



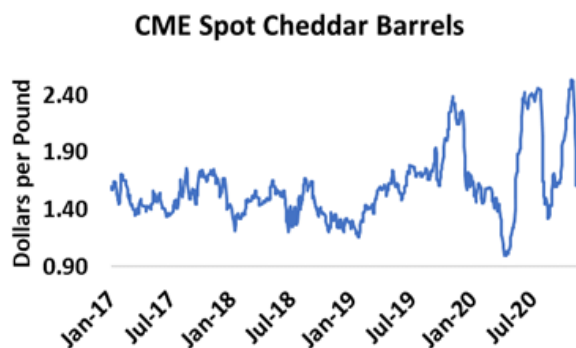
The T.C. Jacoby Weekly Market Report

WEEK ENDING NOVEMBER 13TH, 2020

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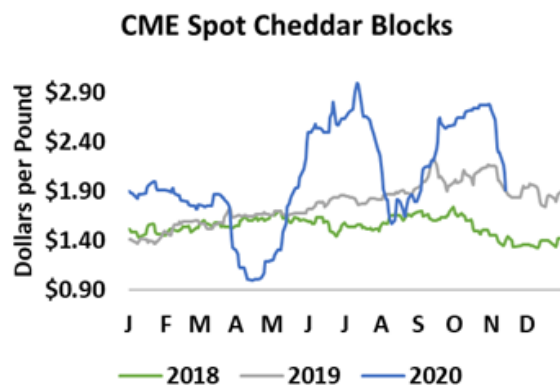
CME Spot Market for the Week			WHEY		
			Avg Price	Qty Traded	4 wk Trend
11/9/2020 to 11/13/2020			\$ 0.427	1	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 2.151	14		\$ 2.003	32	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.433	25		\$ 1.086	17	



\$1.9175/lb. while barrels ended today's session at \$1.61/lb.

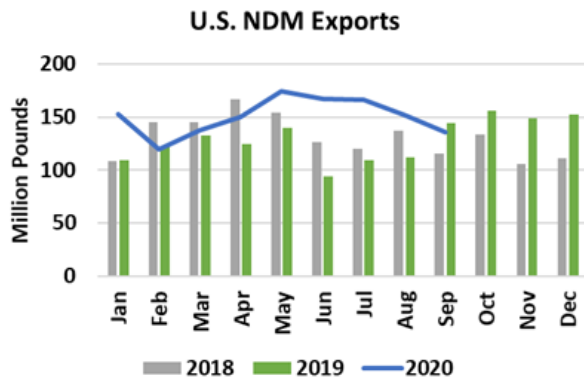
During the week, 32 loads of barrels and 14 loads of blocks traded hands, with unfilled offers remaining on the board following each session. Combined with anecdotal evidence from market participants, this indicates that much of the tightness in fresh cheddar that initially pushed prices upward has eased. New concerns about demand are also brewing as reinstated lockdown restrictions are dampening expectations for cheese consumption through

All eyes were on the CME spot Cheddar markets this week as blocks, and especially barrels, moved decisively lower. After beginning their downward slide last week, spot barrel prices plunged in recent days, giving up more than 70¢ over the course of the week, including a record 29¢ loss in today's session. Not to be left behind, Cheddar spot blocks also moved below \$2 for the first time since early September, giving up 42.5¢ versus last Friday and posting the third largest weekly average price decline on record. Blocks wrapped up the week at



foodservice channels and at holiday celebrations. Cheese manufacturers report that buyers have temporarily stepped out of the market to see how much more prices will fall before placing additional orders, adding additional slack into demand.

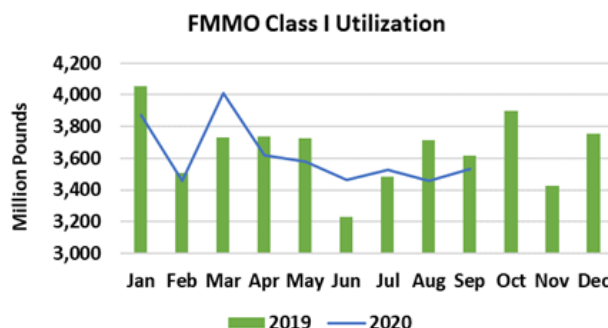
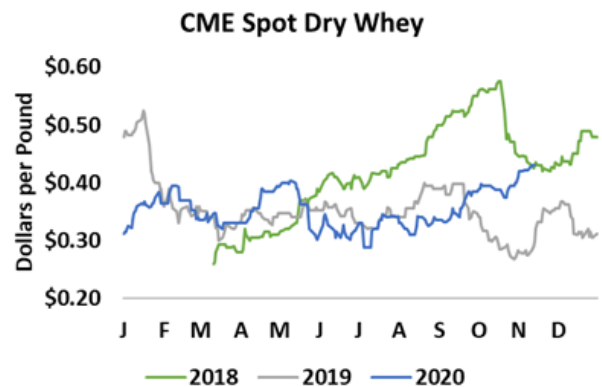
The CME spot butter market posted mixed performance as participants try to shake out the direction of the market. After opening on Monday with a 3.25¢ gain compared to prior week, butter prices gradually lost steam over the course of the week, ultimately closing the Friday trading session at \$1.40/lb. a net loss of 3¢ versus the prior week. Cream is sufficiently available but manufacturers gearing up for holiday sales and preparing for a resurgence of the home baking craze has kept the market from deteriorating too rapidly. Nevertheless, USDA reports that many butter manufacturers expect prices to ease further and are trimming inventories in anticipation of additional downward market movements.



Dry products were able to buck the trend and find a bit of strength at the CME spot market this week. Sustained interest from the export market helped to keep tension on nonfat dry milk (NDM) prices, even as demand from Mexico, the U.S.' largest trading partner continues to be decidedly lackluster. Though it dropped a penny in today's spot session, CME spot NDM prices ended the week at \$1.0875/lb., up 2.25¢ for the week. Whey prices were also able to rise, adding .75¢ over the course of the week to end today's session at \$0.43/lb. Cheese manufacturers,

anticipating the price decline, have toned down production thus reducing the available whey stream. Meanwhile, firm demand, particularly from the export market has been supportive of prices. Sustained weakness of the U.S. dollar is expected to support the competitiveness of U.S. dairy exports in the near term.

Producers across most of the country are reporting production that is flat to slightly improved. Particularly in the West, improved weather has been supporting additional output in recent weeks. Fluid milk demand continues to suffer from a reduced pull by schools even as retail demand remains robust and coffee sales have demonstrated a remarkable recovery.



Milk prices were fickle over the course of the week as they digested the movements in the spot markets. Class III prices found some strength early in the week, but by Wednesday the losses in the cheese market became too much to bear. December Class III milk fell to \$17.71/cwt. on Friday, down \$1.35 since Monday. The January contract lost a more modest 83¢, but slipped below \$17, closing the day at \$16.96. Class IV prices were tempered by the more modest

movements in the butter and NDM markets with the November contract losing just 20¢ from Monday to end the week at \$13.43/cwt.

The USDA reduced its expectations for the size of the corn and soybean crops in its Tuesday World Agricultural Supply and Demand Estimates report, sending the grain markets skyward. Following the report's publication, January soybean futures vaulted upward by 35.5¢ settling on Tuesday at \$11.46/bu. December corn futures also rallied, adding 15.5¢ on Tuesday and hitting \$4.23/bu. before easing through the balance of the week. Uncertainty about global supplies and a favorable export scenario emboldened by a weak dollar is likely to keep upward pressure on grain prices.