



# The T.C. Jacoby Weekly Market Report

WEEK ENDING MARCH 15TH, 2024

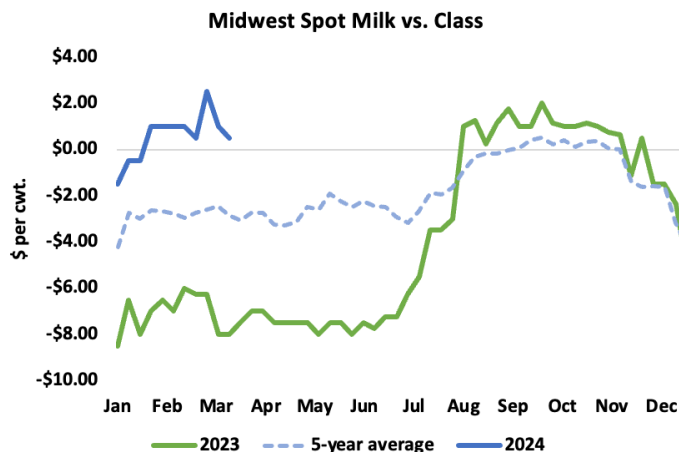
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CME Spot Market for the Week 3/11/2024 to 3/15/2024			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.4300	0	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.4495	13		\$ 1.4370	23	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 2.8290	8		\$ 1.1650	11	

Indecision continued to pervade the dairy markets this week as the price of most products waffled close to recent levels. While the market tone is certainly not one of desperation, both supply and demand leave something to be desired with the two market forces going head-to-head to see which will exert more influence on prices.

On the supply side, milk production is expanding seasonally though idiosyncratic issues in parts of the

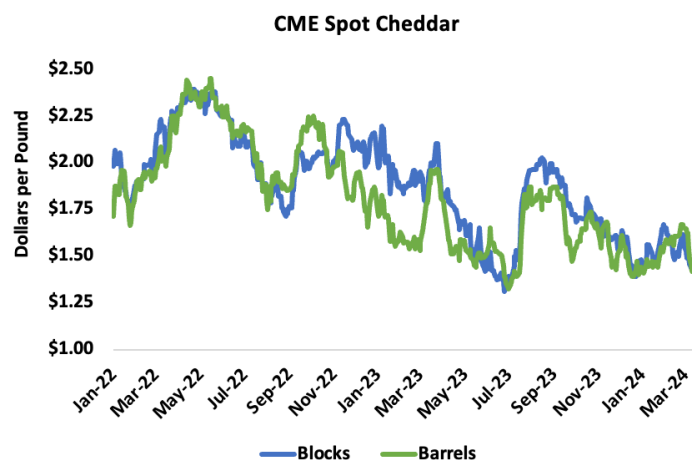
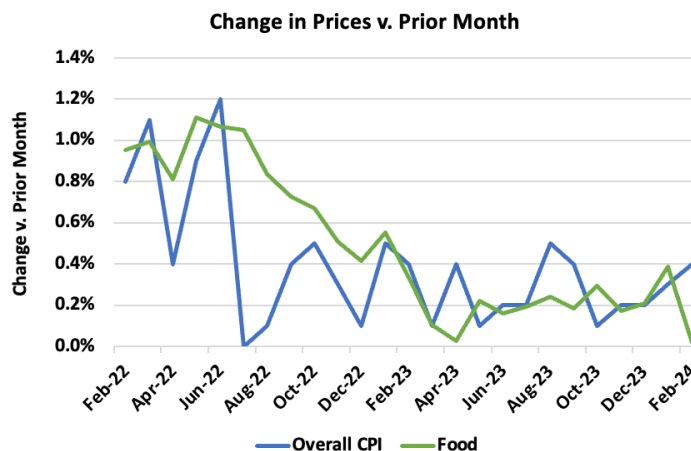


country are keeping a lid on output in some places. Perhaps most concerning, USDA reports that respiratory issues are affecting cattle in Texas following recent fires in the state, putting downward pressure on volumes. Class I demand is steady to lighter as schools are beginning to move toward spring breaks, reducing bottling demand. Generally, there is enough milk available for processing and while the range of spot prices for manufacturing in the Midwest remains similar to last week, commentary in *Dairy Market News* suggests that deeper discounts could be on the horizon.

Meanwhile, a new batch of price data was released by the Bureau of Labor Statistics, showing that inflation persists at elevated levels. The BLS reported that the Consumer Price Index (CPI) rose 0.4% in February compared to prior month, bringing annualized inflation to 3.2%. The food cost data was slightly

more encouraging, remaining virtually unchanged compared to prior month. Even so, food prices are 2.2% higher than at the same time last year and are almost certainly taking a bite out of consumer's budgets and confidence.

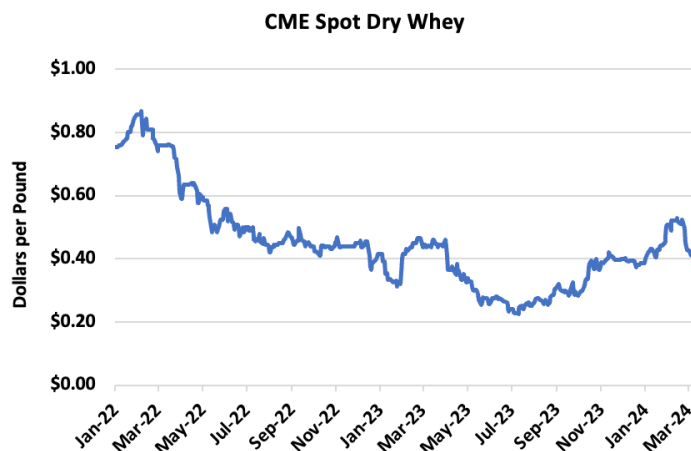
Consumer demand for cheese remains steady through both retail and foodservice channels. With the spring holidays approaching, cheese sellers are optimistic that demand will begin to tick upward in the coming weeks. In any case, cheese remains readily available, and production is upbeat although it is notable that several cheese plants have been taking downtime for maintenance. Lower cheese prices should be generating additional export demand but anecdotally this has been slow to materialize.



At the CME, the Cheddar markets righted themselves as barrels moved back below blocks this week for the first time since early February. Blocks lost ground on Monday and Friday, but a 3.75¢ increase on Thursday was sufficient to deliver a penny gain for the week, raising the price to \$1.47/lb. as 13 loads traded hands. Meanwhile barrels gave up ground on a busy Monday and Tuesday while gains during the back half of the week couldn't compensate for the loss. Ultimately Cheddar blocks closed the week at \$1.4425/lb., down 4.5¢ compared to the

previous Friday. A total of 23 loads of barrels moved during the week.

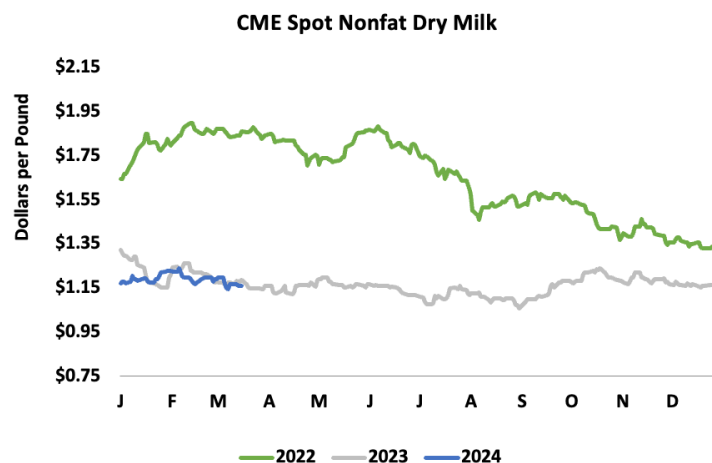
On the other side of the Class III complex, whey markets showed more conviction than any other product, adding value each day. After ending last Friday at 41¢ per pound, the whey market added 3.5¢ over the week, rising to 44.5¢ per pound by the conclusion of trading today. Activity was notably muted during the week as not a single load of whey traded hands. Price increases at the spot market were especially interesting given that market participants continue to describe the dry whey market as bearish. Upbeat cheese production is throwing off a plentiful whey stream while demand is understated from both domestic and



international sources. Regardless, it appears that higher prices will be necessary to clear volume at the exchange.

Butter also notched an increase at the CME this week. Following a quiet Monday, a 3¢ gain on Tuesday was followed by more modest increases on Wednesday and Thursday. A 2.5¢ loss on Friday took some of the wind out of butter's sails, but even so, the spot market ended the week at \$2.8225/lb. up 2¢ compared to last Friday as 8 loads changed hands.

For the moment, cream availability remains steady though demand from Class II manufacturers is ticking upward in anticipation of the spring holidays. Stronger component values in raw milk have helped to ensure cream availability, even in geographies where milk production is slipping. Most butter manufacturers continue to operate busy schedules and are reportedly building inventories for later in the year. Seemingly spooked by two years of shortages and record high prices, butter churns are adjusting production plans to ensure that they will have supplies come autumn. Butter demand is steady, but most market participants expect the pull from consumers to increase in the coming weeks.



The nonfat dry milk (NDM) market remained mostly steady this week, giving up just .75¢ to close the week at \$1.1625/lb., well within the range that the market has inhabited over the last several months. A total of 11 loads traded hands including 9 on Thursday alone when the price remained unchanged. Dryers report that condensed skim supplies are readily available due to the seasonal uptick in milk supplies combined with downtime at certain cheese facilities. Domestic demand remains lackadaisical while there has been some rising interest from key export

destinations, especially Mexico. According to *Dairy Market News*, however, many of these inquiries are seeking lower prices than what is currently on offer from US suppliers. NDM inventories are notably scant and could provide a floor to prices once demand improves in earnest.

All eyes in the grain market are trained on the South American crop and weather events that could affect final production figures. Updated figures from Brazil's supply agency moved estimates of corn and soybean production downward while the USDA continues to forecast much higher production from the country. Meanwhile, long-awaited rains arrived in Argentina this week and after some initial concerns that they could flood fields, the precipitation is largely thought to have been favorable for soybean production. MAY23 corn futures settled on Friday at \$4.3675/bu. while MAY24 soybeans ended the week at 11.9825/bu.