



The T.C. Jacoby Weekly Market Report

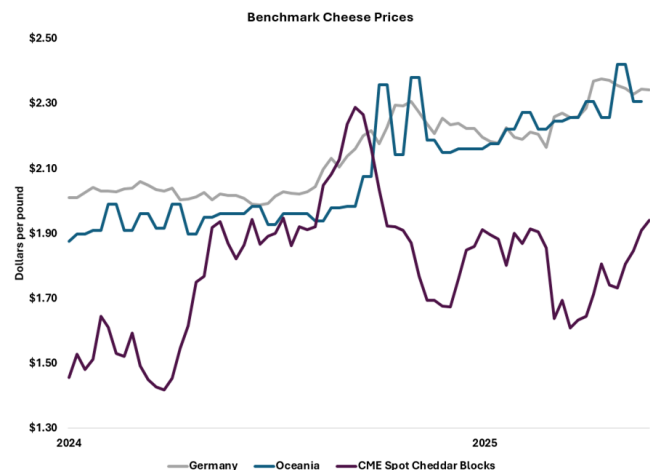
WEEK ENDING May 30, 2025

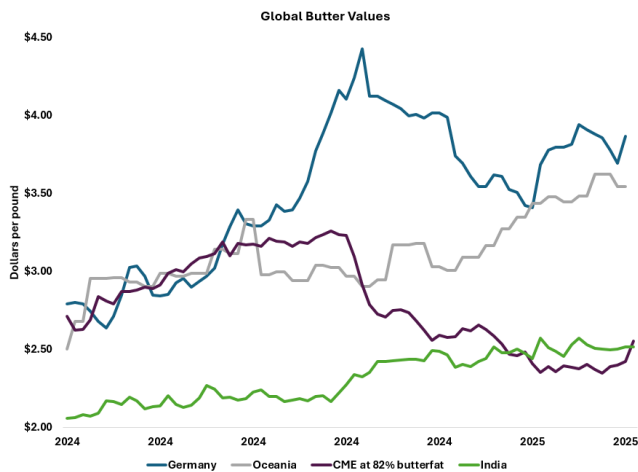
By Sarina Sharp, Market Analyst for the Daily Dairy Report
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CME Spot Market for the Week 5/26/2025 to 5/30/2025			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.5681	9	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.9413	26		\$ 1.8675	13	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 2.4938	39		\$ 1.2819	14	

The cheese markets are searching for the ceiling. CME spot Cheddar blocks rallied 7.75¢ this week to \$1.9475 per pound, and they established a fresh seven-month high. Barrels climbed 1.75¢ to \$1.87. Such lofty values were wholly unexpected earlier in the year, when the trade was focused on the impact of new cheese production. But start-up issues have reduced the volume of fresh cheese that meets CME specifications for delivery to Chicago. USDA's *Dairy Market News* reports that Western supplies of spot cheese are "extremely tight." Even after the runup, U.S. cheese is the cheapest in the world, and exports are booming. The trade is searching for the price at which international buyers start to look elsewhere or simply make do with less. But prices may already be high enough to deter domestic demand. U.S. cheese consumption held steady in 2024, and it was down 0.8% year over year in the first quarter. With Cheddar north of \$1.90, retailers will keep the cheese case stocked, but they probably won't feature any promotions.



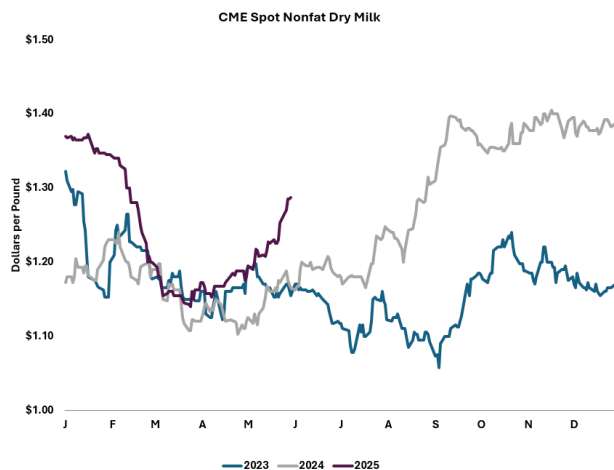


The bulls swaggered through the butter market as well, and for the same reason. Output is climbing but exports are too, and domestic demand remains strong. CME spot butter rallied 5.5¢ to \$2.475. There is a vast chasm between U.S. and European or Oceanian butter values, so there's plenty of room for butter to rally without harming export sales.

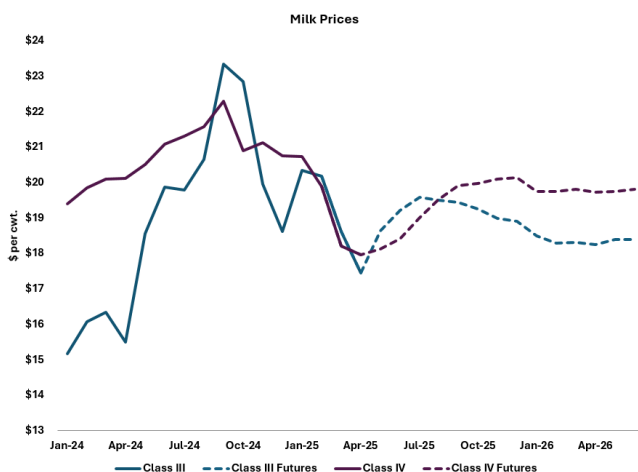
The powders also climbed. CME spot dry whey advanced 3¢ to 57.25¢, its highest price since February. Spot nonfat dry milk (NDM)

added 3.5¢ and reached \$1.2875. As milkfat levels continue to climb, some cheesemakers are fortifying their vats with NDM to maintain protein and fat ratios. And Mexican buyers are stepping up purchases of U.S. NDM. That's allowed U.S. prices to rise even as international values falter. Both skim milk powder and whole milk powder prices fell back at this week's Global Dairy Trade Pulse auction.

Milk futures moved mostly higher this week, but June and July Class III lost ground. These contracts had run too far ahead of the spot cheese market, and after observing the back and forth in Cheddar values, buyers took a step back. But the other Class III contracts added a few cents, and Class IV futures moved sharply higher. The futures project that milk revenues will hover in the high-\$18 and mid-\$19 range. That's a price that works for most dairy producers, especially when coupled with record-shattering beef incomes. At these values, dairy producers



will strive to keep their barns full, and some will invest in expansions. Cull rates will have to stay low to boost head counts.



The feed markets retreated. July corn gave back all the ground it gained last week and slumped 15.5¢ to \$4.43 ½. July soybeans finished at \$10.42, down nearly 20¢. July soybean meal held steady at \$296 per ton. The market is pricing in very little risk that adverse weather will hamper U.S. crop production. An uptick in exports or setback in crop conditions could foster a quick rally.