



# The T.C. Jacoby Weekly Market Report

WEEK ENDING MAY 21<sup>st</sup>, 2021

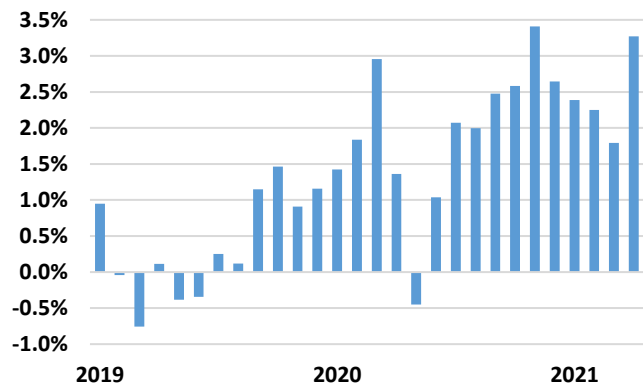
By Sarina Sharp, Market Analyst for the Daily Dairy Report  
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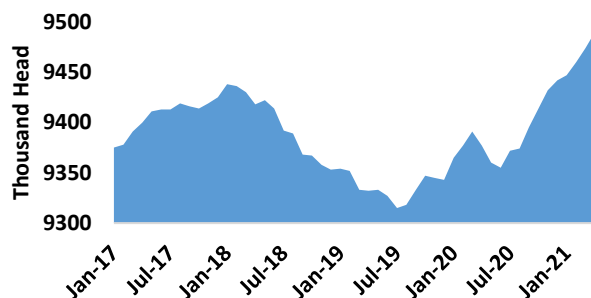
CME Spot Market for the Week 5/17/2021 to 5/21/2021			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.641	5	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.614	33		\$ 1.638	46	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.854	15		\$ 1.304	13	

The nation is awash in milk. U.S. milk production reached 19.3 billion pounds in April, up 3.3% from a year ago. Output surged in the Midwest, Plains states, and California. Cheered on by high Class III prices, dairy producers continued to add cows. USDA revised upward its estimate of the March dairy herd, and the new figures show that dairy producers added 13,000 milk cows in February, 14,000 in March, and 16,000 in April. At 9.49 million head, the dairy herd has

YOY Change in U.S. Milk Production



U.S. Milk Cow Herd



not been this large since 1994. We're milking 113,000 more cows than we did a year ago.

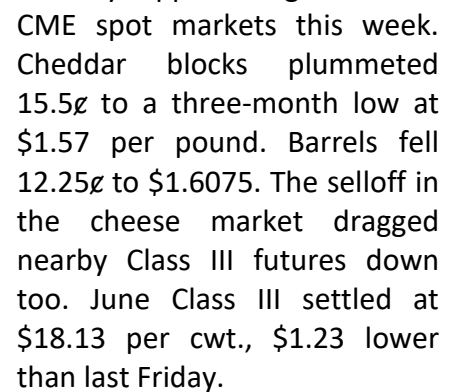
High feed costs may deter further expansion, but with that kind of cow power, the industry is sure to keep milk production well above

The combination of formidable milk output and new vats is adding up to a lot of cheese. Processors tell USDA's *Dairy Market News* that retail demand is solid, and cheese slices

**CME Spot Cheddar Blocks**

Dollars per Pound

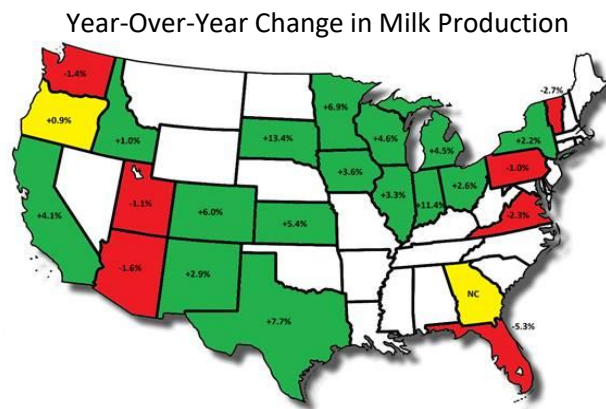
The chart displays three data series over time. The grey line represents the highest price, fluctuating between approximately \$1.70 and \$2.90. The blue line represents a middle price, ranging from about \$1.40 to \$1.90. The green line represents the lowest price, starting around \$1.40 and ending near \$1.80. All three lines show a general downward trend in the latter half of the period shown.



buying aggressively. U.S. milk powder is priced to move as global skim milk powder (SMP) values edge upward. SMP rallied 0.7% at the Global Dairy Trade (GDT) auction on Tuesday, and is now equal to NDM at roughly \$1.67 per pound.

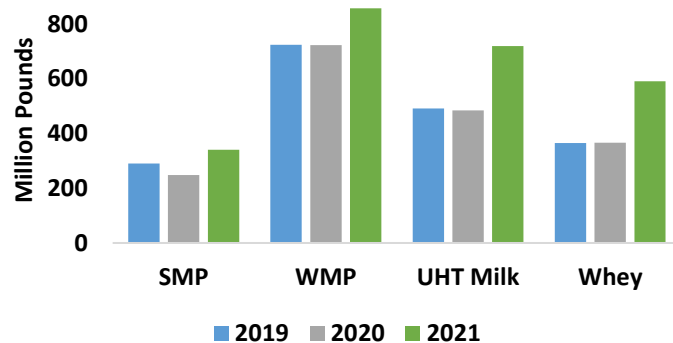
While the rest of the dairy complex retreated, whey advanced. CME spot whey powder added a half-cent this week and reached 64.5¢. Demand for high-protein whey products remains lofty, leaving less whey for the drier even as cheese output rises. Strong exports are also helping to keep U.S. whey inventories in check.

China imported more than 146 million pounds of whey in April, 70% more than they did a year ago. The United States accounted for 35% of the total, while Belarus, Turkey, and the European Union gained market share. China is aggressively importing dairy of all types. In the first four



months of the year, China imported record-breaking volumes of cheese, butter, whey powder, ultra-high temperature (UHT) fresh milk, and SMP. China's whole milk powder imports fell short of the sky-high volumes brought ashore in January through April 2014, but they were far greater than all other years. China's voracious appetite is helping to keep global dairy product inventories in check despite rising milk production.

Chinese Dairy Imports - Jan-Apr



Dust is flying in the Corn Belt as farmers plant row crops at a heady pace. As of last weekend, they had planted 80% of the corn crop and 61% of soybeans. Farmers should finish most of their fieldwork just in time for a nice, soaking rain. That dampened bulls' enthusiasm in the soy complex. July soybeans settled at \$15.2625 per bushel, down 57.75¢ this week. But corn just kept climbing, buoyed by a steady stream of new export sales to China. July corn closed at \$6.595, up 15.25¢.

## Fluid Milk

Our strategy for buying and selling  
has your best interests in mind.

## Cream & Butter

It's about balancing supply and demand.

## Dairy Powders

Logistically speaking,  
we've got your bottom line.

## Cheese

We don't make cheese,  
we bring cheese solutions  
to the table.

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