



# The T.C. Jacoby Weekly Market Report

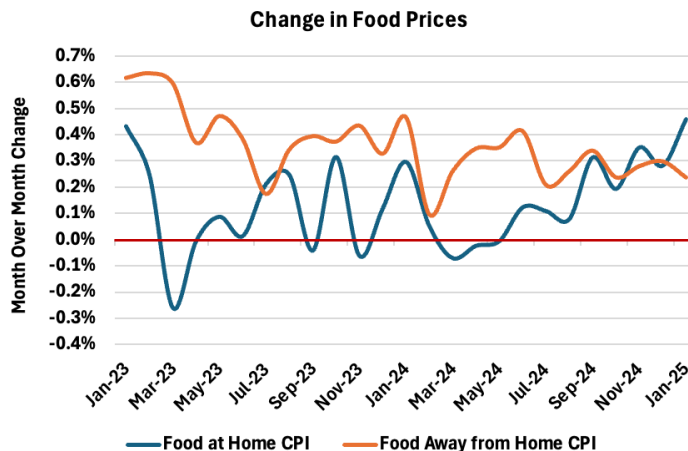
WEEK ENDING February 14, 2025

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CME Spot Market for the Week 2/10/2025 to 2/14/2025			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.5675	4	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.9140	8		\$ 1.8215	8	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 2.3985	51		\$ 1.3010	15	

Love is in the air. And while folks across the country may be looking forward to preparing a special date night dinner for their sweetheart this Valentine's Day, that romantic meal may take a bite out of their budget. Grocery prices rose 0.5% in January compared to prior month, according to data published this



week by the Bureau of Labor Statistics. However, couples that celebrate by going out to eat are likely to see a more modest price increase. Restaurant prices were only up 0.2% for the month, though menu prices are still 3.4% higher than at the same time last year.

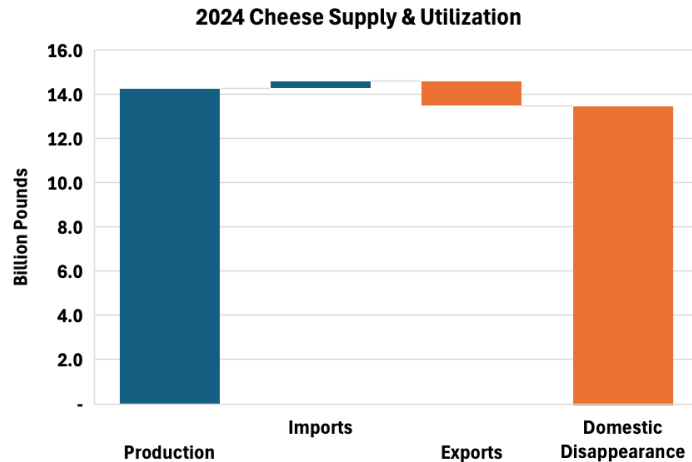
Price relief doesn't appear imminent, especially as the Trump administration revealed several new actions this week, further straining U.S. trade relationships. On Monday, the administration announced an expansion of steel and

aluminum tariffs in a bid to reduce the trade deficit and protect domestic industry. As of mid-March, both steel and aluminum imports will face a 25% tariff and previously exempted partners such as Canada and the European Union will lose their privileged status.

The administration also announced that it will implement a series of reciprocal tariffs intended to equalize trade with other countries. Over the next month and a half, the Office of Management and Budget will review the relationship with each trading partner, considering both tariff and nontariff barriers. The

administration will then review these reports and define the reciprocal tariff for each market. Additional levies implemented by the U.S. will almost certainly result in further tariffs placed on U.S. exports, which could impact dairy products. However, at this point the situation is evolving, and there is little clarity about

which products and markets may be most affected.



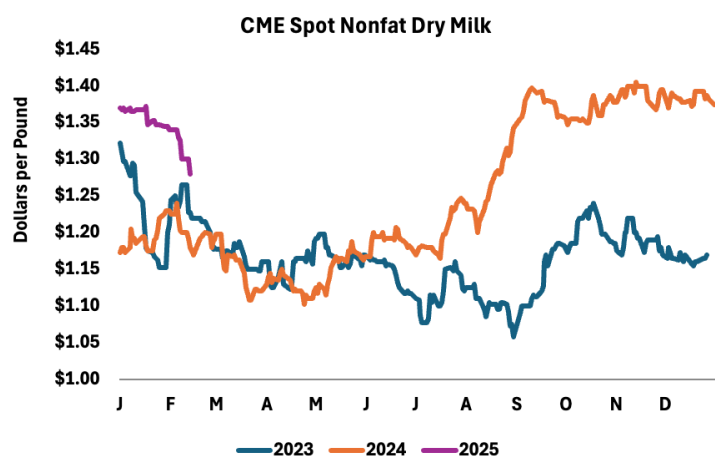
A potential trade war is particularly worrisome for the cheese sector, which has come to depend increasingly on the export market to absorb production. According to USDA's Supply and Utilization data, total domestic cheese disappearance fell by 17.3 million pounds in 2024, dragged down by weaker consumption of American style cheeses. Over the same period, however, exports grew by 170.2 million pounds, more than compensating

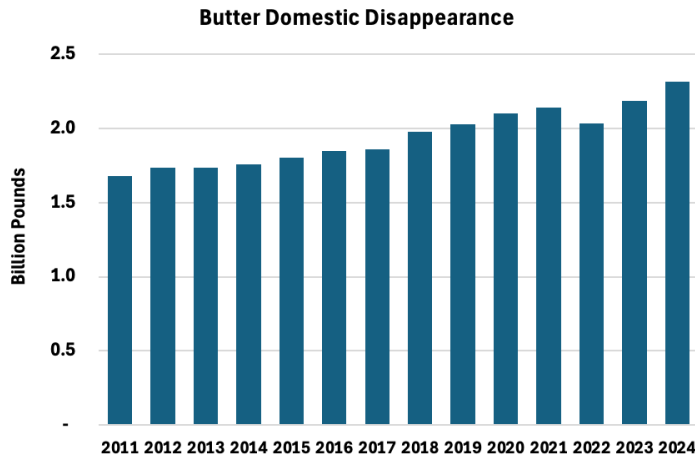
for slow domestic demand and preventing stock accumulation, which would likely have put downward pressure on prices.

Despite the swirling threats of a trade war and looming new production volumes, the cheese market was able to find enough traction to move upward this week. At the CME spot market, Cheddar blocks gained 6¢ between Monday and Wednesday, rising to \$1.92/lb. where the market remained over the balance of the week. Barrels moved steadily up and despite a slight loss on Friday, ended the week at \$1.8175/lb., up 3.75¢ from last Friday's close. The tone in the cheese market is mixed as participants offer divergent perspectives about milk availability and activity levels.

Cheese was the sole source of gains at the spot market as every other product lost value. On the other side of the Class III complex, the dry whey market continued its downward march, giving up another 3.25¢ this week to end Friday's session at 55¢ per pound. While upbeat cheese production continues to throw off an ample whey stream, a persistent preference for the production of higher value protein products has kept the market for dry whey snug. Even so, buyers appear to be rejecting the elevated prices seen at the turn of the year.

Dry whey's descent was only surpassed by that of nonfat dry milk (NDM) which lost a nickel over the week. After giving up a final 2¢ during Friday's trade, the market ended the week at \$1.28/lb., the lowest price seen since last August. A total of 15 lots traded during the week, all of them on Tuesday. Lower NDM prices will help increase the competitiveness of U.S. product abroad. This week's Pulse auction run by Global Dairy Trade witnessed a very minor decline for the skim milk powder price, which fell to \$2,835/MT. After adjusting for protein content this is within a penny of the U.S. spot NDM price.

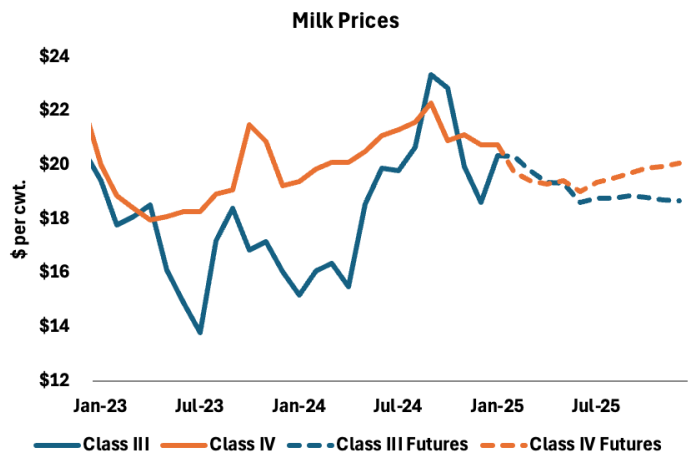




Butter prices appeared poised to stage a rally early in the week, posting a 5¢ increase on Tuesday as 12 loads traded hands. But if there was any doubt about butter availability, it was quickly addressed the following day as 31 loads were traded and the price gave up 2.5¢. The rest of the week featured more measured losses, bringing the spot butter price down to \$2.3775/lb. by Friday, a quarter cent lower than the prior week and the lowest price seen since June 2023. Domestic butter disappearance rose 5.7% in 2024, and demand remains robust. But cream is abundant and

multiples are falling which is likely to keep the market well supplied.

While not nearly as excessive as the cream situation, spot milk supplies are also relatively available. Manufacturers in the Midwest who acquired spot milk for manufacturing last week paid a discount to Class III prices for the first time since early January. However, the situation varies by milkshed as manufacturers and bottlers compete for supplies. Milk volumes are trending higher in many parts of the country though frigid temperatures and harsh winter conditions are creating challenges for some producers in the east.



USDA released its World Agricultural Supply and Demand Estimates report on Tuesday. The agency largely left the domestic balance sheets untouched but made dramatic cuts to South American production expectations. Corn production in Argentina and Brazil was dropped by 1 million metric tons (MMT) each as unfavorable weather has delayed crop progress. However, the largest decrease was seen on the soybean balance sheet as USDA slashed production expectations for Argentina to 49 MMT, down 3 MMT from last month's estimate. The trade was unimpressed by the cut, however as soybean futures trended downward on both Tuesday and Wednesday.