

17 March 2026

AHDB milk forecasting forum

AHDB Market Intelligence

<https://ahdb.org.uk/dairy-markets>



Housekeeping

- This is intended to be a discussion so please do speak up
- We would like to get a pan-industry view and are keen to hear from both farmer representatives AND processors for a balanced analysis
- But please mute your microphones when you are not speaking
- We will aim to have a discussion at the end of each key topic

Contents

- Key topics:
 - Story so far – domestic and global production – need to pull back
 - Milk prices and feeding practises
 - Herd size - calf numbers and calving patterns
 - Costs and margin pressures:
 - Feed market update
 - Other costs
 - Yields and disease
- Milk forecast

What did we predict last time?

GB milk production forecast - January 2026

m litres	2024/25	2025/26	2025/26	2025/26	2026/27	2026/27
	Actuals	Actuals	Forecast	Yr-on-yr	Forecast	Yr-on-yr
Apr	1,076	1,140		6.0%	1,135	-0.5%
May	1,128	1,185		5.1%	1,180	-0.5%
Jun	1,042	1,102		5.8%	1,095	-0.7%
Jul	1,023	1,068		4.4%	1,065	-0.3%
Aug	991	1,039		4.9%	1,035	-0.4%
Sep	969	1,025		5.8%	1,015	-1.0%
Oct	1,030	1,100		6.8%	1,095	-0.4%
Nov	1,018	1,071		-4.9%	1,065	-0.6%
Dec	1,052	1,103		-4.6%	1,090	-1.2%
Jan	1,045		1,090	4.3%		
Feb	953		985	3.4%		
Mar	1,115		1,140	2.2%		
Year	12,443		13,049	4.9%	9,775	-0.6%

Source: AHDB

Notes: A 28-day equivalent is used for Feb-24. Forecast numbers are in bold.

- At the last forecast update in January we predicted a gradual decline in the rate of growth with small declines beginning after the spring flush.
- We highlighted factors supporting including:
 - MFPR remaining at 20-year high
 - Sharp milk price declines tempered by high levels of milk composition bonuses
 - Strong income from calves and cows due to high beef prices
- This pattern has continued but growth rate has been “sticky” with declines a little slower than predicted.

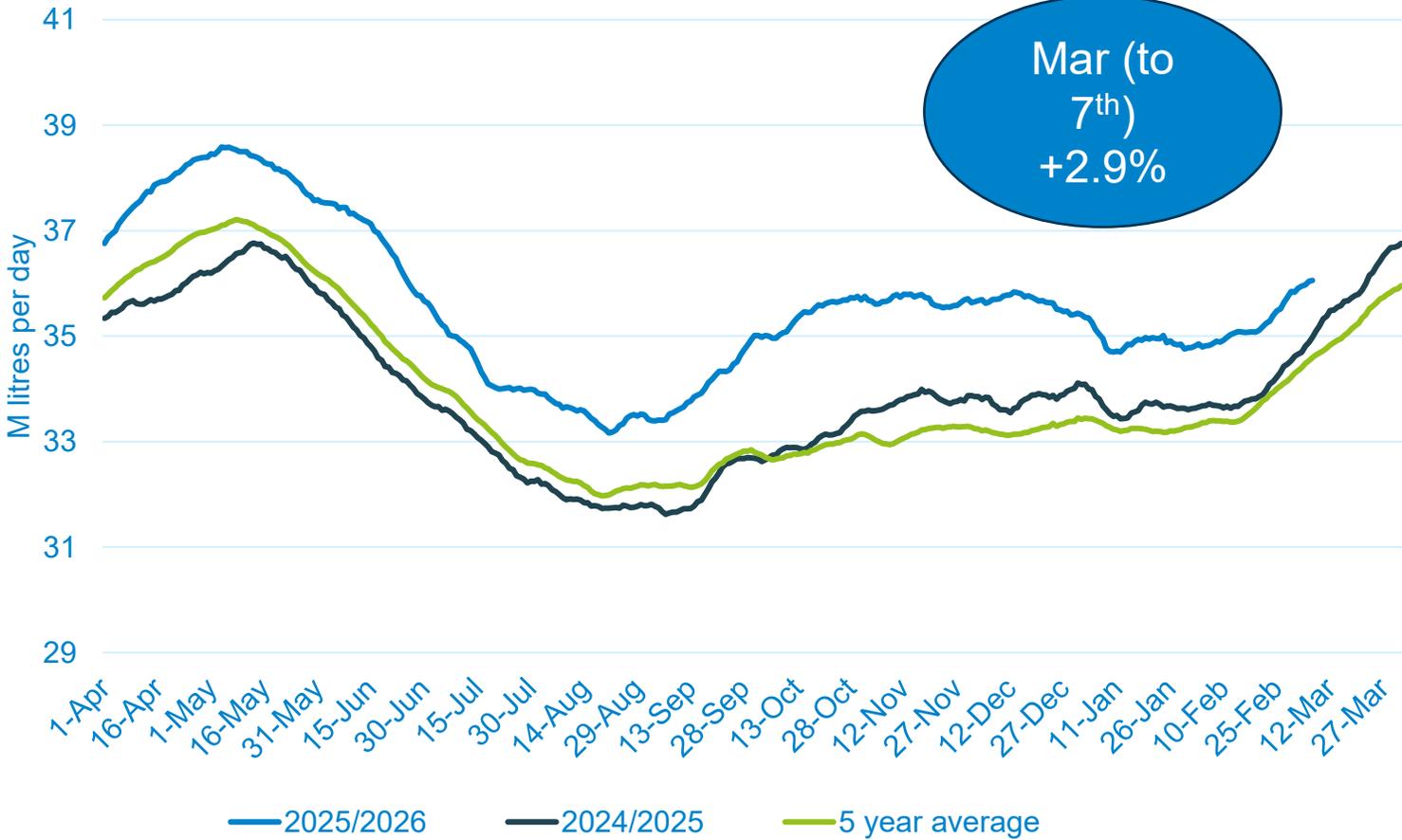
Over supply has continued – currently running at 2.4 million litres per day over 5-year average



GB daily milk deliveries
(7 day rolling average)



Mar (to 7th)
+2.9%

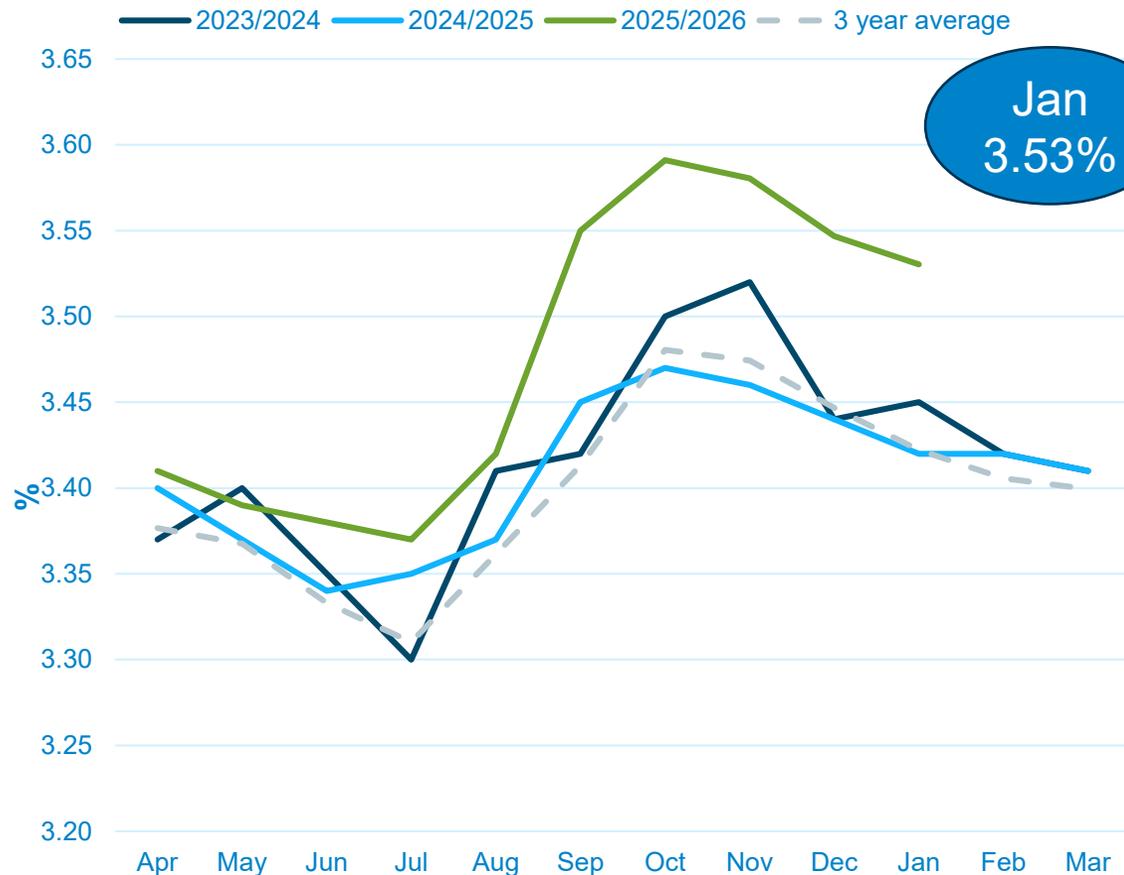


GB deliveries	
Oct 2024	+2.5%
Nov 2024	+4.9%
Dec 2024	+3.4%
Jan	+2.2%
Feb	+1.2%
Mar	+2.7%
Apr	+6.0%
May	+5.2%
June	+6.0%
July	+4.7%
Aug	+4.9%
Sept	+5.9%
Oct	+6.8%
Nov	+5.2%
Dec	+4.8%
Jan 2026	+3.7%
Feb 2026	+3.7%
2025/26 forecast	+4.9%
GB MYTD	+5.3%
UK MYTD	+5.6%

Source: AHDB

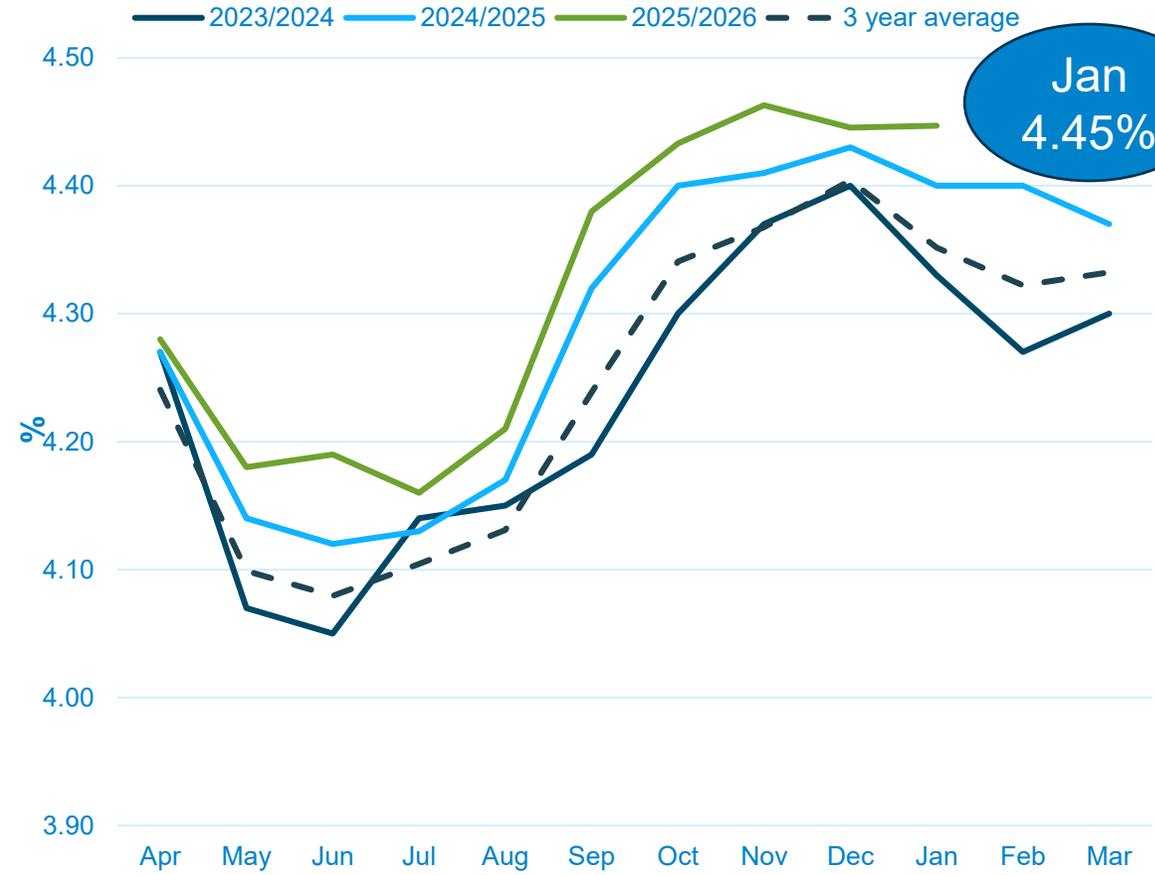
Milk constituents have continued to break records as well – more fat and protein = more bonuses

Average UK protein content



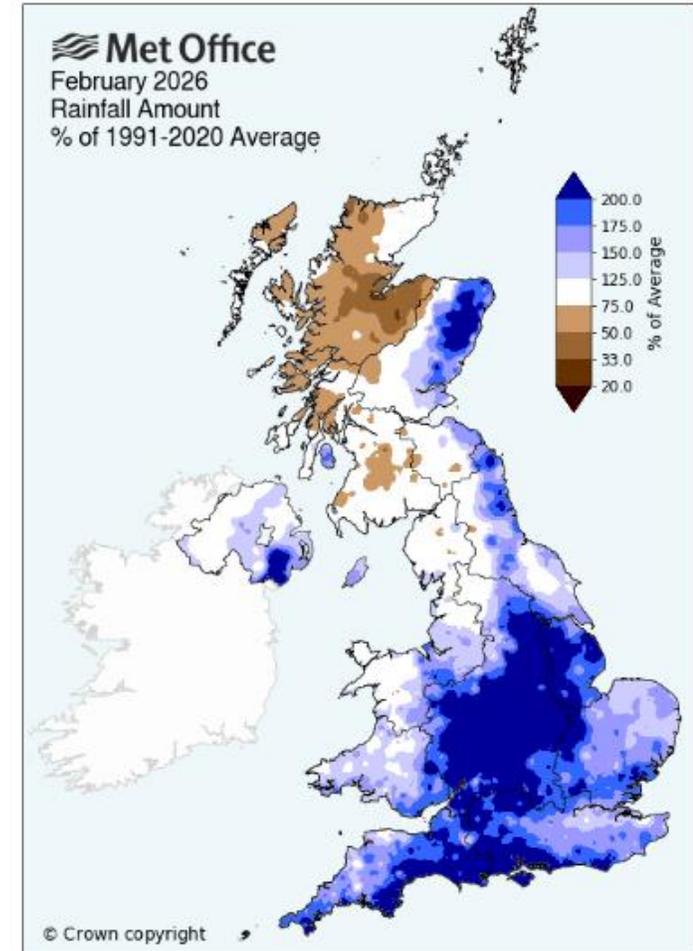
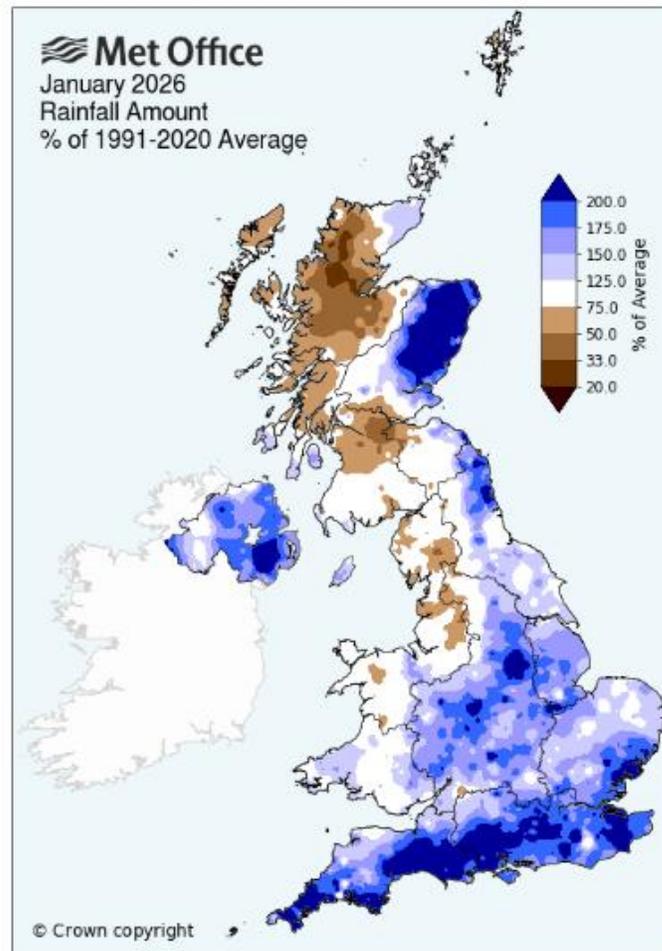
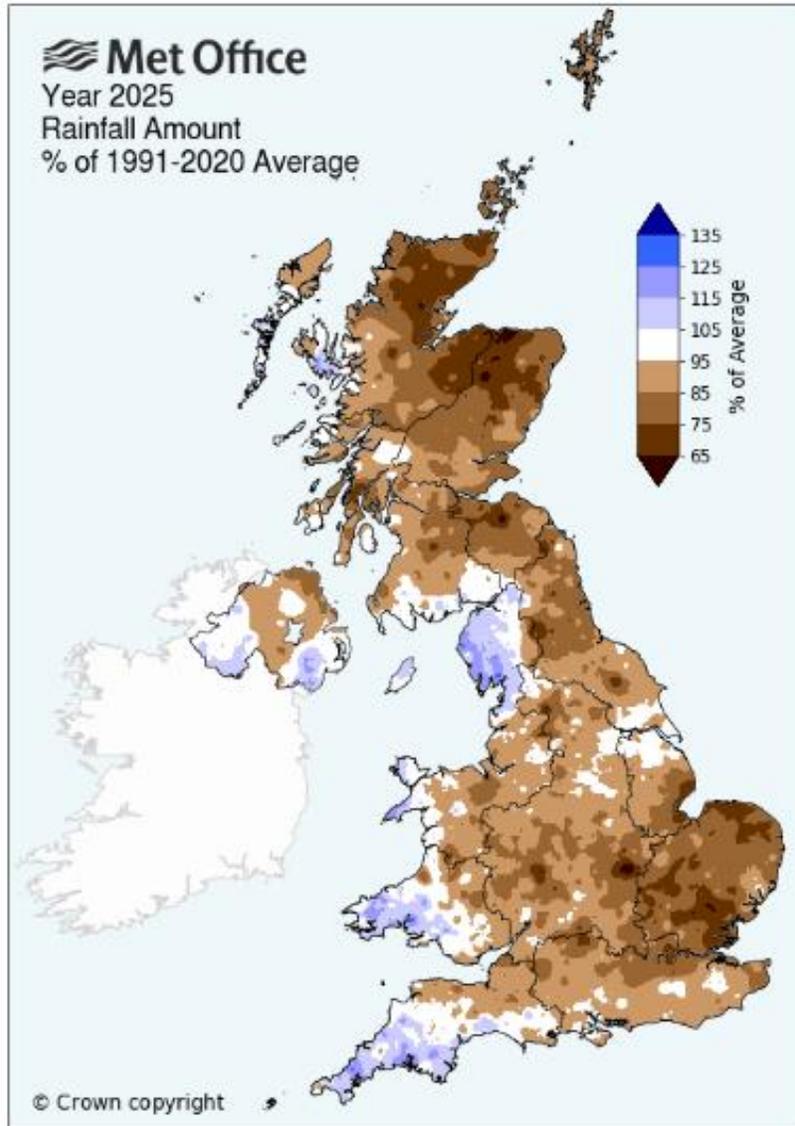
Source: Defra

Average UK butterfat content



Source: Defra

Drought in 2025 meant feeding more (cheap) concentrates.



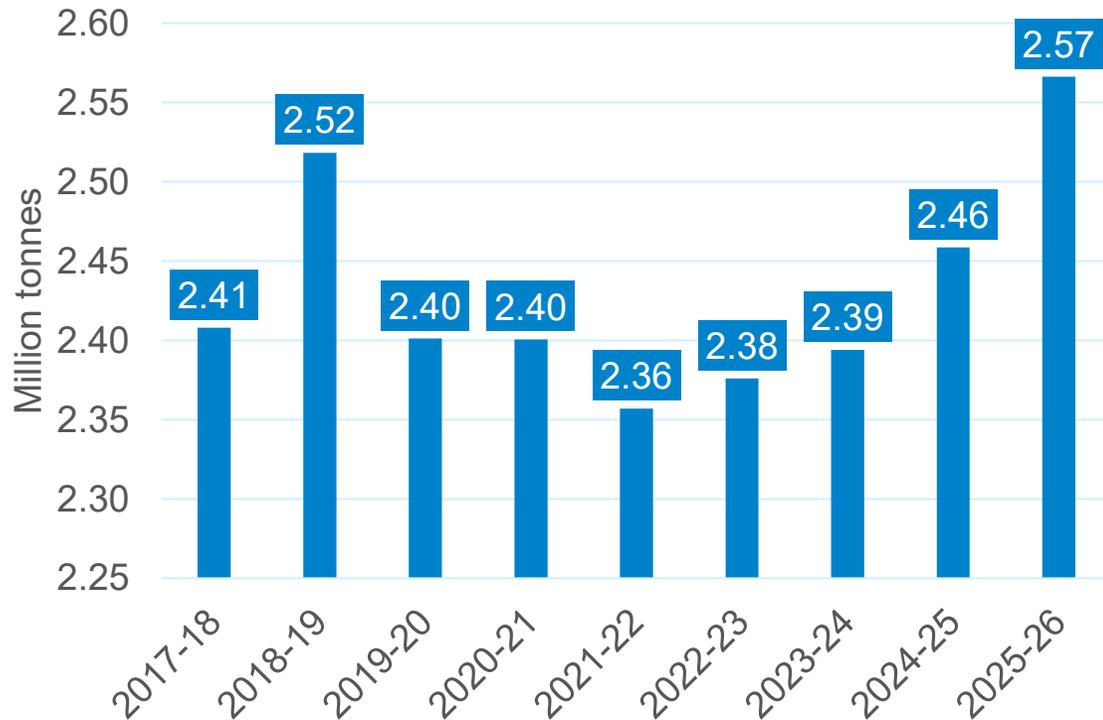
This year more akin to 2023 weather so far...

- Meant delay in turnout
- Less groundwork/fert. Poorer grass
- What will 2026 do?

Feed purchasing perhaps beginning to return to more “normal” levels

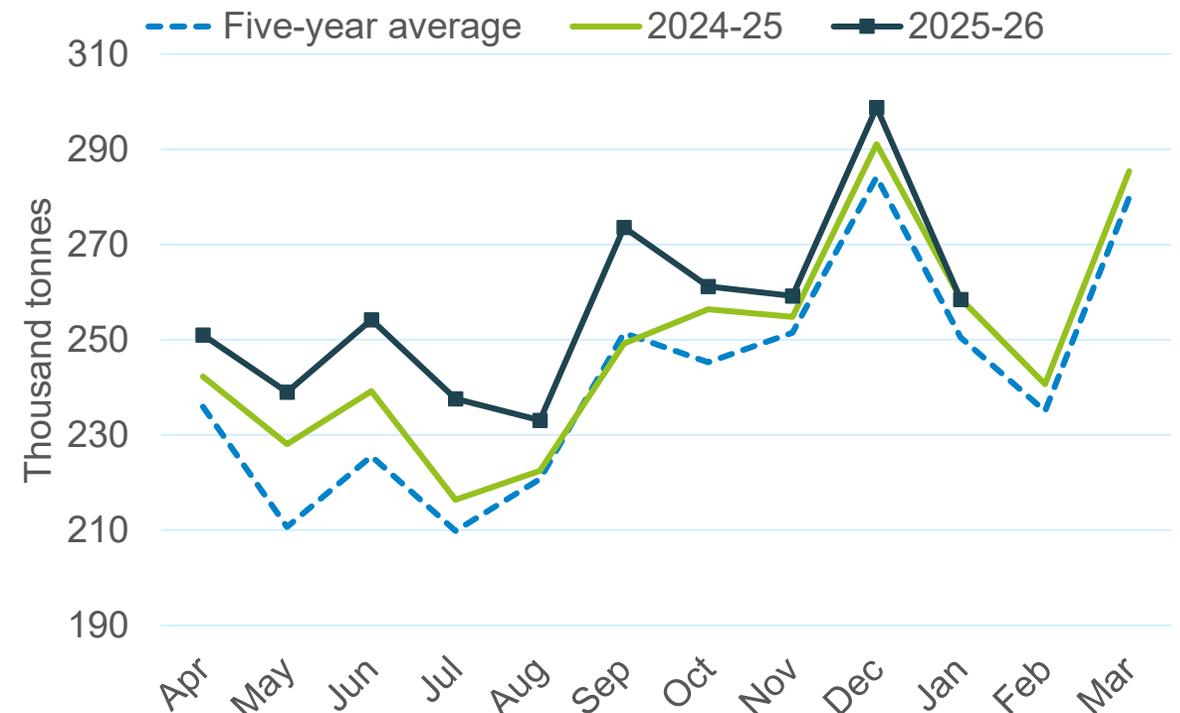
Production of dairy compounds and blends by GB animal feed manufacturers

Milk year to date (April – January)



Source: AHDB, Defra

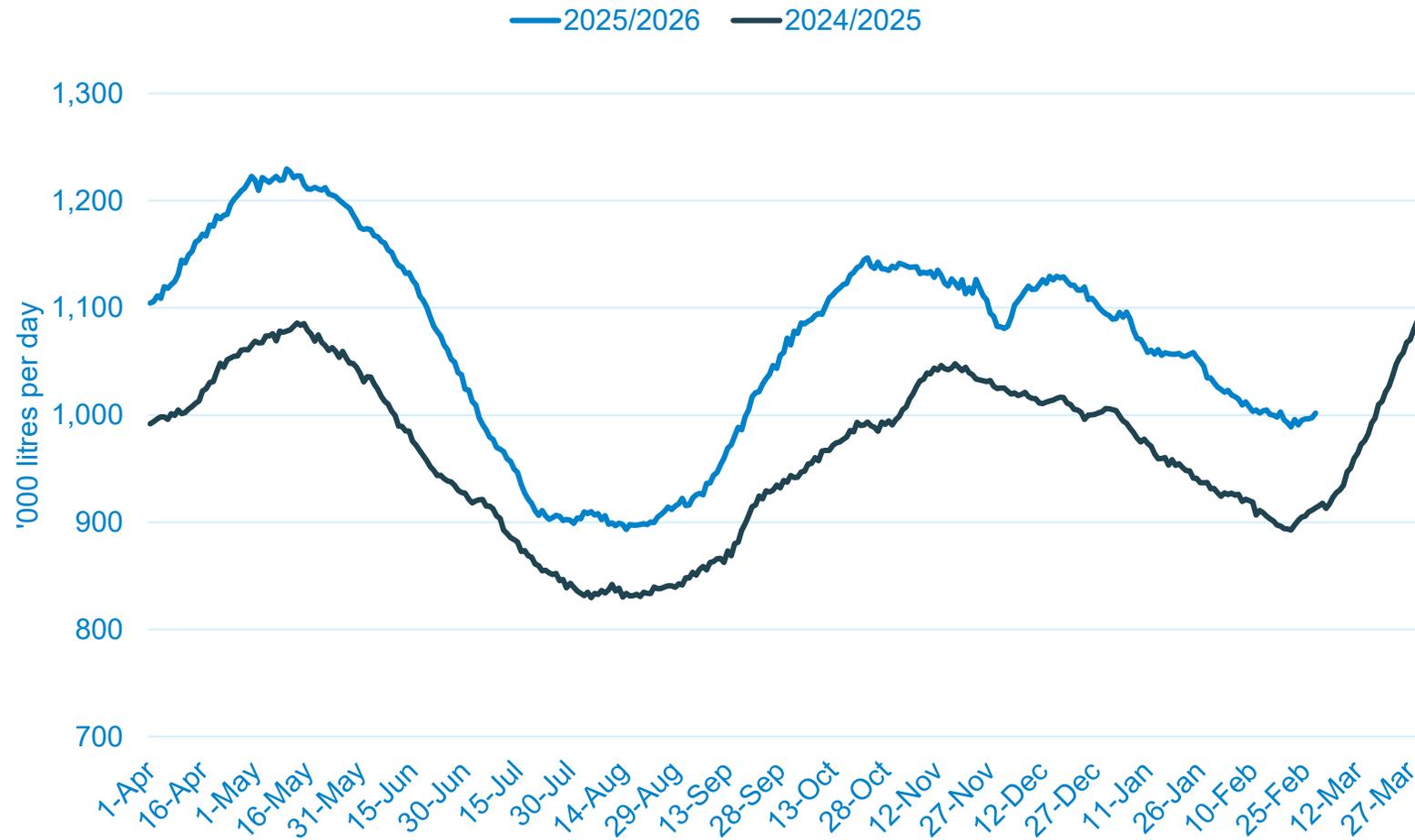
Monthly data



- Lack of forage stocks due to drought last year and poss late grazing due to wet Spring could drive more feed purchase

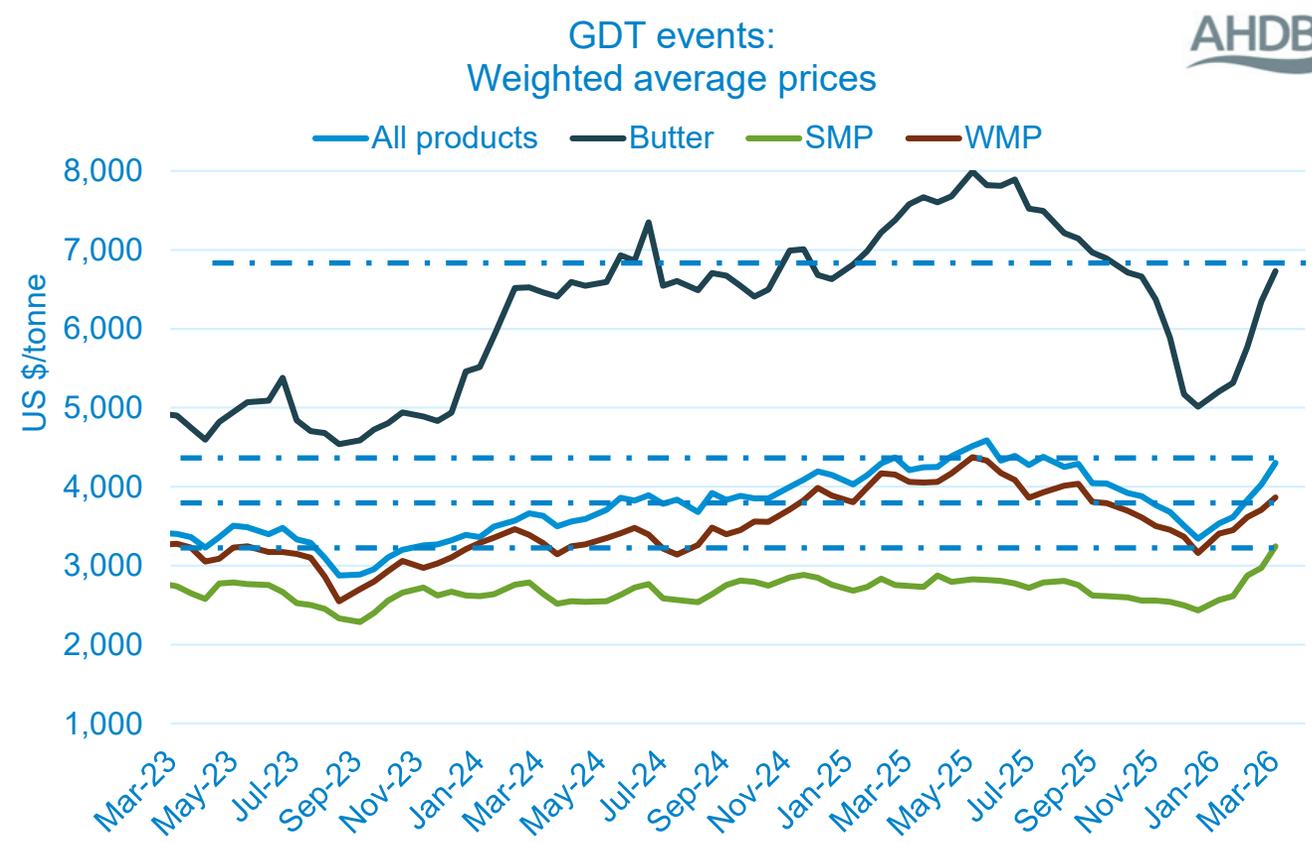
Organic milk production is also ahead

GB organic daily milk deliveries
(7 day rolling average)

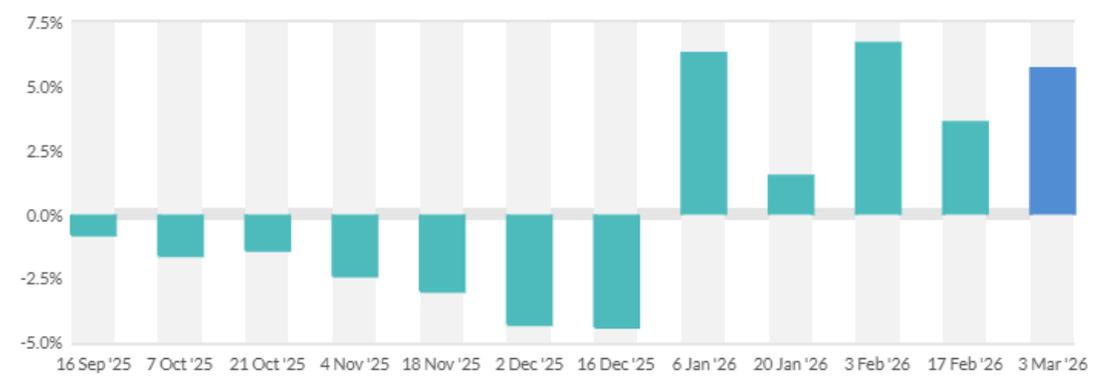


- Stable organic milk prices have supported production, but volumes remain lower than 2023 levels
- They are now running 9.7% above the same week last year – equivalent to 88.3 thousand litres.

GDT rose 28.7% since mid-December – more than a blip!



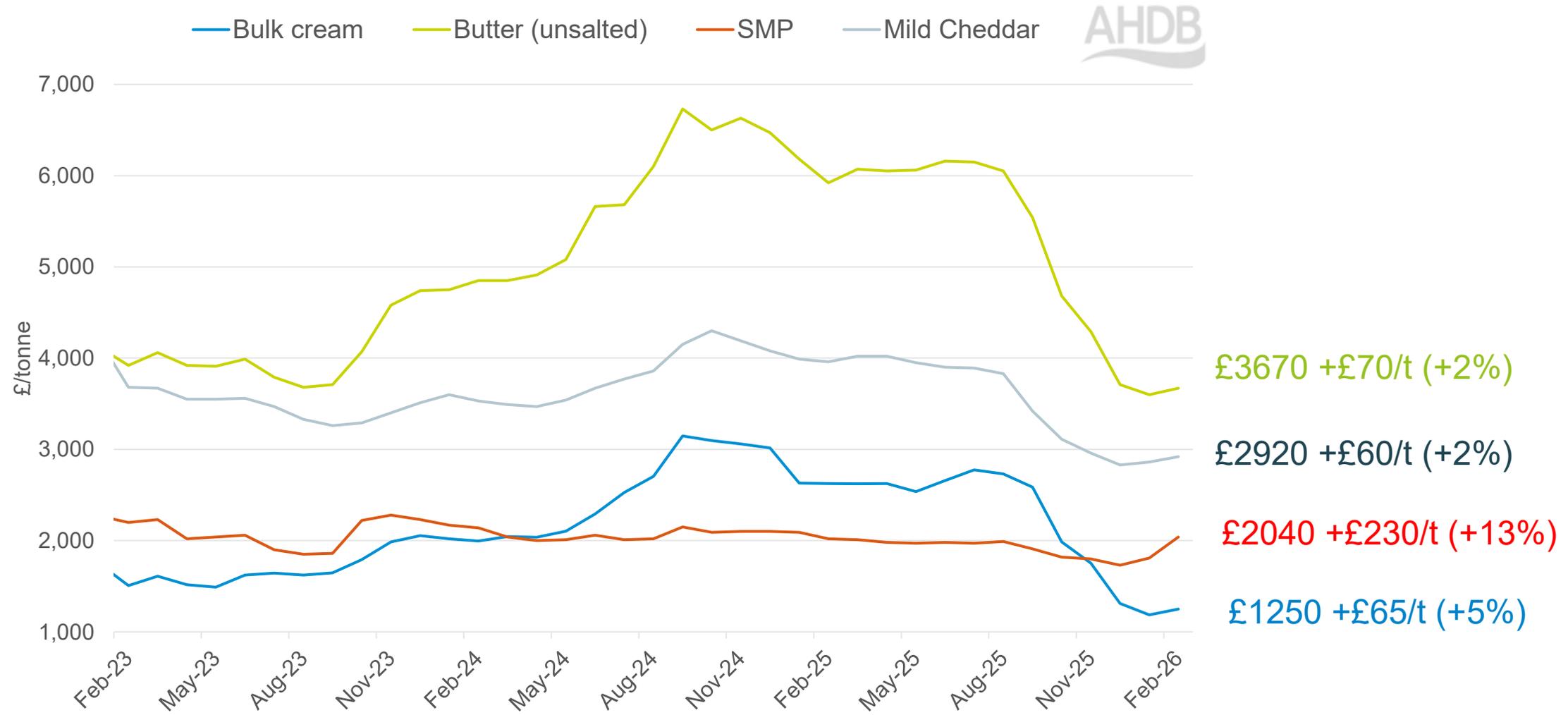
Change in GDT Price Index



Run of 6.3%, 1.5%, 6.7%, 3.6%, 5.7%

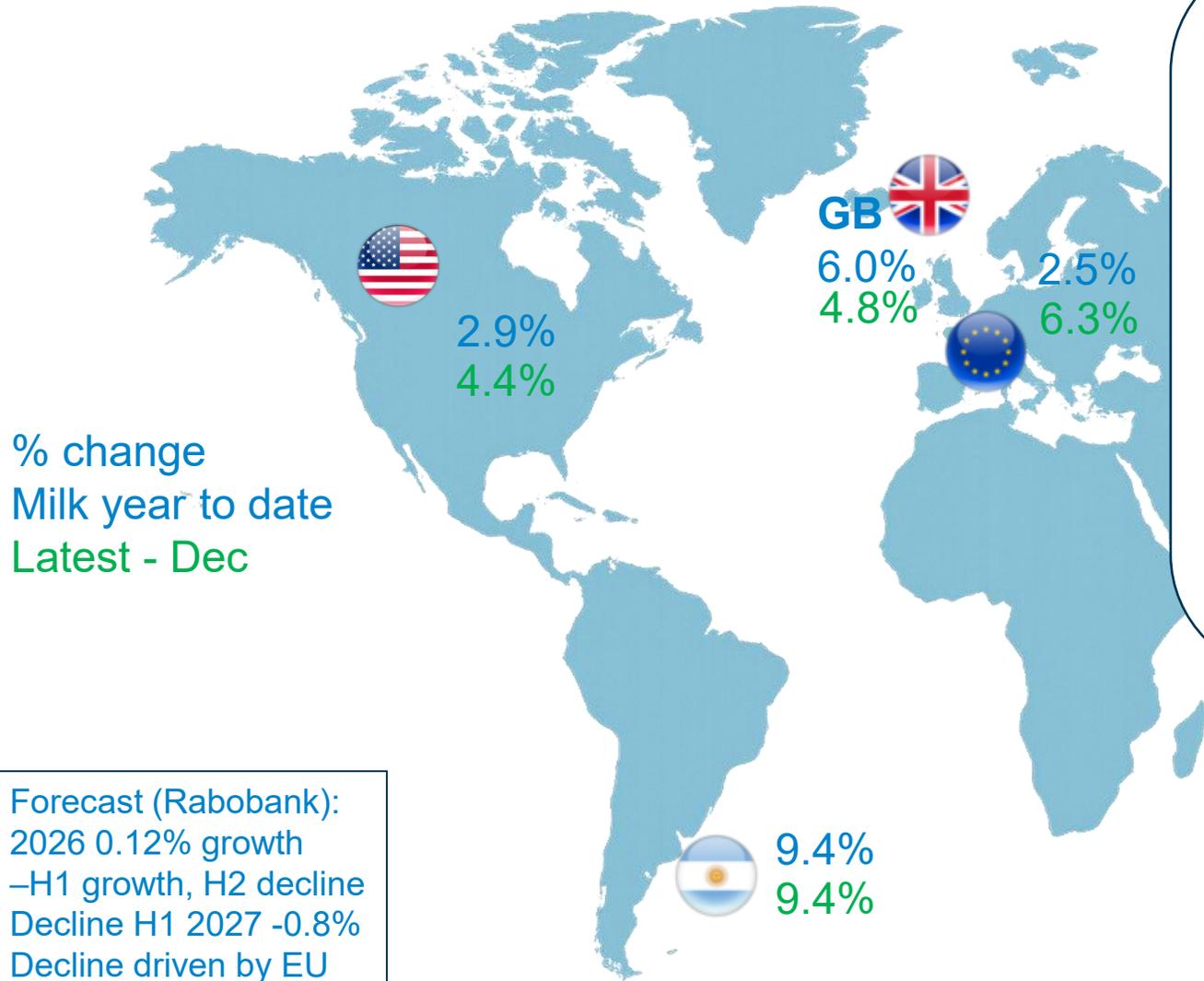
Source: Global Dairy Trade Holdings Ltd

UK Wholesale prices began to follow suit

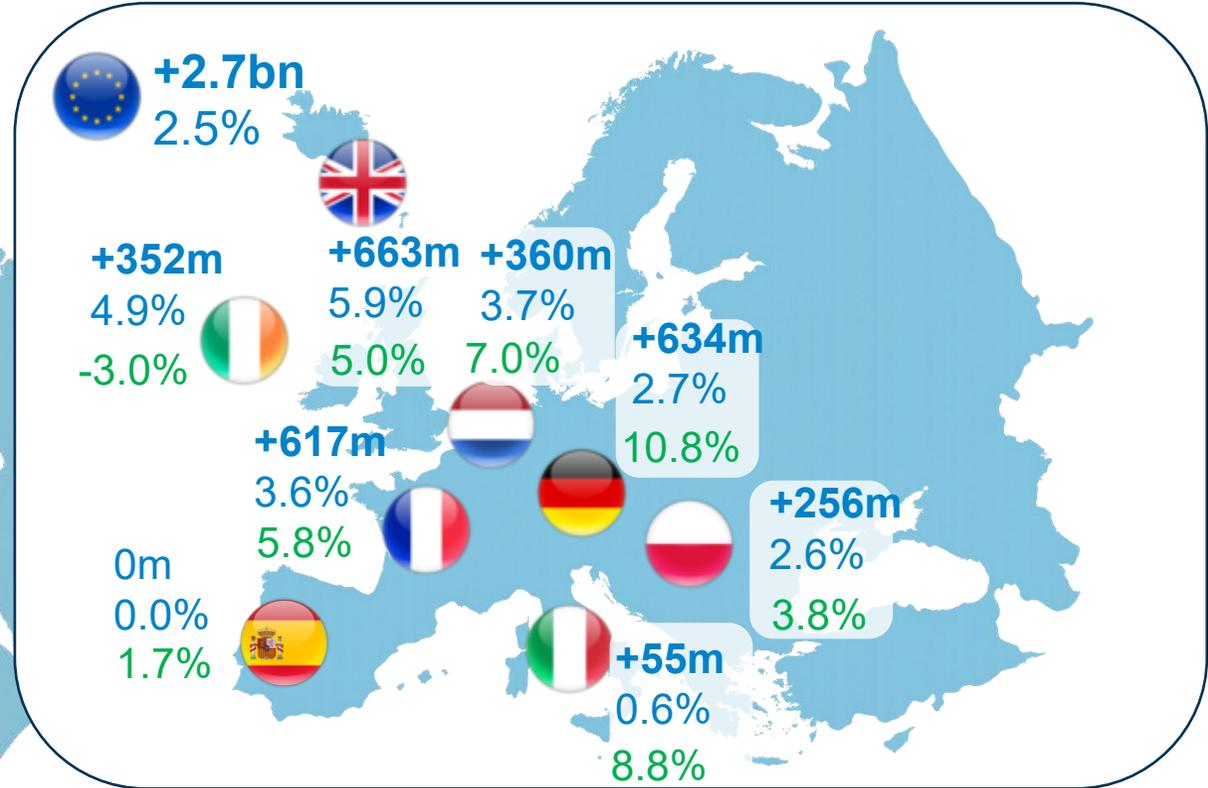


Source: AHDB

But fundamentally...global milk situation – too much milk everywhere, all at once



% change
Milk year to date
Latest - Dec

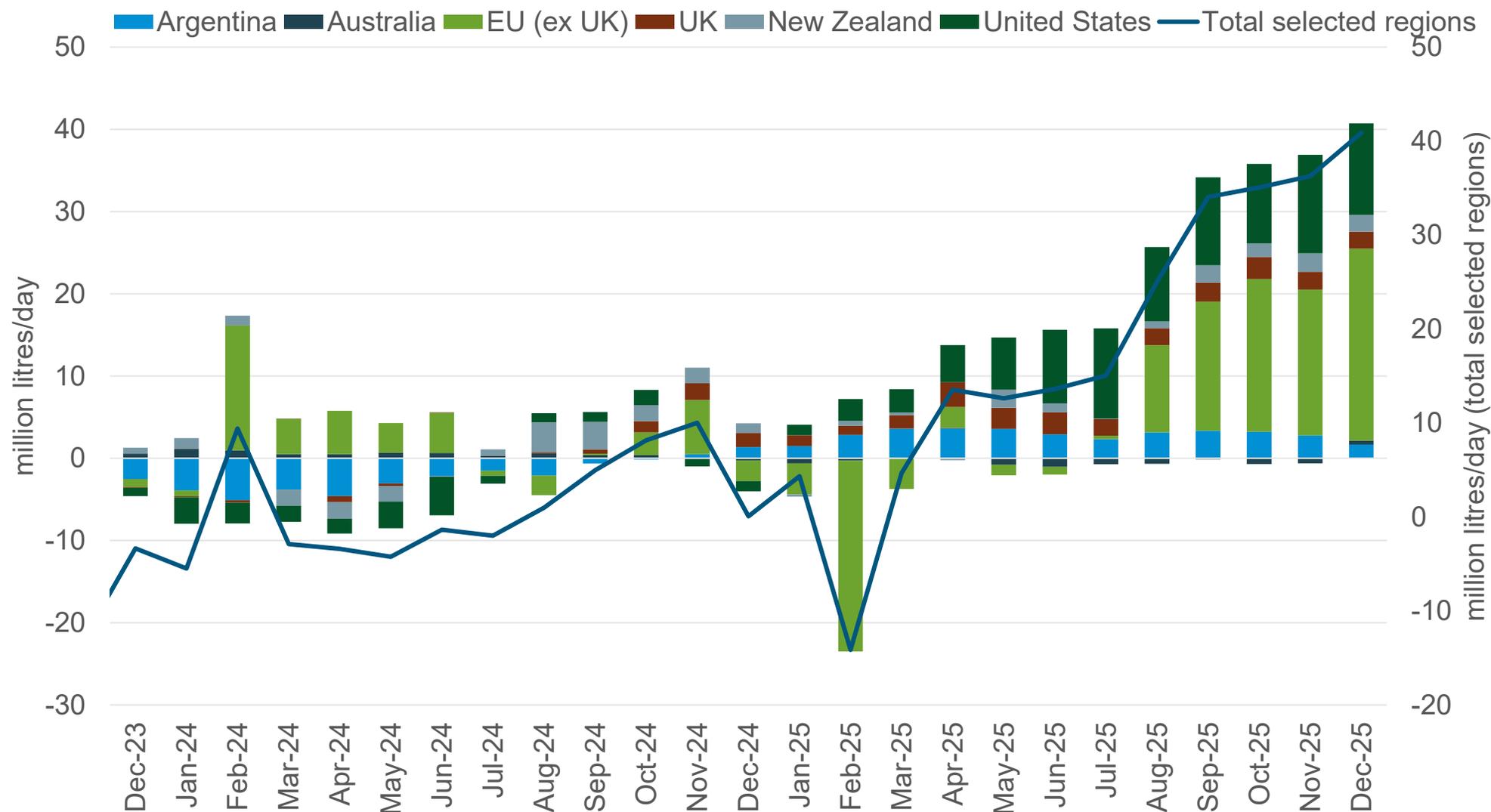


Forecast (Rabobank):
2026 0.12% growth
-H1 growth, H2 decline
Decline H1 2027 -0.8%
Decline driven by EU



41 million litres PER DAY over last year

Annual change in average daily milk deliveries



December YoY
Total +5.1%

US +4.2%
NZ +2.5%
Aus +1.9%
Arg +5.2%
EU +6.6%

What role will war in Iran play?



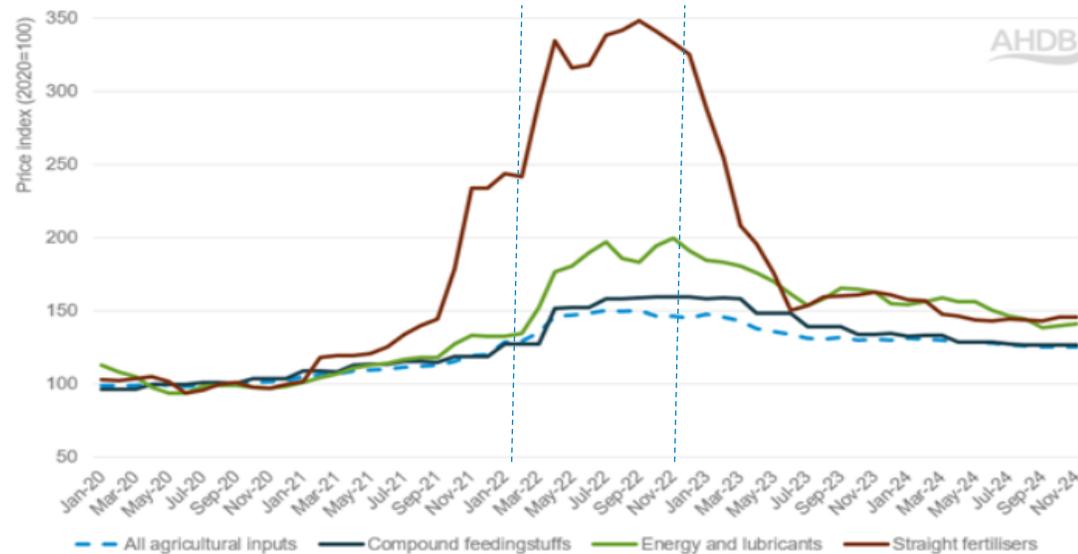
- Impact of Iran war will have implications:
 - Fertiliser prices
 - Feed costs
 - Energy costs
 - Transport costs
 - Processing costs
 - Trade disruption
 - Global demand for dairy products – M.East and further afield

- Are we facing a 2022 scenario?

Can the Ukraine war offer any insights?

- Russia invaded Ukraine in Feb 2022
- Feed costs were already high (10-11ppl) and yields had gone into decline before outbreak of war
- War supported feed prices further
- Milk supplies had been lacking for a year and hence milk prices pushed up to support rising costs and spur milk supplies.

Agricultural price index for key inputs, Jan-20 to Nov-24 (2020=100)



Source: Defra

- US and Israel commenced hostilities against Iran March 2026
- Market already over-supplied with milk
- Scenario 1:
 - War is short-lived and Strait of Hormuz reopens
 - Oil prices normalise at higher level
 - Some inflation/disruption in supply chains
- Scenario 2:
 - Ongoing war footing
 - Oil prices remain elevated and trade via Strait of Hormuz disrupted causing increase in fert, energy, oil, plastics costs

Milk supply control measures

1. Reductions in milk prices
2. Changes in feeding practices
3. Herd size reduction
4. Margin pressure (costs)
5. Volume management schemes (AB pricing)

1. Some huge losses in headline milk prices in a short space of time

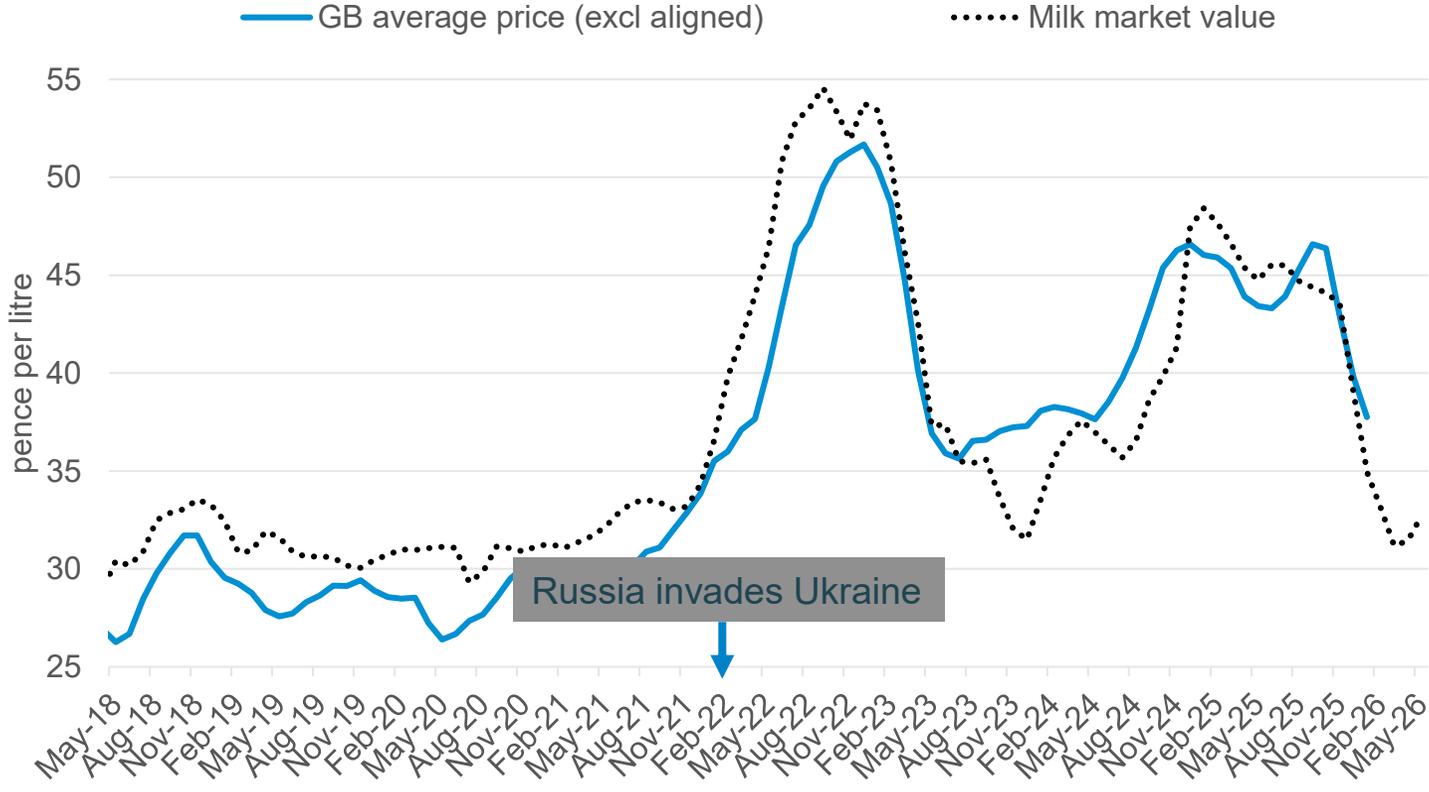
	S*	N*	2025						2026						Sum since Oct
			May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
UK Arla Farmers Manufacturing	S		-	-	-0.15	-	-0.86	-1.60	-2.63	-3.50	-3.48	NA	-		11.27
Barber's Cheesemakers		N	-	-	-	-	-	-	-2.50	-3.75	-2.50	-2.06	-1.96		12.77
Belton Farm			-	-1.00	-	-	+1.00		-1.50	-3.50	-2.00	-2.50	-3.00		12.50
Crediton Dairy Ltd			-	-	-	-	-		-2.00	-2.00	-2.00	-3.00	-2.00		11.00
Dale Farm GB			-	-0.12	-	-	+0.13	-0.25	-3.54	-3.32	-2.22	-1.91	-0.25		11.49
Dale Farm NI	S		-	-1.00	-0.50	-1.50	-2.50	-2.00	-3.00	-2.00	+2.00	NPA	NPA		5.00
Dairy partners									-4.00	-5.00	-2.77	-2.00			13.77
First Milk Manufacture	S	N	-	-0.50	-	-	-	-1.00	-2.00	-6.00	-3.60	-2.00	-	+0.50	14.60
Lactalis/Caledonian Cheese			-	-	-	-	-	-	-5.19	-3.11	NPA	-2.00	-		10.30
Leprino Foods			-	-	-	-	-	-1.00	-4.00	-5.00	-3.00	-2.00	+0.40		14.60
Müller M & I - Co operative			+0.11	-	-	+0.01	-		+0.84	-	-	-1.75			0.91
Müller M & I - M&S			-	-	-	-	-	+0.84	-	-	+1.02	-	-		.90
Müller M & I - Direct			-	-	-	-	+0.50		-1.25	-1.50	-1.50	-3.00	-1.00		8.25
Müller M & I - Sainsbury	S		-	+0.06	+0.09	-0.13	+0.03	+2.84	+0.16	+0.04	+0.18	-0.02	-0.05		3.16
Müller M & I Tesco			+0.23	-	-	-	+0.50		-0.11	-	-	+0.41	-		0.30
Pattemores Dairy Ingredients		N	-	-	-	-	-		-3.79	-3.00	-3.00	NPA	NPA		9.79
Payne's Dairies			-2.00	-	-	-	-	+2.00	-4.00	-2.00	-3.00		-1.00		8.00
Meadow									-6.00	-3.00	-1.00	-1.00			11.00
Parkham Farms									-8.00	-	-2.00	-			10.00
Pembrokeshire Creamery									-1.20	-3.94	-0.40	-3.17	-1.34		10.05
Saputo Dairy UK			-	-	-	-	-		-	-1.00	-4.00	-2.50	NPA		7.50
South Caernarfon Creameries	-	S	-	-	-	-	-	-1.00	-3.50	-3.50	-3.00	-2.00	-		13.00
Wensleydale			-	-	+1.77	-	+0.20	-0.20	-2.55	-3.00	-2.93	-2.23	-1.29		12.20
Wyke Farms			-	-	+0.40	-	-		-5.20	-3.11	-3.11	-2.00			13.42
A&B price tracker															
Freshways	A		38.40	38.40	38.40	38.40	38.40	40.40	34.40	32.40	29.40	27.40	27.40		11.00
	B		14.27	23.01	31.38	34.22	34.96	22.90	16.02	U	U	U			

- Aligned contracts broadly stable
- Organic contracts remain strong
- Bonuses on better composition will soften headline rate of decline
- Although B-litre values may be much lower than seen
- First positive movement seen

Expectation is for **average** Defra farmgate price to fall to mid 30's before starting to recover



Milk market value* & projected farmgate price movements



Defra
 Jan 26 37.75ppl

Source: Defra, AHDB

*weighted average AMPE/MCVE (20:80)

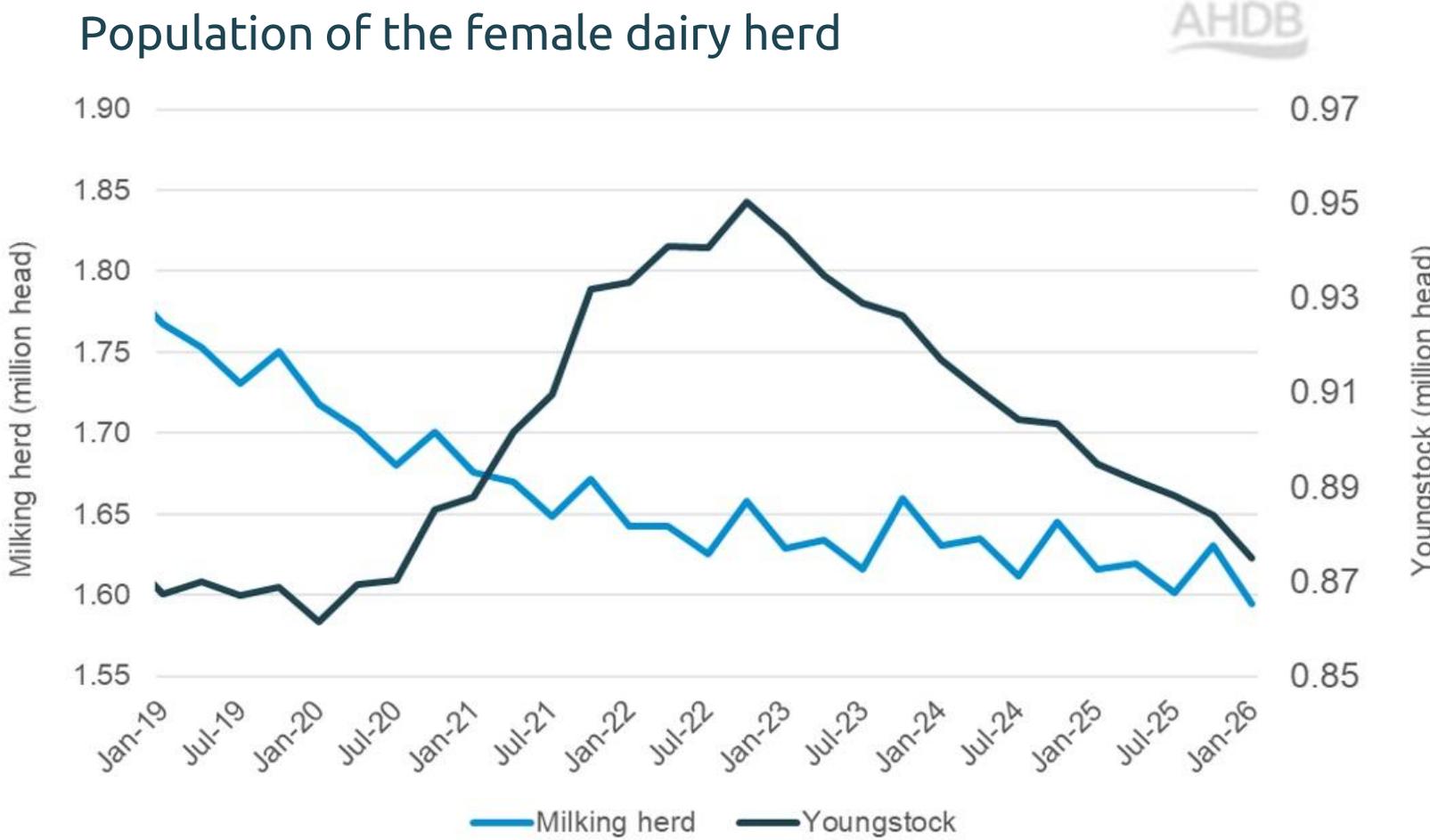
Milk supply control measures

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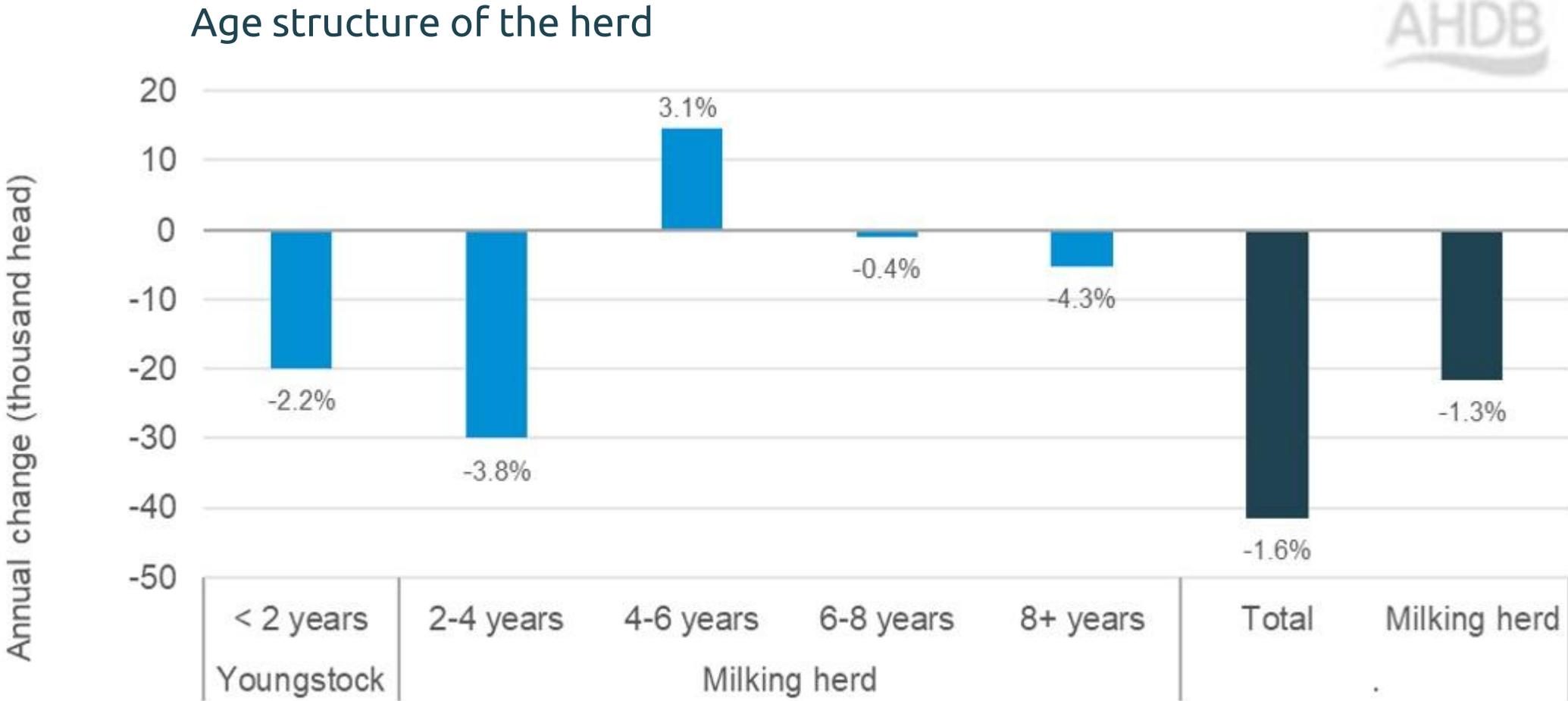
Population of the female dairy herd continue a downwards trend



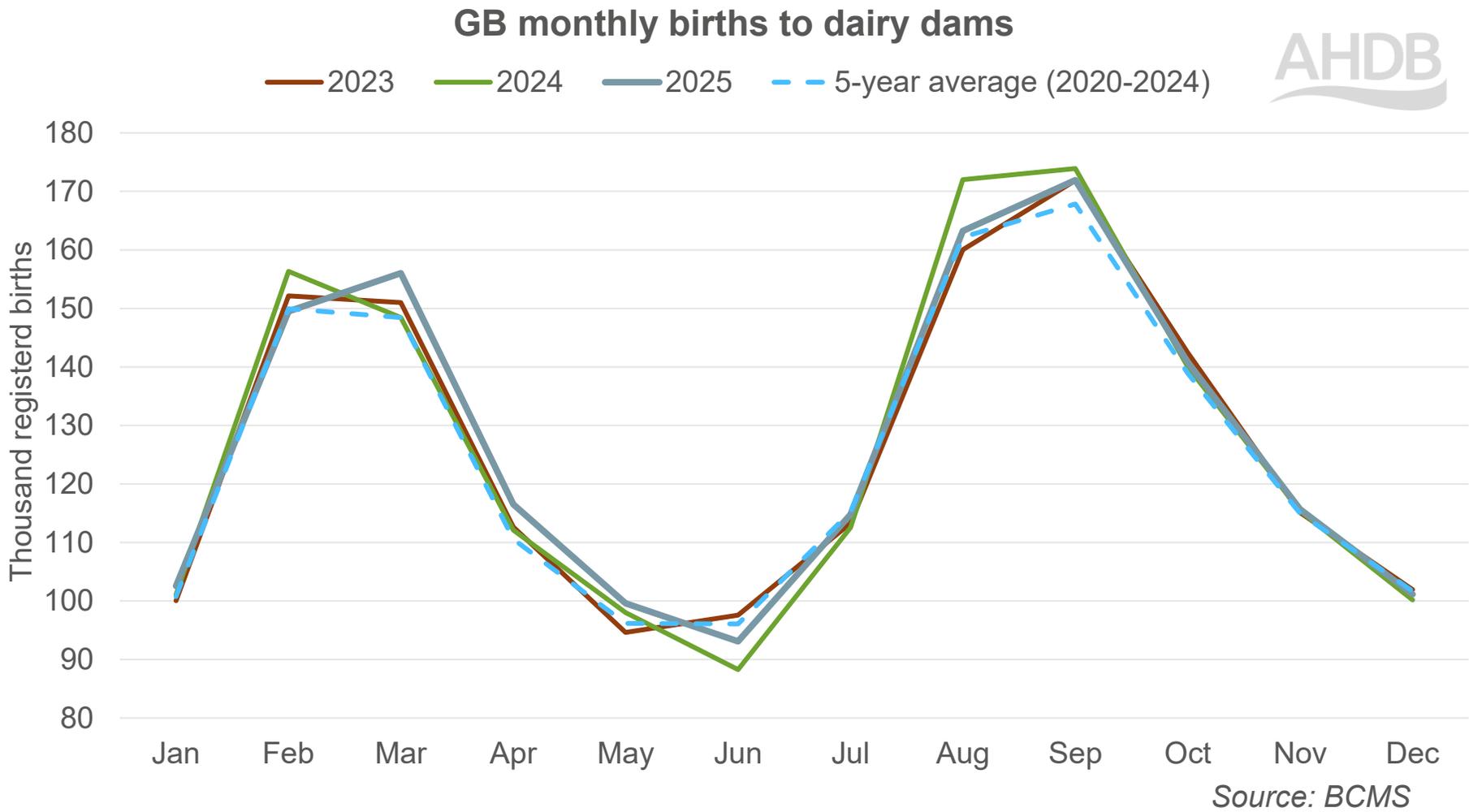
- BCMS numbers show milking herd size as of Jan 26 had fallen to 1.6mn head
 - -1.3% decline year-on-year
- Youngstock levels continue to decline



Fewer cows – and fewer heifers in the pipeline



2025 showed a little less of a shift towards Autumn calving

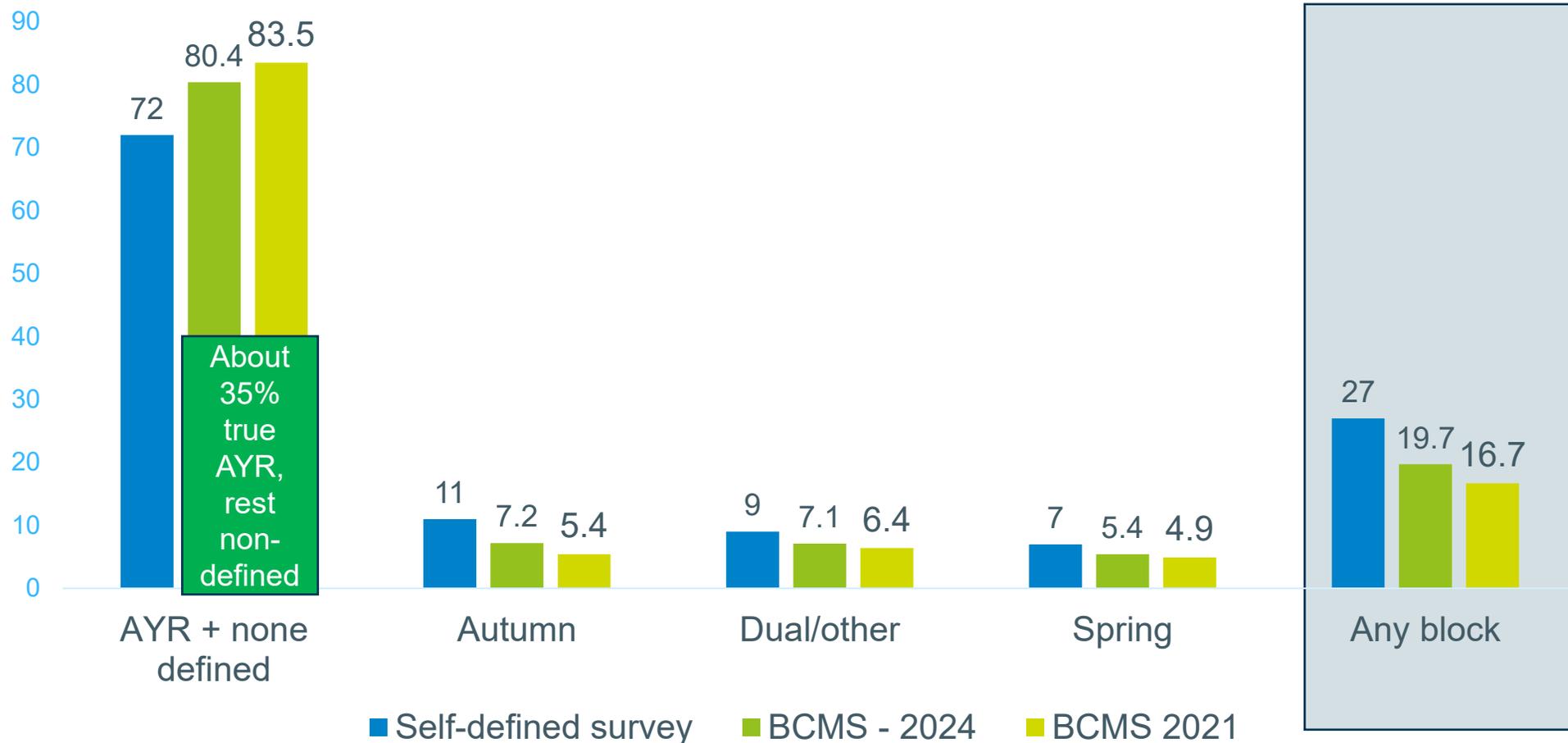


- Was spring calving slightly later?
- Births to dairy dams in Q4 2025 increased YOY by 0.6%
- Increase recorded in all quarters of 2025 except Q3.
- Over the past 12 months (Jan-Dec 25), registrations out of the dairy herd were up 0.4%, year on year

Source: BCMS

More farmers self-define as block calvers than fit within a tight definition

Calving patterns – self defined vs BCMS

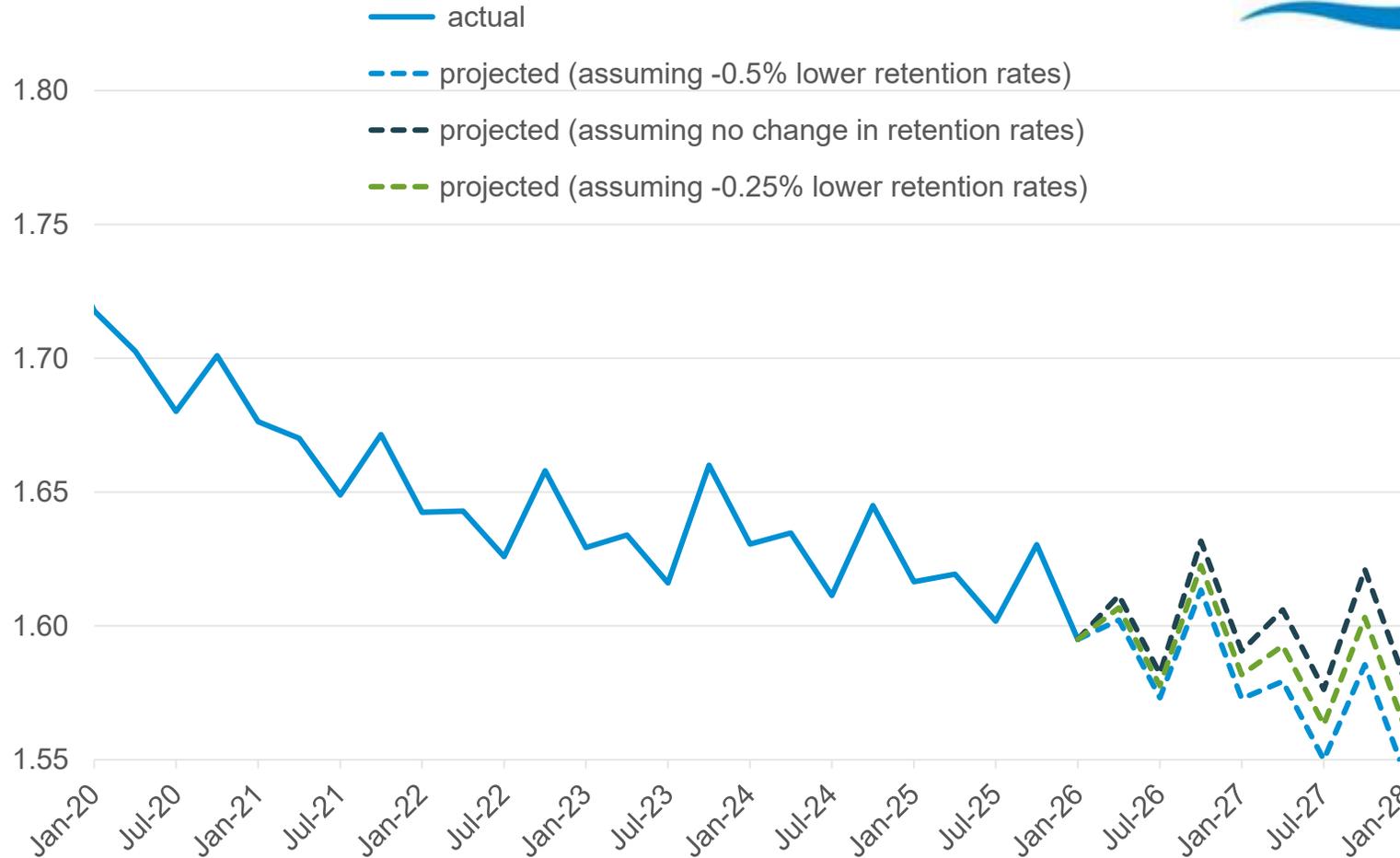


Source: AHDB survey 2025, BCMS

Herd size expectation – declines will continue

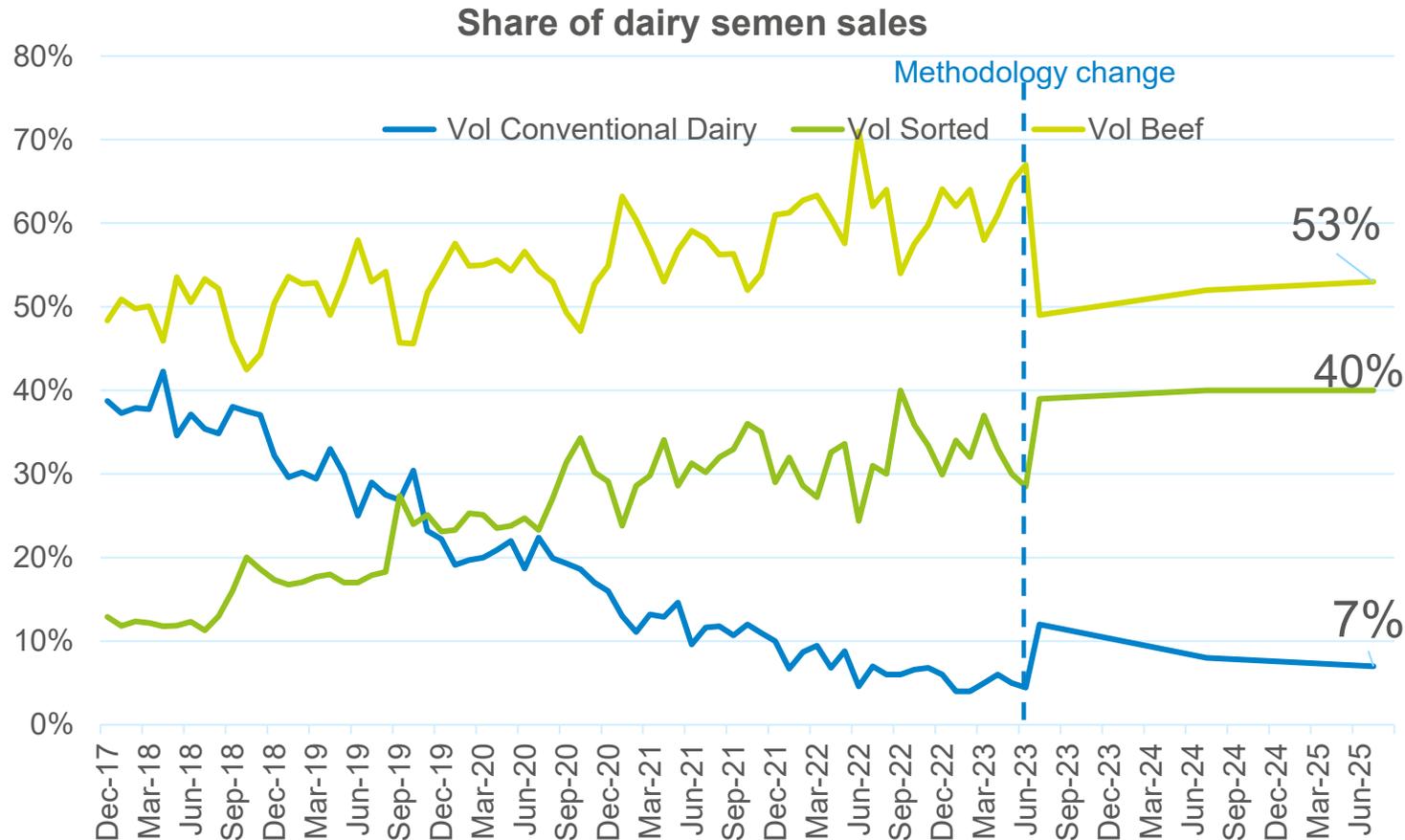


GB dairy herd (2 years and over)



- Based on predicted herd numbers on current BCMS figures and 3 - year average retention rates
- Herd size will stabilise if retention rates return to average or above
- Herd size will decrease if retention rates run 0.25% and 0.5% below average

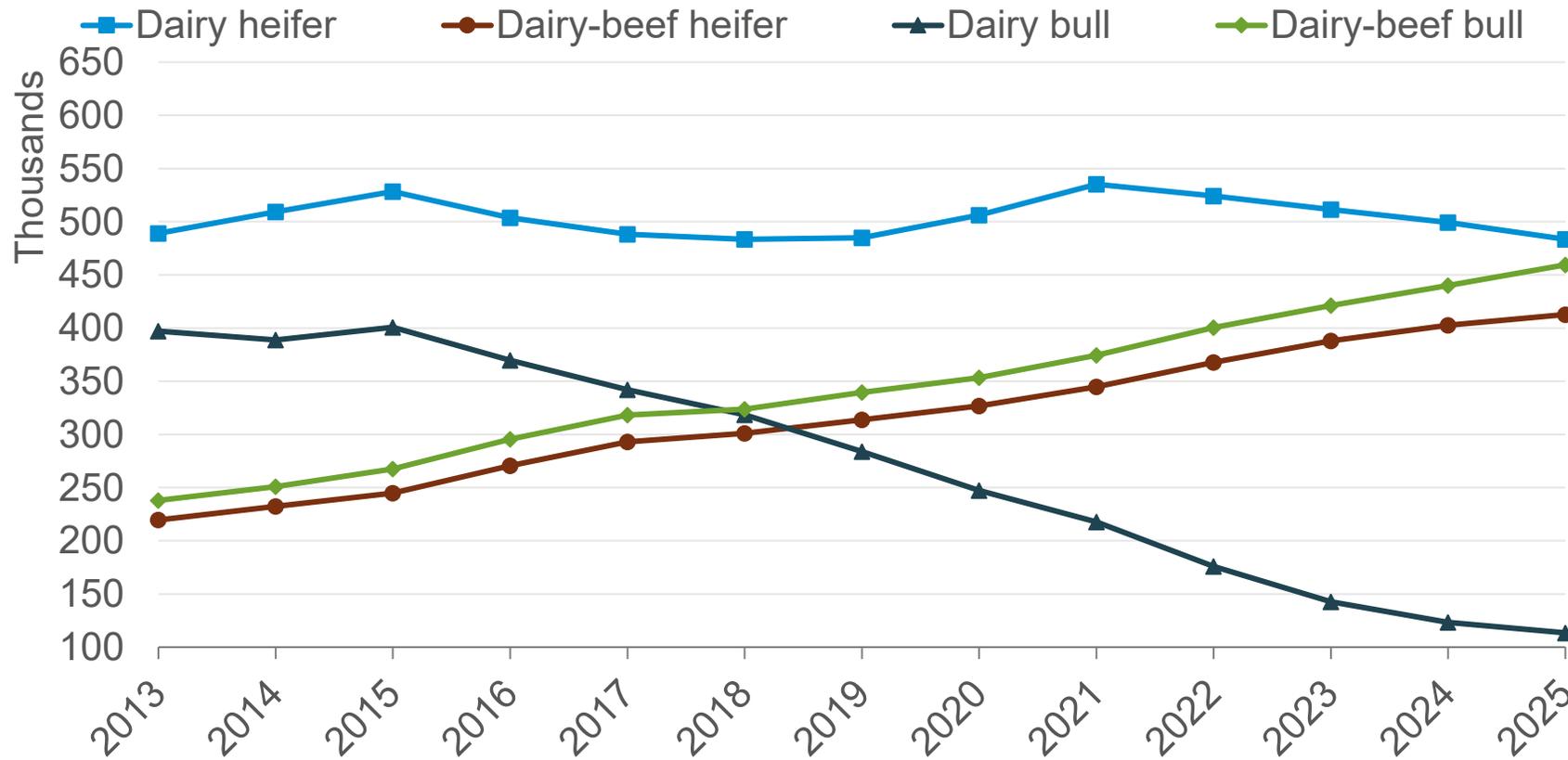
Trend towards dairy beef continues in semen sales



- Using annualised data after 2023
- Sexed semen use has plateaued at 84% of dairy semen (up from 76% in 2023)
- Beef semen at 52.8% (from 49.0% 2023)
- Sexed beef semen has grown to 4.1% of beef semen (from 1.2% in 2023)

And borne out in GB calf registrations

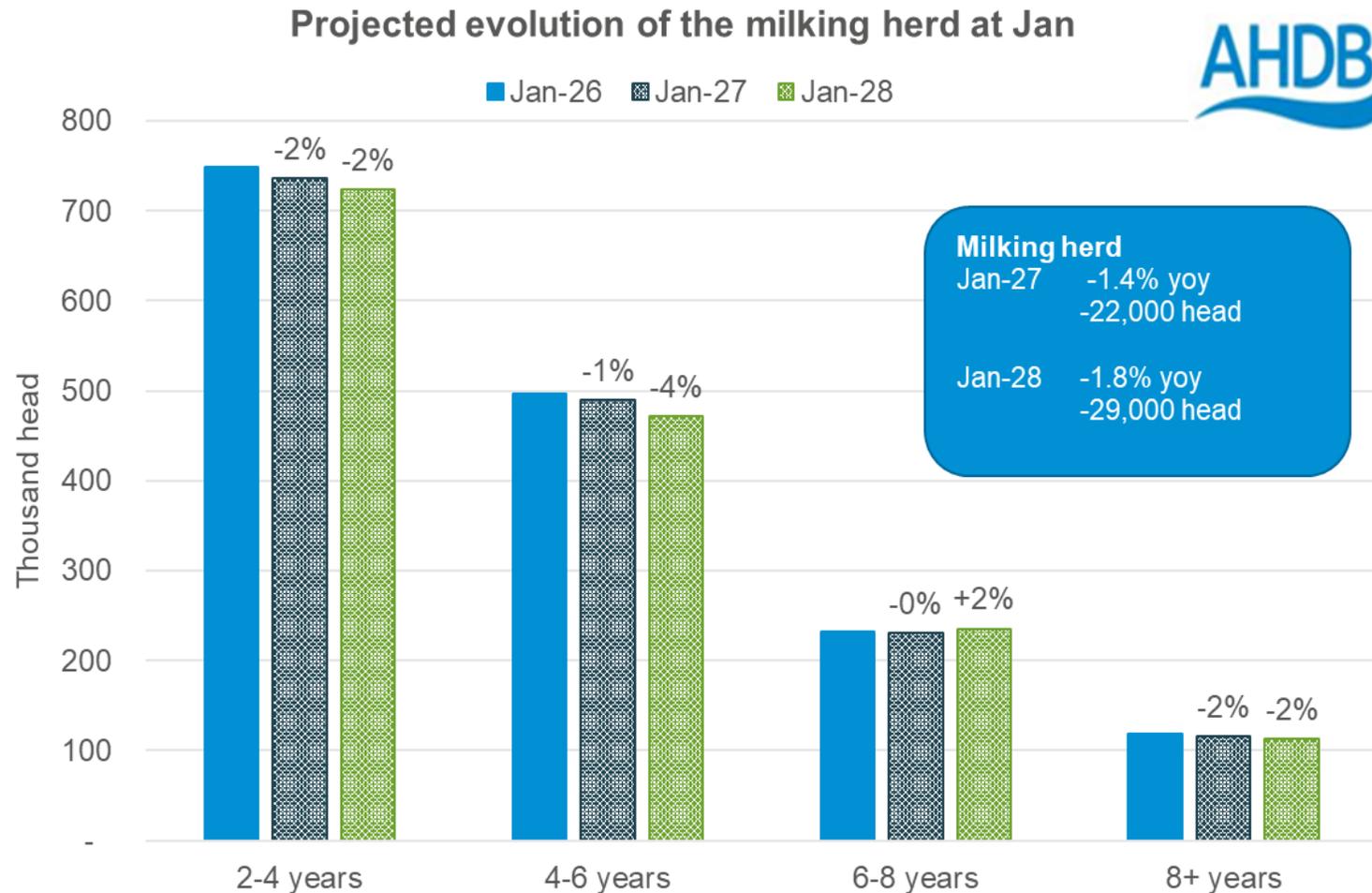
GB calf registrations by type, annual



2025 vs 2024

- 2.51 million calf registrations in 2025 (-1% YoY)
- Suckler beef -2% YoY
- Dairy beef +4% YoY
- Dairy bulls -8% YoY

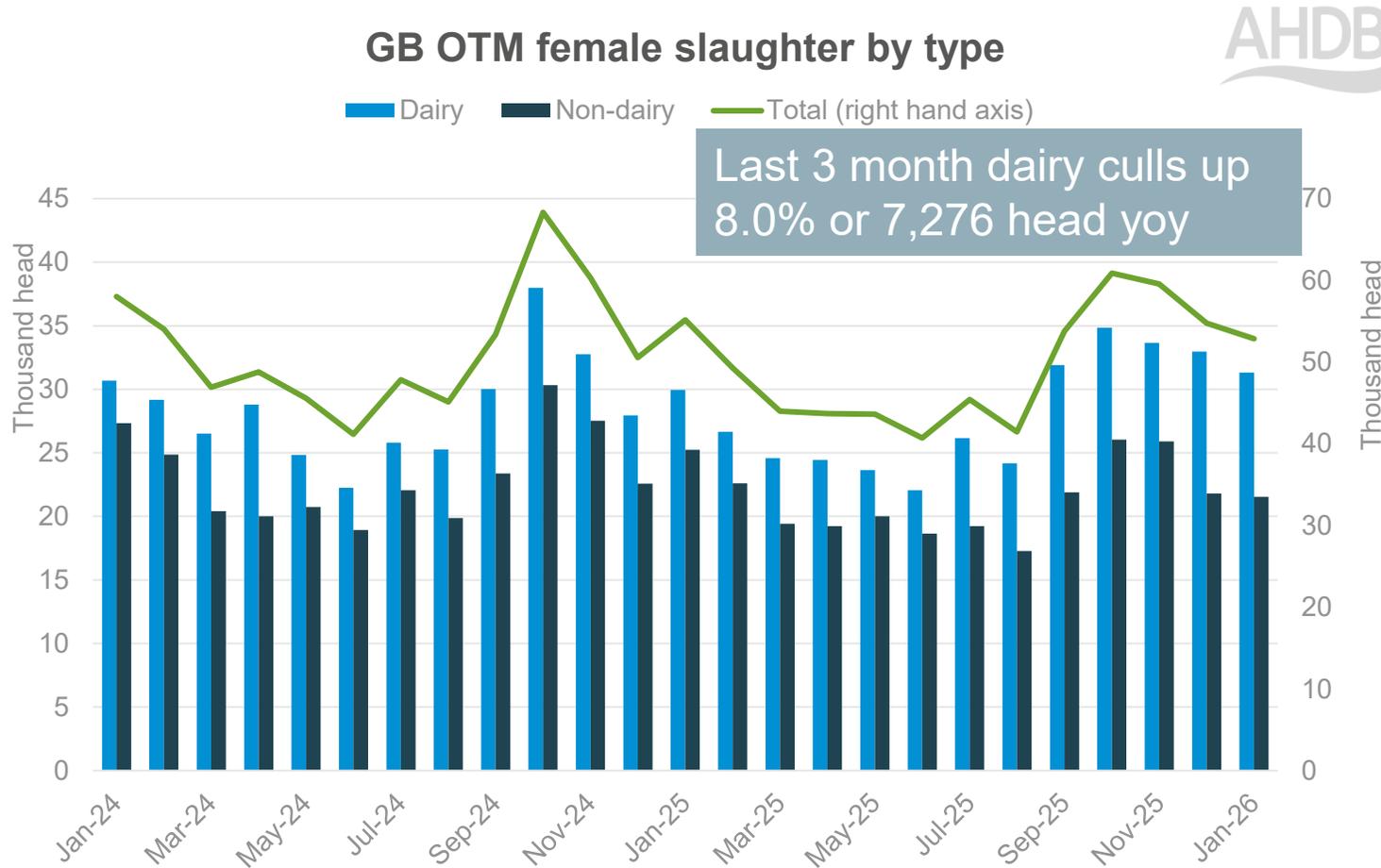
Future age structure of herd



Source: BCMS, AHDB

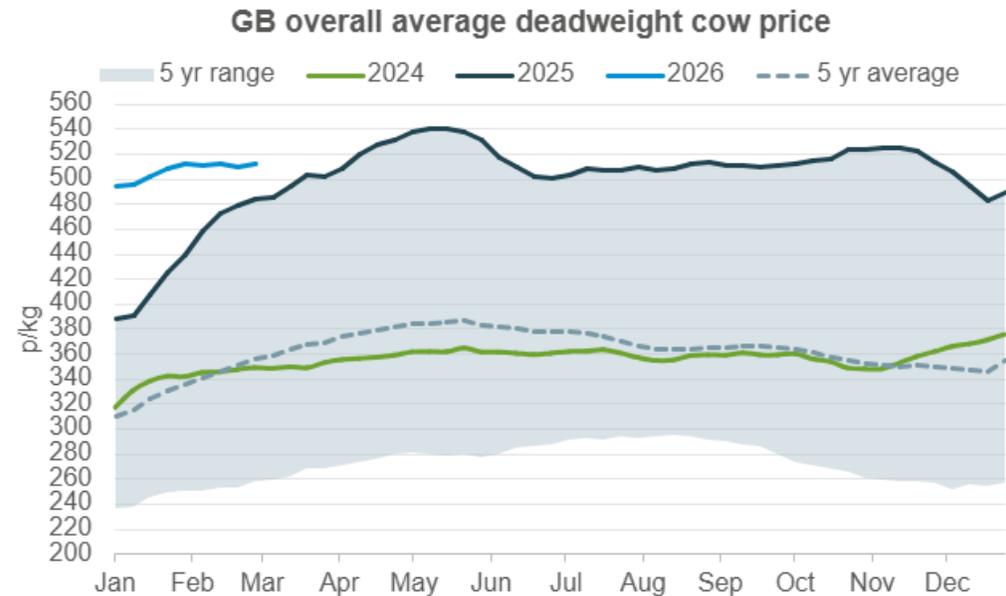
- Using current projections of -0.5% retention rate, all age groups will continue to decline in 2027 except 6-8 yrs.
- **Is this a reasonable expectation?**
- **Where will the heifer replacements come from?**

Dairy making up a greater proportion of cow slaughter



Source: BCMS, AHDB calculations

Cow prices remain high, up by 6% against February 2025 elevated prices (50% up on 5 year average)



Source: AHDB

Herd size discussion

- Some of the youngstock boom of 2021/22 will now be on their fourth lactation. What will happen now they are ageing through. Availability of replacement heifers?
- Will the declines in the milking herd continue? Not seeing huge culling? Is income from calf/cull sales enough to keep margins, ok?
- Is herd size still a key driver given 2025? Seen huge yield gains despite lower numbers
- Mixed evidence on block calving? Is the shift to Autumn continuing? Any evidence of BTV affecting calving patterns as seen on continent?

Milk supply control measures

1. Reductions in milk prices
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Tuesday 17 March 2026

Feed outlook: Grain market update

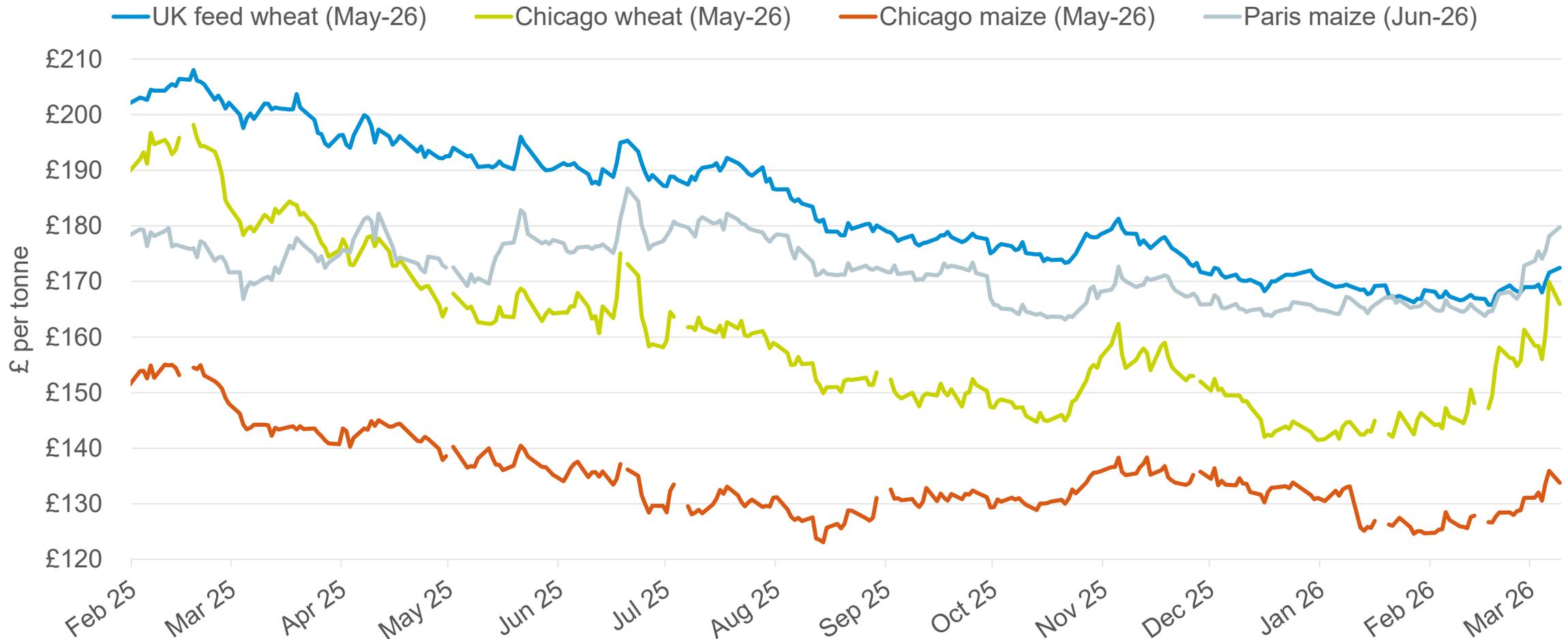
Anthony Speight, Senior Analyst (Cereals & Oilseeds)



Global markets



Feed grain futures remain under pressure



Source: CME Group, ECB, Euronext, ICE.

2025/26 global grain supply and demand

Global production

= 2,378 Mt

+5.3% YoY



Global demand

= 2,344 Mt

+2.7% YoY

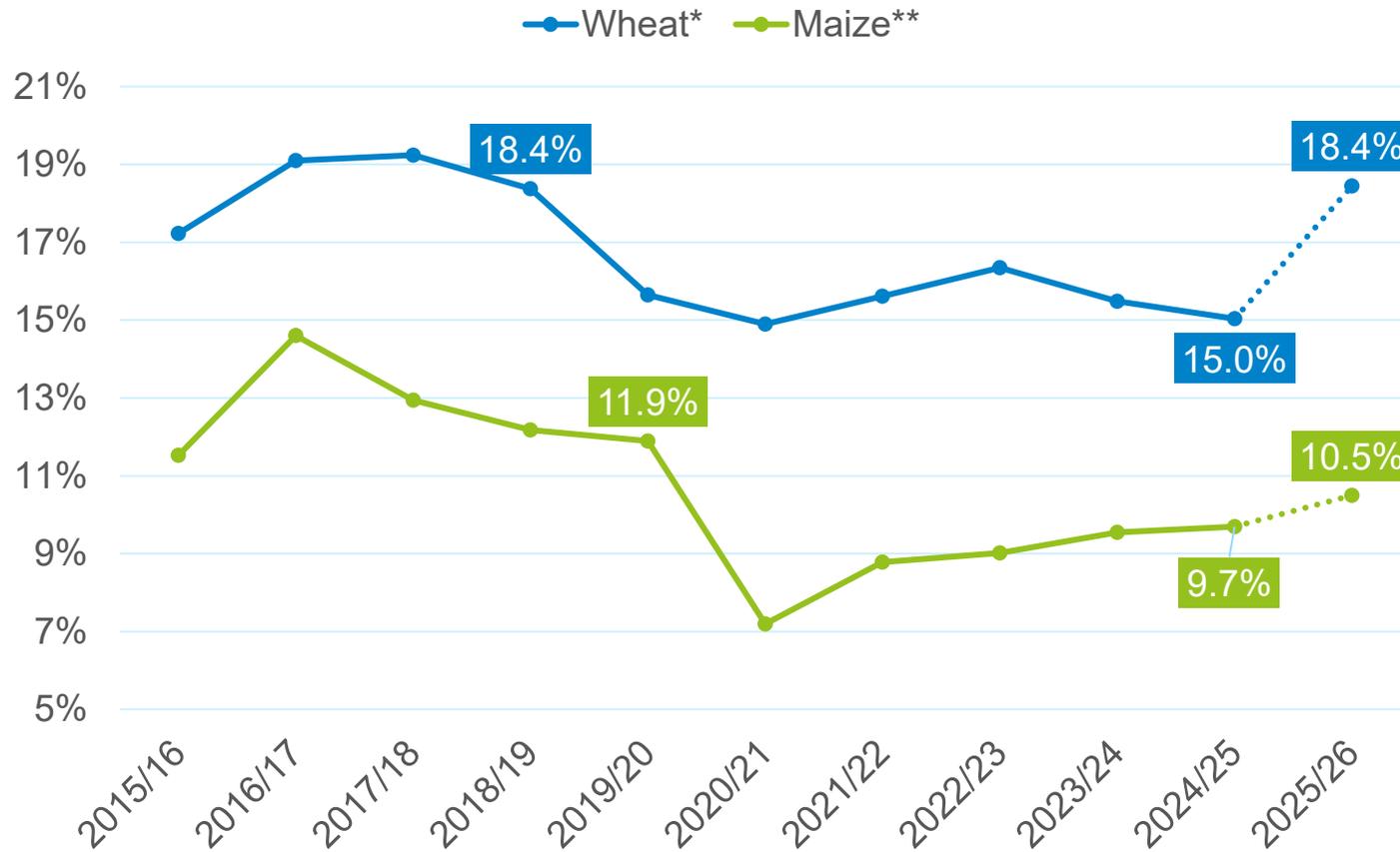
Substantial rise in
maize production

Strong
Southern Hemisphere
results so far

Animal feed driving
demand

Smaller rise expected for maize stocks

Major exporters' stocks as a % of domestic and export demand



Location



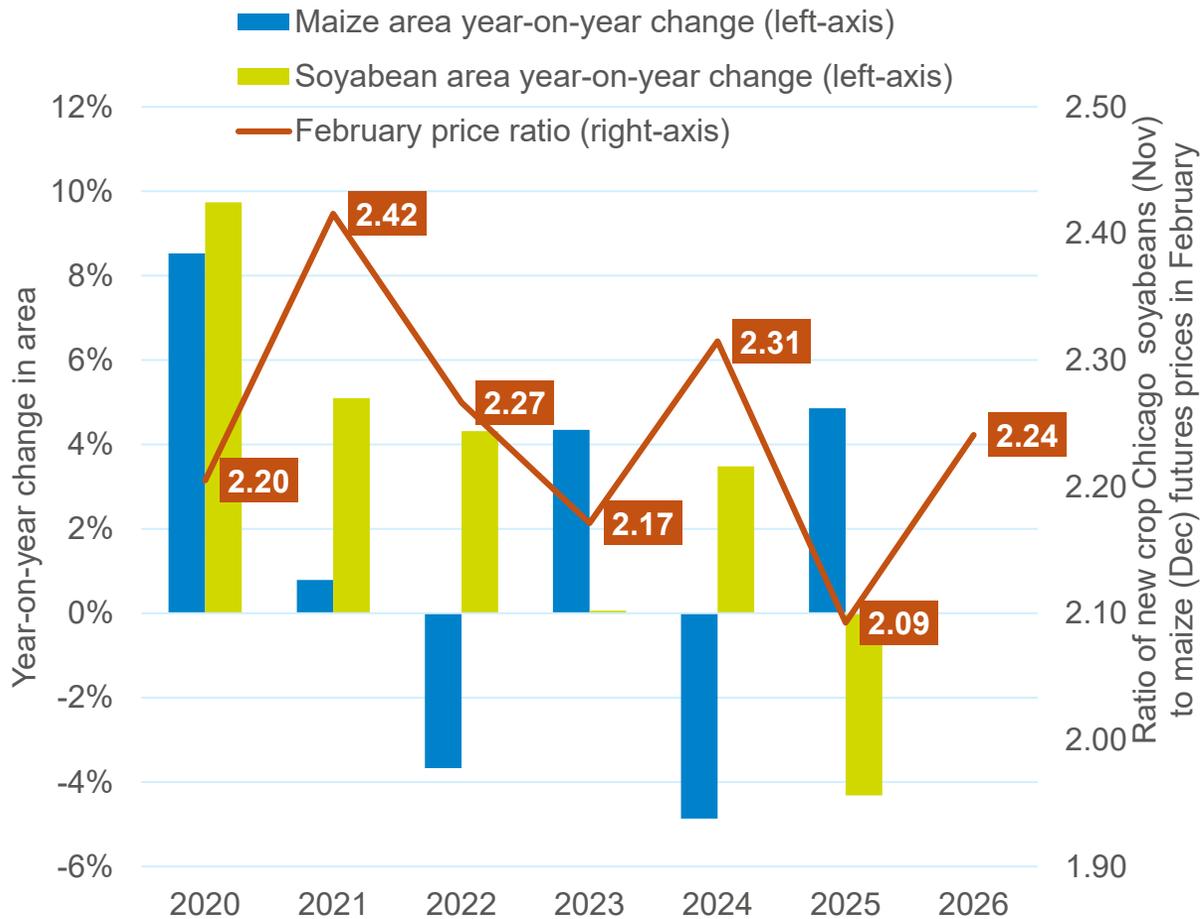
Rises for all major exporters



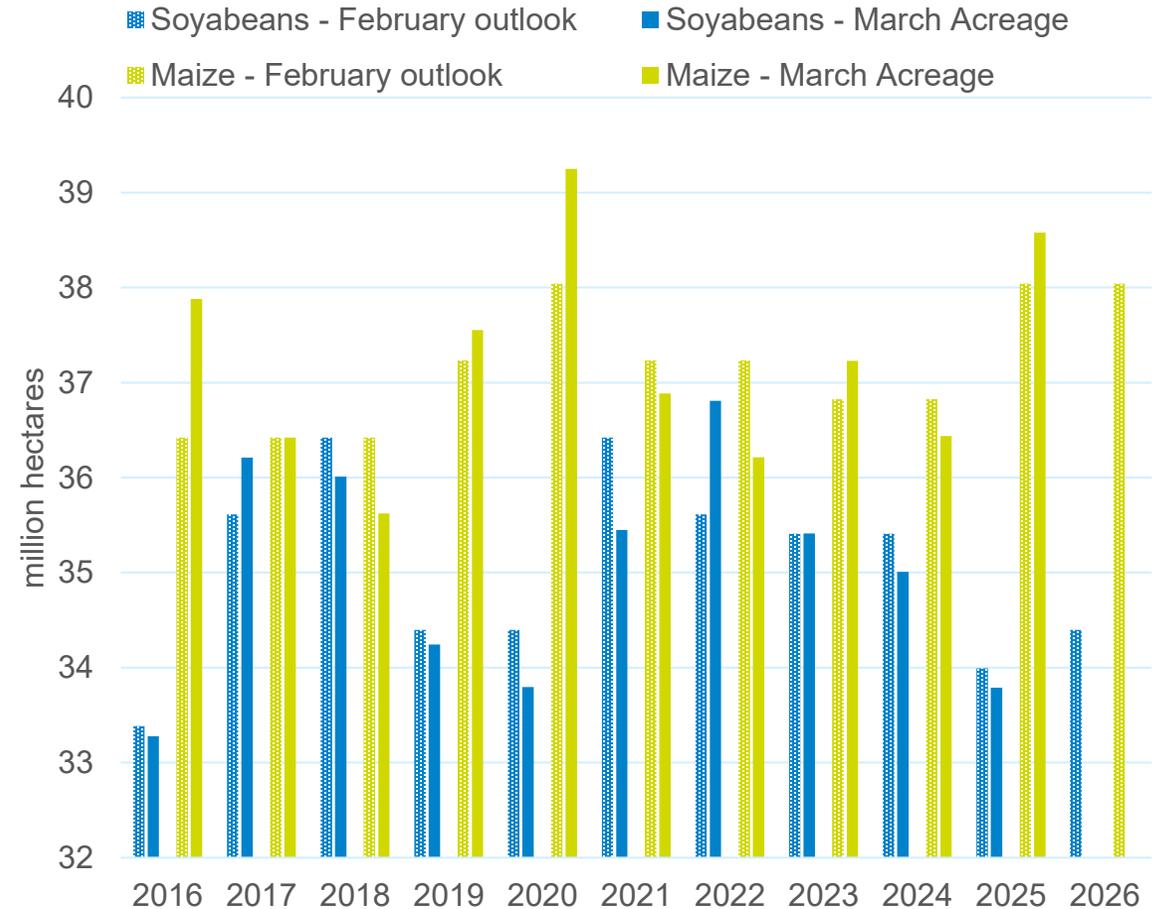
Rise mostly in the US

US area changes - could maize lose acres to soyabeans in 2026?

The new crop futures price ratio can shift US areas



US area intentions can vary from February to March



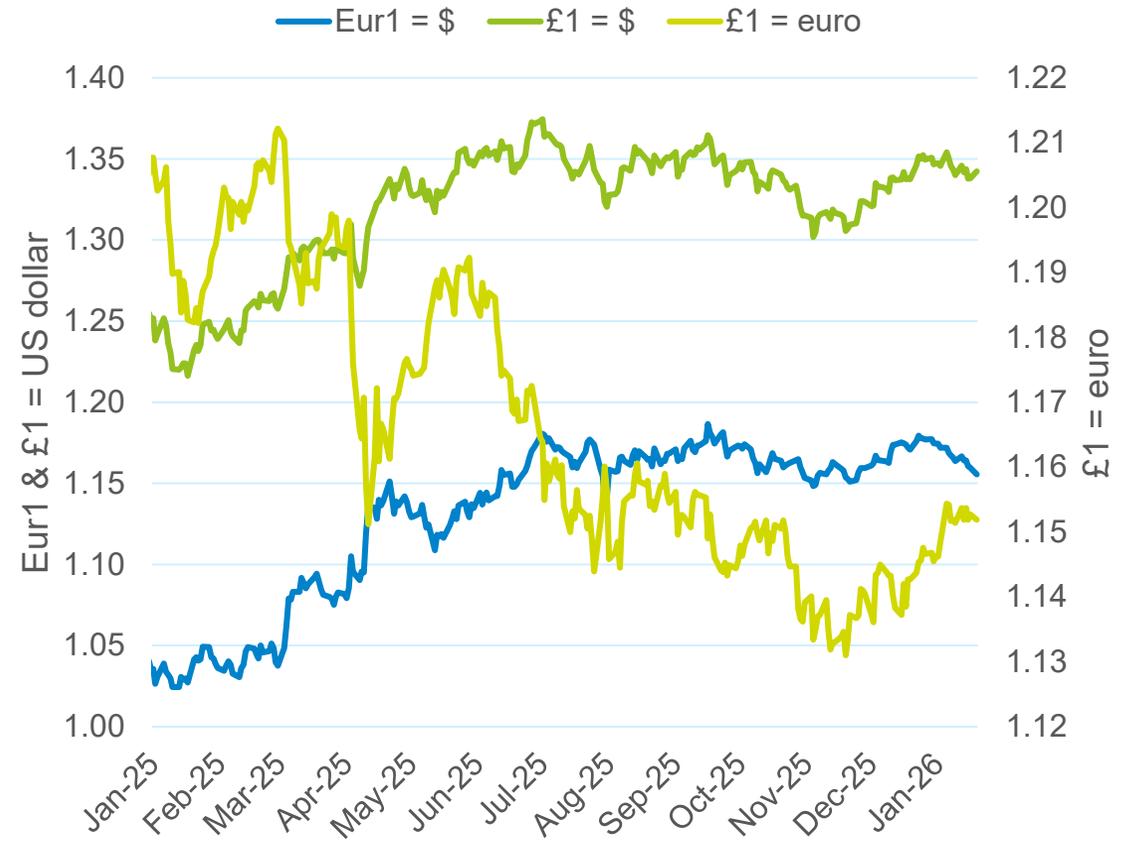
Geo-political influences

Nearby Brent crude oil futures



Source: ICE, ECB

US dollar weakness remains; sterling rises against the euro



Key watch points for grains



South
American
maize



Winter wheat
weather



US maize
area



Currency
shifts



Geo-political
situation

Domestic market



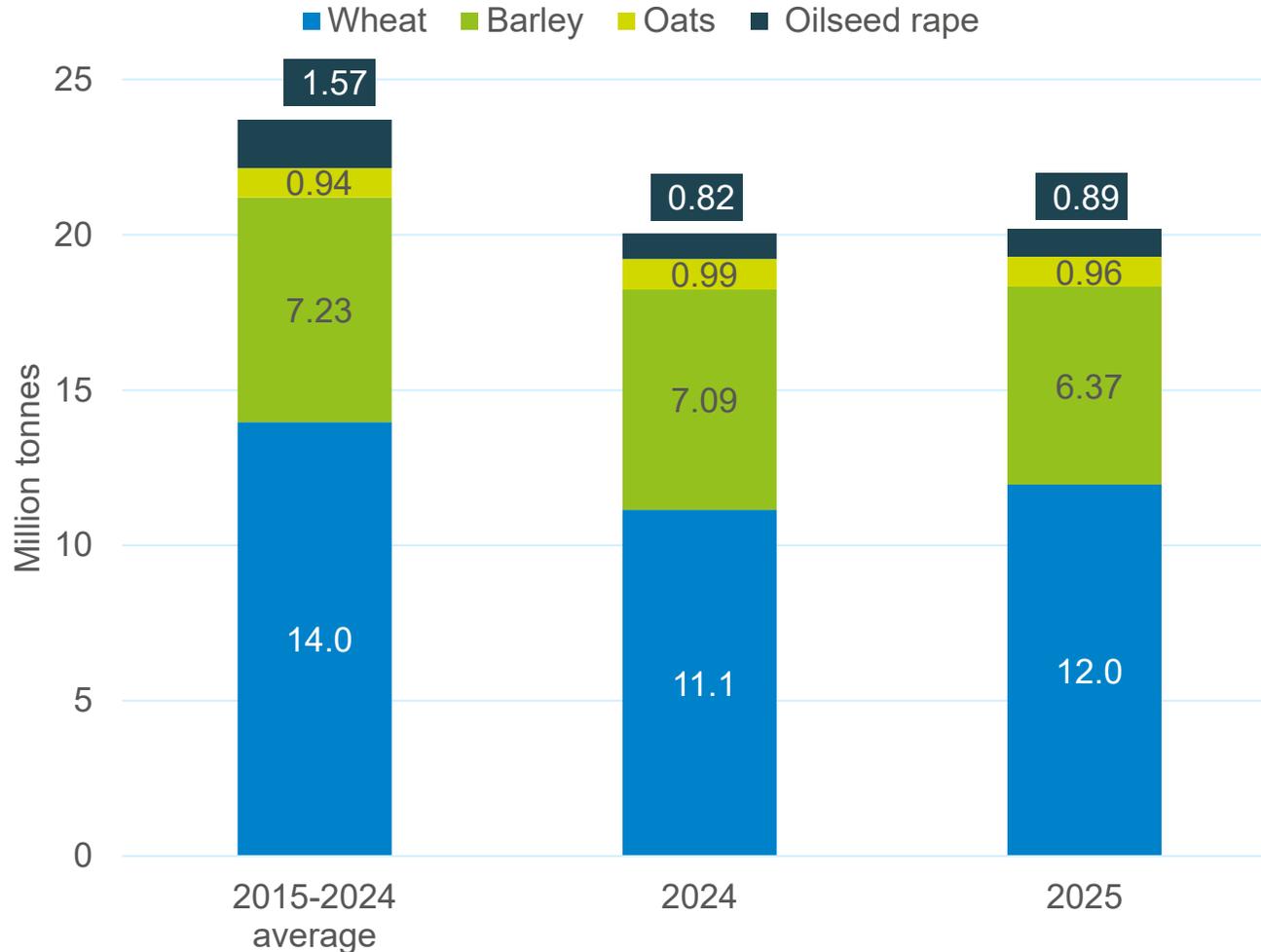
UK ex-farm prices remain near five-year lows

UK average ex-farm feed wheat prices (spot)

— Feed wheat — Feed barley



UK production remained low in 2025



Reduced bioethanol & malting demand



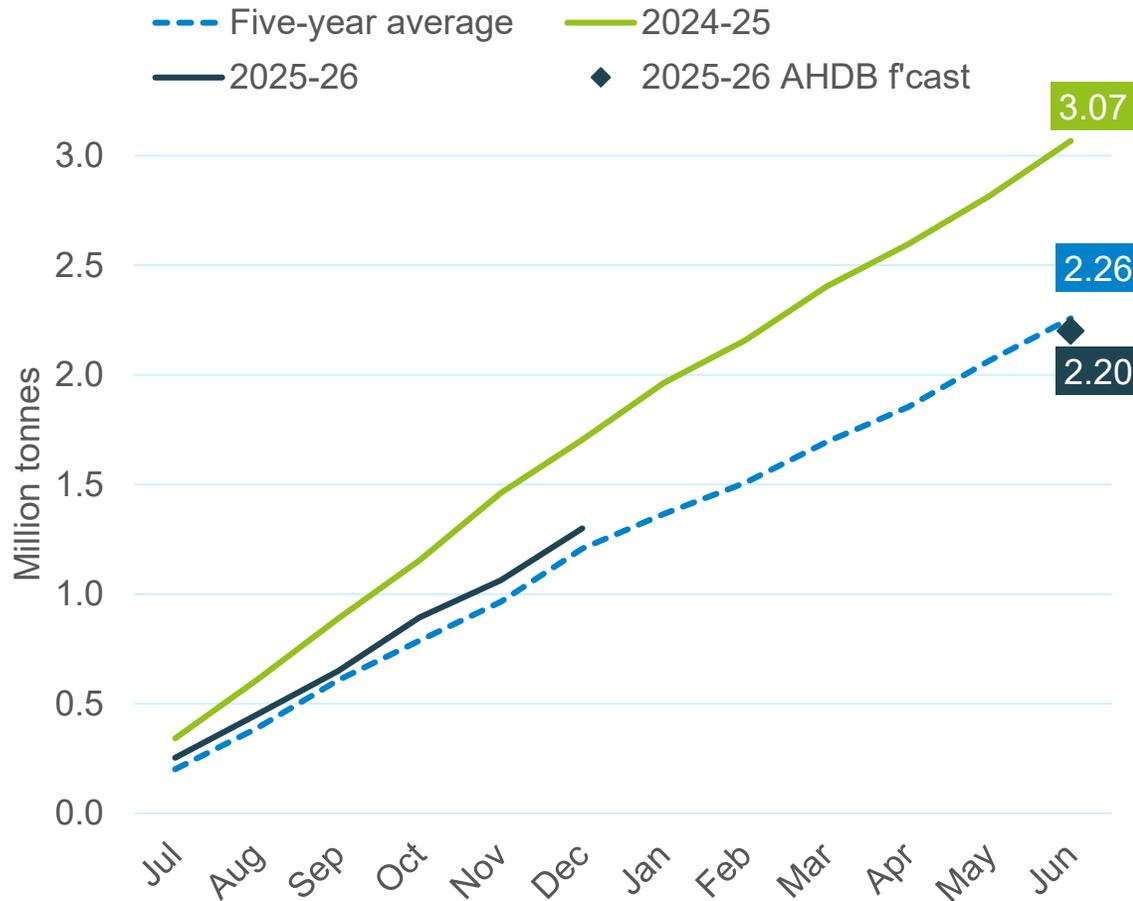
Stable animal feed demand



Good wheat but mixed barley quality

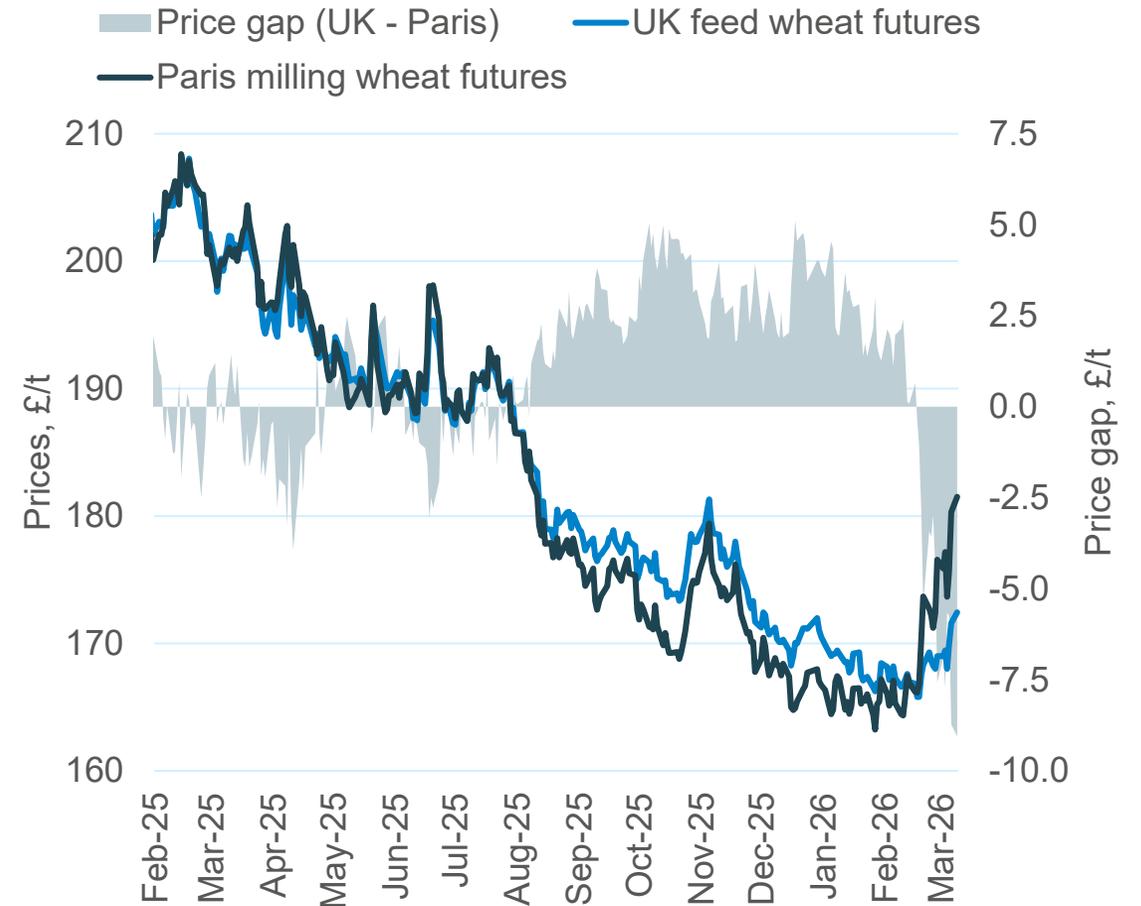
Until recently UK pricing to import

UK wheat imports



Source: HMRC, AHDB (Jan 2026)

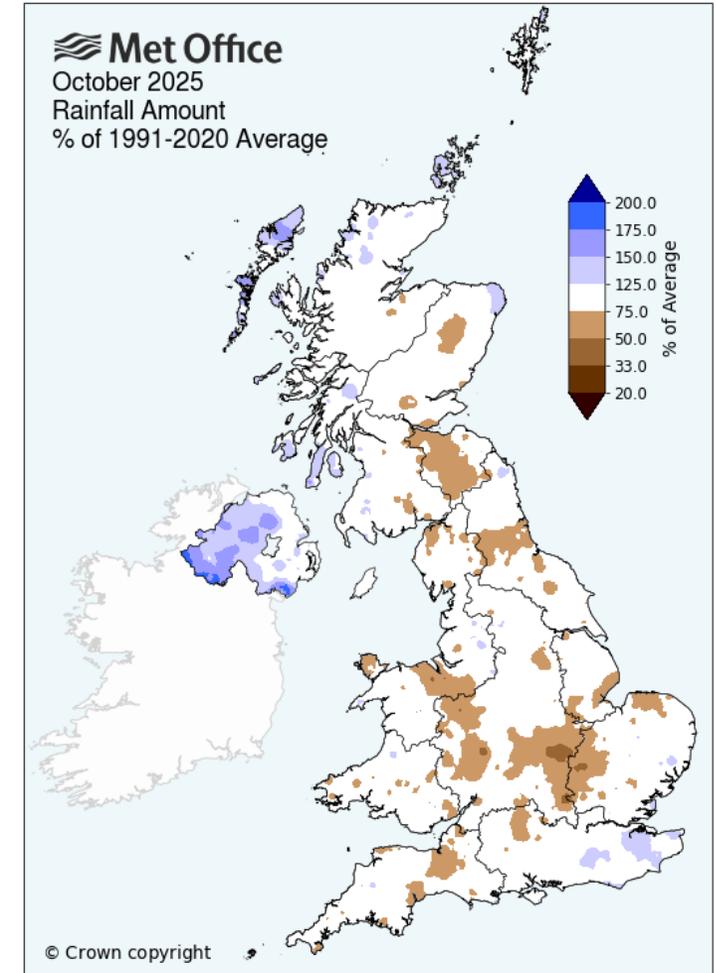
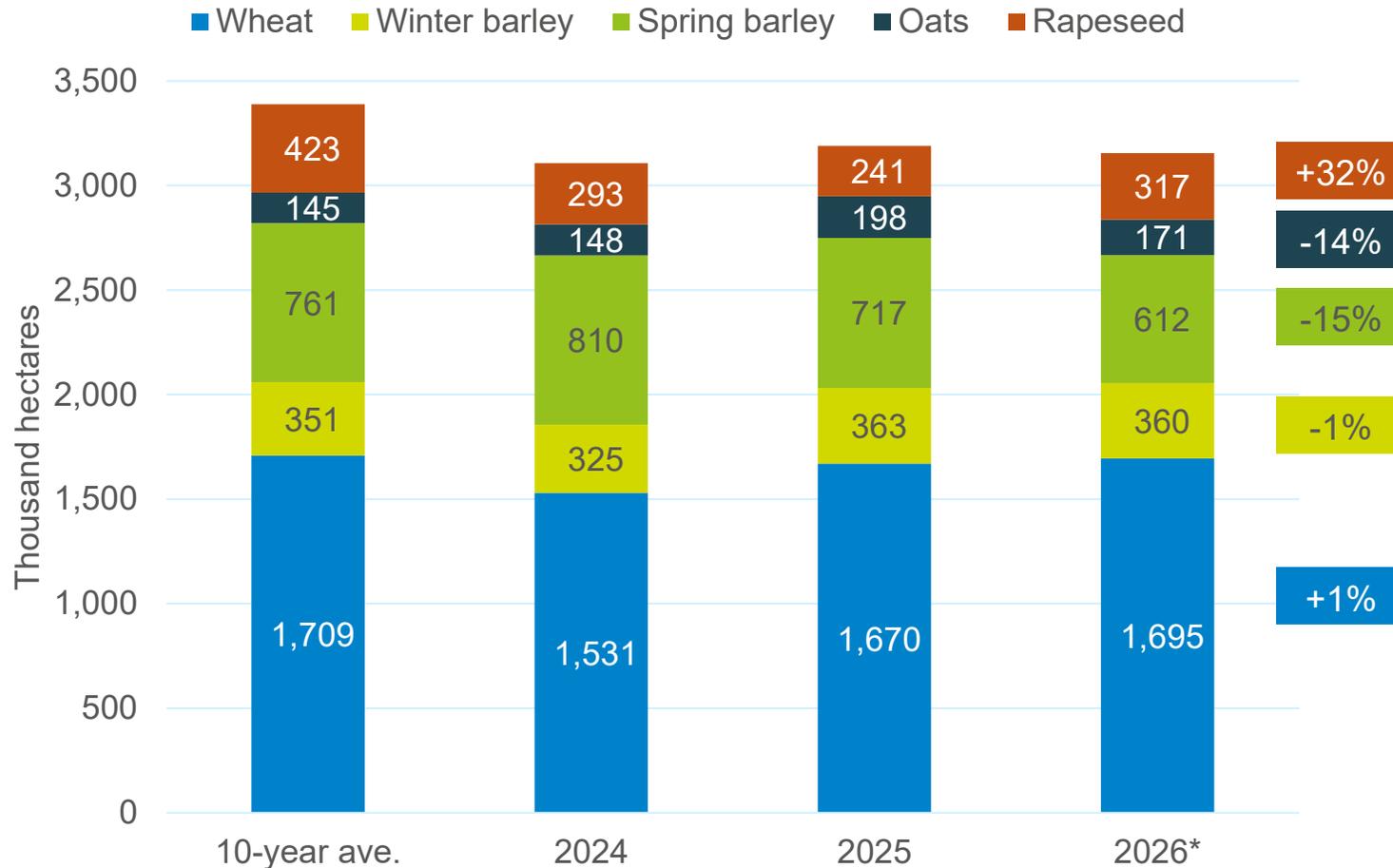
Futures prices for May-26



Source: ICE, Euronext, LSEG

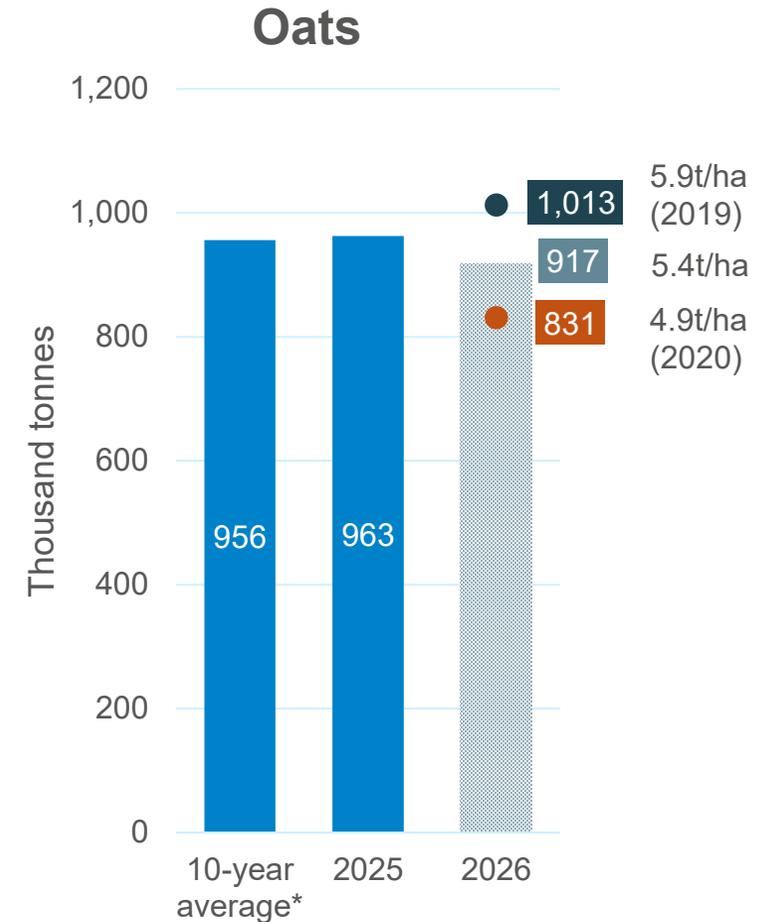
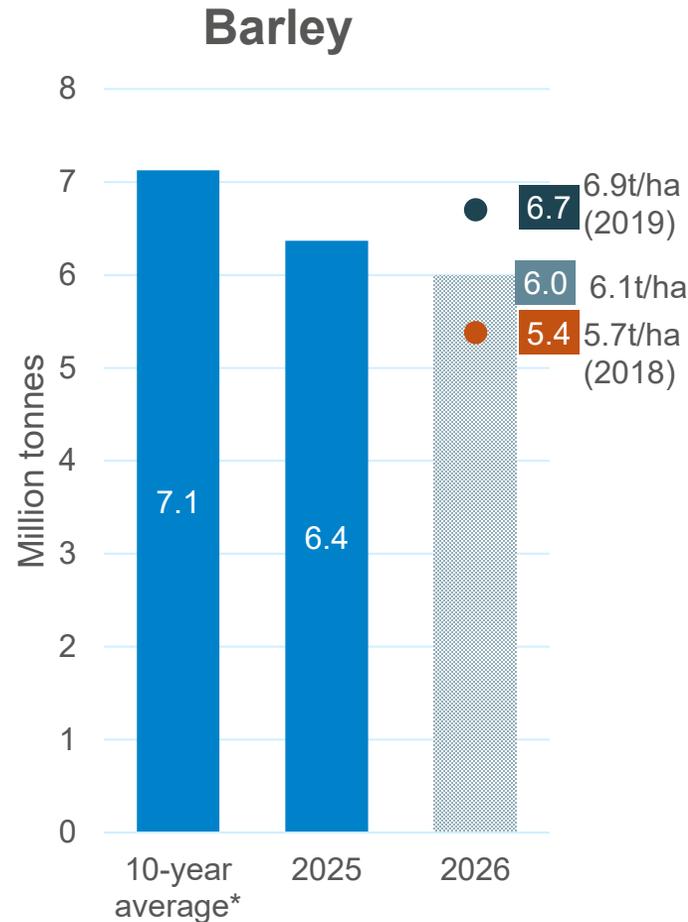
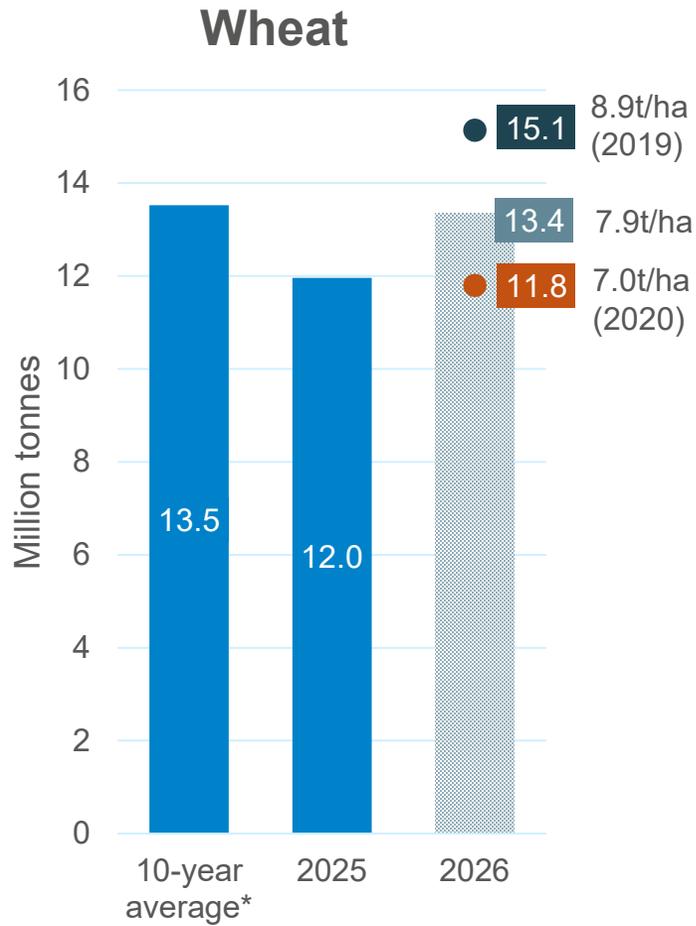
2026 area intentions

UK plantings and intentions as of early November



2026 cereal production scenarios

■ Production
 ■ Scenario B: 10-year average yield
 ● Scenario A: 10-year low yield
 ● Scenario C: 10-year high yield



Summary

Grain market

- Supplies remain comfortable
- Focus on Southern hemisphere crops and Black sea exports

UK focus

- Below average crop in 2025 keeps supplies tight
- Contrasts in demand
- Could we need to price to export in '26?

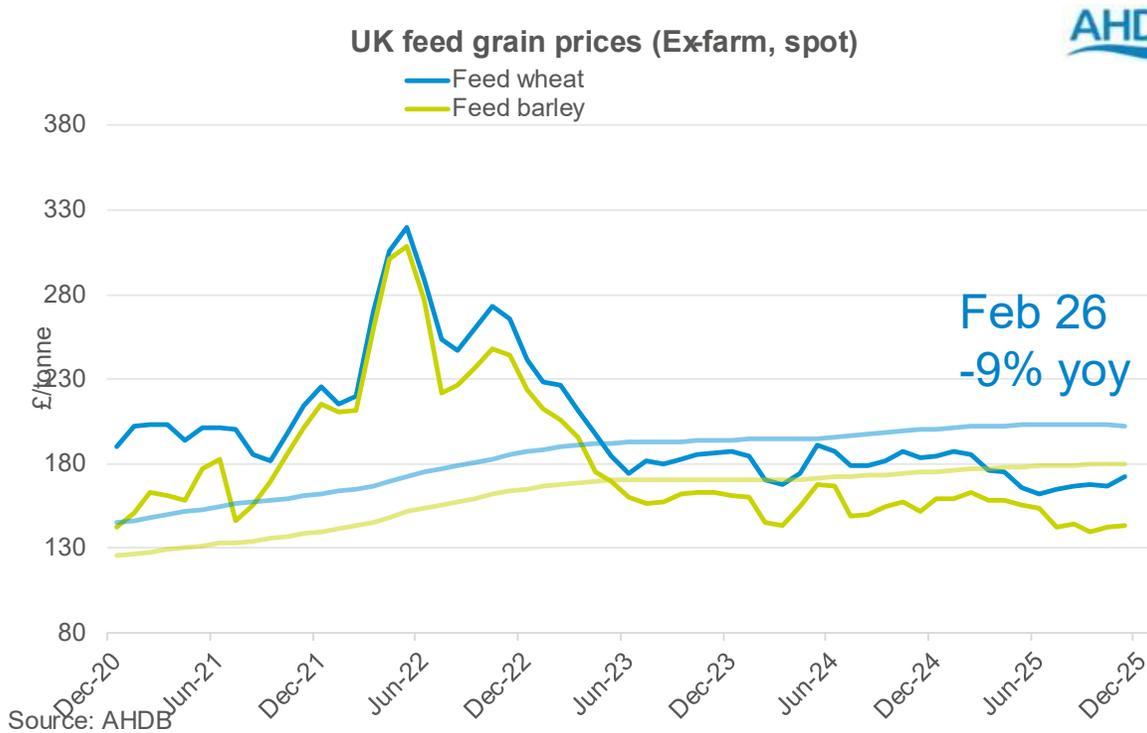
Thank you.
Any questions?

Anthony.Speight@ahdb.org.uk



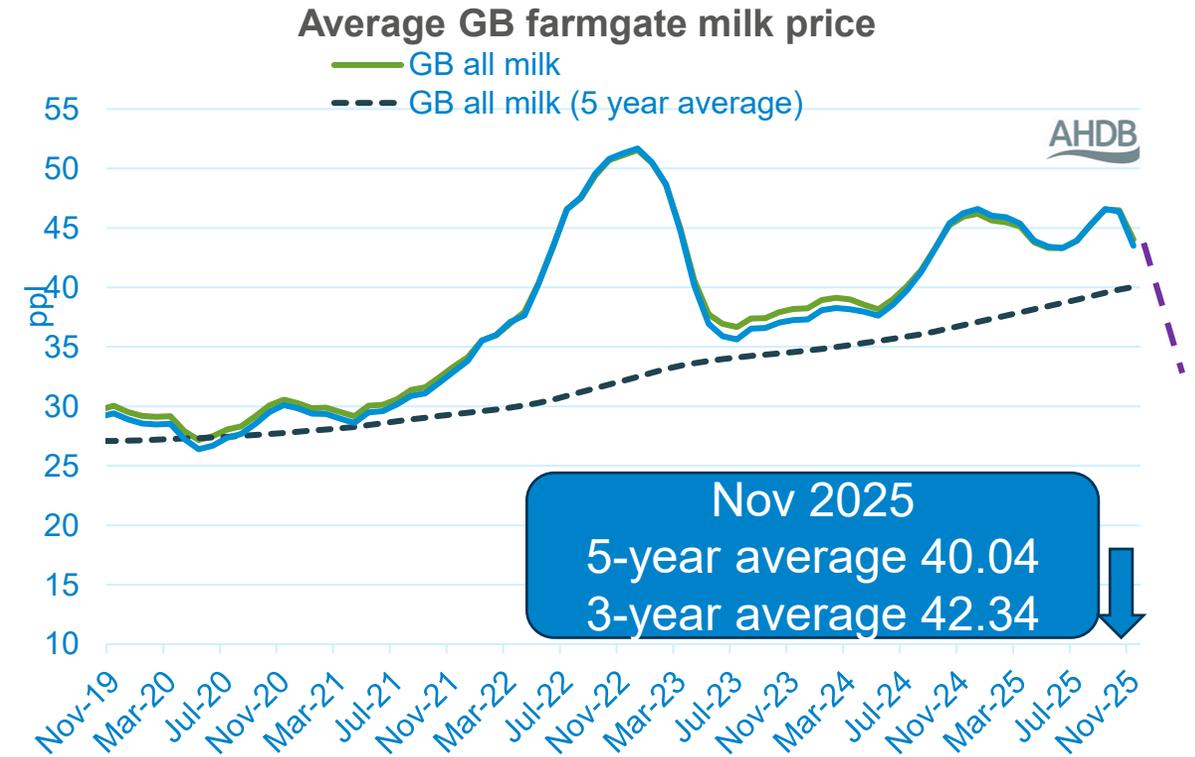
Compound feed remains cheap

Outlook for feed prices remains low



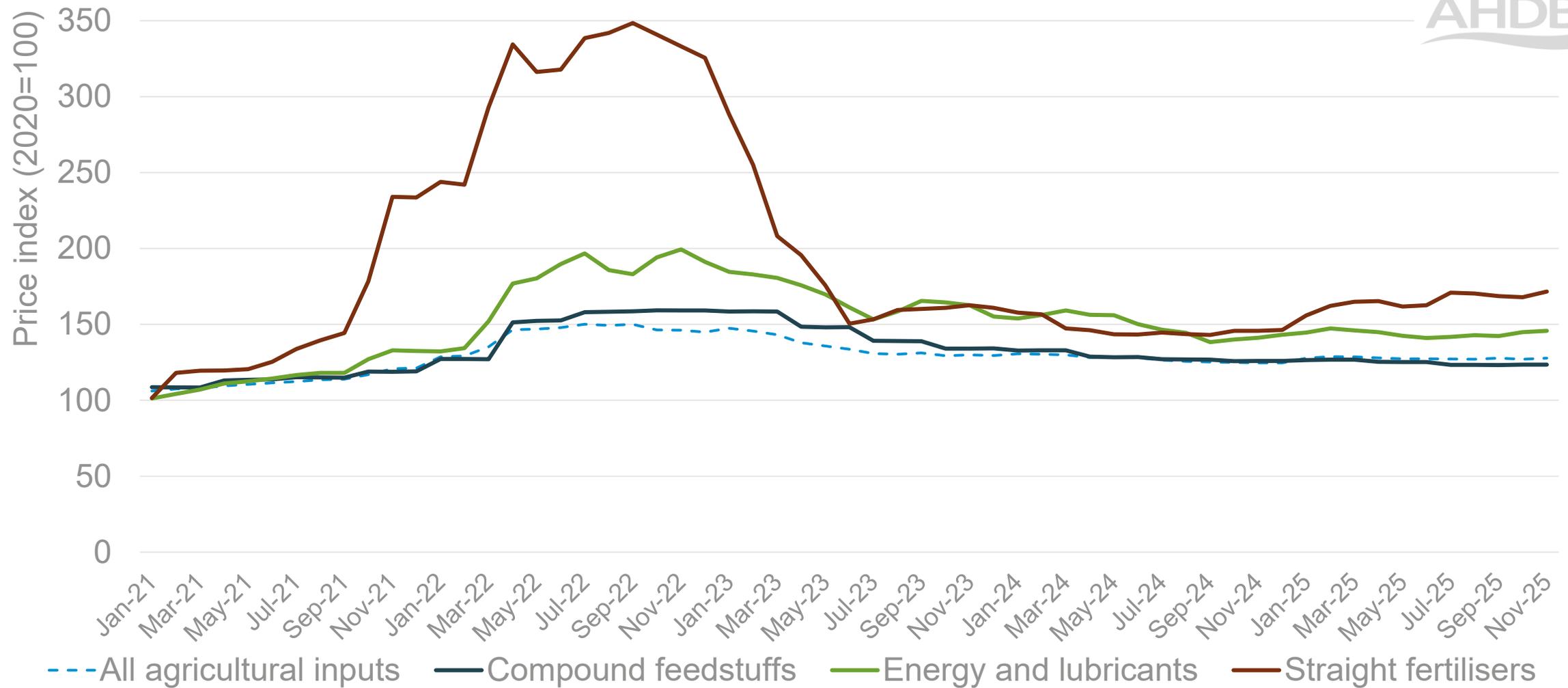
- What will war in Iran do to feed prices?
- In 3 months?
- In 9 months?

Milk prices will be about 10p short of the 3-year average



Source: Defra, RESAS, DAERA, AHDB

UK agricultural inflation: energy and fertiliser costs likely to grow



Along with hay, straw and labour

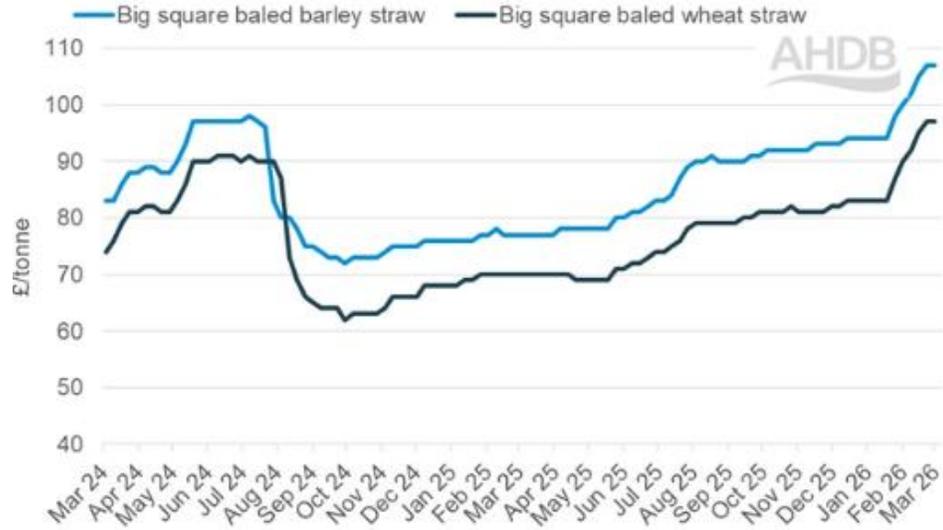
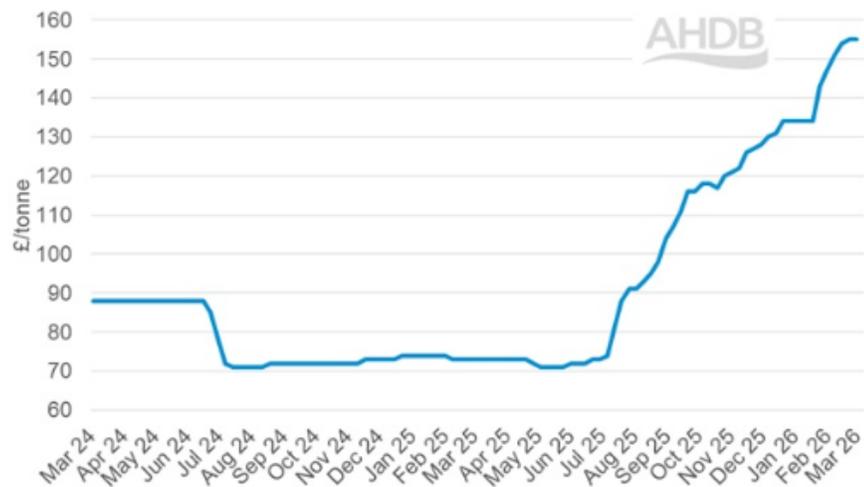
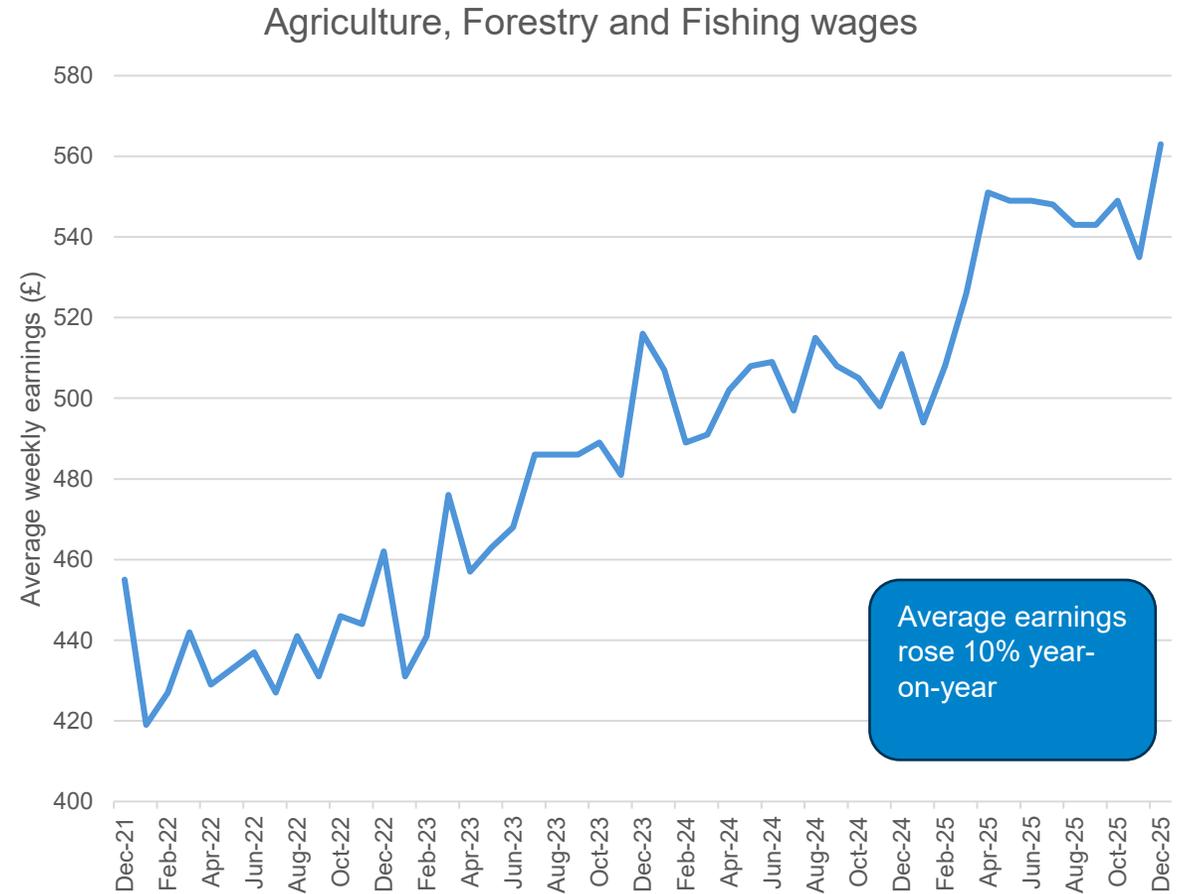


Figure 2. GB big bale hay prices (£/tonne)

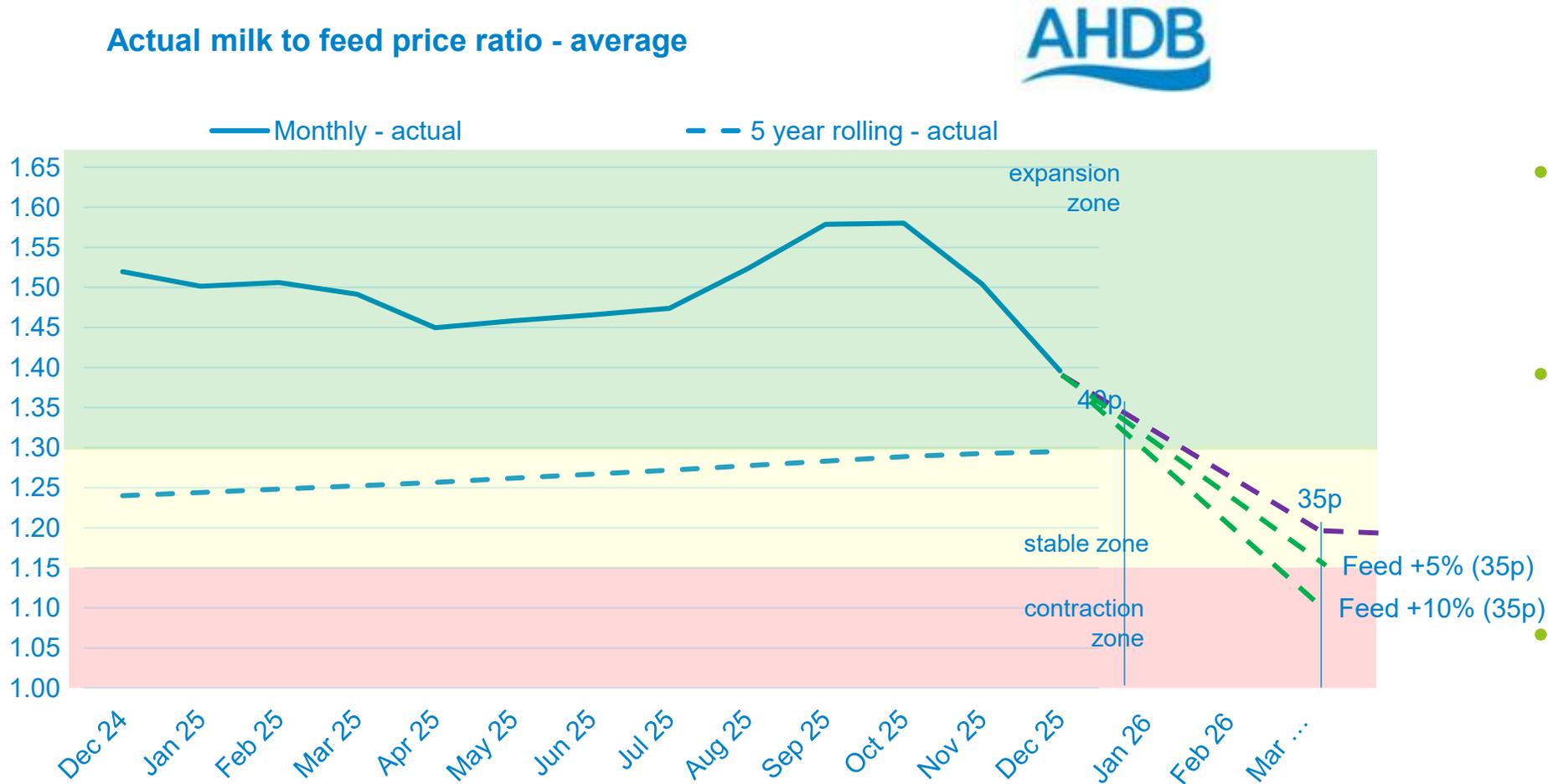


Source: British Hay & Straw Merchants Association



Average earnings rose 10% year-on-year

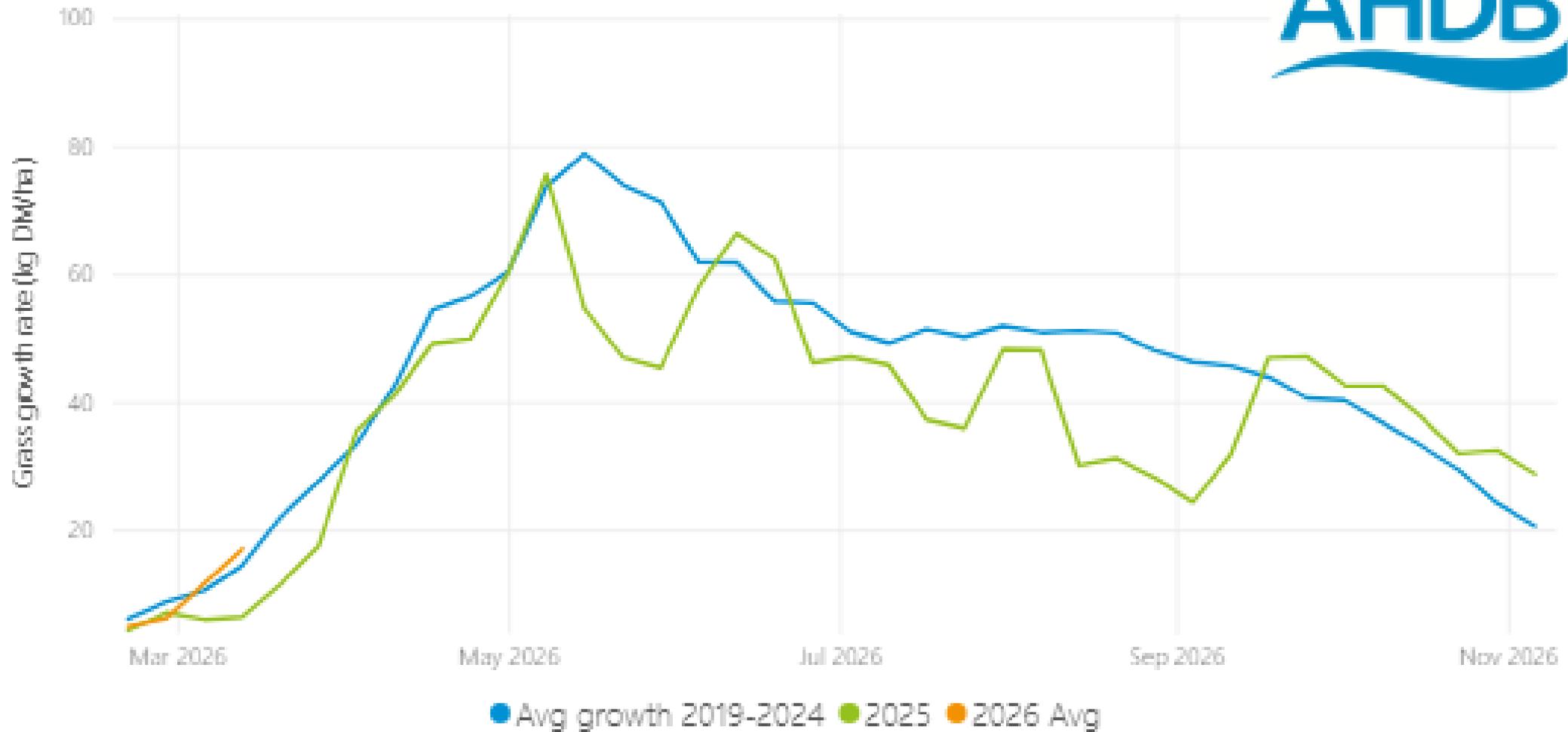
Milk volumes enter the contraction zone at 33.2pppl average at today's feed prices



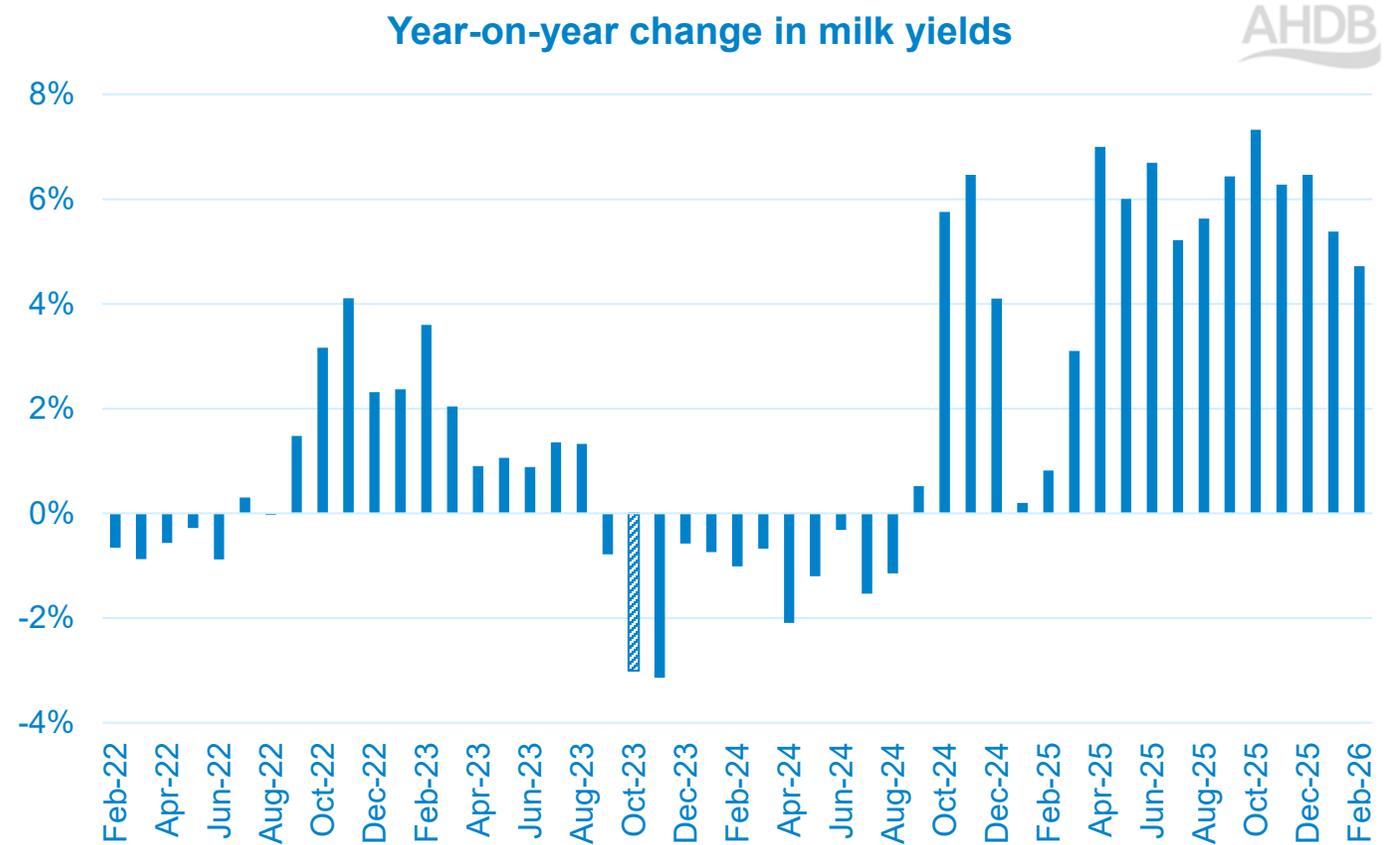
- If feed prices stay the same and milk prices stabilise should see supplies stabilise
- Some growth in feed prices could stimulate supply reduction
- In practise feed use may be baked in due to calving patterns in some instances
- Weather could also play a role

Grass growth has been well so far

Forage for knowledge - Seasonal grass growth data



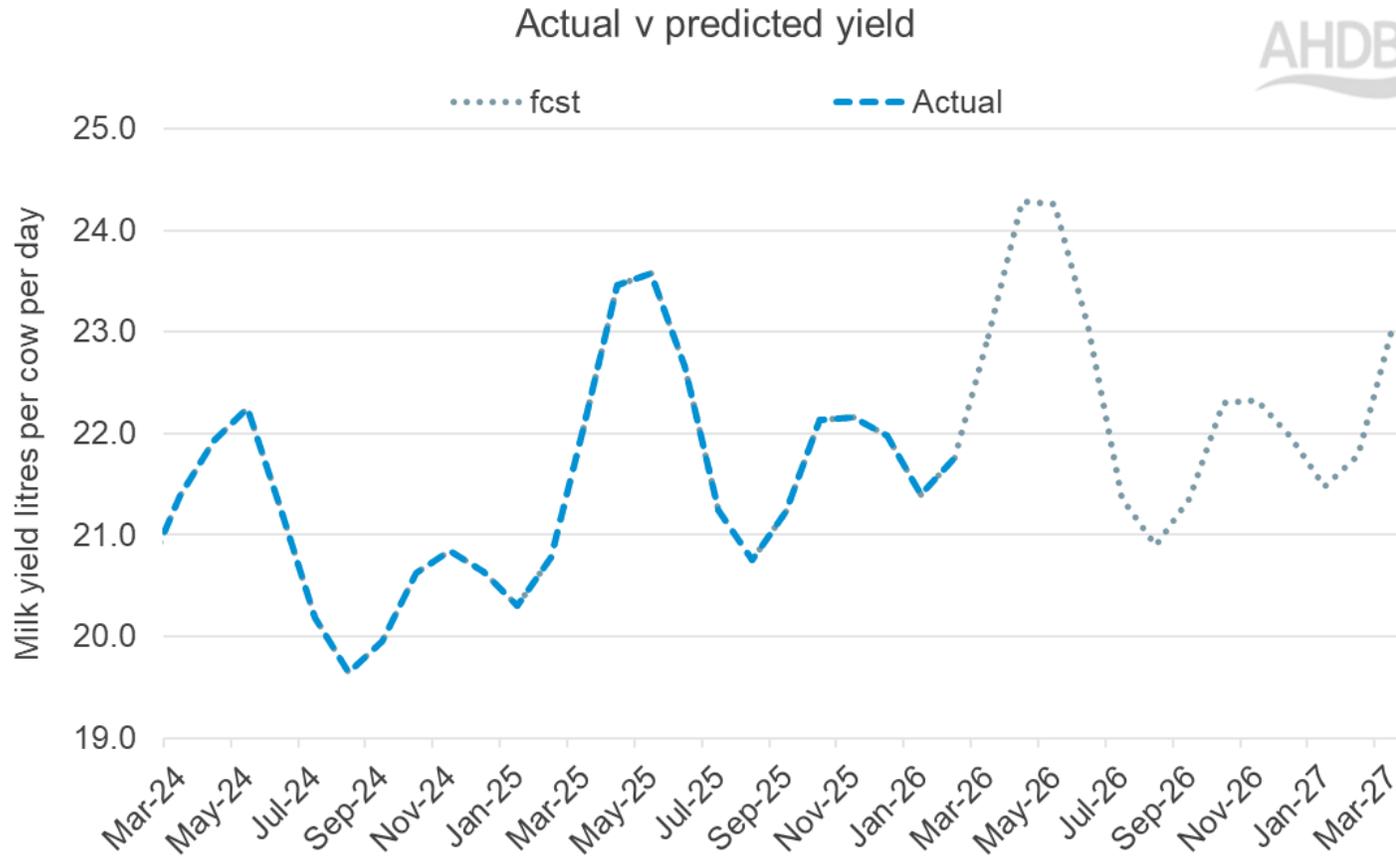
Milk yields



- Favourable milk to feed price ratio is boosting yields currently
- Assumed yield growth of 3% to 7% during the rest of 2026.

Source: AHDB

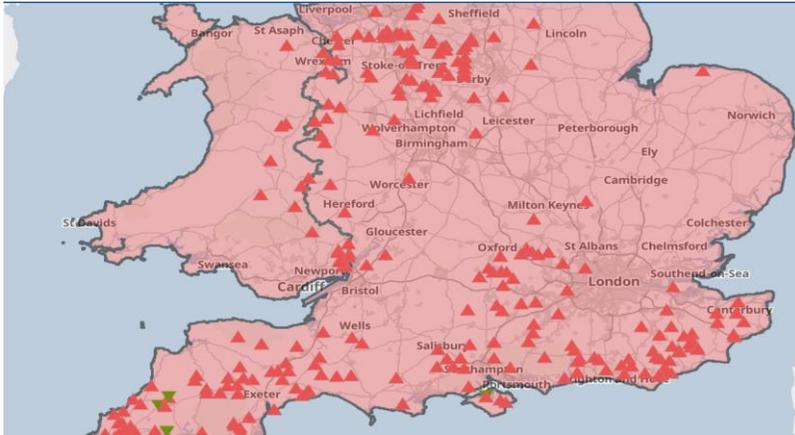
Yield forecast



Source: BCMS, Defra, AHDB

- From Oct-24 onwards, yields have picked up in response to higher prices
- We expect this trend to continue for the first part of the year
- Slow down is expected in the second half of the year.

Disease risk: ongoing risk to the forecast



No. of BTV-3 cases since Aug 2024

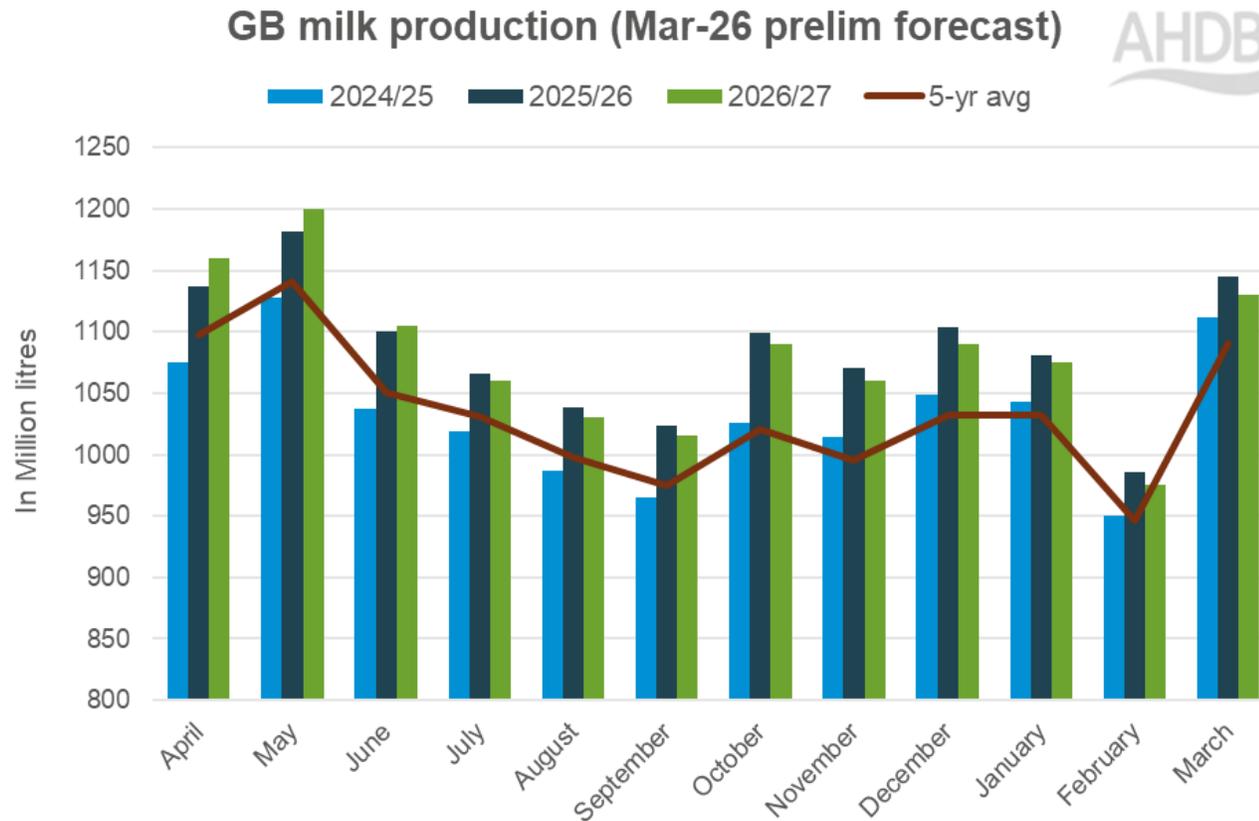
- Bluetongue has spread across the country since 2024
- 320 cases confirmed since 1 July 2025 (England 298, Wales 22, 5 in NI, none in Scotland)
- Reports of neurological signs in calves, brain issues
- We believe significant under-reporting of cases
- Continuing to circulate in Europe and lasting impact on calving patterns

Costs & yields discussion

- Lower prices have been slow to reduce yields – is this just lag? On the way? Or holding on in hope of a change?
- What is the impact of AB pricing mechanisms?
- Will rising cost of production due to Iran accelerate the slowdown?
- How is the income from beef (culls and calves) influencing decision-making?
- What impact will this have on yields going through 2026 into 2027

Latest milk forecast

GB milk production – March forecast 2026/27



- 2026/27 estimate **12,990m litres**, down 0.3% on 25/26
- 2026/27 forecast H1 **6,570m litres (Apr –Sep)**, up 0.4% on 25/26
- Yield growth likely to be slightly lower in the second half compared to the first half of the year.

Source: AHDB

Preliminary March 2026 forecast

GB milk production forecast - March 2026

m litres	2024/25	2025/26	2025/26	2025/26	2026/27	2026/27
	Actuals	Actuals	Forecast	Yr-on-yr	Forecast	Yr-on-yr
Apr	1,075	1,137		5.7%	1,160	2.0%
May	1,127	1,182		4.8%	1,200	1.5%
Jun	1,038	1,100		6.0%	1,105	0.5%
Jul	1,019	1,066		4.6%	1,060	-0.6%
Aug	987	1,038		5.2%	1,030	-0.8%
Sep	965	1,024		6.1%	1,015	-0.9%
Oct	1,026	1,099		7.2%	1,090	-0.8%
Nov	1,014	1,071		5.6%	1,060	-1.0%
Dec	1,049	1,104		5.2%	1,090	-1.3%
Jan	1,042	1,081		3.7%	1,075	-0.6%
Feb	950	986		3.7%	975	-1.1%
Mar	1,112		1,145	3.0%	1,130	-1.3%
Year	12,405		13,033	5.1%	12,990	-0.3%

Source: AHDB

Note: 28-day equivalent used for leap year Februarys

- Preliminary forecast update puts production at **12.99bn** litres for 2026/27, 0.3% down on 2025/26
- Higher than September forecast 2025/26 (148m litres)
- Official forecast to be published later this month

Contributors' forecasts

All contributors

year on year change	Q2 2026	Q3 2026	Q4 2026	Q1 2027
up more than 4%				
up 3-4%				
up 2-3%				2
up 1-2%	1	1	1	
up 0-1%	1		1	
unchanged				
down 0-1%		1		
down 1-2%				
down 2-3%				
AHDB forecast	1.4%	-0.7%	-1.0%	-1.0%

Milk forecast discussion

- General thoughts on the provisional forecast
- How will farmers react to stabilising prices? Will increase in input costs following war, be able to curtail production?
- Are there any long-term issues hiding behind the short-term challenges?
- Impacts from diseases?

Next steps

- Publish the background information from the meeting
- Review feedback
- Forecasts:
 - Baseline
 - Scenarios
- Analysis and feedback:
 - Track costs/milk price balance
 - Yields are largest uncertainty

Where to find AHDB market information

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The [Dairy markets homepage](#) will signpost you to the industry data, analysis and insights from the dairy sector to help inform your business decisions. Our industry experts will guide you through the [market movements](#) and provide a clear, impartial view on what it all means.



The [latest pig prices](#), and industry essential [trade data](#), are the cornerstones of the Pork market website pages. There is also the [latest analysis and insight](#) to provide you with a clear and impartial view.



Our [trade and policy](#) resources focus on the future changes in domestic policy and trading relationships to help farmers and growers explore how these will affect their business. There is also a dedicated [Consumer and Retail Insight](#) team who look at the needs of the modern consumer as well as their attitudes towards cooking, buying and eating food.

A vibrant landscape of a green field at sunset. The sun is low on the horizon, casting a warm glow over the scene. The sky is filled with soft, colorful clouds in shades of orange, yellow, and blue. A path of tall green grass leads from the foreground towards the horizon. In the distance, there are rolling hills and a few buildings. The overall mood is peaceful and inspiring.

**‘Inspiring our farmers, growers
and industry to succeed in a
rapidly changing world’**

Thank you!

We welcome feedback.
Please scan the QR code.



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