



# The T.C. Jacoby Weekly Market Report

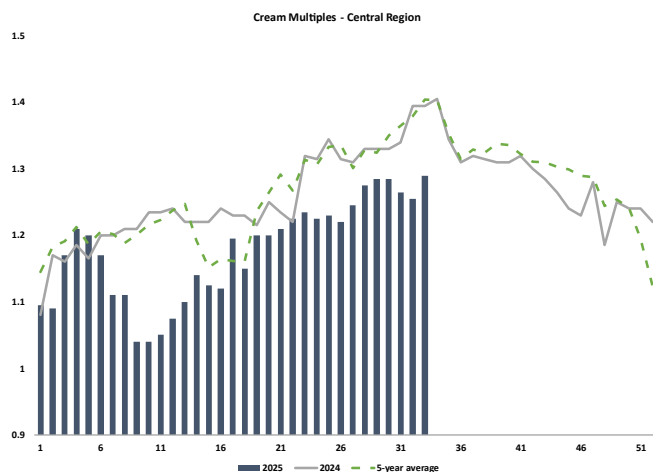
**WEEK ENDING August 15, 2025**

By Sarina Sharp, Market Analyst for the Daily Dairy Report  
Sarina@DailyDairyReport.com



| CME Spot Market for the Week<br>8/11/2025 to 8/15/2025 |            |            | WHEY           |            |            |
|--|------------|------------|----------------|------------|------------|
|  |            |            | Avg Price      | Qty Traded | 4 wk Trend |
|  |            |            | \$ 0.5965      | 5          |            |
| CHEESE BLOCKS  |            |            | CHEESE BARRELS |            |            |
| Avg Price  | Qty Traded | 4 wk Trend | Avg Price      | Qty Traded | 4 wk Trend |
| \$ 1.8345  | 17         |            | \$ 1.8250      | 0          |            |
| BUTTER   |            |            | NON-FAT        |            |            |
| Avg Price  | Qty Traded | 4 wk Trend | Avg Price      | Qty Traded | 4 wk Trend |
| \$ 2.3010  | 36         |            | \$ 1.2605      | 23         |            |

The backpacks are ready, the bus schedules are finalized, and milk bottlers are ramping up output. It's back-to-school season in much of the country. But it's still hot, and milk output is slipping. USDA's *Dairy Market News* says milk is tight in the East. In the Central and West regions, output is declining seasonally, but there is more milk than there was a year ago. Cream

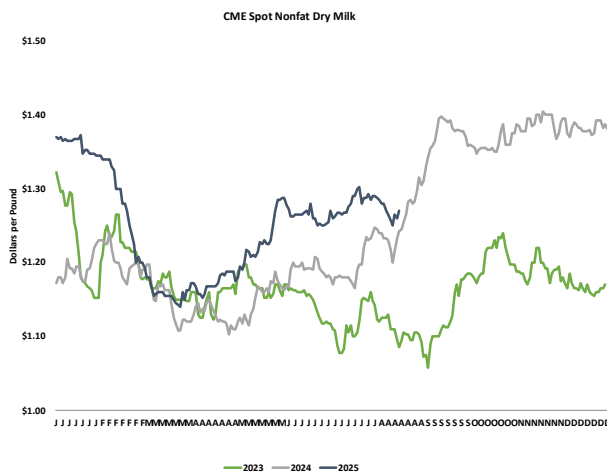
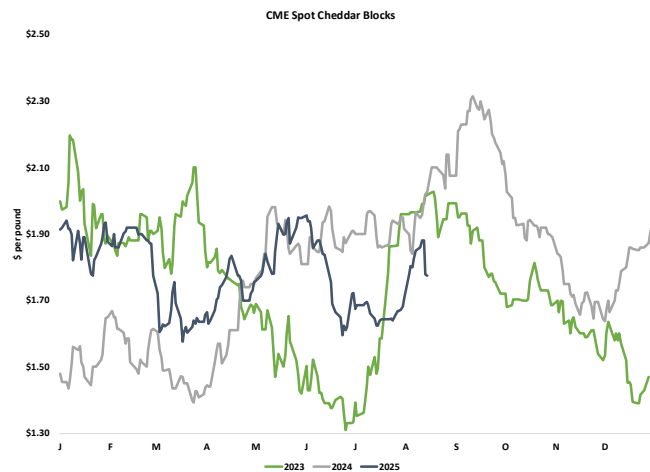


production is slipping across the nation, but, as ice cream manufacturers wind down, there is plenty of milkfat left for butter churns. Cream multiples remain well below the historic average, incentivizing butter makers to crank out more product than they typically would at this time of year. The trade remains on edge about the proliferation of butterfat, even as low U.S. prices continue to attract international attention. CME spot butter fell 5.5¢ this week to \$2.30 per pound, a new low for the summer.

The cheese market typically perks up in early August, as sweltering summer temperatures collide with a seasonal increase in orders. Cheese buyers often start to stock up for holiday demand in July and August. Right on cue, CME spot Cheddar blocks climbed from \$1.625 in mid-July to \$1.88 on Wednesday. But the U.S. cheese industry is in growth mode, and commodity Cheddar cannot

afford to spend much time at prices that deter foreign buyers. After seven trading sessions in the \$1.80s, the spot market took a step back. CME spot Cheddar blocks closed today at \$1.775, down 7.5¢ for the week.

Once again, whey bucked the trend. CME spot dry whey rallied to a six-month high on Wednesday and finished the week at 60¢, up 2¢ since last Friday. Domestic whey demand is reportedly steady, but exports are weak thanks to the tendentious trade relationship with China. Nonetheless, USDA's *Dairy Market News* says whey powder inventories "range from available to tight" as manufacturers continue to prioritize high-protein whey products. Consumer demand for protein seems insatiable, and that's adding a lot of value to dairy producers' milk checks.



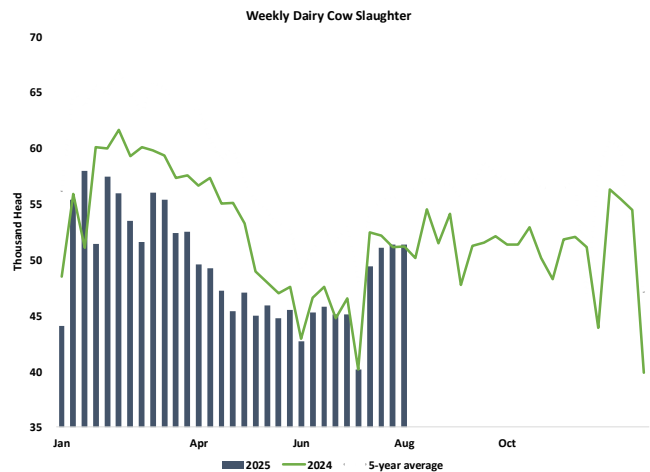
The milk powder market is quiet. As befits the summer, dryers are not running hard. But export orders are light, preserving the status quo. CME spot nonfat dry milk climbed a half-cent to \$1.27, comfortably within the narrow trading range that has prevailed since May.

Setbacks in butter and cheese dragged down milk futures. September Class III fell 48¢ to \$18.39 per cwt. Fourth-quarter futures briefly dipped below the \$18 mark, but they finished above it. Most Class IV contracts also lost roughly a half-dollar. The September contract closed at \$18.18.

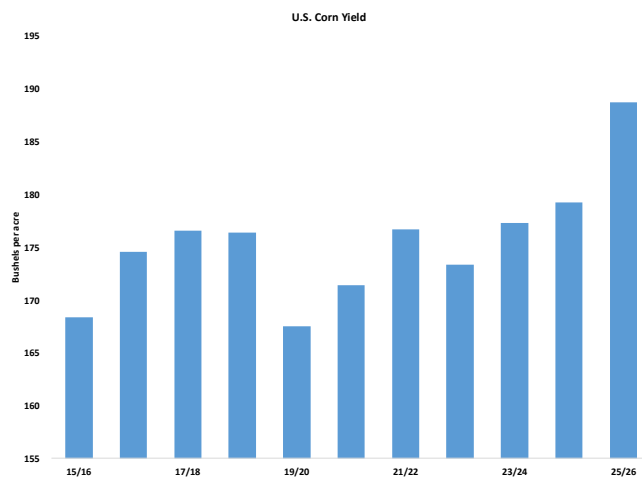
With low feed costs and soaring beef revenues, these are prices that will pay the bills. But as milk, cheese, and butter output easily outpace prior years, lower prices are likely. Dairy producers would be wise to use the Dairy Revenue Protection program or futures and options strategies to protect the margins the futures market currently offers.

Despite adequate dairy incomes, slaughter volumes are starting to inch upward. For nearly two years, dairy producers have culled as few cows as possible, helping to keep their barns full – and eventually grow the dairy herd – despite the heifer shortage. But in each of the past three weeks, dairy cow slaughter has topped 51,000 head, and in the past two weeks, slaughter volumes have exceeded those of the same week a year ago. But the increases can be easily explained, and they probably don't point to a big shift in cull rates. The dairy herd is now much larger than it was a year ago, when slaughter rates were already unusually low. Going forward, there will likely be

many weeks in which dairy producers send more cows to the packer than they did during the same week in 2024, even as cull rates remain depressed compared to historic averages. And there were some extenuating circumstances for the most recent data, for the week ending August 2. A derecho slammed into the Northern Plains and western Corn Belt in the final days of July. Powerful straight-line winds damaged dairies along the I-29 corridor, temporarily reducing some dairies' capacity to hold cows and make milk. Packers in the Midwest processed 2,400 more dairy cows in the last week of July than they did a year ago, a 30% increase. Although national slaughter volumes are now slightly above year-ago levels, there is no sign that dairy producers are changing course and trying to rein in expansion.



USDA shocked the feed markets this week, with its predictions for a record-shattering national average corn yield of 188.8 bushels per acre. The eye-popping yield was several bushels above the market consensus and based on conditions as of August 1. Since then, hot dry weather has stressed plants in the central and eastern Corn Belt, which suggests that USDA's final yield assessment may fall short of the August forecast. But there is no doubt that farmers will reap a massive harvest this year. The agency also raised its estimate of corn planted area to 97.3 million acres, the highest seedings in nearly a century. The added acres give the market even more confidence that corn will be abundant this fall. December corn futures dipped below the \$4 mark after the report, but they bounced back on Friday and closed at



December corn futures dipped below the \$4 mark after the report, but they bounced back on Friday and closed at

\$4.055 per bushel, on par with last week's settlement. The trade assumes that a weak dollar and cheap U.S. corn will attract enough importers to limit additional downside.

USDA trimmed its estimate of soybean plantings to 80.9 million acres, down from 83.4 million in June's Acreage report. USDA raised its soybean yield estimate to 53.6 bushels per acre, up modestly from the previous estimate. But due to lower acreage, even a record-setting yield will result in a smaller crop than last year. Soybean inventories will likely shrink in the upcoming season, resulting in slower exports and modestly higher prices. Soybean and soybean meal futures rallied this week, but soybean meal remains inexpensive. The December contract jumped nearly \$10 to \$294 per ton. Dairy producers have the opportunity to lock in relatively low feed costs for the next 12 months.