



The T.C. Jacoby Weekly Market Report

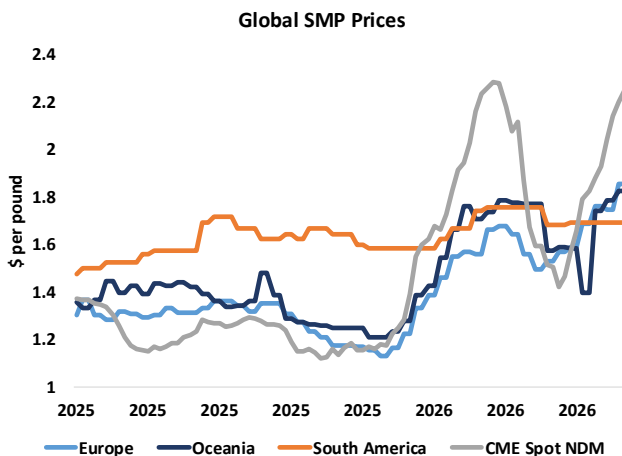
WEEK ENDING OCTOBER 9TH, 2026

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CME Spot Market for the Week 10/5/2026 to 10/9/2026			WHEY		
			Avg Price	Qty Traded	4 wk Trend
			\$ 0.8460	1	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.3480	41		\$ 1.4525	0	
BUTTER			NONFAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
\$ 1.2880	37		\$ 2.2500	16	

The dairy markets moved mostly higher this week as the protein powders continued to strengthen and cheese and butter bounced off the bottom. CME spot nonfat dry milk (NDM) rallied 4.75¢ to \$2.2675 per pound, within a few cents of the all-time high set this spring. Powder prices are



climbing around the globe. Skim milk powder (SMP) had another strong showing at Tuesday's Global Dairy Trade (GDT) auction. Prices rallied 4.3% to a four-year high of \$1.85. Nonetheless, the gap between U.S. and international milk powder values has widened to a chasm and even buyers in Mexico are starting to look elsewhere. After glancing at prices across the border, Mexican buyers stepped up the volume of their bids at the GDT this week. That's evidence of a downshift in U.S. trade prospects, which were already in decline. In

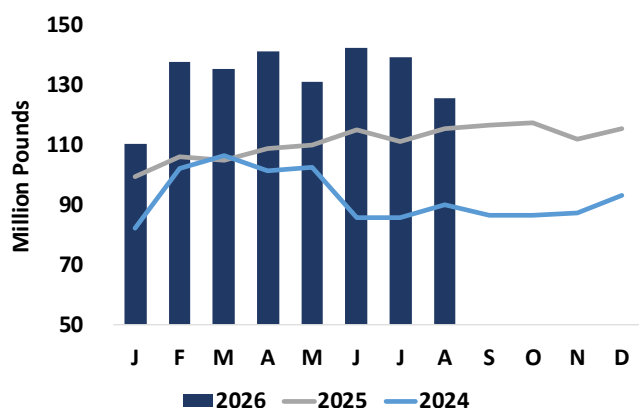
August, the U.S. sent just 101 million pounds of NDM and SMP abroad, the smallest monthly volume in over seven years. But production is also scant. In August, NDM/SMP production slumped to 161.2 million pounds, the lowest tally for the month since 2012.

The whey powder market moved from strength to strength. CME spot dry whey added another 3.5¢ this week and reached 86¢, less than a penny shy of the all-time high set in 2022. Processors

are concentrating all the whey they can, but there's still plenty leftover. Whey powder production topped prior-year volumes by 9.9% in August. But exports boomed and stocks dropped. U.S. whey powder exports reached an all-time high of 66 million pounds in August, up 66% from August 2025.

Cheddar prices bounced back from last week's six-year low. They climbed 7¢ to \$1.385. Industry observers note that these bargain basement prices are attracting some new demand, but there are hints that many buyers have already bought all they can hold. Cheese exports slowed to 140 million pounds in August. While that was 9% greater than last year and the

U.S. Cheese Exports (30-day months)

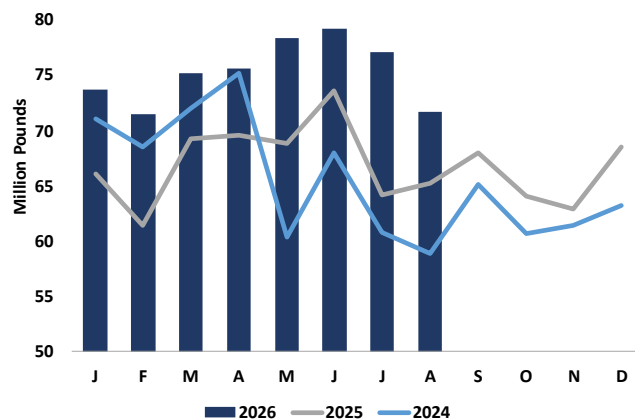


market is struggling to absorb all the increase. August butter output climbed to 187 million pounds, up 6.3% year over year and up 16.9% from where it stood two years ago. Meanwhile, exports fell short of year-ago volumes for the first time since May 2024. It's no wonder butter has gotten so cheap.

With cheese on the mend and whey pushing to new heights, Class III futures rebounded this week. Most contracts added between 10 and 40¢. November Class III futures closed at \$16.08 per cwt., up 52¢ for the week. Most Class IV contracts also gained ground, but the weak butter market dragged November Class IV futures a few cents lower. They settled Friday at \$20.81.

Dairy producers who benefit from Class I, II, and IV revenues will enjoy excellent margins thanks to a strong Class IV market, a rebound in cattle prices, and a sharp drop in feed costs. Dairy

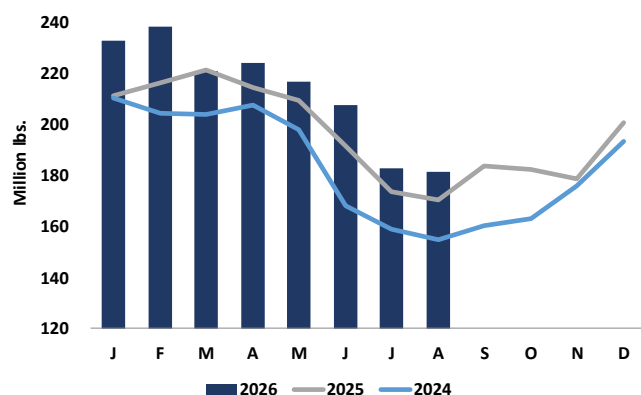
Production of Dry Whey for Human Consumption



highest tally for any August on record, it was notably slower than the February through July pace. And production volumes require an all-out sprint. Cheese output was also record-high for the month, up 1.9% from August 2024.

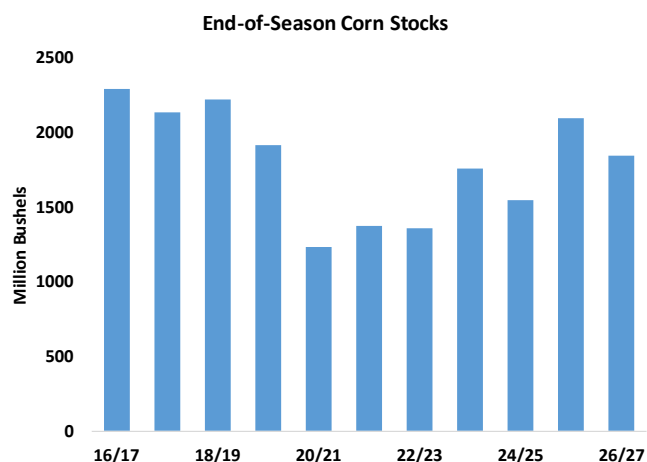
Butter prices continued to slump. On Thursday, they dropped to \$1.25, their lowest price since February 2021. They settled Friday at \$1.275, down 6.5¢ for the week. August butterfat output was 8.1% greater than it was two years before, and the

Butter Production



producers in the cheese states will continue to suffer through much lower milk prices, but today's lower feed costs will help to boost them back toward profitability.

USDA shocked LaSalle Street today, raising its assessment of the 2026 corn yield to 181.2 bushels per acre, up 2.7 bushels compared to its September forecast. Several analysts had called for an increase ahead of today's report, but most anticipated a trim to somewhere in the high 170s. The



higher yield boosted USDA's corn production estimate to 16 billion bushels, the second-largest crop on record but still 5.5% below the bin-busting 2025 harvest. The industry was holding on to more of last year's corn than previously thought, and carry-in corn inventories further boosted supplies. USDA assumes that more plentiful, less expensive corn will lift demand as well. But the increase in supplies far outweighed the projected increase in consumption. USDA forecasts that there will be 1.85 billion bushels of corn left over on September 1, 2027, when the 2027-28 crop year begins.

That figure is a whopping 18% higher than USDA's September estimate. Corn futures plummeted. The December contract tested its 30¢ daily trading limit and closed at \$4.805, down 17.25¢ for the week and off 69.25¢ from the recent peak in early September.

As expected, USDA raised its estimate of the soybean yield by a fraction. The agency now predicts the soybean crop will average 53.1 bushels an acre, edging just past last year's 53.0 bushels to set a new record-high yield. End-of-season soybean stocks are projected at 315 million bushels, on par with last season's ending inventory. But prices are much higher today than they were a year ago. November soybeans settled at \$12.9225 per bushel, up 14¢ on the week. December soybean meal rallied another \$18.40 to \$365.40 per ton.

Higher oilseed prices will pinch, but cheaper corn will soothe dairy margins. Cheap, plentiful corn is also a boon for the cattle industry, and it raises the price that cattle feeders are willing to pay for young calves, including beef-on-dairy crossbreds. This week November feeder cattle futures jumped to their highest price since mid-July.