The T.C. Jacoby Weekly Market Report

WEEK ENDING July 18, 2025

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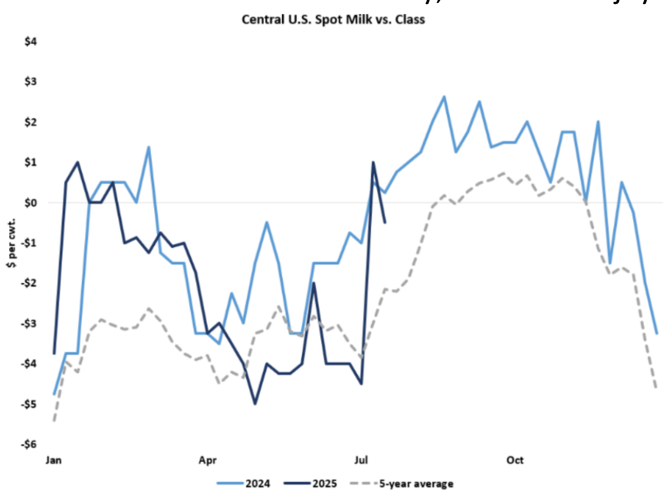
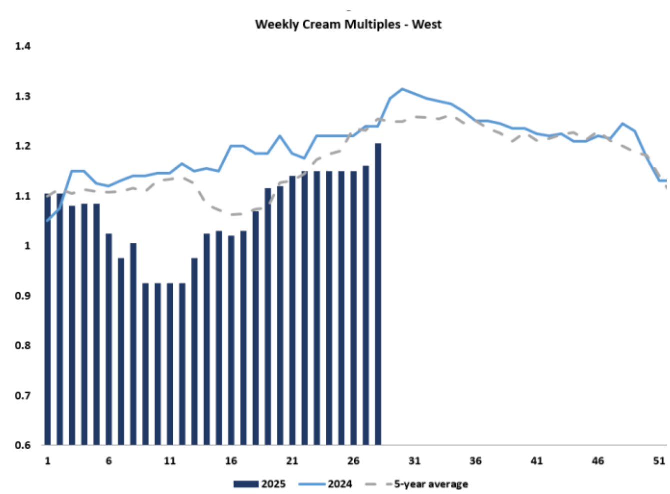
CME Spot Market for the Week			WHEY		
			Avg Price	Qty Traded	4 wk Trend
7/14/2025	to	7/18/2025	$ 0.5685	5	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
$ 1.6355	36		$ 1.6560	1	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
$ 2.5385	7		$ 1.2805	28	

The dairy markets have lost that summer sizzle. It's still hot in the Northeast and in states along the West Coast. Milk production is much lower than it was during the spring flush, just as it always is in mid-July. Components have dropped. But in the center of the country, cows are enjoying cool nights and recovering from the sweltering conditions that prevailed a couple weeks ago. Milk yields are bouncing back in the Midwest. Cheesemakers in the region found a few loads of spot milk for $3 under the Class III price.

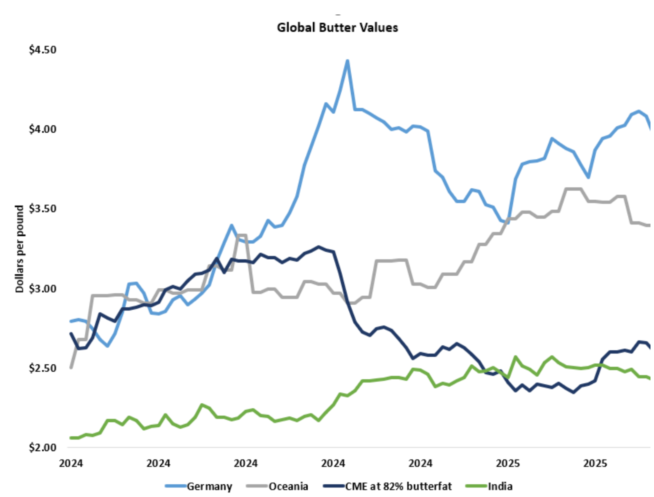


It's also uncharacteristically cool in the Southern Plains. But after devastatingly heavy rains, the cows are mired in the mud, and milk yields remain depressed. Dryers are running well below capacity, and spot milk is changing hands for $2 over the market. Cream multiples are on the rise from California to New York thanks to the seasonal drop in components and a big jump in ice cream output. Purveyors of America's favorite summer treat will be ready to celebrate the 42nd annual National Ice Cream Day on Sunday.

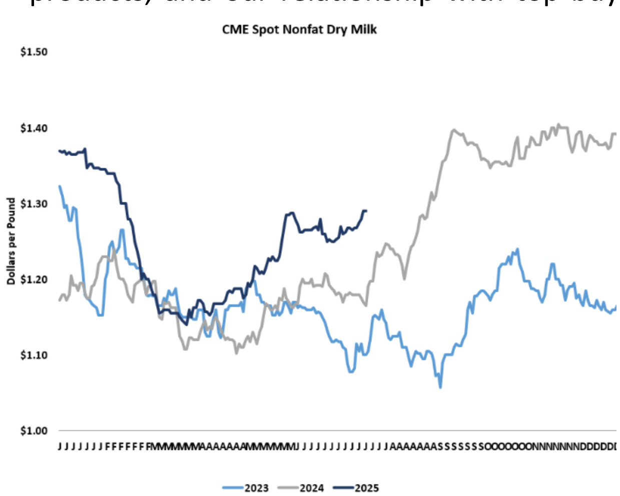


It's always possible that the early July heat wave – or the threat of high temperatures later this month – will result in a temporary shortage of fresh cheese and send the spot cheese market soaring. U.S. cheese is priced to move abroad, and exports are strong, which could also cut into cheese supplies and boost prices. That may explain why September through December cheese and Class III futures hold such a hefty premium compared to the July and August contracts. But for now, lackluster domestic demand and strong output have prolonged the dairy doldrums. CME spot Cheddar blocks fell 1.75¢ this week to $1.6425 per pound.

The butter markets took a big step back this week. CME spot butter fell 7.75¢ to $2.5125, toward the low end of the recent trading range. There has been no shift in the fundamentals. Cream is abundant and butter churns ran hard earlier this year. Stocks are plentiful but not burdensome and demand is resilient. The U.S. boasts some of the cheapest butter in the world and exports are booming. They exceeded imports in May by the widest margin since 2014.



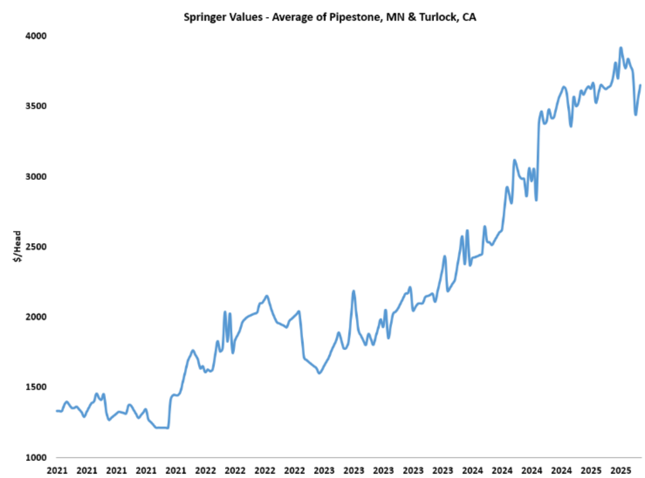
Whey powder prices also retreated this week. CME spot dry whey dropped a penny to 55.75¢, a one-month low. Demand for high protein whey products remains robust, but dry whey is harder to sell. Exports have dried up due to competitive pricing abroad and uncertainty about U.S. trade policy. The U.S. has sent letters threatening higher tariffs to seven of the top 10 export markets for U.S. whey products, and our relationship with top buyer China is always delicate. A chill in these trade partnerships could rouse the bears in the whey complex.



Milk powder bucked the trend. Prices for whole milk powder (WMP) and skim milk powder (SMP) were unexpectedly strong at this week's Global Dairy Trade (GDT) auction. That gave a lift to U.S. nonfat dry milk (NDM) values. CME spot NDM rallied 2.25¢ this week to $1.29, its highest price since February.

Nearby Class III futures finished a little higher than last Friday's disappointingly low settlements. Still, with July Class III at $17.44 per cwt. and August at $17.79, dairy producers will not be thrilled with their summer milk checks. Deferred futures promise better prices, but they lost a little ground this week. September through December contracts dropped roughly a dime and closed around $18.50. With butter and milk powder pulling in opposite directions, Class IV futures barely budged. Prices range from $19.01 in July to $19.93 in December.

After years of mostly decent milk checks, record-shattering beef income, and relatively low feed costs, U.S. dairy producers are firmly in growth mode. The heifer shortage and high interest rates reined in those ambitions for a time, but now many producers are willing to stomach the costs required to invest in new facilities and new livestock. At some recent auctions, springers and fresh heifers have garnered more than $4,000 per head, a sure sign that producers will pay whatever it takes to fill every stall. Cull rates remain low, and some producers planning large expansions are forgoing beef calf income to boost their head counts with homegrown calves. This suggests more milk and lower prices down the road. Fortunately, the futures and the Dairy Revenue Protection program offer opportunities to protect profit margins.



Heat and timely rains supercharged growth in the Corn Belt in late June. More recently, cool nights and mild days have reduced stress during pollination. Sandy fields near the Great Lakes are drier than farmers would like, but, in most places, the crop is thriving. Early in the week USDA rated 74% of corn in good or excellent, the highest crop rating for this time of year since 2016. The trade anticipates a massive harvest, and December corn futures dropped as low as $4.075 per bushel on Monday. But that was too low to account for the risks of a fickle forecast and it likely attracted buyers. The market bounced hard off the floor, and the quick rally spurred some funds to start covering their extensive short positions, fueling further price increases. December corn futures closed at $4.28, up 17¢ this week. November soybean futures climbed 18¢ to $10.35. But soybean meal remained eminently affordable. The December contract closed at $288.80 per ton.