



The T.C. Jacoby Weekly Market Report

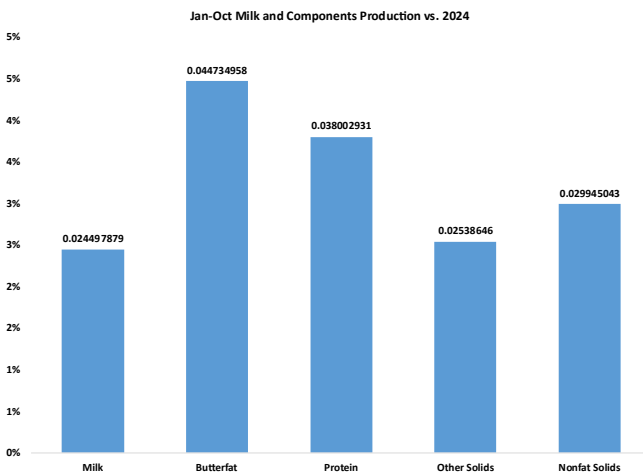
WEEK ENDING December 19, 2025

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



CME Spot Market for the Week 12/15/2025 to 12/19/2025			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.7260	7	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.3805	21		\$ 1.4040	0	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.4480	61		\$ 1.1605	11	

The U.S. dairy industry is drowning in butterfat. In October, America's dairy herd cranked out 3.7% more milk than the year before, and cream production soared 5.9% year over year. On Monday, USDA will publish a fresh round of milk production data, and even greater gains are



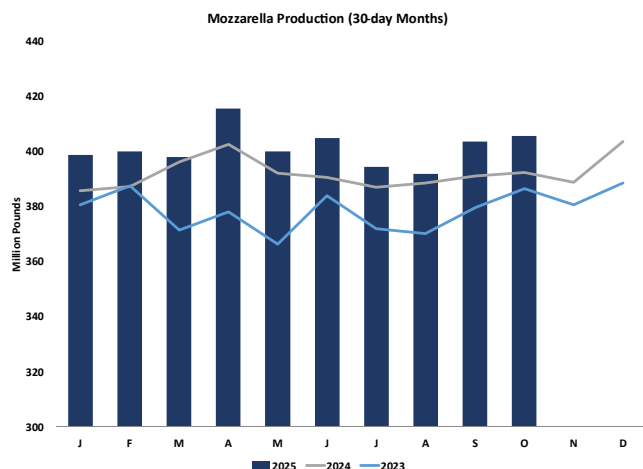
likely. It will be easy to beat November 2024 figures, when avian influenza dragged California milk output down 7.9% compared to November 2023. National average milk output was 0.3% lower than the year before.

All that butterfat kept churns running hard in October, even as makers of cottage cheese, sour cream, cream cheese, whips, and dips ramped up output ahead of the holidays. Butter production neared 186 million pounds in October, up 10.1% from

the year before. U.S. butter is the cheapest in the world – by far – and exports are booming. But it's not enough. The price suggests that butter is piling up. CME spot butter plunged 6.5¢ this week to \$1.415 per pound, its lowest value since February 2021. Fat prices are low enough that some dairy producers are cutting out expensive feed supplements meant to boost milkfat. But with the dairy herd near its highest head counts in three decades and improved genetics super-

charging components, it will be a long time before the invisible hand truly reduces U.S. butterfat production.

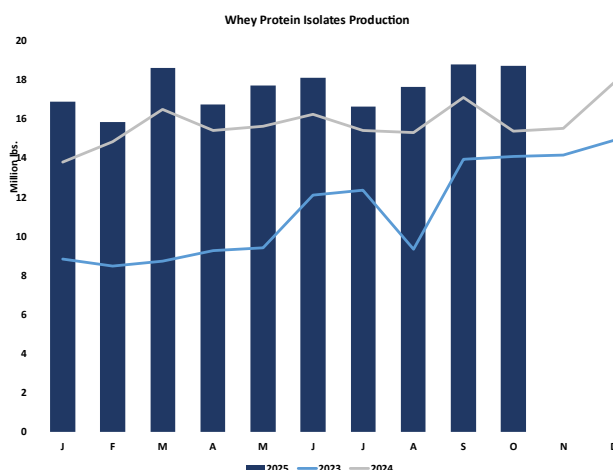
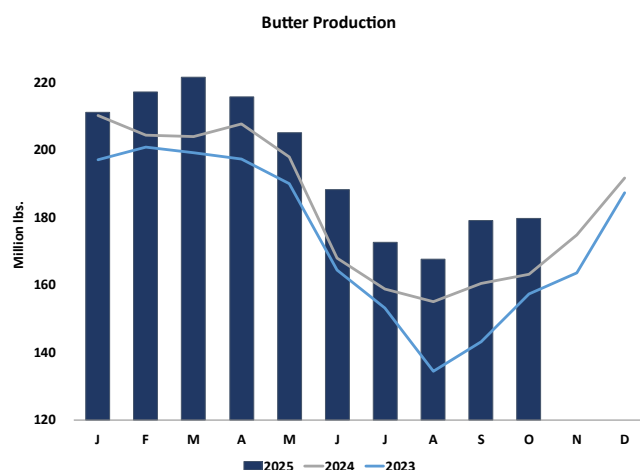
Cheese output also climbed in October, topping the prior year by 3.2%. Most of the increase was in Italian-style cheese production, which surpassed October 2024 output by 4.8%. That signals hefty demand from pizza chains or, more likely, from importers. Unlike Cheddar, this cheese will not be stocked away in refrigerated warehouses, sitting around until demand improves. Fortunately for U.S. dairy producers, Cheddar production outpaced October 2024 volumes by just 0.7%. Exports are helping to use of some of this hefty U.S. cheese production,



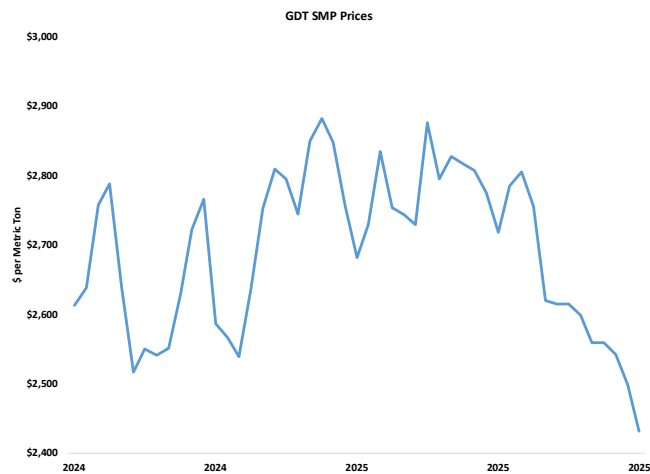
but without inventory data, it's difficult to assess the state of domestic demand and overall supplies. USDA will publish an update next week, its first since late September. The markets suggest that cheese is abundant, but spot values did perk up a little this week. CME spot Cheddar settled at \$1.36 per pound. While that is 1.5¢ above last Friday's settlement, it is close to the lowest spot cheese price since mid-2023.

The Dairy Products report showed more of the same trends in the whey complex. Manufacturers continued to prioritize high-protein whey products. Production of whey protein isolates jumped 17.7% year over year, and output of whey protein concentrates (WPCs) with at least 50% protein topped October 2024 by 9.7%. Processors made 29% less low-protein WPCs than they did last year. But there was still enough whey leftover to make 5.8% more whey powder than in October 2024. Nonetheless, whey powder stocks declined, signaling adequate demand. But there is a limit to how high prices can climb in a market with so much cow power. This week CME spot whey powder fell 6¢ to 70.5¢.

The other processors lapped up more milk, and October output of nonfat dry milk (NDM) and skim milk powder (SMP) fell 4.1% year over year. Milk powder inventories dropped from September to



October, but at month-end there was still 10.5% more than at the end of October 2024. With milk output on the rise all around the world, competition for exports is fierce. At the Global Dairy



Trade (GDT) auction on Tuesday, SMP dropped to a three-year low. Closer to home, CME spot NDM retreated 0.25¢ this week to \$1.1575.

The setback in spot whey pulled Class III futures into the red. The January contract fell 29¢ to \$15.63 per cwt. Most contracts posted double-digit losses. Class IV futures were mixed. The December contract fell 22¢ this week. The other contracts were steady to higher, but they are still depressed. The December through February contracts

hovered in the upper \$13s, and the futures don't offer milk north of \$15 until the second half of next year. Many dairy producers have just cashed their smallest milk check in several years, and the next few checks will shrink further. Eventually, these low prices will cure themselves, but the prescription is not pleasant.

U.S. exporters are sending corn out the door at the fastest pace ever. The crop is big, but so is demand. With that in mind, corn prices inched upward this week. The March contract closed at \$4.4325 per bushel, up almost 3¢ since last Friday. But the story is very different for soybeans. Soybeans are leaving our shores at a trickle, despite the calendar. U.S. crop exports should be booming in the months after harvest, when discounts are prevalent and stocks in South America are at their lowest. But this year South American soybeans are sufficiently inexpensive to lure importers. Meanwhile, young crops are developing well in both Brazil and Argentina. Soybean futures jumped in late October after members of the Trump administration promised that China would buy more U.S. soybeans. This week's losses erased all of that increase and then some. January soybeans closed today at \$10.49 per bushel, down 18¢ for the week to a two-month low. January soybean meal dropped another \$4.30 to \$297.70 per t