



# The T.C. Jacoby Weekly Market Report

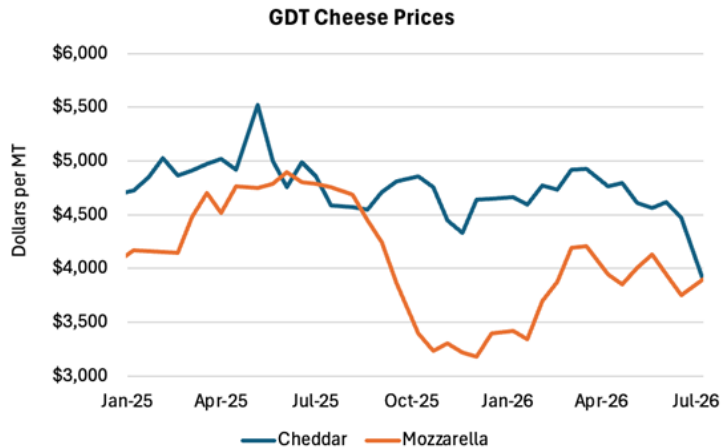
WEEK ENDING July 10, 2026

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CME Spot Market for the Week			WHEY		
			Avg Price	Qty Traded	4 wk Trend
7/6/2026 to 7/10/2026			\$ 0.6790	1	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.5150	21		\$ 1.5270	5	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.6500	36		\$ 1.5160	70	

The mercury is rising and hot summer conditions are taking a toll on cows across the country. High temperatures are causing milk output and component levels to fall with important implications for the milk market. Spot milk availability has tightened up in most areas and manufacturers that want to get their hands on extra volumes find themselves paying a premium. As component levels dip in the heat, cream has tightened up as well. This phenomenon has driven cream multiples up,



especially in the Central part of the country. Class I demand remains understated as most institutions are on summer holidays, which is helping to mitigate tension in the system.

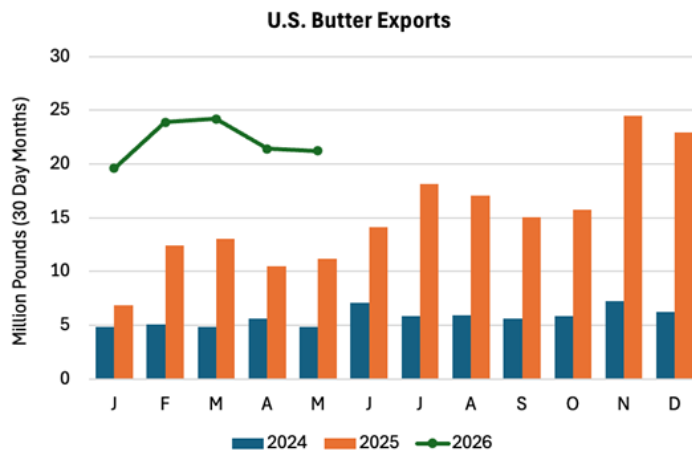
American cows aren't the only ones sweating it out this summer. Record high temperatures and dry conditions are also weighing on milk production in Europe. While monthly data won't be available for some time, weekly collection data is beginning to show dramatic declines, particularly in places

like France and the UK where the heat wave has been severe. Yet, even as heat stress accelerates the typical seasonal decline in production in the Northern Hemisphere, global milk production remains robust. Producers in South America and Oceania continue to post volume gains, further contributing to global supply.

Plentiful global milk production is weighing on markets. At this week's Global Dairy Trade auction, the price index dipped by 4.9%, the third consecutive decline. Lower prices for milk powders and fats took a toll on the index while cheese posted mixed results. The Cheddar price tumbled by 12.3% versus the prior auction while mozzarella prices rose by 3.8%. European prices are also edging downward.

While cheese prices fell at the GDT, the U.S. Cheddar spot price proved more resilient. Despite price declines on Wednesday and Friday, the Cheddar block price netted a 11.5¢ gain this week, finishing Friday's session at \$1.5475/lb. with 21 loads of product changing hands.

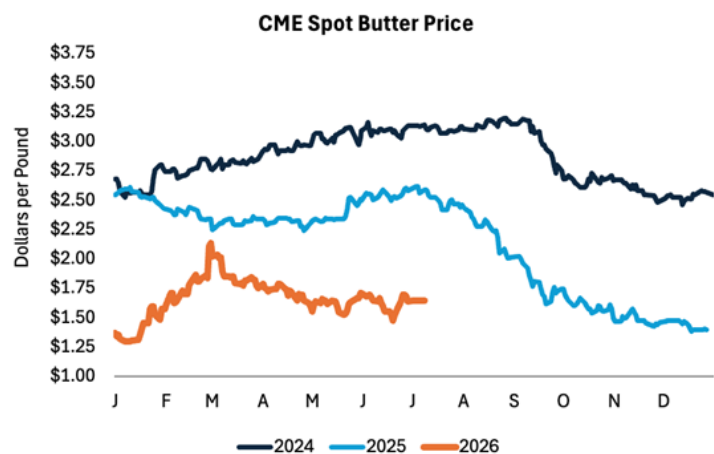
Cheese manufacturers continue to operate upbeat schedules though tighter spot milk availability may begin to limit production potential. Market participants report that demand is steady though retail demand continues to outpace that of foodservice.



As U.S. prices edge higher and while quotes from other suppliers fall, the competitive advantage that U.S. cheese has enjoyed is diminishing. This price advantage has played a critical role in driving cheese exports to record high levels, thus providing a critical outlet for product and preventing inventory accumulation. The U.S. sent 135 million pounds of cheese abroad in May, a whopping 18% more than in the same

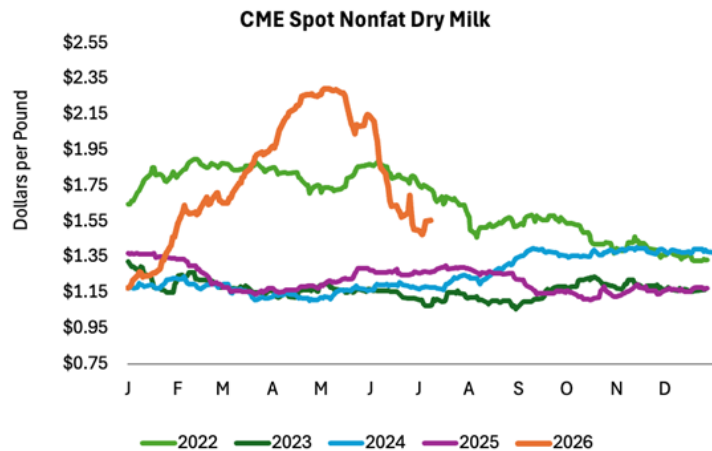
month last year. Mexico remains a stalwart destination for U.S. cheese as exports jumped 16% year over year in May. Meanwhile Asian destinations such as South Korea and the Philippines also boosted growth.

Cheese isn't the only product that has benefited from elevated exports. U.S. butterfat exports also continue to impress with strong growth seen across both butter and anhydrous milk, shipments of which rose 89% and 133% year over year, respectively, in May. Butterfat exports rose to a broad range of geographies including Australia, Mexico, Canada, and South Korea. Interestingly, despite persistent conflict in the Middle East, U.S. butter exports to Saudia



Arabia increased more than four-fold in May, likely reflecting adjustments of supply chains in the region as shippers strive to find alternative paths into the Gulf states.

Excitement on the export front didn't extend back home as spot market activity remained remarkably subdued. The CME spot butter price rose by 1.25¢ to \$1.65/lb. on Monday, where it remained the rest of the week. A total of 36 trades were inked this week, a respectable volume, even if lower than what has been witnessed in recent history. Cream demand is healthy, especially from Class II manufacturers. Summer heat and holidays are sustaining demand from ice cream churns.



On the other side of the Class IV complex, nonfat dry milk (NDM) prices managed to find some traction this week. The CME spot price dipped on Monday and Tuesday but gains over the balance of the week were sufficient to deliver a net gain of a nickel as 70 loads of product traded hands. Ending the week at \$1.555/lb., U.S. NDM prices are down significantly from the peaks notched in May. However, they remain elevated relative to other global suppliers which will continue to

challenge the ability of U.S. exporters to win new business. High prices played a role in slowing U.S. milk powder exports during May which dropped 20% year over year, due especially to weaker shipments to Latin American customers.

Exports of dry whey and modified whey jumped in May, rising by 112% and 27%, respectively, at the hand of stronger Chinese buying. However, exports of high protein whey products slumped as manufacturers are prioritizing insatiable domestic demand. Manufacturers continue to push as much raw whey as possible toward the production of these higher value products, intrinsically limiting the amount of the whey stream available for producing dry whey. This has kept dry whey prices supported and they moved up a half cent this week to end Friday's trade at 69¢ per pound with only a single load trading.

USDA released their July World Agricultural Supply and Demand Estimates report this afternoon, making only minimal adjustments to the balance sheet. Anticipated corn production for the 2026/27 crop year was raised ever so slightly to 16 billion bushels while lower beginning stocks and a modest uptick in domestic use led the agency to drop ending stocks by 170 million bushels. Even so, the average price remained unchanged at \$4.40/bu. An increase in estimated area harvested pushed the estimate for soybean production up 40 million bushels to 4.475 billion bushels. However, the excess is expected to flow into exports leaving the average price unchanged at \$11.40/bu.