



The T.C. Jacoby Weekly Market Report

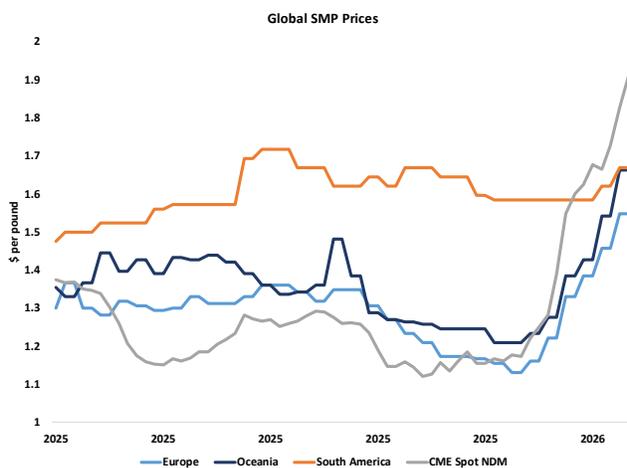
WEEK ENDING March 27, 2026

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



CME Spot Market for the Week			WHEY		
3/23/2026 to 3/27/2026			Avg Price	Qty Traded	4 wk Trend
			\$ 0.6760	1	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.6305	22		\$ 1.5710	2	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.8155	120		\$ 1.9140	46	

Lifted by strong international prices and low domestic output, the milk powder market soared to a 12-year high. CME spot nonfat dry milk (NDM) leapt 5.25¢ this week to \$1.9225 per pound, its loftiest perch since April 2014, when China was stocking up on milk powder ahead of an anticipated baby boom. Milk powder prices took a small step back at Tuesday's GDT Pulse auction, but other indications of international prices continued to climb.



German skim milk powder (SMP) values are 37% higher than they were when the year began, and spot NDM is 64% higher. U.S. milk powder is clearly uncompetitive in the global marketplace. But that doesn't matter. Due to massive expansion in other dairy product processing, the U.S. is making significantly less milk powder than it once did. Last year, combined production of NDM and SMP slumped to a 12-year low. January production was the lowest tally for the

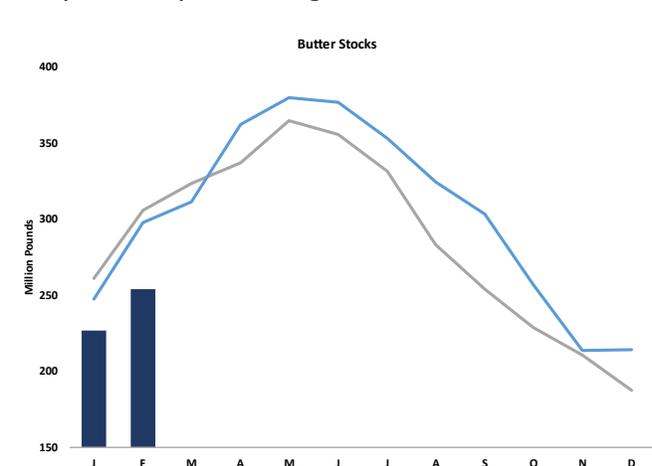
month since 2011. Dryers are still running light despite the season. Manufacturers consistently tell USDA's *Dairy Market News* that output is lower than it was at this time last year and "tight inventories remain the primary factor driving prices higher." This rally has all the marks of a classic short squeeze. But LaSalle Street doesn't expect milk powder to stay near \$2 for long. NDM futures retreated today, and they stand well below the spot market.

It was also a big week in the whey markets. CME spot whey powder rallied 3¢ to 69¢ per pound, a five-week high. Manufacturers continue to prioritize high-protein whey products, and dry whey output is holding steady. Exports are stable, for now, but there are concerns that high oil prices and weakening currencies will drastically reduce consumers' purchasing power in Asia.

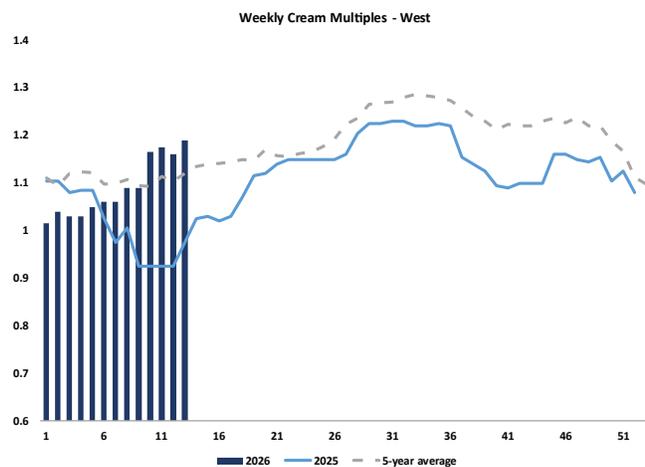
Ninety percent of the energy that once flowed through the Middle East was destined for Asia, and countries throughout the region are struggling with fuel shortages and inflation. The South Korean won fell to its lowest level against the dollar since 2008, reducing Koreans' ability to buy imported goods priced in U.S. dollars, including energy and dairy products. China is trying to cushion the blow by putting a ceiling on retail gas and diesel price hikes, but consumers will still feel some budget strain. Chinese consumers were already nervous about their economic prospects and hesitant to overspend. Chinese pork demand – a key indicator of economic health – has disappointed, and this week Chinese hog futures fell to a 16-year low. Chinese pig producers are operating deep in the red, and they could shrink their herds, which would likely reduce Chinese demand for imported whey.

Butter bounced around this week but ultimately closed higher. CME spot butter advanced 2.5¢ to \$1.825. Record-setting exports and decent domestic demand are keeping butter supplies in check. Butter stocks grew 27 million pounds from January to February,

but that was less than the typical increase of nearly 40 million pounds. USDA pegged February 28 butter inventories at 253.77 million pounds, 17% lower than the prior year. The U.S. dairy industry is making more butterfat than ever before, but processors are using it up.



swelled just 5 million pounds from January to February, roughly one-third of the typical seasonal rate. February 28 stocks were 1% below the prior year and the lowest February total since 2020. Domestic cheese consumption has not been rising as quickly as output, but cheese



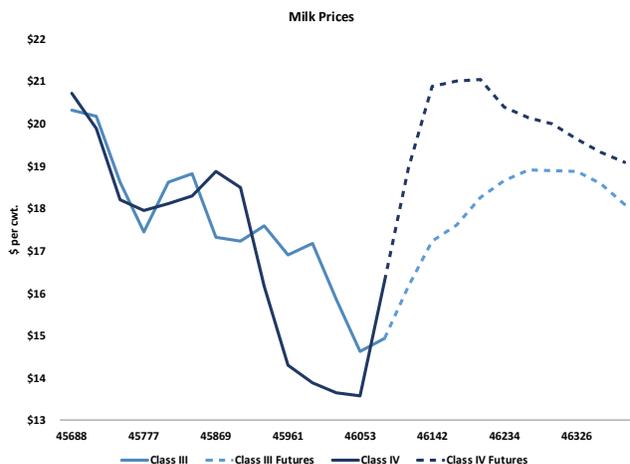
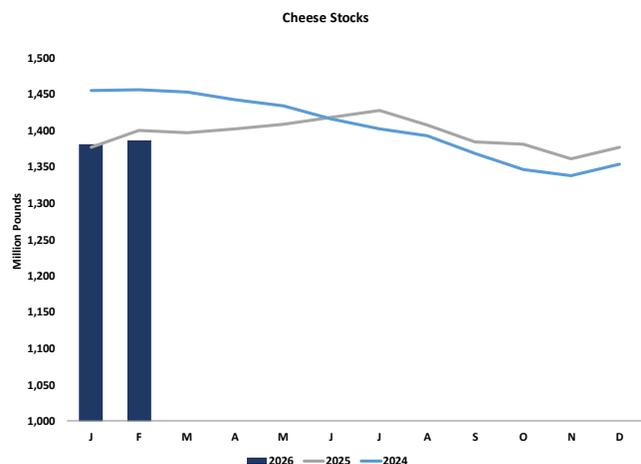
From coast to coast, cream multiples are running higher than the historic average, signaling to churns to run a little lighter than they might otherwise. Meanwhile, American butter remains the cheapest in the world, so exports are likely to remain formidable. The trade is concerned that butter supplies may feel tight later this year, and September through December butter futures exceed \$2 per pound.

Massive exports also helped to temper growth in cheese inventories. Stocks

manufacturers are moving product abroad at a staggering pace. That has helped rally cheese prices 15% so far this year. But values will have to stay low enough to keep international buyers interested, a task that becomes more difficult as the dollar strengthens relative to importers' currencies and as international shipping costs climb. Domestic demand is also in question as consumers confront pricey gasoline and stubbornly high restaurant prices. *Dairy Market News* reports that cheese sales to food service outlets are "light." That may explain the setback in CME spot Cheddar blocks this week. They fell 8¢ to \$1.5825.

Red ink in the cheese market tempered gains in nearby Class III futures. The March, April, and May contracts all finished the week very close to where they began it, with April Class III at \$17.23 per cwt. But deferred Class III futures added 25¢ to 50¢, with May through

December contracts north of \$18 per cwt. March Class IV futures took a sizeable step back, but all other Class IV contracts added 30¢ or more, and summer contracts gained at least twice that. The futures predict April Class IV at \$20.90, with May and June just north of \$21. Both Class III and Class IV futures forecast prosperity on the dairy, especially after accounting for astounding beef revenues.



The White House hosted hundreds of farmers and ranchers for a "Celebration of Agriculture" today. President Trump took the opportunity to remind farmers of several policies that have immense benefits in rural America, including a dramatic increase to the amount of wealth families can gift tax-free to the next generation. He also trumpeted the resumption in soybean shipments to China, with the potential for greater shipments after President Trump meets with President Xi in mid-May. EPA

Secretary Lee Zeldin announced final volume requirements for ethanol and other renewable fuels. As expected, the 2026 and 2027 volumes were larger than those initially proposed last summer, which should have theoretically provided a boost to crop values. But LaSalle Street was clearly hoping for more. Crop prices retreated today. May corn closed at \$4.62 per bushel, down 3.75¢ this week. May soybeans settled at \$11.595, down 1.75¢. May soybean meal finished at \$315 per ton, off \$13 since last Friday.