



# The T.C. Jacoby Weekly Market Report

**WEEK ENDING FEBRUARY 17th, 2023**

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*Gulfood*

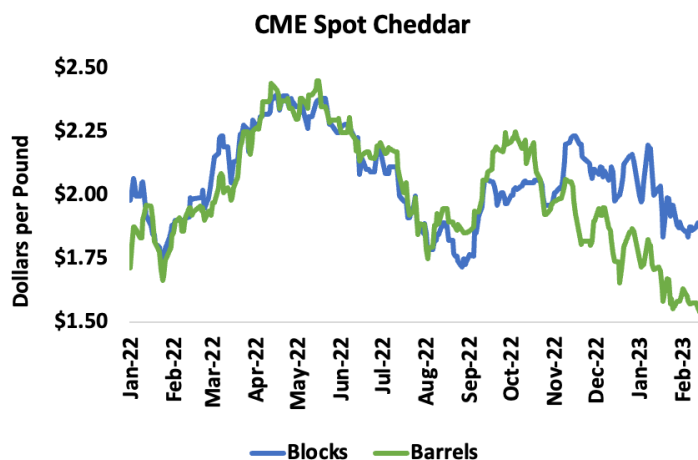
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FEB 2023  
DUBAI WORLD TRADE CENTRE

Are you going to Gulfood in Dubai on the 20-24th February?

Join us by setting up a meeting with our T.C. Jacoby & Co. representatives, so you can find out how to service your dairy product needs best. Whether you are interested in Cheese, Butter, or Dairy Ingredients, we can help! Reach out to Diego Carvalho, [Diego@Jacoby.com](mailto:Diego@Jacoby.com) or Brianne Breed, [Brianne@Jacoby.com](mailto:Brianne@Jacoby.com) to set up a meeting.

CME Spot Market for the Week 2/13/2023 to 2/17/2023			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.4390	1	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.8805	6		\$ 1.5525	45	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 2.4215	10		\$ 1.2320	9	

Activity at the spot market in Chicago was mixed this week as prices moved modestly up and down, testing new boundaries. Milk remains plentiful in most parts of the country, especially the Midwest, but lower commodity prices appear to be doing the legwork of generating additional customer interest.



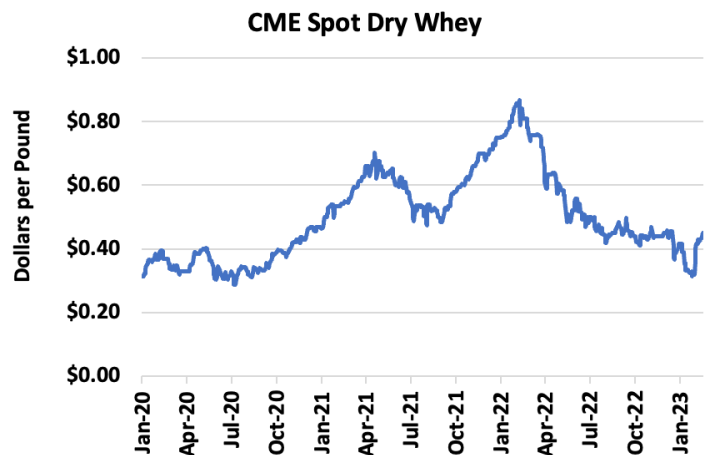
The Cheddar markets were split as blocks moved higher and barrels moved lower over the course of the week. The block market gained a penny on Monday and another 1.75¢ on Tuesday as 6 loads traded hands, the busiest day since last September. By Wednesday, however, the wind came out of the sails and the market fell a cent to \$1.88/lb. where it remained the balance of the week. By comparison,

the barrel market was lively with 45 trades completed during the week. A quiet Monday was followed up by losses on Tuesday and Wednesday that were only partially erased by a penny gain on Thursday. No

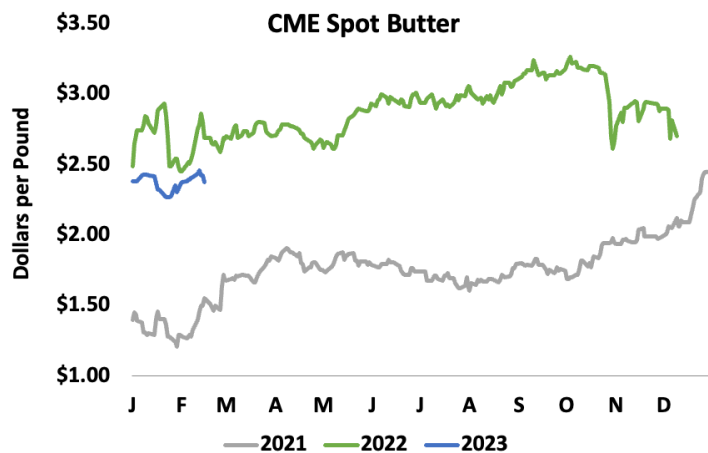
changes during today's session meant that the barrel market finished the week at \$1.5475/lb., a decrease of 2.75¢ compared to last Friday.

Cheese production is active as milk remains readily available for Class III manufacturers. The Midwest continues to garner attention as cheese manufacturers in some parts of the region are reportedly still scooping up spot loads of milk for discounts as large as \$10 under class. While discounts this deep are not available across the country, milk for cheese production is relatively cheap and production schedules remain active despite persistent labor and logistical challenges. Cheese is moving through both foodservice and retail channels at a steady clip and while demand is short of robust, it is at least stable from both international and domestic customers.

Even as significant cheese production is throwing off a plentiful whey stream, the dry whey market has managed to find some strength, rejecting the low prices seen in recent weeks. Renewed interest from international buyers, especially those in Southeast Asia, is purportedly propping up the market. Market stakeholders report that prices for higher protein products have also softened in recent weeks which has led whey manufacturers to emphasize production of dry whey. This dynamic is likely to keep a ceiling on dry whey prices in the near future. At the CME, the dry whey spot market rode increases on Monday, Thursday, and Friday to close the week at 45¢ per pound, up 2.5¢ compared to last Friday. Activity was subdued as only one load traded hands.



Tones were comparatively bearish within the Class IV complex. Gains in the butter spot market seen on Monday and Tuesday were wiped out by larger losses on Wednesday and Friday. Ultimately, the spot market closed the week at \$2.375/lb., a decrease of 3.75¢ compared to last Friday.



Cream is plentiful, and churns across the country are capitalizing on available supplies to implement active schedules. Inventories are comfortable, as sufficient demand is helping to keep stocks in check. Retailers are looking forward to the spring holidays, which should provide a boost to butter demand in the coming weeks.

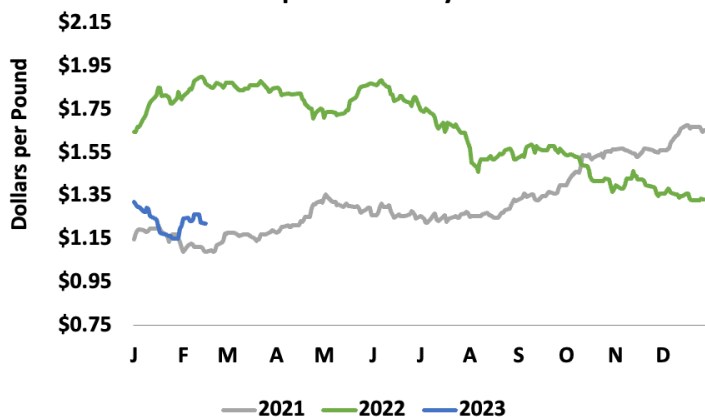
While cream flowed into butter churns, ample condensed skim has also kept dryers working hard. Inventories of nonfat dry

milk (NDM) are readily available and likely placed some downward pressure on spot prices this week. The NDM spot market sank by 3.75¢ on Tuesday and another .75¢ on Thursday as 5 and 4 loads traded hands, respectively. Ultimately, the spot market ended the week at \$1.22/lb., a decrease of 4.5¢ compared to

last Friday. Despite having moved up modestly from the lows seen late last month, prices are still attractive enough to generate interest from end users. *Dairy Market News* suggests that Mexican buyers are more active while other international customers are turning to U.S. NDM as international prices for skim milk powder appreciate.

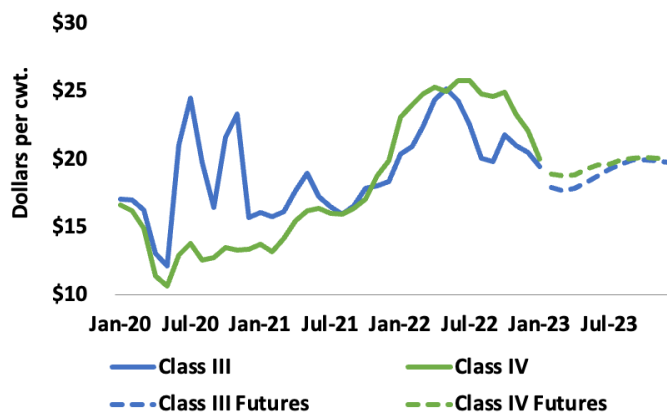
With spring around the corner, milk volumes are expanding seasonally. However, a complicated operating environment has encouraged producers to cull less productive animals from their herds. Accelerated slaughter rates are likely to slow producers' ability to expand once milk prices and margins improve. Nevertheless, market participants report that

**CME Spot Nonfat Dry Milk**



improved yields and generally mild weather is continuing to support milk production and keep milk available for bottlers and manufacturers. Bottling demand remains seasonally typical though it slowed modestly in some areas this week as schools prepared for the President's Day holiday. Class III milk futures for the entirety of 2023 settled below \$20/cwt. on Friday while Class IV milk futures settled below the same threshold through AUG23.

**Milk Prices**



The Mexican government partially backtracked on its plans to ban imports of

genetically modified corn on Tuesday after the U.S. indicated that it would take action against Mexico on the basis that this would violate the rules laid out under the United States Mexico Canada trade agreement. While the original ban was supposed to affect all corn imports, including corn used for animal feed, the adjusted rule will now only ban genetically modified corn that is destined for human consumption.

Feed prices remain elevated for dairy producers and are continuing to place significant pressure on producer operating margins. On Friday corn futures for MAY23 settled at \$6.7750/bu. while the DEC23 contract settled at \$5.9575. The MAY23 and DEC23 soybean meal futures settled at \$474.9/ton and \$419.8/ton, respectively.