

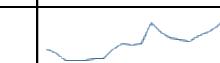


# The T.C. Jacoby Weekly Market Report

WEEK ENDING February 6, 2026

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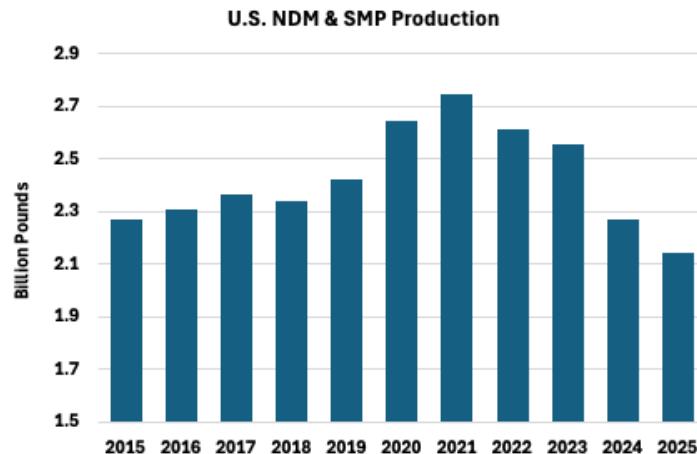


CME Spot Market for the Week			WHEY		
2/2/2026 to 2/6/2026			Avg Price	Qty Traded	4 wk Trend
			\$ 0.7260	3	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.4315	51		\$ 1.4240	0	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.6375	21		\$ 1.5475	3	

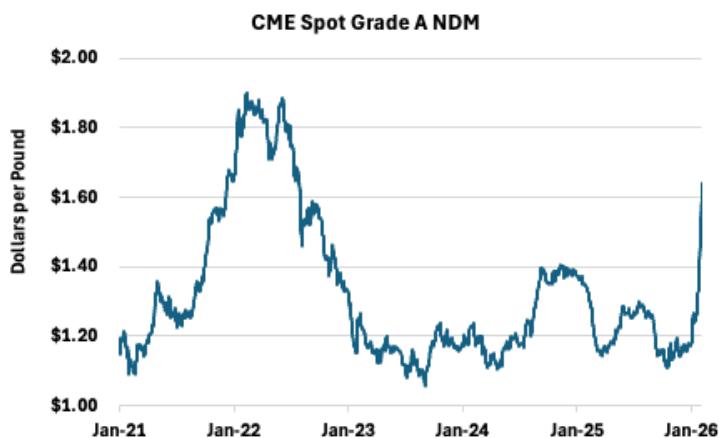
What has gotten into the nonfat dry milk (NDM) market? NDM prices have been climbing since January, but the trajectory accelerated meaningfully this week. After taking a brief respite on Monday, the spot price for NDM rose every day between Tuesday and Friday, delivering an 18¢ increase, and qualifying as the commodity's strongest week since May 2007. Prices settled at \$1.64/lb. on Friday, which is not only the highest price since August 2022, but is also a comfortable 16.75¢ above Cheddar prices, and within spitting distance of the butter price.

Product scarcity seems to be driving the gains in the milk powder market as buyers seeking product are coming up empty-handed. According to USDA's *Dairy Products* report, combined output of NDM and skim milk powder (SMP) was just 170.3 million pounds in December, down 6.2% compared to the same month last year. Weak production in the final month of 2025 capped off a year of disappointing milk powder output. Over the full year dryers turned out just 2.143 billion pounds of product, the weakest annual output since 2013. At the end of December, manufacturer's stocks of NDM totaled 127.2 million pounds, down 2.7% from prior year, but up a hefty 17.7% compared to prior month.

Other global powder markets have also experienced a lift, which has likely buoyed the domestic market further. At Tuesday's Global Dairy Trade (GDT) auction, the SMP price jumped 10.6%, complementing



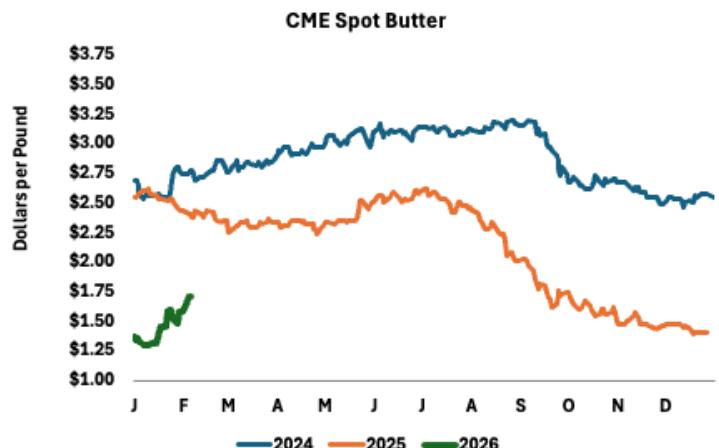
gains across every other product category. But despite the dramatic increase, after correcting for different protein levels, GDT product holds a 25¢ advantage compared to the CME price for NDM. With such an important price gap at play, it will prove challenging for U.S. exporters to ink new export sales.



ailing domestic demand.

The export market will continue to prove essential for cheese, especially as production volumes continue to rise. In December, total cheese production soared to 1.279 billion pounds, an increase of 6.7% year over year. Most cheese varieties saw volumes grow, including Italian varieties, which posted a 7.4% year over year increase. Mozzarella production specifically grew 5.9%, as the category continues to cope with weak demand from pizza chains and other foodservice channels. Meanwhile output of American styles jumped by 6.8% in December, bolstered by a 9% increase in Cheddar production.

Butter production also expanded in December, albeit by a more modest 2% year over year. Total production for the month grew to 203.8 million pounds with particular gains driven by the Central region. Much has been made in recent months about fat availability in the U.S. milk supply as component levels continue to rise.



Milk powder wasn't the only market to demonstrate exuberance this week as Cheddar blocks also notched steady gains during every day of trading. All told, the spot price rose 11¢ during the week with an impressive 51 loads of product trading hands. At \$1.4725/lb., U.S. cheese prices remain competitively priced for global buyers and should continue to attract export sales that will help compensate for



This trend shows no sign of abating as last week's Agricultural Prices report pinned the average fat test for the U.S. milk supply at 4.51% in December up 0.05 percentage points from a year prior.

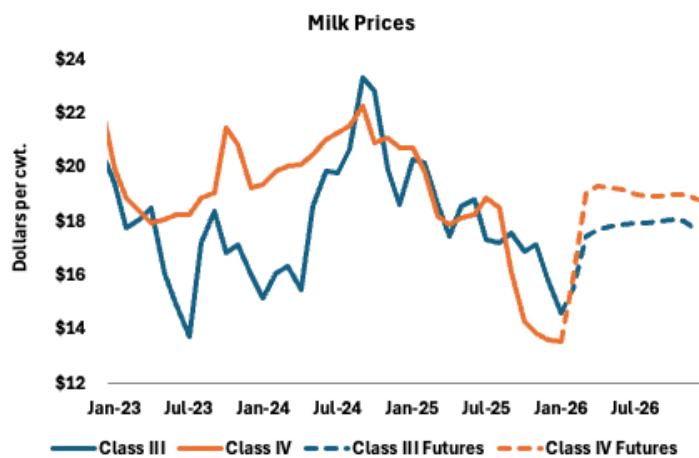
But the spot butter market has not appeared overly burdened by supplies recently as prices moved upward once more this week. The spot price rose by 13¢ over the course of the week, including a 10.25¢ jump on Thursday alone. This meant that the spot butter price ended the

week at \$1.71/lb. A substantial 21 loads of product changed hands, but dozens of unfilled bids remained on the board across the week, suggesting that unmet demand persists.

In a surprising reversal to recent weeks, dry whey was the only product that lost value over the week. Dips on Monday, and especially Tuesday, were only partially counteracted by gains later in the week. By Friday, the spot price for dry whey stood at 73¢ per pound, 2¢ lower than the prior Friday with three trades completed.

The whey market remains dynamic, but interest is dominated by buyers looking for higher protein products designed to meet the needs of food manufacturers. Output of whey protein isolates continued to surge during December, rising to 20.6 million pounds, an 11.7% year over year increase. Production of whey protein concentrates (WPC) with between 50% and 89.9% protein were also up a sizeable 9% versus December 2024. However, much of this came at the expense of output of WPCs between 25% and 49.9% protein, production of which slipped 12.8% year over year. Dry whey production for human consumption rose 4% in December, reflecting the larger whey stream enabled by rising cheese production.

Stronger dairy commodity prices translate favorably to milk prices, and the milk futures markets have taken this into account as prices rose over the course of the week. By Friday, Class III prices had improved considerably with MAR26 through the end of the year trading above \$17/cwt. Meanwhile, Class IV prices, emboldened by strong NDM values were trading in the high \$18s/cwt. Despite the recent strength, however, the market feels precarious as the fundamentals of ample milk production and mixed demand remain front and center.



Grain markets appreciated over most of the week as weather concerns in South America and spillover from other commodity markets boosted values. The rally was especially evident in the soybean markets which also reflected comments from the Trump administration regarding potential expansion in Chinese soybean purchases. On Thursday, MAR26 soybean meal settled at \$303.2/ton with further gains seen on Friday. Meanwhile, MAR26 corn rose to \$4.35/bu. before giving up some ground on the final day of trading.