



# The T.C. Jacoby Weekly Market Report

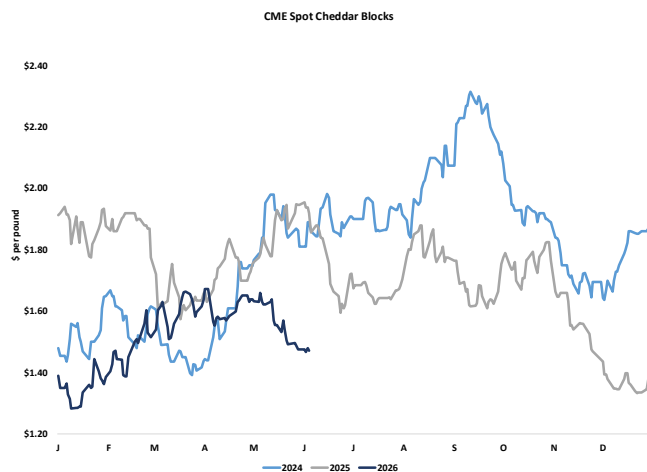
WEEK ENDING June 5, 2026

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CME Spot Market for the Week 6/1/2026 to 6/5/2026			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.6775	7	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.4740	39		\$ 1.4400	3	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.6925	72		\$ 2.1160	27	

The dairy markets are falling under the weight of heavy milk production. CME spot nonfat dry milk (NDM) dropped 4.5¢ this week to \$2.045 per pound. Every NDM futures contract settled south of \$2, far below the spot market’s spring peak at nearly \$2.30. Spot whey powder fell 3¢ this week to 67¢, its lowest price since late March. CME spot Cheddar blocks slipped 0.25¢ to \$1.4725, a fresh three-month low. But butter bucked the trend. It climbed 2.5¢ to \$1.6925.



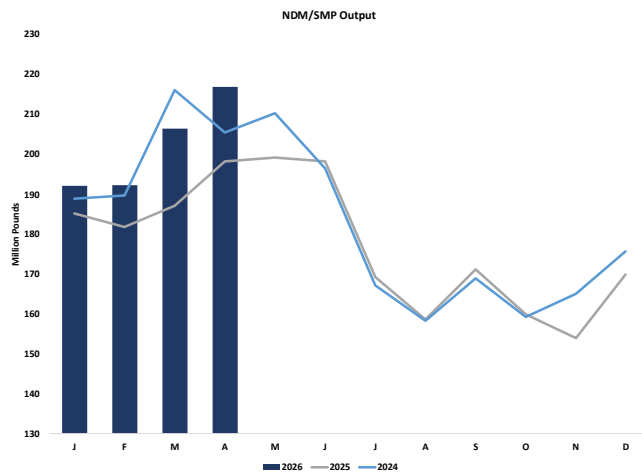
Prices followed a similar path at Tuesday’s Global Dairy Trade auction. Skim milk powder (SMP), whole milk powder, and Mozzarella all lost ground while butter and anhydrous milkfat moved higher. In our increasingly export-dependent posture, U.S. dairy product markets will be more and more sensitive to changes in overseas prices.

USDA’s Dairy Products report showcased abundant dairy components and significant shifts in the supply and demand of dairy proteins. With 2.7% more milk, 3.2% more butterfat, and 3.6% more protein than in April 2025, dairy processors cranked out an impressive volume of dairy products. Cheese output surpassed the prior year by 1.7%, driven by a 2.1% increase in Mozzarella

production. Butter output jumped 4.5% year over year. Purveyors of soft dairy products made 16% more cottage cheese and 5.5% more full-fat ice cream than they did last year.

Still, there was more than enough milk leftover for dryers in April. Combined production of NDM and SMP jumped to 216.9 million pounds, easily surpassing April 2024 and 2025. In the first four months of the year, U.S. NDM and SMP production was 7.4% greater than 2025

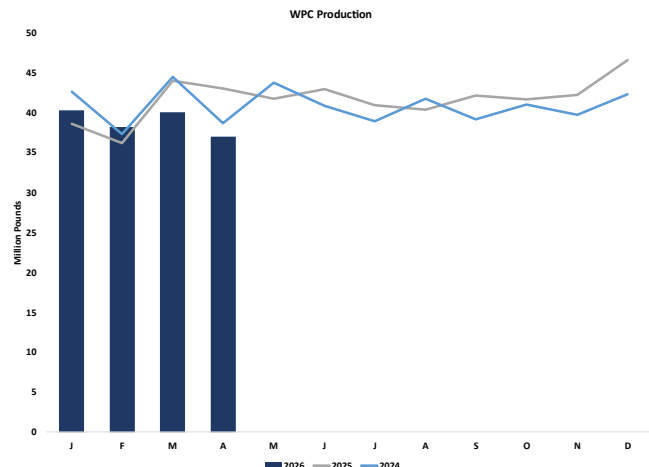
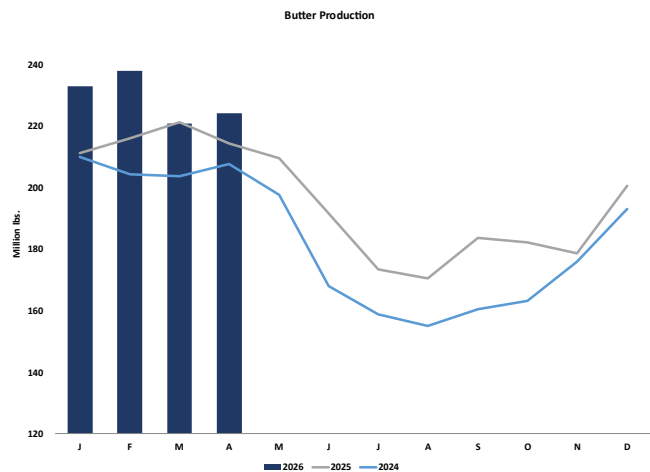
volumes and slightly ahead of the 2024 pace as well. The massive expansion in dairy processing capacity is absorbing most of the growth in U.S. milk production, and some loads of spot milk changed hands at a premium for the fourth straight week. But from here forward, every additional cow or improvement in milk yields creates milk that is likely destined for the dryer.



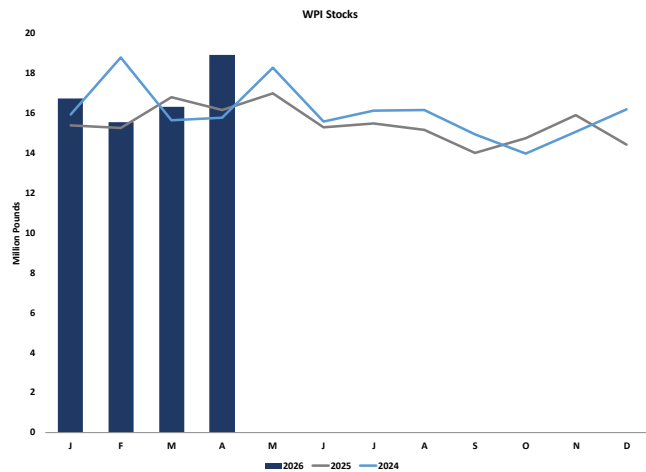
volumes and slightly ahead of the 2024 pace as well. The massive expansion in dairy processing capacity is absorbing most of the growth in U.S. milk production, and some loads of spot milk changed hands at a premium for the fourth straight week. But from here forward, every additional cow or improvement in milk yields creates milk that is likely destined for the dryer. Meanwhile, shockingly high prices deterred demand, and NDM stocks grew significantly from March to April. The NDM market is likely to suffer a lingering hangover as exporters anticipate months of slower shipments ahead.

The invisible hand is also shifting demand in the whey complex. Manufacturers continue to prioritize production of whey protein isolates (WPIs). April output topped the prior year by 4.5%. But daily average output slipped to the lowest level since August. And production of whey protein concentrates (WPCs) with between 50% and 89.9% protein, the highest concentration of WPC, fell short of year-ago volumes for the second straight month. In January through April, total WPC output dropped to its lowest start to the year since 2022. Over the same period, commodity whey powder output climbed 11%. Nonetheless, WPC inventories grew, and WPI stocks ballooned in April.

Americans remain hungry for protein, but foodmakers are becoming increasingly reticent to add WPCs and WPIs to their mixes as prices climb. In fact, these ingredients have become so expensive, the substitution effect was highlighted in numerous news sources



this week, including the *Los Angeles Times*, ABC News, and *The Dispatch*, outlets not generally recognized for their dairy expertise. While brands that market to consumers who carefully peruse nutrition labels will continue to pay up for WPCs and WPIs, some that want to credibly boast of



higher protein without reaching the levels that appeal to gym bros and fitness moms are switching to other sources. ABS News highlighted soy, and the *Times* showcased brands considering milk protein concentrates, whey powder, and pea, pumpkin seed, and brown rice proteins.

Dairy products are abundant, and, while demand remains strong, the most popular products have clearly bumped up against the ceiling. With milk powder in retreat, Class IV futures lost ground this week. The

June contract fell 25¢ to a still-lofty \$21.65 per cwt. The other contracts posted greater losses, and most finished in the \$18s. Class III contracts took a small step back. The futures currently promise \$16 milk in June and July, \$17s in August and September, and \$18 milk in the final quarter.

The cattle markets whipsawed this week as the industry grappled with the alarming news that New World screwworm had crossed the southern border. USDA confirmed that the voracious larvae were burrowing in the wound from an umbilical cord in a calf in southern Texas. The industry hopes that a quarantine and a heavy dose of sterile flies will contain the pest. The invasion – however small – ensures that the border will remain closed to imports of Mexican feeder cattle, exacerbating the shortage of young livestock for U.S. feedlots. Amid concerns about the impact of disturbing headlines on consumer demand, cattle futures dropped to multi-month lows. But then they came roaring back. Without access to Mexican cattle, feedlots will continue to pay hefty premiums for crossbred calves.

Thunderstorms hit the Plains this week, relieving parched soils. The Corn Belt also enjoyed a good mix of rain and sunshine. Crops are off to a great start, and the bulls are fleeing LaSalle Street. Record-smashing harvests in South America and doubts about Chinese demand further emboldened the bears. July corn futures plunged another 29¢ this week to \$4.18 per bushel, a life-of-contract low. July soybeans plummeted 64.5¢ to \$11.22. After several weeks of stubbornly high prices, July soybean meal dropped \$21 to \$308.70 per ton.