



# The T.C. Jacoby Weekly Market Report

WEEK ENDING SEPTEMBER 17TH, 2021

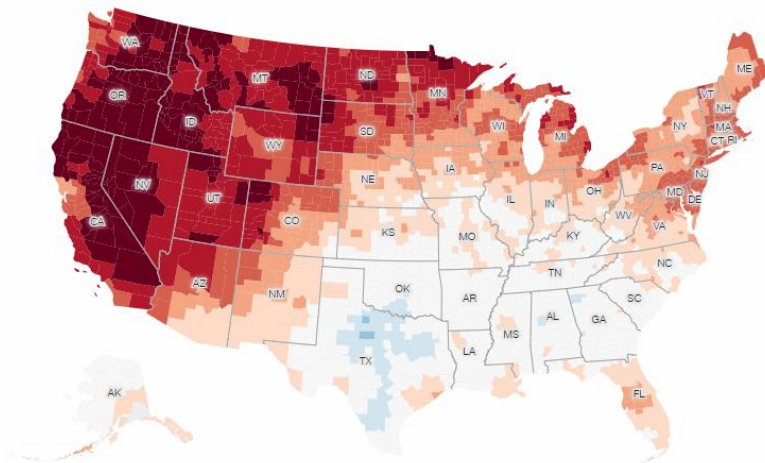
By Sarina Sharp, Market Analyst for the Daily Dairy Report  
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CME Spot Market for the Week 9/13/2021 to 9/17/2021			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.5300	2	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.7995	4		\$ 1.4890	19	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.8075	22		\$ 1.3395	9	

It's official. The United States – and the 9.5 million dairy cows who reside there – just suffered its hottest summer ever, according to the National Oceanic and Atmospheric Administration.

This summer's average temperatures, compared to 20th-century averages



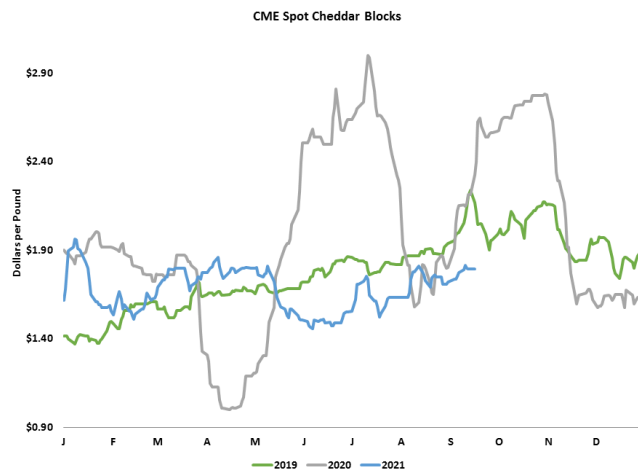
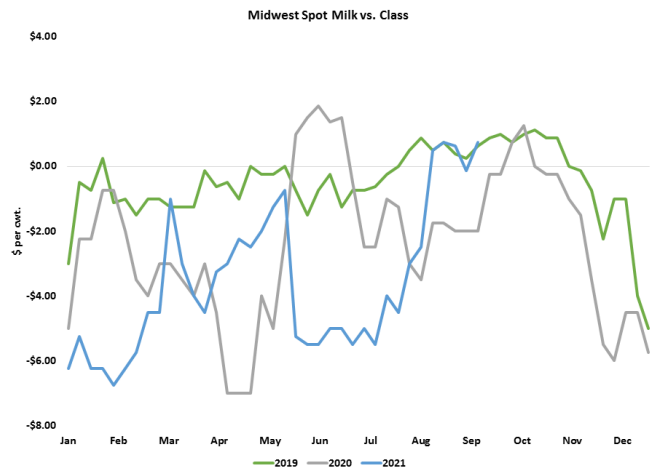
Average temperatures just barely topped the previous June, July, and August record set in the Dust Bowl summer of 1936. Heat was especially oppressive in the West, but the mercury also climbed unusually high in the Northern Plains, Upper Midwest, and the Northeast. Among the major dairy states, only Texas escaped the heat wave.

Soaring temperatures surely weighed on milk yields and tightened supplies as heat stress accumulated late in the summer

and into September. Meanwhile, the school lunch program continues to pull more milk away from cheese vats and driers and into cartons and bottles. Cheesemakers tell USDA's *Dairy Market News* that after a brief reprieve over the holiday weekend, spot milk offers are once again scarce.

Manufacturers in search of uncontracted milk paid premiums of 50¢ to \$1.00 over Class III this week, an about-face from last year, when spot milk sold for as much \$4 under the market.

Fiercer competition for milk has likely reduced the supply of fresh cheese available in Chicago, particularly for blocks. On Monday, Cheddar blocks jumped to \$1.815 per pound, their highest value since April. They closed today at \$1.7925, up a quarter-cent for the week. Trading volumes also suggest limited availability. Merchants exchanged just four loads of blocks at the spot market this week. Barrels are more widely available. Traders moved 19 loads at the exchange. Nevertheless, barrel values climbed noticeably. They added 3.25¢ this week and reached \$1.51.

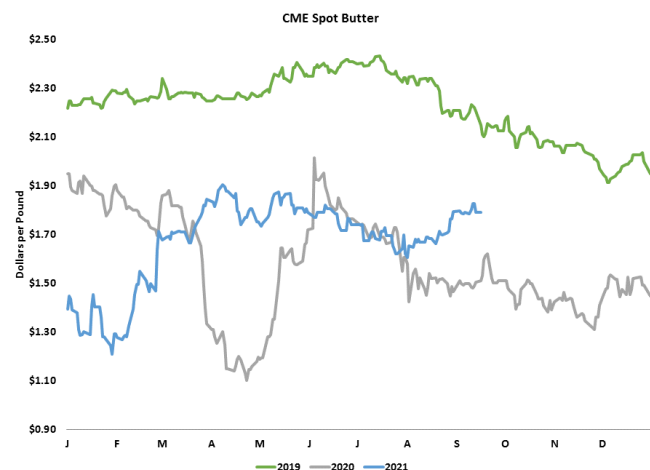


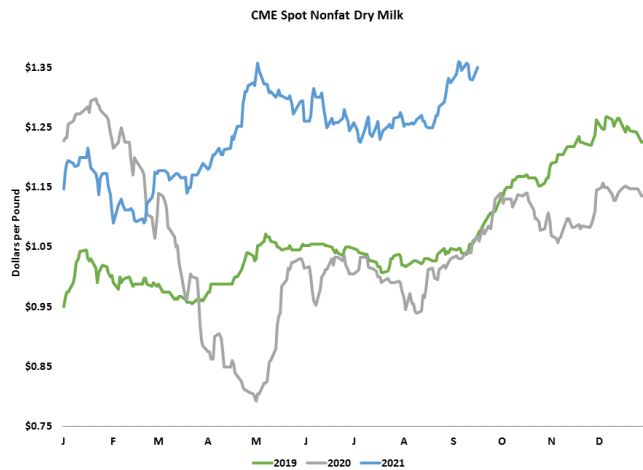
Spot whey powder advanced a half-cent to 53.5¢, a five-week high. With both whey and spot Cheddar on the rise, September Class III futures inched up 2¢. But deferred contracts moved lower. The market has not forgotten that there are still a lot of cows and a lot of milk in the nation, and there is more cheese production capacity than ever before. October Class III settled today at \$17.18 per cwt., down 16¢ since last Friday. The November contract fell 32¢ to \$16.98, its lowest close so far in 2021.

Similarly, Class IV futures shrugged off a quiet rally in the butter market and finished in the red. The October contract slipped 6¢ to \$16.81. November Class IV fell 21¢ to \$16.93. Notably, November Class IV futures are within a nickel of Class III, a narrow spread that will benefit dairy producers who sell Class I milk.

CME spot butter spent the first half of the week above \$1.80 per pound, an important psychological barrier on the road to higher prices. In some areas, pricey cream has slowed churning activity. But inventories abound.

CME spot nonfat dry milk (NDM) slipped from last week's highs but remains at





historically lofty levels. NDM closed today at \$1.35, down 0.75¢ from last Friday. Indications of regional prices moved higher across the board. Demand remains high, although manufacturers expressed concerns that higher prices could reduce orders from buyers in Mexico.

December corn futures tested the waters below \$5 last Friday, but they didn't stay in the depths for long. Their quick return above the \$5 mark convinced traders that the market had no business going lower, so

it moved higher instead. December corn settled today at \$5.2725 per bushel, up nearly a dime from last Friday.

November soybeans finished at \$12.84, down 2.5¢ for the week. Soybean exports have slowed and the trade is concerned that it will not push beans through the port quickly enough, which could encourage importers to turn their attention to South America. Soybean meal futures slipped. The December contract closed at \$342.20 per ton, down 30¢ from last Friday.