



The T.C. Jacoby Weekly Market Report

WEEK ENDING MARCH 29th 2024

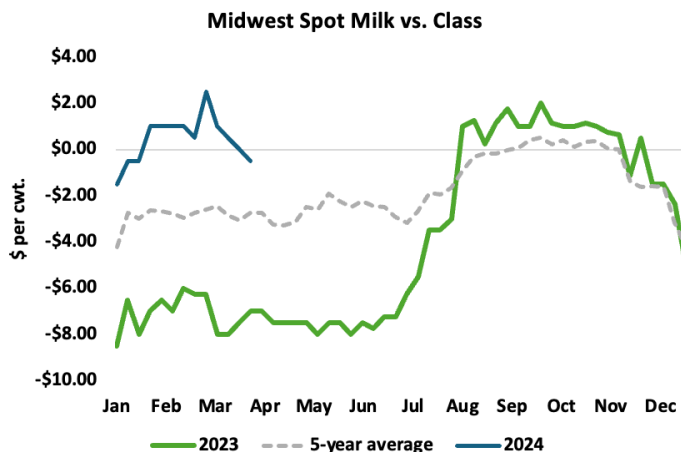
By Monica Ganley, Market Analyst for the Daily Dairy Report
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CME Spot Market for the Week 3/25/2024 to 3/29/2024			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.4000	1	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.4194	25		\$ 1.4288	22	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 2.8438	16		\$ 1.1213	12	

Milk and Dairy Markets

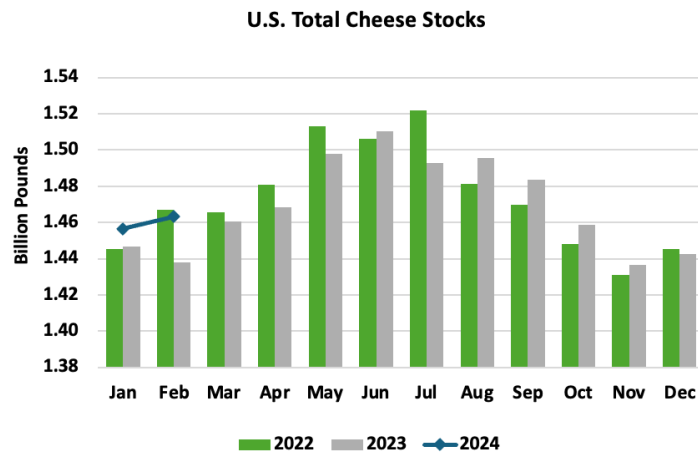
On Monday, the USDA announced that it had identified the mystery disease affecting dairy cattle in Kansas and Texas as Highly Pathogenic Avian Influenza (HPAI). According to the agency, the virus has likely been spread by wild birds that had contact with affected farms. While any situation that negatively impacts herd health is a concern, it is encouraging to know that the virus is not transmitted between cattle and there is currently no evidence that the disease will spread to humans. Furthermore, the farm level biosecurity and milk pasteurization protocols currently in place are effective in protecting the safety of the U.S. milk supply from HPAI.



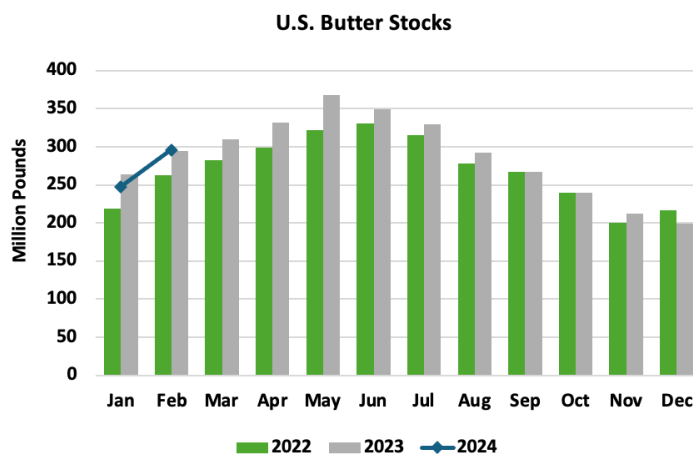
While herds affected by HPAI have seen a drop in milk production, the impact on overall milk supplies has been minimal. Volumes are expanding seasonally as the spring flush is imminent in many parts of the country. With many institutions enjoying their spring holidays the pull from bottlers has declined, leaving plenty of milk for manufacturers. In addition, mild weather and strong component values have loosened up the market for spot milk. Stakeholders surveyed by Dairy Market News report that spot loads of milk for manufacturing can be obtained for \$4 and

\$6 under Class III in the West and Central regions, respectively, with even greater discounts anticipated in the coming weeks.

With abundant spot milk available, cheesemakers have been keeping their vats filled. But as demand remains tepid, much of this production has wound up in storage. At the end of February, total cheese inventories amounted to 1.463 billion pounds, according to USDA's *Cold Storage* report. This is a 0.5% increase from January and 1.7% more than at the same time last year, though stocks remained just shy of February 2022's record highs. American cheese stocks declined by 0.8% from January to February but at 832.817 million pounds, rose 2.9% year over year and notched the largest volume ever recorded for the month.



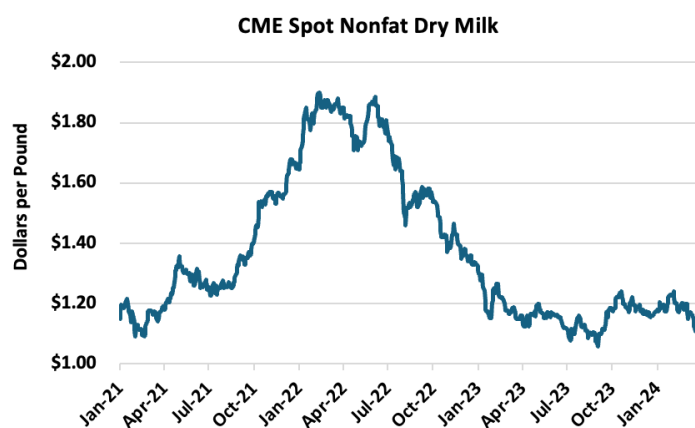
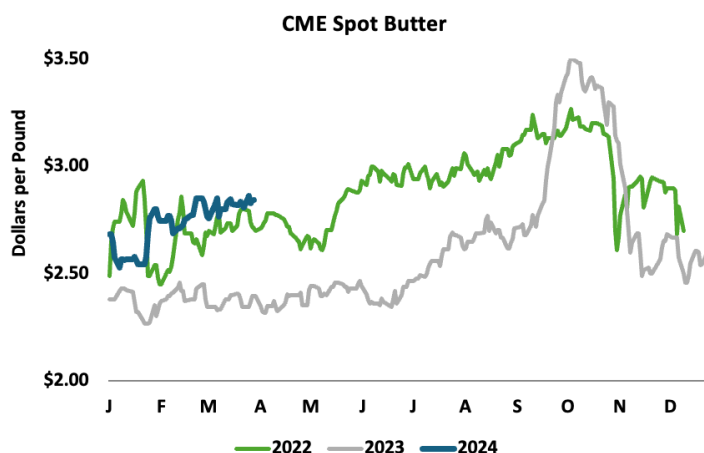
Plentiful cheese, especially Cheddar, has bogged down the spot markets. During the holiday shortened trading week, spot Cheddar blocks attempted a rally on Monday by rising 3.5¢ before being knocked back down on Tuesday and Wednesday. A penny gain on Friday provided a modest lift with blocks ending the week at \$1.4175/lb., up 2.5¢ from last Friday. Barrels followed a similar pattern, ending the week at \$1.4275/lb., up a quarter cent. It was an active week in the cheese markets as 25 loads of blocks and 22 loads of barrels moved over the four days. Cheese prices at these levels should help to stimulate additional demand, though this has been slow to materialize.



Meanwhile, butter prices have continued to appreciate, even as inventories have grown. Butter inventories expanded by 19.5% between January and February, following a typical seasonal pattern. At 295.809 million pounds, butter inventories were 0.6% greater at the end of February than at the same time last year. While market participants report that supplies are available, this has apparently been insufficient to quell the fears of butter buyers that are bidding the market up. Spot butter prices began the week with gusto, adding 5.5¢ to fly as high as

\$2.8625/lb. on Monday before retreating on Tuesday. Slight gains to round out the week brought the price to \$2.8425/lb. up 3.5¢ compared to the prior Friday as 16 loads moved. The spring holidays have helped to sustain demand for butter and cream, though orders have now largely been filled. Cream supplies are readily available, propped up strong rising fat tests in milk.

The other side of the Class IV complex has been less inspired as nonfat dry milk (NDM) spot prices continue to sit at the lower end of the range that they have occupied over the last year. A 1.5¢ increase on Monday was partially wiped away on Wednesday, bringing the price to \$1.12/lb., up 1.25¢ from last week with 12 loads moving. Seasonal expansion has ensured that milk supplies are readily available, and as some dryers have taken downtime, there is an excess of condensed skim available in parts of the country. In addition, demand has remained muted, including from export sources. Thus, while stocks are not burdensome, there is also not enough tension in the market to push prices upward.



After dipping into the 30s for the first time this year, the dry whey market made modest gains this week. Increases on Tuesday and Wednesday lifted the spot price to 40.25¢ per pound, up 0.75¢ compared to last Friday. As cheesemakers keep busy, they are throwing off an abundant whey stream which is more than sufficient to meet domestic and international demand for dry whey. Inventories are adequate to meet current needs. *Dairy Market News* reports that demand for whey protein concentrate with 34% protein is softer, leading many

manufacturers to focus on the production of higher protein products.

Feed & Grain Markets

USDA released its *Prospective Plantings* report this week, providing an initial assessment of anticipated crop plantings for this year. According to the report, U.S. producers intend to plant 90.036 million acres of corn this year, a decrease of 4.9% versus the prior year with important declines expected across many critical states in the Midwest. Some of these corn acres will be redirected into soybeans as soybean acreage is forecast to rise 3.5% to 86.51 million acres. While the trade had expected some shift, the size of the decline in corn acres spurred the corn futures market upward while soybean futures took a small step backward. DEC24 corn settled yesterday at \$4.7775/bu. while DEC24 soybean meal capped the trading session at \$346.3/ton.