The T.C. Jacoby Weekly Market Report

WEEK ENDING August 28, 2026

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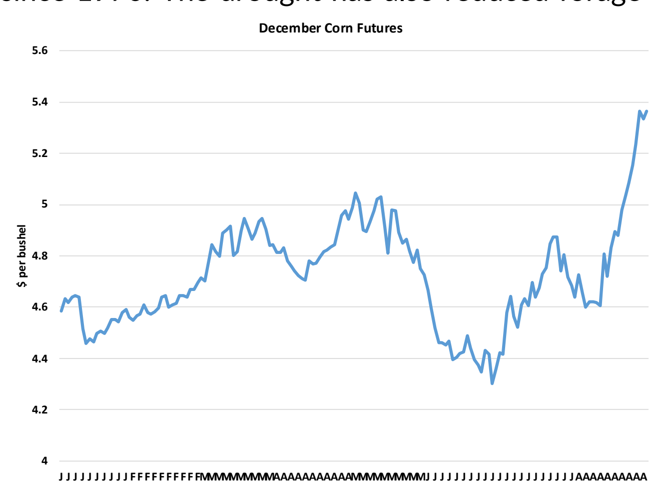
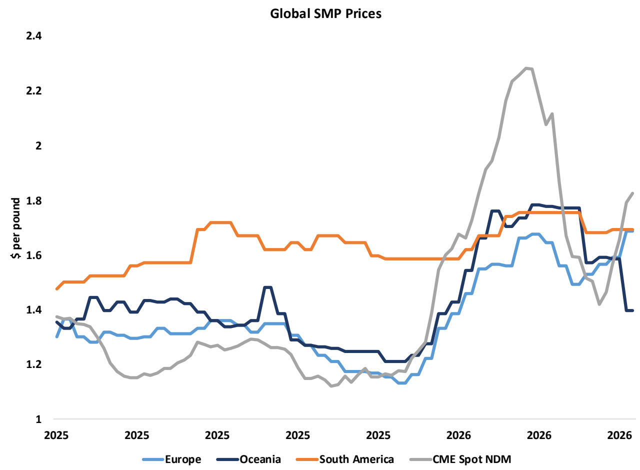
CME Spot Market for the Week			WHEY		
			Avg Price	Qty Traded	4 wk Trend
8/24/2026	to	8/28/2026	$ 0.7205	1	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
$ 1.5085	38		$ 1.5730	0	
BUTTER			NON-FAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
$ 1.4625	93		$ 1.8265	16	

The bulls bellowed in the grain pits. December wheat futures soared 85¢ this week to $7.84 per bushel, a three-year high. Drought in the Plains withered the U.S. wheat crop to its smallest harvest since 1970. The drought has also reduced forage supplies and raised hay prices throughout the West. Similarly scorching weather reduced Europe's grain harvest by 8% compared to last year's bumper harvest. Meanwhile, Russia and Ukraine continue to bomb one another's ports and cargo ships, throttling grain exports from the breadbasket on the Black Sea. Smaller, less accessible global wheat supplies suggest that U.S. corn exports could speed up from an already breakneck pace. And last week's *ProFarmer* crop tour raised concerns that this year's corn crop will fall short of trendline yields. The prospect of higher exports and a smaller harvest sent corn prices straight upward. The December contract jumped another 28¢ this week to $5.3625 per bushel, a three-year high. Corn futures are $1 higher than they were just two months ago.



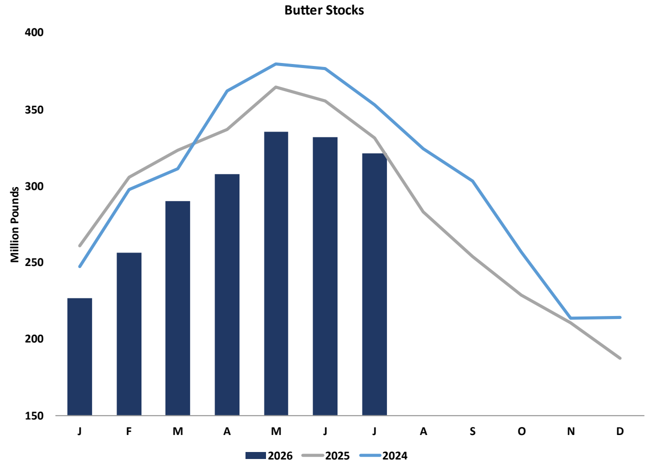
The soy complex also climbed. Traders on LaSalle Street still expect soybean yields to hew close to last year's favorable harvest thanks to timely August rains. And soybean exports have not impressed. But crushers are running hard in order to convert soybeans into soybean oil that can be refined into biofuels. And both domestic and export demand for soybean meal remains strong. Soybean meal prices followed the grain markets higher. December soybean meal rallied $23 to $348.80 per ton.



Dairy producers are bracing for higher feed costs and lower beef revenues. Meanwhile, Class III futures are holding steady around the $17 mark. Class IV gained ground this week. The September contract rallied 34¢ to $19.20 per cwt. October Class IV advanced 66¢ to $19.55.

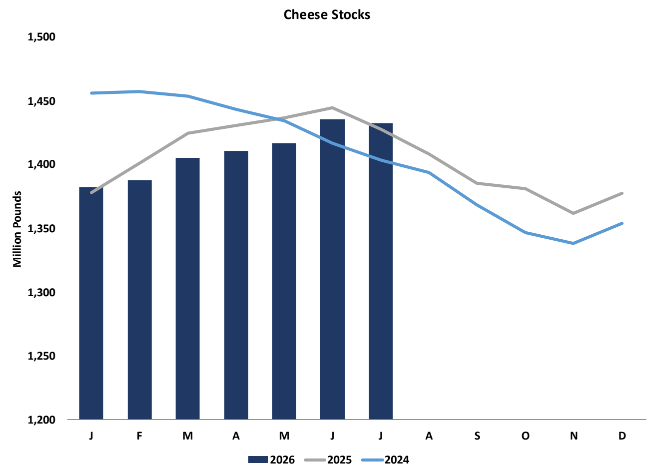
Summer heat and demand from bottlers, Class II manufacturers, and cheese processers have tightened Midwestern and Southwestern milk supplies. Despite massive U.S. milk production, there is very little leftover for dryers in the Central region, and milk powder output has slowed to a trickle. But in the West, dryers are full. The seasonal lull in U.S., European, and Oceania milk powder output has boosted prices. This week CME spot nonfat dry milk (NDM) leapt 6.5¢ to $1.865 per pound, far above the international market. Exports will suffer, but domestic and Mexican demand are adequate to use up the smaller supply.

After five months of steady prices, the whey market has broken out to the upside. CME spot whey powder rallied 3.5¢ this week to 73.75¢, its highest price since February. The story remains the same. Manufacturers are making as much high-protein whey as possible, restraining whey powder production. USDA's *Dairy Market News* characterized the market as "quiet" and reported "steady production alongside unchanged demand."

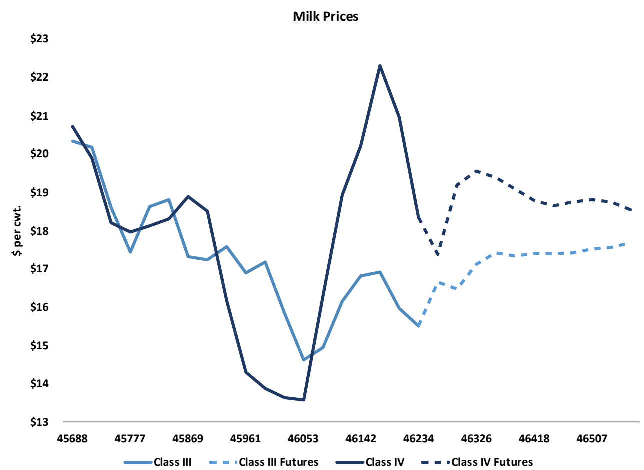


The butter market held steady this week at $1.4625. The Cold Storage report confirmed that butter supplies remain below year-ago levels, but the year-over-year deficit is narrowing quickly. Butter inventories were 16% lower than prior-year volumes in February, but that gap shrunk to 10% in March, 8% in May, 7% in June, and 3% in July. Butter demand is excellent, and exports are strong, but butterfat output is heavy and inventories could very soon exceed year-ago levels.

That's already happened for cheese. July 31 cheese inventories reached 1.433 billion pounds, up 0.4% from July 2025. Exports are massive, but they're not strong enough to whittle down cheese supplies in the face of relentless growth in cheese output and lackluster domestic consumption. This week one cheese processor described domestic cheese demand as "meh." CME spot Cheddar blocks slumped 4.5¢ to $1.4825.



Dairy producers whose incomes depend on Class III revenues are surely disappointed with the setback in the cheese markets, especially in light of the steep rise in feed costs. They've already cashed some small summer milk checks, and the futures promise only a modest improvement compared to June and July revenues. But beef incomes continue to pad the bottom line, even if beef calf and cull cows checks are smaller than they were a couple months ago. And the futures promise decent fall and winter cash flow for producers who earn Class I, II, and IV revenues. Margins are starting to shrink, but red ink is not widespread. The inexorable growth in U.S. milk output is likely to continue.



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