



The T.C. Jacoby Weekly Market Report

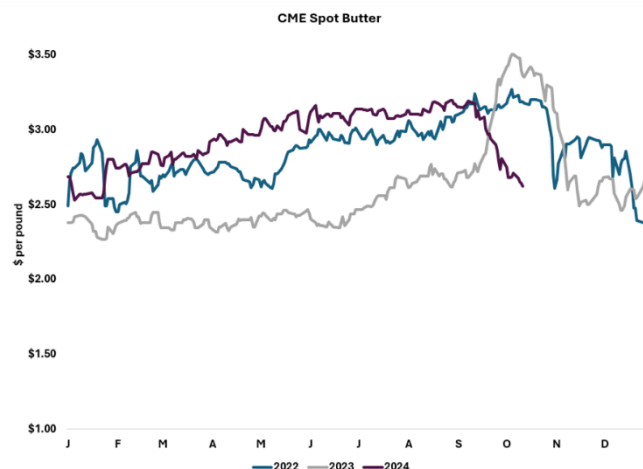
WEEK ENDING OCTOBER 11th, 2024

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CME Spot Market for the Week 10/7/2024 to 10/11/2024			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.6000	2	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.9240	19		\$ 1.8890	6	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 2.6610	90		\$ 1.3540	13	

The dairy markets are seeking a balance at prices that encourage greater milk output without killing demand. For several weeks, that required a steep descent from a dizzying peak. This week, most milk and dairy product prices finished lower than where they stood last Friday, but they appeared to find their footing. Week-to-week losses were modest and several Class III and Class IV futures contracts managed to climb a few cents this week. Dairy producers can expect milk revenues around \$20 or \$21 per cwt. for the next several months.

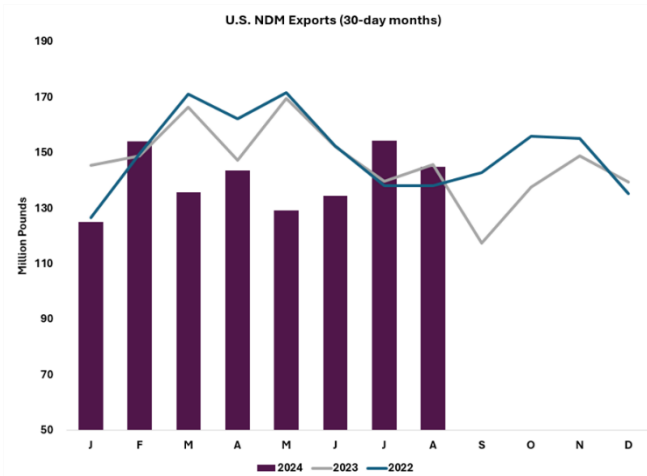
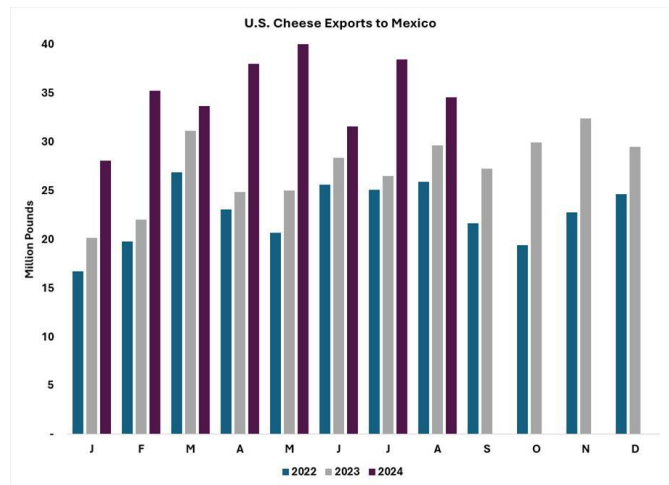


Butter prices continued to decline. Butter buyers spent most of the year bidding aggressively to stock up ahead of the pre-holiday rush. They hoped to avoid the kind of fall spike that they suffered in each of the past two years. Their fear of paying \$3.50 for the last few loads of butter needed to supply the holiday baking season pushed them to spend nearly \$3 on every load they put away for eight months. But that's over now. CME spot butter fell another 6.25¢ to \$2.625 per pound, the lowest price since January.

Cheese prices also retreated. CME spot Cheddar blocks dropped 6¢ to \$1.8875. Barrels lost 6.75¢ and closed at \$1.8875. Just two weeks ago, barrels stood nearly 40¢ higher than blocks. Today, they are exactly even. The summer shortage of fresh barrels was a flash in the pan. Cheddar output remains below year-ago levels, but the deficit narrowed to just 1% in August. Meanwhile, Cheddar exports slowed as high

prices deterred foreign buyers. U.S. exports of other cheese varieties remained strong. Total U.S. cheese exports topped year-ago volumes by 14% in August, setting a new record for the month. Shipments to Mexico were especially robust. The combination of tight milk supplies and big exports has helped to keep U.S. cheese inventories in check. But the trade is concerned about a big uptick in Cheddar stocks once new plant capacity comes into play.

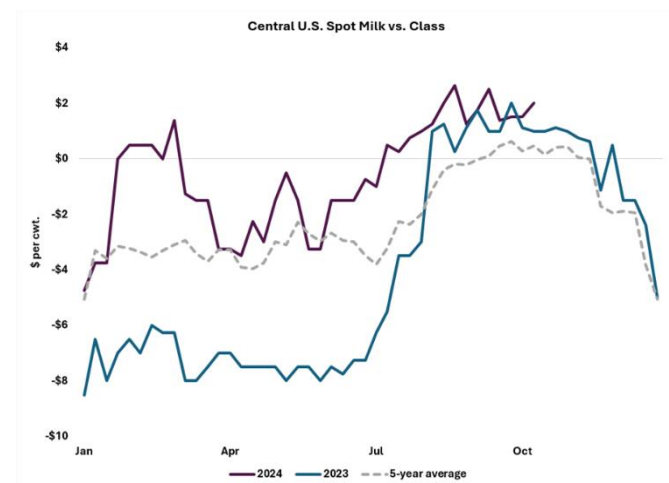
CME spot whey powder dropped a penny this week to 59.5¢. Formidable demand for high-protein concentrates and isolates continues to restrict whey powder production. American consumers are using up so much high-protein whey products that there is little leftover for foreign buyers. U.S. exports of whey protein concentrates dropped 7.5% below year-ago volumes. But whey powder shipments grew 14.5% year over year in August. Stronger exports and slower production have put a firm floor under whey powder values.



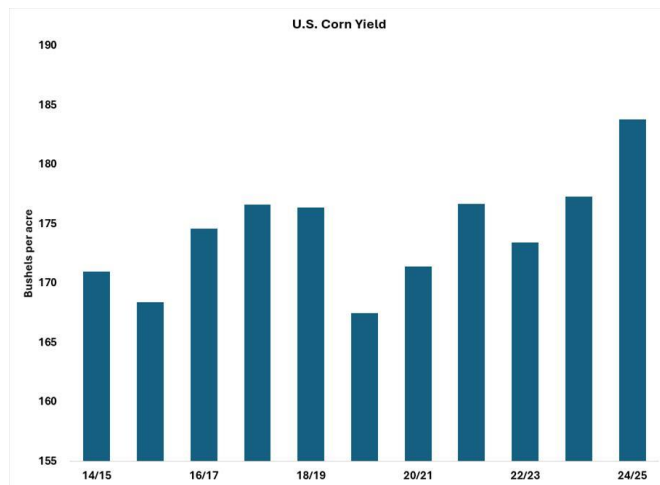
U.S. milk powder exports tallied 145 million pounds in August. While a respectable volume, it was 0.4% lower than August 2023. Milk powder exports to Mexico were record-large for the month, up 9.1% year over year. So far this year, U.S. milk powder shipments through August were 7.9% lower than the first eight months of last year and exports to Mexico were off 11.6% from the 2023 pace. But after a slow start, Mexico's milk powder imports sped up in July and accelerated further in August, signaling that

high cheese prices have enticed processors in the United States' top market to fortify their vats to boost domestic cheese production. Going forward, strong demand from Mexico will be vital, because the United States has lost its advantage in more distant markets due to an uptick in milk powder output in Oceania.

CME spot nonfat dry milk (NDM) held steady this week at \$1.3525. Tight milk supplies continue to restrict milk powder production, which lagged the prior year by 14.8% in January through August. Spot milk is trading at steep premiums in the Upper Midwest, signaling that processors want more milk than they can find. In California, which accounts for about 40% of U.S. NDM production, avian influenza is spreading rapidly, which suggests that fourth-quarter milk powder output could plummet. It's difficult to overstate the scale of California's dairy industry and how quickly the bird flu could spread through the world's most important milk shed. A severe



decline in California milk output could have an explosive impact on dairy product prices in an already tight milk market.



The U.S. corn crop is even bigger than previously thought. In USDA's monthly update to its crop balance sheet the agency raised its corn yield estimate to 183.8 bushels per acre, up 0.2 bushels from the September assessment. This year's national average yield is a whopping 7.1 bushels higher than the previous record high. But, because farmers planted about 4 million fewer corn acres than last year, this year's crop is still slightly smaller than the 2023-24 harvest. USDA also raised its estimate of corn demand in both the 2023-24 and 2024-25 crop years. But the big picture has not changed. With big harvests in back-to-back years, U.S. corn is

plentiful. December corn futures retreated to \$4.155 per bushel, down a dime this week. Soybean and soybean meal futures also lost ground. November soybeans dropped to \$10.07 per bushel, down 30¢ from last Friday. December soybean meal plummeted \$28 to \$316 per ton.