The T.C. Jacoby Weekly Market Report

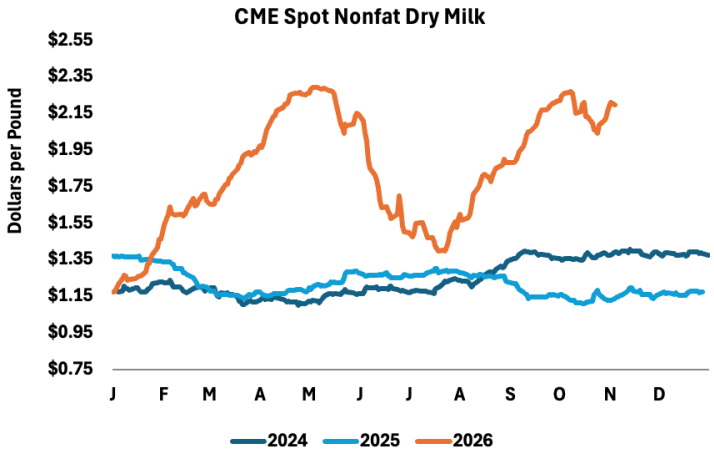
WEEK ENDING November 6, 2026

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CME Spot Market for the Week			WHEY		
11/2/2026 to 11/6/2026			Avg Price	Qty Traded	4 wk Trend
			$ 0.8460	0	
CHEESE BLOCKS			CHEESE BARRELS		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
$ 1.5820	13		$ 1.7200	0	
BUTTER			NONFAT		
Avg Price	Qty Traded	4 wk Trend	Avg Price	Qty Traded	4 wk Trend
$ 1.2895	40		$ 2.1765	9	

The dairy markets remain unsettled as prices vacillate on their journey toward equilibrium between supply and demand. In broad terms, the market continues to reflect divergence between fats and proteins. While insatiable protein demand is keeping the price of milk powder and whey products supported, abundant fat supplies are weighing on the values of butter and related products.

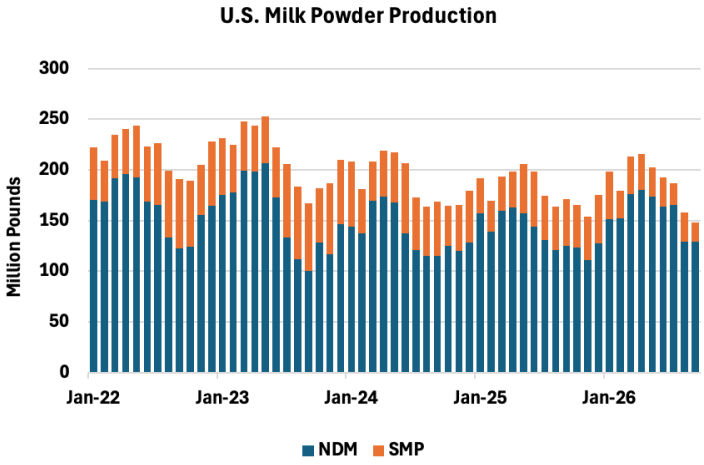


Perhaps no product has garnered as much attention in recent weeks as milk powder. The market's bullish tone was solidified at Tuesday's Global Dairy Trade (GDT) auction where skim milk powder (SMP) and whole milk powder prices moved 3.1% and 5.9% higher, respectively. After adjusting for protein content, the GDT SMP price now sits at an equivalent of $1.99/lb., well shy of the U.S. nonfat dry milk (NDM) price but still the highest price recorded since mid-2022.

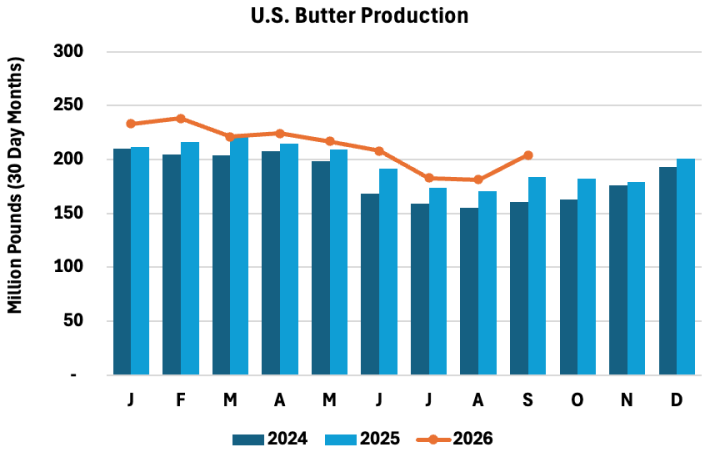
Back in the U.S., NDM prices staged another rally this week, with the CME spot price adding 8.50¢ and lifting the price to $2.1975/lb. by the conclusion of Friday's session. With U.S. prices still uncompetitively high relative to alternative suppliers and limited skim solids available to dryers, milk powder manufacturers are likely prioritizing the production of NDM at the expense of SMP. This trend

appeared in September as output of NDM rose 3.7% year over year while SMP production plummeted by 58.8%. Combined production of NDM and SMP slipped by 13.3%.

The tilt toward NDM production will allow manufacturers to use their limited supplies to serve domestic consumers and those in nearby destinations, such as Mexico, where buyers are used to, and often prefer, working with NDM. However, this will also mean that the U.S. is likely to cede share in competitive destinations, like Southeast Asia, where SMP is required. For example, in September, U.S. milk powder exports to Mexico rose by 19.2% year over year while shipments to the Philippines fell 39.8% during the same month.



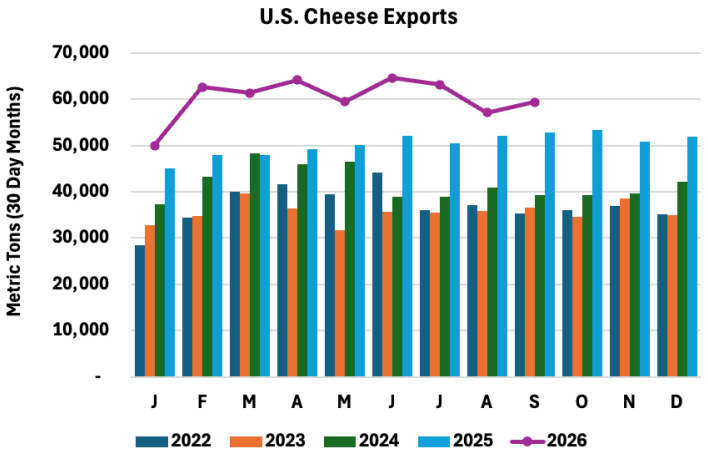
While milk powder climbed, butter continued its descent. Rising milk production and higher fat tests are ensuring plentiful cream supplies that are keeping churns filled. September butter production jumped 10.9% year over year, rising to a whopping 204 million pounds for the month. With the holidays around the corner, domestic butter demand has remained upbeat, complemented by strong exports. In September, butter shipments rose 29% over an already strong prior year comparable.



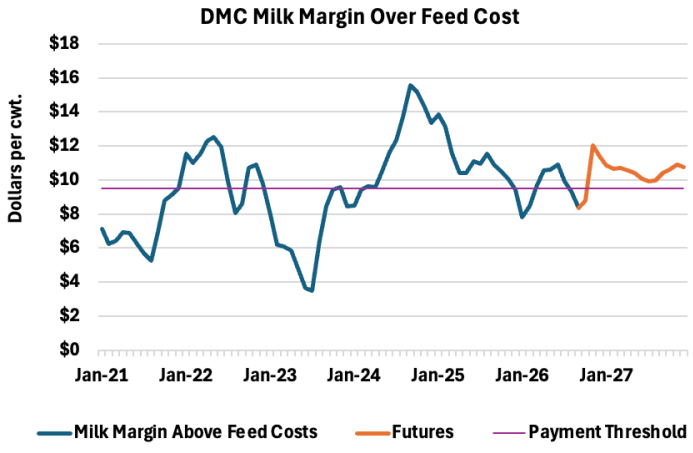
But even robust demand from both domestic and international sources hasn't been enough to burn through hefty supplies and product continues to accumulate in storage, putting downward pressure on prices. The CME spot butter price moved downward every day this week, losing a total of 9.25¢ over the course of the week. By the conclusion of Friday's session, the butter price was down to $1.265/lb. Other global suppliers have also seen prices fall. The GDT auction saw butter prices descend 4.7% this week. Even so, U.S. butter remains competitively priced for global buyers which should help to support continued export strength.

Volatility continued to stalk the cheese markets as prices backed off from their recent spike. Losses on Tuesday, Thursday, and Friday brought the CME spot Cheddar block price down to $1.5675/lb., 3¢ lower than last Friday. Cheese production remained upbeat in September, though with decidedly different trajectories across cheese varieties. As spot prices slid during September, cheese manufacturers eschewed making Cheddar and production fell 4.2% year over year. However, other varieties fared better, including a 4.4% increase in mozzarella output, which pushed total cheese production up 0.7% against the same month last year.

While nuances may exist across specific types, cheese remains plentiful overall. As domestic cheese demand slumps, exports are playing an even more crucial role in clearing product and preventing inventory accumulation. In September, cheese exports rose another 12% year over year. But the recent spot market gain has diminished the price advantage that U.S. product has held in the global market over most of the last two years. Inking new export sales may be more difficult until this advantage is restored.



Stronger cheese production means more whey, and whey production ticked up across most categories in September. Manufacturers continue to push raw whey toward the highest value uses and output of whey protein isolates and whey protein concentrates with protein content above 50% rose by 8.9% and 6.9%, respectively, in September. Dry whey production was also up 3.4% for the month and has helped to boost exports which jumped 52.6% year over year in September. Spot dry whey prices remained unchanged at 84¢ per pound this week.



A combination of lower milk prices and higher feed prices compressed the milk margin over feed cost reported by USDA's Dairy Margin Coverage (DMC) program in September. The margin slipped to $8.35/cwt. for the month, down 99¢ from August. While the dip was discouraging for producers, current futures values project that margins should improve in the coming months and remain above the $9.50/cwt. threshold at which the DMC program begins to emit payments across 2027.

The composite feed cost reported as part of the DMC program rose 69¢ to $11.15/cwt. in September. Higher prices for corn and soybean meal pushed the feed cost up while alfalfa prices took a modest step backward. After rallying during the summer and early autumn, feed prices have continued to retreat. On Thursday, DEC26 corn settled at $4.40/bu. while JAN27 soybean meal was down to $317.7/ton.