



The T.C. Jacoby Weekly Market Report

WEEK ENDING October 3, 2025

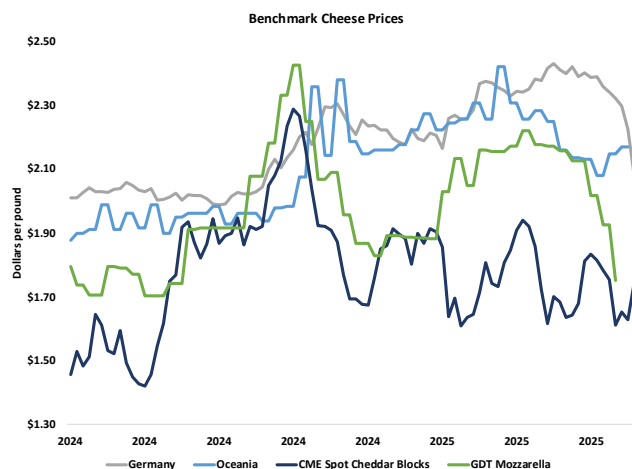
By Sarina Sharp, Market Analyst for the Daily Dairy Report
Sarina@DailyDairyReport.com



CME Spot Market for the Week 9/29/2025 to 10/3/2025			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.6410	1	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.7410	32		\$ 1.7100	2	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.7390	58		\$ 1.1580	27	

The dairy markets continue to lean bearish, as milk output grows around the world. But that doesn't mean that prices must move downward constantly. After several weeks of steep declines, the dairy markets regained a little ground this week. On LaSalle Street, traders describe this as a healthy correction in a bear market.

The cheese markets made the most decisive about-face. CME spot Cheddar blocks rallied 16.5¢ this week to \$1.79 per pound. In just five trading sessions, they regained 73% of the ground they lost in the seven weeks since mid-August. Cheese is still plentiful, although we don't know exactly



how much production has grown. USDA did not publish the Dairy Products report today due to the partial government shutdown. But the trade is confident that vats are full and exports are booming. USDA's *Dairy Market News* – which did publish its commentary despite the shutdown – reports that strong exports “remain a key factor in keeping inventories balanced.” The recent rebound suggests that prices have fallen far enough, for now. But the trade is keeping a nervous eye on Europe, where cheese prices are dropping in order to compete with U.S. exports.

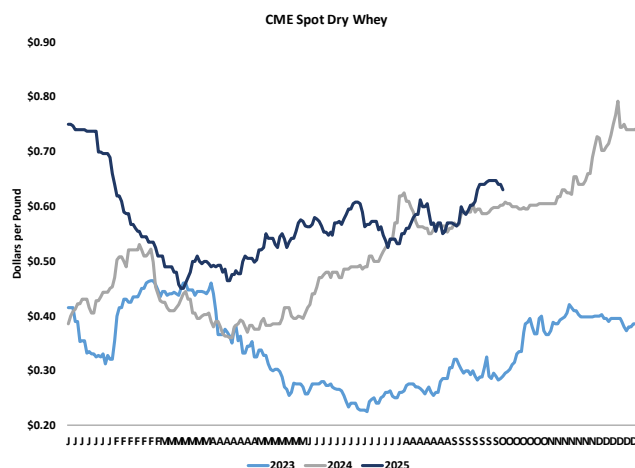
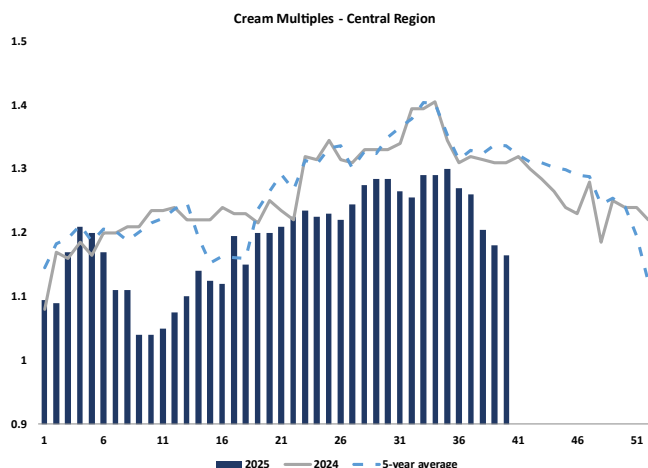
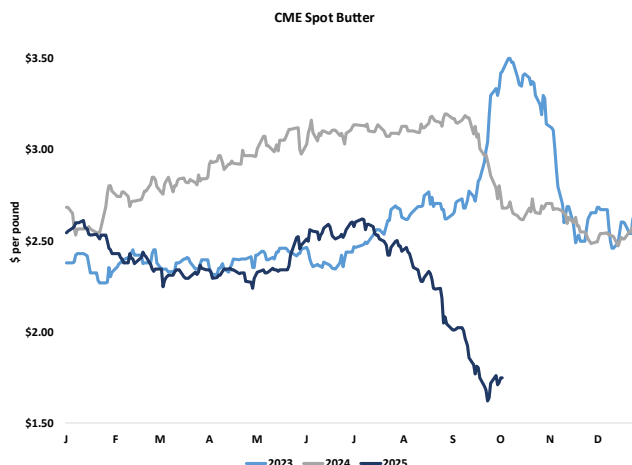
Similarly, butter bounced back from recent lows. CME spot butter rallied 3¢ this week to a still-unimpressive \$1.75. The U.S. milk-cow herd is larger than it's been in over 30 years. All those cows are making more milk with more butterfat than ever before. Demand for fat-laden dairy products is excellent, but cream supplies still feel heavy.

Milk powder prices also inched upward. CME spot nonfat dry milk added a half-cent and reached \$1.16. *Dairy Market News*

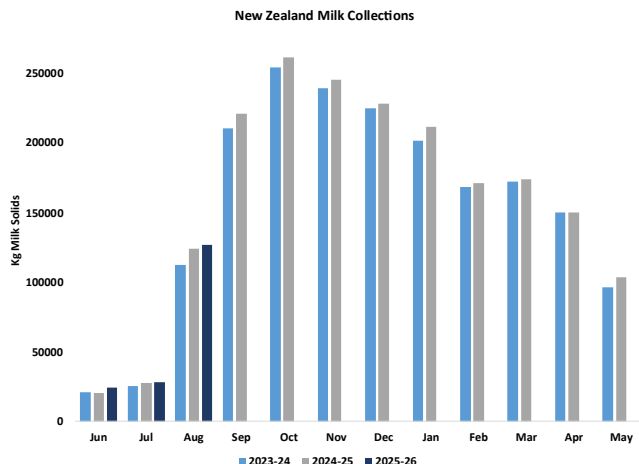
reports that prices have fallen low enough to attract demand from domestic buyers. But export sales remain light. Cool temperatures have boosted milk output beyond the capacity of other processors and there are more trucks lined up at dryers around the country. In the Mountain States, where milk production has grown and processing capacity has not, "some sellers report challenges finding homes for spot milk loads... There is more than adequate milk volumes for processing."

Once again, the whey markets went their own way. After notching an eight-month high in the final days of September, they pared their gains. CME spot whey powder fell 1.75¢ this week to 63¢. Immense demand for high-protein products is using up much of the whey stream, but as cheese production climbs, manufacturers will have to dry more and more whey into powder. Thankfully, whey exports are decent.

But competition in the export market is getting fierce as milk production climbs overseas. New Zealand's milk collections set a new record for the month of August, with milk solids output up 2.5% from August 2024. Kiwi dairy producers are enjoying excellent pasture conditions, low feed costs, and high milk prices. They are not going to rein in output unless the weather turns against them. In August, New Zealand



sent 20% more milk powder, 32% more milkfat and butter, and 15% less cheese abroad than they did the year before.



Milk prices generally followed the spot products upward this week. October Class III rallied 41¢ to \$17.21 per cwt. November and December Class III added roughly 50¢ and settled near the \$17 mark. Most 2026 contracts posted modest gains. Despite the recovery in spot butter and milk powder values October Class IV fell another 13¢ this week to a gut-wrenching \$14.76. But most other Class IV contracts added about 50¢. That pushed November and December Class IV into the \$15s, with

first-quarter futures in the \$16s and second-quarter contracts in the \$17s.

The long-term outlook is concerning. Thankfully, dairy producers can still purchase Dairy Revenue Protection (DRP) insurance despite the government shutdown. The carry in the Class IV market – with deferred futures much higher than nearby contracts – offers the opportunity to protect milk revenues from further declines.

The feed markets moved wildly back and forth, but they finished not far from where they began the week. USDA surprised the market with a quarterly Grain Stocks report that showed September 1 corn stocks were much larger than the market had anticipated. Since September 1 marks the shift from one crop year to the next, the Grain Stocks number will replace USDA's previous estimate of end-of-season stocks for the 2024-25 crop year and beginning stocks for the 2025-26 crop year. That larger stockpile, plus a massive harvest, will likely result in abundant corn leftover a year from now, at the end of the 2025-26 crop year. Corn prices retreated after the bearish report, but they rallied back late in the week.

The Grain Stocks report was mildly supportive of soybean values, but they moved lower in sympathy with corn. Then on Wednesday, President Trump posted on Truth Social that he hoped China would buy some U.S. soybeans and he would meet with President Xi next month. Soybean futures rallied. Soybean farmers also have a little extra spring in their step after Treasury Secretary Scott Bessent said the Trump administration would announce new support on Tuesday. The *Wall Street Journal* reports that the administration is considering doling out between \$10 and \$14 billion in tariff revenues to soybean farmers who have been hurt by the trade war.

This week, December corn futures closed at \$4.195 per bushel, down 2.5¢ from last Friday. November soybean settled at \$10.17, up 3¢. And December soybean meal finished at \$278.20 per ton, up \$3.30 for the week.