % Change	Yr/Yr % Change
<b>Planted Acres</b> (millions)	94.6	90.9	98.7	98.7	0.0%	+7.9%		
<b>Harvested Area</b> (millions)	86.5	83.0	90.0	90.0	0.0%	+7.8%		
<b>Yield</b> (bushels per acre)	177.3	179.3	186.0	186.0	0.0%	+3.6%		
<b>Beginning Stocks</b>	1,360	1,763	1,532	1,532	0.0%	-15.1%		
<b>Production</b>	15,341	14,892	16,752	16,752	0.0%	+11.1%		
<b>Imports</b>	28	22	25	25	0.0%	+12.0%		
<b>Total Supply</b>	<b>16,729</b>	<b>16,677</b>	<b>18,309</b>	<b>18,309</b>	<b>0.0%</b>	<b>+8.9%</b>		
<b>Feed &amp; Residual</b>	5,832	5,466	6,100	6,100	0.0%	+10.4%		
<b>Food, Seed &amp; Industrial</b>	6,879	6,821	6,980	6,980	0.0%	+2.3%		
<b>Ethanol &amp; Byproducts</b>	5,489	5,436	5,600	5,600	0.0%	+2.9%		
<b>Total Domestic Use</b>	12,711	12,287	13,080	13,080	0.0%	+6.1%		
<b>Exports</b>	2,255	2,858	3,075	3,200	+3.9%	+10.7%		
<b>Total Demand</b>	<b>14,966</b>	<b>15,145</b>	<b>16,155</b>	<b>16,280</b>	<b>+0.8%</b>	<b>+7.0%</b>		
<b>Ending Stocks</b>	1,763	1,532	2,154	2,029	-6.2%	+24.5%		
<b>Stocks-to-Use %</b>	11.8%	10.1%	13.3%	12.5%	-7.0%	+18.8%		
<b>Average Farm Price</b>	\$ 4.55	\$ 4.24	\$ 4.00	\$ 4.00	0.0%	-6.0%		
World Corn			2023-24	2024-25	2025-26 Nov Proj.	2025-26 Dec Proj.	Proj. % Change	Yr/Yr % Change
<b>Production</b>	1,231	1,231	1,286	1,283	-0.3%	+4.1%		
<b>Domestic Use</b>	1,221	1,253	1,297	1,297	+0.0%	+3.4%		
<b>Ending Stocks</b>	315	293	281	279	-0.8%	-5.1%		

US Data in Millions of Bushels, World Data in Million Metric Tons; USDA

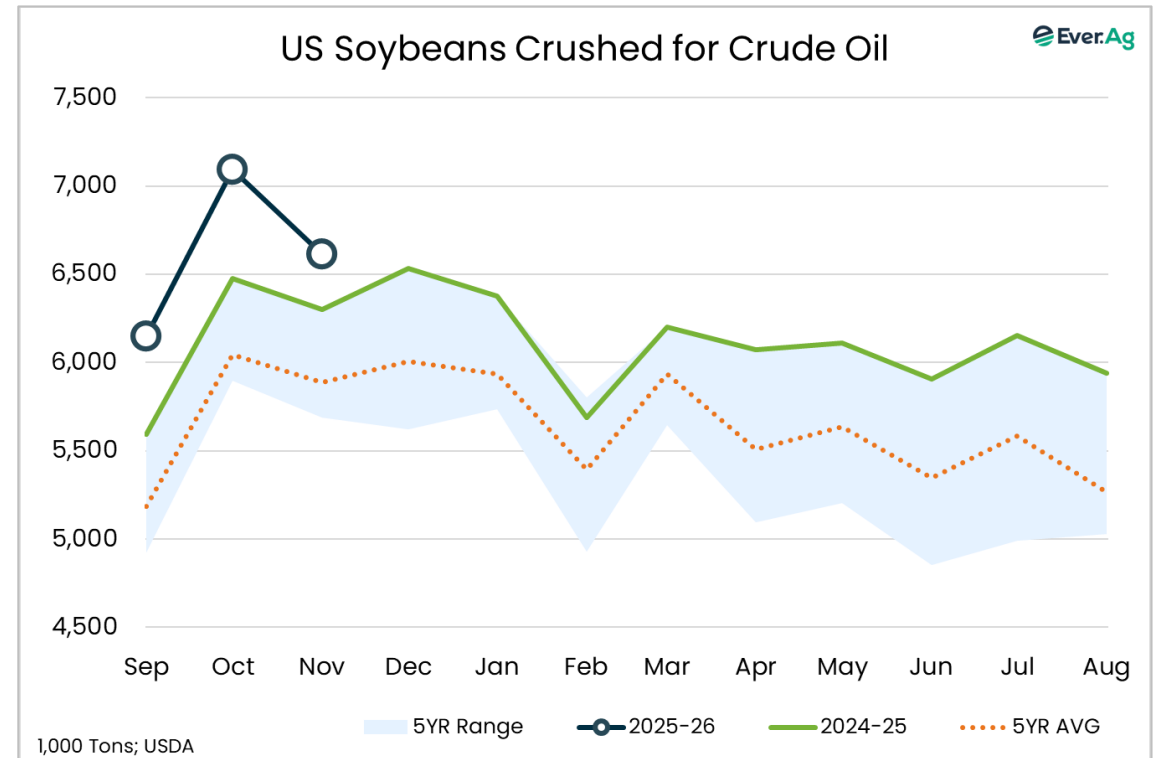
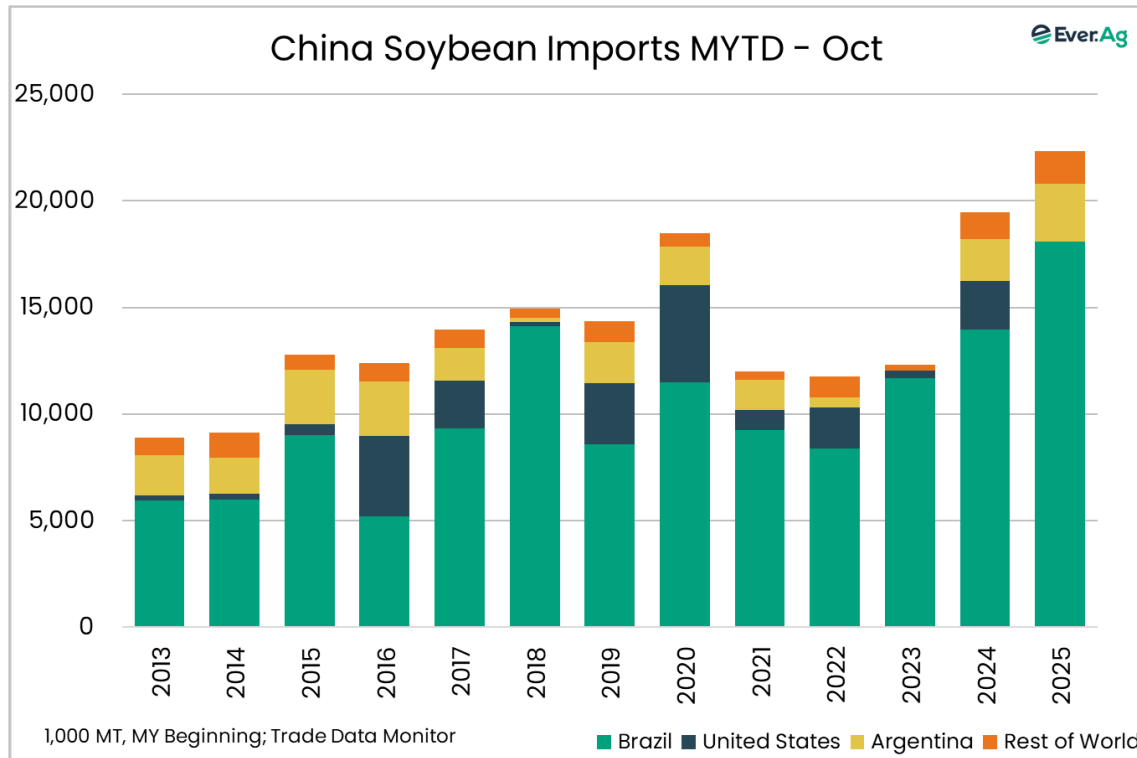
- At current yield estimates, this year's production is 1.85 billion bushels more than last years. **Will USDA keep yield where it is at?**
- In the December WASDE Report, USDA pushed total demand for US corn to a whopping 16.280 Billion bushels, fully 1.1 billion more than last years record demand. Can we realize that?

# Low Prices Cure Low Prices?



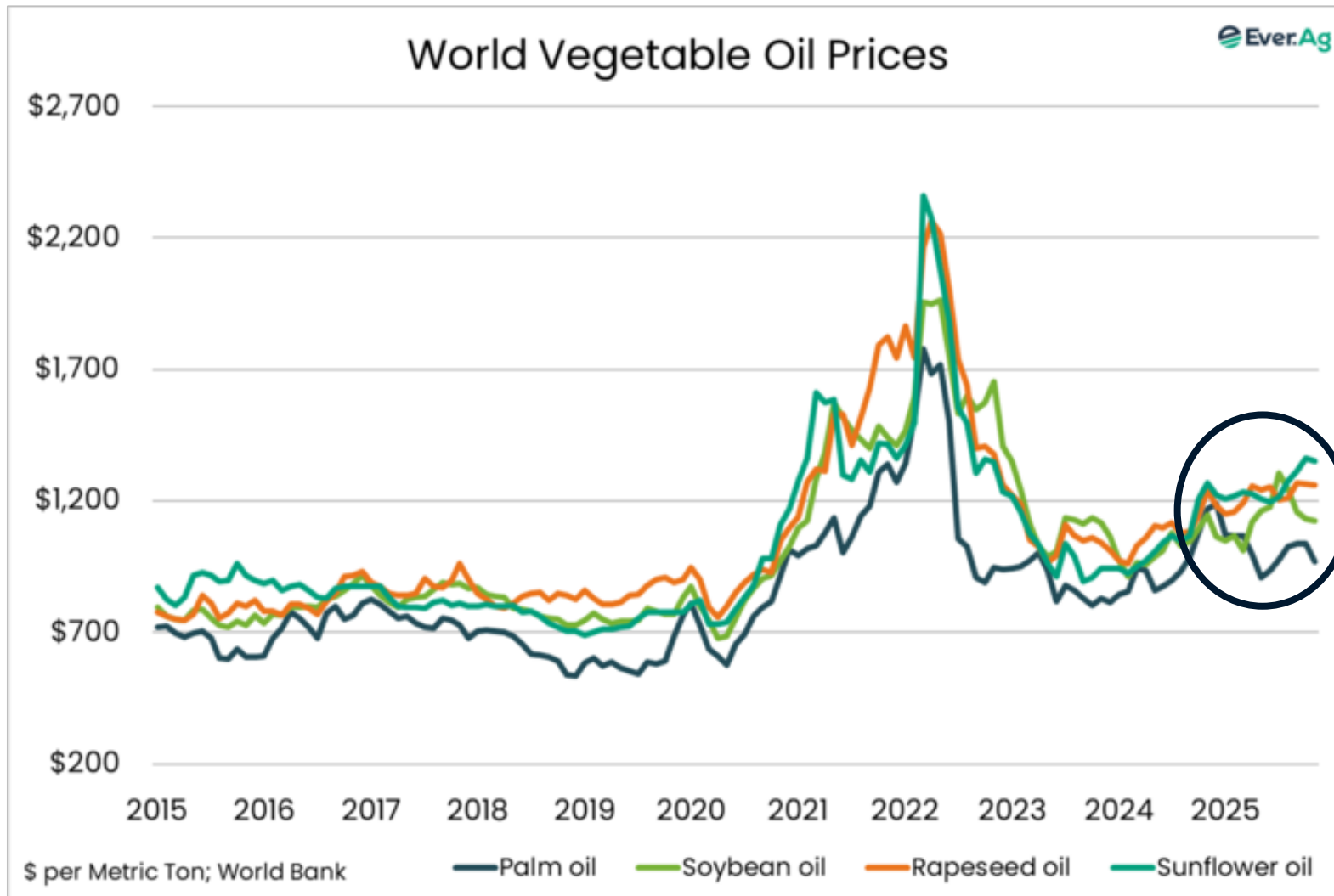
- Aside from a brief period this summer following Argentine corn harvest, the US has maintained the best price point among major producers throughout 2025.
- In the 2024/2025 marketing year, corn exports grew 25.5% YOY. In the 2025/2026 marketing year, they are projected to grow by another 12%. That represents a near 1 Billion bushel growth. In just a little over a year's time, a growth unequalled in history.

# China Late, Crush Strong

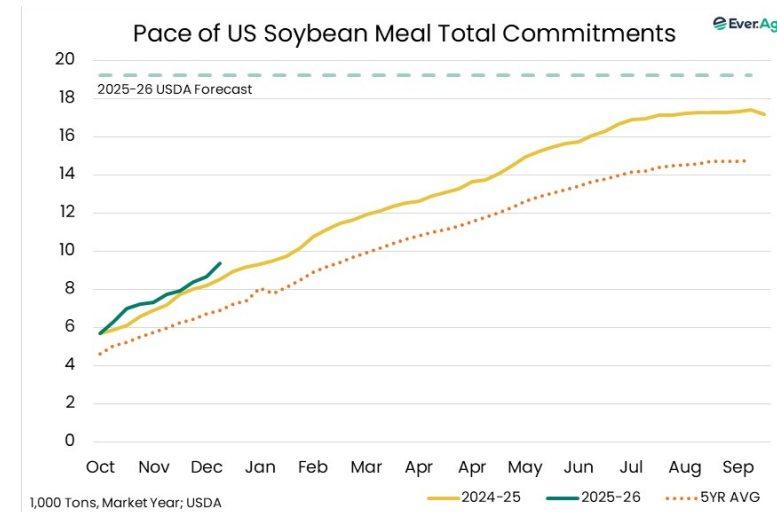
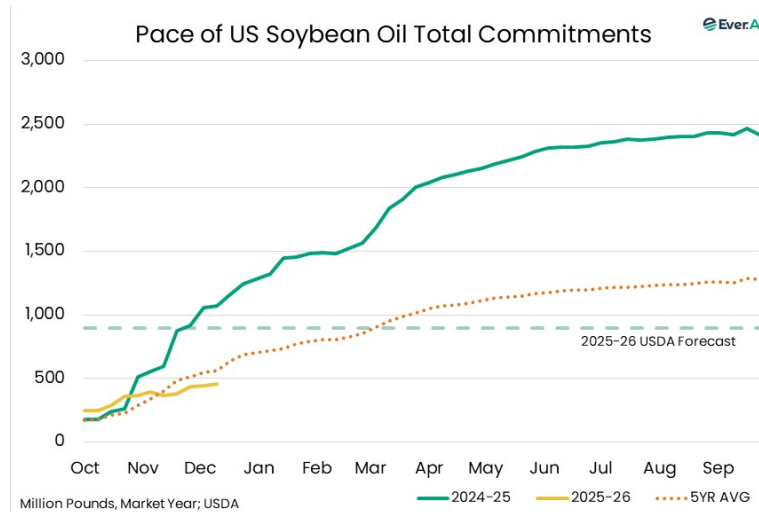
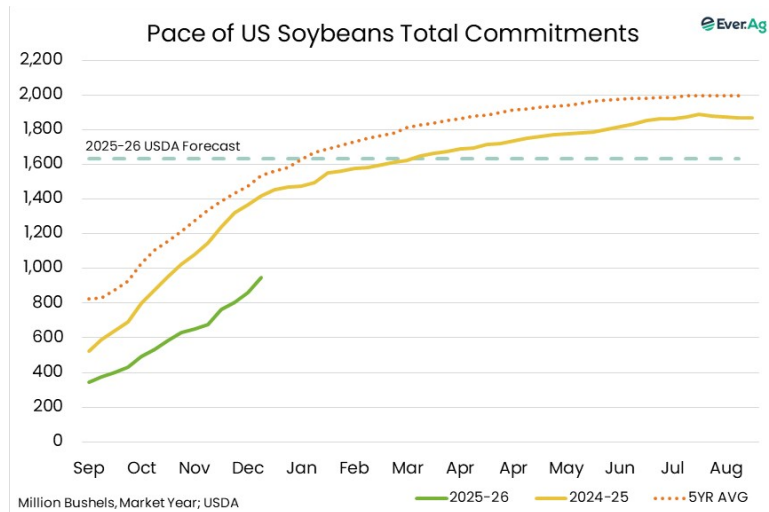


- China had not bought a bushel of US soybeans until a deal between the US and China was announced in October that would add 25 MMT of new purchases of US soybeans (12MMT yet this year). That was later We have almost accumulated 4 MMT of announced purchases since.
- November NOPA Soybean Crush was the largest on record at 216.041 million bushels, +11.8% YOY

# Low Prices Cure.....?

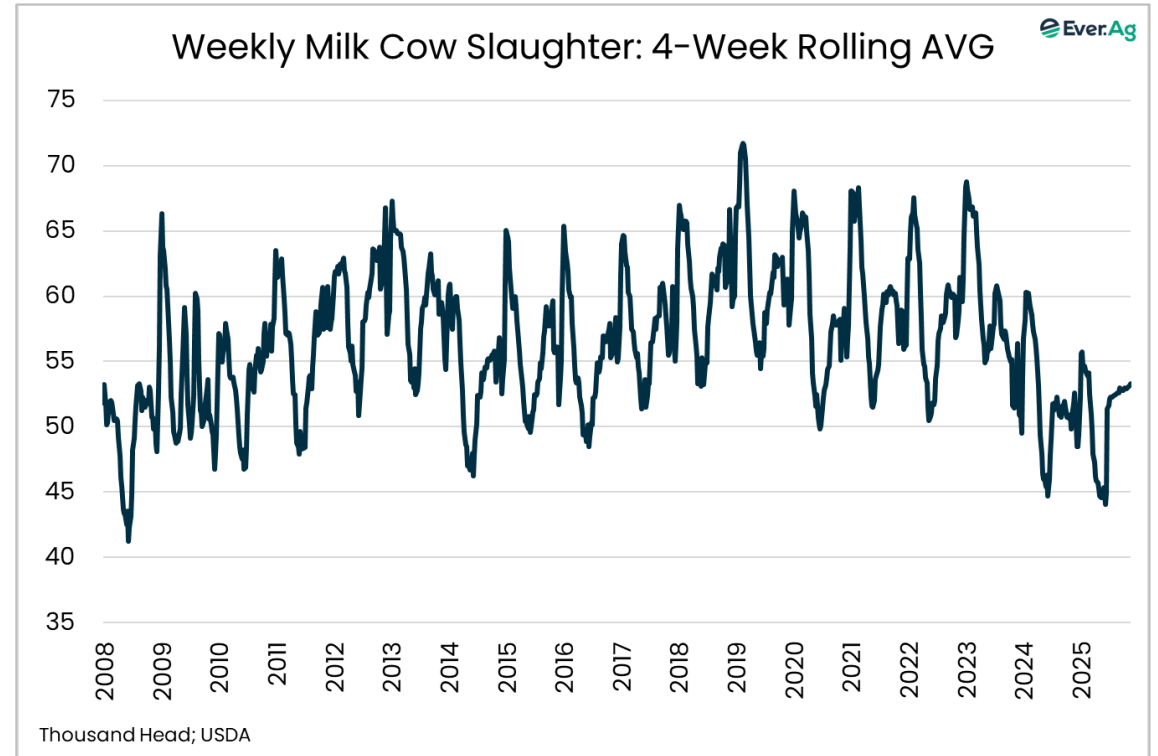
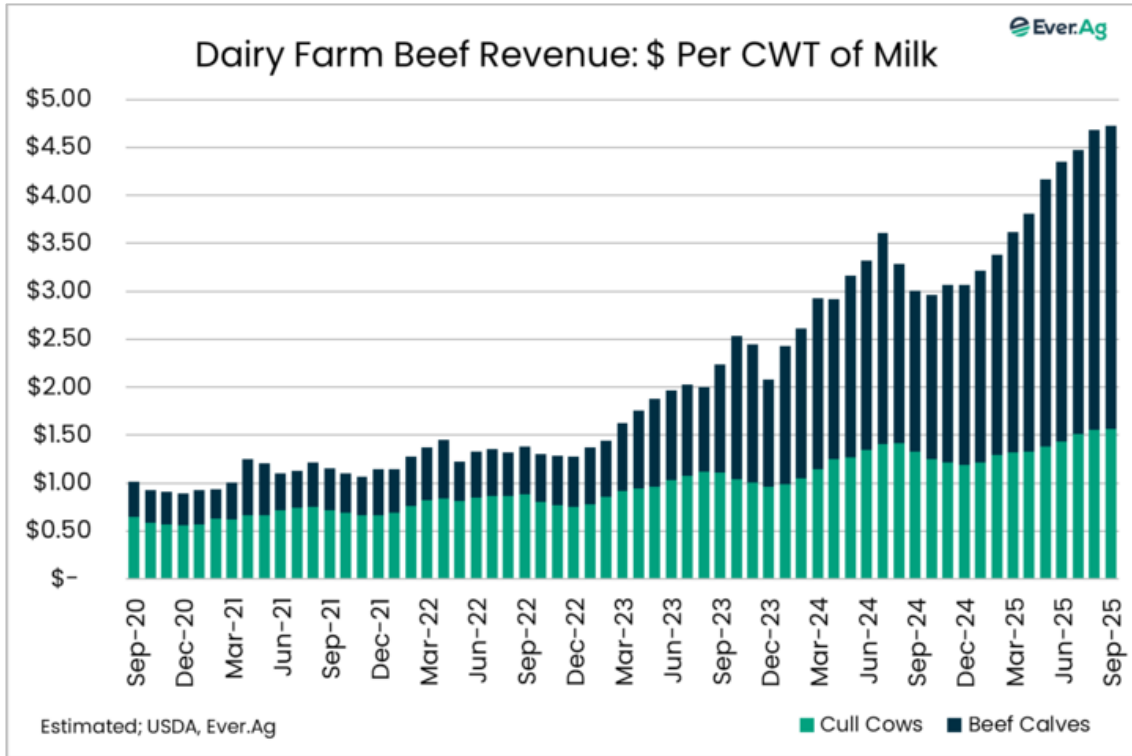


- Summer soybean oil exports moved to record levels following a price decline that marked it as the lowest priced vegetable oil in the world. Recent price activity has it closing the gap with palm and may cause greater exports.



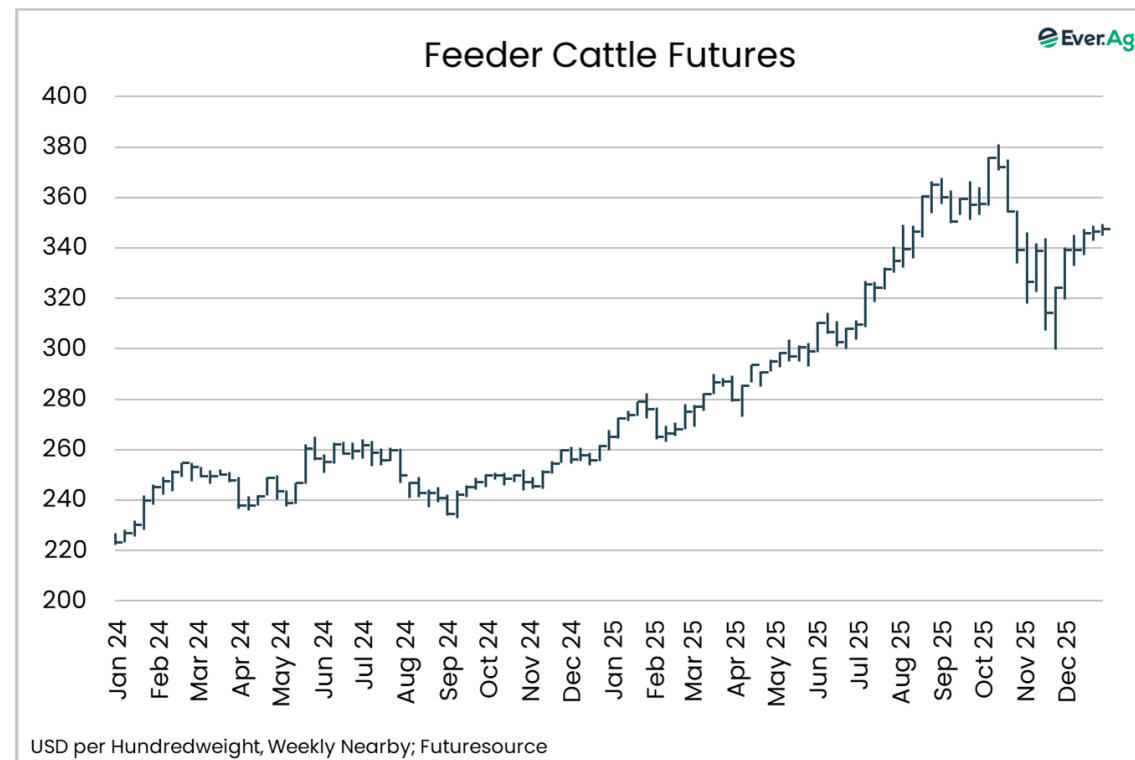
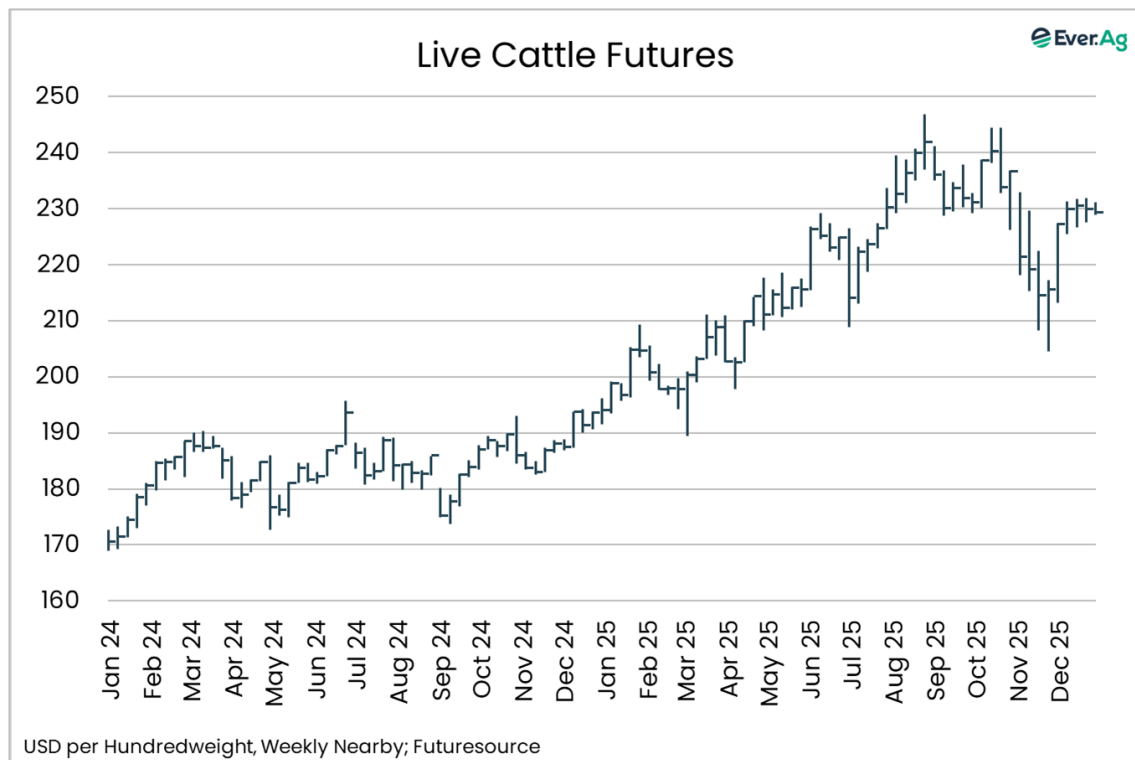
- In the absence of Chinese purchases of US Soybeans, crush facilities have been quick to convert available beans into meal and oil. Consequently, soybean oil and meal stocks are on the rise...as are exports.
- Soybean meal production has grown 11% since the 2023/2024 marketing year. Exports are projected to grow by 19.6%. Soy Oil stocks are up 22.1% YOY
- Bottom line is that there is ample access to protein in the dairy diet for now, but will soybean farmers continue to plant soybeans when demand is compromised?
- **How well are you managing the current environment?**

# Beef...A Very Big Deal



- Since 2021, cull cows have doubled in value to levels well north of \$2000/hd while springing heifers grew from \$1400 to \$4000 and wet bull calves from \$150 to \$1500. Balance sheets have exploded. Consequently, we have the largest dairy herd since 1993.
- US dairy cow slaughter is in its second consecutive year of decline; that has only happened twice in the last thirty years (1999 and 2005). Milk prices in 2000 and 2006? 2026?

# Cattle Prices Seasonally Lower

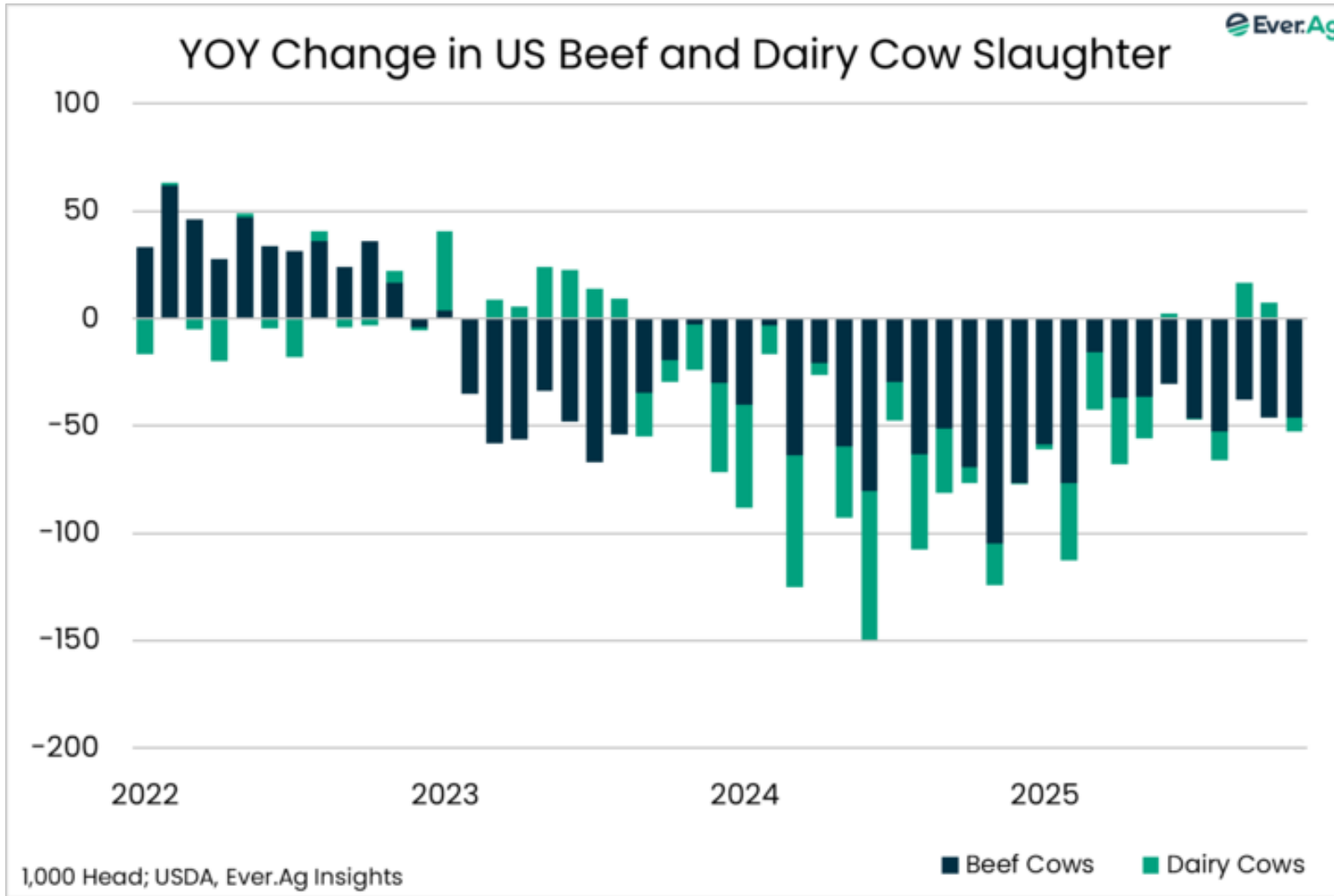


- With high beef prices attracting political attention during the seasonal move lower, cattle futures corrected sharply. But prices recovered and are still well above historical peaks.
- Animals still short, and beef demand was solid as we have come through year end.
- **Will current prices for bull calves, cull cows and beef x dairy animals alter dairy producer behavior?**

# Strength Can Be Deceptive

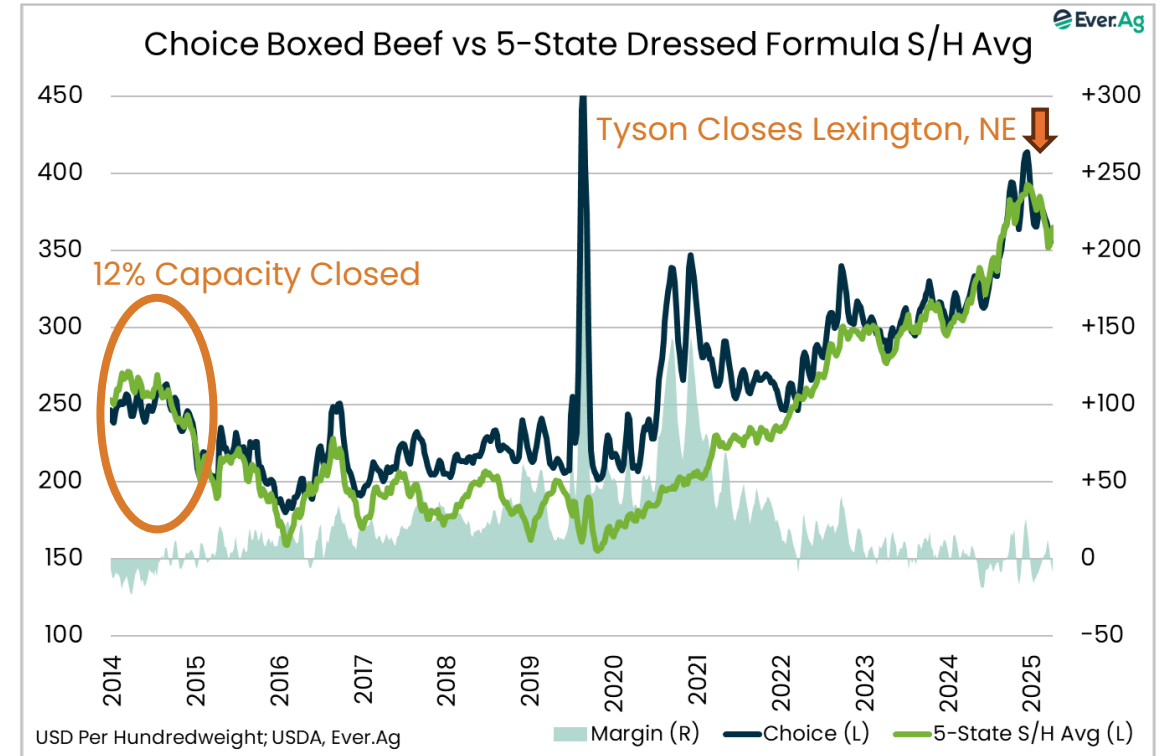
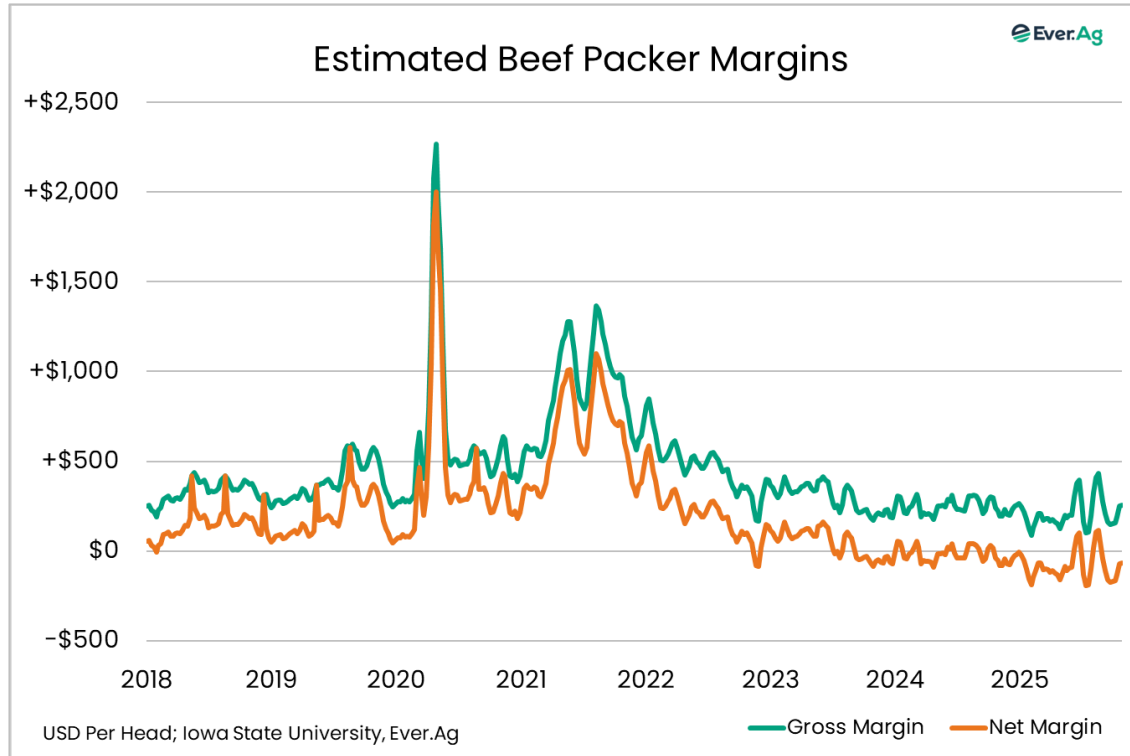


# Cow Slaughter Shifting



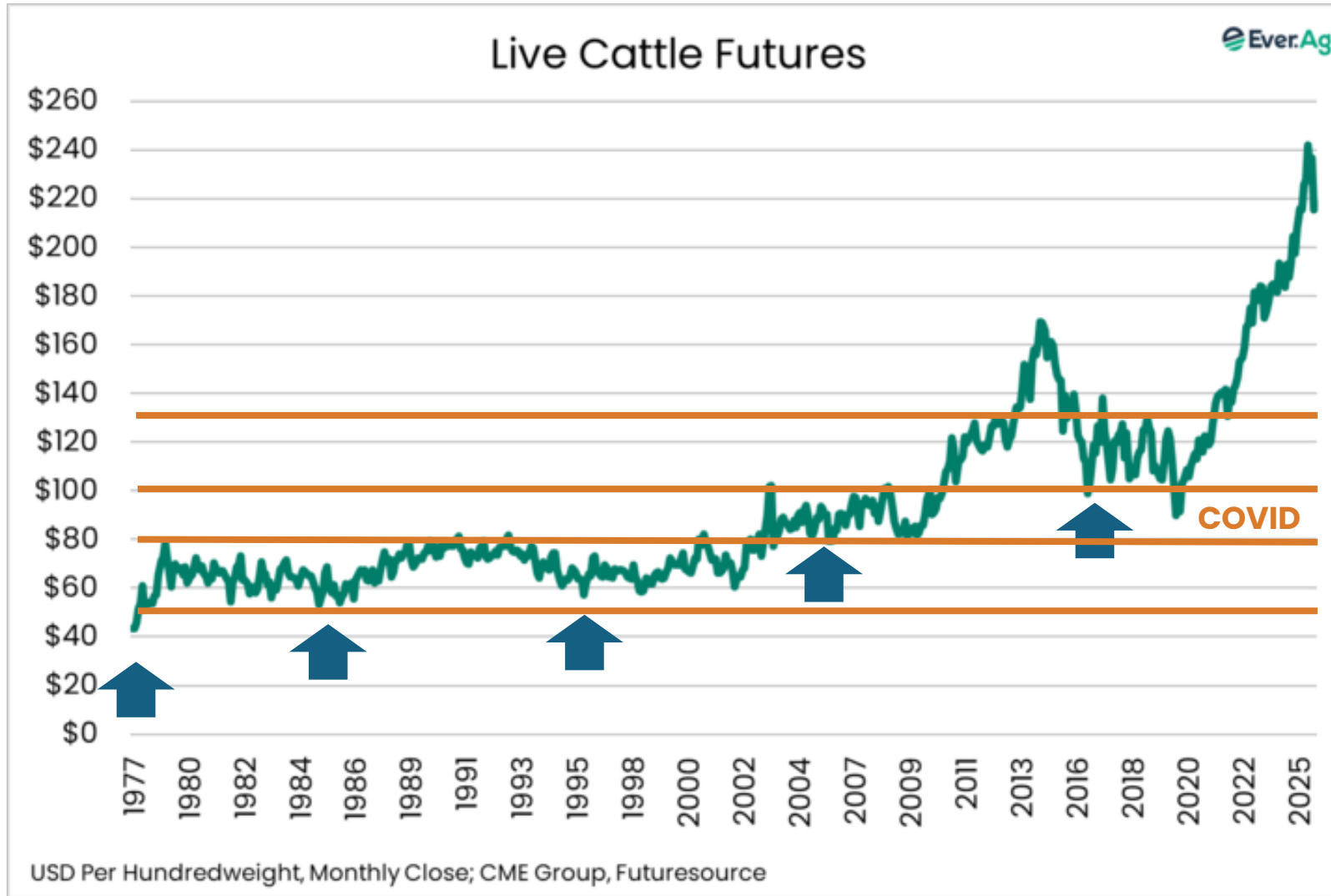
- As the herd gets smaller, it is understandable that fewer cows would be slaughtered. However, the pace of both beef and dairy cow slaughter suggests that rebuilding of both herds has been taking place.
- Of late, rising carcass weights also suggests that fewer yearling heifers have been entering the finishing system as well.

# Shrinking Packer Margins



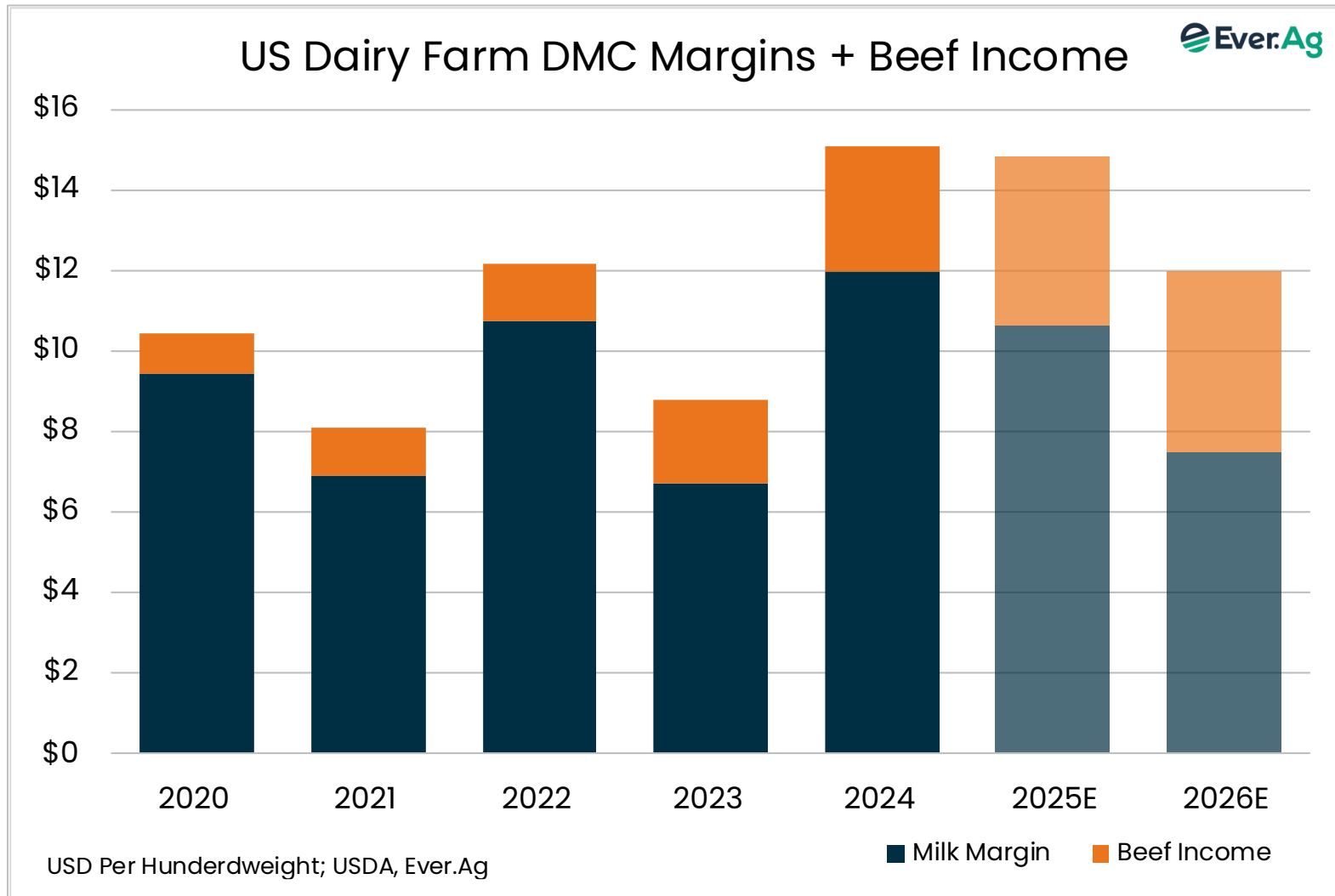
- Packer margins went negative in 2024. Current net margin is -\$83 per head
- As wholesale beef prices converge with carcass values, margins compress in a way that move toward lower packer bids in future quarters. The greater concern is lost processor capacity, as witnessed in a similar environment 10 years ago, and again in late November when Tyson announced a plant closure in Nebraska.

# One Of The Oldest Cycles Alive



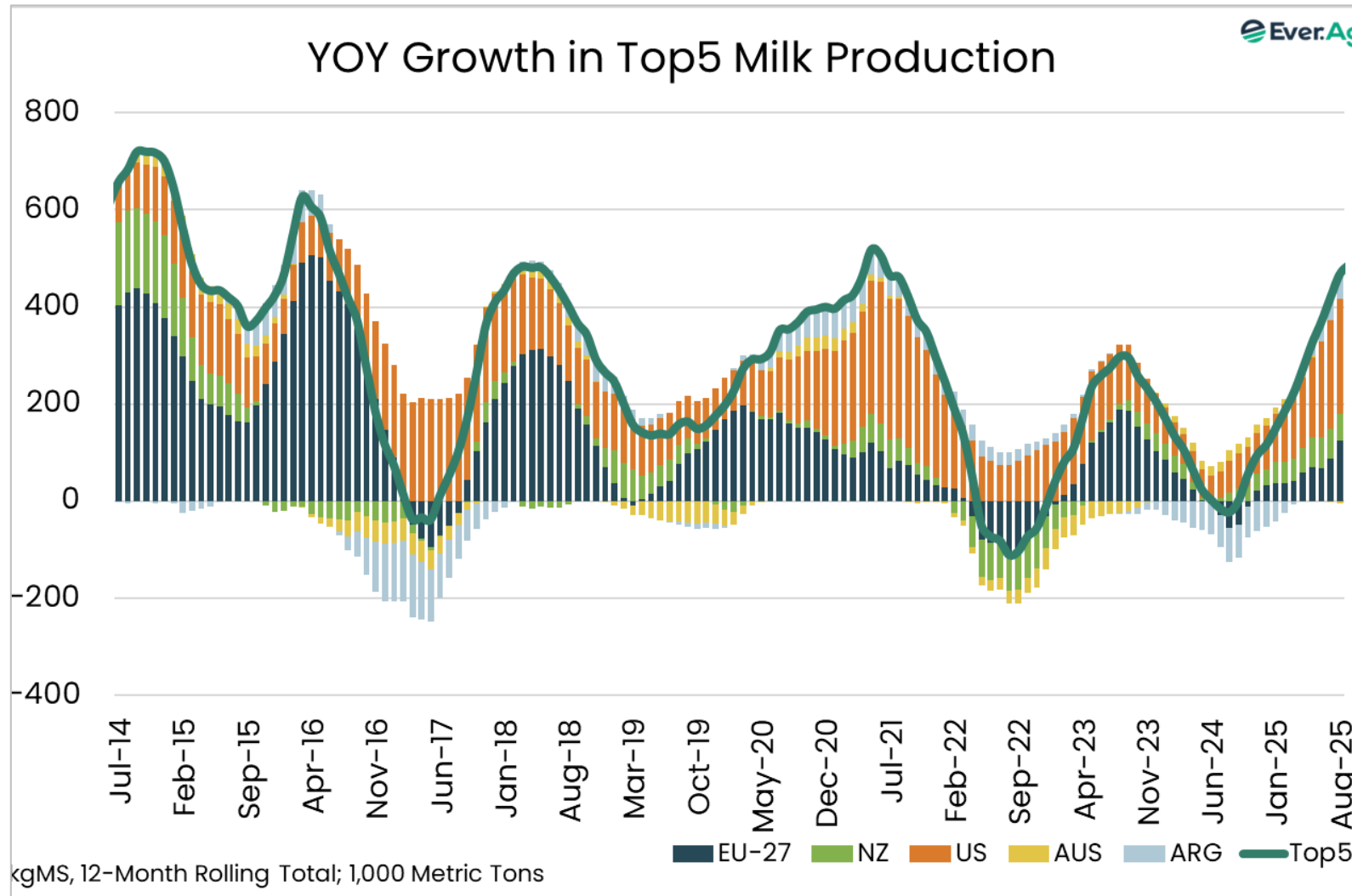
- Cattle have developed a rhythm that has historically led us to lower prices in years that end in "six". How will this year turn out?
- Historically, the market also likes price ranges, \$60-\$80, \$80-\$100, \$100-\$130. A new one coming?

# Dairy Profitability Might Be OK

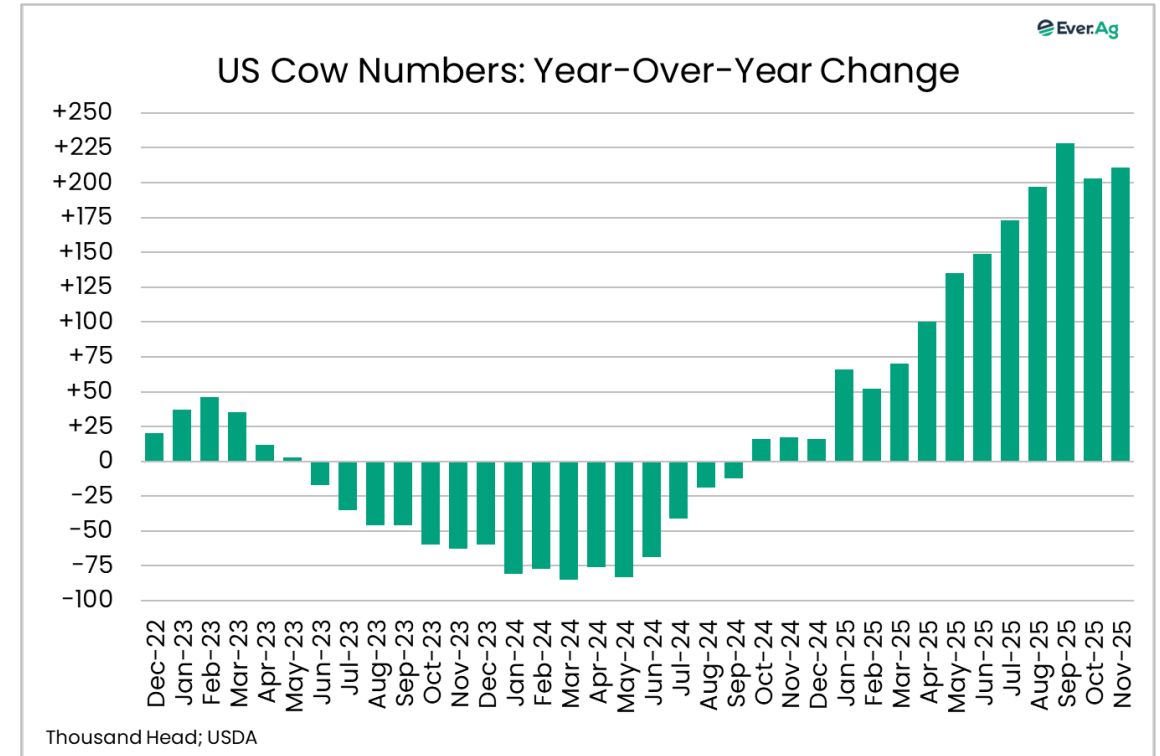
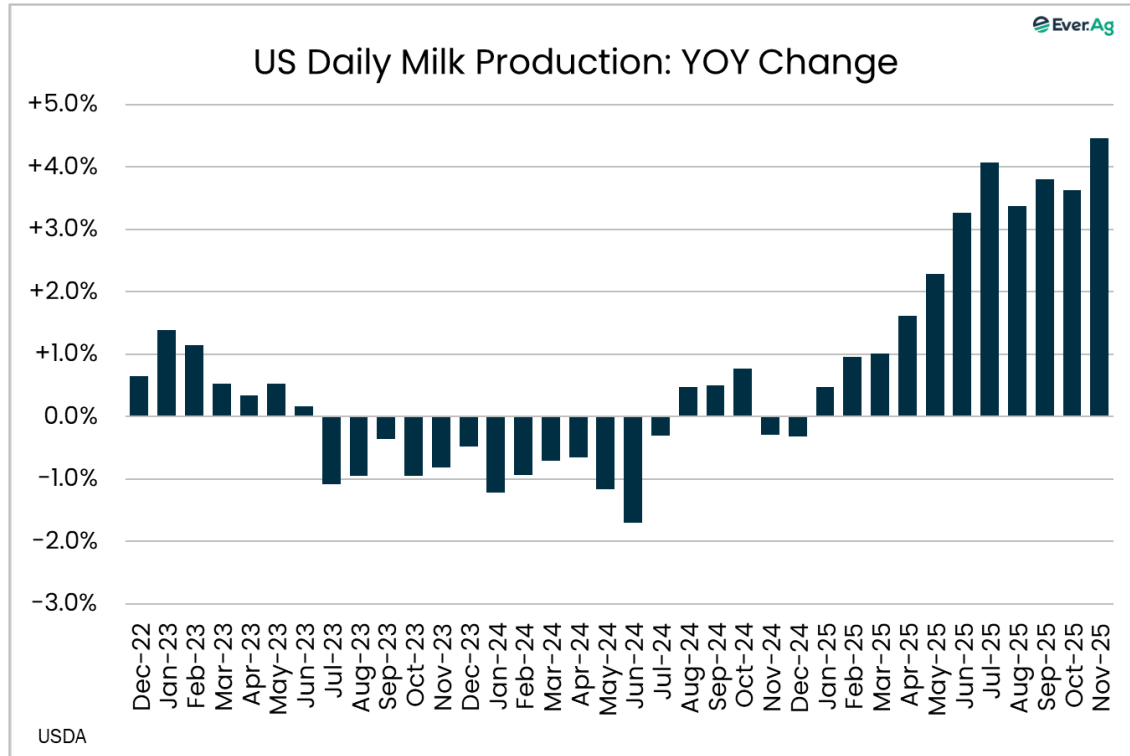


- The profitability picture doesn't look as scary when you add beef revenue to milk income over feed.

# Milk Production Surging Globally

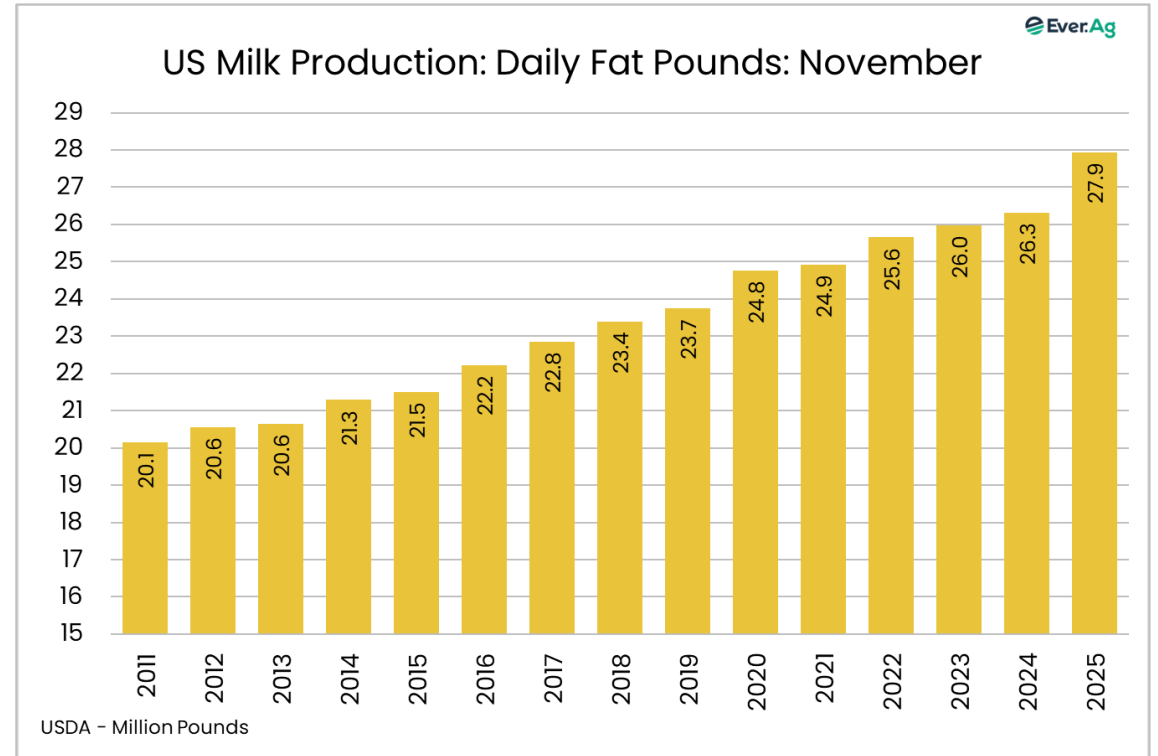
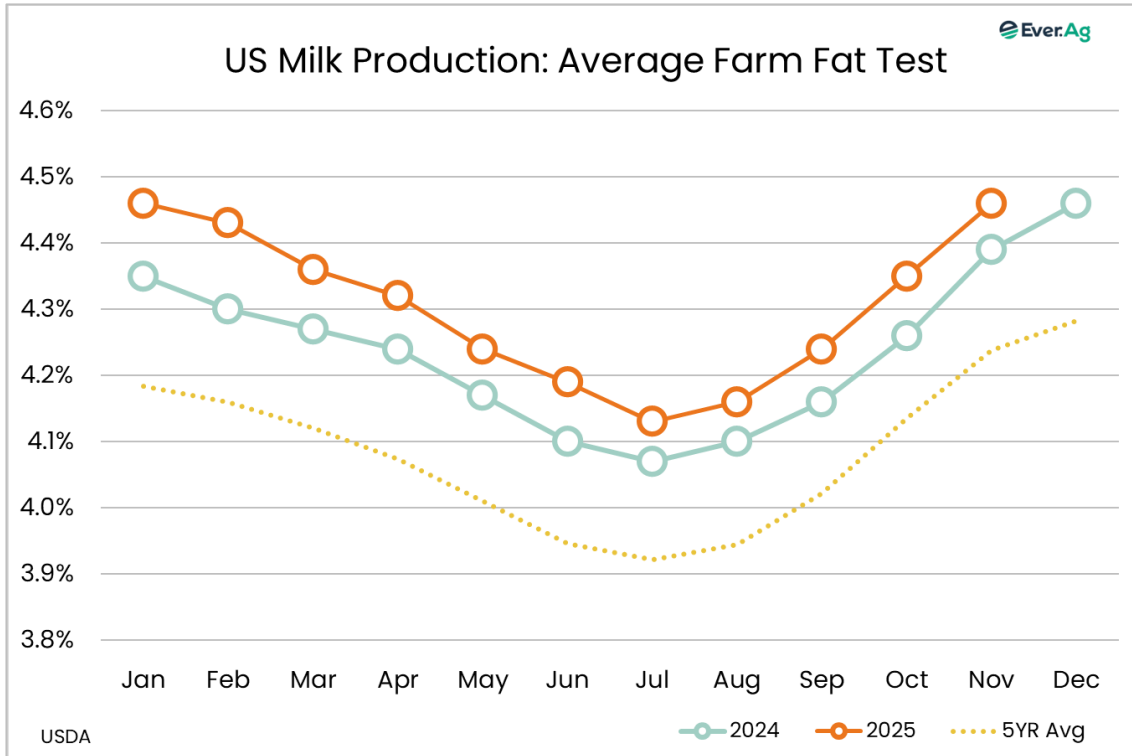


# US Milk Production Rolls On



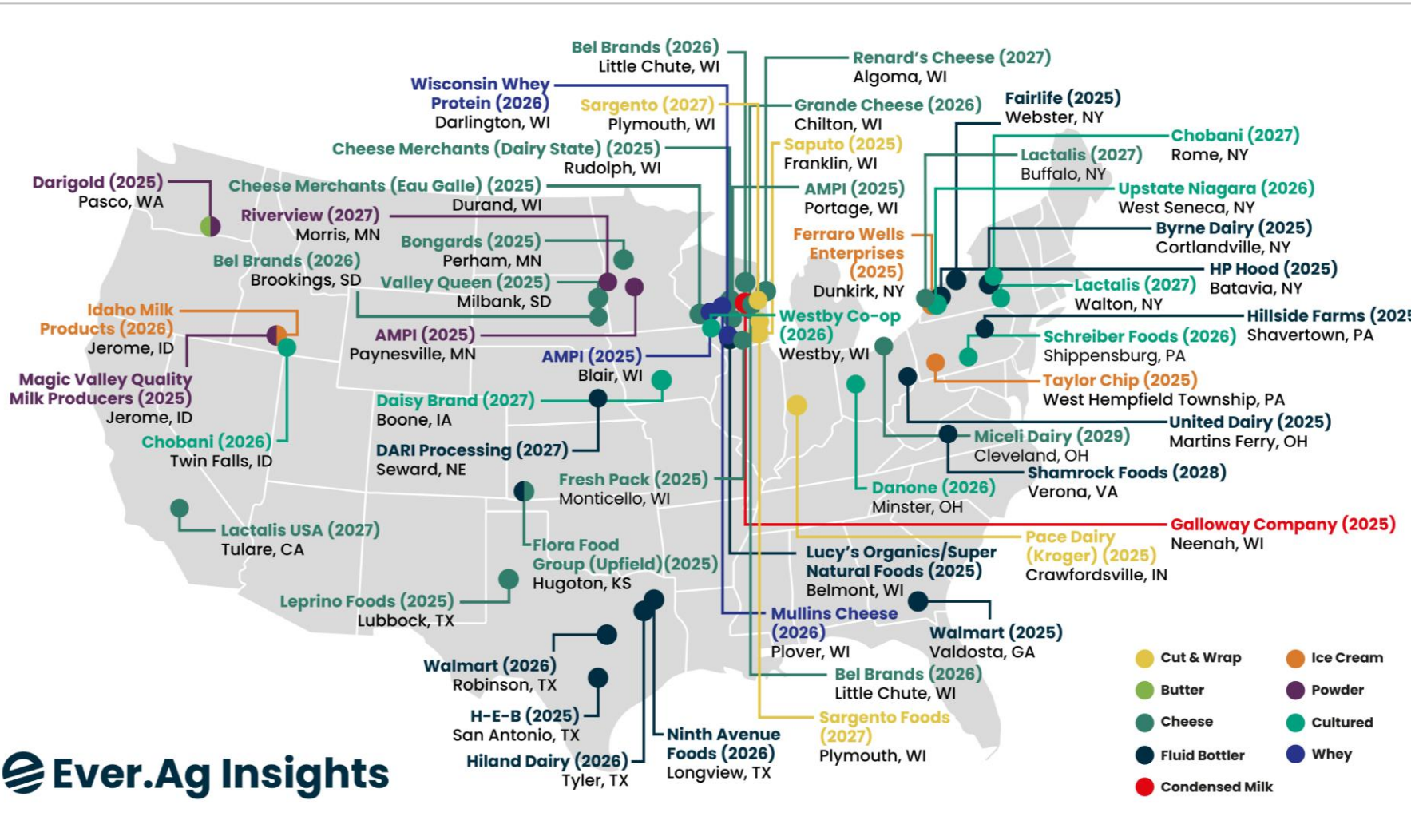
- November output up 4.7% YOY.
- Cow numbers +211,000 YOY.
- Hard to see how milk production gets dramatically lighter over the near-term.

# And Components Too



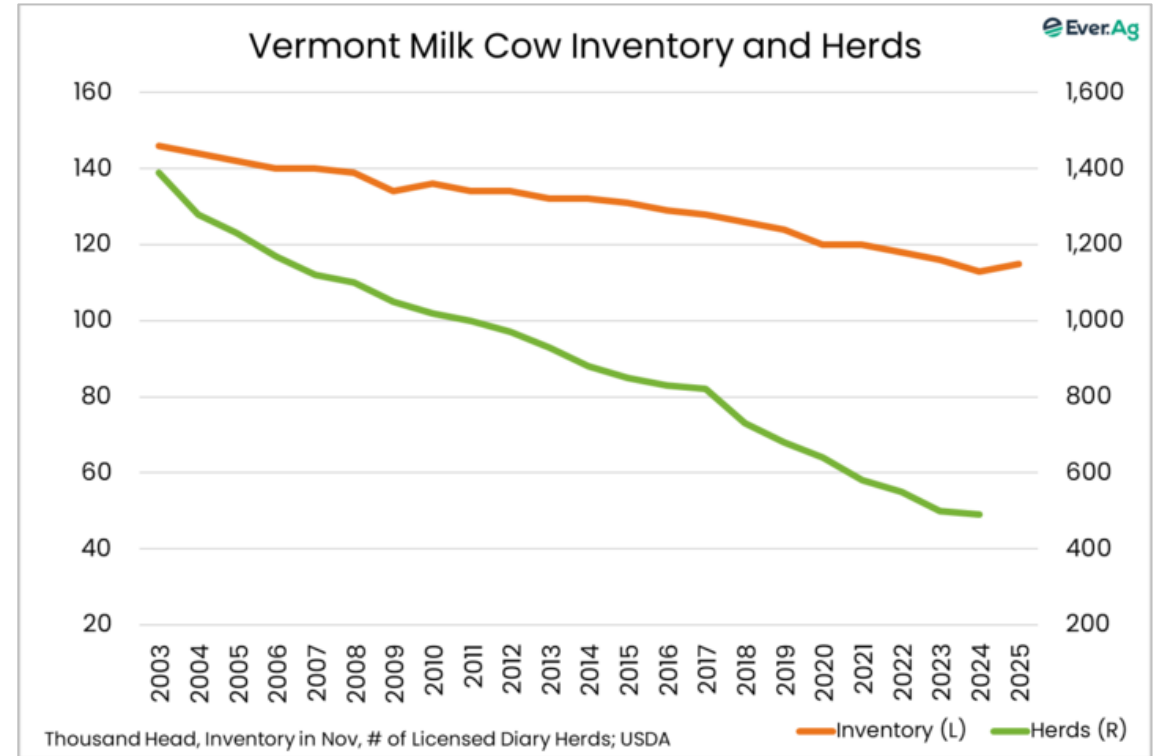
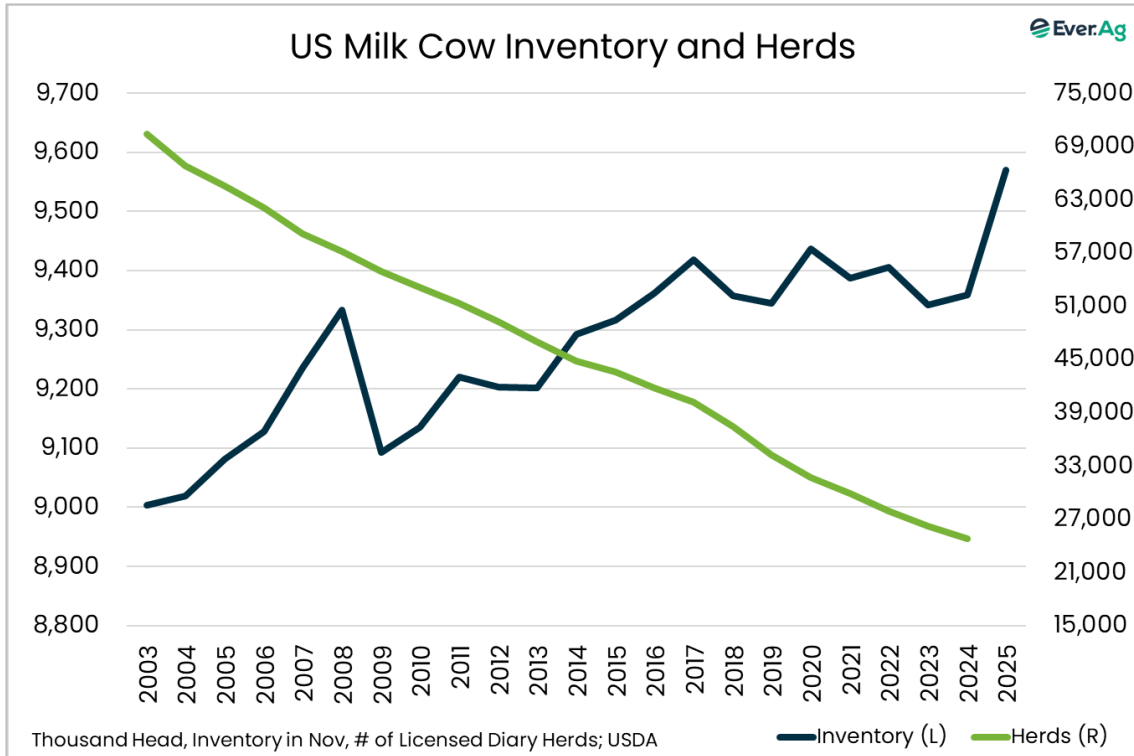
- Nov 2024 USDA Fat Test: 4.46% up from 4.39% in 2024
- Daily fat pounds: 27.9 million pounds, +1.6 million YOY

# Processor Capacity Growing Too



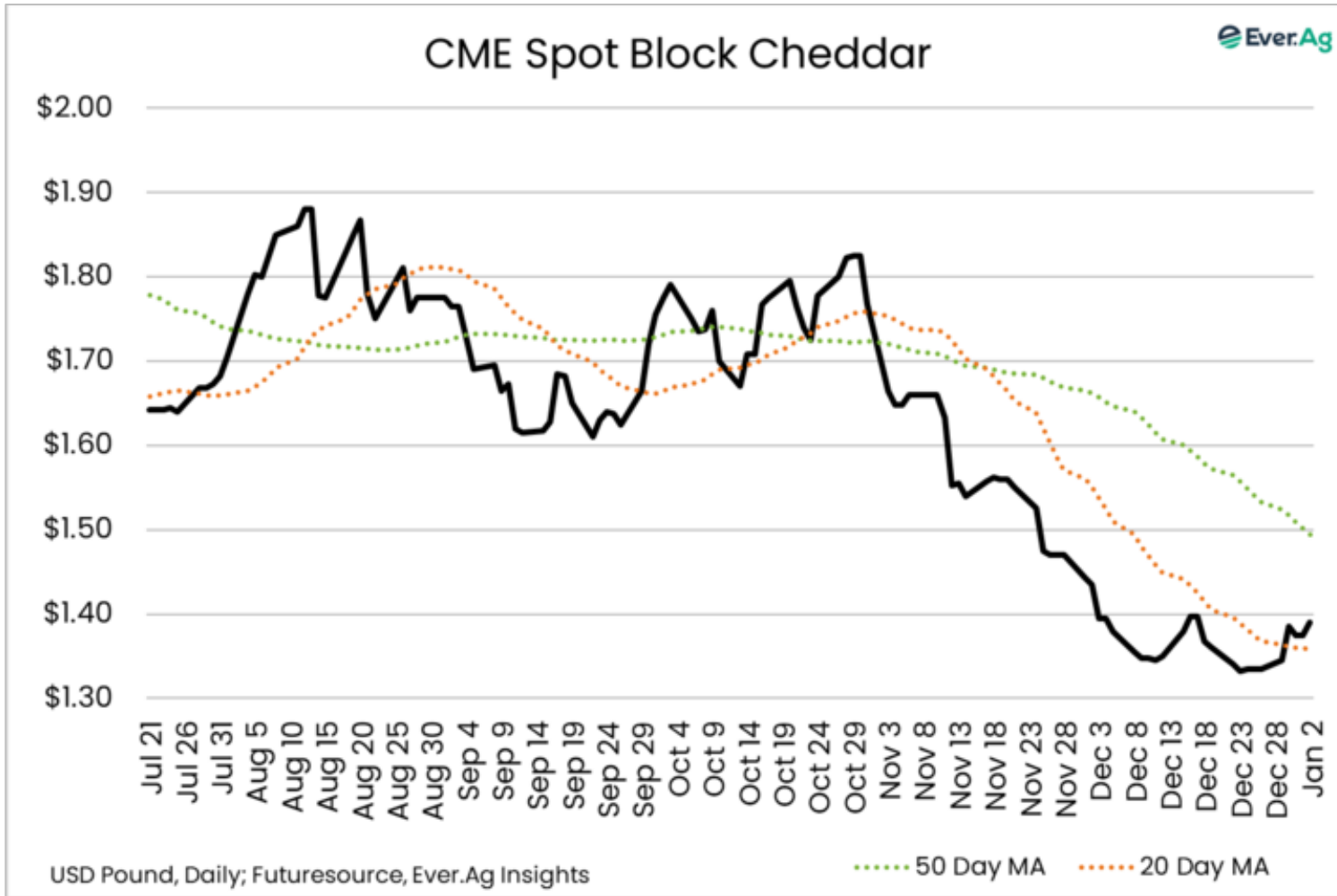
- Next door in New York, four new builds or plant expansions took place in 2025 (Ferraro Wells, Fairlife, Byrne, HP Hood), with one more coming this year (Upstate Niagara), and three more in 2027 (Lactalis X 2, Chobani)
- With their ongoing Investment Tax Credit and other incentives, there may be more yet to come.
- This will have ripple effects for Vermont

# A Trend We Can Change?

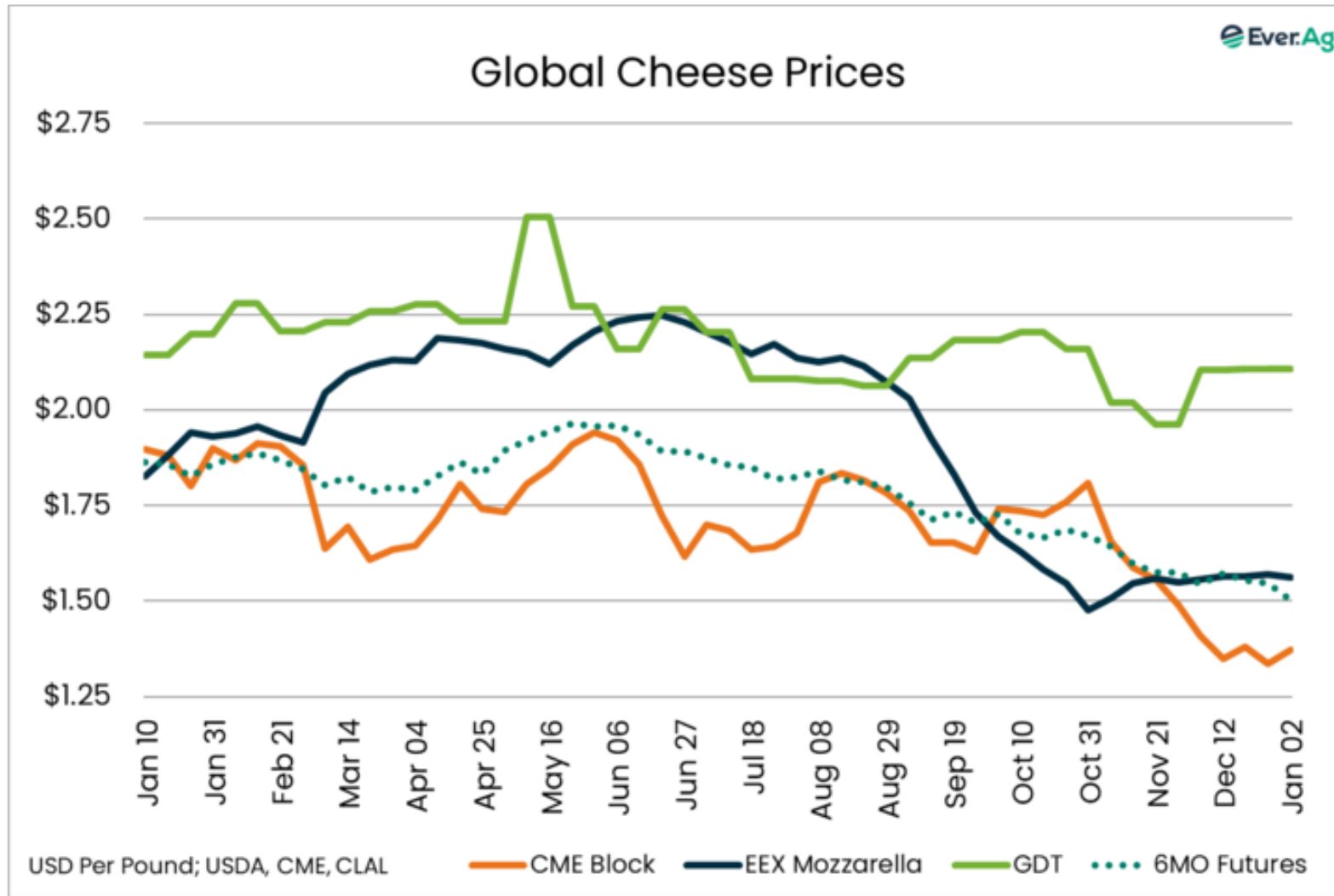


- Since 2013, the US has grown cow numbers by more than 370,000 head. Over that same time, 47% of registered dairy herds have exited the business.
- Vermont has lost nearly 15,000 head over the last 12 years. Over the same amount of time, 45% of registered dairies have exited the business.
- Consolidation continues. The average herd size is 236 cows. How might that change?

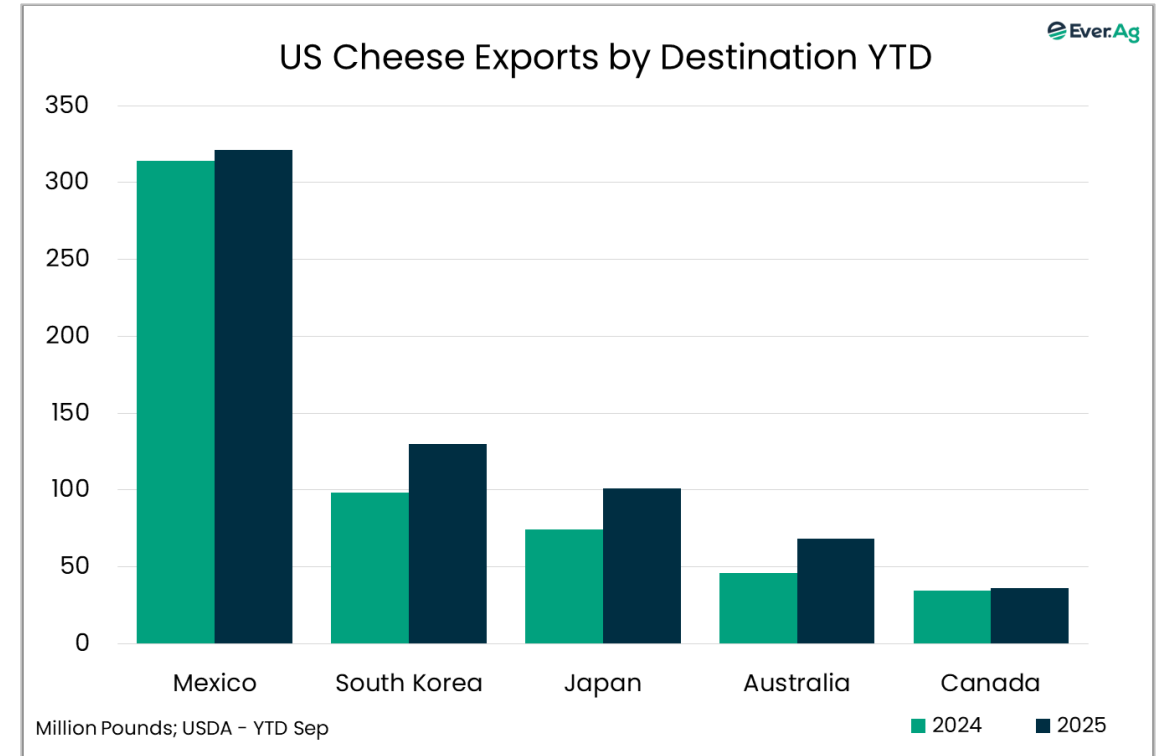
# Cheese Prices Under Pressure



# Is the US Back in the Game?

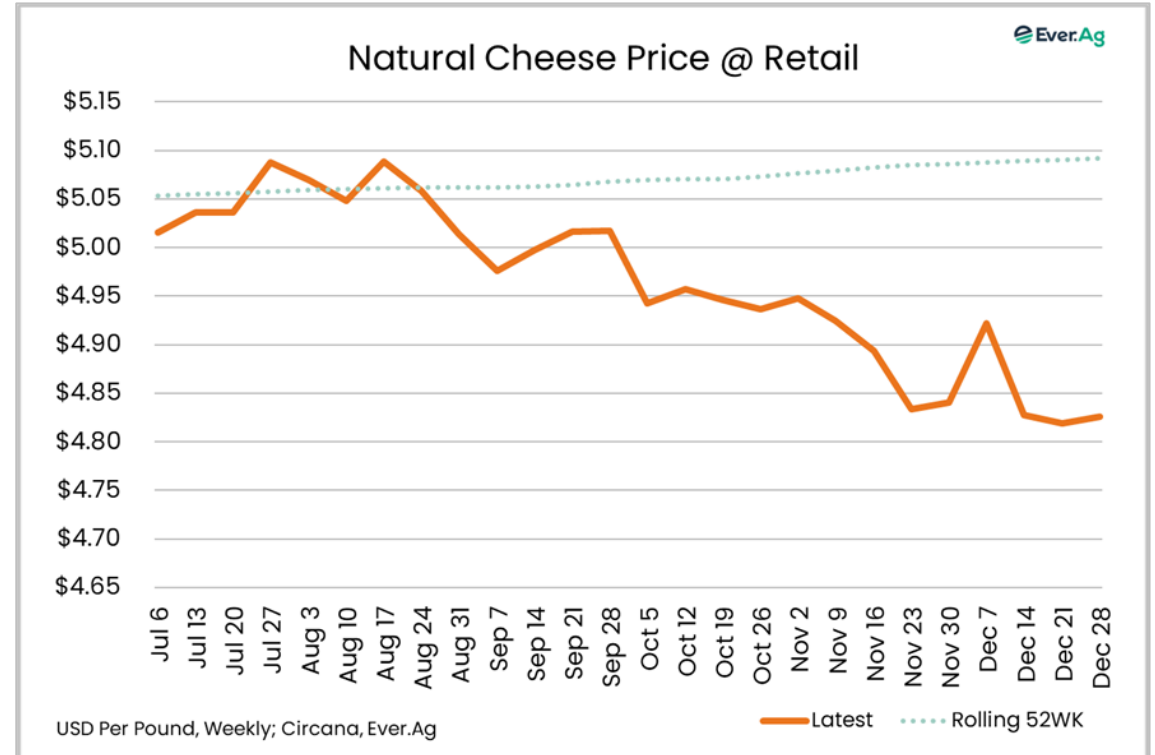
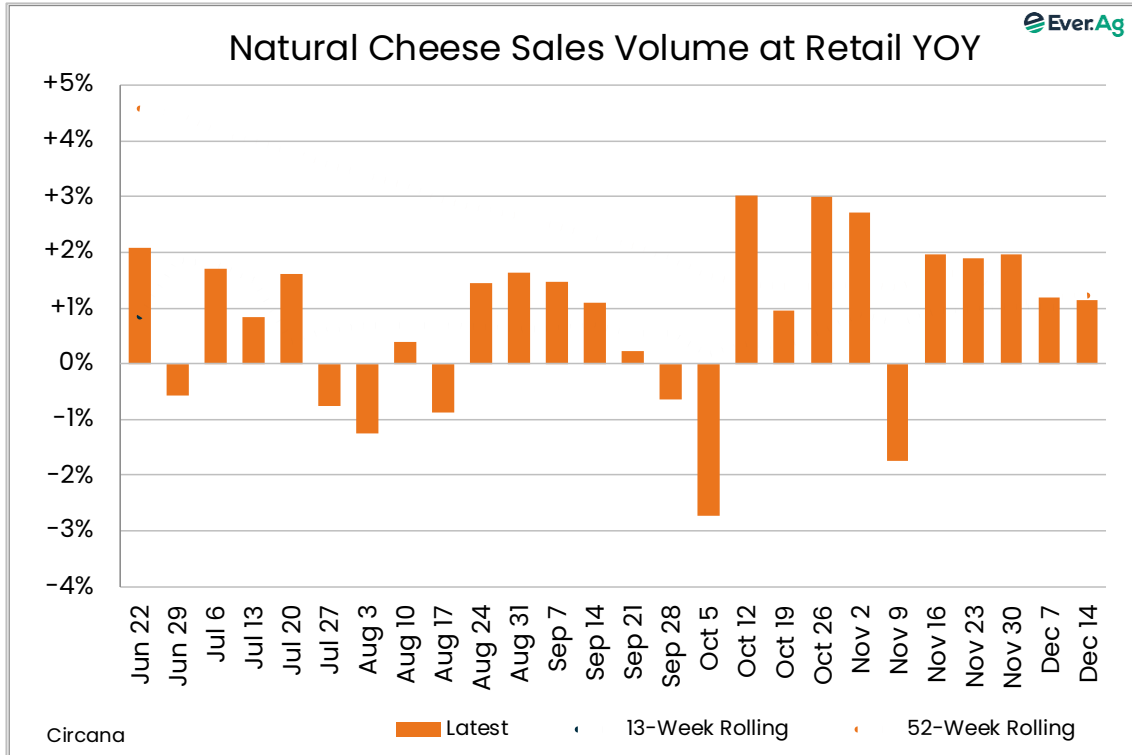


# Good Exports in September



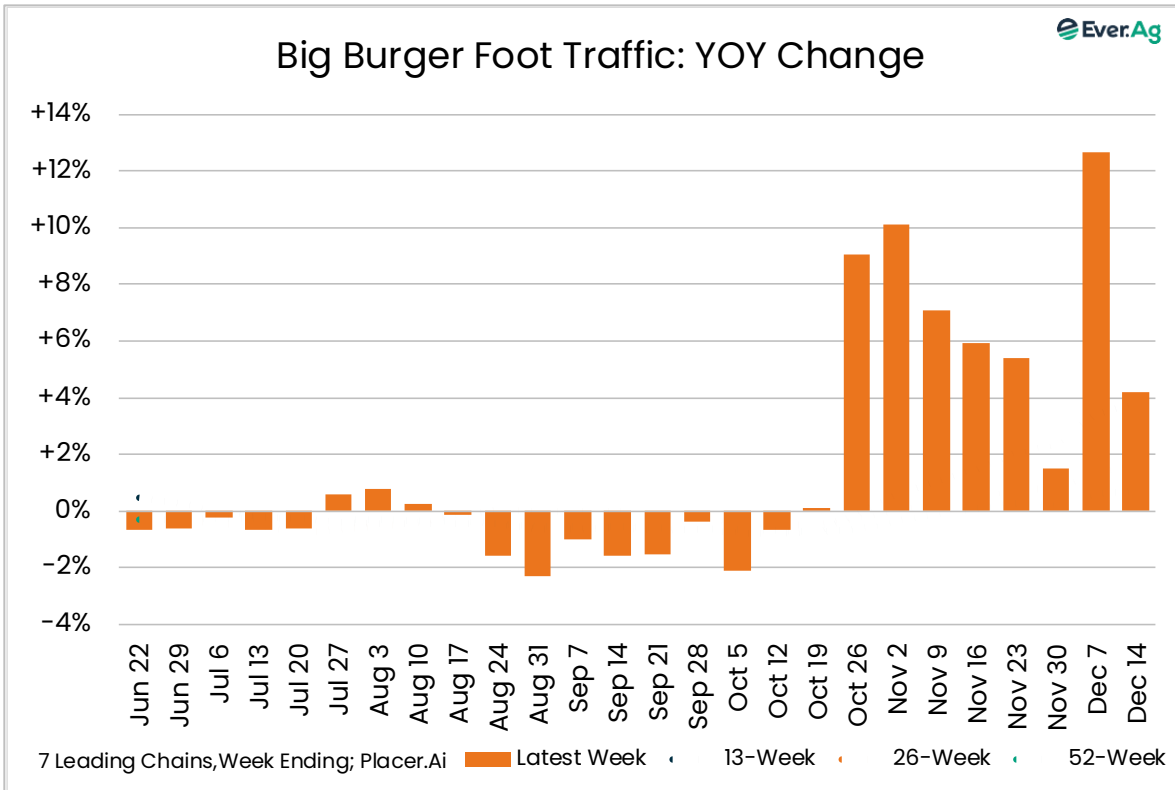
- Cheese exports totaled 117 million pounds, up 35% YOY.
- YTD: 999 million pounds, up 17%.
- Rolling 12-month: 1.272 billion pounds, up 16%.
- Strong volumes into “contestable markets” such as South Korea and Japan.

# Decent Retail Sales

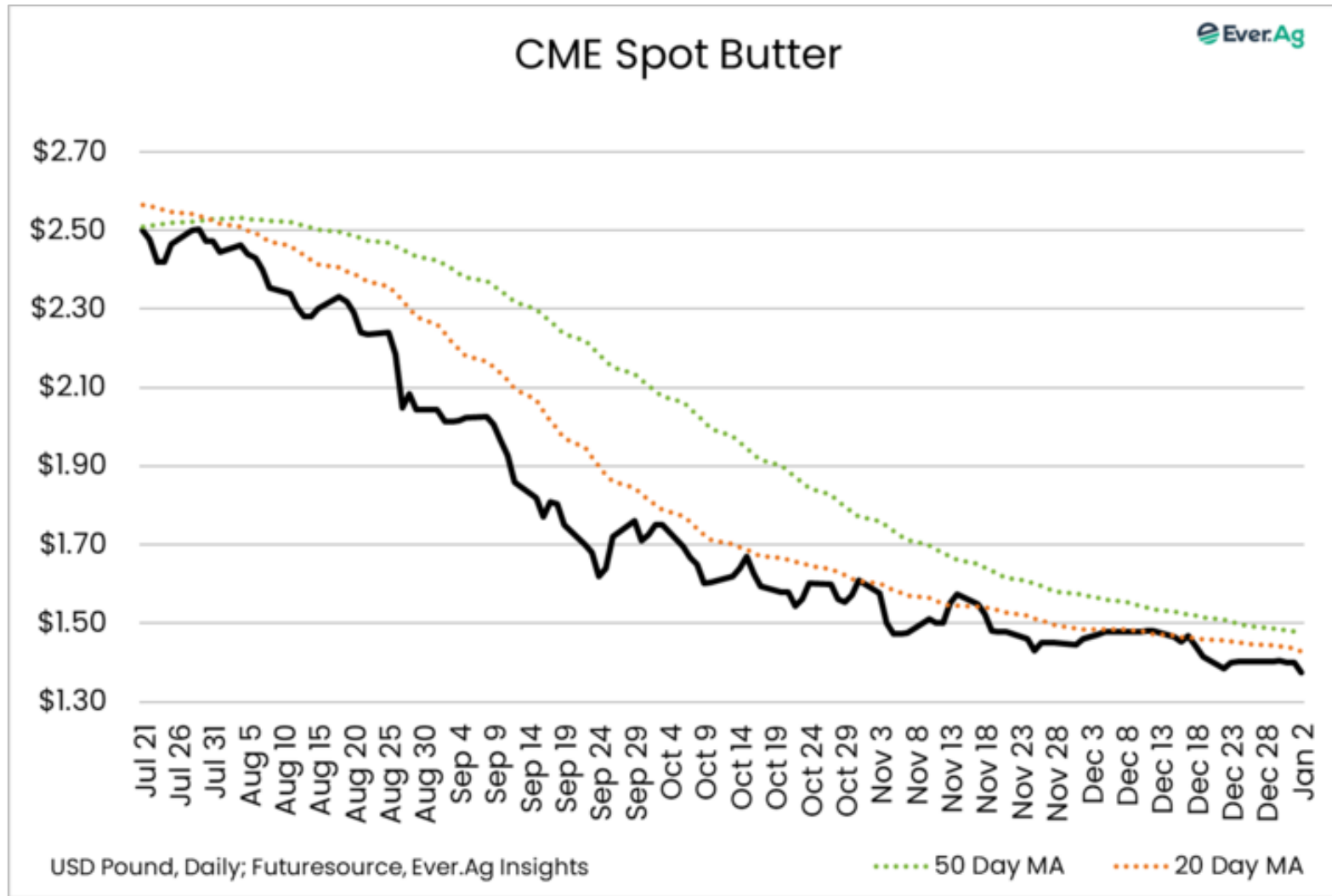


- Scanner data from Circana shows natural cheese volumes at retail up in nine of the past 10 weeks.
- Average price for the week ending December 28: \$4.83 per pound, down 5% year over year to the lowest level since July 2024

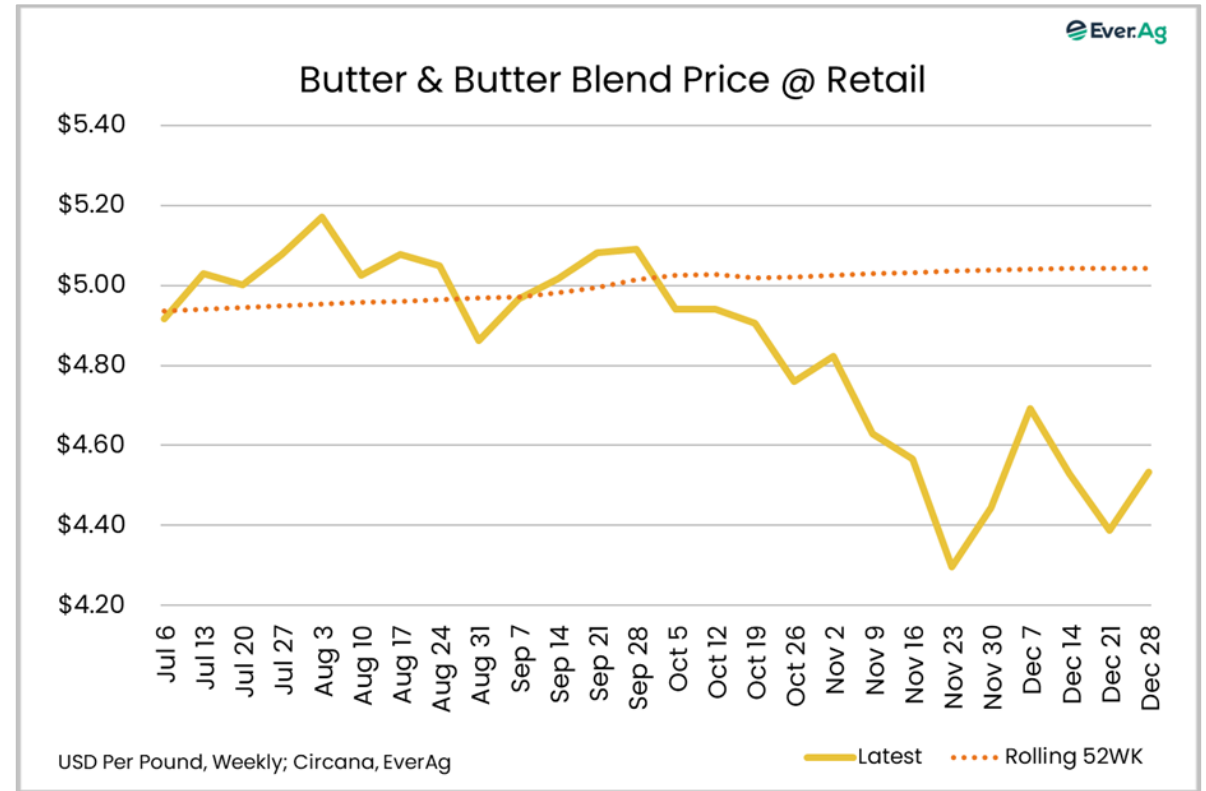
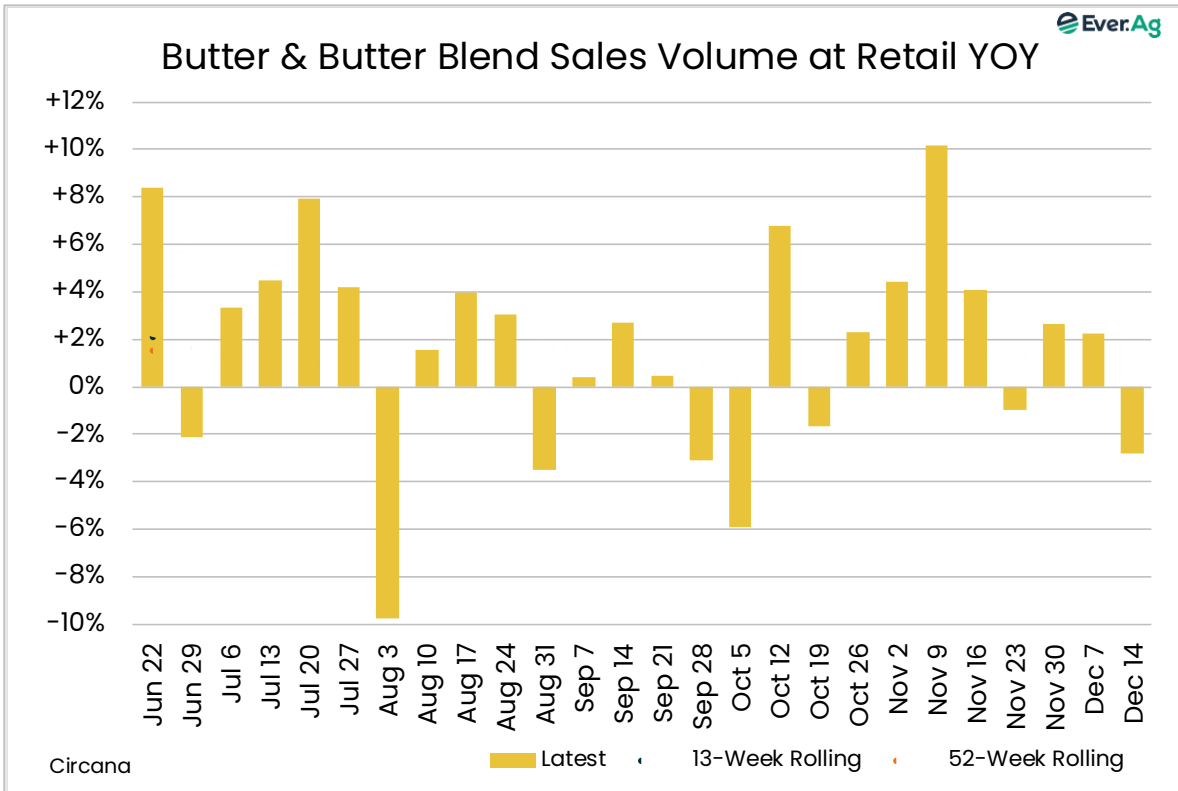
# LTOs Can Drive Major Traffic!



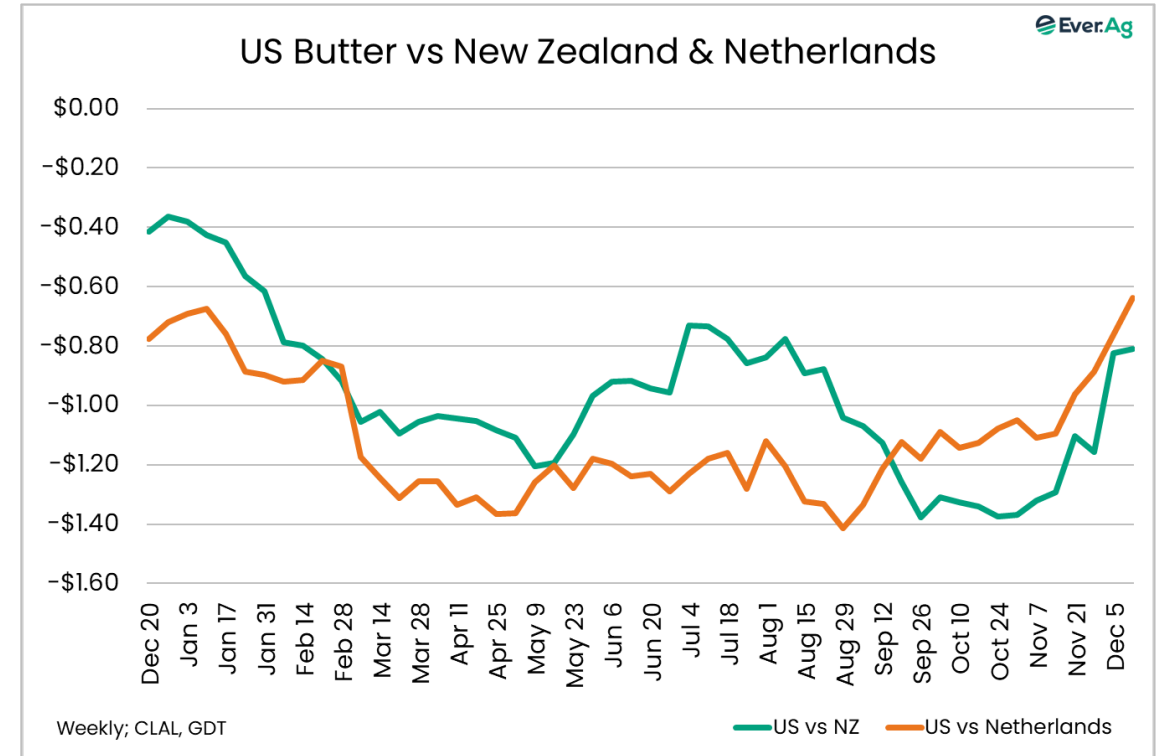
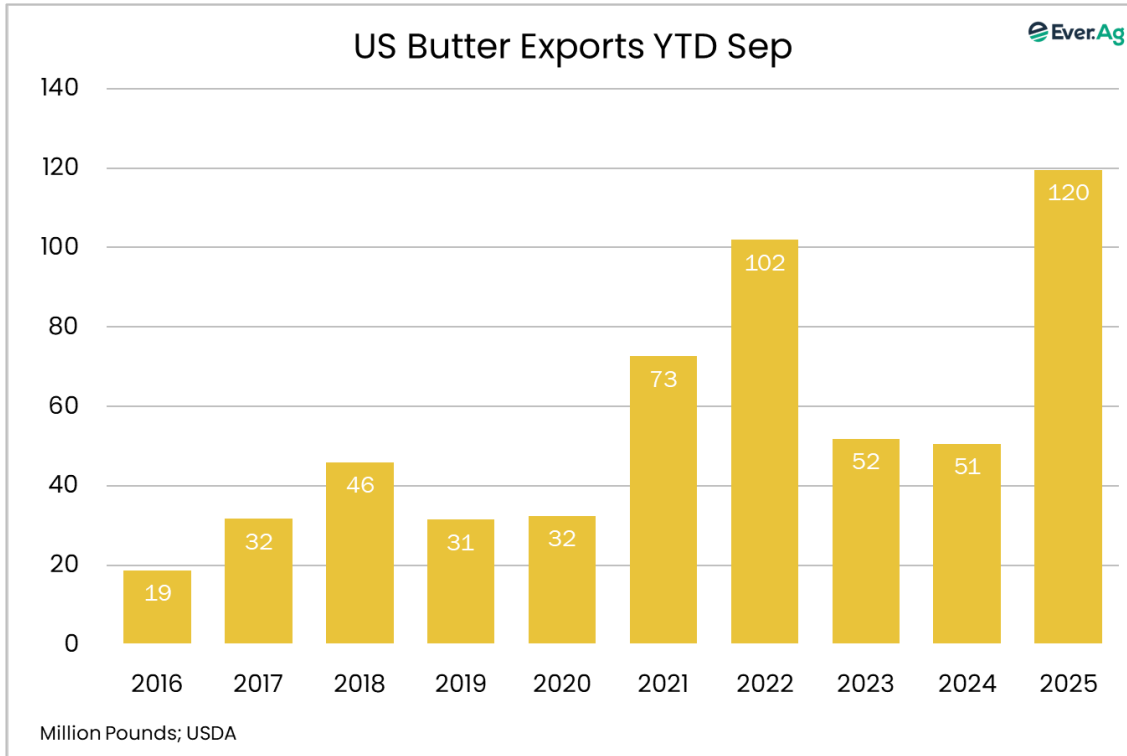
# Butter Price Bottoming?



# Butter at Retail Fading A Little

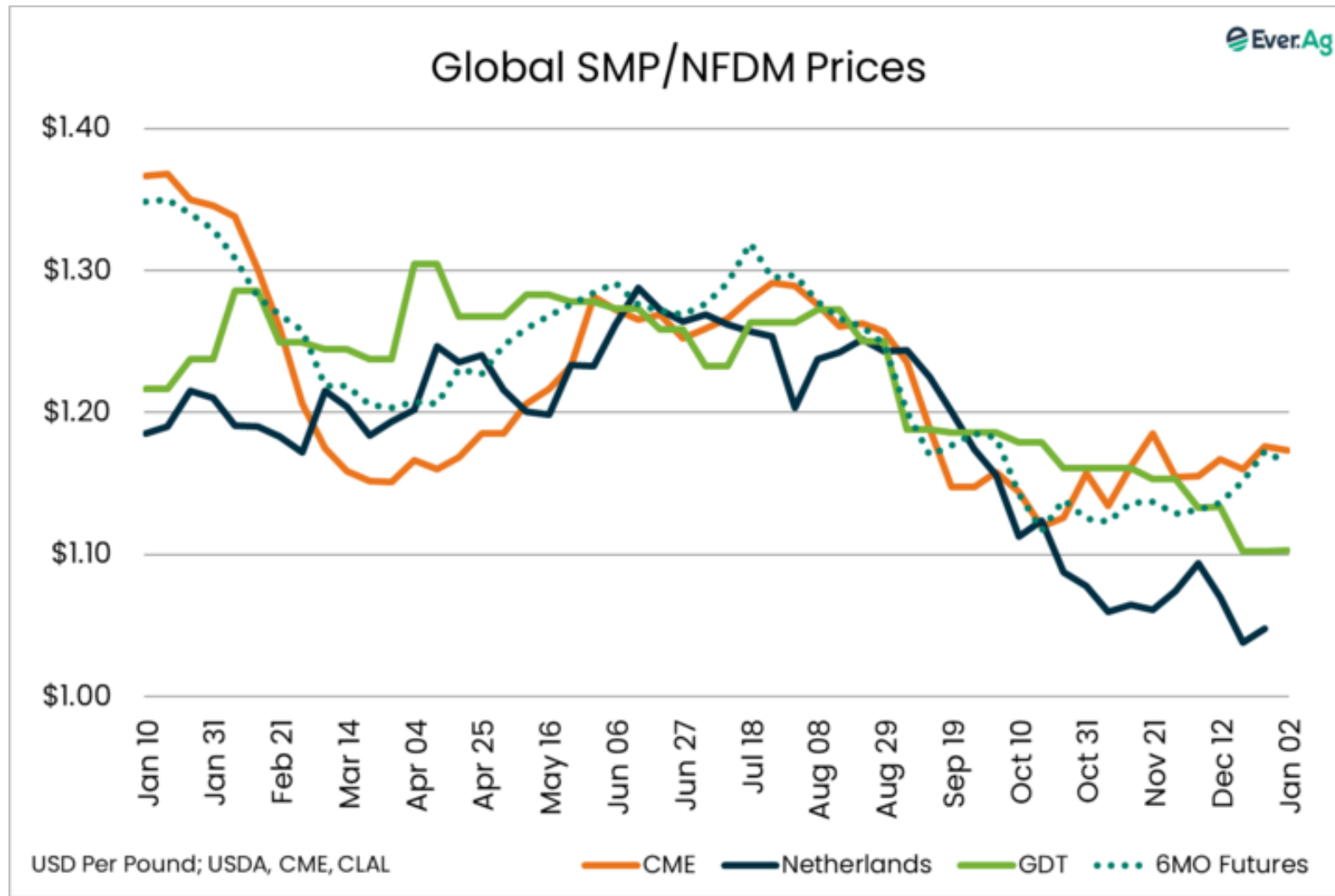


# Strong Sep Butter Exports



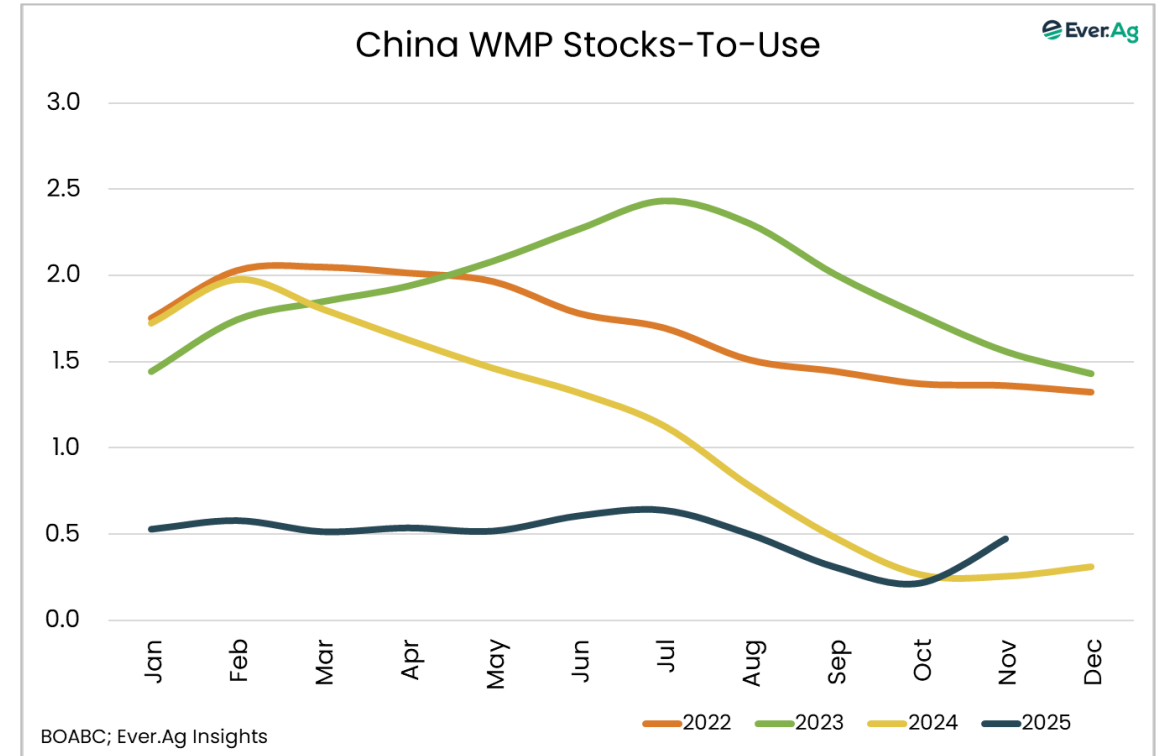
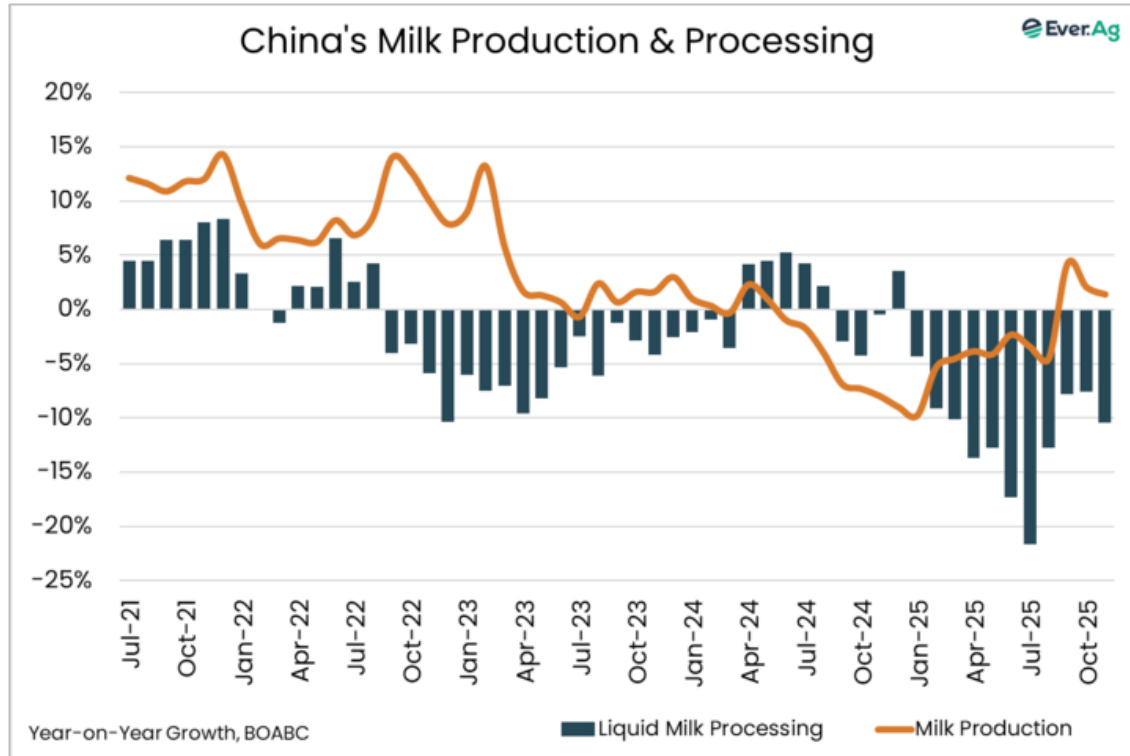
- Butter exports totaled 15.0 million pounds, down from August (17.7 million) but up 168.6% year-over-year. YTD: 119.5 million (+136.5%). Net butter trade YTD: 41.8 million pounds compared to -63.5 million for the same period in 2024.
- US prices are still likely competitive, but relevant price gaps are the smallest in more than a year.

# Powder Thoughts



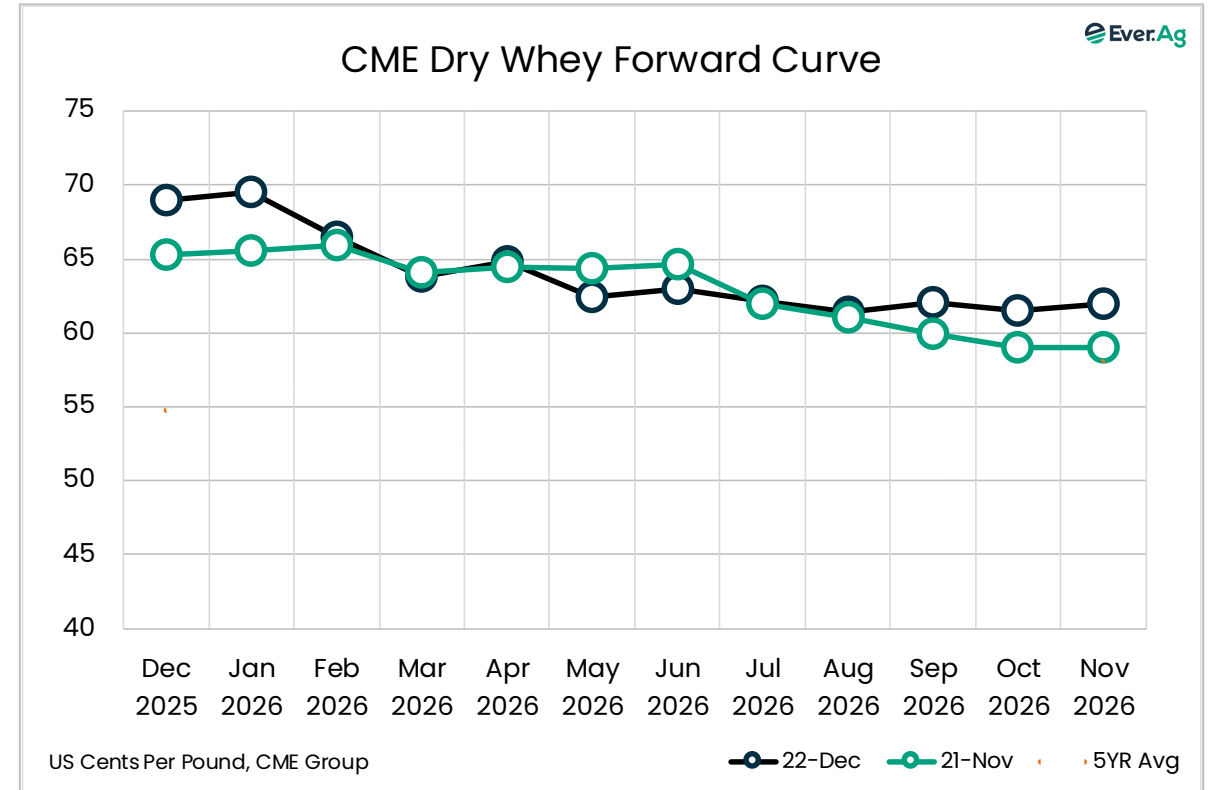
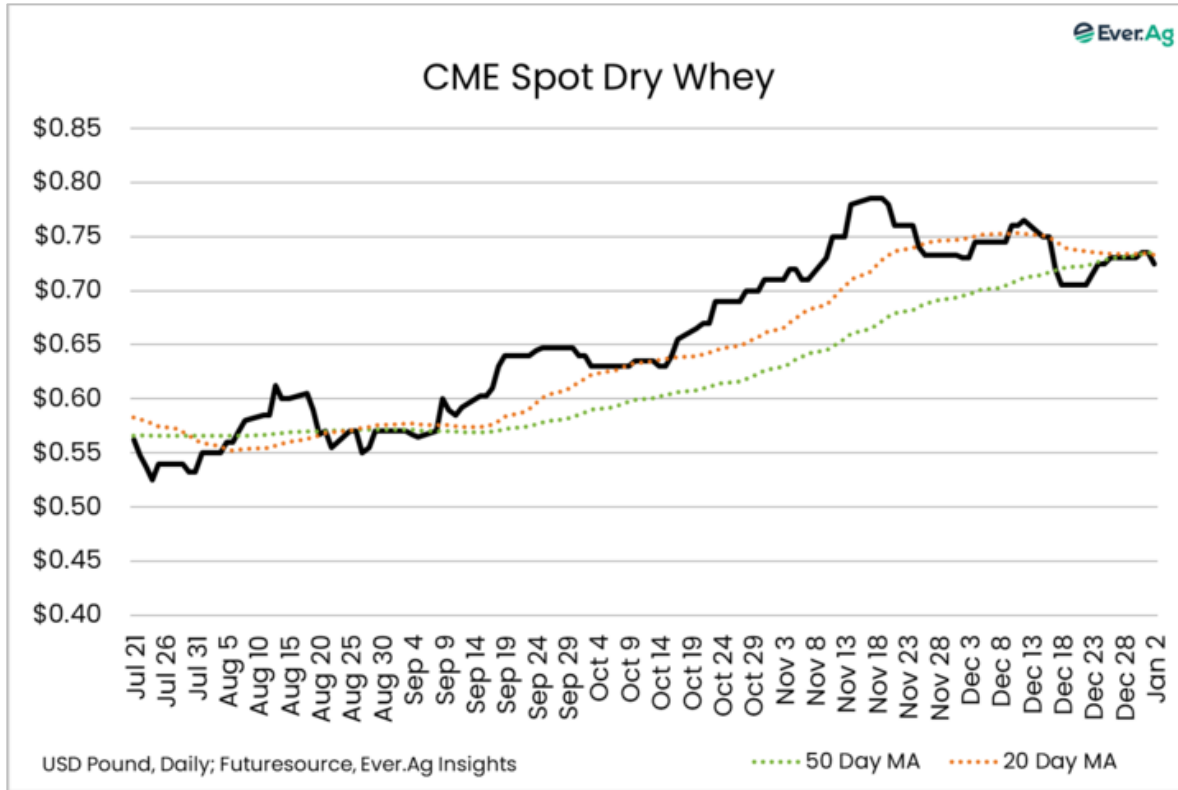
- Global pricing not strong.
- We're not making much in the US.
- Do we just sit here?

# Will China Re-enter The Market?

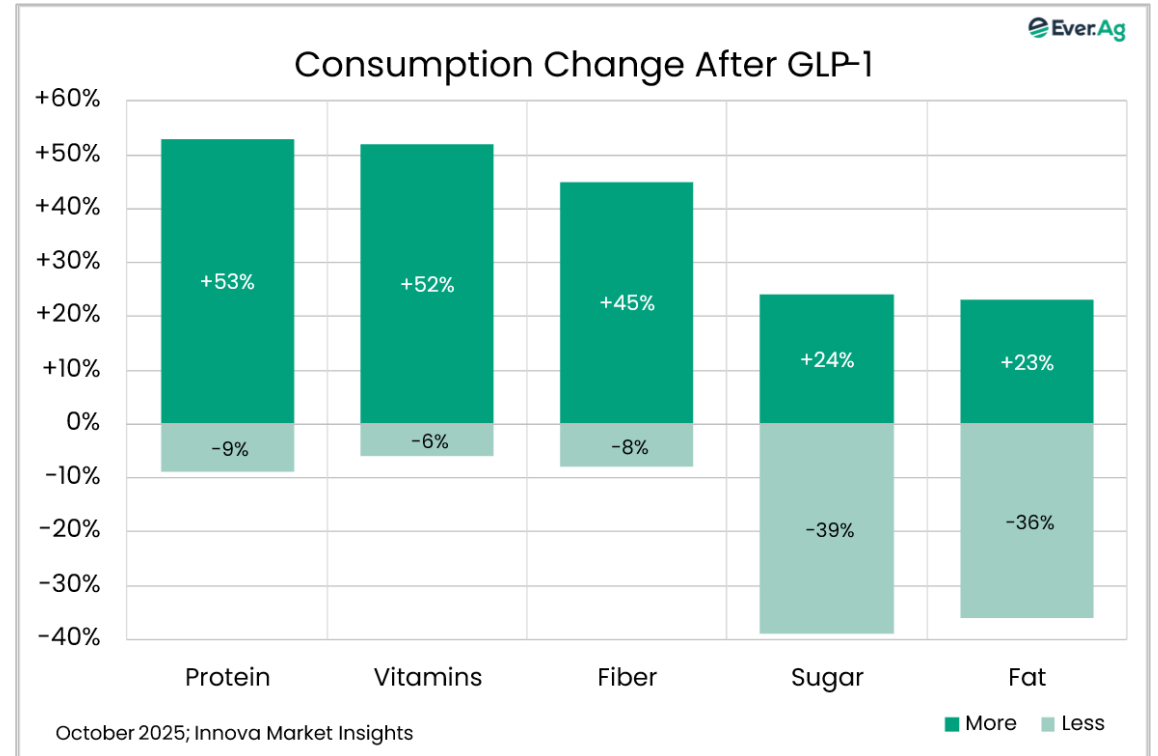
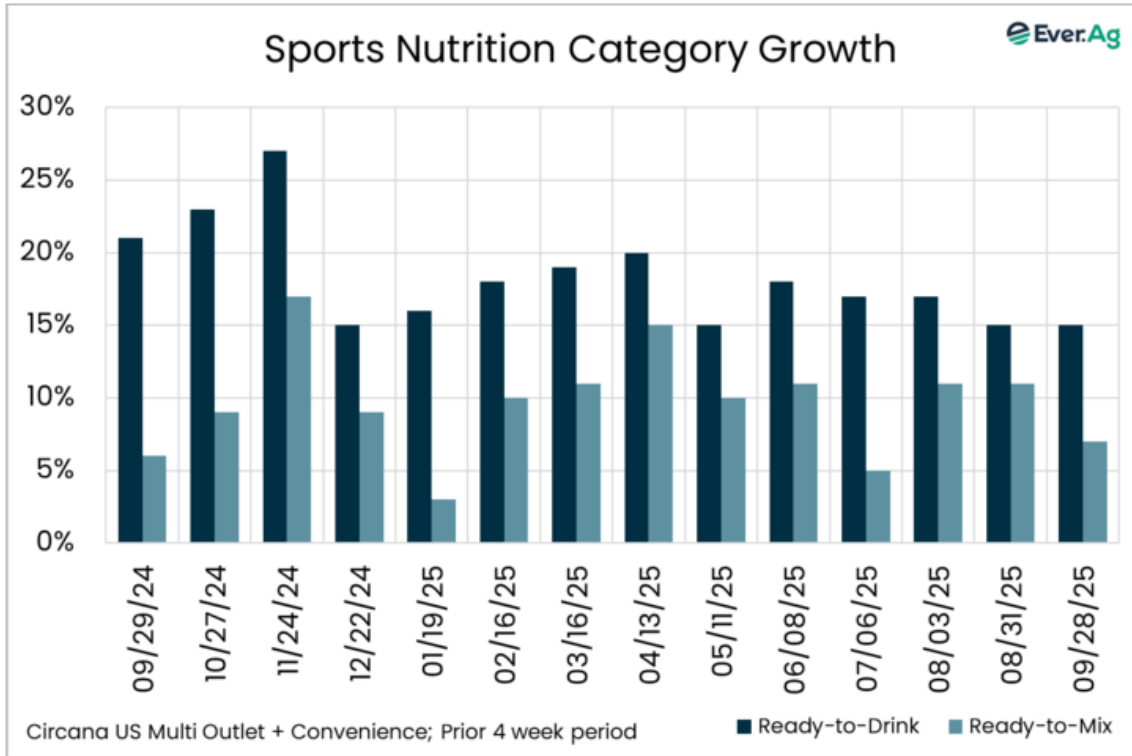


- WMP stocks at the end of November were reported at 36,000t while stocks-to-use were 53% below the 5-year average.
- SMP stocks-to-use at the end of November were 67% below the 5-year average and lowest on record for the month.

# Dry Whey Still The Price Leader

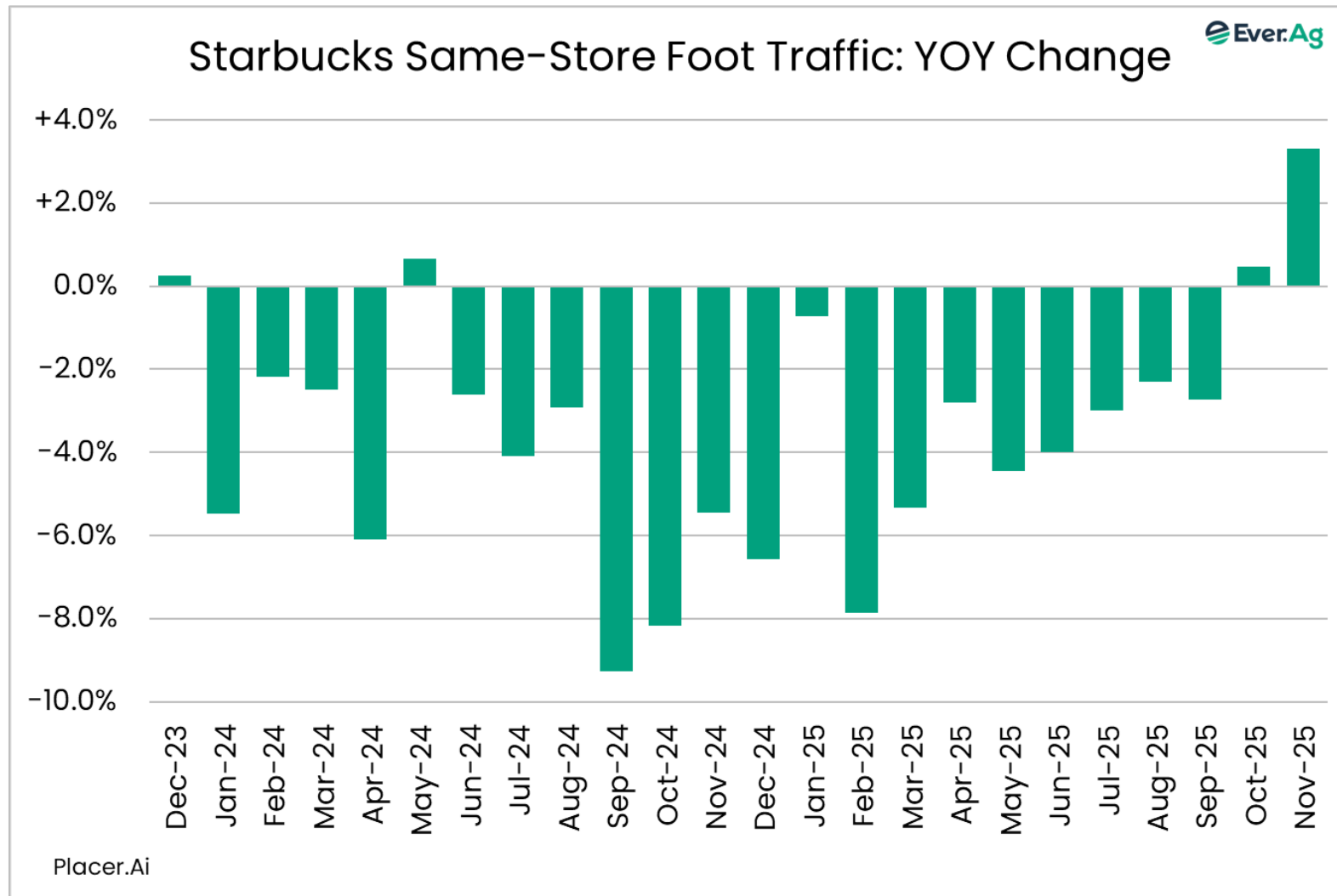


# High Protein Trends Roll On



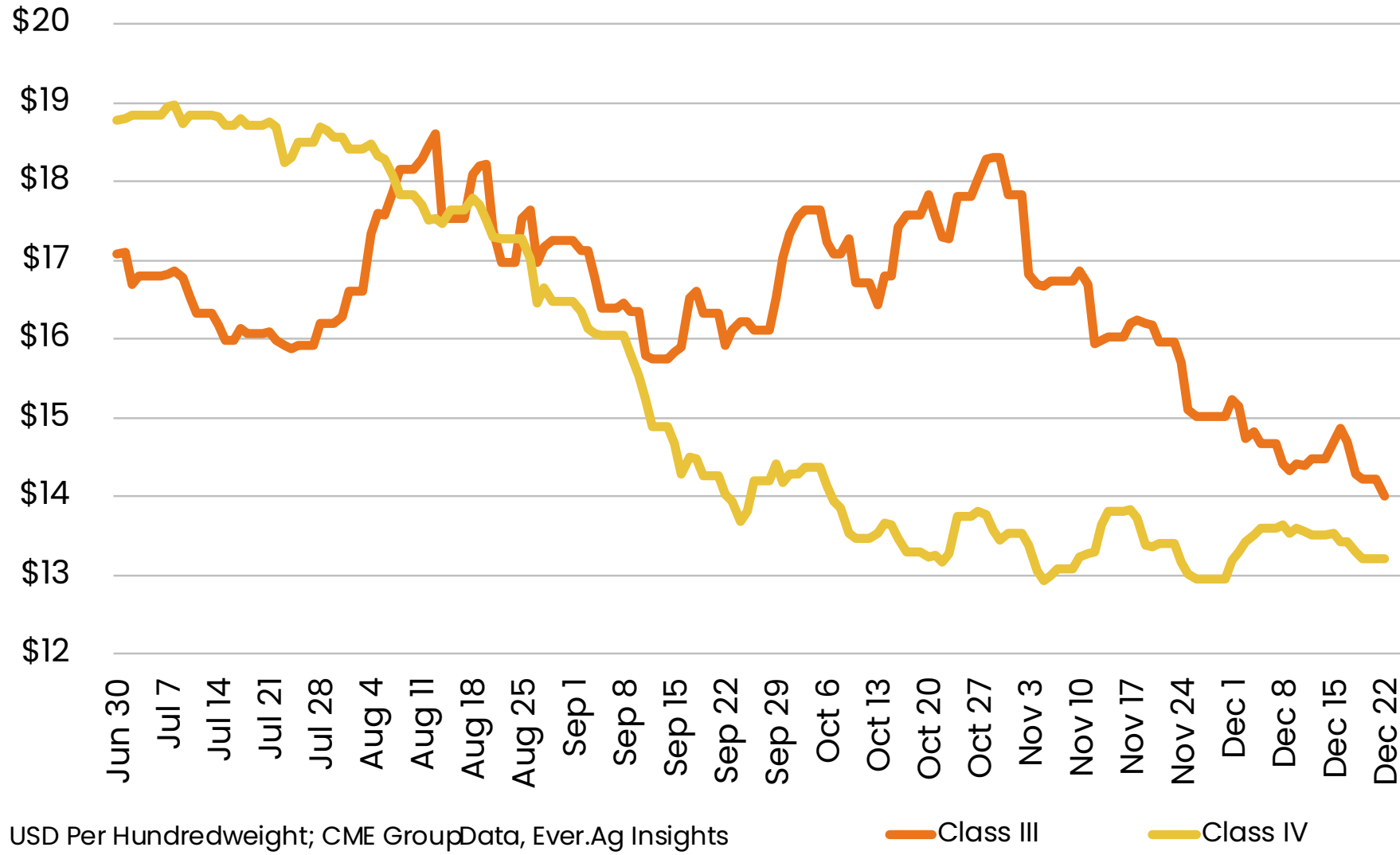
- Circana shows Sports Nutrition category growth as very strong for Q3, with RTD +15% in volume, and +15% in dollars. Sports powder - +13% in volume, +10% in dollars.
- Data from Innova Market Insights, shared by Glanbia Nutritionals, shows that 53% of GLP-1 users are consuming more protein, while 36% are eating less fat.

# Protein Powering Starbucks?

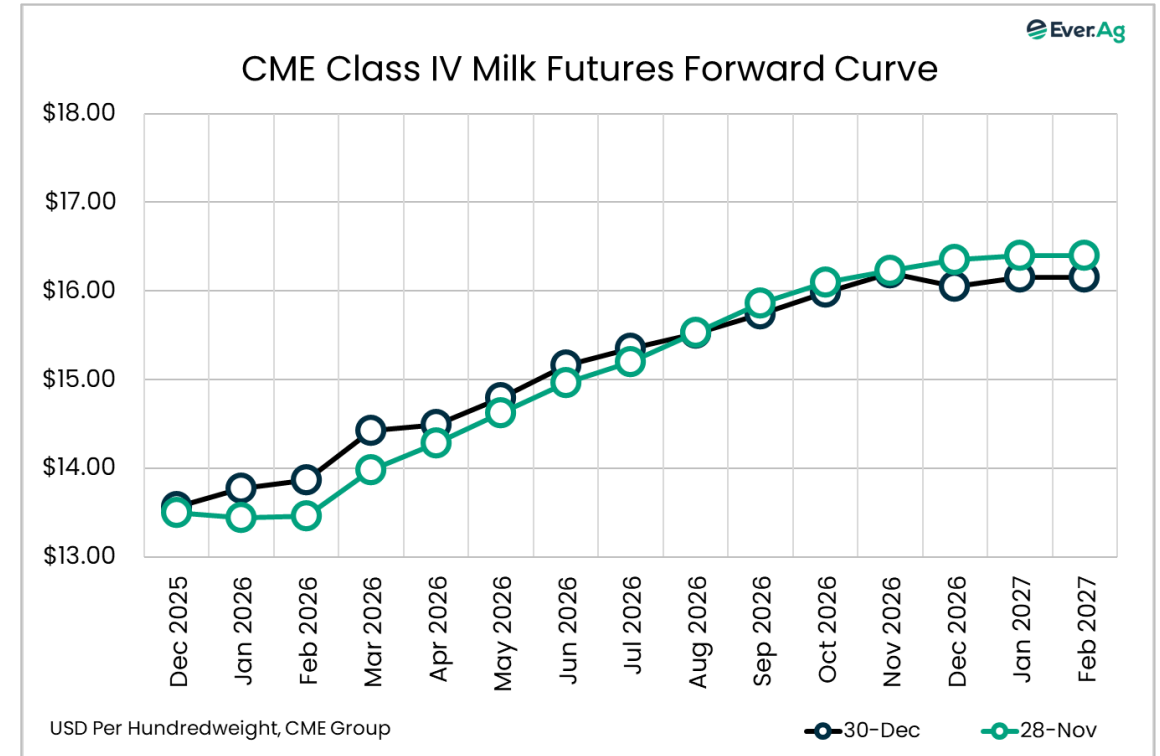
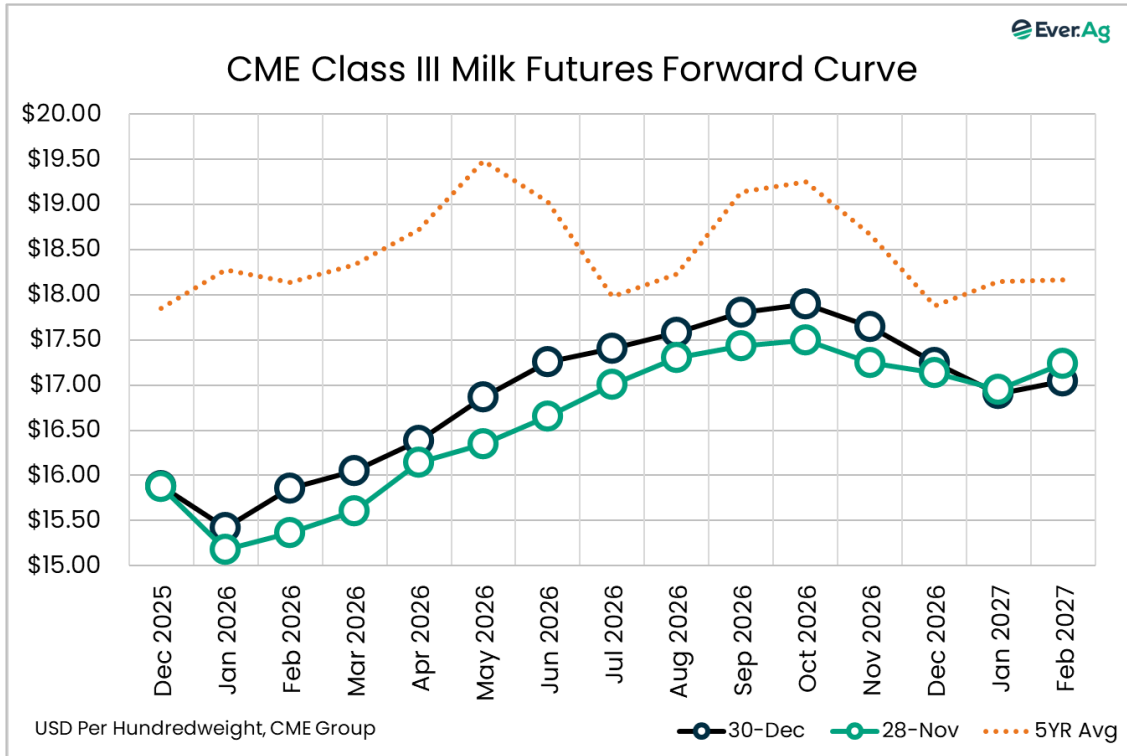


- Starbucks introduced protein lattes on September 29.
- Same store visits increased slightly year-over-year in October, the first gain in 16 months, then gained 3.3% in November.

# US Milk: Synthetic Class III vs Synthetic Class IV



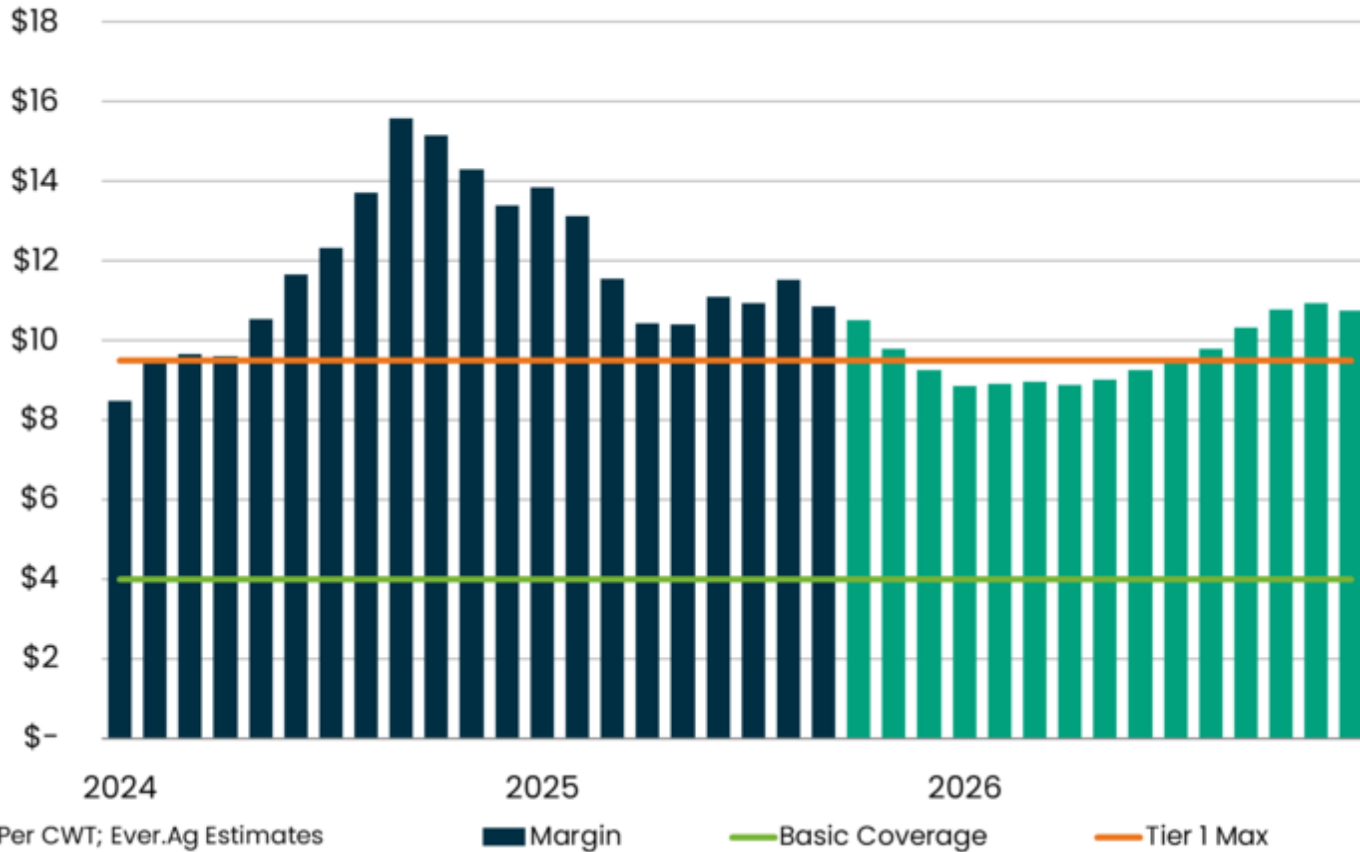
# Class III & Class IV Futures



- Class III at \$16.71 per hundredweight for 2026
- Class IV at \$15.06 per hundredweight for 2026

# DMC In The Money

DMC Farm Margin & Coverage Estimates

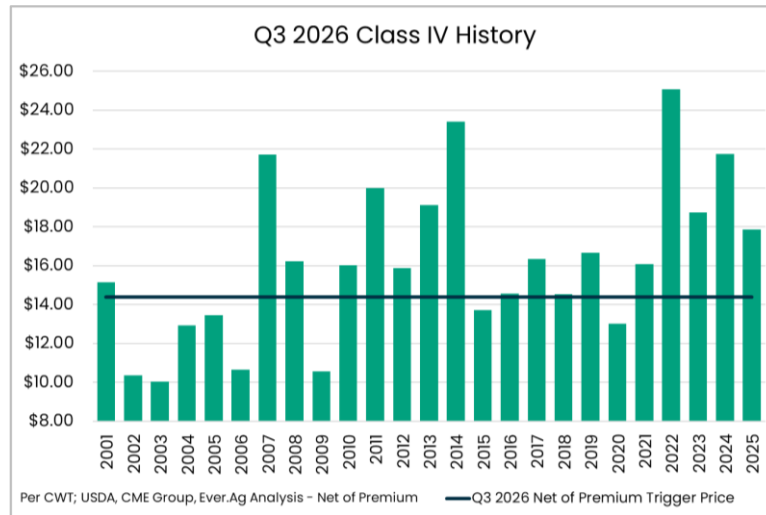
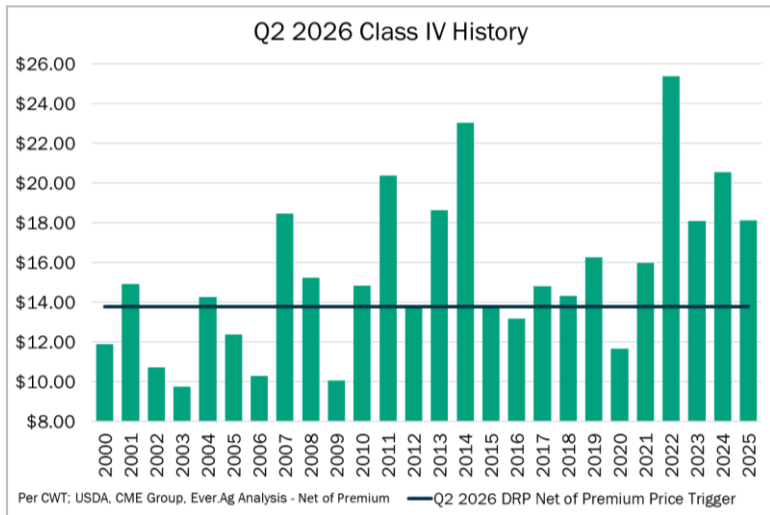
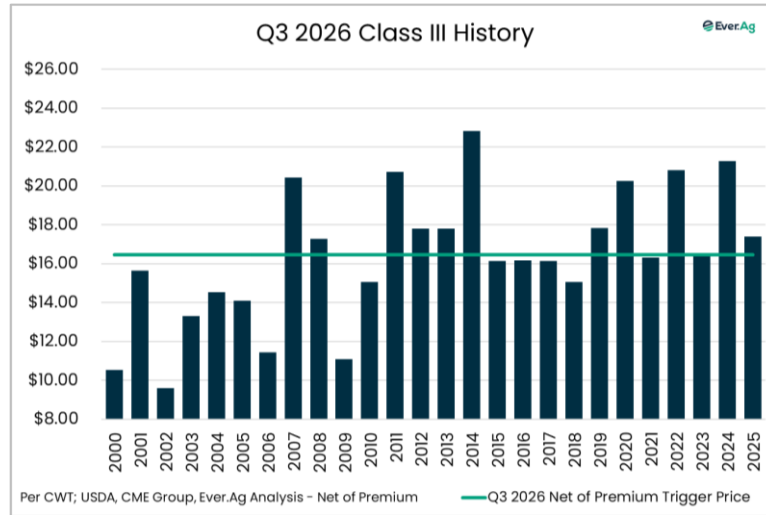
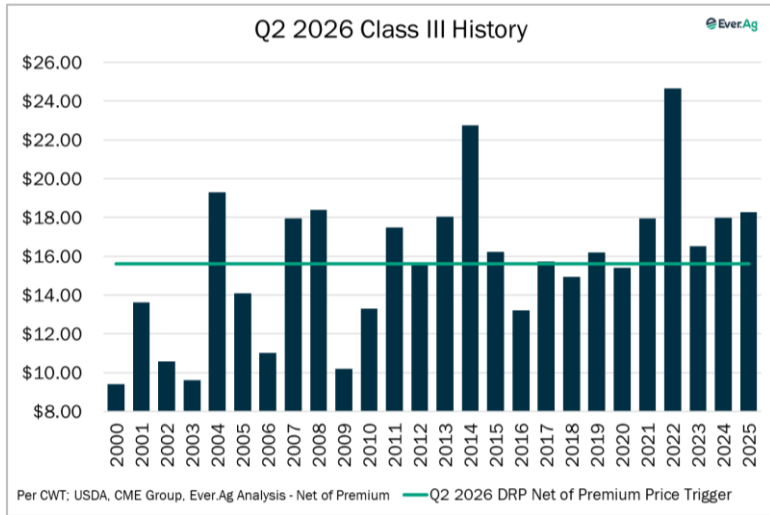


2026 Dairy Margin Coverage Estimates

\$9.50 Coverage on 6 Million Pounds, Based on 1/2/26 Futures

	Margin	Payout	Indemnity	Net
Jan	\$ 8.84	\$ 0.66	\$ 3,293	\$ 2,543
Feb	\$ 8.90	\$ 0.60	\$ 2,999	\$ 2,249
Mar	\$ 8.97	\$ 0.53	\$ 2,675	\$ 1,925
Apr	\$ 8.88	\$ 0.62	\$ 3,109	\$ 2,359
May	\$ 9.02	\$ 0.48	\$ 2,417	\$ 1,667
Jun	\$ 9.26	\$ 0.24	\$ 1,219	\$ 469
Jul	\$ 9.43	\$ 0.07	\$ 363	\$ (387)
Aug	\$ 9.80	\$ -	\$ -	\$ (750)
Sep	\$ 10.33	\$ -	\$ -	\$ (750)
Oct	\$ 10.78	\$ -	\$ -	\$ (750)
Nov	\$ 10.95	\$ -	\$ -	\$ (750)
Dec	\$ 10.76	\$ -	\$ -	\$ (750)
<b>Total</b>		\$ 0.27	\$ 16,077	\$ 6,977

# DRP Opportunities?



- **Current Class III price floors**
  - Q2 = \$15.87 for \$0.25 cost
  - Q3 = \$16.72 for \$0.36 cost
- **Current Class IV price floors**
  - Q2 = \$13.97 for \$0.18 cost
  - Q3 = \$14.67 for \$0.28 cost
- **Remember!**
  - Don't overlook LGM on Class III exposure.
  - Futures & Options also viable tools for individual monthly coverage

# Questions?

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