



# The T.C. Jacoby Weekly Market Report

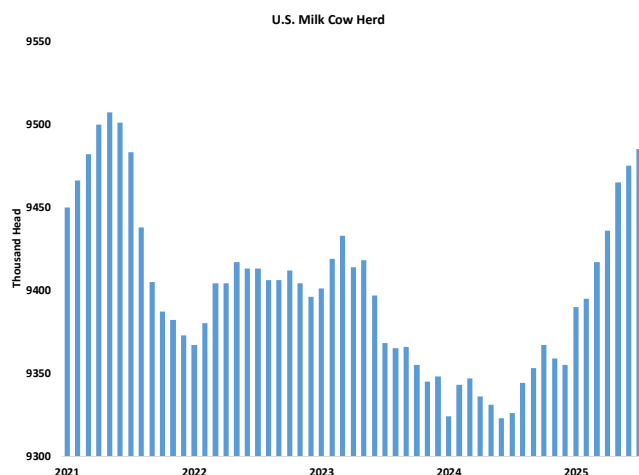
**WEEK ENDING August 22, 2025**

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CME Spot Market for the Week 8/18/2025 to 8/22/2025			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.5775	15	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.8155	18		\$ 1.8000	4	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 2.2835	16		\$ 1.2625	28	

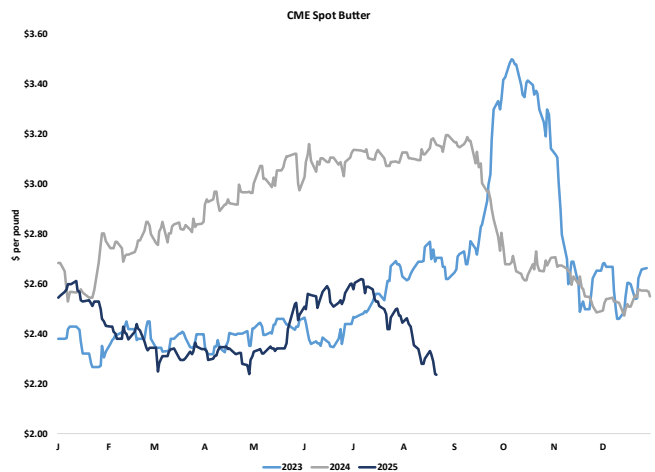
The dairy markets have lost that summer sizzle. Prices plummeted this week on the heels of a Milk Production report that confirmed heady growth. Unseasonably cool overnight temperatures and another 10,000 cows pushed milk output upward in July. Production totaled 19.57 billion pounds, up 3.5% from July 2024. Once again, components supercharged the growth. The U.S. dairy herd made 4.7% more butterfat, 4.4% more protein, and 3.8% more nonfat solids than it did last July.



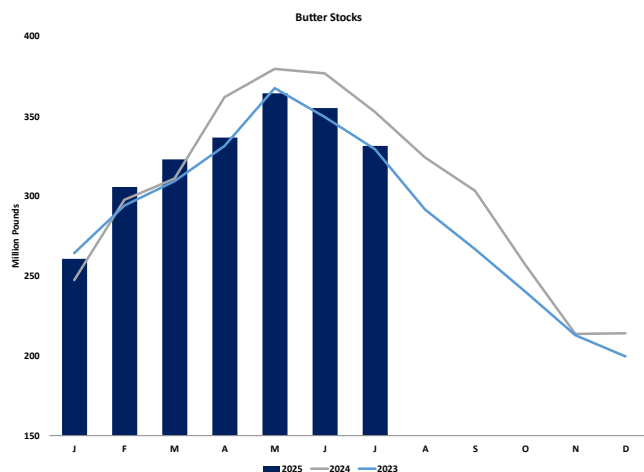
Dairy producers continued to hold onto as many cows as possible, allowing for expansion despite the heifer shortage. The dairy herd reached 9.485 million head last month, up 159,000 from July 2024 and the highest head count since May 2021. The year-over-year increase is large enough for producers to send an additional 900 head to slaughter each week and maintain an annual cull rate below 30%, on par with the 2024 rate that fostered rapid expansion. The recent uptick in slaughter volumes

aligns exactly with these figures. Producers are sending a few more cows to slaughter than they did in August 2024, but cull rates remain depressed and growth continues.

The significant increase in butterfat allowed churns to run harder than they typically would through the summer. But American butter is a bargain, and booming exports provided an outlet for the excess. Butter inventories shrank 24 million pounds from June to July, tied with last year for the greatest July drawdown since 1987. There were 331.4 million pounds of butter in cold storage warehouses at the end of last month, 6.1% less than on July 31, 2024. In a more recent snapshot, USDA's *Dairy Market News* reports that "inventory levels are higher than [they were] at the beginning of the month," although stocks of

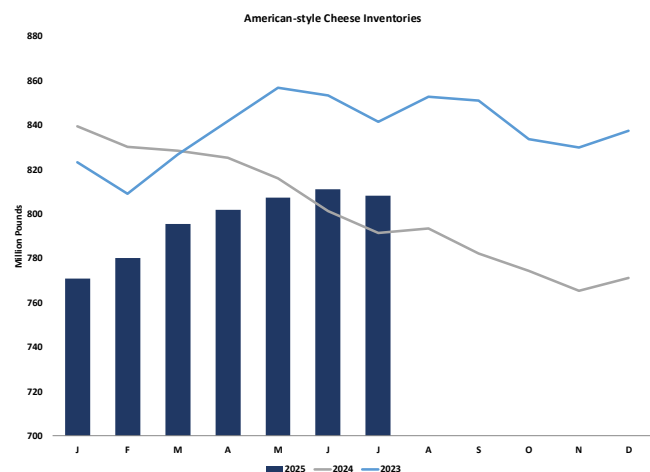


unsalted 82% butter are extremely tight due to international demand. Nonetheless, the trade is anxious about the supply of American-style salted butter. CME spot butter slumped 6.5¢ this week to \$2.235 per pound, the lowest price in Chicago since December 2021.

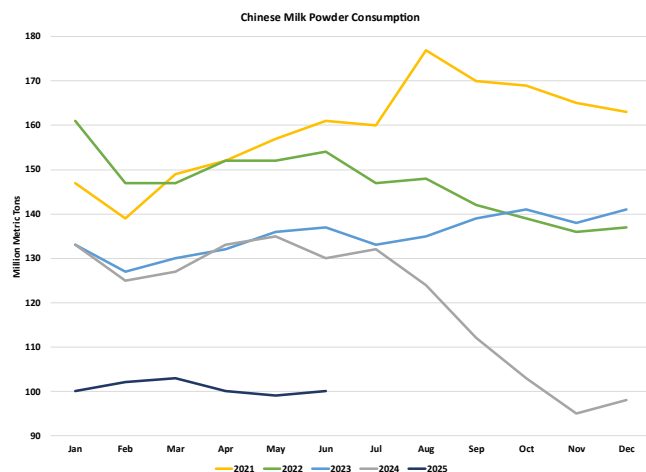


Cheese stocks also slipped from June to July, but only after USDA revised upward its estimate of June inventories. Cheese supplies are still higher than USDA's initial June estimate and the latest figures put

inventories for both June and July above year-ago volumes. Stocks of American-style cheese, including the Cheddar that determines Class III milk values, were 2.1% greater than in July 2024. And industry experts report that, after months of record-shattering exports, U.S. cheese is now too pricey to win a lot of new business. Prices dipped accordingly. CME spot Cheddar blocks fell 1.5¢ this week to \$1.76.



The whey market rallied in the first half of August, but this week it retreated. CME spot whey powder fell 4.5¢ to 55.5¢. Manufacturers continue to make all the high-protein whey products they can, but there is still enough whey leftover to be dried into powder. Thankfully, when the U.S. and China agreed to a pause in the trade war in May, Chinese buyers returned to their favorite whey suppliers. After a June lull, Chinese whey



imports topped the prior year by 16% in July, and China imported 27% more high-protein whey products than it did the year before.

Chinese demand for milk powder, on the other hand, remained lackluster. Accounting for the poor showing in July, the world's largest importer is buying foreign skim milk powder and whole milk powder at a year-to-date pace only slightly ahead of 2024, when Chinese milk powder imports plummeted to an eight-year low. Chinese

consumer spending is weak and milk powder consumption is terribly depressed. But global milk powder output is also lower than it once was, and the market has struck a tentative balance. CME spot nonfat dry milk continues to tread in a tight range. This week it fell a penny to \$1.26.

The milk markets took another step back this week. Most Class III futures finished around 30¢ in the red. September Class III managed to remain north of \$18 per cwt., but after that the futures project milk in the high \$17s as far as the eye can see. Most Class IV contracts lost around 20¢ this week and settled in the low \$18s. The September contract closed at \$18.03.

It didn't take long for sub-\$4 corn to attract new demand. A flurry of export sales fostered a quick rebound. Concerns about disease pressure and a growing consensus that August weather was not good enough for crops to meet USDA's sky-high yield forecasts also gave prices a boost. But there is no doubt that this year's harvest will be a big one. Scouts on the *ProFarmer* crop tour found greater corn yield potential and higher soybean pod counts in each of the seven states they surveyed, with two exceptions. Soy pod counts were 2.3% lower in Indiana than they were a year ago, and the Illinois corn yield was 2.2% behind last year's *ProFarmer* estimate. Those shortfalls will easily be offset by record-setting yields in the western Corn Belt. The tour pegged the Minnesota and South Dakota corn yields 23% and 11% higher, respectively, than they projected in 2024.

Soybean prices got a further lift from the EPA, which finally ruled on requests from small refiners that they would be exempt from either blending renewable fuels into their energy products or purchasing credits from those who blended more than was required. The agency granted exemptions or partial exemptions to 140 petitions, effectively wiping requirements for 5.34 billion gallons of biofuel. But the agency denied 35 requests and ruled seven petitions were invalid. These denials plus the partial exemptions suggest that biofuel blending will be higher than many had assumed after a seven-year backlog of these petitions. The news propelled soybean oil futures straight upward, with soybean futures hot on their heels. November soybeans closed at \$10.58 per bushel today, up 16¢ for the week. December soybean meal fell \$3.50 to \$291 per ton. December corn jumped 6.5¢ to nearly \$4.12.