



The T.C. Jacoby Weekly Market Report

WEEK ENDING SEPTEMBER 2, 2022

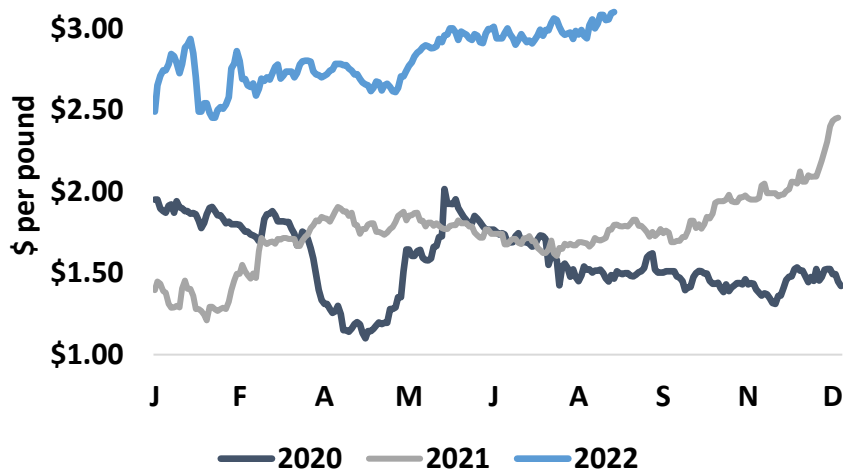
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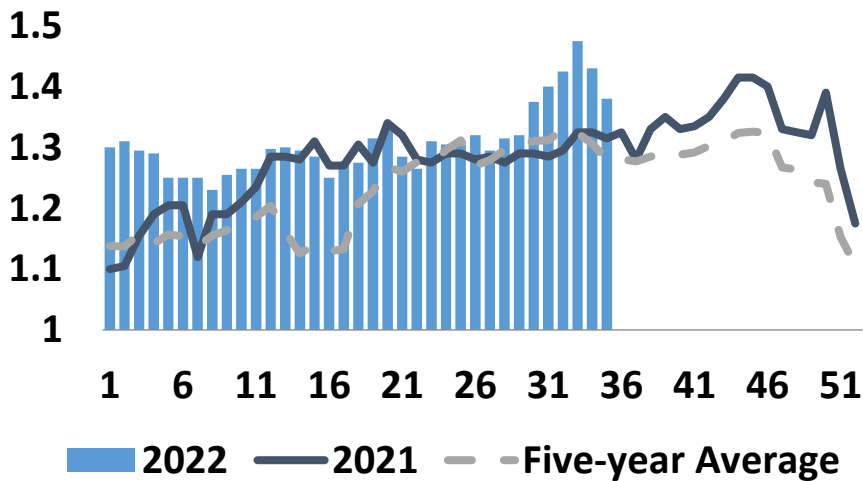
CME Spot Market for the Week 8/29/2022 to 9/2/2022			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.4750	2	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.7380	1		\$ 1.8535	9	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 3.0760	19		\$ 1.5450	18	

The bulls remain in charge in the butter pit. CME spot butter added another 1.75¢ this week and reached \$3.10 per pound, tied for the second-highest trade ever. Grocers are anxious about stocking their shelves with enough product to last through the holiday baking season, and USDA's recent reports have not calmed their fears. Last week's Cold Storage report showed July 31 butter stocks at the lowest volume for the month since 2017, when demand was much smaller. Today, USDA's Cold Storage report showed July butter output at 151.7 million pounds, up 3.1% from July 2021. The unexpected year-over-year increase implies strong demand, making it clear that production did not keep up with consumption this summer.

CME Spot Butter



Cream Multiples - Central Region

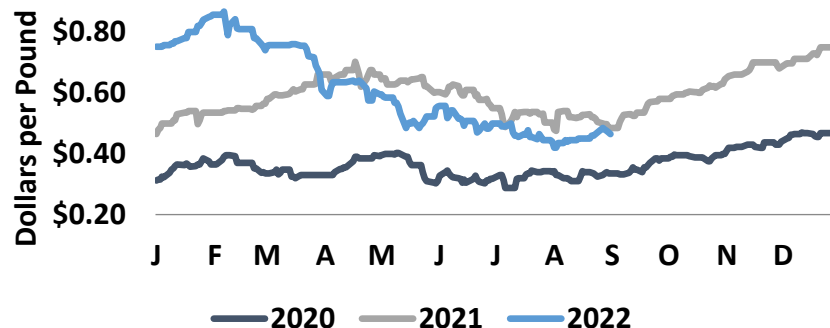


The churns surely didn't run any harder in August, when cream multiples in the Midwest soared to unprecedented heights. Butter supplies are likely to remain tight, and the market is on edge. But these high prices are already doing their job. U.S. butter imports are on the rise and sticker shock will likely slow sales. The futures project that butter will drop from north of \$3 in September to around \$2.56 by January.

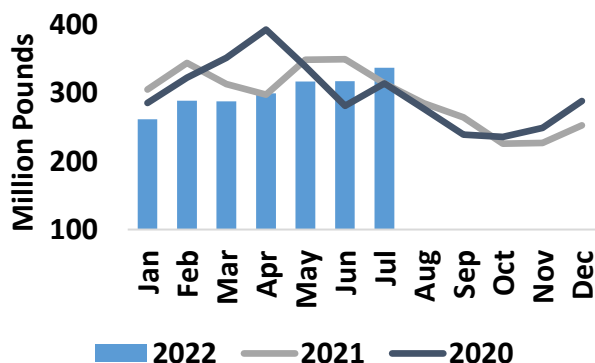
The cheese markets were mixed. CME spot Cheddar blocks climbed 2.5¢ to \$1.765. Barrels fell by the same amount and closed today at \$1.8575. Both blocks and barrels are hovering a little above the 2022 lows, weighed down by heavy inventories and formidable production. USDA reported July cheese production at 1.157 billion pounds, up 1.1% from July 2021. Milk is plentiful in the cheese states and production is likely to remain strong. Thankfully, robust exports are preventing cheese stocks from becoming even more burdensome.

With cheese vats full, whey output is going strong. USDA reported July whey powder production at 82.1 million pounds, up 7.4% from a year ago to an 18-month high. Formidable output helps to explain the swift selloff in the whey market earlier this summer. CME spot dry whey slipped a half-cent this week to 46.5¢.

CME Spot Dry Whey



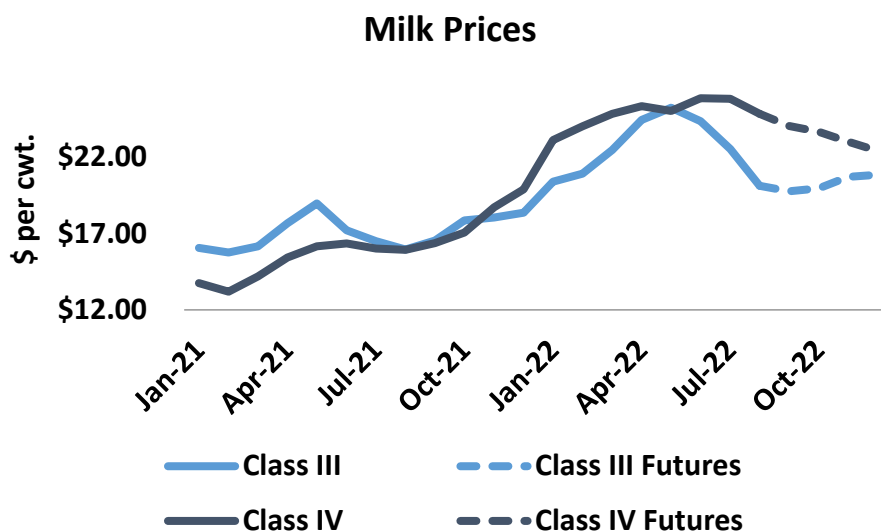
Manufacturers' Stocks of NDM



Milk powder prices also lost a little ground this week. CME spot nonfat dry milk (NDM) fell 4¢ to \$1.52. Combined production of NDM and skim milk powder totaled 216.5 million pounds in July. That is pretty typical for mid-summer drying, but it was 7.1% greater than July 2021, and stocks climbed. Lower prices are starting to attract some interest from Mexican milk powder buyers, but USDA describes the milk powder market overall as "quiet."

The milk markets sprinted higher into the holiday weekend and logged substantial gains today. But it was not enough to undo significant losses from early in the week. Class III futures settled 30¢ to 90¢ lower than last Friday, and the September and October contracts slumped below the \$20 mark. Class IV futures are still sitting comfortably in the low- to mid-\$20s, but they also lost considerably ground this week.

USDA announced the August Class III price at \$20.10 per cwt., down \$2.42 from July but still up \$4.15 from last year. At \$24.81, August Class IV milk was 98¢ lower than July. August Class IV was an astounding \$8.89 higher than Class IV milk in August 2021.



After much back and forth, the corn markets finished the week not far from where they began it. December corn settled at \$6.6575 per bushel, up a penny and a half. The trade has come to a consensus that the national average corn yield is somewhere in the low 170s. Corn prices will have to remain high enough to deter new export sales and keep sufficient corn at home to last until next year's harvest.

The bean markets took a big step back. Thanks to timely rains, the crop is looking great. November soybeans settled at \$14.205, down more than 40¢ for the week. October soybean meal dropped more than \$10 to a still pricey \$424 per ton.