



# The T.C. Jacoby Weekly Market Report

WEEK ENDING August 8, 2025

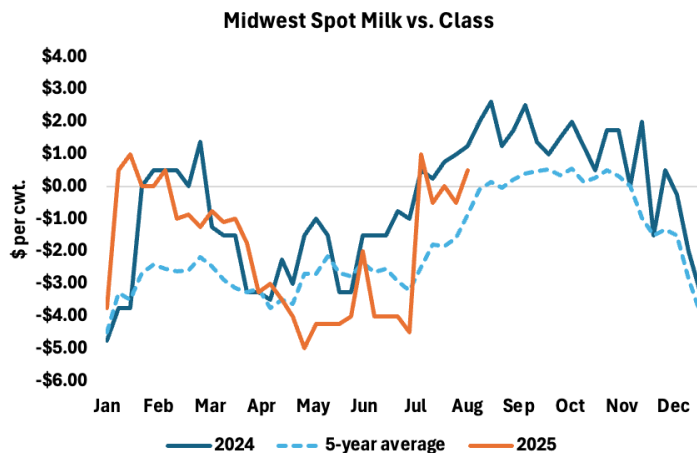
By Monica Ganley, Market Analyst for the Daily Dairy Report  
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| CME Spot Market for the Week |            |            | WHEY           |            |            |
|------------------------------|------------|------------|----------------|------------|------------|
|                              |            |            | Avg Price      | Qty Traded | 4 wk Trend |
| 8/4/2025 to 8/8/2025         |            |            | \$ 0.5640      | 8          |            |
| CHEESE BLOCKS                |            |            | CHEESE BARRELS |            |            |
| Avg Price                    | Qty Traded | 4 wk Trend | Avg Price      | Qty Traded | 4 wk Trend |
| \$ 1.8115                    | 14         |            | \$ 1.7845      | 3          |            |
| BUTTER                       |            |            | NON-FAT        |            |            |
| Avg Price                    | Qty Traded | 4 wk Trend | Avg Price      | Qty Traded | 4 wk Trend |
| \$ 2.4175                    | 17         |            | \$ 1.2760      | 8          |            |

As summer moves into the home stretch, the spot market for milk is tightening up. The typical seasonal decline in milk production has combined with hot and sticky summer weather in some areas to push down on output. At the same time, bottlers are preparing for the start of the school year and have begun to

increase their demand, further reducing milk availability for manufacturers. As a result, processors in the Upper Midwest this week paid an average of 50¢ over Class III for spot milk, a dollar more than last week.



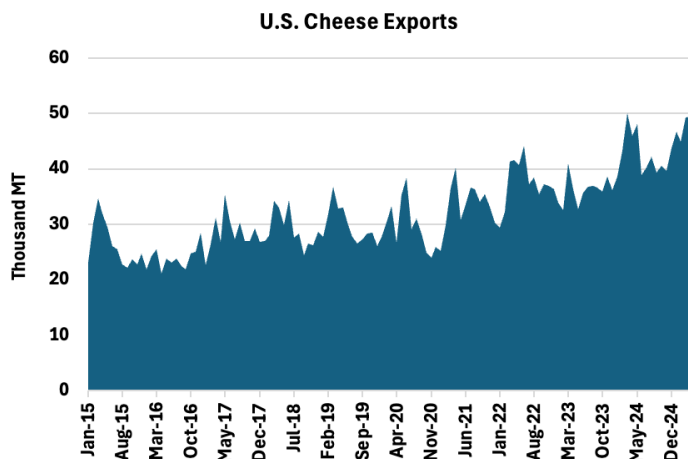
However, the current tightness for spot milk belies the broader industry trend. U.S. milk production continues to run well above prior year levels, with nearly every region in the country experiencing substantive increases. This growth in production has ushered in stronger

production levels for most dairy products. With output up and domestic demand still uninspired, exports have become an increasingly important tool for clearing product and keeping prices supported.

Perhaps no product illustrates this dynamic as clearly as cheese. Cheese production has risen dramatically in recent months as milk production has recovered and new facilities have come online. Total U.S. cheese production reached 1.203 billion pounds in June, the highest volume ever recorded for the month and a full 4.2% more than was made in the same month last year. Stronger production of both American and

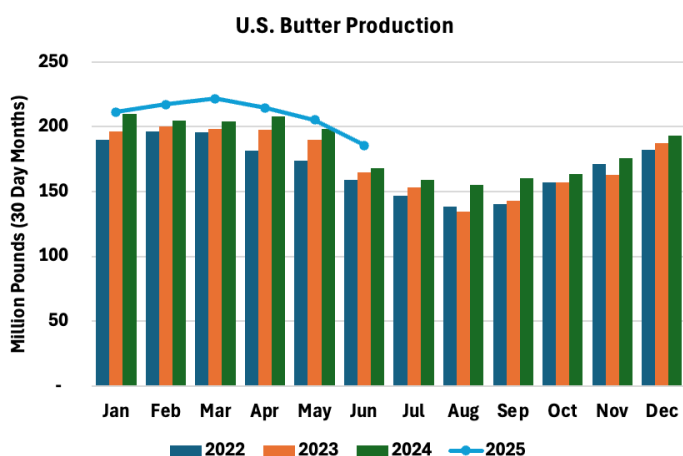
Italian varieties, up 4.8% and 5% year over year, respectively, contributed to the higher figure. Cheddar production alone, the only variety of cheese sold at the CME, was up an astonishing 8.3% for the month.

At the same time that cheese production has grown, domestic demand remains tepid. While June data is still outstanding, the Economic Research Service of the USDA estimates that during the first five months of the year, cumulative domestic disappearance of cheese fell 0.4% versus the same period in 2024. Normally, the combination of stronger production and weak demand would lead to an accumulation of stocks and a decline in prices, but the CME spot price has largely remained above \$1.60/lb. since late last year and, in fact, has moved upward in recent weeks. Today's spot session ended with Cheddar blocks at \$1.85/lb., up 14.5¢ from last Friday's close, with 14 loads moving over the course of the week.



The discrepancy can be explained by exports, which have soared to record high levels. After crossing the 50,000 metric ton (MT) threshold for the first time in May, U.S. cheese exports notched another record in June with shipments reaching 52,191 MT, or an equivalent of 115.1 million pounds. Stronger exports to key destinations like Mexico, South Korea, and Japan all supported the record high figure. Over the first half of the year, cheese exports have accounted for nearly 9% of cheese production, up from about 5% a decade ago. The increase in shipments has played a critical role in preventing stock accumulation and price deterioration.

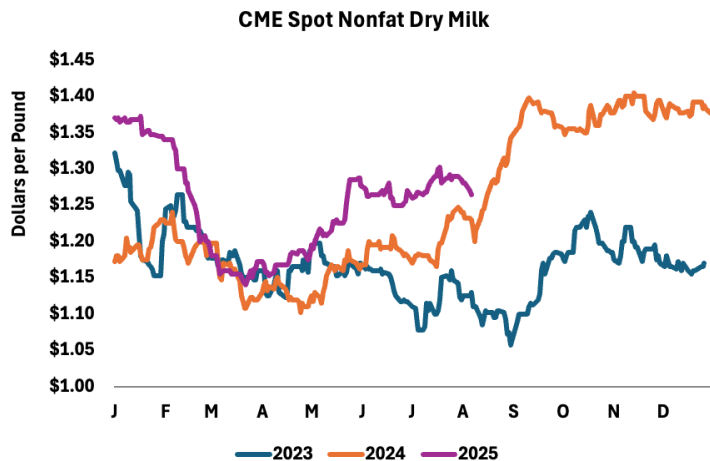
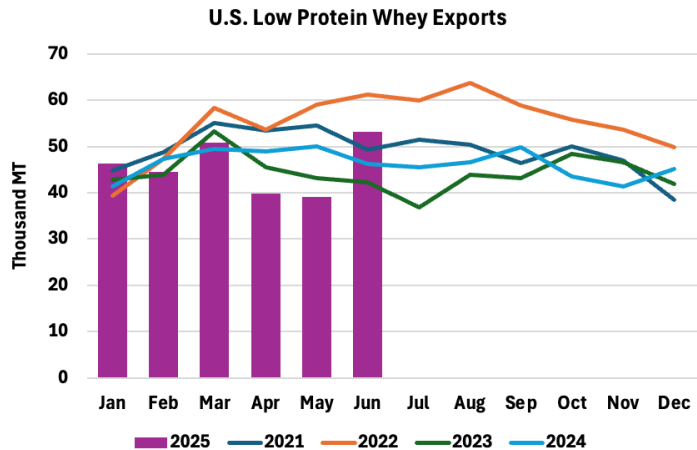
A similar situation has developed in the butter market. Rising component tests and a reshuffling of the manufacturing footprint have resulted in strong cream availability. Butter manufacturers have capitalized on this opportunity and butter production jumped 10.4% in June to 185.5 million pounds, the largest volume ever recorded for the month. But at the same time, U.S. butterfat exports have also rocketed upward, riding the wave of ample production and highly competitive prices compared to other international suppliers.



Butter exports of 6,420 MT in June were more than twice last year's volume, while shipments of anhydrous milkfat jumped 34% year over year to 2,349 MT. The U.S. is not often a net exporter of butter, but strong export performance during the first half of 2025 has made it so this year. Strong export activity has likely kept a floor on the butter market but with production reaching such high levels, the veneer may be starting to crack. The spot butter price

descended to \$2.355/lb. this week, the lowest price since May, and representing a dip of 9¢ compared to last week as 17 loads traded hands.

With cheese production on the rise, whey is plentiful, and manufacturers continue to show a preference for routing the raw whey stream into higher value products. Production of whey protein isolates (WPI) rose 11.1% year over year in June to 18.1 million pounds while total dry whey output was up just 0.7%. Whey protein concentrates (WPC) for human consumption came in at 42 million pounds, up 5.5% compared to June 2024. Whey exports improved dramatically in June with shipments of low protein whey products rising 15% year over year while exports of WPC80 and WPI were up 15.3%. However, some of this increase was surely a reflection of pent-up demand as whey exports from the U.S. to China plunged in April and May in response to the trade conflict between the two countries. While the situation remains fluid, the dry whey market found enough evidence this week to rise 3¢, ending today's session at 58¢ per pound.



In stark contrast to the other products, milk powder production continued to falter in June with combined production of nonfat dry milk (NDM) and skim milk powder falling to 193.7 million pounds, a dip of 1.4% year over year. Milk powder exports were also weak in June, down 1.7% compared to the same month last year, even though shipments to Mexico, the largest customer of the U.S., were up by 13.7% year over year. The unethused NDM spot market fell to \$1.265/lb. this week, down 2.25¢ compared to last Friday's close.

Favorable weather continues to support expectations for a robust crop this year. Strong crop condition scores have led many analysts to predict record high yields for both corn and soybeans ahead of next week's highly anticipated Crop Production report from USDA. These expectations have kept pressure on futures values. On Thursday, DEC25 corn settled at \$4.07/bu., down a few cents from last Friday. Meanwhile, soybeans managed to find a little traction with DEC25 soybean meal settling on Thursday at \$285.20/ton.