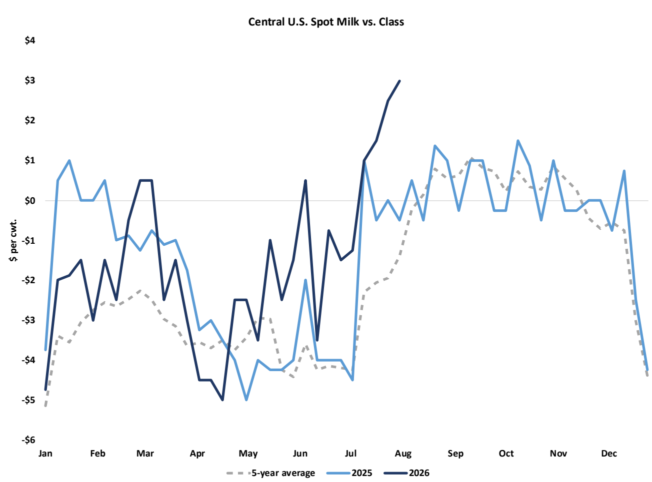
The T.C. Jacoby Weekly Market Report

WEEK ENDING July 31, 2026

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

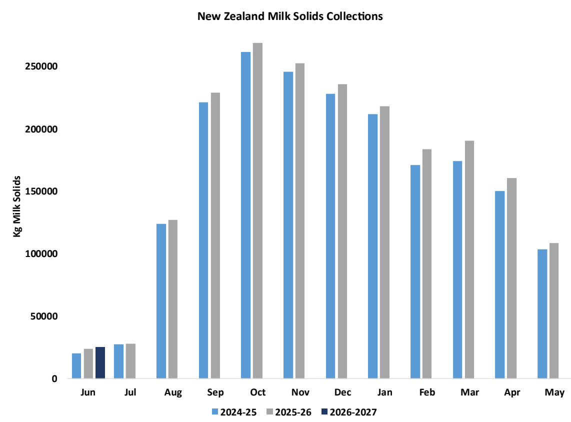
CME Spot Market for the Week			WHEY		
			Avg Price	Qty Traded	4 wk Trend
7/27/2026	to	7/31/2026	$ 0.6760	10	
CHEESE BLOCKS			**CHEESE BARRELS**		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
$ 1.5600	43		$ 1.5710	1	
BUTTER			**NON-FAT**		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
$ 1.4470	113		$ 1.4655	70	

Milk is starting to feel tight. Summer temperatures have reduced milk yields, and USDA reports that "some plants are noting lighter production, with insufficient supply to run full loads." Fairlife is once again taking as much milk as possible, alleviating the temporary surge in spot milk sales. This week, spot milk changed hands at $1 to $5 premiums in the Central region, the loftiest late-July markups in at least a decade.

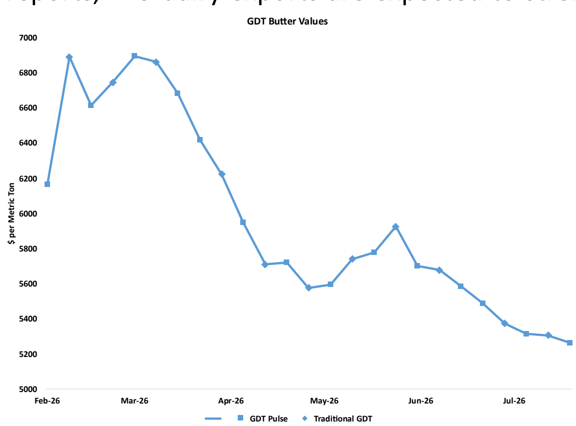


By all accounts, milk production remains record large. Dairy-cow headcounts stand at their highest level in decades. Despite the season, processors are dumping some milk in California, where production has overwhelmed local capacity. But elsewhere there are more than enough cheese vats, butter churns, and dryers to absorb summer milk volumes. However, processors are making more dairy products than domestic consumers can absorb, putting pressure on prices. American dairy commodities must remain cheap enough to attract international buyers.

And competition is fierce. Kiwi dairy producers just wrapped up a record-breaking season and the 2026-27 milking cycle is off to a great start. New Zealand's milk collections reached 25.4 million kg of milk solids in June, up 5.6% from a year ago and the highest volume ever for the month. It's easy to log large percentage swings during June and July, the clear offseason in New Zealand's largely pasture-based dairy system. And dairy producers are eying the forecast warily, as this year's super El Niño could lead to drought conditions on both islands. For now, though, milk collections are higher than usual and dairy products continue to move out of Oceania in large volumes.

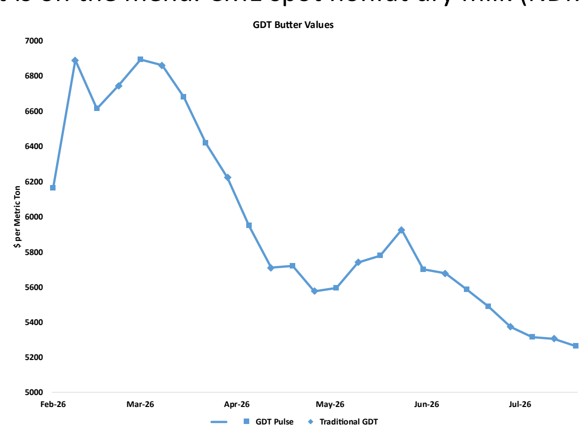


In Europe, sweltering conditions have surely reduced milk yields. Nonetheless, USDA's *Dairy Market News* reports, "EU dairy exports are expected to strengthen through 2026 as higher milk production supports increased availability of cheese, whey, skim milk powder, and butter for international markets, while whole milk powder remains the primary exception."



Exports are absolutely essential to the U.S. cheese and butter markets, heightening U.S. sensitivity to international prices. At this week's GDT Pulse auction, butter and anhydrous milkfat values took a small step back. CME spot butter plummeted. With a late-week rebound, spot butter gained 0.75¢ from Friday to Friday and closed at $1.515 per pound. Spot Cheddar blocks fell 3.5¢ to $1.5725. CME spot whey powder regained a little of the ground it lost last week and closed at 69.25¢, up 1.25¢ this week.

Milk powder values sagged last week as the fairlife shutdown pushed dryers to their limits. But now that they are back to running light, the milk powder market is on the mend. CME spot nonfat dry milk (NDM) rallied 15.75¢ this week to $1.56. The recovery put a little pep in the step of the Class IV bulls, and the futures rallied. Most Class IV contracts gained between 30¢ to 70¢ this week. The futures predict Class IV revenues close to the $17.50 mark. Class III futures retreated early in the week but swung higher on Friday. They were mixed on the week, with some contracts settling higher and some lower than where they began the week.



Rains moved across the Plains and the Corn Belt this week, and the forecast promises more. Corn futures dropped 23¢ to $4.64 per bushel. Soybean meal futures also lost ground. They fell $15 to $321 per ton.