



The T.C. Jacoby Weekly Market Report

WEEK ENDING October 16, 2026

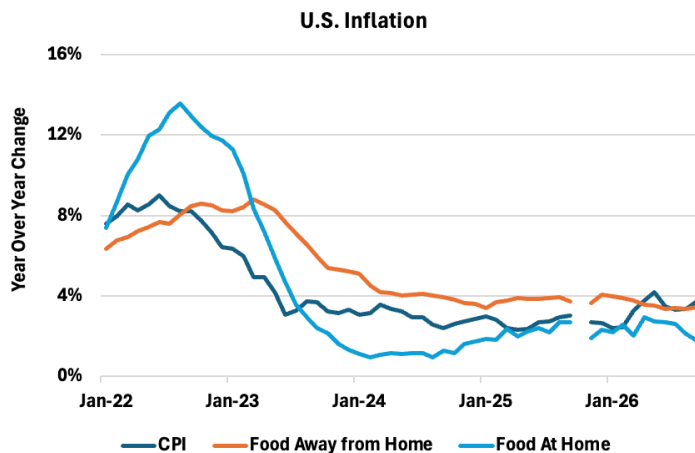
By *Monica Ganley, Market Analyst for the Daily Dairy Report*
Monica@DailyDairyReport.com



CME Spot Market for the Week 10/12/2026 to 10/16/2026			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.8830	4	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.5395	17		\$ 1.5095	0	
BUTTER			NONFAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.3110	27		\$ 2.2105	29	

It was a wild week on LaSalle as the dairy markets swung dramatically. After dipping to multi-year lows in recent weeks both cheese and butter spot values found traction at the CME. Meanwhile, dry whey continued its upward campaign, rising to a new record high. Only nonfat dry milk prices retreated, though they remain very strong compared to historical standards.

Despite the overall bullish moves this week, several fundamental factors are still casting a shadow



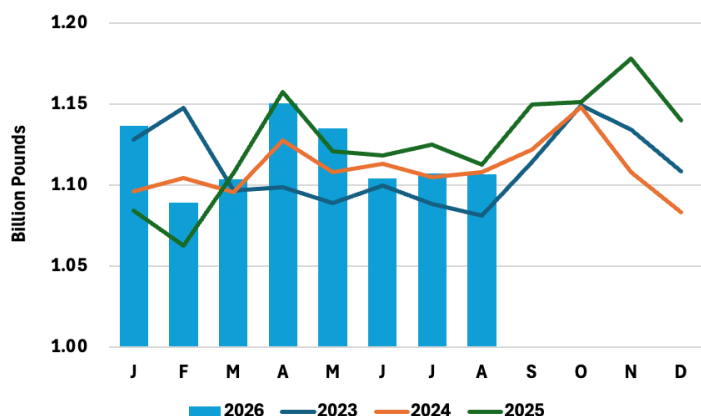
over the markets and may push back on prices in the near future. Perhaps most importantly, milk production remains plentiful. While the rate of growth appears to be slowing amid mounting profitability pressures, the national dairy herd is still at its largest size since the 1990s. Growth in the U.S. is echoed across the world as cumulative output across the top five global dairy exporters was up 2.9% between January and August of this year.

On the demand side of the ledger, new inflation data this week suggests that the U.S. consumer remains under significant pressure. Headline inflation rose 3.7% in September, higher than many analysts' expectations. Expensive fuel

continues to drive the increase in the Consumer Price Index with gasoline prices rising 9.1% for the month. Food prices rose less than overall inflation, but as consumers deal with higher gas prices, they are likely to adjust their eating behavior, specifically by visiting restaurants less frequently. The price of food consumed outside the home rose 3.5% in September while grocery prices were up a more modest 1.8%.

As consumers eschew eating out, the consequences are likely to weigh more heavily on certain product categories. Cheese in particular appears to be suffering from such consumer shifts as domestic consumption slipped 0.5% year over year in August, according to USDA data. The decline was more significant for American varieties, which saw volumes fall 1.2% for the month while other cheeses saw a mere 0.1% dip. While weak foodservice performance has

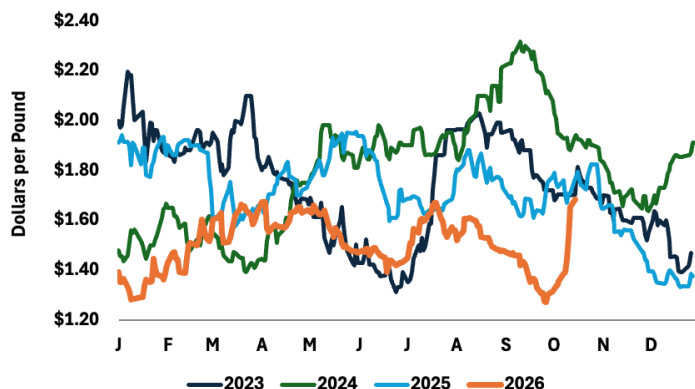
U.S. Domestic Cheese Disappearance



been evident for some time, anecdotal information suggests that retail cheese sales have also slowed, likely due to a combination of strain on consumer budgets and a loss of Supplemental Nutritional Assistance Program benefits.

Yet despite weak demand, cheese prices staged a remarkable rally at the CME this week. After slipping as low as \$1.27/lb. in late September and wallowing in the \$1.30s at the start of this month, Cheddar blocks shot upward this week, finishing today's session at

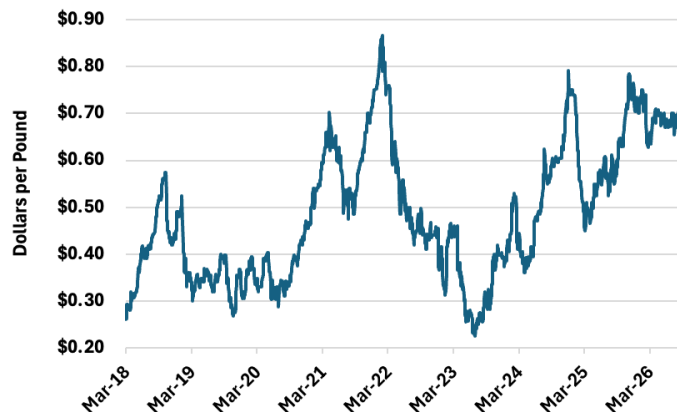
CME Spot Cheddar Blocks



\$1.6825/lb., a full 29.75¢ higher than last Friday. Many analysts believe the increase is due to a temporary shortage of exchange-eligible product, rather than a fundamental shift in cheese market dynamics. Market participants indicate that manufacturing issues may have led to a shortage of young Cheddar. The tightness is expected to be temporary and when the tension eases, cheese prices could descend once more.

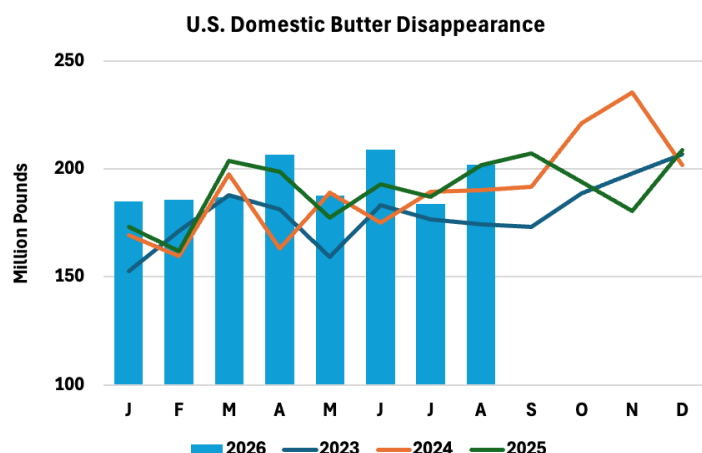
While higher cheese prices have been driving stronger Class III values, the whey market is also contributing to the positive sentiment. Dry whey prices at the CME rose to a new record high today, reaching 89.5¢ per pound, up 3.5¢ from last Friday. Dry whey values remain

CME Spot Dry Whey



supported by competition over raw whey. With whey manufacturers directing as much raw whey as possible toward the production of higher value ingredients, limited input availability is keeping dry whey prices supported. While the strong spot prices for dry whey are encouraging, they are not yet reflected in the milk price as the National Dairy Product Sales Report dry whey price is at a significant discount to the CME spot price.

Butter values also appreciated at the CME this week, though they remain relatively weak. After dipping as low as \$1.25/lb. last Thursday, the market made solid gains most trading days, ending the



week at \$1.365/lb., up 9¢ from a week prior. Activity in the market remains upbeat as 27 loads of product traded hands. Seasonal demand may have helped to boost prices this week, but the market may struggle to maintain upward momentum. Butter production remains burdensome as milk production and the fat content of raw milk rise. Inventories have been accumulating, even as demand remains strong from both international and domestic sources. USDA reports that domestic butter demand was up

0.1% year over year in August but rose a cumulative 3.4% over the first eight months of the year. Either additional demand growth or a slowdown in production will be necessary to drive more sustained price support in the market.

Seemingly content to be the outlier, nonfat dry milk (NDM) was the only commodity that moved downward this week. Spot prices slipped Monday through Thursday and despite a 1.25¢ increase on Friday, the NDM market finished the week at \$2.1625/lb., down 10.5¢ from last week. At these price levels, U.S. product is woefully uncompetitive with other international suppliers and additional price convergence will be necessary to restore export viability. But with insatiable protein demand still diverting skim solids away from the dryer and into alternative products, milk powder supplies are likely to remain tight.

Grain markets leaned bearish this week as the autumn harvest continued and a bleaker macroeconomic outlook weighed on commodity values. DEC26 corn futures settled at \$4.78/bu. on Thursday before giving up a few more cents on Friday. Meanwhile, DEC26 soybean meal fell by about \$15 over the course of the week, settling at \$359.8/ton on Thursday before posting further losses on Friday. More moderate grain and feed prices, even modestly so, will be welcome news to producers who have felt their profitability come under pressure from lower milk prices and rising operating costs.