



The T.C. Jacoby Weekly Market Report

WEEK ENDING June 6, 2025

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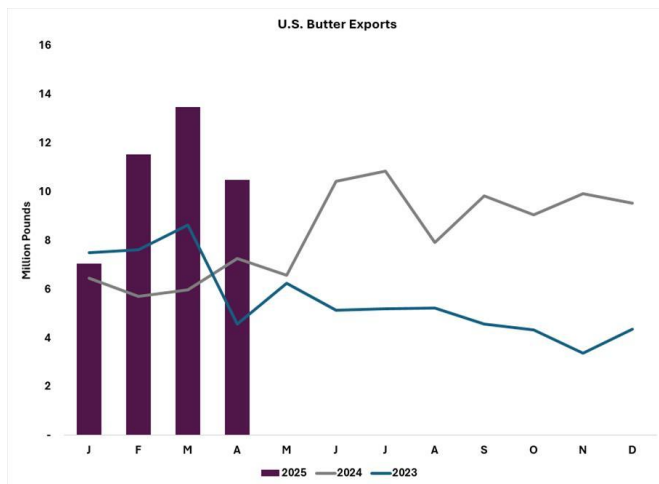


CME Spot Market for the Week 6/2/2025 to 6/6/2025			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.5675	12	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.9215	34		\$ 1.8545	7	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 2.5365	102		\$ 1.2725	13	

U.S. milk and dairy product output is growing quickly. But formidable exports are keeping a firm floor under the dairy markets. Even after sizable spring rallies, American cheese and butter are the cheapest in the world. Exports of those products are strong and likely to remain so. Daily average U.S. cheese exports surged to an all-time high in April, up 6.7% from already-lofty volumes in April 2024. U.S. exporters sent butter abroad at a good clip, but shipments fell well short of the pace set in February and March as sales to Canada slowed. Tariffs and harsh rhetoric prompted some Canadian butter buyers to look elsewhere or do without despite the price advantage.



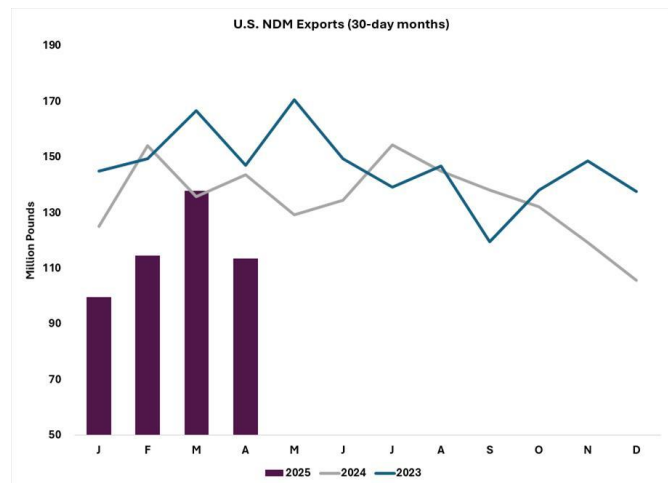
U.S. milk powder and whey prices are less competitive. U.S. whey exports face additional headwinds amid the U.S.-China trade war. China brought in huge volumes of U.S. whey powder in March to get ahead of tariffs, but imports from the U.S. faded in April as China turned to Belarus and New Zealand. If tariffs continue to push China toward other suppliers, the U.S. will need to nearly double its exports to all other markets to make up for the loss. China typically accounts for about 40% of U.S. whey powder exports. But domestic demand for high-protein



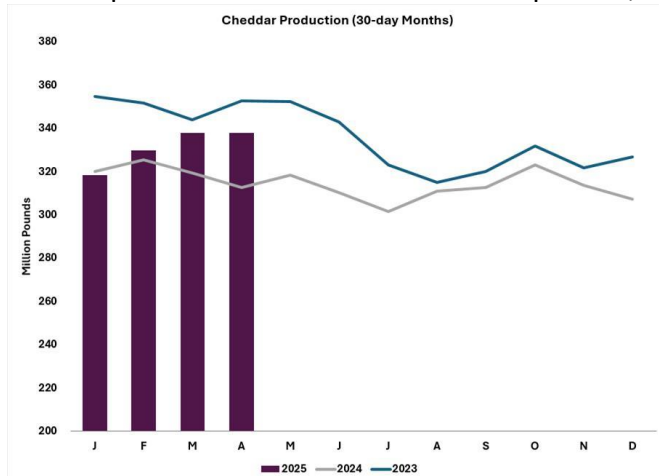
whey products continue to restrain U.S. whey powder output and support prices. CME spot dry whey rallied 0.75¢ this week to 58¢ per pound, its highest price in nearly four months.

After a strong March, U.S. nonfat dry milk (NDM) exports slowed in April. The U.S. sent 113.5 million pounds of NDM and skim milk powder (SMP) abroad, 20.9% less than in April 2024. Shipments to Mexico remain strong, but Europe is gaining market share in Southeast Asia.

The U.S. can afford to lose some NDM exports due to the multi-year decline in U.S. milk powder production. But exports have dropped roughly twice as fast as output. Combined production of NDM and SMP fell to 189.8 million pounds in April, down 7.6% - or 15.7 million pounds – from April 2024. U.S. NDM/SMP exports in April were 30 million pounds smaller than the year before. Fortunately, cheese processors are using increasing volumes of milk powder to fortify their vats and maintain fat-to-protein ratios within their preferred range. Around the world, milk powder prices are retreating from recent highs, looking to stimulate demand. They took a step back at this week's Global Dairy Trade (GDT) auction and in Chicago. CME spot NDM fell 2.5¢ to \$1.2625.

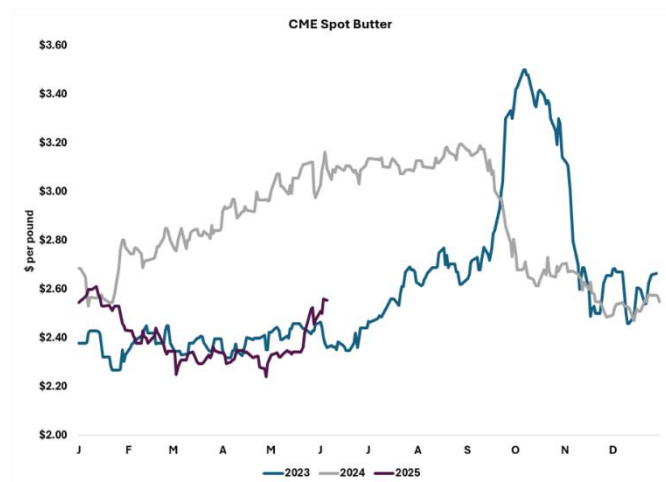


Cheese processors stepped up output in April as new plants continued to work out the kinks. Cheese production reached 1.23 billion pounds, up 3.1% from April 2024 and the highest daily average output on record.



Cheese production jumped 8.1% year over year, suggesting there will be more fresh Cheddar coming to Chicago eventually. Indeed, cheese processors tell USDA's *Dairy Market News* to expect "increased spot cheese availability in the coming weeks." Spot Cheddar tried but failed to reach the \$2 mark and then pulled back. It closed today at \$1.8575, down 9¢ from last Friday. Cheddar barrels dropped a penny to \$1.86.

Manufacturers filled their churns with cheap cream in April, and butter output jumped to 215.8 million pounds, the highest April volume since 2020. But healthy domestic demand and improving exports have largely offset the increase. Prices just keep climbing. Spot butter leapt 8¢ this week to \$2.555, a five-month high.



The setback in the cheese markets deflated nearby Class III prices. The June contract fell 41¢ to \$18.80 per cwt., and July fell nearly 70¢ to \$18.90. But deferred contracts inched upward, and the futures promise milk revenues in the high-\$18s and low \$19s into early 2026. Class IV futures continued to climb, with most contracts adding a dime or so. June Class IV settled at \$18.42, and July reached \$19.16. September through December Class IV futures are back above the \$20 mark. These are revenues that easily pay the bills, especially with the benefit of record-high beef revenues.

The feed markets remain calm as planting season draws to a close. July corn finished at \$4.42 per bushel, down 1.5¢ this week. The December contract, which signals price expectations for corn after harvest, rallied more than 10¢ to \$4.49 per bushel. Farmers in Ohio, Pennsylvania, and the Southeast are struggling through a very wet spring. They pushed hard to sow corn early this week, but by Thursday heavy rains chased the planters back into the shed again. Now that insurance planting deadlines have passed, farmers will give up on some acres and let them go fallow. The market is aware but not overly concerned, as big rains were largely beneficial in the rest of the farm belt.

Rumors swirled that the Trump administration was close to reaching a decision on renewable fuel credits that will benefit biodiesel. Soybean oil prices climbed, giving a boost to soybean values. The July contract closed at \$10.58, up 16¢ this week. July soybean meal held steady once again at \$296 per ton.