

THE WEEKLY WIRE

Welcome to an abbreviated, Memorial Day edition of *The Weekly Wire*. We'll be back with the regular format on Friday, June 2.

Cheese

- Demand weakness continues to hit cheese markets, with contacts reporting that there's more than enough product to go around. Even USDA's latest solicitation for feeding programs didn't provide much immediate support. While blocks and barrels leapt early in the week, blocks fell back later to settle at \$1.4775 per pound, down nearly six cents on the week. Barrels finished Friday at \$1.4900 per pound, two cents higher and inverting the spread. Twenty-two lots of blocks and 29 loads of barrels changed hands.
- Third quarter "all cheese" futures finished Friday at \$1.8343 per pound, less than a penny lower week-over-week.
- USDA issued a preliminary solicitation for roughly 47 million pounds of cheese (roughly 1,100 truckloads) in a variety of styles. While offers are due June 5, there haven't been any other details regarding when the winning bids will be announced. Delivery windows are also up in the air, so it will be difficult to assess any potential market impact until USDA provides a timetable.
- Milk is still readily available, but temperatures are ticking up and some analysts expect output to decrease soon. (Indeed, Memorial Day weekend is often viewed as the peak point of the season.) USDA reported spot milk in the Upper Midwest at a midpoint of \$7.50 per hundredweight under class. That compares to -\$7.50 last week, -\$0.88 last year, and -\$1.28 on the five-year average.
- Despite market tones and reports that there's more than enough cheese around, the most recent USDA *Cold Storage* report leaned bullish. According to USDA data, US total cheese

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CME Spot Block Cheddar

\$1.57

vs. Last Week +4.0%

vs. Last Year -32.0%

CME Spot Barrel Cheddar

\$1.51

vs. Last Week +3.0%

vs. Last Year -35.0%

CME Spot Butter

\$2.43

vs. Last Week -1.0%

vs. Last Year -16.0%

CME Spot Nonfat Dry Milk

\$1.16

vs. Last Week 0.0%

vs. Last Year -37.0%

CME Spot Dry Whey

\$0.27

vs. Last Week -6.0%

vs. Last Year -47.0%

CBOT Corn Futures

\$6.04

vs. Last Week +9.0%

vs. Last Year -22.0%

CBOT Soybean Futures

\$13.37

vs. Last Week +2.0%

vs. Last Year -23.0%

Tale of the Tape

Market	Last			Last Year	Change
	This Week	Week	Change		
Barrel Cheddar (CME Average, USD/LB)	\$ 1.5070	\$ 1.4580	+3%	\$ 2.3115	-35%
Block Cheddar (CME Average, USD/LB)	\$ 1.5655	\$ 1.5100	+4%	\$ 2.3160	-32%
Butter (CME Average, USD/LB)	\$ 2.4345	\$ 2.4510	-1%	\$ 2.8825	-16%
Nonfat Dry Milk (CME Average, USD/LB)	\$ 1.1620	\$ 1.1600	0%	\$ 1.8365	-37%
Dry Whey (CME Average, USD/LB)	\$ 0.2685	\$ 0.2845	-6%	\$ 0.5025	-47%
WPC34 (AMS Central/West AOM, USD/LB)	\$ 1.0500	\$ 1.0900	-4%	\$ 1.8263	-43%
Lactose (AMS West AOM, USD/LB)	\$ 0.2550	\$ 0.2550	0%	\$ 0.4375	-42%
Dry Buttermilk (AMS West AOM, USD/LB)	\$ 0.9500	\$ 0.9650	-2%	\$ 1.9350	-51%
Midwest Class II Cream (AMS Multiple)	1.27	1.27	0%	1.30	-2%
Midwest Spot Milk Basis (AMS, USD/CWT)	-\$7.50	-\$7.50	0%	-\$1.00	-650%
Class III Milk Futures (CME, Contract 2, USD/CWT)	\$ 15.88	\$ 16.06	-1%	\$ 24.51	-35%
Class IV Milk Futures (CME, Contract 2, USD/CWT)	\$ 18.16	\$ 18.19	0%	\$ 25.55	-29%
Cheese Futures (CME, Contract 2, USD/LB)	\$ 1.6590	\$ 1.6780	-1%	\$ 2.3700	-30%
Butter Futures (CME, Contract 2, USD/LB)	\$ 2.4073	\$ 2.4230	-1%	\$ 2.8738	-16%
Nonfat Dry Milk Futures (CME, Contract 2, USD/LB)	\$ 1.1735	\$ 1.1600	+1%	\$ 1.8180	-35%
Dry Whey Futures (CME, Contract 2, USD/LB)	\$ 0.3475	\$ 0.3410	+2%	\$ 0.6190	-44%
Corn (CBOT, USD/BU)	\$ 6.0400	\$ 5.5450	+9%	\$ 7.7725	-22%
Soybeans (CBOT, USD/BU)	\$ 13.3725	\$ 13.0725	+2%	\$ 17.3225	-23%
Soymeal (CBOT, USD/TON)	\$ 402.20	\$ 409.10	-2%	\$ 432.30	-7%
Soyoil (CBOT, USD/LB)	\$ 0.4882	\$ 0.4727	+3%	\$ 0.7957	-39%
Wheat (CBOT, USD/BU)	\$ 6.1600	\$ 6.0500	+2%	\$ 11.5750	-47%
Live Cattle (CME, USD/CWT)	\$ 167.35	\$ 165.73	+1%	\$ 132.18	+27%
Feeder Cattle (CME, USD/CWT)	\$ 233.93	\$ 206.28	+13%	\$ 166.33	+41%
Lean Hogs (CME, USD/CWT)	\$ 76.08	\$ 83.03	-8%	\$ 110.40	-31%
Crude Oil (NYMEX, USD/BBL)	\$ 72.67	\$ 71.55	+2%	\$ 115.07	-37%
Natural Gas (NYMEX, USD/MMBTU)	\$ 2.18	\$ 2.59	-16%	\$ 8.73	-75%
Unleaded Gasoline (NYMEX, USD/GAL)	\$ 2.70	\$ 2.58	+5%	\$ 4.02	-33%
Heating Oil (NYMEX, USD/GAL)	\$ 2.37	\$ 2.36	0%	\$ 4.00	-41%
Coffee (ICE, USD/LB)	\$ 1.8160	\$ 1.9200	-5%	\$ 2.2945	-21%
Sugar #11 (ICE, USD/LB)	\$ 0.2537	\$ 0.2578	-2%	\$ 0.1961	+29%
Cocoa (ICE, USD/MT)	\$ 2,991	\$ 3,068	-3%	\$ 2,462	+21%
Orange Juice (ICE, USD/LB)	\$ 2.9195	\$ 2.5820	+13%	\$ 1.8305	+59%
Cotton (ICE, USD/LB)	\$ 0.8335	\$ 0.8672	-4%	\$ 1.3942	-40%
S&P 500	4,208	4,192	0%	4,158	+1%
Dow Jones Industrial Average	33,116	33,427	-1%	33,213	0%
NASDAQ Composite	12,982	12,658	+3%	12,131	+7%
Euro/Dollar	1.0735	1.0826	-1%	1.0739	0%
Gold (CME, USD/OZ)	\$ 1,944.10	\$ 1,978.70	-2%	\$ 1,851.30	+5%

“While service sector companies are enjoying a surge in postpandemic demand, especially for travel and leisure, manufacturers are struggling with overfilled warehouses and a dearth of new orders as spending is diverted from goods to services.”

Chris Williamson • Economist, S&P Global

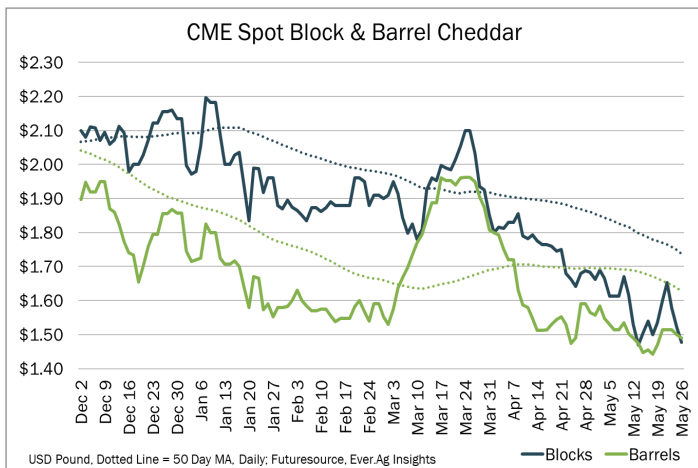


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inventories reached 1.463 billion pounds in April, down 1.2% (-17.4 million pounds) year-over-year and well below expectations. The total was up 0.2% (+3.1 million pounds) on the month, but that's far short of the five-year average March-to-April increase of 26.6 million

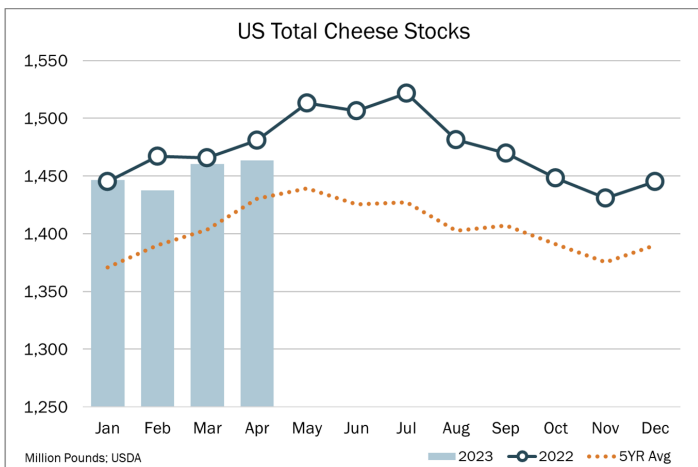
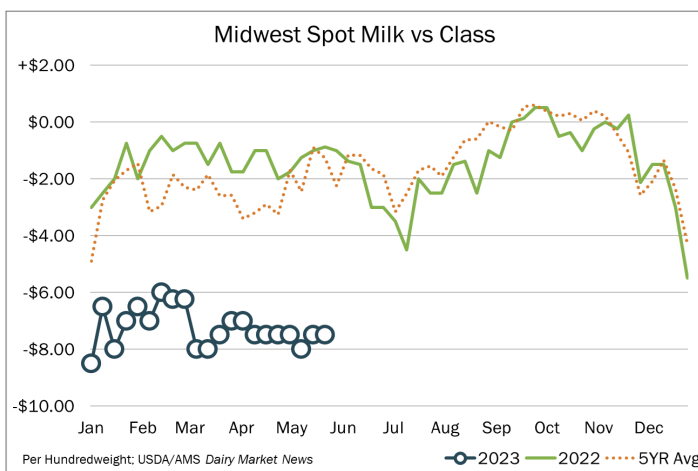
pounds. American-type cheese stocks totaled 838 million pounds, up 0.3% (+2.5 million pounds) on the year and +1.4% (+11.5 million pounds) versus March. Over the past five years, inventories rose an average of 13.8 million pounds month-to-month.

- German Edam prices remained at €3,500 per metric ton in Euro terms, but slipped 0.6% in US dollars to \$1.71 per pound.



Butter

- Some contacts report they're seeing some pullback in butter orders amid ample supplies, weighing on the CME butter market. Spot butter prices finished the week at \$2.4300 per pound, down three cents, with three loads trading.
- Third quarter butter contracts settled at \$2.4341 per pound, almost three cents lower versus the week before.
- Cream output remained steady ahead of the holiday weekend. USDA reported multiples in the Upper Midwest at 127, unchanged on the week, down from 135 in 2022 and from 132 on the five-year average.
- The *Cold Storage* report was relatively neutral for butter, with stocks climbing to 328 million pounds, slightly above pre-report predictions. The total jumped 9.8% (+29.4 million pounds) versus 2022, and +5.9% (+18.2 million pounds) on the month, though that growth is below the five-year average monthly increase of 33.5 million pounds.
- In the Netherlands, butter prices ticked up 0.6% in Euro terms to €4,680 per metric ton but held steady in US dollars at \$2.23 per pound (adjusted to 80% butterfat). German butter climbed higher, up 2.0% in Euro terms to €4,625 per metric ton and +1.8% in US dollars to \$2.21 per pound (on an 80% butterfat test).



Nonfat Dry Milk

- In Chicago, the NDM market remains relatively quiet, with spot prices settling at \$1.1700 per pound, up less than two cents, with 13 lots changing hands.
- Third quarter NDM futures ended the week at

\$1.2124 per pound, up more than two cents compared to the Friday before.

- WMP prices slipped at the latest GlobalDairyTrade Pulse event, settling at \$3,150 per metric ton, or \$1.43 per pound. That's down 0.8% versus the previous Pulse and -2.5% compared to Contract 2 at the most recent main auction.

- European SMP prices continue to rise. Dutch butter climbed 1.7% in Euro terms to €2,440 per metric ton and +0.8% in US dollars to \$1.19 per pound. German butter advanced 0.6% to €2,445 per metric ton and +0.8% in US dollars to \$1.20 per pound.

Dry Whey

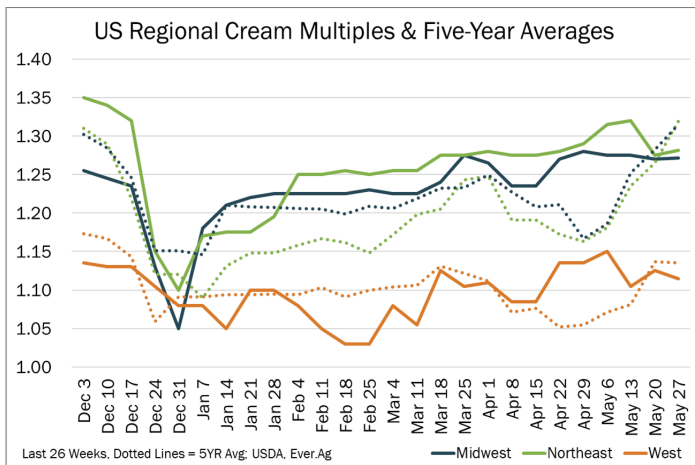
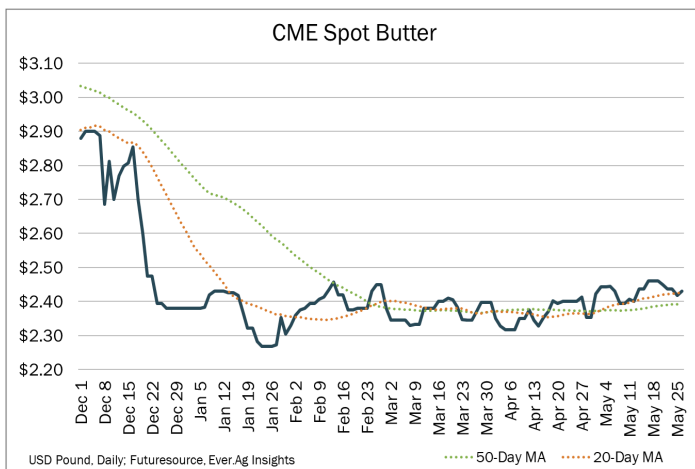
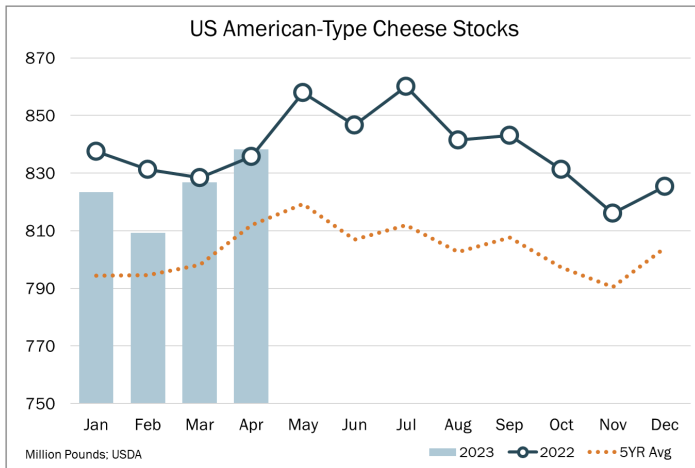
- High volume continues in Chicago, where year-to-date trading is at an all-time record. Early in the week, that drove spot prices to a new CME spot market low of \$0.2550 per pound. But prices mounted a small rally to finish at \$0.2750 per pound, up a penny, with 36 lots exchanged.
- Third quarter dry whey futures settled at \$0.3378 per pound, more than one cent higher on the week.
- Dutch dry whey prices were unchanged on the week, settling at €640 per metric ton and \$0.31 per pound.

Corn

- Farmers are still putting corn in the ground at a rapid pace. As of May 21, planting was 81% complete, up from 65% the previous week, 69% last year and 75% on the five-year average.
- Nearby corn futures rebounded on strong technical buying and all eyes continue to watch the weather and export news. July corn futures settled at \$6.0400 per bushel, up 49.5 cents versus the Friday before.
- With a canceled order for 75,153 metric tons, old-crop corn export sales landed within the predicted range. New-crop sales were at the lower end of expectations, with 52,099 metric tons sold.

Soybeans

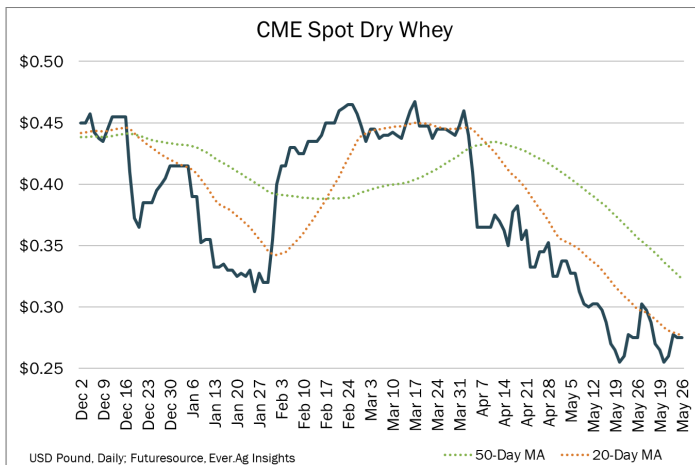
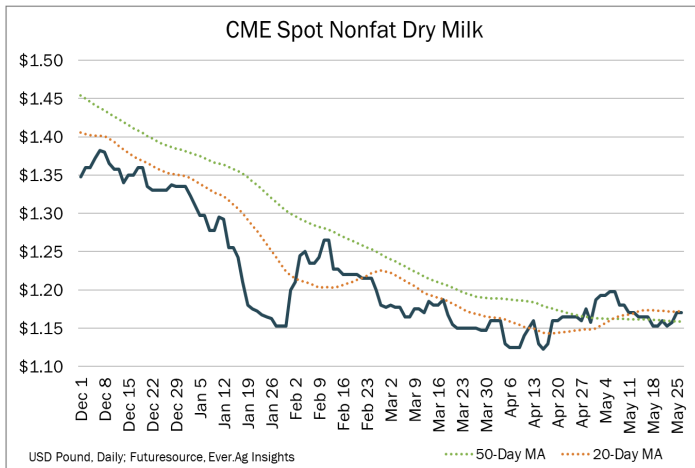
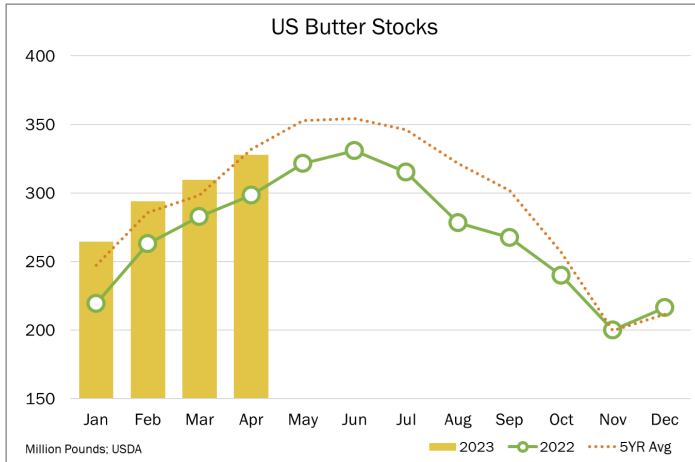
- Conditions remain favorable for soybean planting. According to USDA, 66% of the crop was in the ground as of May 21. That compares to 49% the week before, 47% in 2022 and the five-year average of 52%.



- Soybean prices recovered somewhat from the previous week's plunge. The July contract finished Friday at \$13.3725 per bushel, 30 cents higher week-over-week.
- Old-crop soybean export sales totaled 115,042 metric tons, in the middle of the expected range, while 1,100 metric tons of the 2023-24 crop sold, short of predictions.

Wheat

- Spring wheat planting moved ahead last week, though progress remains behind the historical average. As of May 21, planting was 64% complete, up from 40% the previous week and 48% last year, but below the five-year average of 73%.
- Reports suggested Russia is restricting the flow of grain exports, despite the Black Sea deal extension. Ongoing drought in key wheat-growing regions and demand worries also impacted markets. Nearby wheat futures settled at \$6.1600 per bushel, down 11 cents on the week.
- Wheat export sales were at the lower end of expectations. There was a canceled order of 45,083 metric tons of the 2022-23 crop, while 245,136 metric tons of the new crop sold.

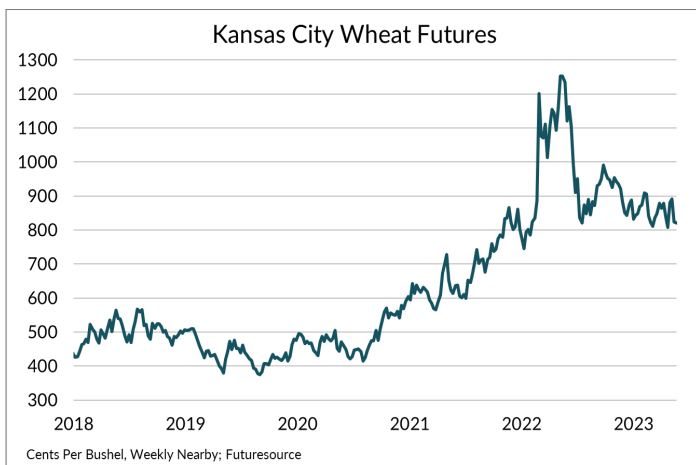
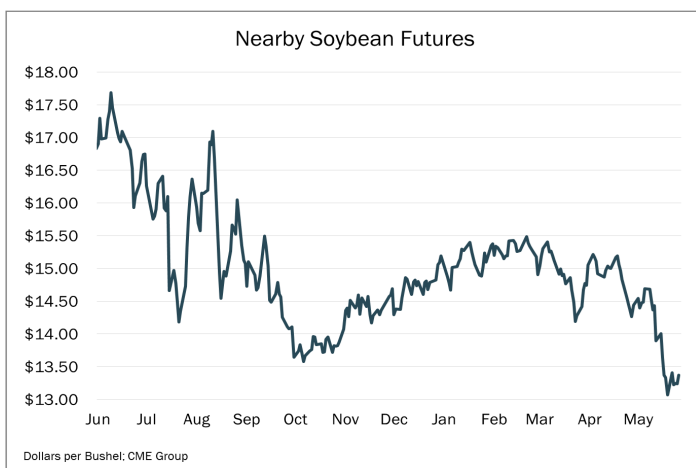
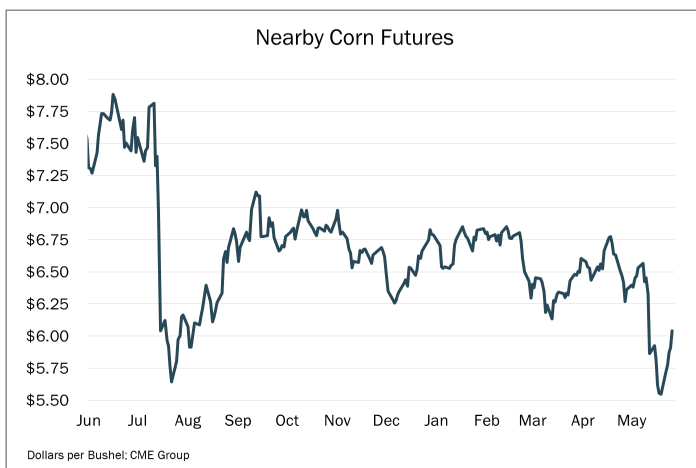


Industry News

- **US Foods** has promoted Jim Sturgell to Executive Vice President; Chief Commercial Officer responsible for Local Sales, Commercial Excellence and Merchandising/Marketing. Sturgell previously served as the company's Senior Vice President, Commercial Excellence and Local Sales. Randy Taylor has also been named Executive Vice President, Field Operations. He previously worked as US Foods' Regional President Southeast.
- John Cook was appointed Director of Plant Operations with **Red Rock Dairy Products**. Cook has also served with Southeast Milk Inc., Pacific Gold Creamery and Saputo Inc.
- **Weber Inc.** has named Simon Langhorn as its new Senior Director of Sales. Previously, Langhorn served as Sales Director with Kerry. Based in Kansas City, Missouri, Weber manufactures slicing, automation and packaging equipment for the food industry.
- The **Michigan Milk Producers Association** and **Canadian Dairy Distillery** have partnered to upcycle dairy byproducts into ethanol. Through the partnership, an estimated 2.2 million gallons of biofuel will be produced, enough to offset 14,500 metric tons of carbon each year. It will also offset MMPA's carbon footprint at its

facility in Constantine, Michigan, by 5%. Ethanol production is set to begin in early 2025.

- **Ted Lozier** has joined **Alianza Team** as its Business Development Manager. Prior, he worked as an Account Manager with Fonterra. Alianza produces lipid-based solutions and nutrition for use across the US and Central and South America.



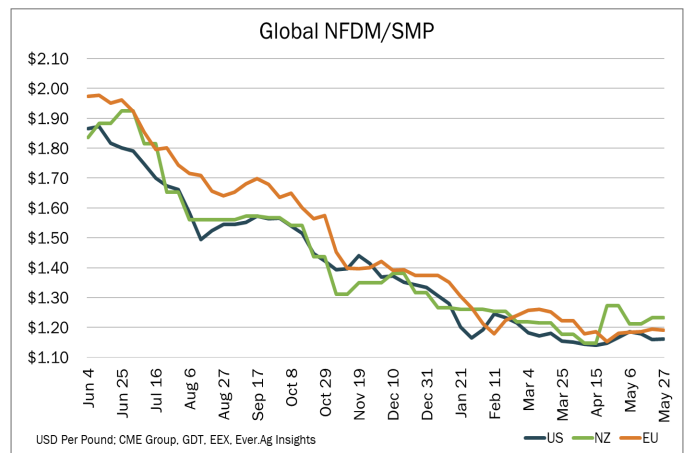
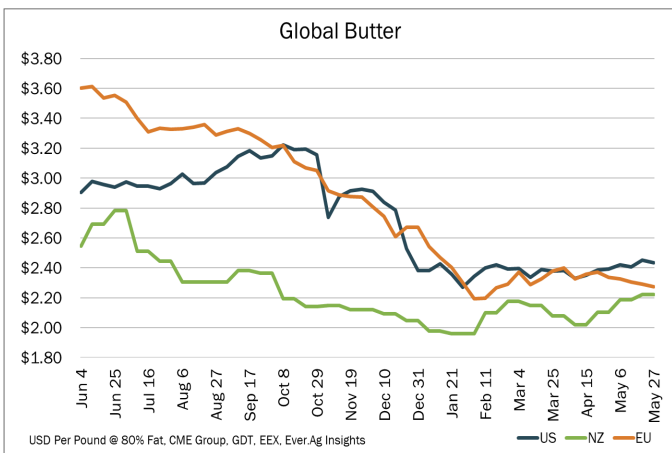
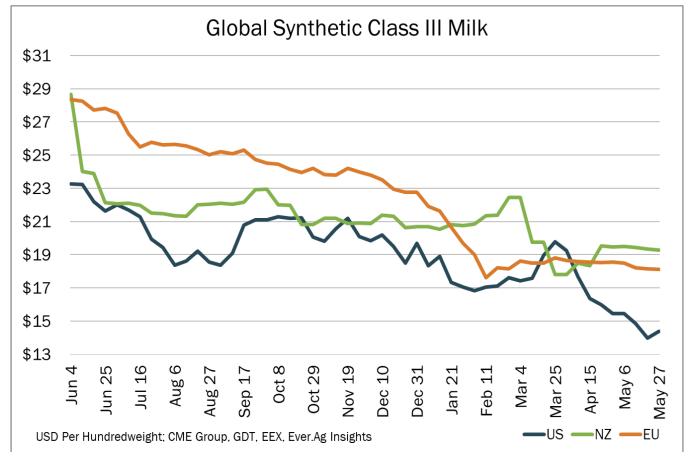
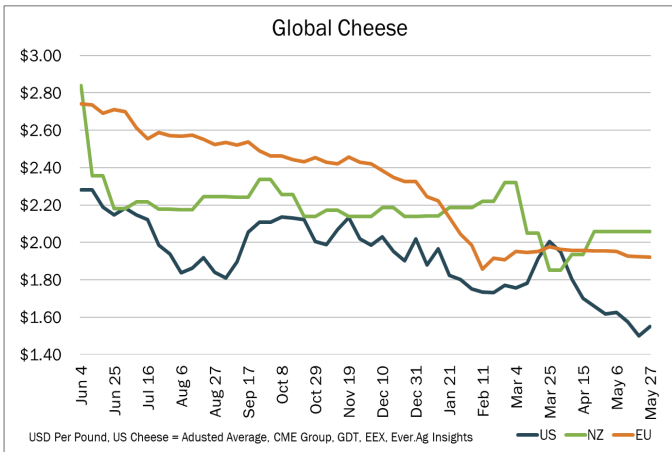
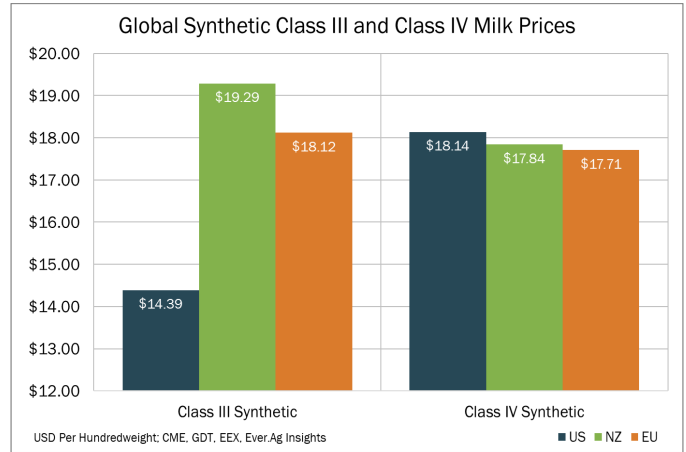
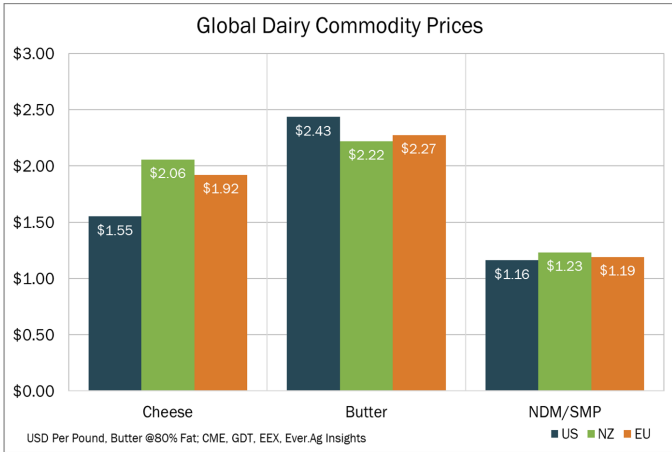
- **Interfood Group** has promoted Manuel van Engelen to Managing Director. Engelen, who first joined the company in 2012, previously served as Interfood's Commercial Director. The international, privately-owned company distributes more than 1 million metric tons of dairy products annually.
- **Nelson-James Inc.**, a food processing industry distributor, has named Peter Kempe as its new Senior Vice President, Strategy and Business Development, Ingredients. Kempe brings 28 years of experience to the role, including his most recent position as Vice President, Food and Beverage, North America with DSM.
- Reports suggest Jim Perkins has been retained to lead planning efforts around a standalone company that would help **Albertsons'** merger with **Kroger** meet compliance standards. Perkins, formerly President of Acme Market, could spearhead efforts around SpinCo, which would consist of roughly 100-375 stores that would need to be divested to gain regulatory approval for the merger. He currently serves as Executive Vice President of Retail Operations and Special Projects for Albertsons.
- Specialty food importer **Atalanta Corp.** has acquired **Sonoma Creamery's** cheese assets, including Sonoma Cheese and Sonoma Jack. Atalanta plans to expand Sonoma Cheese, including adding strategic sales and marketing assets and growing distribution.
- **US Foods** will acquire **Renzi Foodservice** in a deal set to close during the third quarter. Following the transaction, Renzi, a foodservice distributor, will continue to operate its facility in upstate New York.

Upcoming Reports

- *Dairy Products*, June 5
- GlobalDairyTrade event, June 6
- Trade data, June 7
- WASDE, June 9
- *Crop Production*, June 9

Global Dairy Price Scoreboard

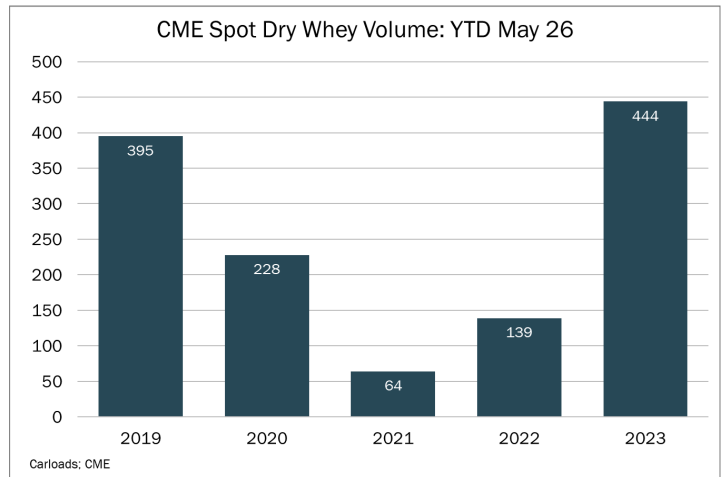
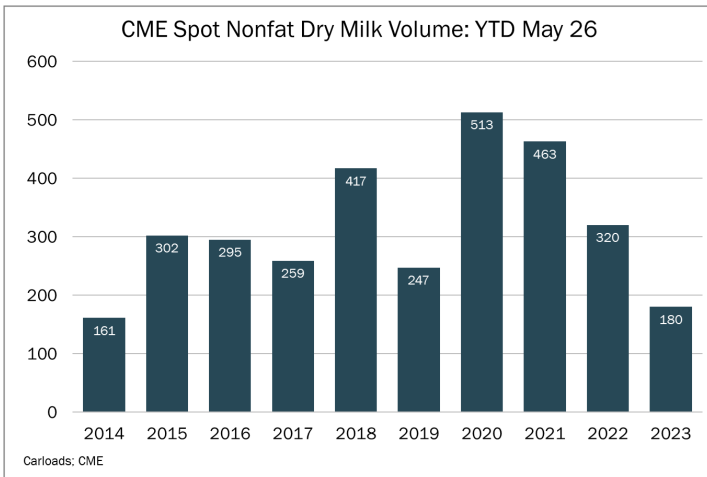
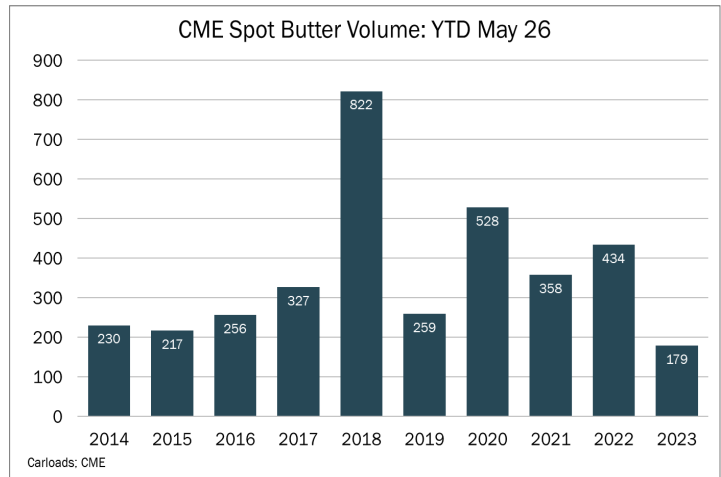
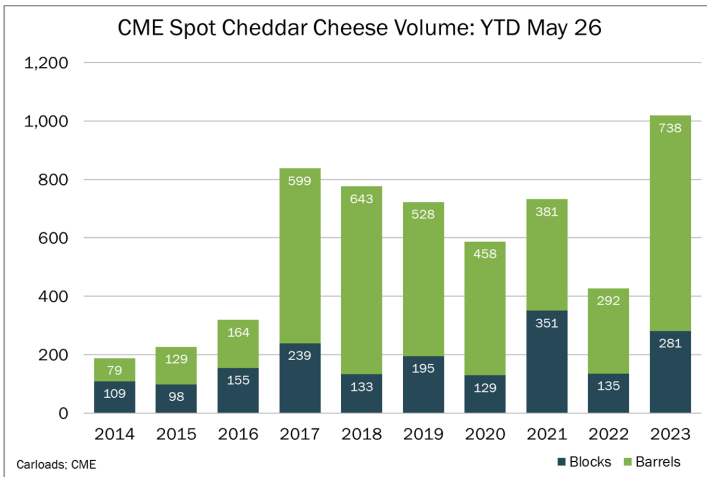
Market	US vs Last vs Last			New Zealand vs Last vs Last			Europe vs Last vs Last		
	This Week	Week	Year	This Week	Week	Year	This Week	Week	Year
Cheese	\$1.55	+3%	-33%	\$2.06	0%	-28%	\$1.92	0%	-29%
Butter	\$2.43	-1%	-16%	\$2.22	0%	-13%	\$2.27	-1%	-36%
NDM/SMP	\$1.16	0%	-37%	\$1.23	0%	-33%	\$1.19	0%	-39%
Whey	\$0.27	-6%	-47%				\$0.31	0%	-50%
Class III Synthetic	\$14.39	+3%	-39%	\$19.29	0%	-32%	\$18.12	0%	-35%
Class IV Synthetic	\$18.14	0%	-30%	\$17.84	0%	-27%	\$17.71	-1%	-41%



US: CME Spot • NZ: GDT Contract 2 (Butter) and 3 (Cheese, SMP), Whey = US and EU Avg • EU: EEX Index, Cheese = Cheddar Curd

CME Spot Summary

Date	22-May		23-May		24-May		25-May		26-May		Average/Total			Last Week		
	Price	Vol	Price	Vol	Price	Vol	Price	Vol	Price	Vol	Price	Change	Vol	Change	Price	Vol
Blocks	1.6000	2	1.6525	3	1.5775	2	1.5200	6	1.4775	9	1.5655	+0.0555	22	-13	1.5100	35
Barrels	1.5150	11	1.5150	8	1.5150	1	1.5000	2	1.4900	7	1.5070	+0.0490	29	-25	1.4580	54
Butter	2.4500	1	2.4375	0	2.4375	0	2.4175	1	2.4300	1	2.4345	-0.0165	3	-6	2.4510	9
NDM	1.1600	2	1.1525	0	1.1575	4	1.1700	7	1.1700	0	1.1620	+0.0020	13	+4	1.1600	9
Whey	0.2550	7	0.2600	0	0.2775	9	0.2750	15	0.2750	5	0.2685	-0.0160	36	-39	0.2845	75



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