



The T.C. Jacoby Weekly Market Report

WEEK ENDING January 23, 2026

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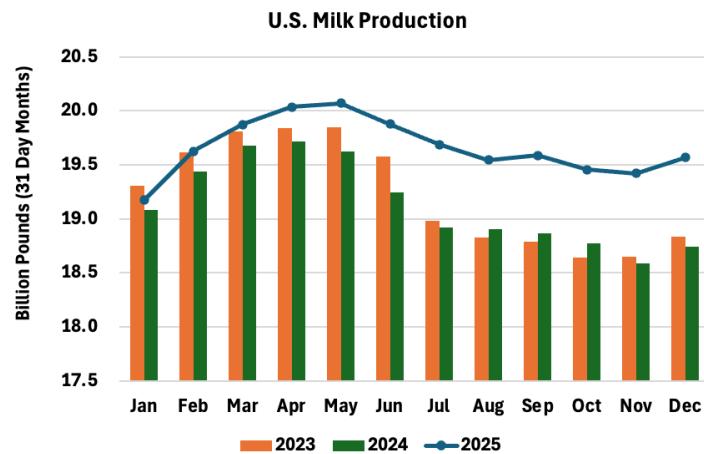


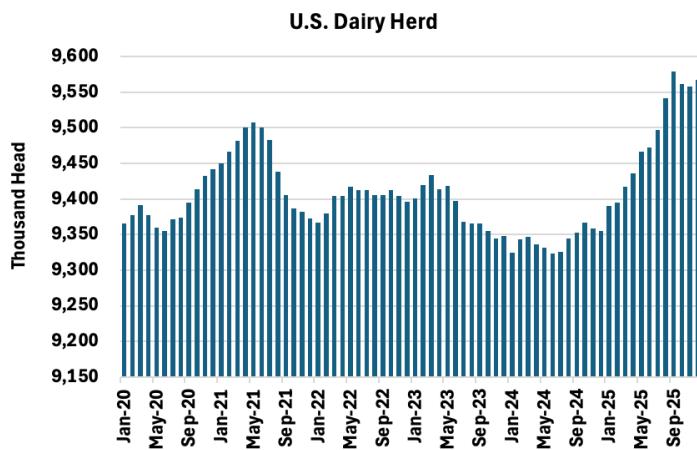
CME Spot Market for the Week			WHEY		
1/19/2026 to 1/23/2026		Avg Price	Qty Traded	4 wk Trend	
		\$ 0.7350	0		
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.3500	17		\$ 1.3581	0	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.4763	26		\$ 1.2819	2	

This weekend's impending winter storm isn't the only blanket of white settling across the U.S. Milk production continues to surge across the country with production rising to 19.568 billion pounds in December. This represents a 4.4% increase over the same month last year and means that when full year data was tallied, U.S. producers made 2.8% more milk in 2025 than during the prior year, after accounting for leap day. Most states saw production rise, but the biggest increase was seen in California where volumes surged 9.6% as producers lapped last year's H5N1-affected volumes.

A growing dairy herd continues to be the key driver behind stronger production volumes. There were 9.567 million cows in the national herd during December, a whopping 212,000 more than at the same time last year. Interestingly, producers added cows in December, growing the herd by 9,000 head after trimming numbers during the two months prior. While milk margins have become increasingly slim, the December increase suggests that alternative revenue sources have mitigated falling milk prices and indicate that it may prove quite a challenge to rein in future production.

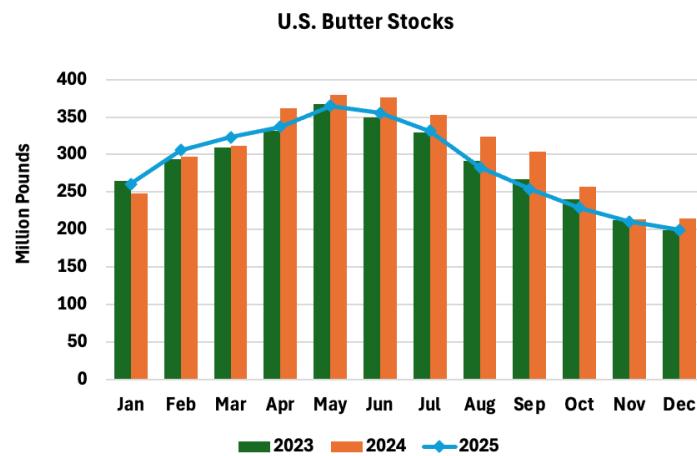
Strong output in the U.S. is complementing gains in other parts of the world and contributing to continued strength in global milk supplies. Volumes out of Europe have continued to soar, even as milk prices ease





week. For the second event in a row, the Global Dairy Trade index moved up, rising 1.5% on the back of stronger prices for fats and powders. Similarly, the CME spot market did an about face with values rising across nearly every product. While we remain a far cry from declaring that the bulls have returned, these increases are nevertheless an indication that the market may be finding some support at prevailing levels.

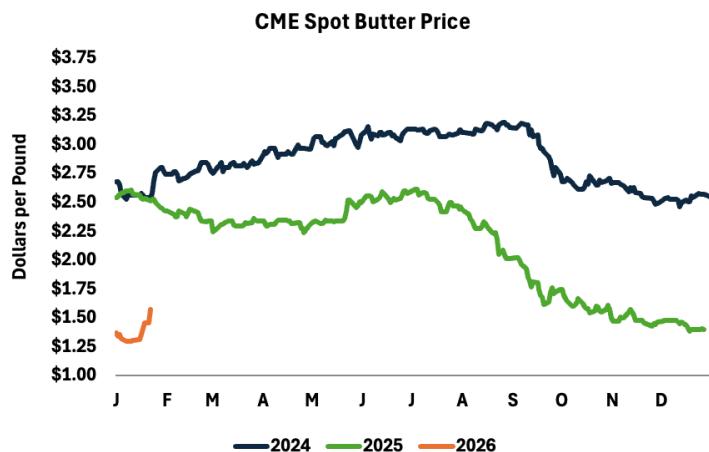
Perhaps no product staged such a surprising reversal of fate as butter which saw the CME spot price rise by 22¢ over the holiday-shortened week, including a 11.5¢ jump during Friday's session which brought the price to \$1.575/lb. Trade was active as 26 loads swapped hands. The jump was unexpected as fat remains abundant and churning have stayed busy. But despite availability, stocks have remained modest. At the end of December there was just 199.327 million pounds of butter in storage, 7% less than the same time last year.



prices are indeed a more accurate reflection of supply and demand or if the market perhaps got a bit too excited too soon.

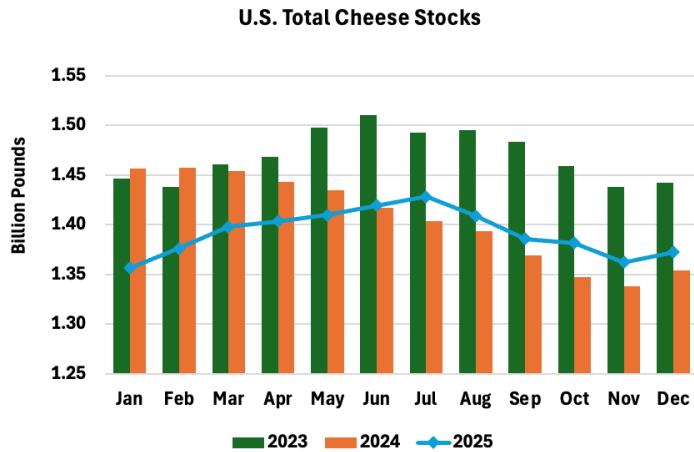
downward. Kiwi producers turned out another 2.5% increase in milk production in December while dairymen in Argentina and Uruguay posted gains of 5.2% and 7.6%, respectively, in the most recent month of available data. Among the major global supply regions, only Australia continues to struggle as persistent weather issues continue to challenge the sector down under.

But even though the specter of excess global milk supplies has by now become familiar, the bears seem to have taken a breather this



Butter demand is upbeat from both domestic and international sources. Consumers appear to have loaded up on butter prior to the holiday season. Furthermore, as the U.S. continues to boast a sizable price advantage compared to other global suppliers, export demand for U.S. fat has remained strong. While these are all encouraging signs for the market, spring is rapidly approaching and with the season will come more milk and more fat. We will soon see if these higher

The milk powder market has also seized the moment to forge some gains as the spot NDM price rose 7¢ over the course of the week, ending Friday's session at \$1.325/lb. Activity was relatively light with only two loads trading hands but bids and offers left on the board each day, suggest that there is additional interest from both sides of the market. Rising prices at GDT likely helped to inspire higher prices at home. Meanwhile, milk powder supplies in the U.S. remain tight as skim solids are increasingly routed toward alternative uses, rather than being sent to the dryer.



Not to be left behind, Cheddar block prices also rose during an active week. Except for Thursday, Prices moved up during every spot session this week adding a collective 6.5¢ to bring the price to \$1.355/lb. Cheese production remains upbeat, though not excessive, while inventories remain at reasonable levels. At the end of December there was 1.372 billion pounds of cheese in storage, a mere 1% more than at the same time last year. Record strong export sales have played a key role in preventing inventory accumulation, compensating for domestic demand that remains in the doldrums due to a sluggish foodservice sector.

It is a strange reversal of fortunes that we found ourselves in a week where every commodity appreciated except for dry whey. Spot dry whey prices remained unchanged at 73.5¢ per pound, seemingly content to watch the other markets move upward. However, this price stability belies continued strength the whey complex which remains buttressed by tireless consumer demand for protein.

If the positive movements seen in spot market this week are sustained, they will bring some welcome lift to milk prices. However, the situation remains precarious as production both in the U.S. and abroad remains very strong. If prices take a downward turn once more, it could place further pressure on producer margins which are already sitting at unsustainably low levels.

China has executed the purchase of 12 million MT of soybeans from the U.S., one of the conditions set forth during trade negotiations between the two countries last year. The announcement introduced some pep to the grain and oilseed markets which largely moved up over the course of the week. On Thursday, MAR26 corn settled at \$4.24/bu. while MAR26 soybean meal settled at \$296.2/ton. Despite the increase, feed prices remain low by historical standards.