



# The T.C. Jacoby Weekly Market Report

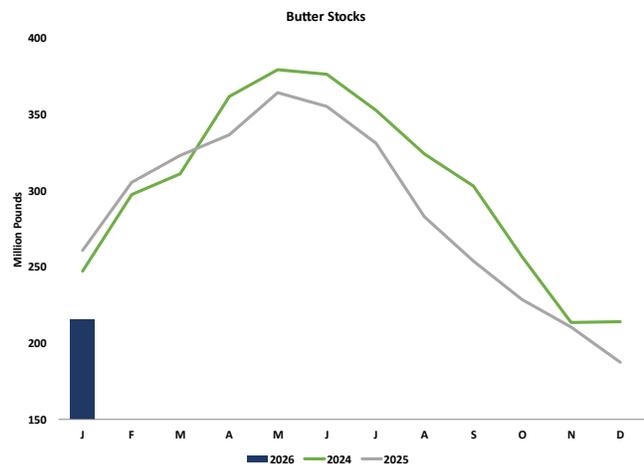
WEEK ENDING February 27, 2026

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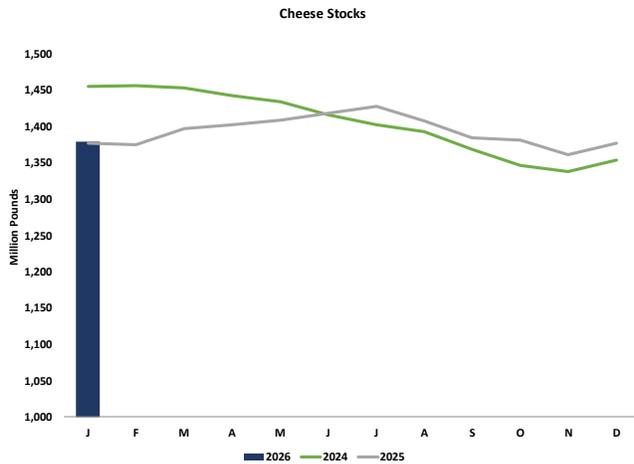


CME Spot Market for the Week			WHEY		
			Avg Price	Qty Traded	4 wk Trend
2/23/2026 to 2/27/2026			\$ 0.6400	3	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.5460	18		\$ 1.5320	0	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.8320	68		\$ 1.6775	8	

Butter futures jumped this week on the heels of a bullish Cold Storage report. USDA pegged January 31 butter inventories at 215.4 million pounds, down 17.4% from the year before. Domestic butter demand was robust and exports were strong enough to offset the significant growth in U.S. butterfat output. More recently, though, USDA's *Dairy Market News* reported that butter churns are running "seven days a week... at or near max capacity." And manufacturers tell *Dairy Market News* they are "building inventories to prepare for upcoming slower production periods." Butter users who grew accustomed to paying \$2 to \$3 per pound for butter have not balked as deferred futures climbed to around \$2.25. And American butter still looks like a bargain to international buyers. But the spot market could not quite hold onto last week's high. It slipped 3¢ this week to \$1.84 per pound.



The Cold Storage report also gave a little lift to the cheese market. January cheese stocks totaled 1.38 billion pounds, up just 0.2% from the prior year. Given the steep uptick in U.S. cheese output, nearly steady inventories imply huge demand. Cheesemakers pushed most of their surplus abroad, where it won't weigh on CME spot Cheddar and cheese futures values. But here too,

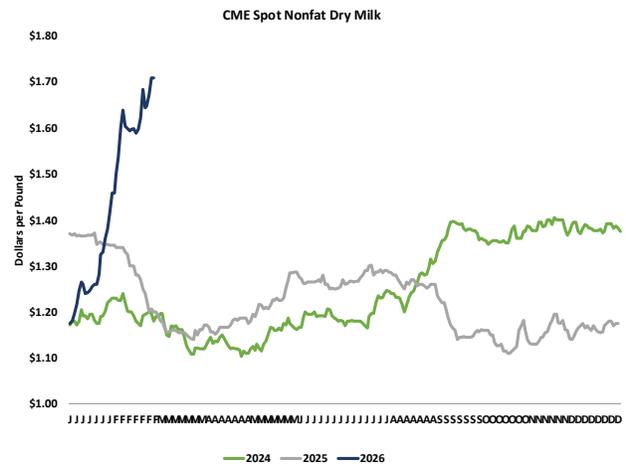


*Dairy Market News* warned the bulls to temper their enthusiasm. “Cheesemakers are running busy production schedules,” the agency noted, and “Cheese inventories are slowly growing, especially bulk products.” CME spot Cheddar blocks rallied 2.5¢ this week to \$1.5225.

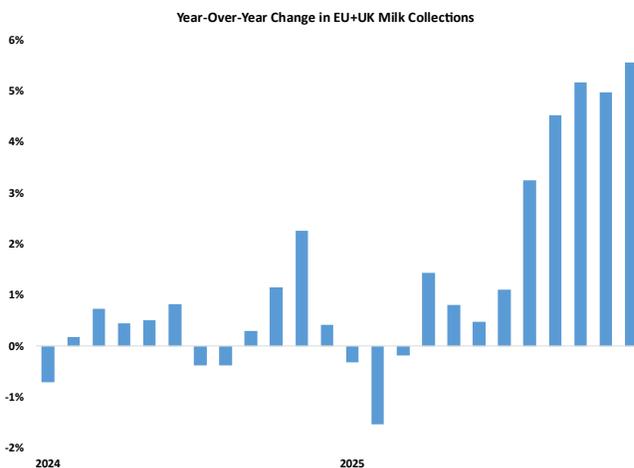
CME spot whey powder fell 4.75¢ to 63.25¢, notching its fourth straight weekly decline. Massive demand for high-protein whey products continues to limit output of commodity whey powder. Nonetheless, spot

whey powder has slumped to its lowest price since mid-October. According to USDA’s *Dairy Market News*, demand for commodity whey is “softening overall” and exports are “light.”

The milk powder market continued to climb, buoyed by another strong showing at the Global Dairy Trade’s Pulse auction, where skim milk powder (SMP) prices reached their highest level in over three years. Closer to home, spot nonfat dry milk (NDM) also achieved a multi-year high and closed at \$1.71, up 2.5¢ this week. In the first two months of the year, spot NDM leapt 45.5%. Butter was not far behind. It gained 31.4% so far in 2026. But high prices are starting to deter buyers. *Dairy Market News* notes, “Domestic demand is softening somewhat... Export interest is steady to lighter as contacts report a decline in demand from purchasers in Mexico.” Importers south of the border are typically opportunistic and will likely wait for better opportunities to buy U.S. milk powder.

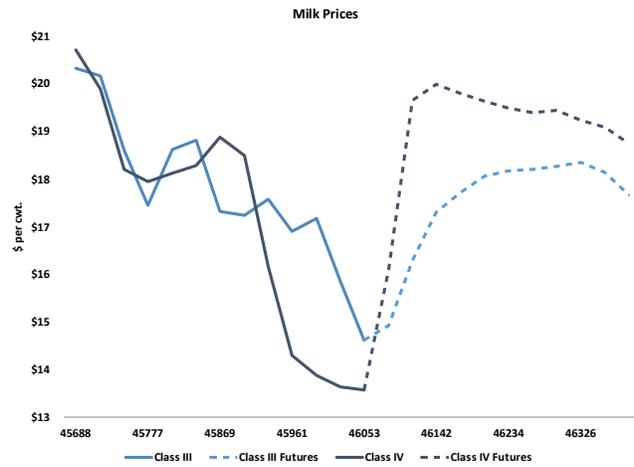


By all accounts, milk is abundant in the U.S. and around the world. In New Zealand, milk solids output was record-large in January, up 2.9% from January 2025. In Europe, milk collections in the EU-27 and United Kingdom soared to 29.7 billion pounds in December, up an astounding 5.6% from December 2024. That’s the largest year-over-year increase in European and British milk output since November 2017. It was easy to best the artificially low levels of late-2016, when Europe paid producers to restrain output in an economically illiterate



production reduction scheme. Predictably, European industry groups are asking to repeat their mistakes. On Wednesday the European Milk Board asked the European Union to introduce a voluntary milk volume reduction scheme, citing low farmgate milk prices. But European dairy product prices are already on the rise, which suggests that milk revenues will eventually improve even without government intervention. The broad increase in global dairy product prices in the face of massive growth in milk output hints at impressive demand.

Strong butter and milk powder prices lifted April Class IV futures to \$20/cwt., a half-dollar higher than last Friday's settlement. That's the first time that either class of milk has reached the \$20 mark in over a year. All other Class IV contracts posted double-digit gains, and most promised \$19 milk. Nearby Class III futures followed spot whey downward, but deferred contracts continued to climb. Dairy producers will cash a very small February milk check, but the futures promise better times ahead, with June through November contracts north of \$18. Even if these prices don't stick around, they've given dairy producers a golden opportunity to use Dairy Revenue Protection insurance to protect a profit margin despite heavy milk output.



The feed markets also rallied this week, led by a spike in wheat prices. Mother Nature is doing all she can to make life difficult for farmers in the Plains winter wheat belt where drought, a massive wildfire, and winterkill are all reducing crop prospects. Meanwhile, Middle Eastern importers are trying to shore up food supplies amid heightened geopolitical tensions and uncertain trade policy. Corn followed wheat upward. The May contract climbed 8.5¢ to \$4.4825 per bushel. May soybeans jumped 17¢ to \$11.70, its highest price in more than three months. May soybean meal rallied \$6 to \$320 per ton.