DRP Results: Q2 2026

24 July 2026

At the time of publishing, Q2 2026 indemnities had not yet been released by USDA-RMA. As such, the most recent quarter's indemnity payments in this report are estimated using announced class and component prices and milk yields.

Overview & Key Points

- Estimated indemnities for Q2 2026 averaged $0.10/cwt, down $1.01/cwt from last quarter. After factoring in producer premium costs, which averaged $0.34/cwt, the estimated net to producers was a loss of $0.24/cwt.

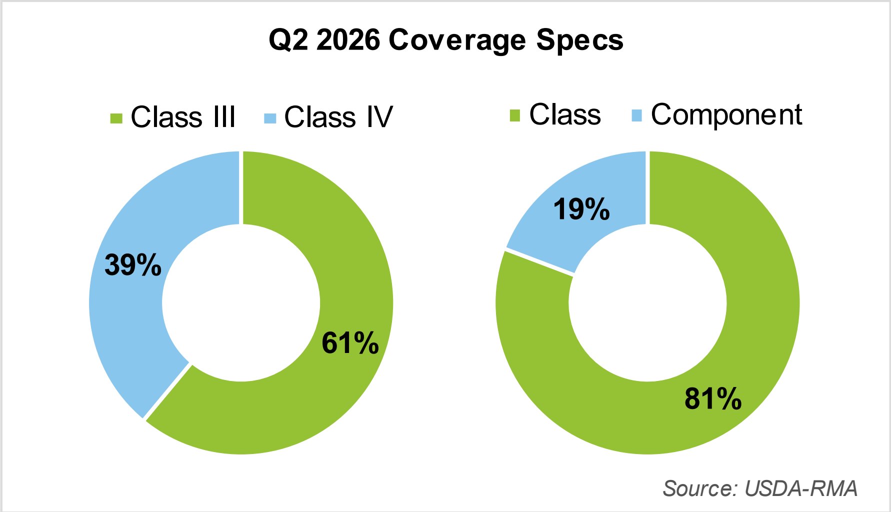
- Just under 19.9 billion pounds of milk were covered under DRP during Q2 2026, the second-largest total for the program, behind Q3 2020. 33% of the US milk supply was covered during the quarter.

- Setting aside yield adjustment factors (YAFs) and looking at class pricing alone, only Class III endorsements would have triggered indemnities in Q2 2026. The Class III price settled below the 95% coverage level on 165 of 267 days (62% of the time), whereas Class IV never dropped below the 95% level.

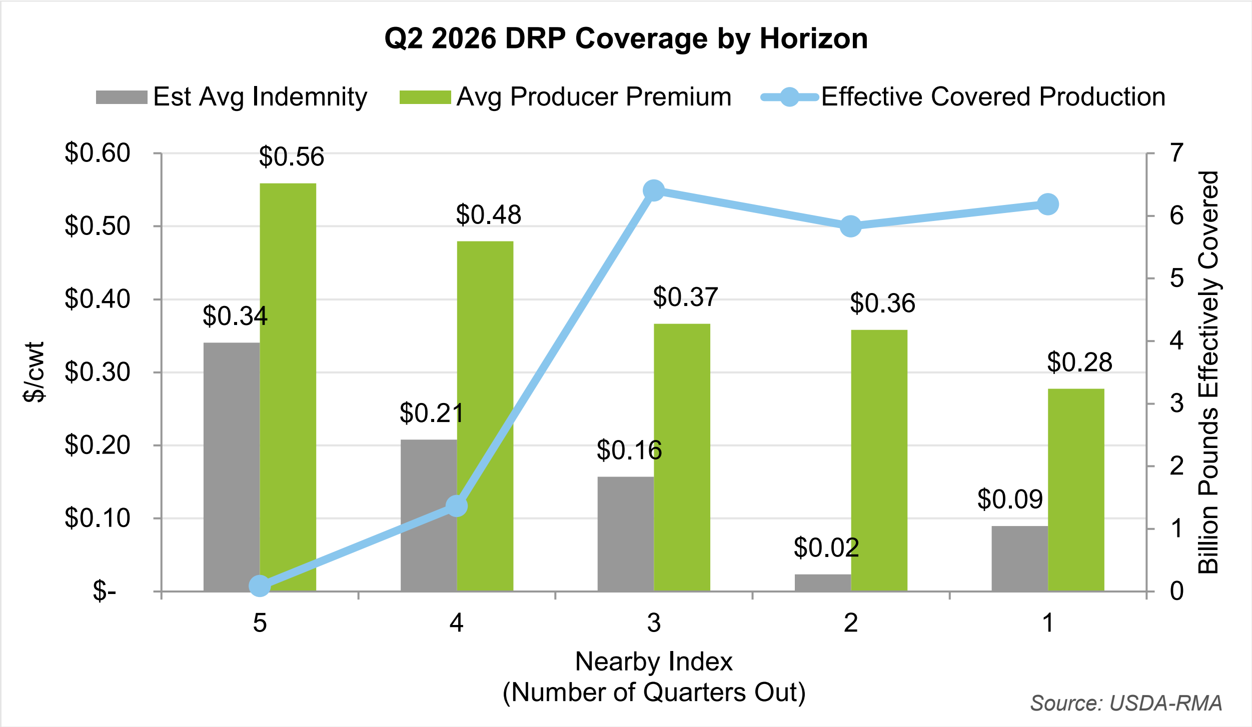
Total Effective Pounds Covered:	Total Producer Premium:	Estimated Total Indemnities Paid:	Estimated Total Net to Producers:
19.9 billion lbs	$68.6 million	$20.1 million	-$48.5 million

Share of U.S. Milk Supply Covered:	Average Producer Premium:	Estimated Average Indemnity Paid:	Estimated Average Net to Producers:
33%	$0.34/cwt	$0.10/cwt	-$0.24/cwt

Source: USDA-RMA



Coverage Performance by Horizon



Note: Q2 2026 Class IV coverage was not offered until March 13, 2025 (the final days of nearby index 5).

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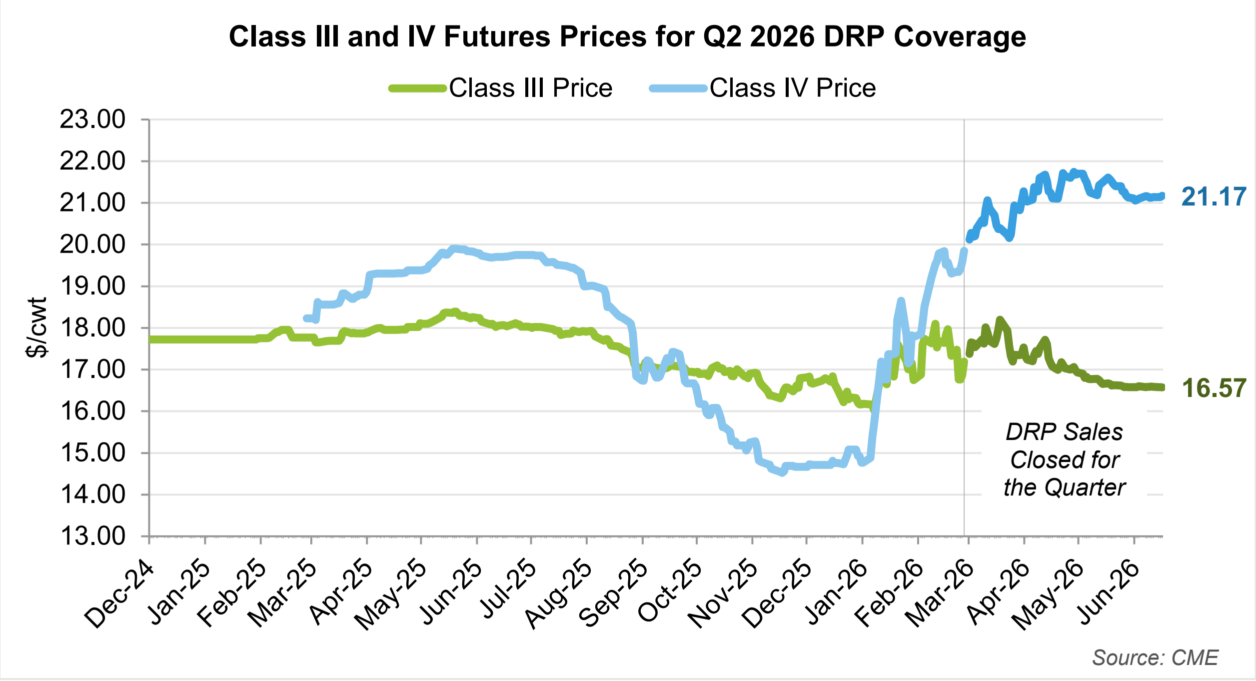
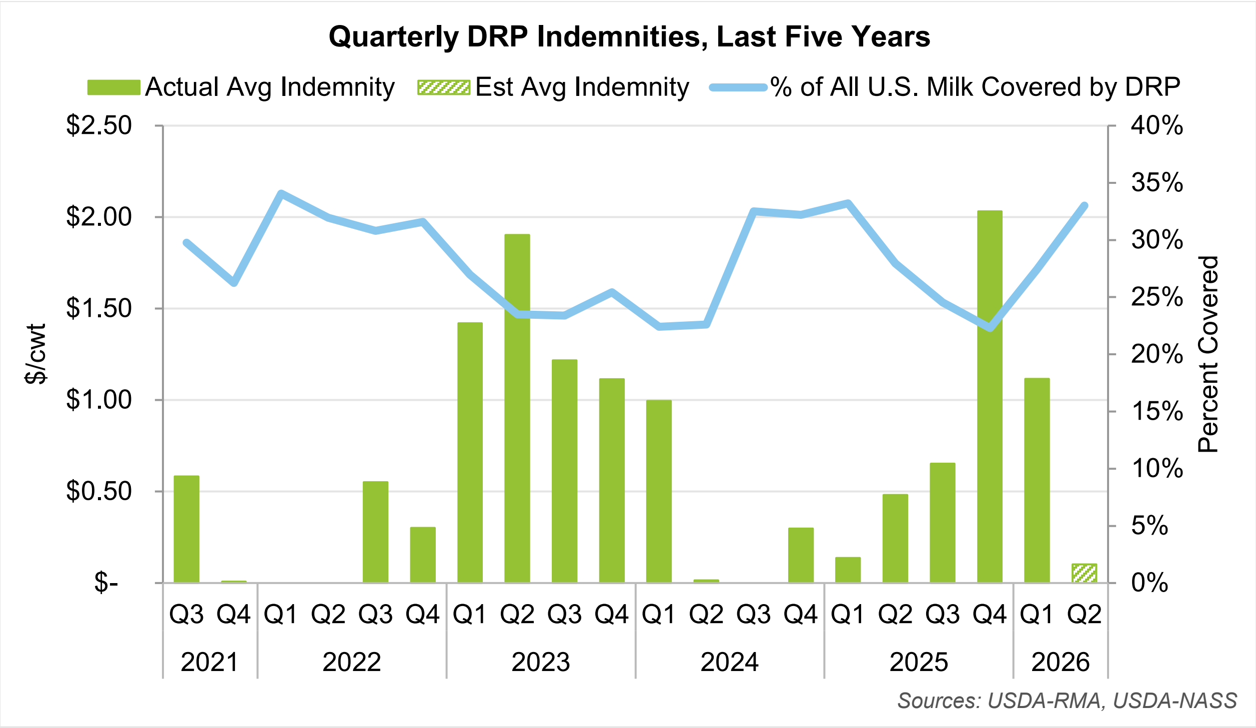
Nearby Index	Effective Covered Production		Class III Price ($/cwt)			Class IV Price ($/cwt)		
Number of Quarters Out	Billion Lbs	Share (%)	Min	Max	Avg	Min	Max	Avg
5	0.087	0%	17.72	17.95	17.80	18.23	18.23	18.23
4	1.363	7%	17.65	18.39	18.07	18.19	19.90	19.38
3	6.407	32%	17.05	18.24	17.65	16.74	19.79	18.63
2	5.833	29%	16.31	17.20	16.90	14.52	17.42	15.93
1	6.186	31%	16.03	18.10	17.31	14.67	19.85	18.28

Source: USDA-RMA

Nearby Index	Sales Effective Date Range
5	12/16/24 - 03/15/25
4	03/16/25 - 06/15/25
3	06/16/25 - 09/15/25
2	09/16/25 - 12/15/25
1	12/16/25 - 03/15/26



Participation and Performance



Impact of Yield Adjustments

The Yield Adjustment Factor (YAF) is calculated as the state or pooled production region's actual yield released in USDA's *Milk Production* report divided by the expected yield at the time of coverage. The YAF can have a positive or negative impact on indemnity payments:

- YAF > 1: When the actual yield is greater than the expected yield, the potential indemnity is reduced.
- YAF < 1: When the actual yield is less than the expected yield, the potential indemnity is enhanced.

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Q2 2026 Expected and Actual Yields (Pounds)

State	Expected Yield Releases							Actual Yield	Yield Trend
	1	2	3	4	5	6	7		
California	6,141	5,894	6,010	6,010	6,093	6,211	6,273	6,174	
Wisconsin	6,576	6,607	6,546	6,546	6,587	6,577	6,574	6,495	
Idaho	6,481	6,500	6,515	6,515	6,507	6,530	6,526	6,501	
Texas	6,667	6,643	6,577	6,577	6,649	6,648	6,635	6,639	
New York	6,630	6,650	6,665	6,665	6,604	6,683	6,629	6,530	
Michigan	7,186	7,211	7,127	7,127	7,115	7,117	7,130	7,004	
Minnesota	5,925	6,002	6,000	6,000	6,055	6,056	6,048	6,071	
Pennsylvania	5,400	5,435	5,484	5,484	5,389	5,442	5,415	5,411	
Iowa	6,284	6,310	6,219	6,219	6,314	6,311	6,306	6,331	
New Mexico	6,312	6,327	6,346	6,346	6,323	6,328	6,309	6,336	

Source: USDA-RMA

Q2 2026 Yield Adjustment Factors by Release Period

State	Expected Yield Releases							Yield Trend
	1	2	3	4	5	6	7	
California	1.0054	1.0475	1.0273	1.0273	1.0133	0.9940	0.9842	
Wisconsin	0.9877	0.9830	0.9922	0.9922	0.9860	0.9875	0.9880	
Idaho	1.0031	1.0002	0.9979	0.9979	0.9991	0.9956	0.9962	
Texas	0.9958	0.9994	1.0094	1.0094	0.9985	0.9986	1.0006	
New York	0.9849	0.9820	0.9797	0.9797	0.9888	0.9771	0.9851	
Michigan	0.9747	0.9713	0.9827	0.9827	0.9844	0.9841	0.9823	
Minnesota	1.0246	1.0115	1.0118	1.0118	1.0026	1.0025	1.0038	
Pennsylvania	1.0020	0.9956	0.9867	0.9867	1.0041	0.9943	0.9993	
Iowa	1.0075	1.0033	1.0180	1.0180	1.0027	1.0032	1.0040	
New Mexico	1.0038	1.0014	0.9984	0.9984	1.0021	1.0013	1.0043	

Source: USDA-RMA

Net to producers is equal to the indemnity paid minus the producer premium. Effective covered milk production is equal to the declared production times the protection factor. Class III versus IV coverage is calculated as the effective covered milk production times the class price weighting factor or the component price weighting factor.

About HighGround Dairy

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