



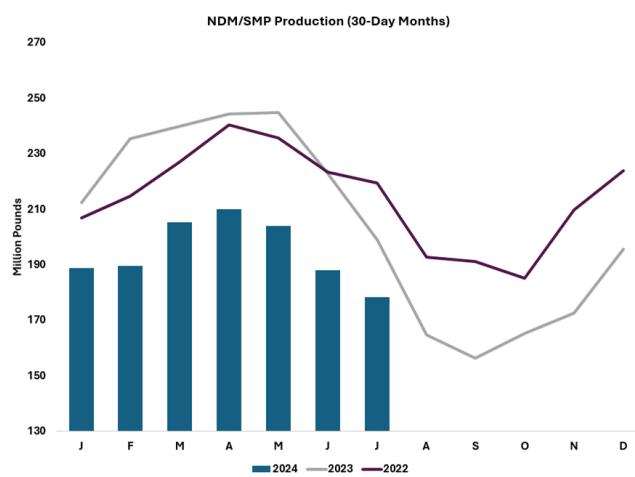
# The T.C. Jacoby Weekly Market Report

WEEK ENDING September 6, 2024

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CME Spot Market for the Week			WHEY		
9/2/2024 to 9/6/2024			Avg Price	Qty Traded	4 wk Trend
			\$ 0.5725	5	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 2.2363	7		\$ 2.2588	5	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 3.1594	22		\$ 1.3550	19	



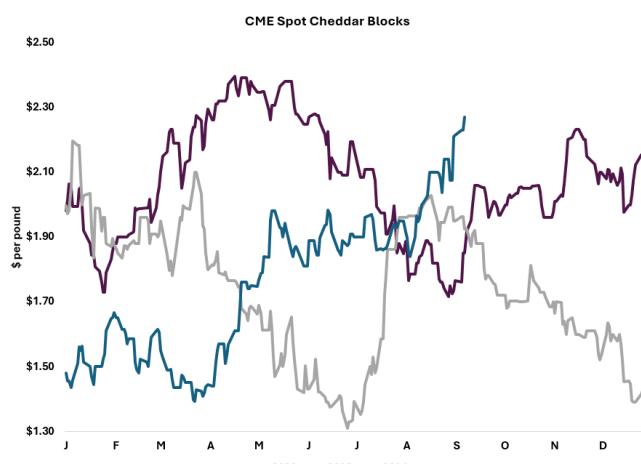
Tighter milk supplies and lower milk solids output have stiffened competition among dairy processors. While there are no obvious winners, there is a clear loser. Around the country, lines at the dryer are short, and output is waning. In July, combined production of nonfat dry milk (NDM) and skim milk powder (SMP) dropped to 184 million pounds, down 10.6% from the prior year. So far in 2024, milk powder output is 14.6% behind the 2023 pace and off to the slowest start since 2013. Meanwhile, NDM exports accelerated in July, outpacing the prior year by 10.3%. Shipments to Mexico jumped 20% year over year, and exports to the

Philippines – now our second-largest market – leapt 79%. Manufacturers' stocks of NDM dipped to 269.7 million pounds, down slightly from June but up 0.4% compared to July 2023.

Stocks are getting snug around the world. USDA's *Dairy Market News* reports that in Europe, SMP inventories are "thin," and buyers are hurrying to secure product amid fears that bluetongue disease will reduce SMP output. Prices are climbing everywhere. At Tuesday's Global Dairy Trade (GDT) auction, SMP rallied 4.5% to its highest price since June. Whole milk powder (WMP) retreated, but the trade was encouraged to see China buying decent volumes for the third straight auction, a hint that the China's WMP stockpile may be dwindling after years of very low imports. And concerns about U.S. milk production rose to the fore this week after confirmation that the avian influenza has indeed reached central California.

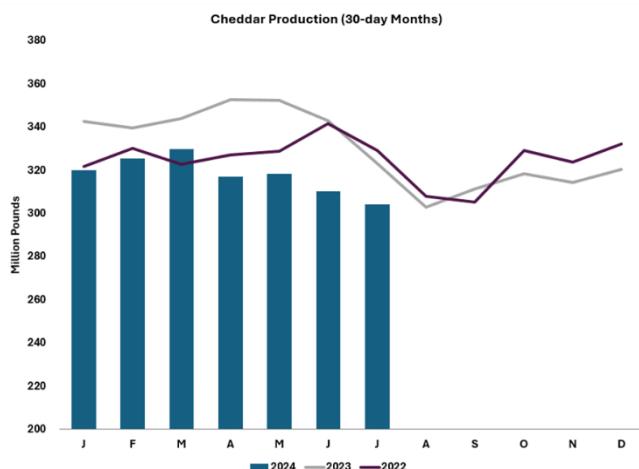
That was enough to push CME spot NDM up another 3.5¢ to \$1.365 per pound, its highest price since late 2022.

CME spot Cheddar blocks also reached a multi-year high. They jumped 6¢ this week to \$2.27. Barrels rallied 1.5¢ to \$2.275. Manufacturers made plenty of cheese but very little Cheddar. While cheese output topped year-ago volumes by 1.9%, Cheddar production fell 5.8% to the lowest July total since 2019. So far this year, U.S. Cheddar output has run 7.2% behind the 2023 pace. That's tightened up the supply of fresh Cheddar for sale in Chicago and propelled prices upward. But so far, high prices have not throttled U.S. cheese exports. The U.S. sent nearly 89 million pounds of cheese abroad in July, the highest volume ever for the month. While that was not as strong as the 100 million pounds shipped consistently in February through May, it was much better than feared after the steep runup in U.S. cheese values.



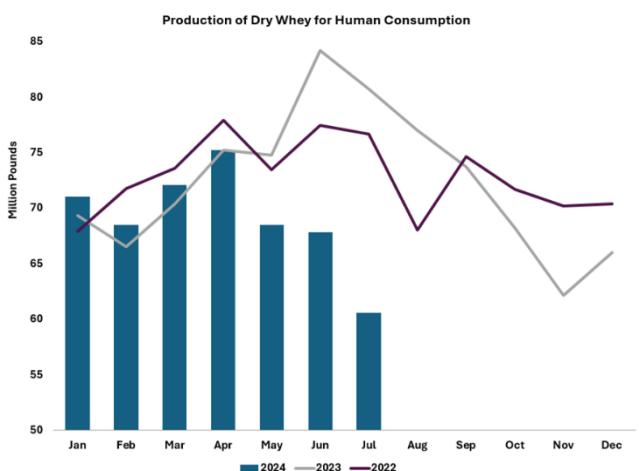
consumption, the lowest July output since 1984. Most of the whey stream is being distilled into high-protein concentrates and isolates. Whey protein isolate output topped year-ago volumes by 34% in June and 30% in July. Nonetheless, whey concentrates are not piling up, evidence that Americans are indeed consuming all this protein, or at least purchasing a big tub for their pantry. As for whey powder, stocks are short. They dropped to 60.4 million pounds, down 27.7% from July 2023 and the lowest July tally since 2012. On LaSalle Street, CME spot whey advanced 2.75¢ this week to 58.75¢.

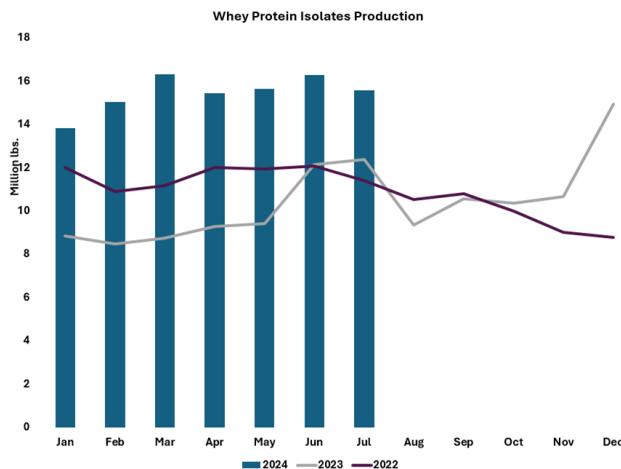
While CME spot dairy products moved upward, milk futures did not. New highs in the cheese market were enough to lift September Class III to \$22.77 per cwt., up 36¢ from last Friday. But all other Class III and Class IV futures lost ground this week with most contracts 20¢ to 30¢ in the red. The



Butter output remains strong. Manufacturers churned out 162 million pounds in July, 2.2% more than in July 2023 and a new high for the month. But demand is formidable and prices remain high. CME spot butter climbed a half-cent this week to \$3.175.

Whey powder output dropped hard in July, and USDA revised its estimate of June whey production sharply lower as well. Manufacturers dried 62.6 million pounds of whey for human consumption in July, down 14.4% from July 2023 and the lowest July tally since 2012.





dairy markets are lofty and likely to remain so, but unless demand improves, they may have trouble climbing a lot higher.

The feed markets continued to climb. Silage choppers are rolling and yields are good. The trade is confident that the grain and soy harvest will be plentiful. But prices have clearly fallen far enough to attract new demand and tighten balance sheets at the margins. Ethanol output in July and August was 3.3% higher than the year before. The cattle industry is boosting beef production by raising cattle to record-high weights. And the U.S. is now the cheapest market

– by far – for corn and soybeans. After months of ho-hum sales, business is picking up. The trade is also becoming concerned about dry conditions in Brazil. If dryness persists through the second half of the month, it could delay planting and trim yield potential. It's too soon to be overly anxious, but the market is starting to price in the possibility that Brazil's next crops may be a little smaller than the country's massive projections. With that, December corn added a nickel this week and closed at \$4.0625 per bushel. November beans rallied a couple cents to \$10.02. December soybean meal was stubbornly strong. It climbed \$11 to \$324 per ton.