



The T.C. Jacoby Weekly Market Report

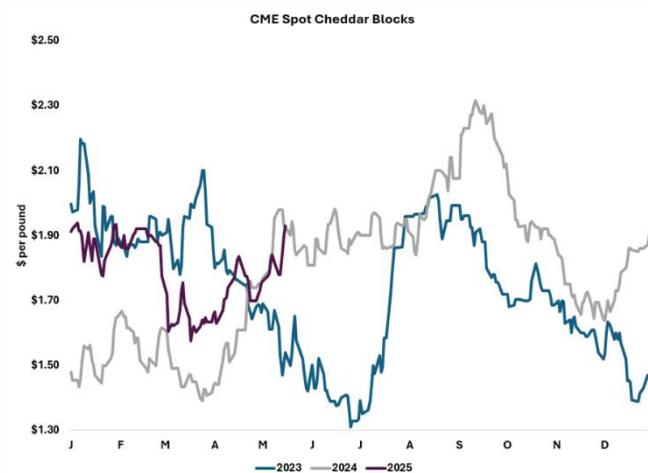
WEEK ENDING May 16, 2025

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CME Spot Market for the Week			WHEY		
5/12/2025 to 5/16/2025			Avg Price	Qty Traded	4 wk Trend
\$ 0.5385	8				
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.8470	24		\$ 1.8025	7	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 2.3420	16		\$ 1.2170	35	

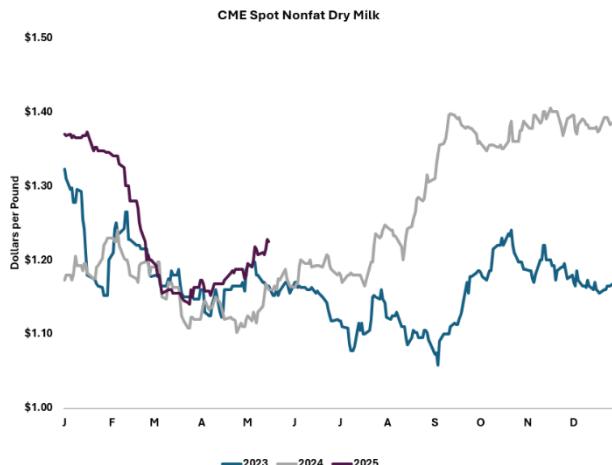
The cheese markets soared. CME spot Cheddar blocks leapt 11.25¢ to \$1.93 per pound, their highest price since January. Barrels followed hot on their tail, climbing 11¢ to \$1.88. The widely anticipated increase in U.S. cheese output is underway, but the ramp up has been slower than expected. Cheese buyers who were waiting for heavy supplies and lower prices to lock in their summer needs are now scrambling to get their hands on some product. USDA's *Dairy Market News* notes that spot cheese inventories are "somewhat tight" in the Central region. In the West, "Q2 production is heavily committed" due to booming export sales. The question now is, how high can prices climb before foreign buyers start to look elsewhere?



The other dairy markets also rallied, albeit with less verve. Spot whey powder advanced 0.75¢ to 55¢, matching a three-month high. China is the top foreign buyer of U.S. whey products, so the pause in the U.S.-China trade war has been a boon for the whey complex. Still, U.S. whey export prospects are not as favorable as they were before the trade war began. China continues to levy tariffs on U.S. imports at rates 10% higher than they did last year. And the 90-day negotiating period will pass quickly. For now though, the pause has sparked a rush to purchase U.S. whey.

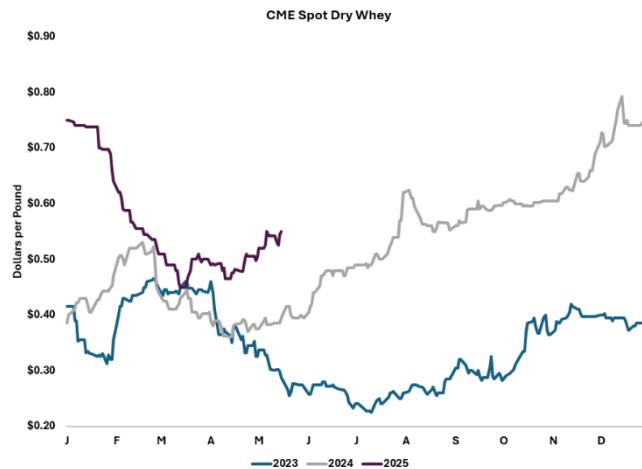
while tariff rates are not any worse. *Dairy Market News* reports that domestic demand is also looking a bit more lively. But whey powder output is climbing along with cheese production.

The U.S. is facing less competition in the fight for milk powder exports. In Oceania, milk production is in its seasonal lull, and skim milk powder (SMP) production is fading. In Europe, milk output in Europe is trailing the already unimpressive volumes of early 2024. In the first quarter, milk collections among the EU-27 and the United Kingdom fell 0.4% year over year. In the first two months of the year, European SMP production fell 3.3% after adjusting for leap day, and anecdotal reports suggest that both milk and milk powder production continue to lag year-ago volumes. The slowdown is sending more foreign buyers to our shores. Mexican importers are enthusiastically snapping up U.S. milk powder, and prices are rising accordingly. CME spot nonfat dry milk (NDM) jumped 1.75¢ to \$1.225.

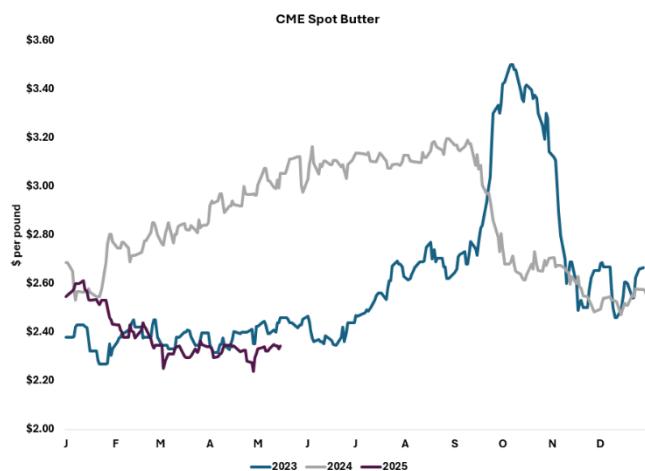


pies, and other holiday treats later this year. While cream remains plentiful, that market has become a little less sloppy. Ice cream season has arrived. This week CME spot butter added 1.25¢ and closed at \$2.3425. Since March, CME spot butter has traded within an unusually tight 12-cent range.

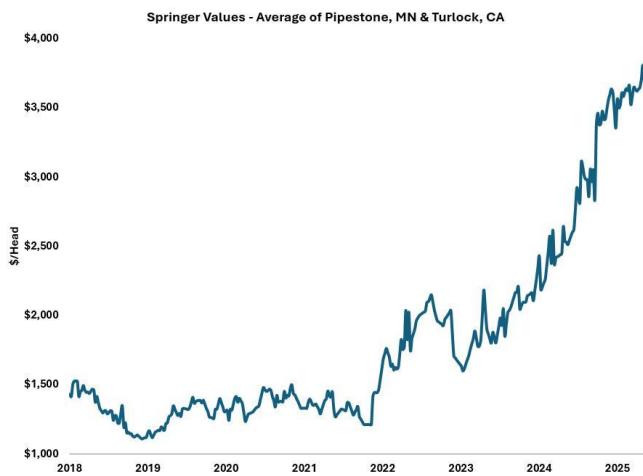
In an impressive feat of strength and stamina, June Class III futures managed to outpace spot Cheddar's uphill sprint. June milk closed at \$19.20 per cwt., not far from the life-of-contract high set Thursday, and up 89¢ for the week. Most other Class III contracts logged double-digit gains, and July through October Class III finished above the \$19 mark. Class IV was much quieter. Nearby contracts added a few cents while fourth-quarter futures lost a little ground.



The story is the same for butter. U.S. butter is the cheapest in the world, and big exports are helping to keep inventories in check. But, as befits the spring, churning is running hard and manufacturers are stocking their freezers with butter that can be turned into cookies,



Most summer Class IV contracts call for \$18 milk, and the futures forecast \$19 Class IV later this year.



Dairy producers will cash a paltry April milk check, but after that, revenues look much better. That's spurring an appetite for expansion. But heifers remain scarce and costly. At the latest monthly dairy auction in Pipestone, Minnesota, the top 25 springers brought between \$3,800 and \$4,200 per head.

The dairy industry isn't the only ag sector to benefit from a weaker dollar and robust exports. Corn is leaving the U.S. at a heady pace.

In its latest update to crop balance sheets, USDA confirmed these sales and predicted that they will remain strong into the 2025-26 crop year, which begins this fall. If USDA is correct, corn supplies will be tighter than previously thought both at the end of this summer and one year later. The new figures gave a temporary boost to the corn market, but it didn't last. Rains moved across the Corn Belt this week, alleviating concerns about dry conditions and dampening the bulls' enthusiasm. July corn closed at \$4.43 per bushel, down another 6¢ after big losses last week.

The soy complex also rallied on the heels of a friendly USDA report. But late in the week the EPA sent a draft to the White House proposing the volume of biofuels that U.S. refiners will be required to blend into the fuel supply. Rumors flew that the requirements were much lower than previous proposals. If correct, that would reduce demand for soybean oil sold for biodiesel. Soybean and soybean oil futures gave back all the ground they had gained earlier in the week and a little more. July soybeans settled at \$10.51, a penny lower than last Friday's close. Initially, soybean meal prices climbed on the assumption that poor demand for soybean oil would slow the crush and reduce soybean meal supplies. But by Friday, soybean meal futures also moved lower. They finished at \$292 per ton, down \$2 for the week.