Dairy Herd Management
MILK Business Quarterly

STATE OF THE DAIRY INDUSTRY

2026 REPORT

INSIDE:

Data and Insights on Dairy's Present and Future

- Growth in the Storm to Honor the Herd
- The New Math of the Modern Milk Check
- Beef-on-Dairy's Honeymoon is Over
- Producers Balance the Screen and Stall

FARM JOURNAL

EDITOR'S LETTER

HONOR THE HERD: WHY WE STILL GROW IN THE STORM

The 2026 State of the Dairy Industry Report reveals a jarring disconnect. Top-line sentiment is bleak; profit expectations have cratered from 74% in 2025 to just 46% today. Skyrocketing input costs, political volatility and labor scarcity have created a perfect storm. Essential infrastructure costs have nearly doubled in five years while land prices hit the ceiling. One producer summarized the mood: "Everything costs way too much compared to what we get paid."

THE PARADOX OF GROWTH

Yet, inside this pessimism lies a remarkable paradox: 45% of dairy operators still plan to expand in the next five years. Why double down when the wind is blowing so hard against the barn door? The answer lies in the unique DNA of the American dairy farmer. This isn't blind stubbornness; it is a calculated pivot. Those 45% realize that to survive a margin squeeze, they must outsmart the storm.

BEYOND THE MILK CHECK

We see this innovation in the flexibility pivot. As high wages become harder to sustain, 57% of producers are trading cash for time, offering flexible schedules and prioritizing work-life balance to compete with town jobs. They are proving workplace culture can be just as powerful as a paycheck.

In the commodity barn, 89% of producers are now surgically adjusting diets to target components rather than just volume. By leveraging high-precision metrics and feed efficiency, they ensure every pound of dry matter is a strategic investment rather than a mounting expense.

Scan the QR code for more information on the state of the dairy industry.

GRIT AND HONOR

The 2026 report marks the end of the "era of the average." There is no longer room for the average cow, the average ration or the average management style. Resilience in this new era isn't just about weathering the storm – it's about adapting to it. The producers expanding today aren't ignoring risks; they are building businesses designed to withstand them.

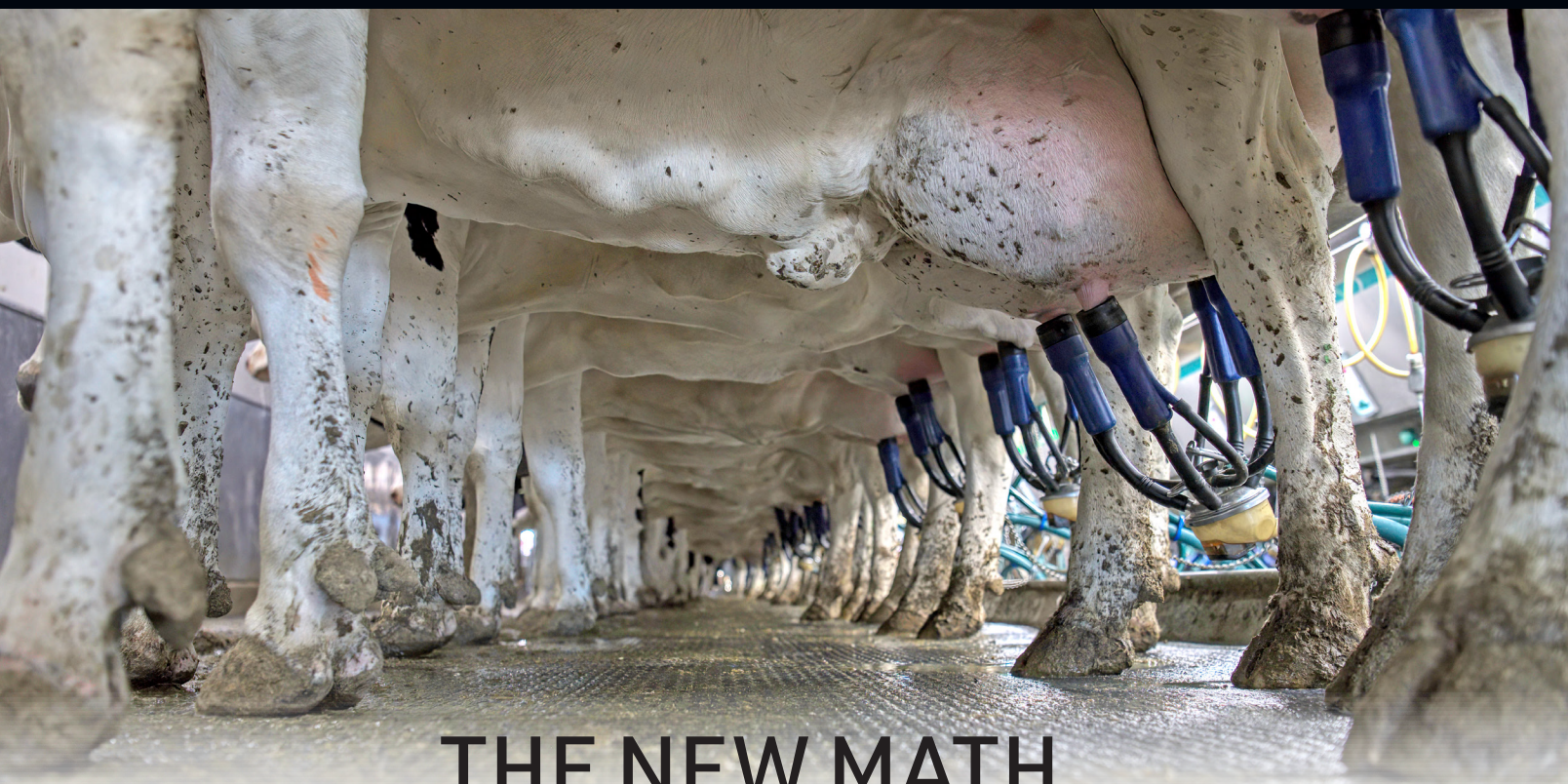
As we navigate the complexities of 2026, we must remember that while margins are thin, the grit of the people behind the milk check remains the industry's greatest asset. We may be working harder for less, but we are also working smarter than ever before, driven by the immense responsibility and profound honor of feeding an ever-growing world.

Karen Bohnert

KAREN BOHNERT
Dairy Editorial Director

AgDay AgriTalk

To watch and listen online, visit **AgWeb.com/AgDay** or **AgWeb.com/AgriTalk.**



THE NEW MATH OF TODAY'S MODERN MILK CHECK

Components and new processing are transforming U.S. dairy into a global export leader

By Karen Bohnert

For nearly a century, the metric of success on the American dairy farm was simple: total pounds of milk in the bulk tank. The goal was volume, and the 100 lb. cow was the gold standard of operational excellence. But as the industry moves forward, a seismic shift is occurring – a change of the tides that is fundamentally redefining what we produce, how we process it and where it goes.

We are no longer just a fluid milk nation. We have become a global powerhouse of nutrient-dense components, fueled by a massive boom in processing infrastructure and a pivot toward international markets.

COMPONENT BOOM: QUALITY OVER QUANTITY

The most significant shift in the dairy landscape in 2026 has been the change in milk components. According to Farm Journal's 2026 State of the Dairy Industry report, a staggering 89% of producers are now actively and surgically adjusting their rations to target specific milk components – such as fat and protein – rather than just total volume.

This isn't just a trend; it is a response to a market that is hungry for solids. As the domestic fluid milk market continues its long-term decline, the demand for cheese, butter and high-value protein powders has skyrocketed. For the modern producer, the milk check is no longer driven by the weight of the water, but by the percentage of the components.

Producers are leveraging high-precision metrics, bypass fats and amino acids to push butterfat levels toward 4.5% and 5%. These are numbers that were once the exclusive domain of small Jersey herds but are now being achieved more and more by large Holstein operations. This component boom allows a farm to produce higher value while caring for fewer cows. This is a critical strategy in an era where land and labor costs are hitting record highs.

PHOTO: TREY CAMBERN PHOTOGRAPHY

PHOTO: DARIGOLD

PROCESSING RENAISSANCE

The milk produced on these high-efficiency dairies has to go somewhere, and the U.S. landscape is currently seeing a processing renaissance. From the High Plains of Texas to the rolling hills of Idaho and the heart of Kansas, massive amounts of capital are being poured into new processing plants.

These processing plants are high-tech manufacturing centers designed for the global market. We are seeing the emergence of plants capable of processing millions of pounds of milk a day into cheese, ultra-filtered milk and specialized whey ingredients.

This boom in processing infrastructure provides a home for the increased production and allows the U.S. to compete on a scale that was previously impossible. In 2026, the industry is no longer limited by how much milk we can produce, but by how much stainless steel we have in the ground to convert that milk into exportable goods.

"If there is a market signal for milk, the American farmer will come through," says Michael Dykes, president and CEO of International Dairy Foods Association.

U.S. MILK PRODUCTION

	FEBRUARY 2026	YEAR-OVER-YEAR CHANGE
Total Milk (million pounds)	18,262	▲2.9%
Cows (1,000 head)	9,613	▲2.2%
Milk Per Cow (pounds)	1,900	▲0.7%
Components:		
Milkfat	4.5%	▲0.03%
Skim Solids	9.2%	▲0.01%
Total Solids	13.7%	▲0.04%

U.S. DAIRY EXPORTS BY MONTH

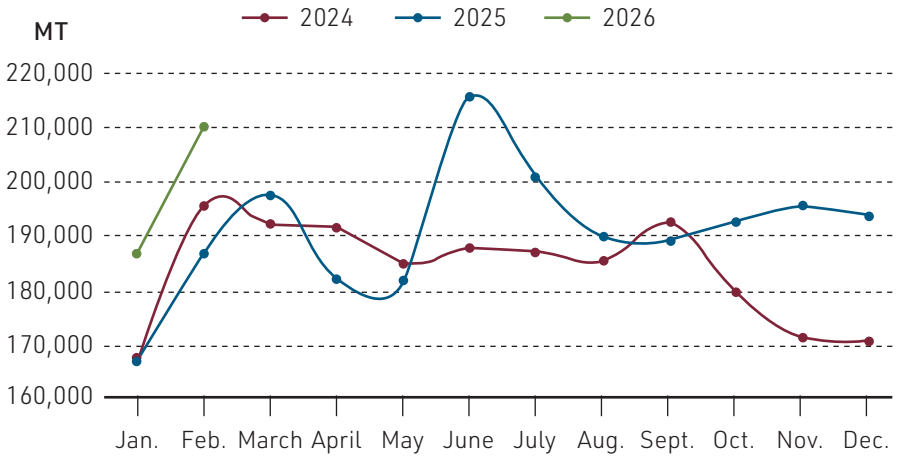


CHART SOURCES: NATIONAL MILK PRODUCERS FEDERATION

EXPORT ENGINE: THE WORLD'S PANTRY

This leads us to the third pillar of the great pivot: the global market. The U.S. dairy industry has moved past the era where exports were a relief valve for surplus milk. Today, exports are a primary pillar of the business model.

As traditional dairy powerhouses like Europe and New Zealand face increasing regulatory constraints and land-use restrictions, the U.S. is uniquely positioned to become the primary supplier for a growing global middle class. Whether it is milk powder for Southeast Asia or high-end cheese for Latin America, the "Made in the USA" label is becoming the global standard for both reliability and quality.

"We are in a unique moment. While our competitors in Europe and New Zealand are facing regulatory constraints that limit their growth, the U.S. is investing $11 billion in new dairy-plant infrastructure," says Gregg Doud, president of National Milk Producers Federation. "We need to look five to 10 years ahead and realize that the world is looking to us to be the reliable supplier."

COW NUMBER PARADOX

Perhaps the most interesting part of this story is the cow number paradox. Historically, more milk meant more cows. But in 2026, we are seeing a decoupling of those two metrics. While total milk production and total components are up, cow numbers are remaining relatively stable – and even declining in some regions.

"For the first time in history, the dairy industry is growing its output while the heifer supply is at a 20-year low," says Phil Plourd, president of Ever.Ag. "We are seeing a new math where the value of the components – not the number of head – is the only metric that matters. Producers are doing more with less because they have to."

This is the result of massive leaps in genetic precision and herd management. The modern cow is a marvel of efficiency, producing more energy-corrected milk on less feed than ever before. Furthermore, the beef-on-dairy revolution has allowed producers to be even more selective with their replacements. By breeding only their top-tier genetics to produce the next generation of milkers, they are creating a smaller but significantly more powerful national herd.

CHANGE OF ATTITUDE

Beyond the data and the steel, there is a fundamental change of attitude among the people driving the industry. The 2026 report notes a decline in general optimism, yet 45% of producers still plan to grow.

The modern producer is moving away from the lifestyle mindset of the past and toward a high-precision management mindset. They are businessmen and women who understand that resilience isn't just about weathering a storm; it's about outmanaging it. They are trading cash for time in their labor models, volume for value in their bulk tanks and tradition for technology in their parlors.

NEW TIDES OF DAIRY

The U.S. dairy industry is transforming from a domestic fluid provider into a global nutritional manufacturer. We are milking smarter, processing faster and exporting farther than at any time in our history.

We may be working harder for less in terms of margins, but we are building a durable and resilient industry. Driven by the immense responsibility of feeding an ever-growing world, the U.S. dairy farmer is proving that while the tides may change, the mission remains the same. The future of dairy isn't just about the milk – it's about the grit, the science and the vision to see the world as our market.

PHOTO: SOUTH CAROLINA PORTS AUTHORITY

THE GRAY
OF THE 2026 DA

Within a profit crunch, dairies are using grit to

By Karen Bohnert

When you look out across the U.S. dairy landscape in early 2026, the view has changed. The vibrant, optimistic hues of a year ago have been replaced by what many producers describe as a gray skyline. It is a somber contrast to the outlook of 2025, revealing an industry that is simultaneously more resilient and more constrained than ever before.

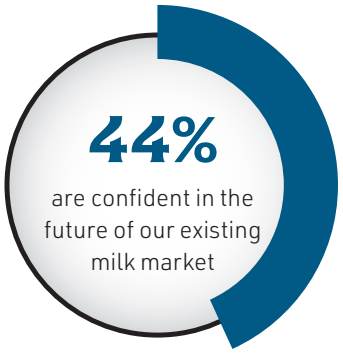
According to the Farm Journal 2026 State of the Dairy Industry Report, which surveyed nearly 250 producers with herds exceeding 100 head, the financial mood of the U.S. dairy industry has shifted violently. We are no longer just talking about market cycles; we are witnessing a fundamental margin revolution that is testing the grit of even the most seasoned operators.

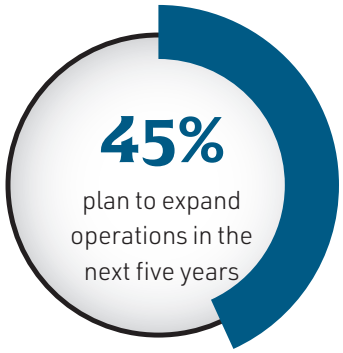
PROFITABILITY COLLAPSE: A HARD REALITY CHECK

The most jarring data point in the report is the collapse of profit expectations. In 2025, 74% of producers expected to see a profit; however, only 61% actually saw one. That expectation-versus-reality gap has left a mark. For 2026, profit expectations have cratered to just 46% – a 28-point decline that signals a deep-seated caution.

This pessimism isn't born of a single factor, but a perfect

PHOTO: WYATT BECHTEL





Y SKYLINE
AIRY ECONOMY

o navigate 2026's volatile margin revolution

storm of margin compression. While milk prices remain volatile, input costs have reached a breaking point. As one producer bluntly noted: "Everything costs way too much compared to what we get paid for our milk."

AGING INFRASTRUCTURE TRAP AND CREDIT CRUNCH

Nowhere is this cost increase more visible than in the age of the infrastructure. Producers are finding the cost of simply maintaining the status quo has skyrocketed. One respondent pointed out the cost of a manure-scraping system has nearly doubled in just five years.

This creates a vicious cycle. To improve cow care and efficiency, producers need to replace aging equipment, but the credit crunch is making those investments nearly impossible. As optimism falls and profit expectations dip below the 50% mark, banks are beginning to climb a wall of worry. Financing has moved up the list of top challenges, leaving many producers in a Catch-22: They can't afford to fix their facilities, but they can't afford the inefficiency of keeping them broken.

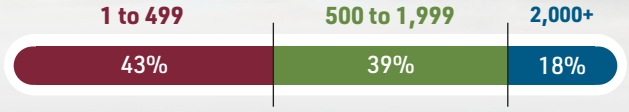
NO MONEY, NO FUN FACTOR

Beyond the balance sheets, the 2026 report captures a palpable sense of burnout. One quote from the survey summarized the sentiment with heartbreaking clarity: "No money, no fun. Nobody wants to keep milking cows."

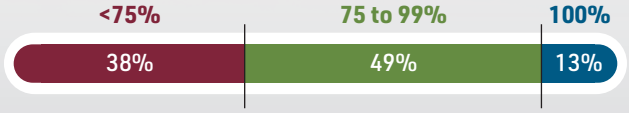
The toll of "working harder every year to make less" is manifesting as a mental health crisis. This isn't just about the barn floor; it's about the psychological weight of a world that feels increasingly unstable. Producers cited global political uncertainty – fears of trade wars and even World War III – as factors that trickle down to their daily management decisions. When the world feels like it's on the brink, the daily grind of the parlor feels heavier.

242 SURVEY PARTICIPANTS

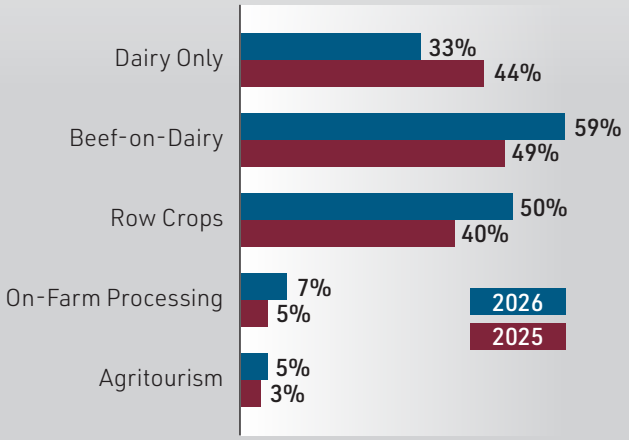
TOTAL HEAD



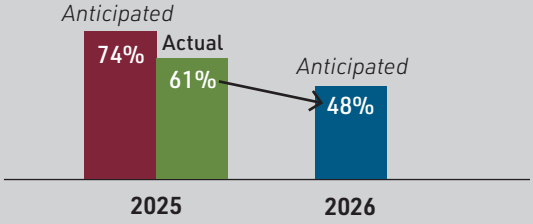
PERCENT OF FEED GROWN



FOCUS OF OPERATION



ANTICIPATED versus ACTUAL PROFIT



POLICY ANXIETY: A GLOBAL WALL OF WORRY

This global anxiety is tied directly to policy pressure, and there is a specific fear that trade volatility will plunge the industry into economic dire straits, disrupting the very export markets that have become the industry's primary growth engine. For a global nutritional manufacturer, a closed border isn't just a political talking point; it's a direct threat to the milk check.

EXPANSION PARADOX: GROWTH AMID THE GLOOM

Yet, in the midst of this sea of pessimism, a remarkable paradox emerges. Despite the 14-point drop in optimism, 45% of producers still plan to expand in the next five years.

Why double down when the wind is blowing so hard against the barn door? This is the expansion paradox. It reveals a strategy of resilience versus constraint. These producers aren't just adding cows; they are adding sites and leveraging smarter milk strategies to outmanage the storm. They are bracing to weather the short-term impact because they believe in the long-term mission.

GRIT IN THE NEW ECONOMY

This report reflects an industry in a state of high-precision evolution. The average cow and the average manager are being left behind. While the skyline may appear to be gray now, the grit of the U.S. dairy farmer remains unchanged.

Driven by the responsibility of feeding a growing world, producers are proving while they may be working harder for less, they are working smarter. In 2026, the future of dairy isn't just about the milk – it's about the vision to see past the storm and build a durable, resilient industry.

THE 9-TO-5 DAIRY? TIME IS THE NEW CURRENCY

For nearly a century, dairy labor was defined by a grueling trade-off: hard work for a steady paycheck and a roof over your head. But as the industry enters 2026, that traditional contract is being rewritten. Faced with a 28-point collapse in profit expectations and skyrocketing costs, producers can no longer simply outbid town jobs for talent. The result is the flexibility pivot – a strategic move away from high-cost financial incentives toward low-cost, high-impact work-life balance.

RETENTION CRISIS

Our report paints a stark picture. While attracting new talent remains difficult, the real alarm bell is in retention; the number of operators struggling to keep existing staff has jumped by nine points in just one year. As profit expectations sit at a low 46%, traditional levers like higher wages and on-farm housing are becoming unsustainable. Producers are being forced to find a new way to compete for a dwindling workforce.

TRADE THE CHECK FOR THE CLOCK

In a 24/7 industry, flexibility was once considered a luxury. However, the report shows 57% of operators are now offering flexible schedules or work-life balance benefits – a seven-point increase, and the only labor incentive currently seeing growth. To make this work, dairies are adopting industrial, shift-based models:

Please indicate how you feel about the following statements on farm labor status and considerations.

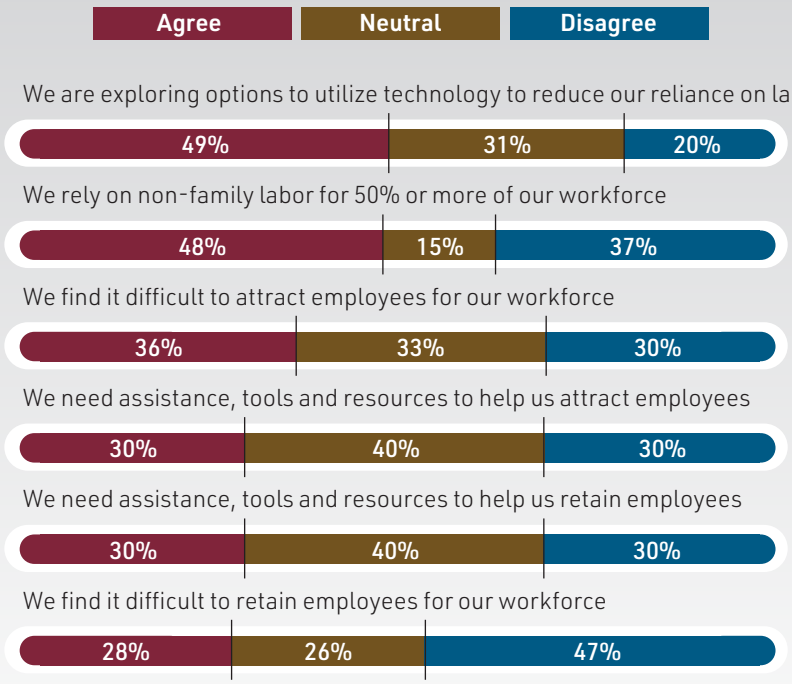


PHOTO: CATHERINE MERLO

- **Shift Splitting:** Moving from traditional 12-hour shifts to concentrated 8-hour blocks.
- **Relief Pools:** Creating floater positions to guarantee some weekends off.
- **Tech-Enabled Management:** Using health-monitoring activity systems to handle night watches, allowing staff to focus on a 9-to-5 window.

COMPETITION WITH TOWN JOBS

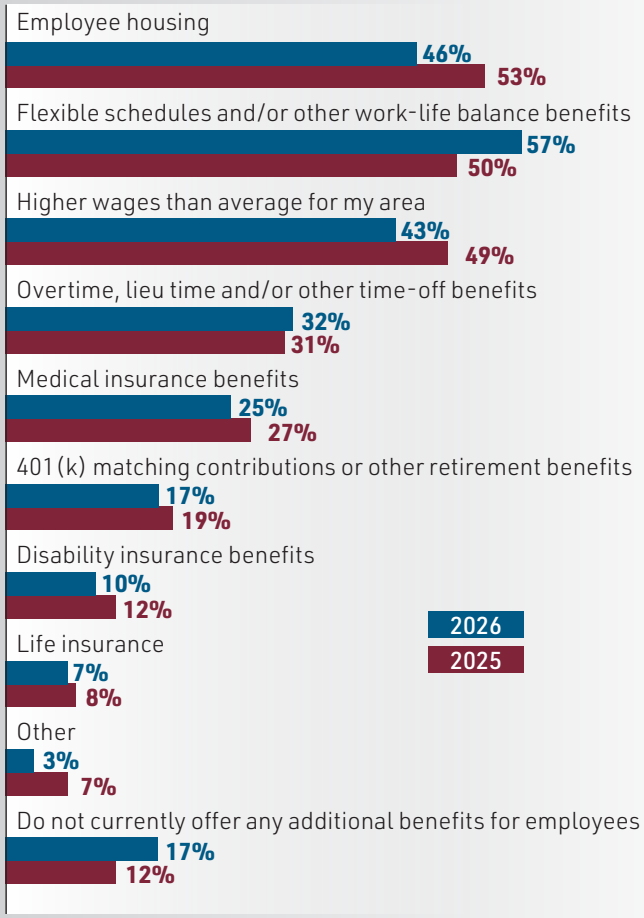
The dairy farm is now competing with local manufacturing plants and warehouses that offer predictable ends to the workday. By pivoting to flexibility, producers are bullet-proofing their workforce against these alternatives. Jennie Everson with Agri-Placement Services notes prioritizing fairness – such as sharing unfavorable shifts – is key to creating a happy medium for the team.

HUMAN-CENTRIC FUTURE

This shift is largely led by operators under 45 who are significantly more optimistic about the future than their older counterparts. This younger cohort views labor as a human asset rather than a cost to be minimized.

The flexibility pivot marks the end of treating labor on dairy farms as an infinite resource of grit. In 2026, successful dairies are recognizing that the old motto of "working until the job is done" cannot be forced upon a workforce that has other options to turn to. By trading cash for time, the industry is finding a way to survive the margin revolution – one shift at a time.

Which benefits do you offer to support recruitment and retention of employees for your operation?



THE $11 BILLION REDESIGN OF THE AMERICAN MILK MAP

For decades, the story of the U.S. dairy industry was one of consolidation and constraint. But over the last five years, that narrative has shifted. From Kansas to Idaho, a massive wave of capital – exceeding $11 billion – is flowing into new and expanded dairy processing facilities.

RETAILER REVOLUTION

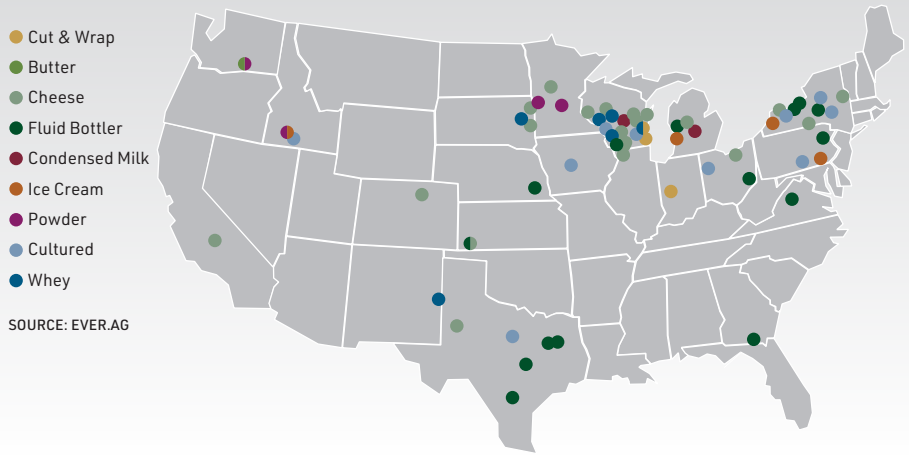
Perhaps the most jarring shift is the move toward vertical integration by major retailers such as Walmart. By building their own processing plants, retailers are taking direct control of their supply chains, seeking the same efficiency producers chase. As Michael Dykes, president and CEO of the International Dairy Foods Association, says, the industry is moving toward a model where specialized, high-tech facilities replace aging, general-purpose plants.

COMPONENT CRAZE

Processing is no longer about moving raw volume; it's about harvesting components. The $1 billion Leprino Foods plant in Texas and the $650 million Fairlife facility in New York deconstruct milk into high-value proteins and fats.

This trend is echoed by the $500 million expansion at Chobani's Twin Falls, Idaho, facility. These ingredient-first plants are responding to a global consumer who views dairy as a functional health food rather than just a refrigerator staple. Dykes emphasizes the U.S. is no longer just a domestic milk provider; we are becoming the dairy supplier to the world, with processing capacity now specifically designed to meet international demand for powders, proteins and specialized cheeses.

66 NEW PROCESSING FACILITIES UNDERWAY



NEW MAP FOR THE MILK CHECK

New plants like Hilmar's in Kansas or the Michigan Whey Center are creating dairy hubs where none existed a decade ago. For the producer, this means a more stable home for their milk and, in many cases, a more competitive basis.

However, this new capacity comes with a new standard. These state-of-the-art facilities require high-quality, data-backed milk. In 2026, the marriage between the high-tech processor and the precision-managed dairy farm is becoming the industry's most critical partnership. The perfect storm may be squeezing margins, but the $11 billion-plus being poured into stainless steel and concrete highly suggests the world's appetite for U.S. dairy has never been stronger.

PHOTO: ISTOCK

BEEF-ON-DAIRY 2.0: THE HONEYMOON IS OVER

For years, the beef-on-dairy trend felt like a gift from the heavens for dairy producers – an easy button for profitability where any black-hided calf fetched a premium. But as we move through 2026, that honeymoon phase has officially ended. We have entered the era of beef-on-dairy 2.0, where the gold rush mentality is being replaced by a calculated, data-driven business strategy.

FROM ANY BLACK CALF TO DATA-BACKED VALUE

In the early days, a black hide was enough. Today, packers and feedlots are far more discerning. Our report shows a significant increase in the collection of vaccination and health data. To maintain premiums, producers must now provide a passport for every calf, including health records and genetic verification. In 2.0, data is the currency that secures the sale.

The dream of vertical integration – breeding, finishing and marketing branded beef – has met the reality of 2026. Finishing cattle is a different business with distinct risks. Consequently, many operators are pulling back to their core competencies. The majority now choose to sell wet cross calves within the first week, capturing immediate value rather than navigating the complexities of the finishing floor.

Beef-on-dairy has evolved into a powerful succession tool. Operations using beef genetics are more likely to have formal plans for bringing in family members or partners. By diversifying revenue and creating a more lucrative business model, these producers are making the dairy farm an attractive, viable option for the next generation.

REBATE COW

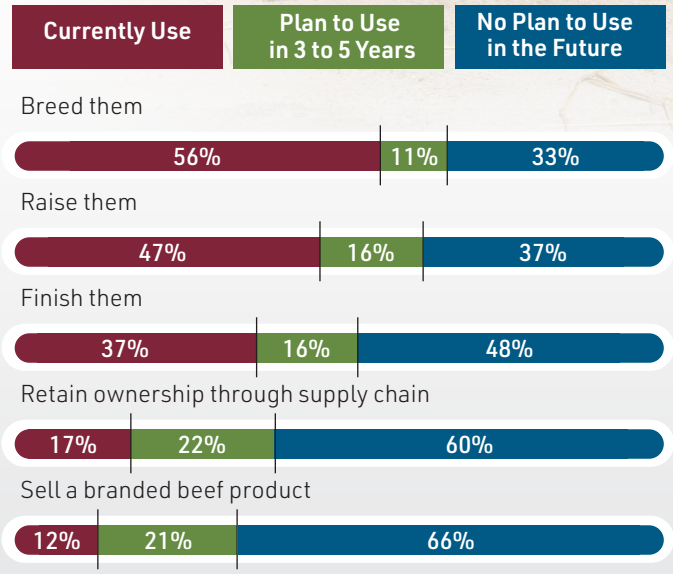
The perfect storm described by Curtis Bosma with HighGround Dairy has permanently moved the goalposts. In 2026, the average cow is being replaced by a specialized asset. Whether it's through the $1,200-plus rebate or the data-backed verification required by packers, beef-on-dairy 2.0 is the new standard.

"There are cows in the herd today that might not economically deserve a spot based on their milk production alone," Bosma says. "But farmers are keeping them because they are pregnant with a black calf. It's essentially a rebate."

The honeymoon period may be over, but the marriage between beef and dairy remains the strongest pillar of support for the industry.

PHOTO: MCCARTY FAMILY FARMS

How are you currently using beef-on-dairy in your operation?



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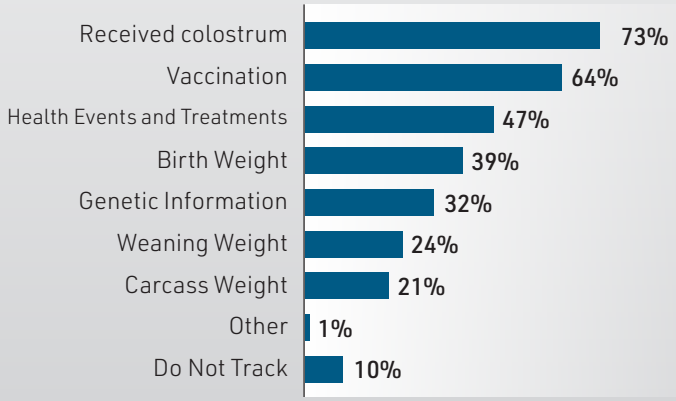


60% OF DAIRY'S FUTURE HANGS IN THE BALANCE OF SUCCESSION

PHOTOS: BRANDI WATFORD PHOTOGRAPHY

25%
of dairy operators plan to retire in the next five years

For generations, the U.S. dairy farm has been defined by the handoff – a legacy passed from one set of calloused hands to the next. But as 2026 arrives, that handoff is hitting a succession cliff. According to our recent data, the industry is facing a demographic shift it is fundamentally unprepared to navigate. The numbers are jarring: more than 25% of operators plan to retire within the next five years, yet 60% of producers report having no defined succession plan. This isn't just a minor hiccup; it is a looming crisis that threatens a historic loss of operational knowledge and land.

FAMILY BARRIER

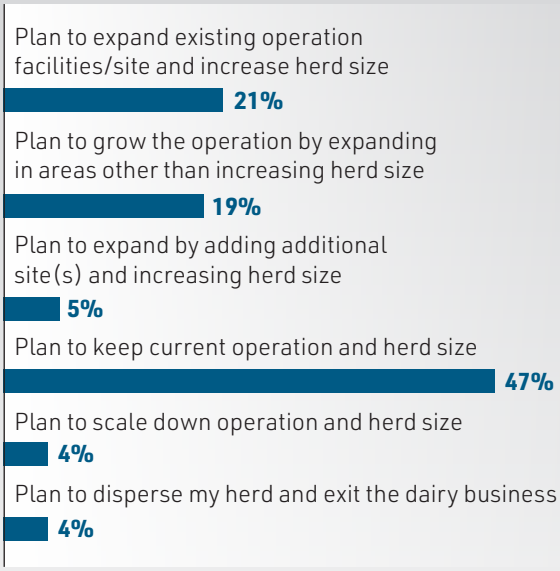
There is the human element of family dynamics. As one operator shared: "Family. No one gets along. It's family." Without a neutral, structured plan in place, personal friction is becoming the primary reason decades of operational wisdom are failing to transfer to the next generation.

Shannon Ferrell at Oklahoma State University puts the financial reality bluntly: "If you plan for another generation to come back to the farm, then you are going to have to determine how to financially support that. Remember, if you choose not to do anything, that is a strategy that has a zero percent chance of working."

RISK OF KNOWLEDGE LOSS

The cliff is steepest for the industry's veterans – those with 26 years or more at the helm. These producers carry barn floor intuition regarding herd health and soil management that software cannot replicate. When a quarter of the industry exits without a plan, that knowledge vanishes.

Which of the following best describes your growth goals for your dairy operation(s) in the next five years?



TOP 5 CHALLENGES TO GROWTH

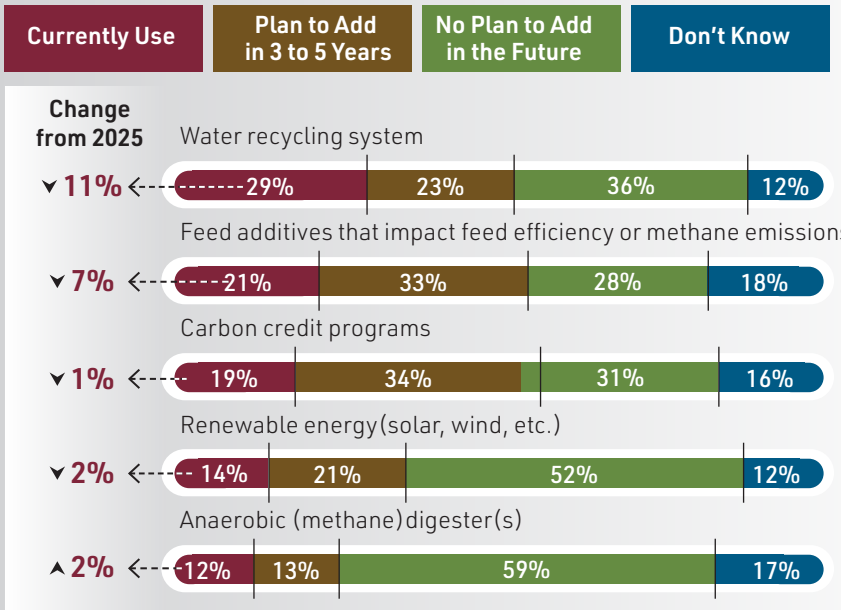
1. #1 Cost of land
2. #2 Inflation/cost of materials to expand
3. #3 Availability of labor
4. #4 Ability to get financing
5. #5 Confidence in the milk market/processor relationship

SKEPTICISM SURROUNDS CARBON CREDITS

For years, the narrative surrounding the U.S. dairy industry felt like a modern-day gold rush. Carbon was hailed as the new cash crop – a way for producers to turn sustainable practices into a lucrative, secondary revenue stream. However, as 2026 continues to unfold, that narrative has shifted. The "Green Gold Rush" hasn't just slowed; it has slammed into a wall of deep-seated skepticism.

Our recent data illustrates the carbon credit stall is officially here. Despite massive buzz from tech startups and global processors, only one in five producers is currently participating in carbon credit programs. More telling is the "why" behind the hesitation. For the first time, low compensation has surpassed low awareness as the primary reason for nonparticipation. The message is clear: Producers understand the programs. They just don't believe the check justifies the headache.

Which of the following sustainability practices or technologies do you currently use or plan to implement?



MARGIN SQUEEZE VERSUS THE GREEN CHECK

With producers' profit expectations plummeting from 74% to 46% in a single year, the stall is understandable. With the cost of equipment nearly doubling and land prices hitting the ceiling, a small, fluctuating carbon payment feels a lot more like background noise rather than a real solution. In an environment where 28% fewer farms expect to be profitable this year, green gold has been rebranded as green tape.

PRACTICE VERSUS PAPER

There is a fascinating disconnect between market offerings and on-farm actions. While formal participation is stalled, 55% of operators are actively practicing sustainability – but they are choosing measures that drive efficiency, not just credits. Water recycling is surging, especially in the West, while a staggering 89% of producers are fine-tuning rations to target milk components. Notably, the use of methane-reducing feed additives has dropped by seven points, proving if a premium doesn't cover the cost, producers will cut it to protect their margins.

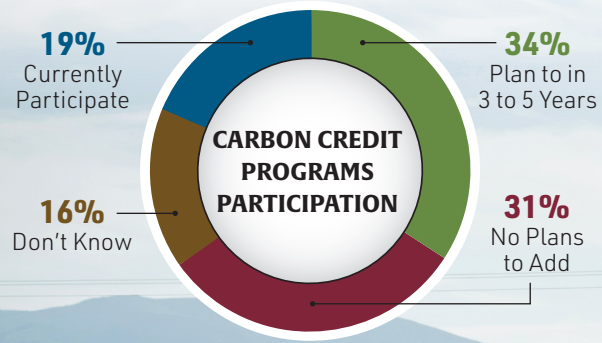


PHOTO: MAGGIE MALSON

FORAGE DRIVES RESILIENCE IN A MARGIN-SQUEEZED ERA

Entering 2026, the dairy landscape has shifted from a period of hopeful growth to a season of disciplined optimization. With anticipated profitability plummeting from 74% to just 46% in a single year, the industry's change of tides has forced a pivot toward aggressive margin protection. For today's producer, the path to survival is no longer found in adding more stalls but in perfecting what happens at the feed bunk. In this climate of constraint, forage quality and nutritional precision have emerged as the primary anchors for operational resilience.

PHOTO: TREY CAMBERN PHOTOGRAPHY

PRECISION AS A PREREQUISITE

In an environment where "everything costs way too much compared to what we get paid," the ration has become the most powerful lever for survival. The 2026 data reveal ration adjustments are no longer reactive fixes but standard operating procedures. An overwhelming 89% of operators now adjust rations to influence milk components, with 58% doing so on a regular, proactive basis.

The strategy is clear: If you cannot control the milk price, you must maximize the value of every pound produced. By targeting fat and protein components through precision nutrition, producers are clawing back margins that inflation and rising input costs have attempted to erase.

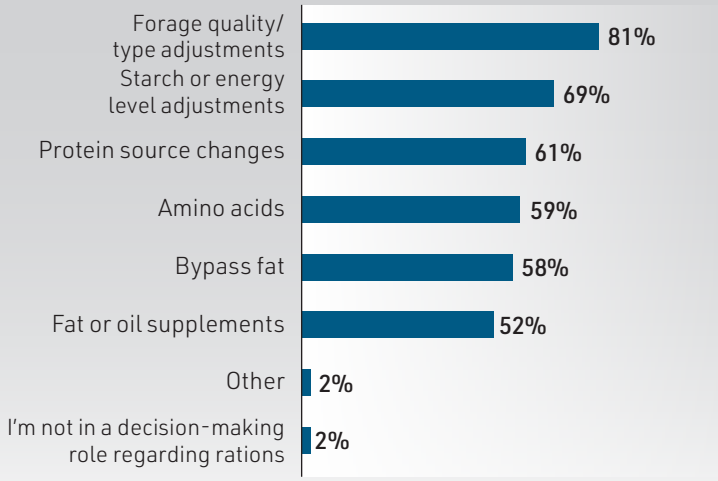
PRIMARY PILLAR

Of the operators surveyed, 81% cite forage quality and type as their primary mode of ration adjustment. This focus on the homegrown advantage is a response to the dual pressures of land scarcity and volatile commodity markets. However, this reliance on forages comes with new risks.

"Improving forage quality is a key strategy for producers aiming to enhance feed efficiency and reduce costs," says Derek Nolan at the University of Illinois.

Operators are increasingly citing dry weather and water restrictions for growing forages as significant barriers. In 2026, the ability to grow and harvest high-quality forage is no longer just an agronomic goal – it is a financial firewall.

Ingredients or Ration Strategies Used



CUT THROUGH THE DATA NOISE

In the modern dairy parlor, the silent stream of thousands of data points from health-activity systems and milk quality sensors has transformed farms into high-tech data centers. However, a significant gap has emerged: While a staggering 90% of operators use tools for measurement, the vast majority are not the ones analyzing the results. Instead, they are leaning heavily on external experts to interpret the numbers.

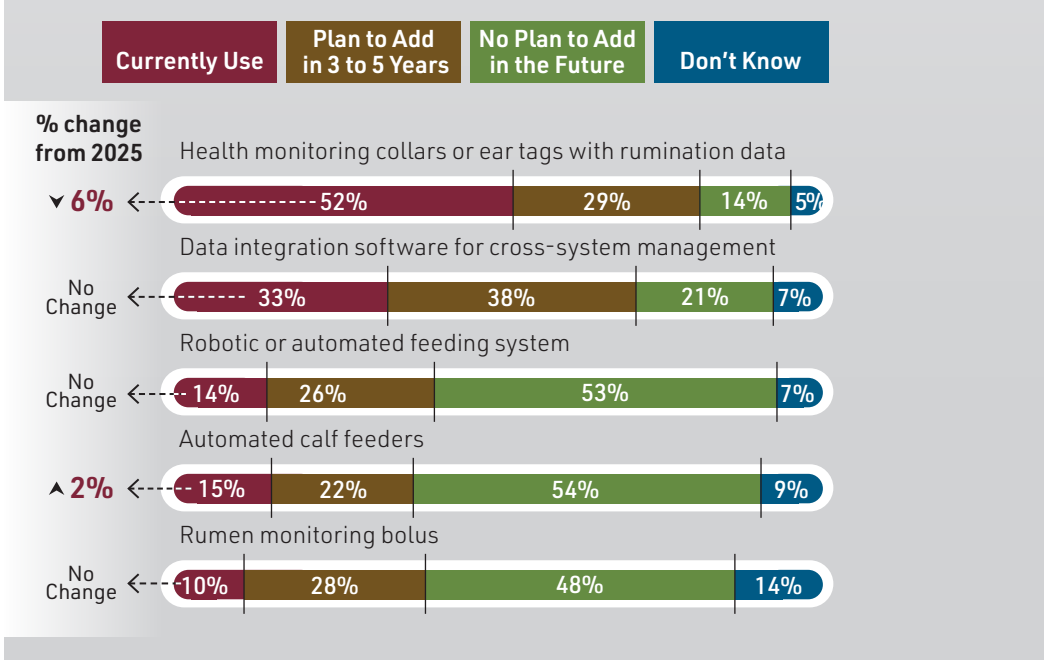
2026 TECH STALL

After a surge in adoption during the optimism of 2025, the usage of health-monitoring technology actually decreased by six points in 2026. While usage remains higher than in 2024, the rapid growth has hit a wall. The primary driver of this stall is the margin revolution. With only 46% of producers anticipating a profit in 2026, the luxury of time has vanished. Producers working harder to make less simply do not have the bandwidth to sit in front of a screen analyzing activity graphs. They possess the hardware, but they lack the time to be the analyst.

HUMAN ELEMENT

The technology isn't necessarily replacing labor; it is empowering it. At Rib-Arrow Dairy in Tulare, Calif., the outside crew remains stable, with many members serving for over a decade. Technology provides a real-time truth accessible via tablets, allowing staff to identify health issues that aren't visible to the naked eye. More dairy producers are relying on consultants and traditional systems like DHIA rather than specialized on-farm software.

PHOTO: AFIMILK



THREE-YEAR PERSPECTIVE

The transition to 2026 reveals the industry's relationship with technology:

- **2024:** Producers cautiously invested in tech to mitigate labor shortages.
- **2025:** Profit expectations drove tech purchases to automate management.
- **2026**: Technology isn't set-and-forget; it requires professional management.

The 2026 stall in tech adoption is not a sign of technological failure but a sign the human element is overextended. As producers pivot to milking smarter, the most successful operations will be those that find a balance between the screen and the stall. The most valuable tool in 2026 is the ability to cut through data noise to find actionable insights that protect the margin.

GUEST COMMENTARY: PHIL PLOURD

BET ON RESILIENCE: DAIRY'S DEFIANT TRACK RECORD

Here's something to think about: It's never been smart to bet against the U.S. dairy industry, and now wouldn't be a good time to start.

FROM WASTE TO WEALTH

Prior to about 40 years ago, for example, the dairy industry viewed whey as an essentially useless byproduct of the cheesemaking process. Today, it's a multibillion-dollar enterprise offering real returns to producers and processors alike. And there's still upside as protein mania sweeps across the U.S., pumping up sales of sports nutrition products and other foodstuffs that rely on whey as an ingredient.

A little more than 10 years ago, the markets told dairy producers butterfat had tremendous value, with spot butter prices crossing the $3 per pound mark for the first time. What did they do? They leaned into genomics and genetics and retooled feeding protocols to send fat tests soaring from an average of 3.74% in 2014 (the year of the famous "Eat Butter" Time magazine cover) to 4.32% in 2025, staggering growth few would have believed possible. And growth that boosted farm income with only modest cost.

Roughly five years ago, an emerging (and material) supply deficit in the beef industry aligned with dairy heifer oversupply and improved technology to create an opening for beef and dairy crossbreeding. This quickly became a significant source of additional revenue for dairy producers, amounting to $4 per hundredweight or more by some counts. That revenue provides a buffer against occasionally faltering milk prices.

FACE HEADWINDS WITH A PROVEN TRACK RECORD

I am seeing some challenges for the industry as 2026 continues to unfold. Domestic cheese demand may be structurally flattening. We might have too much butterfat, with many processors rooting for producers to figure out more ways to dial up their protein output instead. Labor availability and spiraling energy costs are creating challenges across the supply chain. At the same time, given historical resilience and at least some light tailwinds, I'm confident this will be at least an OK year for dairy producers and the larger industry.

PHOTO: NEDAP

Phil Plourd is president of Ever.Ag Insights.