



The T.C. Jacoby Weekly Market Report

WEEK ENDING NOVEMBER 17TH, 2023

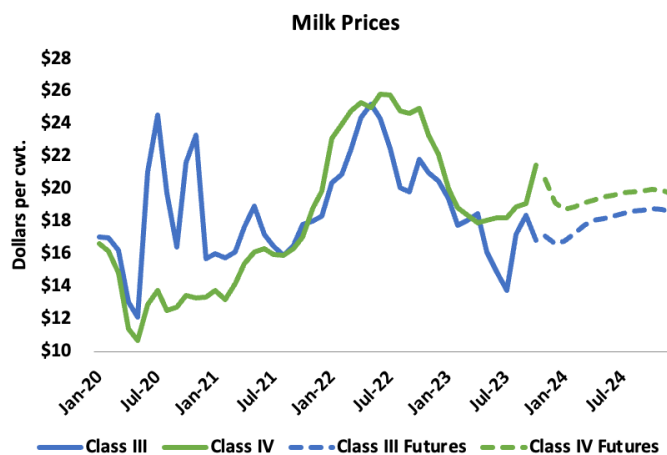
By Monica Ganley, Market Analyst for the Daily Dairy Report
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CME Spot Market for the Week 11/13/2023 to 11/17/2023			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.4120	10	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.6220	14		\$ 1.6530	9	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 2.6225	10		\$ 1.2065	13	

The holiday season is upon us, but the dairy markets haven't been feeling particularly festive. Nearly all products lost value over the course of the week as plentiful supply and understated demand collided to pull prices downward. Lower spot prices have put some pressure on milk futures with both Class III and

Class IV moving modestly lower through the week. DEC23 Class III futures settled at \$16.64/cwt. on Friday while the DEC23 Class IV contract fell to \$19.16/cwt.

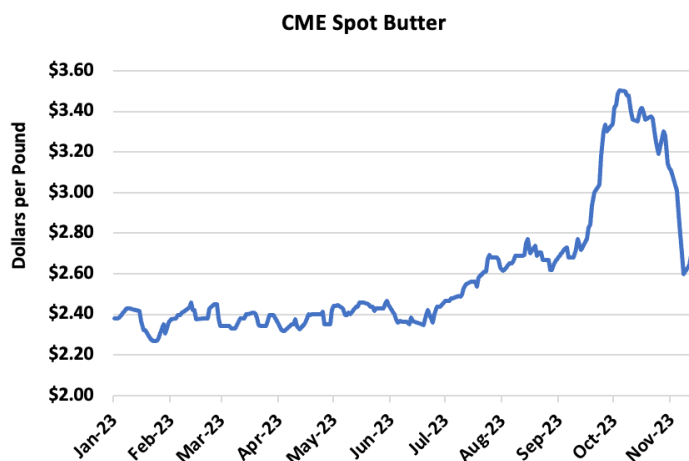


Across most of the country milk volumes and component levels are rising as autumn sets in and temperatures cool. The largest exception is in parts of the Southwest where the mercury has remained persistently high and as a result, milk production has not expanded materially. Bottling demand has begun to slow as institutions prepare for the Thanksgiving holiday and stakeholders are

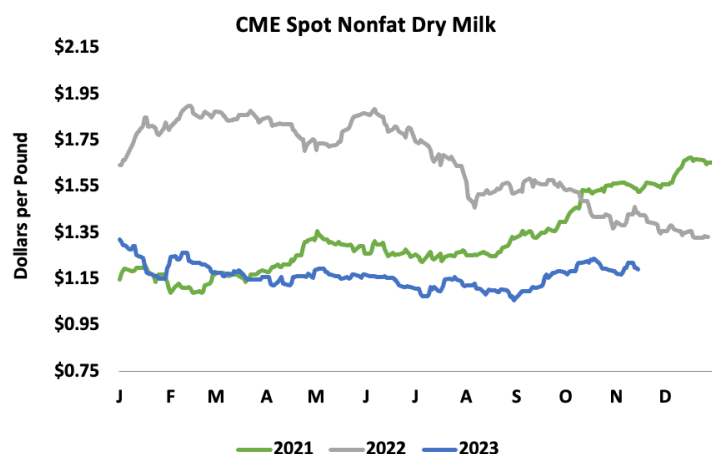
anticipating a further increase in spot load availability next week as some manufacturing plants take downtime.

The CME spot butter market continued to put on a show this week. Gains of 4.5¢ on both Monday and Tuesday took the price up to \$2.69/lb. The market took a breather on Wednesday before losing 9.25¢ on Thursday and another 10.75¢ on Friday. When the dust settled, the butter market closed this week at \$2.49/lb., a loss of 11¢ compared to last week and the lowest price seen since July.

Ample cream supplies are weighing on the butter price. Multiples have fallen for several weeks in a row and while churns are not enthusiastic about building inventories, many are willing to convert affordable cream into butter that will be frozen for future needs. With holiday purchasing largely in the rearview mirror, butter demand has softened somewhat compared to recent weeks. Nevertheless, demand remains seasonally respectable and market stakeholders suspect that lower butter prices will be sufficient to generate additional interest.



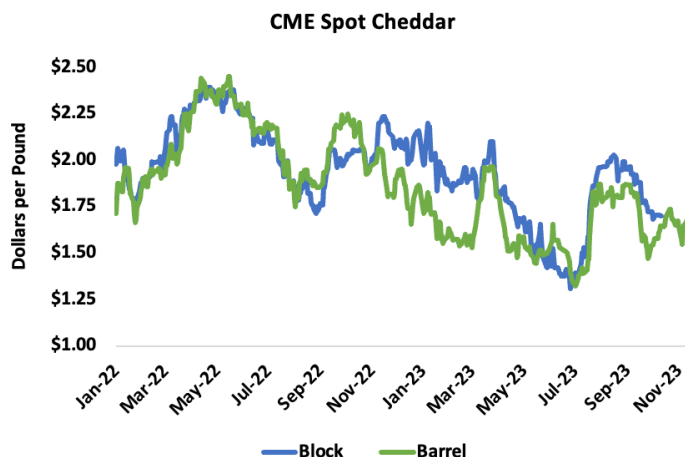
In sharp contrast to butter's volatility, the nonfat dry milk (NDM) market has been remarkably stable. The CME spot NDM price lost just .75¢ over the week, wrapping up Friday's session at \$1.1925/lb. Condensed skim supplies are plentiful and growing, but dryers have maintained active schedules and demand has



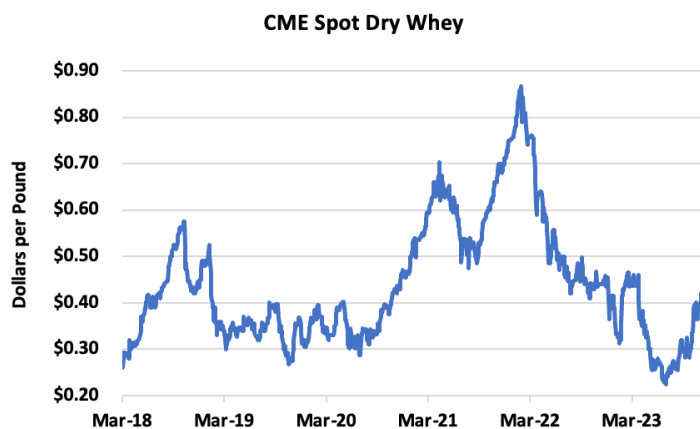
been sufficient to keep the market in check. Firming signals from the international arena have also likely helped to prevent NDM prices from falling more dramatically. At this week's Global Dairy Trade Pulse auction, skim milk powder prices moved upward, extrapolating the increase seen at last week's full auction. *Dairy Market News* reports that Mexican interest is mixed but suggests that the pace of buying may slow as the holidays approach.

Growing supplies have also increased the amount of milk available to cheese vats,

though spot milk prices remain resilient. Current spot supplies are running at a premium of between 25¢ and \$1 over Class III prices, driving many cheesemakers to fortify with milk powder. Cheese demand is mixed. The foodservice channel continues to suffer as high menu prices are spooking customers. On the other hand, retail demand has remained robust and is expected to remain so through the coming weeks. Data collected by *Dairy Market News* indicates the number of cheese advertisements recorded last week increased by 60% compared to the prior period. Traders and key players suggest that U.S. cheese continues to be price uncompetitive with international alternatives, which is expected to stifle export sales.



At the CME, spot Cheddar prices started off strong but deteriorated in the second half of the week. Blocks gained 4.25¢ and .5¢ on Monday and Tuesday but would see these gains wiped out, ultimately closing the week at \$1.60/lb., unchanged from last Friday. Barrels gained a more modest 3¢ early in the week before losing a penny on Thursday and 11¢ on Friday, pulling the price down to \$1.56/lb., 9¢ less than last Friday's close. After holding a premium to blocks for six sessions, Friday's loss pulled barrels back below blocks with a 4¢ spread.



While other markets slumped, dry whey defied the trend and managed to eke out some gains at the spot market this week. Increases on Monday and Tuesday were partially offset by losses on Wednesday and Thursday. Even so, the spot price ended the week at 41¢ per pound, up 1.25¢ from last Friday as 10 loads moved. Raw whey supplies are available but not excessive as cheesemakers still face a premium for spot milk. Market participants indicate that they are in the midst of negotiations for early next year and are finding resistance at the 40¢ price level.

A mixture of weather news out of South America has caused fluctuations in the grain markets this week as alternating swaths of excessive heat and torrential rains have moved across the region in recent days. Recent precipitation should have helped to get Argentina planting back on track while Brazil continues to face significant challenges. Despite headwinds, MAR24 corn futures settled on Friday at \$4.8525/bu., down a few cents from Monday's settlement. Meanwhile JAN24 soybean meal capped the week at \$436.50/ton, down about \$17 from Monday.