



The T.C. Jacoby Weekly Market Report

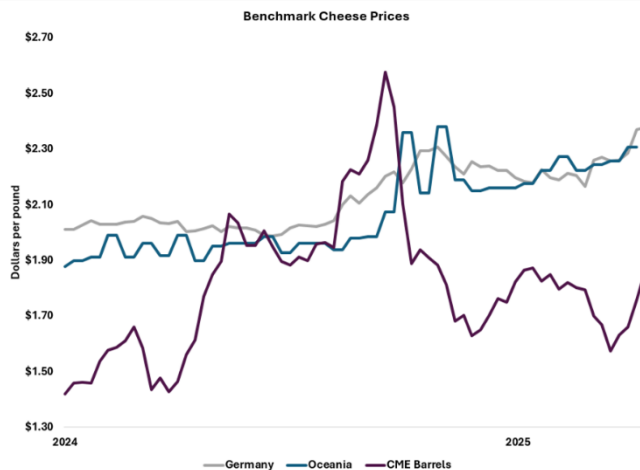
WEEK ENDING April 18, 2025

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CME Spot Market for the Week 4/14/2025 to 4/18/2025			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.4744	8	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.8075	14		\$ 1.8638	14	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 2.3450	38		\$ 1.1688	3	

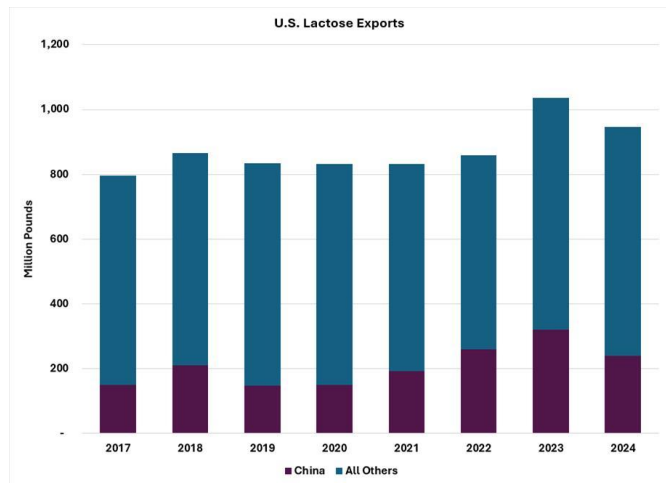
The cheese markets moved from strength to strength after the early-spring selloff energized exports. U.S. cheese is the cheapest in the world, and shipments to key markets – including Mexico and South Korea – remained formidable through February. USDA's *Dairy Market News*



reports that, more recently, export orders have been stronger than expected, as Mexican buyers have not been deterred by trade war uncertainty. American exporters are hustling to move cheese abroad, which has tightened domestic supplies. That propelled CME spot Cheddar blocks up 9¢ this week to \$1.835 per pound. Barrels climbed 3.5¢ to \$1.84. But the export euphoria may be short-lived. Domestic demand is so-so, and the restaurant industry is flashing warning signs.

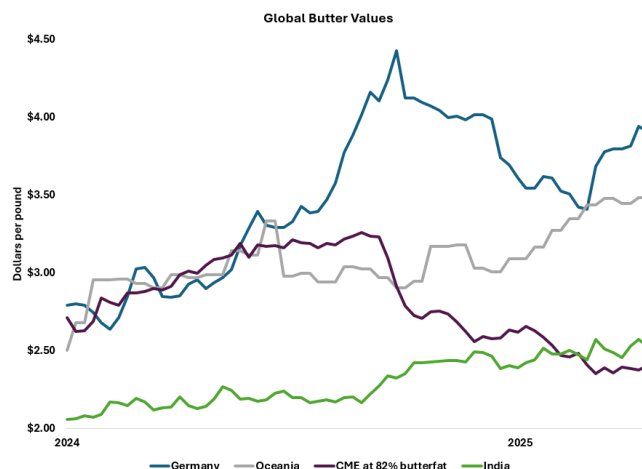
Restaurant traffic fell short of year-ago levels in February, and the Restaurant Performance Index dropped into contraction territory. Most restauranteurs tell the National Restaurant Association that they're worried about keeping their tables full in the coming months. Meanwhile, cheese output is high and rising. With the spring flush underway, cheesemakers in the Upper Midwest were able to buy some loads of spot milk at \$6 under the Class III market.

The whey market also gained ground this week. CME spot whey powder advanced 1.75¢ to 48.25¢. *Dairy Market News* described the whey market as “quiet” but warned that stakeholders are “shifting in a bearish trajectory due to the expectations on global trading dynamics.” Domestic demand for high-protein whey products remains strong, but exports of all forms of dairy proteins and carbohydrates face new hurdles. While China initially exempted U.S. whey and lactose from retaliatory tariffs, it allowed those exemptions to lapse last month. Now, U.S. dry whey faces a 127% border tax in China, while food-grade whey products will incur a 140% tariff. China will levy a 130% tax on U.S. lactose exports, endangering the more than \$100 million in annual U.S. lactose shipments to China.



The trade war has withered U.S. whey exports, as China typically accounts for about 40% of all U.S. whey sales abroad. U.S. cheese and whey manufacturers will seek new markets, but the short-term disruption could be severe. And costly. This week some dairy producers began feeding deeply discounted whey to their cattle. Those discounts will be passed on to producers throughout the region in the form of smaller milk checks.

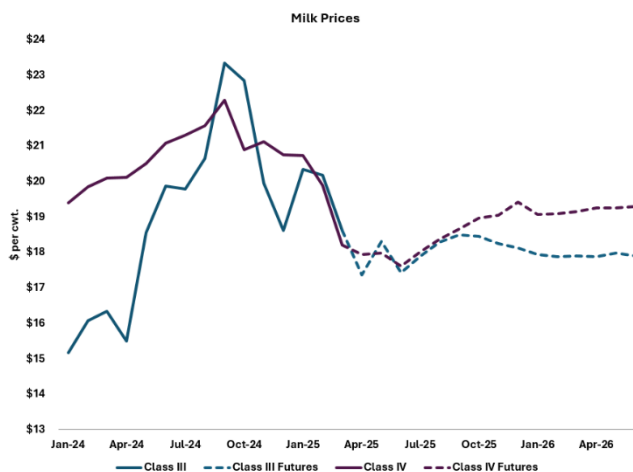
Milk powder prices perked up slightly this week. CME spot nonfat dry milk (NDM) added a half-cent and reached \$1.1725. Dryers are running hard, as they always do during the spring flush. Inventories are climbing seasonally. Manufacturers consistently describe the milk powder market as “quiet” and “uncertain.”



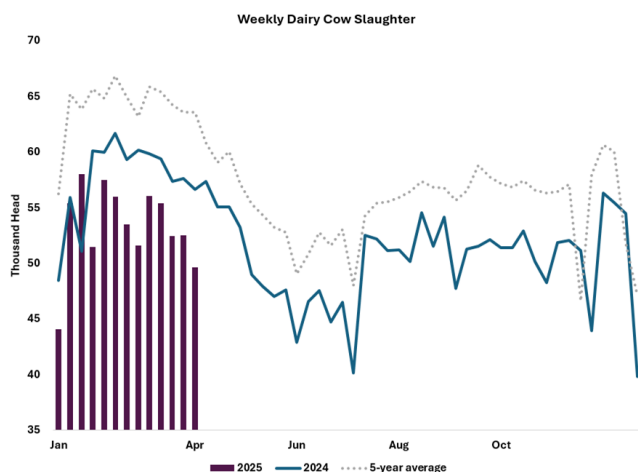
Butter prices took a small step back this week. CME spot butter fell 0.5¢ to \$2.3425. Like cheese, U.S. butter is winning international business after a winter selloff. Unlike cheese, American butter has some company in the bargain basement. Indian butter is also cheap enough to attract foreign buyers. This competition will make it harder for exports to give a meaningful lift to U.S. butter values, unless global demand is great enough to sop up the surplus in both America and India. Meanwhile, cream is cheap and the churns are running hard.

The cheese rally gave a big boost to the Class III markets. The May contract closed at \$18.30 per cwt., up more than a dollar this week to its highest price since February. All other Class III – and most Class IV – contracts posted double-digit gains. For both milk classes, prices are hovering

near break-even in the \$17 to \$18 range. That's enough to pay the bills for many producers, but not for those in the Pacific Northwest suffering a \$4 deduction. And for producers who have been considering retirement for years, slim margins and high cow values offer a lucrative exit ramp. The auction docket is growing, which could allow producers to buy replacements and boost cull rates. Eventually, that could shrink the dairy herd. But for now, slaughter volumes remain low and milk output is on the rise.



The corn market took a small step back this week. The July contract settled at \$4.9025 per bushel, down 7¢ from last Friday. Soybean meal values also took a small step back. July soybean meal closed at \$303.10 per town, down \$2.80 this week.



Planters are starting to roll, which means it's time to watch the weather. Soils are in good shape in the Eastern Corn Belt thanks to spring rains. But dust is flying in Iowa, Minnesota, and the Plains. That will make fieldwork easy, but farmers will be praying for rain after they park the planter in the shed.