



The T.C. Jacoby Weekly Market Report

WEEK ENDING September 5, 2025

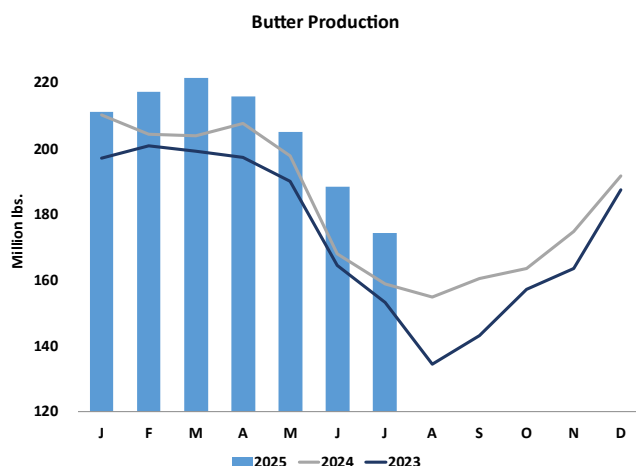
*By Sarina Sharp, Market Analyst for the Daily Dairy Report
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CME Spot Market for the Week 9/1/2025 to 9/5/2025			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.5681	0	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.7375	21		\$ 1.7506	1	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 2.0156	5		\$ 1.2356	11	

The selloff continued on LaSalle Street this week. Robust production of high-component milk is keeping churns and vats full and weighing on dairy product prices. After the close today, USDA detailed how processors are divvying up the growing milk supply with its monthly update to the Dairy Products report.

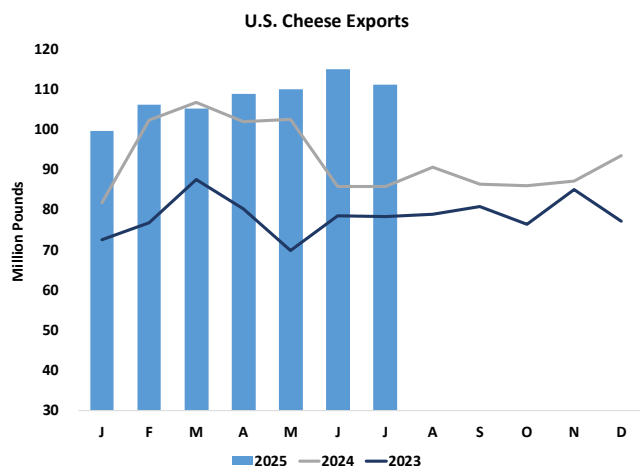
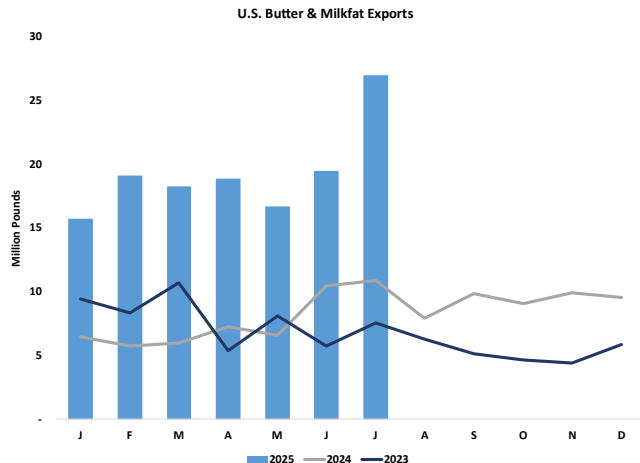
Heavy cream output kept churns running through the offseason. Butter output reached 180.1 million pounds, the highest July volume since 1942. That was 9.8% greater than already-high



output in July 2024. Exports are booming, with net exports at 10.4 million pounds. The U.S. is sending a lot of cream and anhydrous milkfat abroad as well. But the trade remains concerned that exports will not be enough to keep the industry from drowning in butterfat, especially as butter makers focus most of their churning on American-style butter. USDA's *Dairy Market News* reports that supplies of 82% unsalted butter are tight, but "salted 80% butter production is outpacing demand" and "manufacturers are building

inventories." With that, CME spot butter edged closer to the \$2 mark, slipping another 2.25¢ to \$2.0225 per pound.

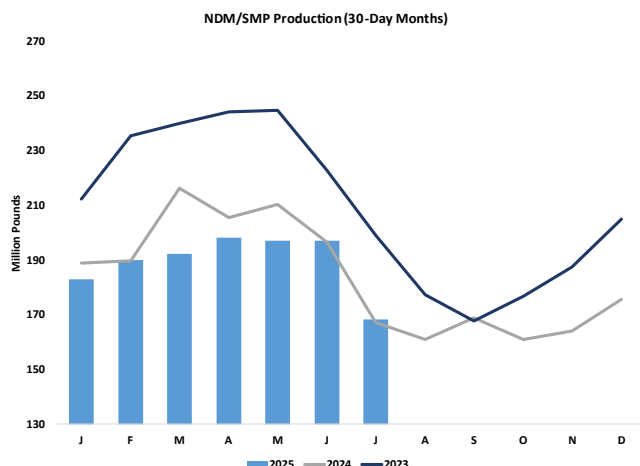
Cheese production topped 1.2 billion pounds in July, outpacing the prior year by 2.1%. Cheddar production reached 316.5 million pounds, up 6.7% from the very low volumes of July 2024. Mozzarella production outpaced last year's already lofty levels by 3.1% and notched a fresh record for July output. Thankfully, exports were also the highest-ever for the month and just a few million pounds shy of the all-time record set in June. Exports have provided a vital outlet for new cheese and butter production. However, prices must remain low enough to keep winning new business. To that end, CME spot Cheddar blocks fell 8.5¢ this week to \$1.69.

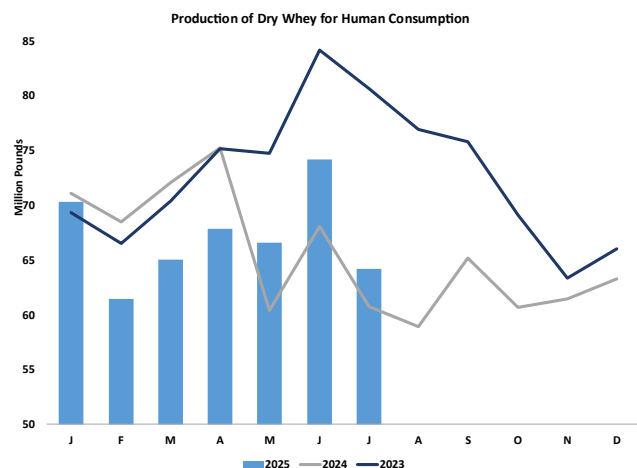


The powder markets came under pressure Tuesday after a poor showing at the Global Dairy Trade auction. New Zealand's dairy season is off to a strong start, and Chinese milk powder consumption remains depressed. Amid fierce competition for market share, U.S. milk powder exports fell 17.2% short of July 2024 volumes. Thankfully, with cheese plants and other dairy processors taking on more milk, U.S. milk powder production is not heavy. It

was just 0.7% greater than the prior year in July, and year-to-date output is off to its slowest start since 2013. But if milk output keeps climbing as expected, the lineup at driers will grow as well, which will drag prices down further. This week CME spot nonfat dry milk fell 4¢ to \$1.22, its lowest price since May.

Whey remains the shining star in the dairy universe. Production of high-protein concentrates and isolates is record high, restraining output of lower-value whey powder. So far this year, whey powder output stands at the lowest January to July tally since 1984. But while May, June, and July output were light by historic standards, they still





outpaced 2024 volumes. The industry is nearing its capacity for high-protein whey products. As cheese output climbs, so will whey powder production. Perhaps with that in mind, CME spot whey powder slipped a half-cent this week to 56.5¢.

With all products in the red, milk futures took a big step back this week. September Class III futures dropped 50¢ to \$17.65 per cwt. The October contract plunged nearly a dollar to \$16.87. Deferred contracts posted double-digit losses and most settled in the

low-\$17s. Class IV futures lost between 20 and 50¢ and ranged from \$16.90 to \$18.49. With low feed costs and high beef revenues, many dairy producers can make these numbers work. But they won't be excited when their monthly milk checks arrive.

Corn futures hovered near the high end of their recent trading range throughout the holiday-shortened trading week. But after a selloff in the final few hours before the closing bell, December corn futures dropped to \$4.18 per bushel, down 2¢ from last Friday. Early harvest results are not quite as large as the trade had expected, and exports are booming, reducing the likelihood that the market will wander back down below the \$4 mark. But there is no doubt that farmers will reap a massive crop this year, and on Friday afternoon S&P Global reminded the market of that reality when it predicted that USDA will raise its corn yield estimate to an astounding 189.1 bushels per acre in next week's Crop Production report. A month-to-month increase seems unlikely after a very dry August, but S&P Global asserted that it is not an impossibility.

The soy markets retreated from last week's highs. November soybeans closed at \$10.2675, down 26¢ in just four trading sessions. December soybean meal settled at \$283.70 per ton, down \$5 for the week.