

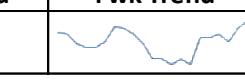
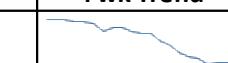
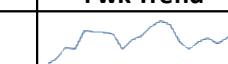


The T.C. Jacoby Weekly Market Report

WEEK ENDING June 27th, 2025

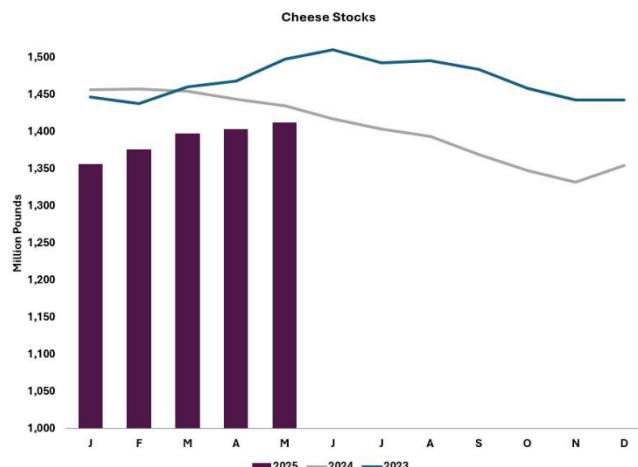
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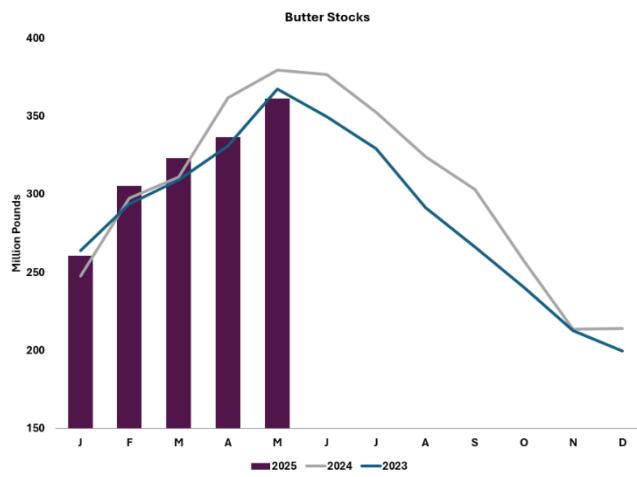
CME Spot Market for the Week			WHEY		
			Avg Price	Qty Traded	4 wk Trend
6/23/2025	to	6/27/2025	\$ 0.5745	10	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.6170	70		\$ 1.6405	13	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 2.5360	15		\$ 1.2520	2	

The heifer shortage and avian influenza reined in U.S. milk output in 2024, fostering lofty milk and dairy product prices in the second half of last year. But after nearly two years of low cull rates and sheer grit, the parlors are full, and so are the milk tanks. In the first 24 weeks of 2025, dairy cow slaughter was 7.7% behind the 2024 pace and 15.6% slower than historic average cull rates. Dairy producers added 122,000 cows over the past 11 months. From coast to coast, but especially in the center of the country, producers are looking to expand their facilities and add significantly more cows over the next 18 months.

In the meantime, several cheese processors have built new facilities or added vats. January through April cheese output was record high, up 2.1% compared to the same period a year ago. January through April Cheddar production outpaced 2024 by 3.6%. Greater milk output and higher components boosted butter production as well. U.S. butter output stands at all-time highs, up 4.7% from January through April 2024.

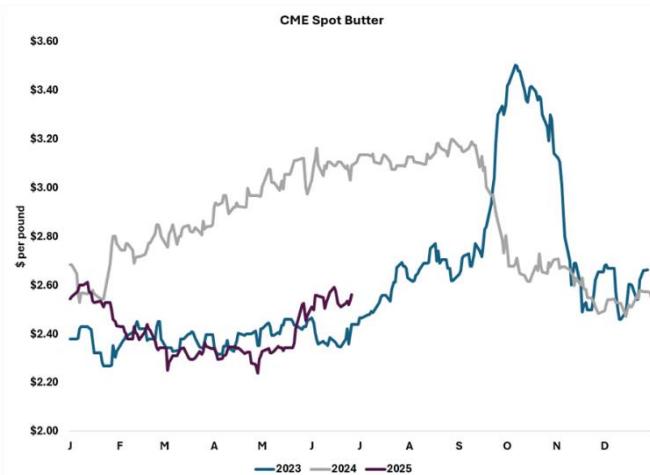


Fortunately, thanks to a weak dollar and competitive U.S. pricing, exporters shipped cheese and butter abroad at a heady pace. That helped to restrain growth in cheese and butter stocks despite formidable output. Both cheese and butter inventories grew seasonally in May, but the spring stock build was no larger than normal, and inventories remained below year-ago volumes. Booming exports propelled cheese prices sharply higher in April and May, but, amid heavy production, there was a limit to how high U.S. cheese prices could climb. The market must remain low enough to attract international buyers and



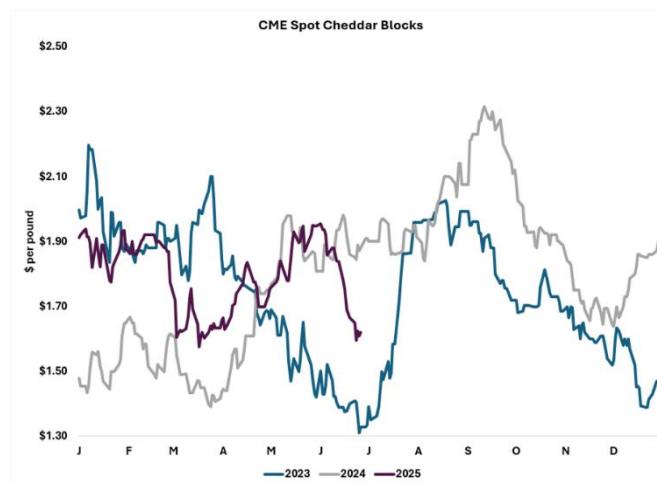
keep product moving abroad. Export orders dried up when cheese topped \$1.90 per pound in late May, and prices collapsed. Poor domestic demand has also weighed on cheese values. Spot Cheddar blocks closed today at \$1.62, down 4.5¢ for the week. Cheddar blocks are 32.75¢ lower than they were when the month began. Butter fared a little better. Domestic demand is strong, and international prices are unusually high. This week CME spot butter climbed 5.25¢ to \$2.5375. Spot butter is 8.75¢ higher than it was in late May.

The situation looks much different across the Atlantic. European milk output lagged the prior year in January through March, tightening supplies and boosting prices. Milk output topped the prior year by 1.2% in April, but January through April milk output was still 0.2% lower than the prior year, after adjusting for leap day. Europe's dairy industry stagnated under the weight of disease pressure and onerous environmental regulations. January through April cheese and skim milk



powder (SMP) production lagged 2024 output, while butter production barely topped the 2024 pace. More recently, hot weather has dragged on milk and cream production and USDA's *Dairy Market News* reports that butter output has fallen short of 2024 volumes and spot dairy products "are becoming more difficult to obtain. Europe's dairy industry is struggling to grow but European dairy demand is strong. On the continent, dairy product prices are high and rising.

In Oceania, however, milk powder prices are fading from recent highs. Both SMP and whole milk powder (WMP) prices took a step back at this week's Global Dairy Trade Pulse auction. Chinese WMP imports slowed to a six-month low in May, down 13% from May 2024. But China's SMP imports topped prior-year volumes for the fourth straight month. All told, China's appetite for imported milk powders is a little better than last year, but far from spectacular. China's shrinking population, slower economic growth, and higher domestic milk production leave a lot less room for imports than they had a few years ago. *Dairy Market News* pulled no punches in its assessment of the NDM market. "Domestic demand is slowing. Demand from international buyers continues to decrease." In Chicago, spot NDM fell a penny this week to \$1.25.



1.5¢ this week to 58.5¢.

Chinese importers stocked up on whey products in March and April to get ahead of tariffs, which did not apply to any cargoes that arrived in China by May 13. Shipments slowed a little in May. Going forward, U.S. whey exports will feel the full brunt of China's new 10% tariff. With Chinese buyers looking elsewhere U.S. manufacturers are focusing on satisfying domestic demand for high-protein products, leaving less whey for powder. USDA describes the market as "quiet" and "resilient." CME spot whey powder rallied

Despite the setback in the spot Cheddar market, Class III prices heated up this week. Sweltering conditions in the Midwest and Northeast are reducing milk yields, setting the stage for another temporary shortage of fresh cheese. A steep decline in the U.S. dollar index and hints of trade reconciliation also gave Class III prices a late-week boost. The July contract closed at \$17.48 per cwt., well above the mid-week lows and just 7¢ behind last Friday's settlement. Most other Class III contracts gained about 20¢ this week. Meanwhile, Class IV futures lost 30 to 40¢. The July contract closed at \$18.83.

It's extremely hot and humid in the Corn Belt. The cows hate it, but crops love it. Feed markets dropped hard this week on the assumption of a decent harvest. In Brazil, where farmers are bringing in the second corn crop, yields are shattering records. Crop prices dropped hard this week. December corn futures fell to \$4.265 per bushel, down 15.5¢ since last Friday. November soybeans dropped 34¢ to \$10.25. Soybean meal futures scored multi-year lows. The December contract closed at \$288 per ton, down \$11 for the week.

Wheat futures jumped more than 20¢ this week. The July contract closed at a three-month high of \$5.67 per bushel. While nearby corn futures took a big step back this week, the December contract held firm at \$4.42. November soybeans closed at \$10.605, up 6.5¢ this week. Soybean meal took another step back. The December contract closed at \$298.30 per ton, down \$4.70 since last Friday.

