



# The T.C. Jacoby Weekly Market Report

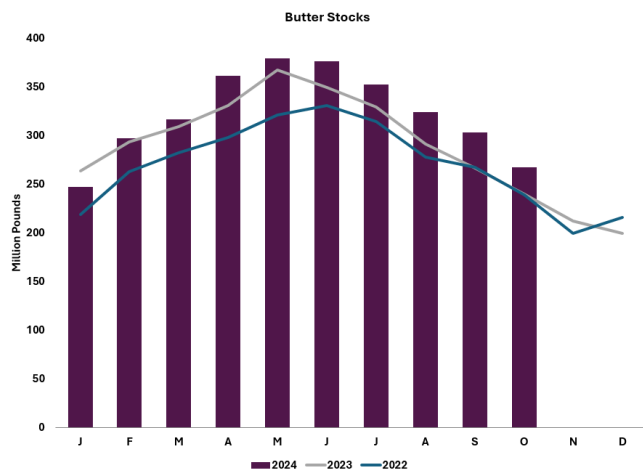
WEEK ENDING December 6, 2024

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CME Spot Market for the Week 12/2/2024 to 12/6/2024			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.7135	9	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.6745	18		\$ 1.6510	10	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 2.5285	33		\$ 1.3825	28	

The dairy markets had a lot of data to digest along with their turkey. While Americans topped their mashed potatoes and slathered their rolls with butter, dairy analysts chewed on data showing October butter



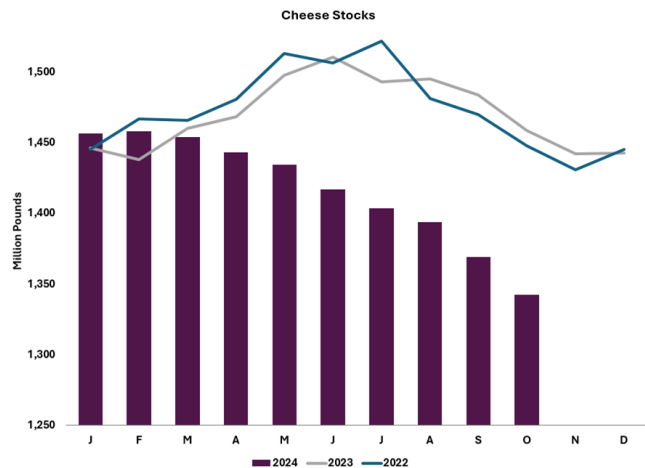
output and inventories well above year-ago levels. Demand is great, up 4% from 2023 for the year to date. But American dairy producers have been a little too successful in boosting their butterfat output. October butter output was 3.1% greater than the previous October. There were 267.5 million pounds of butter in cold storage warehouses on October 31, 11.4% more than the year before and the largest October tally since 2021. We simply have too much butter to justify a \$3 price tag. However, it appears that prices have fallen far enough for now. CME spot butter dipped briefly below \$2.50 per pound last week, but it closed today at \$2.545, up 1.5¢ over

the past two weeks and up 6¢ from the pre-Thanksgiving low.

U.S. cheese production outpaced the prior year by 1% in October, driven by a 1.6% jump in mozzarella output. Cheddar production fell 3.1% short of October 2023, marking the 12<sup>th</sup> straight year-over-year decline in Cheddar output. That's a boon for dairy producer incomes because spot Cheddar helps determine the price of Class III milk.

Exporters sent nearly 86 million pounds of cheese abroad, the highest October volume on record.

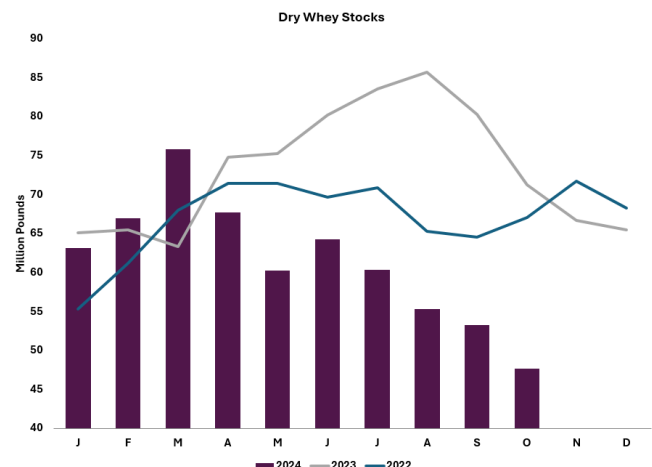
Cheese inventories declined for the eighth straight month, pushing stocks down 8% from last year to their lowest October level since 2020, when the government bought massive volumes of cheese to give away in food boxes. The trade remains anxious that, as new capacity comes online, U.S. cheese output will overwhelm demand. But for now, production is not much above year-ago volumes and the larder is surprisingly bare. U.S. cheese is priced to move, and exports are expected to remain strong, barring headwinds from a potential trade war. The cheese markets bounced back from six-month lows. CME spot Cheddar blocks rallied 5.5¢ over the past two weeks and closed today at \$1.70. Barrels climbed 4¢ to \$1.69.



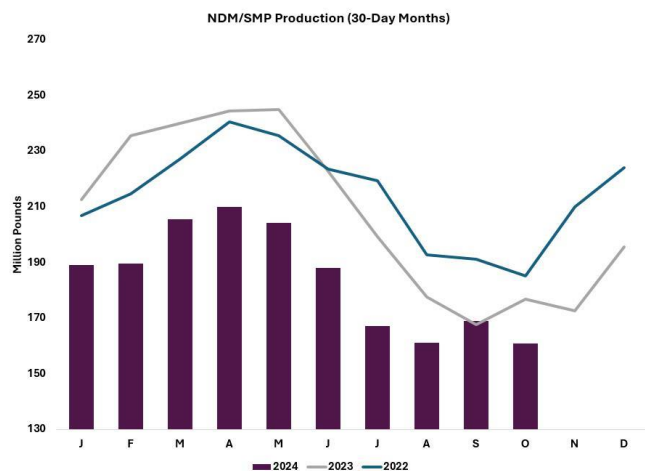
CME spot nonfat dry milk (NDM) advanced 2.25¢ in two weeks. It closed today at \$1.39, just a penny shy of the two-year high. Combined production of NDM and skim milk power (SMP) totaled 166 million pounds, down 9% from a year ago and the lowest October volume since 2015. Although manufacturers' stocks of NDM declined seasonally, they're 8.1% larger than the unusually light stockpile of October 2023. U.S. milk powder exports looked a little light in October. At 137 million pounds they were 4.3% below year-ago volumes. Shipments to Mexico climbed to a 17-month high, but the U.S. lost business in Southeast Asia.

After a year of low global milk powder output, there is a firm floor under the market. But there's also a low ceiling, thanks to strong milk output in Oceania and uncertainty about Chinese demand. SMP notched a two-year high at the late-November Global Dairy Trade GDT, but at this week's event, SMP took a small step backward.

The whey markets are aglow with holiday cheer. The story is the same, but the latest data add a little sparkle. U.S. manufacturers are working to compress all the whey they can into high-protein concentrates (WPCs) and isolates (WPIs). They're making WPIs at a record-shattering pace, with year-to-date output up 48% from the first ten months of 2023. There was enough whey leftover to make just 62 million pounds of whey powder, the lowest October output since 1984. Dry whey inventories dwindled to a 12-year low. And whey prices just keep climbing. CME spot



whey powder finished at 71¢, up a nickel from where it stood two weeks ago. That's enough to add 30¢ to Class III values in a fortnight.



Relentless strength in the whey market and the rebound in cheese pushed Class III prices sharply higher. The December contract added back 42¢ over the past two weeks and reached \$18.87 per cwt. January Class III rallied \$1.13 over the same period, and first-quarter futures closed around \$19.45. Class IV futures were mixed, with most contracts in the neighborhood of \$20.75.

Despite the strong dollar, U.S. corn is currently the cheapest in the world, and foreign buyers have taken notice. U.S. exporters are busily booking sales and rushing to get corn off our shores before potential tariffs reduce U.S. competitiveness. But corn is plentiful, so the impact of this new demand is limited. Over the past two weeks, March corn futures climbed 4¢ to \$4.40 per bushel. Over the same period January soybeans rallied 9¢ to \$9.95 and January soybean meal fell \$5 to \$287.40 per ton.