

## Weekly Dairy Report May 3

In the market last week we did see Class III futures trend higher. The nearby demand remained good but production was high as well as cheese production. Cheese inventories continue to increase. The big question in the trade is whether or not the market can sustain the current price levels without the government stepping into the market. At this time there isn't a plan in place for them to continue buying products. We all know that a bull market needs to be continually fed to continue the trend where as a bear market is simply a lack of news.

Feed costs continue to rise as nearby corn futures hit a seven year high this past week. The December 21 contract continues to move higher and is currently trading \$2.45 per bushel higher than it traded in May of last year. December 21 soy meal futures did trade lower last week and closed at the levels we saw in the middle of January. Hay prices remained steady with very little 2020 crop still to contract. The 2021 first crop is getting closer and closer.



