



# The T.C. Jacoby Weekly Market Report

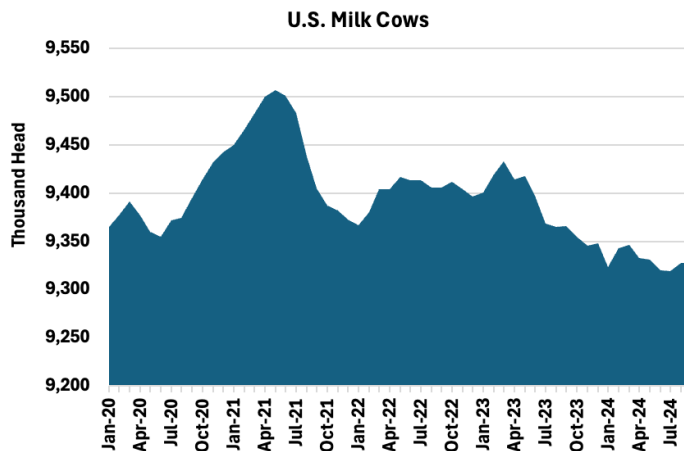
**WEEK ENDING October 25, 2024**

By *Monica Ganley, Market Analyst for the Daily Dairy Report*  
[Monica.Ganley@Quarterrarglobal.com](mailto:Monica.Ganley@Quarterrarglobal.com)



CME Spot Market for the Week			WHEY		
			Avg Price	Qty Traded	4 wk Trend
10/21/2024 to 10/25/2024			\$ 0.6035	13	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.9100	5		\$ 1.9085	9	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 2.6815	15		\$ 1.3685	32	

Dairy market analysts got a surprise this week when USDA released its Milk Production report on Monday with stronger than expected results. According to the report, milk production grew by 0.1% year over year in September. But perhaps even more unexpectedly, the agency revised the August figure from a modest



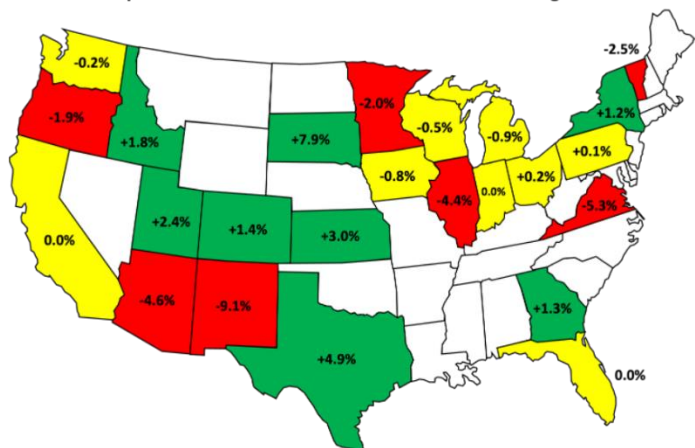
loss to a 0.4% increase. At 9.328 million head, the national dairy herd was unchanged in September compared to prior month. However, it remains 38,000 head smaller than at the same time last year. Milk per cow grew by 0.5% and critically, milk component levels have continued to rise, further increasing the manufacturing value of the milk.

Milk production performance was mixed across the country's key dairy states. In California, September output was virtually unchanged from prior year. However, these

statistics were likely collected before the most severe stages of the H5N1 outbreak which has gripped California in recent weeks and is reportedly having a substantive impact on production. Meanwhile, production faltered in the Upper Midwest with volumes down 0.5% year over year in Wisconsin. The country's other top five dairy states posted strong figures in September with Idaho production up 1.8% while Texas and New York posted gains of 4.9% and 1.2%, respectively.

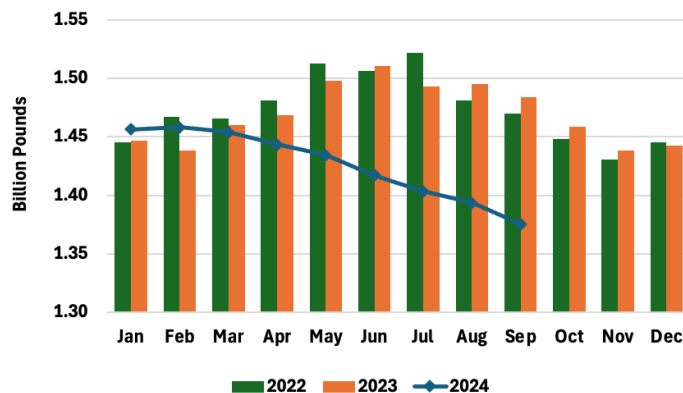
With these figures, a year of declining milk production has officially ended. However, the situation remains precarious as animal health issues persist and producers still face numerous barriers to expansion. But anecdotal evidence indicates that milk supplies have eased somewhat as cooler autumn temperatures have helped to boost output. Some cheesemakers in the Central region were even able to nab spot loads of milk at a discount to class prices this week. Demand from bottlers has generally been steady as the holiday season approaches.

September 2024 Milk Production: Year Over Year Change



As milk supplies loosen, cheese prices moved down at the CME this week. Cheddar barrels showed the most dramatic movement, giving up value every day as the price sank to \$1.87/lb. on Friday, a 14¢ dip compared to prior week. Cheddar blocks also moved downward but in fits and starts, ultimately giving up 2.5¢ to close the week at \$1.90/lb. Activity was muted in the cheese market with just five loads of blocks and nine loads of barrels moving over the course of the week. With these movements, the block-barrel spread has been restored to its historical average of 3¢.

U.S. Total Cheese Stocks

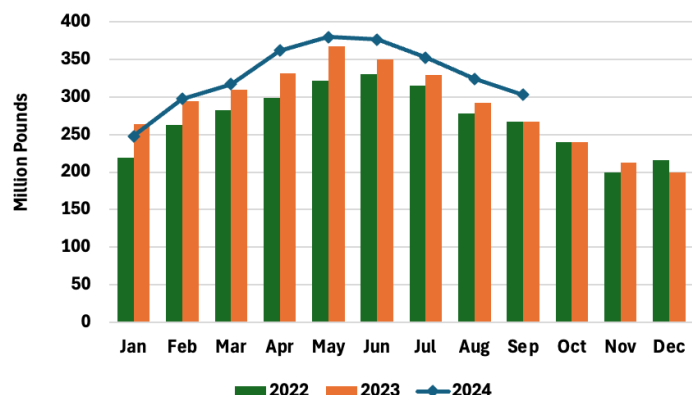


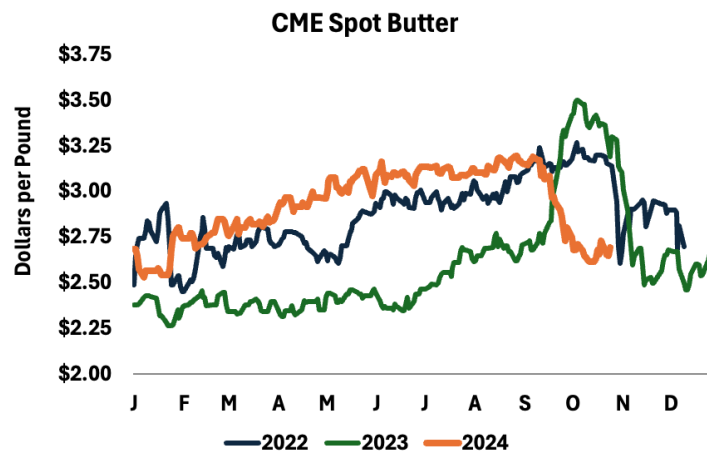
Even as total cheese production has been running above prior year levels, inventories continue to shrink. In its most recent Cold Storage report, USDA pegged total cheese stocks at 1.375 billion pounds. This represents a 7.3% year over year decline and is the seventh consecutive month that inventories have decreased compared to prior month. This suggests that cheese demand has been relatively robust, despite mixed reports from the market. Persistently

strong export demand is likely helping to clear product while some targeted foodservice offers may be helping to push more cheese through the channel. Stocks of American style cheeses contracted more dramatically than other styles in September, likely reflecting lower relative production.

While cheese stocks shrank, butter inventories continued to grow compared to prior year. At the end of September there was 302.995 million pounds of butter in storage. Inventories have been falling seasonally but were 13.6% larger in September than at the same time last year. Strong butterfat tests have fueled butter production in recent months and the increase in inventories suggest that the ability of manufacturers to move this product through the market is slowing. The accumulation in stocks help to

U.S. Butter Stocks





rationalize the dramatic decrease in butter prices that were witnessed during the month. But despite sufficient supplies, spot butter found some traction at the CME this week, adding a net 3.5¢ over the week to finish Friday's session at \$2.695/lb.

On the other side of the Class IV complex, the nonfat dry milk (NDM) market gave up a half a penny during the week to end the trade at \$1.375/lb. Even though the price movements were modest, it was a relatively active week at 32 loads of

product traded hands. NDM production is likely to remain challenged. Even as overall milk output is improving, restrictions in California are expected to disproportionately limit NDM production. Demand is mixed as some users report they are well supplied while others have found themselves short. Traders indicate that Mexican buyers are still active in the market

Familiar themes continue to dominate the whey market. Upbeat cheese production has created a plentiful whey stream, but robust demand from higher protein products is limiting how much raw whey is actually dried. As a result of these competing forces, dry whey prices continued to sit comfortably at current levels, ending the week at 60.5¢ per pound, up just a quarter of a cent from last week. A total of 13 loads of whey moved at the CME during the week.

The harvest continues to run slightly ahead of historical averages as the weather has largely been agreeable in recent weeks. According to USDA's Crop Progress report, for the week ending October 20, 65% of corn in the top producing states had been harvested, compared to the five-year average of 52%. Similarly, the soybean harvest stands at 81% compared to the five-year average of 67%. While a successful harvest bodes well for long term feed supplies, corn futures nevertheless moved up this week as the MAR25 corn contract settled at \$4.35/bu. on Thursday. Soybean meal futures softened over the week with the JAN25 soybean meal contract settling at \$310.20/ton on Thursday.