



# The T.C. Jacoby Weekly Market Report

WEEK ENDING October 17, 2025

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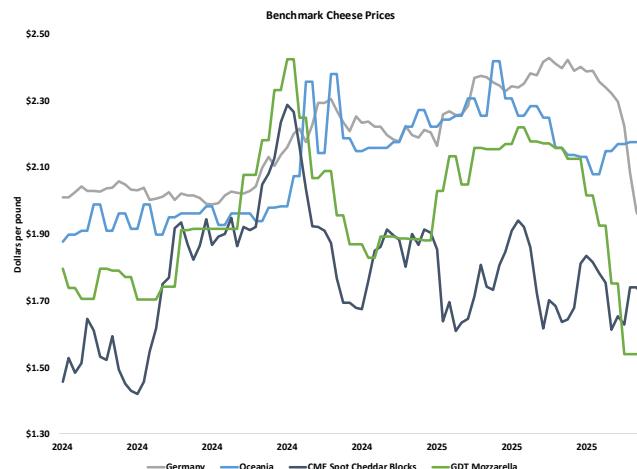


CME Spot Market for the Week			WHEY		
10/13/2025 to 10/17/2025			Avg Price	Qty Traded	4 wk Trend
\$ 0.6380		0			
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.7255	18		\$ 1.7400	1	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.6305	30		\$ 1.1195	5	

The dairy industry is the victim of its own success. Heavy milk output continues to weigh on milk and dairy product prices. USDA's *Dairy Market News* reports that in California, milk production tops year-ago levels by a wide margin, "edging into double digits." The eye-popping year-over-year increase can be partially explained by the onset of the devastating bird flu last year and the healthier herd today. That does not change the fact that the market has significantly more milk to absorb than it did in late 2024 and early 2025. And milk output is higher in other regions too. Record-shattering components augment the increase. Rapid growth in European milk output adds to the strain.

Demand is not keeping pace. Restaurant traffic has fallen for seven straight months. Franchises are offering flashy promotions to keep customers coming through their doors. Pizza chains struggling with

slower sales and discounted offerings are unlikely to be heavy-handed with the cheese.

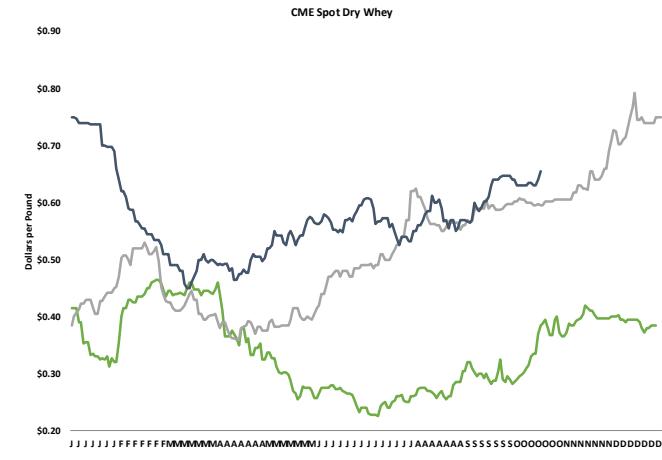


Butter demand is good as grocers brace themselves for the holiday baking season. But while U.S. butter consumption is cantering ahead, production is rising at a full gallop. Butter supplies are growing.

U.S. cheese and butter are moving abroad at a rapid pace. But today's shipments were likely negotiated months ago. New sales are getting harder to book as European markets deteriorate. After a dramatic rally to all-time

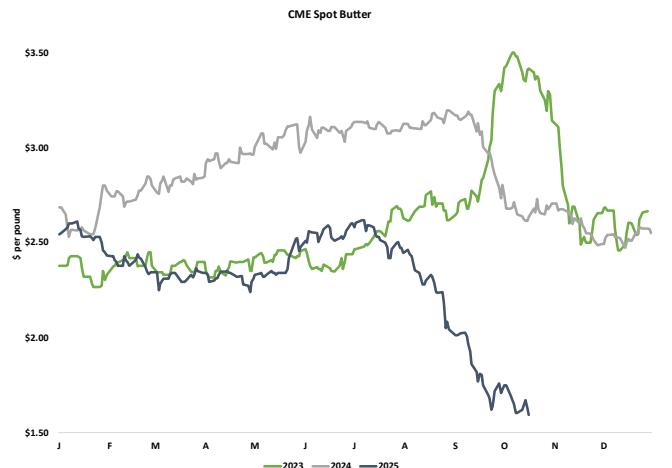
highs, European butter prices have plummeted to their lowest level since the spring of 2024. European cheese prices vary depending on the variety, but they are also losing ground. Competition in the export market is growing fiercer by the day. U.S. dairy product prices are dropping in order to maintain the record-setting exports that they depend on as an outlet for excess production.

This week, CME spot butter fell another penny to \$1.595 per pound, its lowest price since early 2021. Spot nonfat dry milk fell 1.75¢ to \$1.11, its lowest value since April 2024. The Class III spot markets rebounded. Cheddar blocks climbed 7.5¢ to \$1.775. Whey rallied another 2¢ to 65.5¢, the highest price since January.



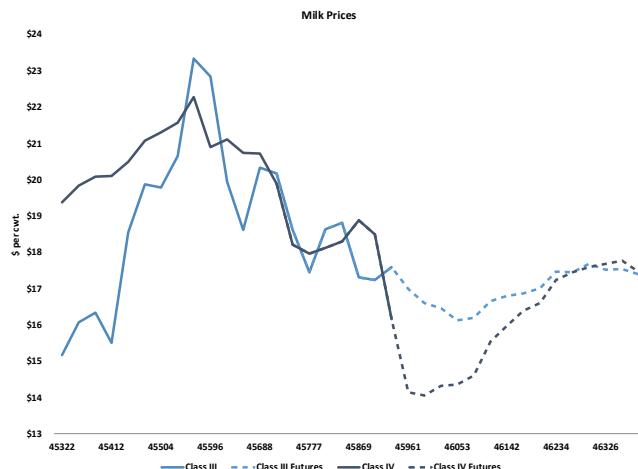
plan are lacking, and, for now, U.S. beef supplies remain tight amid a shrinking domestic cattle supply, a border that is closed to Mexican feeder cattle imports, and punitive tariffs on Brazilian beef. Cattle prices fell back from all-time highs, but cull cows and beef calves remain a significant source of revenue for U.S. dairy producers.

The infusion of beef income is muting the signals dairy producers should feel from waning milk prices. So it may be a while before they rein in U.S. milk production. This suggests that U.S. milk and dairy product prices will remain under pressure. This week, nearby Class III futures got a boost from higher spot Cheddar and dry whey prices. But deferred prices declined and Class IV contracts continued to lose ground. Dairy producers can expect Class III milk prices in the \$16s, with Class IV values at a disappointing \$14 per cwt.



The cattle markets took a dramatic step back this week after President Trump said his administration would lower beef prices for consumers and announced, "We did something, we worked our magic." Because this promise came on the heels of a meeting with Brazilian President Lula da Silva, the trade speculates that the Trump administration is considering lowering the recently imposed 50% tariff on U.S. beef imports from Brazil. Or perhaps the administration will favor U.S. imports of Argentine beef after the U.S. propped up Argentina's currency. Details in the





Farmers are wrapping up the final stages of harvest, and silos in the Corn Belt are bursting with grain. But prices fell low enough to attract buyers, and the markets bounced. December corn closed at \$4.23 per bushel, up about a dime for the week. December soybean meal rallied \$6 to \$281 per ton. November soybeans climbed 14¢ to \$10.21.