



The T.C. Jacoby Weekly Market Report

WEEK ENDING April 25, 2025

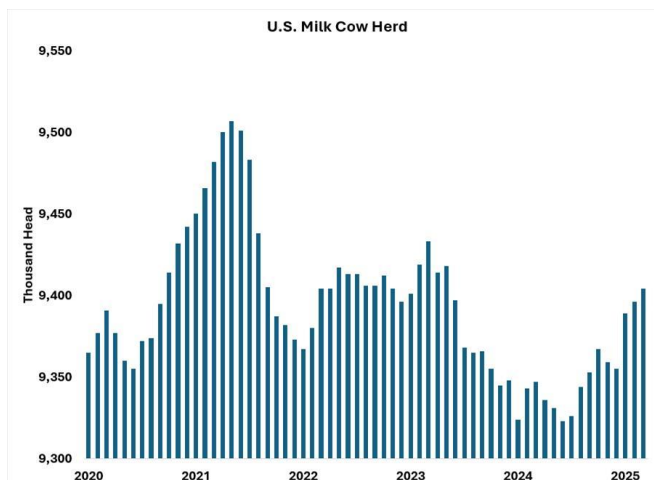
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CME Spot Market for the Week 4/21/2025 to 4/25/2025			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.4940	7	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.7420	27		\$ 1.7595	21	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 2.3145	9		\$ 1.1850	17	

Every week, U.S. dairy producers send about 10,000 fewer milk cows to beef packers than they used to. That's slowly adding up to more cows in the barn. Even so, dairy cow head counts are not as high as previously thought. After its quarterly survey, USDA trimmed its estimates of January and February milk cow inventories. The agency pegged the herd at 9.404 million head in

March, up 57,000 head from a year ago and 8,000 head greater than USDA's revised February inventory. However, March's herd was still 1,000 head smaller than USDA's initial February number.



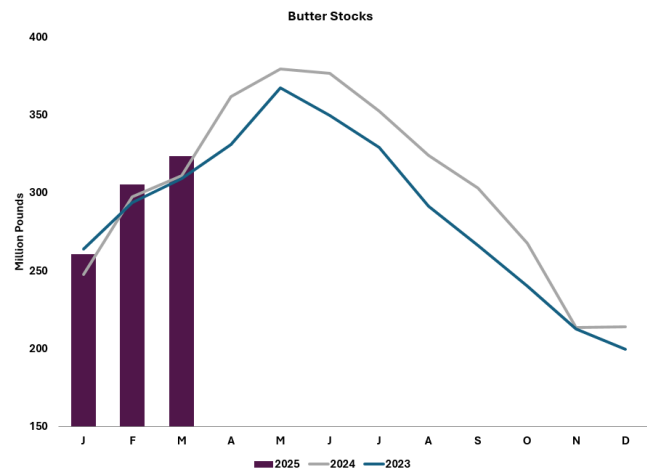
There are a lot of new cows in the Plains. Texas is home to 45,000 more cows that it had in March 2024. Milk-cow head counts are up 8,000 head in Kansas, 9,000 in South Dakota and 29,000 in Idaho. But just across the state line, Washington is home to 9,000 fewer cows than it had in March 2024. The

auction docket shows that many more cows will leave the state in the months to come. This will fuel expansion elsewhere and allow cull rates to creep upward.

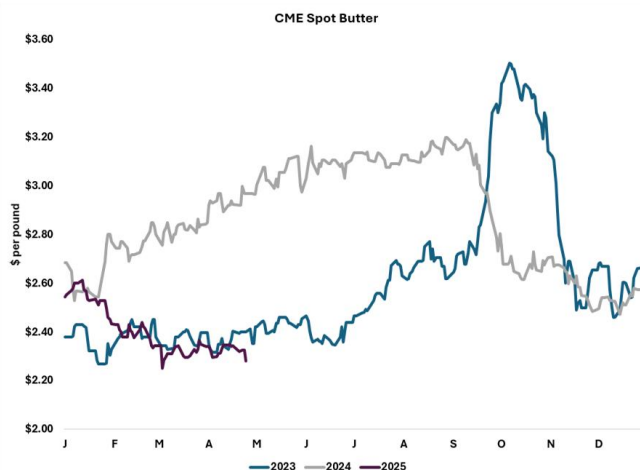
U.S. milk output topped 19.8 billion pounds last month, up 9% from March 2024 and on par with year-over-year growth in February. The trade had expected slightly bigger growth, counting on

rising head counts to more than offset the lingering impact of avian influenza in California and financial troubles in Washington. The number of California herds actively facing the bird flu continued to dwindle, but the virus still took a toll on milk output. Production in the Golden State was 2.1% lower than in March 2024, an improvement on the 2.7% deficit in February.

High components have supercharged the modest growth in U.S. milk output. Butterfat production outpaced the prior year by 2.8% in March, and churns ran hard. Butter stocks remain heavy. There were 323.7 million pounds of butter in cold storage at the end of last month, 4% more than in March 2024. But U.S. butter is inexpensive – especially after adjusting for currency effects – and exports are booming. Trade helped restrain even greater increases in butter stocks, and

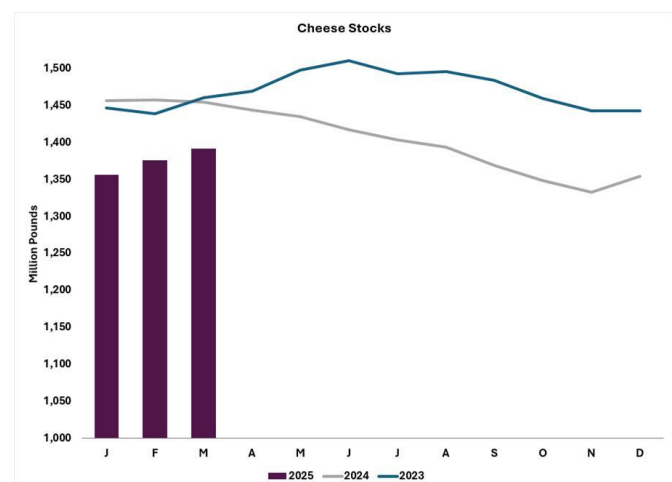


inventories grew at a normal seasonal rate in March. That's helpful, but not enough to boost prices from here. Butter values plunged 6.25¢ at the CME spot market this week. Spot butter closed at \$2.28 per pound, not far from the early-March lows.



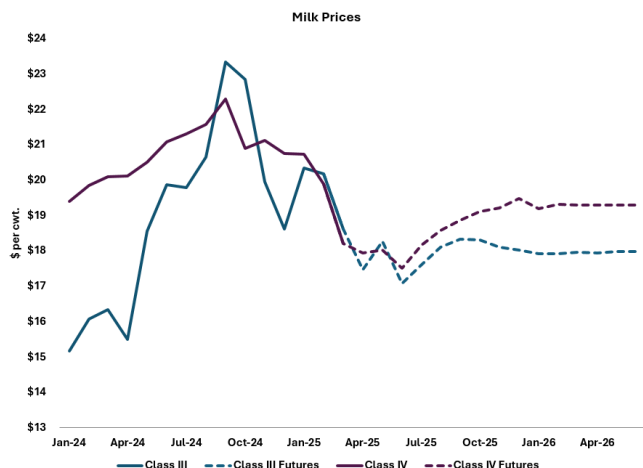
The cheese markets also took a big step back. Supplies are not heavy, but the trade is afraid that they will be in the future, as new production outpaces demand growth. Exports helped to whittle down cheese stocks in 2024, but the year-over-year

deficit is clearly shrinking. Cheese stocks were 8% smaller than the year before in September to November and 7% smaller in January. But last month, the year-to-year shortfall narrowed to 4.3%. Amid rising output and lackluster domestic demand, U.S. cheese values must stay low enough to attract exports. With that in mind, CME spot Cheddar blocks and barrels both plummeted 13.5¢ this week. Blocks finished at \$1.70, and barrels closed at \$1.705.



The powder markets improved as the weak dollar made U.S. exports more attractive. CME spot nonfat dry milk (NDM) rallied 1.5¢ to \$1.1875. Spot whey powder climbed 2.25¢ to 50.5¢, likely buoyed by President Trump's

comments that the U.S. and China will work to pare back tariffs. However, officials in Beijing denied that negotiations were underway. If punitive border taxes are left in place, sharply lower whey prices are likely. But for now, the trade is hoping for a resolution.



The setback in the cheese markets took a toll on Class III values. The June contract retreated 36¢ to \$17.07 per cwt., a level that won't quite pay the bills on many operations. Most Class III contracts lost around 15¢. Most Class IV contracts gained a little ground this week, holding in the \$18 and \$19 range. But the June contract lost 11¢ and closed at a disappointing \$17.50 per cwt. The milk checks on the horizon look much smaller than those in the rearview mirror.

Spring is here and planters are rolling. Dry soils and sunny skies allowed farmers in the Plains and the western Corn Belt to get a jumpstart on planting, and now the forecast calls for big rains. Meanwhile, scattered sunshine and warmer temperatures will allow farmers in the eastern Corn Belt to get rolling this week. The 2025-26 crop year is off to a nearly ideal start. Prices fell accordingly. July corn futures closed at \$4.84 per bushel, down 6¢ this week. July soybean meal dropped \$5 to \$298.30. per ton.