



# The T.C. Jacoby Weekly Market Report

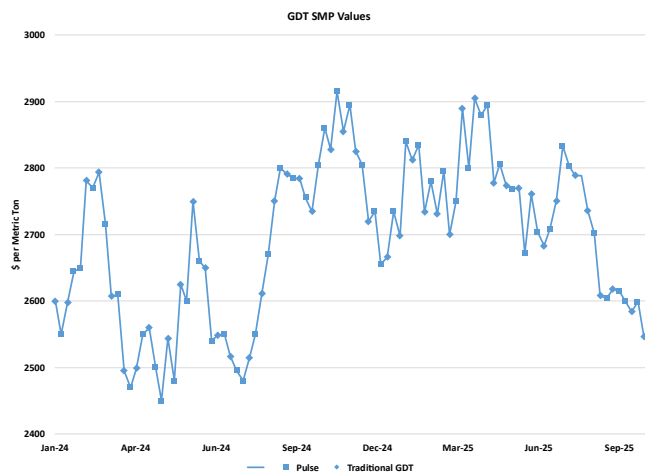
**WEEK ENDING October 31, 2025**

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CME Spot Market for the Week 10/27/2025 to 10/31/2025			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.7000	1	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.8080	21		\$ 1.8120	1	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.5800	22		\$ 1.1575	7	

Falling international prices spooked the U.S. milk powder market. At this week's Global Dairy Trade (GDT) Pulse auction, skim milk powder (SMP) prices fell 0.7% from last week's GDT event,



dropping to a 13-month low of \$2,530 per metric ton, equal to nonfat dry milk (NDM) at around \$1.22 per pound. Whole milk powder prices slipped 0.9% to a one-year low. Manufacturers in Europe and Oceania are flush with milk, and dryers are running hard. Closer to home, downtime at other dairy processors has pushed trucks to dryers, and production is ramping up. USDA's *Dairy Market News* describes domestic demand as "steady, while export interest remains light." The U.S. dollar strengthened this week, making U.S. milk

powder exports even less attractive to foreign buyers. CME spot NDM languished, ending the week at \$1.1325, down 2.75¢ from last Friday.

Like a toddler trick-or-treater, the cheese markets started strong, but they ran out of steam in the final stretch. CME spot Cheddar blocks slipped 1.25¢ to \$1.765. Early-week strength sustained Cheddar barrels. They closed today at \$1.805, up 3.5¢. The divergence reflects a temporary

shortage of fresh Mozzarella and Cheddar barrels after several cheesemakers faced unplanned downtime in October.

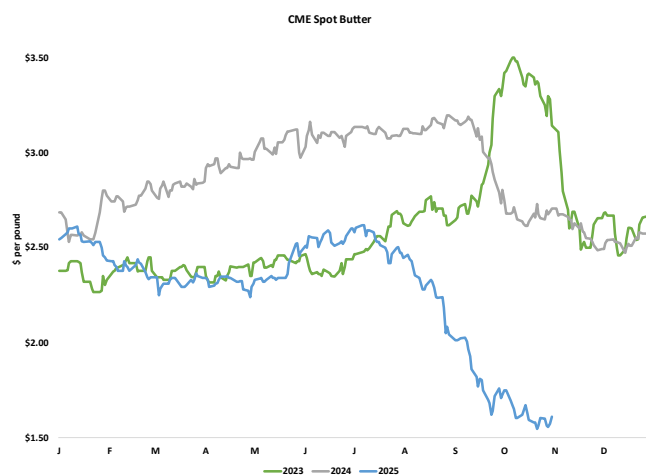
Cheese buyers had assumed that the combination of abundant milk and new investments in U.S. cheese manufacturing would result in plentiful—and inexpensive—fresh cheese supplies. Hand-to-mouth purchases benefited cheese buyers in September, when CME spot Cheddar blocks averaged \$1.667/lb. But the strategy did not pay off this month. *Dairy*

*Market News* mentioned maintenance issues and processor downtimes in each of its five weekly reports in October. Lower-than-expected supplies of fresh cheese propelled CME spot Cheddar blocks to a mid-week high of \$1.825, its loftiest price since August.

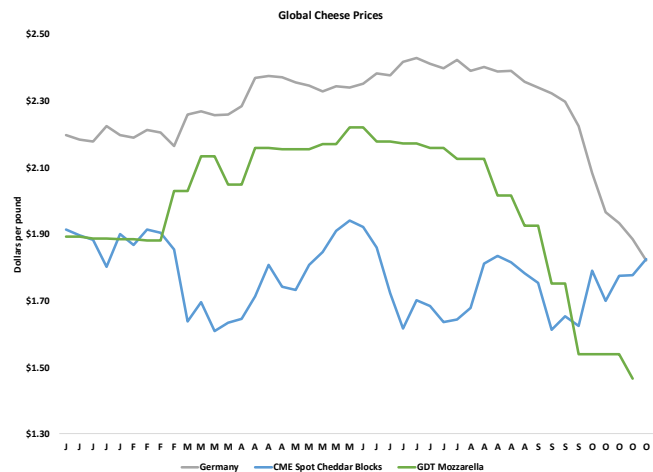
But the trade clearly does not believe that the cheese market can remain buoyant after processors' issues are resolved and production nears capacity. The rally in the spot market gave a big lift to November cheese and Class III futures, but 2026 contracts barely budged. Meanwhile, European cheese prices plummeted. U.S. cheese will have to be cheap to maintain the recent record-shattering export pace. Otherwise, cheese will start to pile up.

After a three-month decline, the butter market is bouncing off the bottom. It rebounded 0.75¢ this week to \$1.61. That's low enough for some foreign buyers to consider reformulating to use

American-style salted butter. And, to the extent that they're able, U.S. churns are prioritizing production of 82% unsalted butter for the international market. We don't have precise figures due to the government shutdown, but, by all accounts, U.S. butter exports are booming. Nonetheless, the trade remains concerned that hefty milk output and record-setting components will make butter supplies feel burdensome after the holiday baking season.

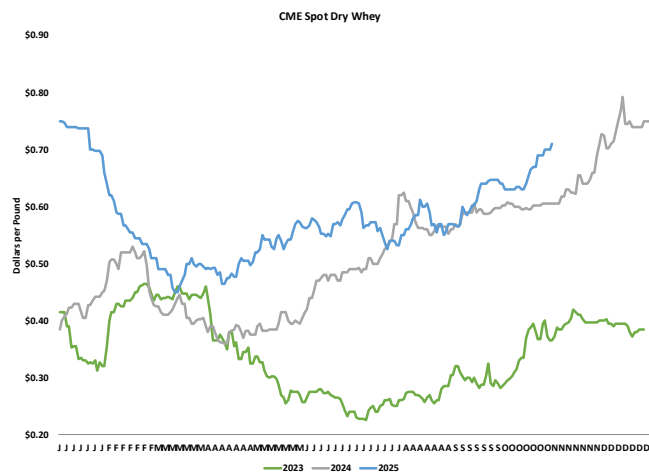


Whey remains the dairy industry's favorite, like a King-sized Reese's peanut butter cup in a bag full of stale Necco wafers. Manufacturers continue to direct as much whey as possible to high-protein products, reducing whey powder production. Domestic demand for commodity whey powder is decent, and shipments to Mexico remain strong. But cheap European whey is pushing U.S. whey powder out of key Asian markets. Even so, CME spot dry whey climbed another 2¢ this week to a nine-month high of 71¢. Every penny increase in the whey price adds 6¢ to Class III



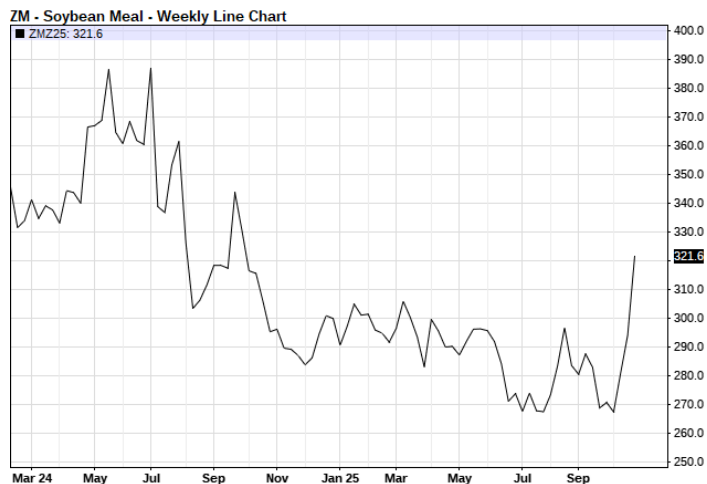
milk. Spot whey is now 16¢ above the March-to-September average. That's worth nearly a dollar per cwt. in Class III revenues.

With a boost from both cheese and whey, Class III futures looked strong through Thursday. But after a Friday selloff, November Class III finished 3¢ in the red at \$17.40 per cwt. December through February Class III gained some ground, but deferred contracts barely moved. Class III milk is forecast in the high \$16s and low \$17s for the foreseeable future.



The Class IV complex looks decidedly spookier for dairy producers. A few nearby contracts added a nickel or so this week, but most 2026 futures continued to retreat. The November contract is a stomach-churning \$13.90 per cwt., with \$14 milk forecast through March.

Hopefully, these very low prices will attract international buyers. The dairy industry did get some good news on that front thanks to President Trump's Asian tour. The administration announced new trade agreements with Malaysia and Cambodia and the framework for agreements with Thailand and Vietnam. The Malaysian and Cambodian pacts eliminate nearly all tariffs on dairy imports and protect common cheese names from ludicrous European claims that they should be proprietary. Europe, New Zealand, and Australia all enjoy dairy-friendly trade deals with these four nations, so the new agreements are crucial to put U.S. dairy exports on a level playing field.



The main event on the Asian tour was a meeting between President Trump and Chinese President Xi Jinping. The world's two major powers agreed to a one-year pause in trade war salvos, and President Trump dropped the most recent 10% tariff on Chinese goods, but other tariffs will remain in place. After the meeting, Treasury Secretary Scott Bessent said China would buy 12 million metric tons of soybeans by January and an additional 25 million metric tons in

each of the next three years. That would put Chinese purchases a little below typical volumes in the absence of a trade war, but these amounts seem reasonable in light of massive crops and expanded soybean acreage in Brazil. LaSalle Street cheered. November soybeans closed at \$11 per bushel, up nearly 60¢ this week to a 15-month high. December soybean meal jumped \$27 to \$321.40 per ton. There wasn't a lot of corn-specific news in the trade headlines, but the grains followed the soy complex higher. December corn closed at \$4.31 per bushel, up 8¢ this week.