



The T.C. Jacoby Weekly Market Report

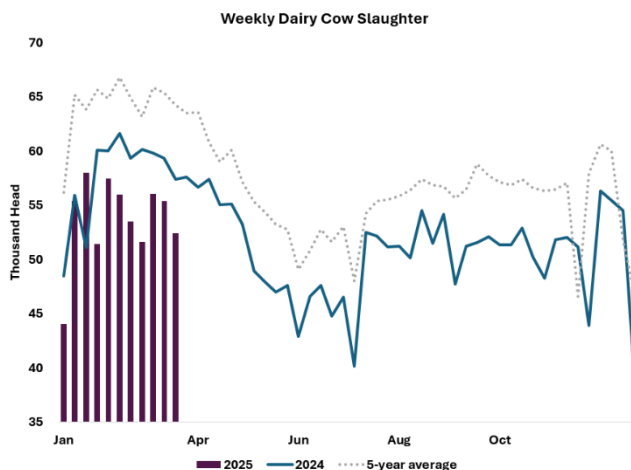
WEEK ENDING March 28, 2025

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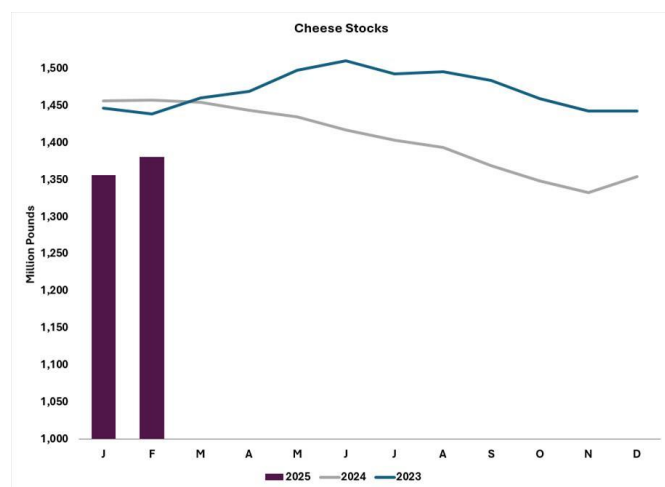
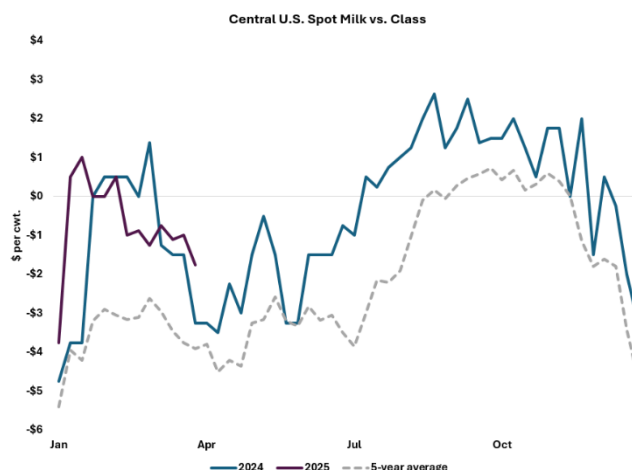
CME Spot Market for the Week 3/24/2025 to 3/28/2025			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.5010	3	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.6345	48		\$ 1.6330	21	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 2.3385	64		\$ 1.1510	18	

Dairy producers are doing all they can to keep their barns and milk tanks full, and it shows. In the week ending March 15, they sent just 52,431 milk cows to beef packers, the lowest mid-March



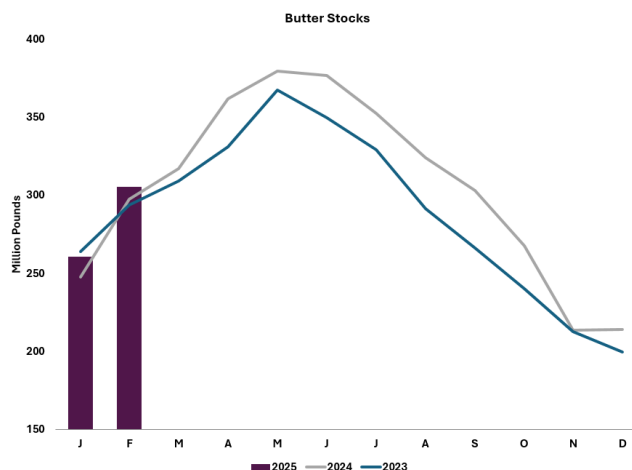
tally since 2008. In the first 11 weeks of 2025, the industry culled roughly 109,000 fewer cows than the historic average, helping to raise head counts despite the heifer shortage. More cows mean more milk, especially during the flush. Meanwhile, some dairy processors are taking downtime. Milk is sloshing around the heartland. This week, spot milk traded as much as \$4 below class, while most loads changed hands at a \$1.75 discount.

Cream remains abundant and cheap. That prompted an increase in ice cream manufacturing, but butter churns are also running hard. And there's already plenty of butter in the larder. On February 28, stocks reached 305.5 million pounds, up 2.6% from the year before. That was the highest February tally since 2021, when inventories piled up due to Covid-era shutdowns. Setting aside 2021 as an anomaly, this was the largest February butter stockpile since 1993. However, the month-to-month increases in January and February were not as large as expected given formidable butter production. This implies that demand was strong to start the year.

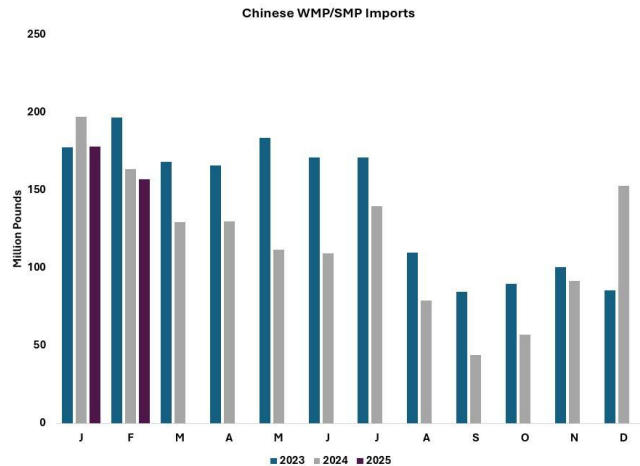


Cheese stocks also grew seasonally in February. But, after more than a year of impressive exports, inventories remained well below year-ago levels. There were 1.38 billion pounds of cheese in cold storage warehouses at the end of last month, 5.3% less than in February 2024.

More recent indications of dairy demand are mixed. USDA's *Dairy Market News* notes that retailers are stepping up orders for cheese and butter ahead of the spring holidays. But sales to restaurants are "lackluster," hinting that consumers are weary of high menu prices or wary of their economic prospects. Whatever the reason, they're expected to dine out less, and that's bearish. For every dairy category, *Dairy Market News* notes that American products are priced to win new export business. However, some international buyers are passing up these bargains due to uncertainty about U.S. trade policy.



The world's biggest dairy buyer remained disappointingly quiet in early 2025. China imported just 109 million pounds of skim milk powder (SMP) in January and February, 8% less than in the first



two months of 2024. That's the slowest start for Chinese SMP imports since 2015. Similarly, Chinese imports of whole milk powder (SMP) in January and February slumped to 226 million pounds, down 4% from last year and the worst two-month sales since 2012. China imported more cheese, butter, and whey than it did the year before, and the U.S. accounted for a solid share of China's whey imports. While China recently increased its tariff on U.S. dairy imports by 10 to 15 percentage points, Beijing did not raise the border tax on American dry whey.

The dairy markets are still on edge about a potential economic setback, the risks of a trade war, and rising milk output. But prices are low enough for now. This week CME spot whey held its ground at 50¢ per pound. Spot butter bounced 4.75¢ and reached \$2.35. CME spot Cheddar blocks rallied 3.25¢ and barrels jumped 8.5¢. Both varieties of CME spot Cheddar finished the week at \$1.635. CME spot nonfat dry milk (NDM) climbed 1.75¢ to \$1.1625. Milk prices were generally steady to higher. April Class III settled at \$17.14 per cwt., up 26¢ for the week. April Class IV finished right where it started, at \$18 per cwt.

The grain markets took a big step back this week. May corn dropped a dime to \$4.53 per bushel. Wheat futures also retreated. Already hefty Russian wheat exports and news that the U.S. will help Russia export more wheat and fertilizer dragged on global grain prices. The trade assumes that Monday's much-anticipated Prospective Plantings report will show a big shift to corn acres as farmers try to avoid losing money planting soybeans. Threats of steep fees on Chinese vessels also sparked new concerns in the grain pits. A study by Trade Partnership worldwide found that if the Trump administration follows through on proposed port fees, any U.S. goods loaded on Chinese-made ships – which make up nearly half of the global shipping fleet – would incur extra costs to make the stop worthwhile. Trade Partnership Worldwide found the fees could result in a 42% drop in U.S. soybean exports, while wheat exports could dive 64%. The trade is also anxiously awaiting details ahead of the reciprocal tariffs the U.S. plans to levy on April 2. Despite these headwinds, the focus on spring acreage gave a boost to soybean values. May soybeans rallied 10¢ this week to \$10.22. May soybean meal fell \$7 to \$293 per ton.