



The T.C. Jacoby Weekly Market Report

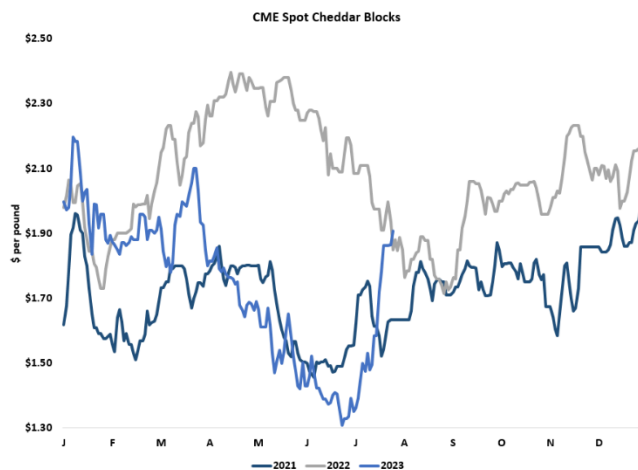
WEEK ENDING JULY 28TH, 2023

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CME Spot Market for the Week 7/24/2023 to 7/28/2023			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.2570	19	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.8720	8		\$ 1.7925	8	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 2.6540	25		\$ 1.1520	14	

The dairy markets are still feeling that summer sizzle. Cheese and butter prices both jumped once again this week. CME spot Cheddar blocks leapt 12.5¢ to \$1.9075 per pound. That put them higher than year-ago prices for the first time since early February. Barrels rallied 10.75¢

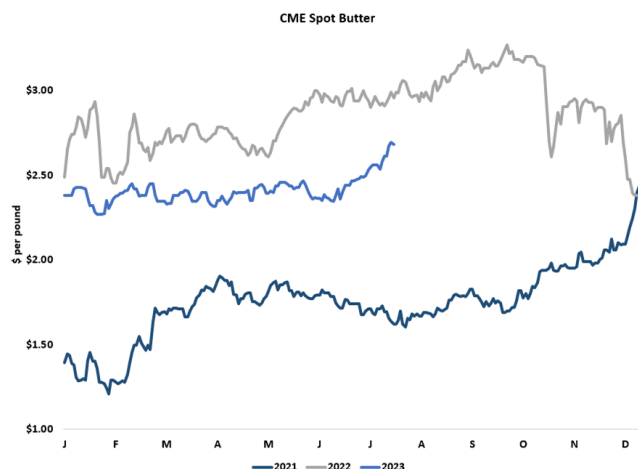
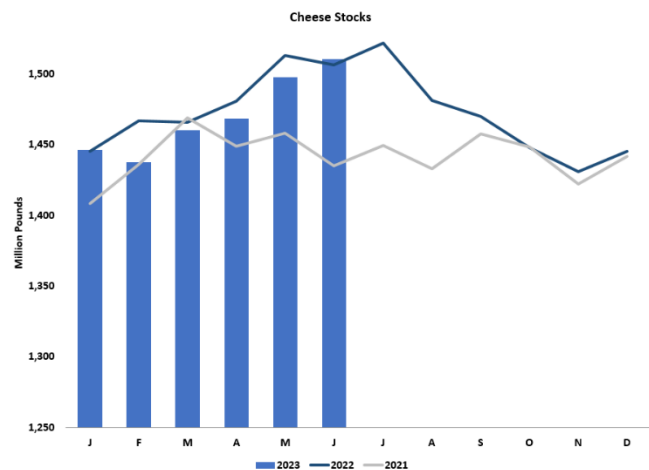


to \$1.7625. The sudden strength in the cheese market reflects a shortage of Cheddar that is fresh enough to trade at the spot market in Chicago, a phenomenon that can lead to dramatic but often short-lived spikes in the sultry summer months.

Fresh Cheddar may be scarce, but there is plenty of cheese. On Tuesday, USDA reported 1.51 billion pounds of cheese in cold storage warehouses on June 30, the highest mid-year inventory on record. Stocks were 0.3% greater than in June 2022

and they grew 12.6 million pounds from May to June, a month in which cheese stocks often shrink. Inventories of American-style cheeses did decline modestly last month, but, at 853.3 million pounds, they were still up 0.8% from a year ago and notched the highest June stocks figure on record.

CME spot butter hiked to a new peak this week, touching a fresh 2023 high Thursday at \$2.6925. It finished at \$2.68, up 9.75¢ since last Friday. Tuesday's Cold Storage report helped to explain butter's impressive summer climb. Butter stocks dropped unexpectedly in June, falling 20.4 million pounds last month to 347.5 million pounds. Stocks are 5% greater than the uncomfortably tight levels from this time last year, but they're quite a bit lighter than butter buyers would like to see ahead of the fall baking season. Meanwhile, cream multiples are ramping up as scorching temperatures take a toll on milk production and components.



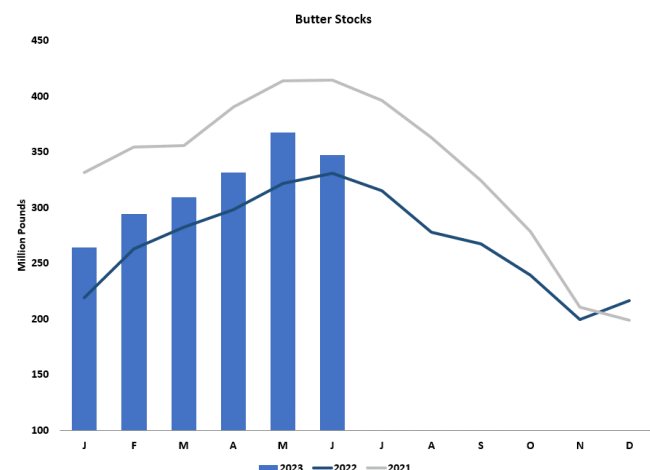
CME spot nonfat dry milk also logged impressive gains. It climbed 4¢ to a six-week high at \$1.16. Lower milk production is reducing the lineup of trucks at driers, and production is falling accordingly. Meanwhile, export demand remains strong thanks to robust orders from Mexico.

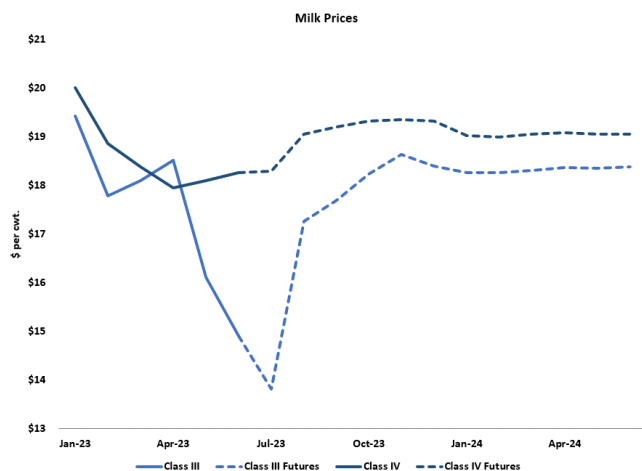
Spot whey powder slipped 0.25¢ to 25¢ per pound. USDA's *Dairy Market News* describes demand for whey as "lackluster." Cheese vats are full and whey production

continues apace, leading to some concerns about storage space for dry whey and other dry products. It's going to be hard to lift whey prices significantly when the trade is worried about having enough places to stash it.

Strong spot cheese prices propelled August Class up 55¢ this week to \$17.26 per cwt. Other Class III contracts finished a few higher, and fourth-quarter futures averaged \$18.43. Class IV futures logged strong gains. The August contract advanced 52¢ to \$19.05. Fourth quarter futures rallied about 70¢ to an average of \$19.33.

Today's futures prices are considerably better than those that determined the June milk checks or those on which July milk revenue will be based. But they're still not enough to pay the bills on many farms,





especially for producers who will continue to suffer discounts on their already-low Class III revenue. Dairy producers are leaving the industry in growing numbers, and dairy slaughter volumes remain high. The milk-cow herd continues to shrink, setting the stage for higher prices in the year to come.

It's certainly hot, but the weather was not as dry as feared. Scattered showers moved across the Corn Belt and they're expected to do so again next week. But moderate drought persists in most of the

Farm Belt, and crop yields likely continue to slip. December corn futures fell 6¢ this week to \$5.3025 per bushel. November soybeans closed at \$13.825, down 19.5¢. September soybean meal closed at \$433.60 per ton, up another \$7.30.