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Federal Order Hearing Begins With Focus On Milk Composition

Milk Innovation Group, National All-Jersey File Objections Over USDA's Denial Of Proposals

Carmel, IN—The US Department of Agriculture's (USDA) much-anticipated federal milk marketing order (FMMO) hearing on the uniform pricing formulas applicable to all 11 federal orders got underway here Wednesday.

The hearing is expected to take several weeks.

Before testimony began on milk composition, the first of five subject areas that will be covered during the hearing, two entities filed objections to USDA's decision to exclude certain proposals from consideration at the hearing.

The Milk Innovation Group (MIG) objected to USDA's decision to exclude two of its pricing-related proposals as being not in accordance with law. MIG requested a modification of the matters open for hearing and/or reversal of the decision to exclude MIG Proposals 5 (addressing extended shelf life, or ESL, shrink), and 6 (a partial exemption from FMMOs pricing regulations of certified organic milk).

USDA's decision to exclude MIG's price-related proposals "is not in accordance" with the Agricultural Marketing Agreement Act (AMAA) or USDA's obligations under the Administrative Procedure Act, MIG noted in its objection.

On June 1, 2023, USDA issued an invitation providing the opportunity for interested parties to submit additional proposals regarding potential amendments to the current pricing provisions applicable to all FMMOs, MIG noted.

The invitation instructed that each pricing related proposal should be accompanied by a comprehensive explanation on the need for and potential impacts of the proposed change(s), how the proposed change(s) facilitates more orderly marketing, and any other relevant information.

In its Action Plan, issued on the same day, USDA stated that it was "considering initiation of a rulemaking proceeding that would include a public hearing to collect evidence regarding proposed changes to pricing provisions effective in all eleven FMMOs," MIG continued.

Accordingly, MIG submitted six proposals, including the two pricing-related proposals raised in its objection: an extended shelf-life shrinkage pricing proposal (MIG's Proposal 5) and an organic milk pricing exemption proposal (MIG's Proposal 6).

In its July 24, 2023 response to MIG, USDA based its refusal to hear both MIG's ESL shrinkage proposal and MIG's organic milk exemption proposal because each proposed price related change "does not seek to amend the uniform FMMO pricing formulas" and therefore "does not fall within the scope of this hearing."

But USDA's June 1 invitation for additional proposals "was not limited only to proposals which directly sought to amend the uniform pricing formulas," MIG noted in its objection. And both the ESL shrinkage proposal and the organic milk exemption are

• See **Hearing Begins,** p. 11

US Milk Production Fell 0.6% In July; California's Output Declined 5.5%

Washington—US milk production in the 24 reporting states during July totaled 18.3 billion pounds, down 0.6 percent from July 2022, USDA's National Agricultural Statistics Service (NASS) reported Monday.

June's milk production estimate was revised up by 37 million pounds, so June milk output was up 0.4 percent from June 2022, rather than up 0.2 percent as initially estimated.

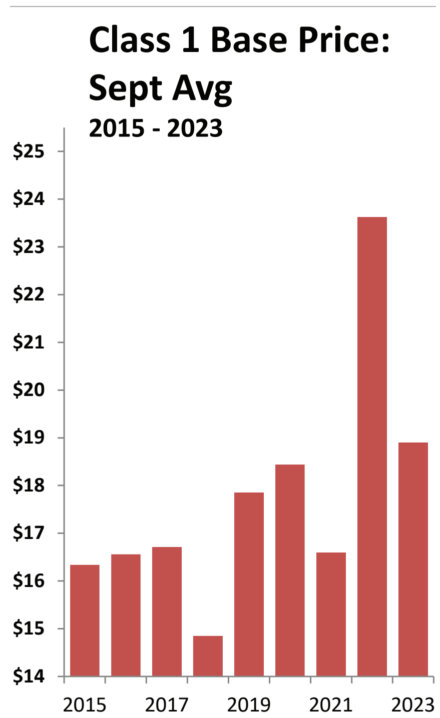
Production per cow in the 24 reporting states averaged 2,047 pounds for July, 13 pounds below July 2022.

The number of milk cows on farms in the 24 reporting states in July was 8.92 million head, unchanged from July 2022 but 7,000 head less than June 2023.

For the US as a whole, July milk production totaled 19.1 billion pounds, down 0.5 percent from July 2022. Production per cow in the US averaged 2,029 pounds for July, nine pounds below July 2022. The number of milk cows on farms in the US in July was 9.40 million head, 13,000 head less than July 2022 and 3,00 head less than June 2023.

California's July milk production totaled 3.33 billion pounds, down 5.5 percent from July 2022, due to 7,000 fewer milk cows and 105 less pounds of milk per cow.

• See **Milk Output Falls,** p. 6



USDA Releases Dairy Donation Program Final Rule, With Some Changes

Washington—USDA's Agricultural Marketing Service (AMS) on Thursday of this week published a rule that finalizes establishment of the Dairy Donation Program (DDP) as required by the Consolidated Appropriations Act of 2021.

Under the DDP, eligible dairy organizations that account to a federal milk marketing order and incur a qualified expense related to certain dairy product donations may apply for and receive reimbursements for those donations.

The DDP works in tandem with the Milk Donation Reimbursement Program (MDRP), and

• See **DDP Final Rule,** p. 7

Lake Country Dairy, Hiland Dairy, Country View Dairy Top WDE Contest

Madison—Lake Country Dairy/Schuman Cheese's Cello Artisan Parmesan was named Grand Champion of Cheese and Butter in the 2023 World Dairy Expo (WDE) Championship Dairy Product Contest, held here this week.

That's the second straight Cheese and Butter Championship title for Lake Country Dairy/Schuman Cheese, Turtle Lake, WI. Last year, Lake Country Dairy/Schuman Cheese captured top honors with a Cello Mascarpone entry.

Grand Champion of Grade A in this year's contest went to Hiland Dairy's 2% white milk; and Grand Champion of Ice Cream went to Country View Dairy Farmstead Creamery's Raspberry Cheesecake Frozen Yogurt.

The WDE contest, sponsored by the Wisconsin Dairy Products Association (WDPA) and held over three days this week, received entries from 43 US states.

"All three grand champions really brought incredible products to the competition; they have a lot to be proud of," said Amy Winters, WDPA's new executive director. "Each of the classes had so many great products, these champions really set a very high bar."

"It is an indescribable feeling and an honor to have our Cello Artisan Parmesan cheese selected as the grand champion cheese! Lake Country Dairy – Schuman Cheese takes great pride in the hard Italian cheese we make at

• See **WDE Dairy Contest,** p. 8

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EDITORIAL COMMENT

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it would seem that the run-up to a $2.00 block price occurs more quickly when the price bottom is lower.

That is, in 2004, 2007, 2011 and again this year, blocks bottomed out below $1.40 and then took less than three months to reach $2.00.

Block Price Rebound Has Been Impressive, But Not Unique

Back on June 27th, the CME cash (spot) market price for 40-pound Cheddar blocks settled at $1.3100 per pound, down 5.25 cents from the previous day and the lowest CME block price in over three years. In fact, the block price was under $1.40 per pound for two full weeks in late June and early July, and it was beginning to look like the block price wasn't in any hurry to rebound significantly.

Well, less than six weeks after settling at $1.3925 (on Friday, July 7), the block price topped $2.00 per pound on Tuesday, Aug. 15. That was the first time blocks were above $2.00 since March 28.

This got us wondering how this run-up to a $2.00 block price compares to previous run-ups. For this analysis, we're not using 2020, because the COVID-19 pandemic resulted in the block price bottoming out at $1.00 per pound on April 15, then rebounding to $2.0475 on May 27, and reaching a record $3.00 per pound on July 13.

The circumstances of that price surge (and price plunge preceding the surge, for that matter) were unique to the pandemic, and likely (hopefully) won't be seen again anytime soon.

That caveat aside, we went back to 2004, the first year in which the block price reached $2.00 per pound at the CME, and then looked at the other years in which blocks reached $2.00 a pound.

Back in 2004, blocks stood at $1.30 per pound on January 23, then increased almost every day, and finally broke the $2.00 mark on March 19. So that run-up took exactly eight weeks.

In 2007, the block price stood at $1.3950 on March 20, then gradually increased until settling at $2.00 on June 13. In that case, it took about 12 weeks for the block price to increase about 60 cents, to reach the $2.00 level.

Blocks also topped $2.00 a pound at various times in 2008, but that situation can't really be compared to this year because, although blocks started the year above $2.00, they only fell as far as $1.6500 in the third and fourth weeks of January before rebounding to $2.05 on February 14.

After 2008, the block price didn't reach $2.00 again until 2011 which, as it turned out, was the first of four consecutive years in which the block price reached $2.00 a pound. In 2011, the block price started off at $1.3425, then rose almost every day until reaching $2.00 a pound on March 2. That run-up took a little over eight weeks.

In 2012, blocks bottomed out at $1.46 per pound on March 5, stood at $1.50 per pound as late as May 23, and finally reached $2.00 a pound on September 21. Using March 5 as the starting point, it took over six months for blocks to reach $2.00.

The following year, blocks bottomed out at $1.55 per pound on March 5, but didn't reach $2.00 per pound until December 20, a period of more than nine months.

If nothing else, 2013 was notable for its lack of block price volatility, with the price ranging just from $1.55 to $2.00 per pound. In the previous years, blocks not only reached $2.00 a pound, but also surpassed that mark.

Blocks actually started off the year 2014 above $2.00 per pound, and in fact stayed above that level for most of the year. So if anything, the 2014 block price run-up actually occurred in 2013.

After remaining below $2.00 per pound for four straight years (2015-18), blocks again reached that level in 2019. That year, the block market bottomed out at $1.37 on January 9, and didn't reach $2.00 until September 9, a span of exactly eight months.

Finally, the block price reached $2.00 a pound in 2022, but that isn't really comparable to the other years in which blocks reached $2.00. That's because the block price ended 2021 at $1.98 a pound, and reached $2.0150 a pound on January 4.

So the run-up to the 2022 $2.00 block price actually took place over roughly the last seven months of 2021, after blocks bottomed out at $1.4575 on June 9.

So, what can we conclude from all of this? For one thing, we can conclude that a $2.00 block price isn't necessarily all that common. Since the turn of the century, blocks have reached $2.00 in a total of 11 years, and have failed to reach $2.00 in a total of 13 years. So while a $2.00 block price isn't exactly a rarity, it occurs slightly less than half the time.

As a caveat, four of the 13 years in which blocks failed to reach $2.00 a pound were 2000-2003, a period of generally depressed cheese prices (blocks averaged under $1.15 a pound in 2000, about $1.44 a pound in 2001, just over $1.18 a pound in 2002 and just under $1.32 a pound in 2003).

Throw out those four years, and blocks have reached $2.00 a pound in a majority of years.

Second, and more pertinent to this analysis, it would seem that the run-up to a $2.00 block price occurs more quickly when the price bottom is lower.

That is, in 2004, 2007, 2011 and again this year, blocks bottomed out below $1.40 and then took less than three months to reach $2.00. The exception was in 2019, when blocks bottomed out at $1.37 in early January and took eight months to get to $2.00.

All of this is a reminder of how volatile the block market has been over the past 20-plus years. Low prices don't last forever, or even for very long.

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USDA Buys Butter, Yogurt, Fluid Milk; Seeks To Buy Additional Fluid Milk

Washington—The US Department of Agriculture (USDA) last Friday announced the awarding of contracts to three companies for butter and yogurt products for delivery between Oct. 1 and Dec. 31, 2023.

The butter and yogurt products are being purchased in support of child nutrition and other related domestic food distribution programs.

USDA's purchase specifically includes 135,600 pounds of high protein blueberry yogurt, 24/4-ounce cups; 195,240 pounds of high protein strawberry yogurt, 24/4-ounce cups; 198,792 pounds of high protein vanilla yogurt, 24/4-ounce cups; 46,116 pounds of high protein vanilla yogurt, 6/32-ounce tubs; and 41,040 pounds of salted print butter.

The total price of the yogurt and butter purchases is $1,086,542.64.

Contracts were awarded as follows:

Chobani LLC: 546,348 pounds of high protein yogurt, at a total price of $917,056.44.

Darigold: 41,040 pounds of butter, at a total price of $122,299.20.

De Lune Corp.: 29,400 pounds of high protein yogurt, at a total price of $47,187.00.

USDA also announced the purchase of a total of 505,800 containers of fluid milk, at a total price of $1,150,796.18, for delivery during September. The milk is being purchased in support of child nutrition and other related domestic distribution programs.

The purchase specifically includes 36,000 gallons and 186,300 half gallons of 1 percent milk; 111,600 gallons and 129,600 half gallons of 2 percent milk; and 18,000 gallons and 24,300 half gallons of skim milk.

A total of 80,100 containers of fluid milk were not purchased due to no bids received, USDA said. That quantity included half gallons of 1 percent milk as well as half gallons and gallons of 2 percent milk.

Contracts were awarded to:

Anderson Erickson Dairy: 3,600 gallons of 1 percent milk, at a total price of $10,485.41.

Cream-O-Land Dairy: 43,200 containers of milk, at a total price of $88,945.11.

Dairy Farmers of America (DFA): 11,700 containers of milk, at a total price of $24,301.80.

DFA Dairy Brands Fluid LLC: 23,400 containers of milk, at a total price of $52,724.40.

Foster Dairy Farms: 19,800 containers of milk, at a total price of $42,156.00.

GH Dairy, Chino, CA: 18,900 containers of milk, at a total price of $52,569.00.

Hiland Dairy Foods Company: 115,200 containers of milk, at a total price of $286,569.00.

Hollandia Dairy: 16,200 containers of milk, at a total price of $29,322.00.

HP Hood LLC: 16,200 containers, at a total price of $26,203.50.

New Dairy Opco, LLC: 50,400 containers of milk, at a total price of $122,198.40.

Prairie Farms Dairy: 109,800 containers of milk, at a total price of $236,151.00.

Royal Crest Dairy: 7,200 containers of milk, at a total price of $27,252.00.

United Dairy Inc.: 62,100 containers of milk, at a total price of 4137,925.00.

Upstate Niagara Cooperative: 8,100 containers of milk, at a total price of $13,993.56.

USDA late last week issued a solicitation seeking to purchase a total of 331,200 containers fresh fluid milk for delivery during October. The fluid milk is being purchased for use in domestic food distribution programs.

Bids are due by 1:00 p.m. Central time on Aug. 31. All offers must be submitted electronically via the WBSCM. Offerors must be active in WBSCM and have the required bidder roles in order to submit offers under this solicitation.

Under this solicitation, USDA is specifically seeking to purchase 50,400 gallons and 194,400 half gallons of 1 percent milk; and 54,000 gallons and 32,400 half gallons of skim milk.

Offerors are cautioned to bid only quantities they can reasonably expect to deliver. This is a firm fixed price solicitation.

The solicitation may show multiple stops on some line items; however, the number of stops will be limited to a maximum of three. Purchases will be made on an f.o.b. destination basis to cities listed on the solicitation.

USDA's Agricultural Marketing Service (AMS) purchases a variety of 100 percent domestically produced and processed commodity food products. These purchases support US agriculture by encouraging consumption of domestically-produced foods, USDA said. The products purchased by USDA, collectively called USDA Foods, are delivered to schools, food banks and households in communities across US.

Milk Prices Will Improve For Remainder Of 2023

Dairy Situation & Outlook - Aug 21

DR. BOB CROPP,
Professor Emeritus
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The July Class III price was $13.77, down $5.66 from $19.43 in January and $8.75 lower than $22.52 a year ago. But August will experience a price rally with Class III around $17.25.

Milk production is declining with July production 0.5 percent below a year ago. Milk production could continue below year ago levels for the remainder of the year. Milk production January through July was just 0.5 percent higher than a year ago. Milk production will also decline seasonally until fall.

June stocks of American cheese were just 1 percent higher than a yar ago and didn't increase from May. June production of Cheddar cheese was 1.1 percent lower than a year ago and total cheese production was just 0.4 percent higher.

With lower milk production and no increase in cheese stocks cheese buyers were more active in buying cheese in anticipation of possible tighter supplies ahead.

This caused cheese prices to rally. In early July Cheddar barrels were $1.3225 per pound and 40-pound blocks were $1.3525 per pound. Prices started to increase with rather big daily increases at times.

By the end of July barrels were $1.87 per pound and 40-pound blocks $1.96 per pound. Barrels have weakened slightly in August to now $1.8050 per pound. But 40-pound blocks hit $2.015 per pound on August 15 and are now $2.0075. Dry whey stayed in the $0.26 to$ 0.27 per pound price range.

Unless buyers back from purchases lowering the price of cheese Class III should reach $18 by September through December. This seems reasonable with milk production likely below a year ago for the remainder of the year, schools starting to open the end of August increasing fluid milk sales, and butter and cheese sales will be seasonally higher Thanksgiving through Christmas.

However, USDA's latest price forecast is not this optimistic. USDA forecast Class III to average $16.00 third quarter and $16.65 fourth quarter.

July milk production 0.5 percent below year ago was the result of 13,000 fewer cows, a decline of 0.1 percent and milk per cow 0.4 percent lower.

Some very hot temperatures in in the month of July put stress on milk cows.

Lower milk prices, favorable slaughter cow prices and widespread drought that may tighten forage supplies and keep feed prices relatively high this winter are encouraging heavier culling of cows from the herd. Cow slaughter thus far this year has been 5.8 percent higher than a year ago. Cow numbers declined by 3,000 June to July and by 44,000 since peaking in March.

Compared to a year ago July milk production of the five leading dairy states showed three had higher milk production and two lower production. Milk production was higher by 0.9 percent for Wisconsin, 2.0 percent for Idaho and 3.7 percent for New York, except for Wisconsin which had 3,000 fewer cows, cow numbers were higher for Idaho and New York.

Milk production was lower by 5.5 percent for California and 4.3 percent for Texas. Both states have fewer cows and lower milk per cow. Other states with relatively high increases in milk production were South Dakota 7.5 percent, Indiana 4.1 percent, Michigan 4.1 percent, Georgia 3.6 percent, Ohio 3.0 percent, Arizona 2.7 percent, and Iowa 2.2 percent. Two other states with rather large decreases in milk production were Oregon 4.8 percent and New Mexico 9.1 percent.

While fluid (beverage) milk consumption continues to run more than 2 percent below a year ago the consumption of butter and cheese has been higher resulting in higher total use of milk.

Last year dairy exports were a record and added strength to milk prices. This year dairy exports continue to be below year ago levels. The volume of June exports on a milk solids equivalent basis was 13 percent lower than a year ago, the fourth consecutive monthly decrease.

Compared to June a year ago cheese exports were 19 percent lower, dry whey exports 34 percent lower, butter exports 60 percent lower but nonfat dry milk/skim milk power exports were 2 percent higher.

On a milk solids equivalent basis, the volume of exports January through June was 5 percent lower than a year ago.

With United States prices of butter and cheese increasing and world prices declining US is less price competitive on the world market. Currently, except for dry whey the price of butter, cheese and nonfat dry milk/skim milk power are higher than world prices.

Exports could remain below a year ago for the remainder of the year.

In summary milk prices will improve for the remainder of the year but with feed prices still on the high side operating margins remain tight for dairy producers. It has been a tough year for dairy producers.

Producers who are signed up with the Margin Protection Coverage Program or are using other price risk management tools have fared better. BC

FROM OUR ARCHIVES

50 YEARS AGO

Aug. 24, 1973: Chicago—The National Cheese Institute announced that the present milk supply situation, coupled with increased consumer use, could result in a supply shortage of Cheddar. The recent price freeze and subsequent special rules for food have worked to drastically reduce total milk production and availability of milk for cheese.

Chicago—Kraft Foods has started rationing natural and processed cheese products to all classes of US customers, including retailers. Rationing is due to the decline in milk production and increased demand for cheese and other dairy products.

25 YEARS AGO

Aug. 21, 1998: Green Lake, WI—Pending and potential changes in dairy-derived ingredients used in natural cheesemaking will greatly change how cheese is produced in the US in the coming years, said Rusty Bishop, director of the Center for Dairy Research. Currently, US standards allow three things in cheese: milk, cream and dried milk.

Washington—Almost 25 years after it was first proposed that limiting salt will lower high blood pressure and help prevent heart disease, experts are staunchly divided on the issue. Dozens of studies have been done on the effect of sodium chloride, but their interpretation creates great disagreement.

10 YEARS AGO

Aug. 23, 2013: New York—To educate consumers on milk's high-quality protein, the Milk Processor Education Program launched its Protein Fight Club campaign. Video and print media depict milk in a series of humorous breakfast battles, showing how milk's protein dominates the competition.

Syracuse, NY—A Camembert entry from Old Chatham Sheepherding Company, Chatham, NY, earned Grand Champion honors at the New York State Fair Dairy Products Competition. Old Chatham's Camembert received a score of 98.00 in the Open Class – Other Milk category.

China's Dairy Demand Growth Expected To Outpace Milk Production

Utrecht, Netherlands—China's self-sufficiency rate in dairy swings between 70 percent and 80 percent and will likely not increase substantially between now and 2032, as domestic dairy production will not satisfy rising demand in the long run, according to a new report from Rabobank.

Amid a robust national push for food security and food safety, China has invested substantially in domestic dairy production, the report noted. China's milk production tripled in the last 20 years, from 13 million metric tons in 2002 to almost 39.3 million metric tons in 2022, with volumes expanding at a compound annual growth rate (CAGR) of 5.7 percent.

This year, China is poised to become the world's third-largest producer of cow milk.

Rabobank forecasts China's milk supply to expand from 41.5 million metric tons in 2023 to 47.4 million metric tons liquid milk equivalent (LME) in 2032, with an average CAGR of 1.5 percent by volume.

Meanwhile, Chinese dairy consumption registered a 6.4 percent CAGR between 2002 and 2022, increasing from 14.2 million metric tons in 2002 to 48.9 million metric tons in 2022.

China's milk production growth has trailed consumption growth over the last two decades. However, recent broader consumption indicators like consumer confidence and unemployment are still bleak, the report said. On an annualized basis, dairy consumption growth has been underperforming the 6.4 percent long-term consumption growth rate since 2022.

As a result, China's dairy demand recovery has yet to offset strong domestic milk production growth of 7.1 percent (CAGR from 2019 to 2022, by volume). Supply growth may take longer than expected to respond to weakening milk prices and comparatively higher feed costs, the report said.

Market rebalancing continues due to ample production growth, the absorption of large carryover stocks, and a period of softer consumer demand growth. Therefore, China's annual import deficit is estimated at 11.9 million metric tons LME in 2023, around a 15 percent decline over 2022 net import volumes.

China's Supply, Demand Outlook

In its long-term assessment, Rabobank expects market rebalance to occur, with demand-based production remaining the key focus for the Chinese dairy industry and allied sectors.

Looking further ahead to 2032, Rabobank sees a range of supply and demand forces, and scenarios, that will impact China's import deficit. The size and growth of this import deficit will shape global markets over that period.

In Rabobank's baseline scenario, China will continue to have a significant role in the global dairy trade, with a further widening of the import deficit expected. China's net import volume of dairy products will grow at a CAGR of 2.4 percent, from 11.9 million metric tons this year to 15 million metric tons LME by 2032.

There are several swing factors that could affect the supply and demand outlook, taking it away from Rabobank's baseline scenario forecast.

Weaker-than-expected economic and income growth, consumer confidence, and spending patterns could translate to sluggish consumer demand, an obvious downside to dairy consumption, the report noted.

On the other hand, better economic and disposable income growth, more government incentives, or further changes to national dietary guidelines supporting a higher daily intake of dairy products would likely lead to demand growth outperforming the base-case scenario.

Rabobank's baseline scenario of supply growth is built upon natural resource constraints (i.e., limited supply of both land and water), weaker milk prices, and a higher cost of production (COP) leading to margin pressure on dairy farms and, in return, slower production growth.

However, China aims to have a higher self-sufficiency rate, a lower COP, and substantial investments in domestic productivity improvements, including breeding technology, feed efficiency, animal genetics, and the digitalization of large-scale farms. If China achieves these ambitions, it could sway supply growth higher than in the baseline scenario, the report said.

Alternative Scenarios Examined

It is therefore useful, the report continued, to examine supply and demand under alternative scenarios, where China's supply and demand outlook would see the forecast annual import deficit coming in between 8 million metric tons and 19.2 million metric tons in 2032.

Under an optimistic scenario, dairy production and consumption will grow at CAGRs of 4 percent and 5 percent, respectively, to reach 59.1 million metric tons and 78.3 million metric tons LME by 2032.

In other words, the net import of dairy products will increase by a 5.4 percent CAGR, from 11.9 million metric tons LME in 2023 to around 19.2 million metric tons LME in 2032.

Under a moderate scenario, Rabobank expects milk production and consumption to grow at CAGRs of 2.5 percent and 1.9 percent, respectively, achieving 51.8 million metric tons of production and 59.6 million metric tons in volume sales, respectively, by 2032.

This leavs around an 8 million metric ton LME gap to be filled by net imports in 2032. Based on 11.9 million metric tons LME of net imports in 2023, this would represent a decline by a 4.7 percent CAGR.

China is on pace to rank as the third-largest cow milk-producing country this year, the report noted. Despite its high global ranking in milk production, China remains the largest dairy importer due to its large population, which continues to grow its per capita dairy consumption.

And there's "significant opportunity" to grow domestic per capita consumption further, the report stated.

For example, China's current per capita consumption of dairy products is 35 kilograms per person (in terms of LME). This is one-third of the global average and half that of its Asian peers in South Korea and Japan.

Per capita consumption has ample room to grow. Multiply the per capita consumption by 1.4 billion people, and China's pivotal role in global dairy markets "becomes crystal clear," the report said.

China's self-sufficiency rate swings between 70 percent and 80 percent and will likely not increase substantially, as domestic dairy production will not satisfy rising demand in the long run, the report noted.

As a result, China will remain heavily engaged in the global dairy trade as its import gap widens, according to the report.

But there are some key factors to watch that may impact the import gap, particularly on the domestic supply side, the report added. For example, substantial investments in productivity and cost-efficiency improvements could further reduce China's reliance on imports, particularly of milk powders that are typically used to produce flavored milk drinks and infant and adult milk powders.

Milk Output Falls

(Continued from p. 1)

California's June milk production was revised down by 2 million pounds, so output was down 1.3 percent from June 2022, rather than down 1.2 percent as initially estimated.

Wisconsin's milk production totaled 2.76 billion pounds, up 0.9 percent from July 2022, due to 3,000 fewer milk cows but 25 more pounds of milk per cow. Wisconsin's June milk output was revised up by 4 million pounds, so production was up 1.2 percent from June 2022, rather than up 1.0 percent as originally estimated.

Idaho's milk production totaled 1.5 billion pounds, up 2.0 percent from July 2022, due to 13,000 more milk cows but unchanged output per cow.

Idaho's June milk production was revised up by 5 million pounds, so output was up 2.3 percent from June 2022, rather than up 1.9 percent as initially estimated.

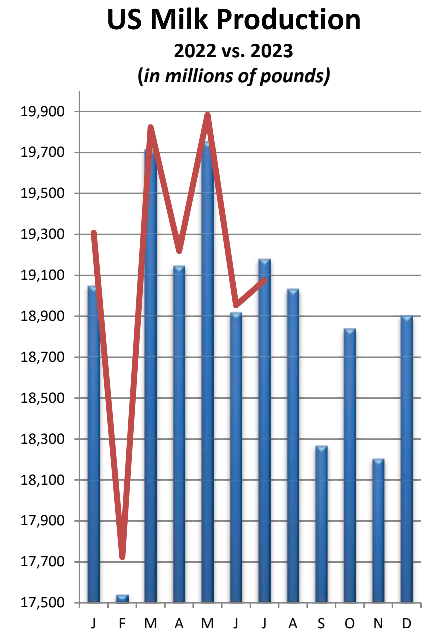
New York's milk production totaled 1.39 billion pounds, up 3.7 percent from July 2022, due to 7,000 more milk cows and 55 more pounds of milk per cow. New York's June milk output was revised up by 3 million pounds, so production was up 3.6 percent from June 2022, rather than up 3.4 percent as originally estimated.

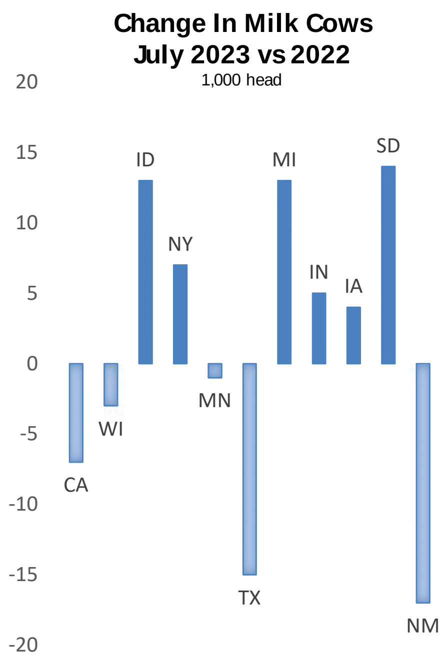
July milk production in Texas totaled 1.32 billion pounds, down 4.3 percent from July 2022, due to 15,000 fewer milk cows and 45 less pounds of milk per cow. Texas's June milk production was revised up by 28 million pounds, so output was down 3.0 percent from June 2022, rather than down 5.0 percent as initially estimated.

Michigan's July milk production totaled 1.04 billion pounds, up 4.1 percent from July 2022, due to 13,000 more milk cows and 25 more pounds of milk per cow. Michigan's June milk output was revised up by 7 million pounds, so production was up 3.9 percent from June 2022, rather than up 3.2 percent as originally estimated.

Minnesota's July milk production totaled 904 million pounds, up 0.3 percent from July 2022, due to 1,000 fewer milk cows but 10 more pounds of milk per cow. Minnesota's June milk production was revised down by 8 million pounds, so output was up 0.7 percent from June 2022, rather than up 1.6 percent as initially estimated.

July milk production in Pennsylvania totaled 829 million pounds, down 0.8 percent from July 2022, due to 1,000 fewer milk cows and 10 less pounds of milk per cow. Pennsylvania's June milk output had been down 1.1 percent from June 2022.





Milk Production by State

STATE	July 2022 millions of lbs	July 2023 millions of lbs	% output change	Change Cows
California	3521	3327	-5.5	-7000
Wisconsin	2735	2760	0.9	-3000
Idaho	1462	1491	2.0	13000
Texas	1381	1321	-4.3	-15000
New York	1336	1386	3.7	7000
Michigan	997	1038	4.1	13000
Minnesota	901	904	0.3	-1000
Pennsylvania	836	829	-0.8	-1000
New Mexico	593	539	-9.1	-17000
Washington	532	530	-0.4	1000
Iowa	491	502	2.2	4000
Ohio	467	481	3.0	4000
Colorado	457	449	-1.8	-3000
Arizona	375	385	2.7	3000
Indiana	366	381	4.1	5000
South Dakota	361	388	7.5	14000
Kansas	348	340	-2.3	-3000
Oregon	228	217	-4.8	-6000
Vermont	216	215	-0.5	NC
Utah	190	186	-2.1	-2000
Georgia	167	173	3.6	NC
Florida	154	153	-0.6	-4000
Illinois	142	142	-	-1000
Virginia	117	118	0.9	-1000

New Mexico's July milk production totaled 539 million pounds, down 9.1 percent from July 2022, due to 17,000 fewer milk cows and 70 less pounds of milk per cow. New Mexico's June milk output had been down 7.1 percent from June 2022.

Washington's July milk production totaled 530 million pounds, down 0.4 percent from July 2022, due to 1,000 more milk cows but 15 less pounds of milk per cow. Washington's June milk production was revised down by 2 million pounds, so output was down 1.1 percent from June 2022, rather than down 0.8 percent as originally estimated.

All told for the 24 reporting states in July, compared to July 2022, milk production was higher in 12 states, with those production increases ranging from 0.3 percent in Minnesota to 7.5 percent in South Dakota; lower in 11 states, with those declines ranging from 0.4 percent in Washington to 9.1 percent in New Mexico; and unchanged in Illinois.

IFF Completes New North American Creation, Design Center In Kansas

New Century, KS—IFF recently announced the completion of its new North American Creation and Design center in New Century, KS.

The IFF Creative Center brings together the company's flavor and ingredient expertise with its food design capabilities to better support the growth of the region's food industry.

The infrastructure upgrade includes the addition of two new flavor creation labs, the expansion of existing food application design labs for dairy, bars, culinary and bakery, and a new lab solely for pet food development.

The New Century facility is now the company's second largest creative center in North America and houses 10 labs, and six state-of-the-art pilot plants, which serve two purposes: providing better customer support and enhancing innovative product development.

The two flavor creation labs, for sweet and savory flavors, mark the first time flavorists will be based at the New Century facility. The expert flavorists will develop alongside the dairy, bakery, bars, culinary and pet food product application and design teams.

"Our capability expansion in New Century provides a significant advantage to our customers," said Carmen Cain, regional president for IFF's Nourish division.

Tillamook Creamery Introduces Frozen Mac & Cheese, Pizza

Tillamook, OR—Tillamook County Creamery Association (TCCA) on Wednesday announced its entry into a new product category with the addition of frozen macaroni and cheese and frozen pizza.

Tillamook Mac & Cheese brings together al dente jumbo macaroni noodles, creamy sauces, toppings and Tillamook's award-winning cheeses. Available in single-serve and multi-serve sizes, there are three flavor varieties:

Classic Cheddar: Based on the recipe served at the Tillamook Creamery, each bite is filled with a creamy sauce of Tillamook medium and sharp Cheddar cheeses topped with more Tillamook Farmstyle Shredded Cheese and the crunch of crushed pretzel and herbs.

Sharp Cheddar & Uncured Bacon: A velvety sauce of Tillamook aged sharp white Cheddar and Monterey Jack cheese is topped with more Tillamook Farmstyle Shredded Cheese, uncured bacon bites and crispy onions.

Cheddar & Hatch Chile: A smooth sauce made of Tillamook aged sharp white Cheddar and Jack cheeses is topped with more Tillamook Farmstyle Shredded Cheese, Hatch green chilies and crispy cornbread crumbles.

Tillamook Crispy Stone-Fired Pizza is available in four flavor varieties: Cheesy Uncured Pepperoni, Three Cheese, Three Cheese Supreme, and Cheesy BBQ Chicken.

Tillamook Mac & Cheese is available now at select Target and Walmart locations, and Tillamook Crispy Stone-Fired Pizza will be available in October at select retail locations.

"Our new products truly spotlight and celebrate our bold, award-winning cheeses," said Josh Archibald, executive chef of culinary development, TCCA. "The entire culinary team worked hard to create these recipes, so they taste like a meal you'd enjoy at the Tillamook Creamery, now in the comfort of your own home."

"At the Tillamook Creamery, we serve the most decadent Mac & Cheese you've ever enjoyed," said Steve Marko, senior director of research and development, TCCA. "It's become a staple on our menu and folks travel from miles around to get a taste; to say it's a fan favorite is an understatement.

"We couldn't be more excited to bring that very special, sought-after recipe to the masses with our new line of Mac & Cheese," Marko added.

DDP Final Rule

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thus the rule makes corresponding changes to the regulations.

The Consolidated Appropriations Act of 2021 authorized USDA to establish a program to reimburse dairy organizations for donated dairy products to nonprofit organizations for distribution to recipient individuals and families.

That interim final rule provided a 60-day comment period, which ended Nov. 1, 2021. Four comments were received, some of which requested consideration of changes to DDP provisions.

The final rule makes minor changes to the provisions of the DDP. Program provisions are intended to encourage the donation of dairy products and to prevent and minimize waste.

Program eligibility continues to be open to eligible dairy organizations (EDOs), defined as dairy farmers (either individually or as part of a cooperative) or dairy processors that meet the following conditions: account to a FMMO marketwide pool; and incur a qualified expense.

The final rule finds that accounting to an FMMO marketwide pool can be satisfied by an entity submitting a report once to any FMMO office. EDOs can contact their local FMMO office or access the DDP website to determine the FMMO office where the report should be filed.

EDOs incur a qualified expense by either purchasing a fluid milk product (raw milk, skim milk, cream, or concentrated fluid milk products) for processing into an eligible dairy product or purchasing bulk dairy commodity product for further processing into an eligible dairy product.

Dairy processors often buy fluid milk products for processing into dairy products, and also purchase bulk dairy commodity products, such as 40-pound cheese blocks, for further processing into retail packages. The DDP is intended to facilitate these types of product donations.

Therefore, in addition to processors who buy fluid milk products for processing, the DDP allows secondary processors who purchase and further process bulk commodities for donation to qualify as an EDO. To be considered an EDO, a secondary processor also needs to account to an FMMO marketwide pool.

Once these two conditions — accounting to an FMMO and incurring a qualified expense — are met, EDOs participate in the program by forming partnerships with eligible distributors and then submitting a Dairy Donation and Distribution Plan to AMS for approval. Upon Plan approval, EDO's can submit a Reimbursement Claim Form to receive reimbursement for donations. The DDP reimburses EDOs for some of the following:

Input costs: milk equivalent of either a fluid milk product or a bulk dairy commodity product used in the eligible dairy product. For processors purchasing and processing fresh fluid milk products, the DDP will reimburse for the FMMO-minimum classified value applicable on the date of production for fresh fluid milk products used to make donated eligible dairy products.

The DDP does not reimburse for powders and other dry dairy products used as an ingredient in eligible dairy products (for example, powder used to fortify cheeses or ice cream). Dry milk powders in retail packaging continue to be considered eligible dairy products under the DDP.

Secondary processors buying bulk dairy products for further processing and donation will continue to be reimbursed at the classified use value applicable for the month the eligible dairy product was processed into the consumer-type package. The reimbursed value represents the milk-equivalent market price of the bulk dairy product at the time of conversion into an eligible dairy product.

Manufacturing costs: To encourage dairy product donations, the final rule continues to reimburse for some of the manufacturing costs incurred to convert fluid milk products into eligible dairy products. These manufacturing costs are reimbursed at the make allowance levels contained in the FMMO uniform pricing formulas.

During the first year of administering the DDP, USDA experienced fluid milk processors choosing not to participate because the reimbursement rate was too low. The final rule finds that the manufacturing cost reimbursement for Class I products should be increased.

Transportation costs: The DDP aims to facilitate timely donations and reduce food waste; therefore, the final rule continues to find the DDP should cover part of the transportation costs from the EDO to the eligible distributor.

As the reimbursement value is paid to the EDO, the DDP only reimburses for transportation if the EDO incurred the expense. If donated eligible products are picked up from the plant by the eligible distributor, no transportation reimbursement will be paid.

Wells Announces Expansion Of New York Ice Cream Manufacturing Plant

Dunkirk, NY—Wells Enterprises on Tuesday announced plans for the expansion of its Dunkirk, NY, manufacturing facility, which the company said underscores its commitment to long-term growth and leadership in the ice cream category.

The Dunkirk manufacturing facility plays an important role in the company's expansion plans for its national manufacturing network of its Blue Bunny, Halo Top, Bomb Pop and Blue Ribbon Classics brands. Wells also operates two manufacturing plants in Le Mars, IA, where it is headquartered, as well as a manufacturing facility in Henderson, NV.

The expansion is anticipated to more than double the facility's current production output and help support the company's continued plans for growth in novelty and packaged ice cream, while enabling future innovation.

Construction will begin on the new facility in the last quarter of 2023. It will include all new production lines, cold storage, and administrative office space. Wells will continue to manufacture ice cream products in the existing facility while construction of the new plant is underway.

Wells Enterprises expects the project, with the necessary approvals and in collaboration with local and state officials, to be operational by late 2025.

New York state is supporting the project with up to $10 million in Excelsior Jobs Program tax credits and a $6 million grant from Empire State Development in exchange for job creation and capital investment commitments. The Chautauqua County Industrial Development Agency is also working with the management team of Wells to provide the support necessary for company executives to officially greenlight the project.

The project will allow the company to add more than 200 new jobs and retain 401 existing full-time jobs.

"We are extremely excited to build on the strength of our team in Dunkirk and continue to work with the community to grow and expand our operations here. The investment in Dunkirk illustrates our passion to provide high-quality premium ice cream products that bring joy to consumers around the world," said Liam Killeen, CEO of Wells Enterprises, which was acquired late last year by Ferrero Group.

"The planned expansion also reinforces our dedication to our team, consumers, and the community as a critical part of the long-term future of our company," Killeen added.

"The planned expansion of the Dunkirk facility follows our team's continued strong performance over the last several months. That, coupled with the continued growth plan for our brands and the category overall makes expanding our Dunkirk facility the right choice for Wells," said Mark Meyer, COO of Wells Enterprises."We are extremely grateful for the partnerships with Empire State Development, Chautauqua County Industrial Development Agency, and the City of Dunkirk as their support remains critical to take us over the finish line on this incredibly exciting project."

WDE Dairy Contest

(Continued from p. 1)

our plant in Turtle Lake, Wisconsin," said Gary Gosda, plant manager at Lake Country Dairy.

"For contests, we pride ourselves on entering the exact cheeses we sell to our customers every day," Gosda continued. "This is a great honor for all the employees at the plant that make this possible by their dedication, passion and hard work. I am extremely proud of our team."

"We are incredibly proud that our 2% white milk, produced here in Norman, was named the Grade A Grand Champion at the 2023 World Dairy Expo Championship Dairy Product Contest," said Ron Clark, general manager, Hiland Dairy, Norman, OK. "Our milk beat out other flavorful dairy products in the category, like dips, sour cream, yogurt, and cottage cheese. This is a testament to our commitment to taste, quality, and freshness, proving our milk is the best of the best."

"We are greatly honored and humbled by this news of our Raspberry Cheesecake Frozen Yogurt winning Grand Champion in the ice cream category this year," said Dave Rapson, owner of Country View Dairy Farmstead Creamery, Hawkeye, IA.

"We know there are many great ice cream makers in this competition," Rapson said. "This didn't happen overnight; our frozen yogurt recipe has been a labor of love and team effort and makes all of our hard work every day worth it. Kudos to our team of dedicated employees in the creamery!"

"As the dairy industry continues to grow and innovate, this contest provides a great way for processors to not only showcase and promote their products, but also learn from the feedback they get from the judges" said Dr. Bob Bradley, the head contest judge. Bradley, an emeritus professor in the University of Wisconsin-Madison Food Science Department, has been involved with the championship contest since its inception and has trained many other judges over the years.

Winters noted that the WDPA World Dairy Expo Dairy Products Contest, the Wisconsin Cheese Makers Association's Championship Contests, and the Wisconsin State Fair Dairy Products Contest all highlight the dynamic dairy industry and why Wisconsin is known as America's Dairyland.

"We all provide great opportunities for these incredible companies to compete, learn from each other and promote their products," Winters said.

"The chance of winning the championship is a great incentive for dairies around the country to develop new and innovative products that are excellent in quality, taste, and presentation," commented Stacy Wand, general manager of Prairie Farms Dairy and president of the WDPA board.

The grand champions and the first, second and third place winners for each class will receive their trophies, medals and ribbons at an award reception and auction on Tuesday, October 3, as part of the World Dairy Expo in Madison. The first-place winner's products are auctioned off that evening, with proceeds going to scholarship programs focused on dairy education.

For more information about the contest or auction, visit *www.wdpa.net*, phone (608) 836-3336 or email *info@wdpa.net*.

Editor's Note: First, second and third place winners will be covered in next week's edition.

Arla, Brenntag Group Sign Deal To Boost Chinese Nutrition Business

Beijing, China—Arla Foods Ingredients and Zhongbai Xingye Food Technology (Beijing) Co., Ltd., have signed a new distribution agreement to serve the Chinese food and nutrition markets.

Zhongbai is part of the Brenntag Group, a global leader in chemicals and ingredients distribution. It has a long-standing working relationship with Arla Foods Ingredients, which offers a range of food and nutrition ingredient solutions in China and globally.

The new agreement, which is effective immediately, will cover the full range of Arla Foods Ingredients' business units, focusing on solutions for three key segments:

Infant nutrition: With Chinese parents increasingly demanding premium products, the partnership will focus on helping manufacturers improve the nutritional profile of formula and other products for infants and toddlers.

Performance nutrition: There is high potential for further growth in China's performance nutrition market, which includes sports nutrition, nutrition for seniors, and dietary supplements.

Food and beverage: The two companies see strong growth potential in segments such as bakery and beverages.

The collaboration between the two companies includes a jointly funded Innovation & Application Center in Zhongbai's Beijing facility, where China-specific formulations are developed. As part of the new agreement, it will be expanded with additional application-specific capabilities, increasing the potential for products tailored to local market needs.

"Demographic changes in China have increased the demand for high-quality products, particularly in the infant nutrition and performance nutrition spaces," said Luis Cubel, commercial director of Arla Foods Ingredients, a subsidiary of Arla Foods. "This agreement will help us adapt, and make our offering to Chinese markets even stronger.

"This is an agreement that builds on some very solid foundations," said Michael Friede, CEO of Brenntag Specialties. "We have a great working relationship with Arla Foods Ingredients, whose expertise, capacity and understanding of market needs has helped both companies grow in China.

Headquartered in Essen, Germany, Brenntag has more than 17,500 employees worldwide and operates a network of about 600 sites in 72 countries.

FDA Selects 1st Deputy Commissioner For Proposed Human Foods Program

Silver Spring, MD—The US Food and Drug Administration (FDA) on Wednesday announced the selection of James "Jim" Jones to serve as the first Deputy Commissioner for Human Foods.

The new executive position will lead the charge in setting and advancing priorities for a proposed unified Human Foods Program (HFP).

Program areas would include food safety, chemical safety and innovative food products, including those from new agricultural technologies, as well as nutrition to help reduce diet-related diseases and improve health equity.

Jones is scheduled to begin at the FDA on Sept. 24.

For over 30 years, Jones has held various positions in the US Environmental Protection Agency (EPA), stakeholder community and private industry where he has managed teams and provided strategic planning and thought leadership around issues related to chemical safety and sustainability in the environment. His work has focused on lessening the impact that chemicals and pollution have on the US food supply.

Jones was a member of the Reagan-Udall Foundation's Independent Expert Panel for Foods, which submitted a report last December on the operational evaluation of FDA's Human Foods Program.

"I'm delighted to welcome Jim to the FDA. His impressive career, extensive leadership experience, and passionate vision for the future of the Human Foods Program make him an ideal selection for this pivotal position," said FDA Commissioner Robert M. Califf, M.D. "Our proposed reorganization is the largest undertaking of its kind in recent history for our agency.

"I'm confident that under Jim's leadership, we will build a stronger organization that will be integrated with other components of the FDA and focused on keeping the foods we regulate safe and nutritious, while ensuring the agency remains on the cutting edge of the latest advancements in food science and nutrition," Califf added.

In the role of Deputy Commissioner for Human Foods, Jones will report directly to Califf. He will exercise decision-making authority over all HFP entities when the reorganization is in effect, including related Office of Regulatory Affairs (ORA) activities.

Jones will provide executive leadership over the entire program as well as over resource allocation, risk-prioritization strategy, policy, and major response activities involving human foods. The leadership for Center for Food Safety and Applied Nutrition (CFSAN) and Office of Food Policy and Response (OFPR) will report to Jones until the proposed HFP reorganization is implemented.

"I am very excited about the opportunity to serve as the first Deputy Commissioner for Human Foods at the FDA. I had the pleasure of serving on the expert panel that provided operational recommendations for the FDA's foods-related activities, and I now look forward to helping the agency realize its vision for the proposed Human Foods Program, including carrying out important nutrition initiatives to improve the health of our country," Jones said.

The International Dairy Foods Association (IDFA) applauded Califf's appointment of Jones as the first Deputy Commissioner for Human Foods.

"Jim's vast government leadership experience uniquely qualifies him to navigate the transformational change FDA needs to elevate, unify, and shape the Human Foods Program for the future," said Roberta Wagner, senior vice president of regulatory and scientific affairs at IDFA. "IDFA supports his appointment, and we will look forward to opportunities to work with Jim to prioritize stakeholder engagement and enhance transparency across the FDA's Human Foods Program."

"Jones embodies the management qualifications the industry and stakeholders have been asking for to ensure FDA can properly deliver on its mission of protecting consumer health and safety. We commend Commissioner Califf on this hire and are encouraged that this is a step toward modernizing the agency so it can move at the speed of the consumer," said Sarah Gallo, vice president of product policy at the Consumer Brands Association.

"Jones enters the agency at a critical time for consumers and the industry with a number of important and impactful issues under consideration that deserve attention and engagement, from front-of-pack labeling to defining 'healthy' to chemicals management," Gallo continued.

Alan Reed, Reed's Dairy Receives IMPA Hall Of Fame Honor

Alan Reed of Reed's Dairy (center in photo) was inducted into the Idaho Milk Processors Association's (IMPA) Hall of Fame earlier this month during the IMPA annual meeting. With Reed, from left to right, are IMPA peers and board members Daragh Maccabee, Idaho Milk Products; Russ De Kruyf, Glanbia Nutritionals; Reed; Jay Astle, Dubois Chemicals; and Mike Ragsdale, Idaho Milk Products and current IMPA president. Reed has attended every IMPA meeting since his first in 1983 and has served as president of the association in 1995 and 1996.

Sun Valley, ID—Alan Reed of Reed's Dairy, Idaho Falls, ID, received the Idaho Milk Processors Association's (IMPA) highest honor - entrance into the IMPA Hall of Fame, August 11 in Sun Valley, ID.

Reed received the award in front of his family, friends, peers and attendees of the IMPA's annual meeting.

Reed, who attended his first IMPA meeting in 1983, is being honored for his many years of service to the Idaho dairy industry and to the IMPA.

In the 40 years since he first attended, he has not missed an IMPA annual meeting and during that time, has served as president, vice president, board member, audit committee member and helped establish and chaired the association's popular New Dairy Product Contest.

"He is a great advocate for students and education," said Jay Astle in introducing Reed.

The competition provides the opportunity for dairy and food science students to create new, innovative products, each using a variety of dairy products.

"Alan Reed has helped to make our industry strong by serving the people of Idaho and our dairy industry well," said Mike Ragsdale, current president of the IMPA. "The IMPA board of directors are honored to induct Alan Reed into our Hall of Fame in celebration of all his achievements."

For information on the IMPA Hall of Fame, visit: *www.impa.us/hall-of-fame*

PERSONNEL

Glanbia plc has tapped HUGH McGUIRE as its new CEO, effective Jan. 1, 2024. McGuire succeeds SIOBHÁN TALBOT, who is stepping down after 10 years as group managing director. McGuire was named CEO of Glanbia's performance nutrition business in 2008. He joined the company in 2003 as CEO of Glanbia Customized Solutions, and has held several senior leadership positions since then.

CARLOS ABRAMS-RIVERA has been named CEO of the **Kraft Heinz Company**, effective Jan. 1, 2024. Abrams-Rivera succeeds Miguel Patricio, who has served as the company's CEO since 2019 and board chairman since 2022. Patricio will transition to the role of non-executive chair of the board on Jan. 1, 2024. Abrams-Rivera most recently served as executive vice president and president of the Kraft Heinz North American Zone, responsible for overseeing the company's US and Canadian operations. He will continue in this role, with the added responsibilities of becoming president of Kraft Heinz, effective immediately.

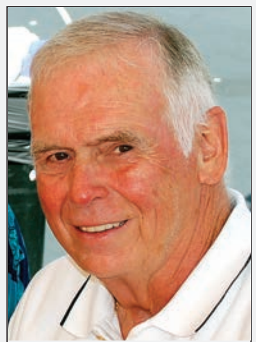
CHRISTIE HALE has joined **Kelley Supply** as a purchasing specialist, working out of the company's headquarters in Colby, WI. Hale recently retired from the US Marine Corps after almost 20 years of service, during which she was deployed all over the world including Iraq, the Arabian Gulf, Singapore, Australia, Japan, and Hong Kong. Hale also has previous job experience in supply chain and logistics.

The **Wisconsin Department of Agriculture, Trade & Consumer Protection (DATCP)** announced that STEVE INGHAM will begin serving as interim administrator for DATCP's Division of Food & Recreational Safety, effective Aug. 28. Ingham previously served in this capacity for more than 10 years before retiring in 2022. During that time, the Division's manufactured foods regulatory program was the first to meet the US Food & Drug Administration's (FDA) national standards. Ingham will lead as interim administrator until the position is filled.

OBITUARIES

Jed Davis, 62, of Hermitage, PA, passed away unexpectedly Saturday, Aug. 19, 2023, from injuries sustained in a motorcycle accident. Davis spent many years in the dairy industry, most recently working as dairy advisory services leader for Herbein + Company, Inc. Before joining Herbein in 2021, Davis worked for Dean Foods over the course of 20 years, serving as general manager for five dairy processing facilities in Pennsylvania, Ohio and West Virginia. He also held leadership roles on several industry boards throughout his career, including the Pennsylvania Association of Milk Dealers, National Ice Cream Mix Association and the Manufacturers Association of Northwest Pennsylvania.

Leo Zehren, 88, third-generation cheese maker, passed away Friday, Aug. 18, 2023. Zehren and his six siblings grew up in the residence above the White Lily Cheese Factory in Shiocton, WI. He earned his cheese maker's license at 16. Leo, his wife Janet and Leo's brother John purchased Tracy Corners Cheese Factory and successfully operated this business for 10 years. In 1967, he became assistant plant manager at the Lake-to-Lake Cooperative butter/powder plant in Denmark, WI. Two years later, he was named plant manager and converted the facility to a 640 Cheddar plant. Zehren also led the 1998 transition of production from Cheddar cheese to Mozzarella. He served on the original board of directors for the development of the Wisconsin Master Cheesemaker Program. Leo Zehren earned the prestigious H.P. Mulloy Award in 1997, and also received the Vanguard Award from the Wisconsin Cheese Makers Association (WCMA) in 2017 for a lifetime of achievement.



Leo Zehren

Warren Bartelt, 93, passed away Aug. 16, 2023. A job as a milk hauler eventually led to the launch of his cheesemaking career, joining the Corn Belt Cheese Factory in Hamburg, WI, in 1959. Bartelt transitioned to Wisconsin River Valley Cheese, Wausau, WI, which eventually became the InoFood Corporation and then Rondelé/Kraft Foods, Inc., where Bartelt served as a production/personnel manager until his retirement in 1992.

Contact Moira Crowley with your notice to the industry by emailing mcrowley@cheesereporter.com.

Hearing Begins

(Continued from p. 1)

pricing related and are directly responsive to the potential amendments proposed by other entities to the current pricing provisions applicable to all FMMOs.

MIG Proposal 6 "expressly ties to pricing"; that is, under MIG Proposal 6, certified organic milk would have to meet specific pricing constraints on a non-classified basis and then would be eligible for an exemption from pooling, MIG noted in its objection.

And MIG said its ESL shrinkage provision is "undoubtedly pricing related"; it is a proposal about the price applicable to different levels of shrink.

National All-Jersey objected to USDA's decision to exclude two of its proposals and moved to have evidence concerning the proposals entered into the hearing record.

NAJ's Proposal 2 seeks to amend the four FMMOs that currently use skim and butterfat pricing to use multiple component pricing (MCP) to price Classes II, III, and IV milk. According to USDA's letter denying that proposal, Proposal 2 seeks a regional, not national, pricing change.

But in a July 13 letter to USDA, NAJ "made clear" that it intended to amend the uniform provisions in order to extend MCP for Classes II, III, and IV across all orders, NAJ said in its objection. USDA's reason for excluding NAJ Proposal 2 is not supported in light of NAJ's July 13 letter, and no other reasons for the decision to exclude NAJ Proposal 2 were offered. Therefore, it follows that USDA's decision to exclude Proposal 2 was "arbitray and capricious," NAJ stated.

Since NAJ Proposal 3 (extending MCP to Class I pricing in all FMMOs) was excluded as being premature given that MCP for manufacturing classes was not in place nationally, USDA's decision to exclude NAJ Proposal 2 is the reason for the exclusion of NAJ Proposal 3, thus making the exclusion of NAJ Proposal 3 "improper" to the same extent that the exclusion of NAJ Proposal 2 is not proper, NAJ explained.

Milk Composition

Proposal 1 considered at the hearing, submitted by National Milk Producers Federation (NMPF), seeks to amend the milk component factors in the Class III and ClassIV skim milk price formulas.

Testifying in support of that proposal was Peter Vitaliano, NMPF's vice president, economic policy and market research. He explained that this proposal would increase the milk component factors in the Class III and Class IV skim milk price formulas and provide a method for updating them periodically to reflect anticipated continued increases in the average milk component composition in the future.

The order skim milk price formulas were constructed in federal order reform to be reflective of the content of the skim portion of producer milk, Vitaliano noted. Over the course of 23 years, the milk component content has increased through improved genetics, better feeds and feeding practices, and better cow comfort management, among other factors.

For manufacturing class prices in federal orders with MCP, increases in milk component levels are reflected in Classes II, III and IV prices and pool values because federal orders with MCP price every pound of skim components, not skim milk, Vitaliano said. However, the recognition of these higher component tests has not occurred in determining Class I skim milk prices in all orders and determining Class II, III and IV prices in the Southeast, Appalachian, Florida, and Arizona.

NMPF is proposing that the skim component factors in the skim milk price formula be increased to equal the weighted average nonfat solids, true protein and other solids factors for milk pooled on federal orders, Vitaliano explained. The data to be used are USDA's average component tests of producer milk in all federal orders during calendar year 2022.

For producer skim milk, these average component factors are protein 3.39, other solids 6.02, and nonfat solids 9.41. Implementation of the new skim milk factors would occur 12 months after adoption of the order updating the skim factors, Vitaliano said.

To ensure this "progressive misalignment" in skim component factors does not recur, NMPF is also proposing that the pricing factors be updated regularly, no less than every three years.

No change could occur until the weighted average of the nonfat solids component in the skim portion of milk pooled on federal orders for the prior three years changes by at least 0.07 percentage points, Vitaliano added.

Calvin Covington, representing Southeast Milk, Inc. (SMI), testified in support of NMPF's Proposal 1. SMI is a long-time member of NMPF.

"Failing to adjust the skim milk component factors used to calculate the Class I skim milk value in all FMMOs, and the Class II, III, and IV skim milk values in the four non-multiple component pricing FMMOs has, is, and will continue to create marketing challenges unless skim milk component factors are updated regularly to correspond with actual milk component levels in skim milk," Covington testified.

Dairy farmers have increased and continue to increase the level of milk components in their milk production, Covington pointed out. This increase causes a price misalignment between the Class I skim milk value in all federal orders versus Class II, III and IV skim milk values in multiple component pricing orders.

NAJ's Composition Proposal

Testifying this morning was Erick Metzger, general manager of National All-Jersey. He testified in support of hearing Proposal 2, submitted by NAJ, to annually update the skim component factors used in the skim milk price formulas for Class III and Class IV milk.

The current skim component factors of 3.1 percent protein, 5.9 percent other solids, and 9.0 percent nonfat solids "substantially understate the skim components in average producer milk," Metzger noted in testimony submitted before the hearing.

Updating the skim component factors will make the Class III and IV skim milk price formulas more accurate in relation to actual components in producer milk and will impact Class I prices across all federal orders and Class II, III, and IV prices in the four fat-skim orders, Metzger said.

NAJ contends that updating the skim component factors generally and more regularly will help to reduce incentives for manufacturers to disassociate from FMMOs and will reduce disorderly marketing associated with the uneconomic movement of milk that occurs when manufacturing prices in non-MCP orders and Class I prices in all orders are not in alignment with the pricing of manufacturing milk in MCP orders where the actual value of those components play a role and have been on the rise, he stated.

Updating the skim component factors annually will keep the price formulas more accurate, and in better alignment with pricing available in MCP orders, Metzger said.

"This is particularly true considering the recently accelerated pace of component increases which are expected to continue," he added.

COMING EVENTS

www.cheesereporter.com/events.htm

Cornell's Basic & Advanced Science Of Cheese Courses Are Oct. 17, 18-19

Ithaca, NY—Registration is open for Cornell University's Science of Cheese Basic and Advanced Workshops here Oct. 17 and Oct. 18-19, respectively.

The introductory course on Oct. 17 will provide students with information on basic cheesemaking techniques, cheese culture basics, milk and cheese defects, and cheese marketing.

The course begins with an online lecture component available starting Sept. 19, covering key areas related to cheese culture basics, raw milk quality, cheese defects, cleaning and sanitizing, and affinage.

It also includes a live, in-person session on Oct. 17, highlighting food safety, basic cheesemaking techniques,and sensory evaluation. Both the online and in-person sessions are required.

Instructors will demonstrate how to choose a pH meter and thermometer, focusing on maintaining accurate records during the cheesemaking process.

The early registration deadline is Sept. 12. Cost to sign up prior to the deadline is $650 for New York state residents and $725 for out-of-state students. After Sept. 12, cost is $725 and $880, respectively.

Advanced Course Is Oct. 18-19

Cornell's Advanced Science of Cheese workshop is for cheese manufacturers or others interested in the advanced concepts of cheesemaking.

The course will be delivered in person. Instructors will cover the chemistry of cheesemaking, advanced culture microbiology, affinage, common cheese composition, typical and atypical defects, critical issues in processing, and advanced techniques.

The course is suited for both artisan and commercial cheese makers, affineurs, and those responsible for quality assurance/quality control.

Teachers will identify desirable culture characteristics and talk about how bacterial cultures are categorized, how cheese varieties are defined, how cultures are selected for different cheese varieties, and how temperature influences culture growth.

The section on milk defects will cover the four basic tastes humans can detect and how milk quality can affect product quality and shelf life.

Teachers will also highlight the different causes of defective milk – absorbed, bacterial or chemical.

The early registration deadline is Sept. 12. Cost to sign up prior to the deadline is $800 for New York state residents and $1,150 for out-of-state students.

For more information or to register online, visit *www.dairyextension.foodscience.cornell.edu*.

CDR Cultured Dairy Products Workshop Returns This Fall To New Babcock Plant

Madison—The Center for Dairy Research (CDR) will host a course on the processing and manufacture of cultured dairy products.

The Cultured Dairy Products short course will take place here Sept. 14-15 in the new CDR addition to Babcock Hall on the University of Wisconsin-Madison campus. This is the first time in several years that CDR has offered this course.

Teachers will cover a range of cultured dairy products including yogurt, kefir, skyr, Cream cheese, and sour cream. They will review the fundamentals of acid-coagulated milk, the processing steps involved in its manufacture, and highlight specific products including yogurt, cultured beverages, and cultured creams.

A hands-on lab session will be held in CDR's new second-floor pilot plant, giving opportunity to produce yogurt varieties and observe the impact of ingredient selection and processing on the final texture and flavor of yogurt.

Registration closes Aug. 31. Cost to attend is $475 per person.

The Cultured Dairy Products Short Course is among several classes in CDR's new facility.

Advanced Cheesemaking Workshops on Italian and American varieties will be held Sept. 19-21 and May 2024, respectively.

A Spanish-language cheesemaking course is set for Sept. 26-27, and CDR's Cheese Grading & Evaluation workshop is Oct. 17-19.

Registration opens Oct. 3 for a Cheese Judging class and the return of CDR's World of Cheese: From Pasture to Plate course. Online registration is open for CDR's Process Cheese & Cold Pack Cheese course May 21-23; Dairy Beverage Applications course Oct. 24-25; and Advanced Sanitation course Nov. 2.

Looking ahead, classes on Buttermaking Fundamentals and Comprehensive Buttermaking will be held with dates to determined, along with a new course on Food Fraud.

For registration and more details, visit *www.cdr.wisc.edu/new-cultured-dairy-products*.

UW-River Falls Cheesemaking Course Scheduled For Sept. 25-29

River Falls, WI—The University of Wisconsin-River Falls is hosting a five-day, hands-on cheesemaking workshop here Sept. 25 - 29, 2023 on campus.

The course is designed for beginning cheese makers or anyone looking to gain more knowledge on the science and technology behind the craft.

Students will learn basic dairy chemistry and composition, milk microbiology, starter cultures and methods to make a variety of different cheeses. Completion of the course will provide six months' credit toward the apprenticeship requirement for a Wisconsin cheese maker's license.

The registration deadline is Sept. 11. Cost to attend is $1,195 and registration is limited to 30 students.

For more information and a registration link, visit *www.uwrf.edu/programs/food-science-and-technology*. Questions can be sent to: *dpt@uwrf.edu*.

PLANNING GUIDE

Pack Expo Las Vegas: Sept. 11-13, Las Vegas Convention Center, Las Vegas, NV. Registration open at www.packexpolasvegas.com.

•

ADPI Dairy Ingredients Seminar: Sept. 25-27, Santa Barbara, CA. Registration now open at www.adpi.org/events.

•

NCCIA Annual Conference: Oct. 10-12, Best Western/Ramkota, Sioux Falls, SD. Visit www.northcentralcheese.org for more information as well as registration updates.

•

IDF World Dairy Summit: Oct. 16-19, Chicago, IL. Visit www.idf-wds2023.com to register online.

•

Process Expo: Oct. 23-25, McCormick Place, Chicago. Online registration is available at www.fpsa.org/process-expo.

•

NDB, NMPF, UDIA Joint Annual Meeting: Oct. 23-26, Orlando, FL. Agenda will soon be available online at www.nmpf.org.

•

ADPI Dairy Purchasing & Management Risk Seminar: Nov. 1-2, Convene Willis Tower, Chicago. For more information, visit www.adpi.org.

•

Winter Fancy Food Show: Jan. 21-23, 2024, Las Vegas Convention Center, Las Vegas, NV. Check www.specialtyfood.com for updates.

•

Dairy Forum 2024: Jan. 21-24, J.W. Marriott Phoenix Desert Ridge, Phoenix, AZ. Details posted soon at www.idfa.org/dairy-forum.

•

World Championship Cheese Contest: March 5-7, Monona Terrace Convention Center, Madison. Visit www.worldchampioncheese.org for updates.

•

ADPI Global Ingredients Summit: March 11-13, 2024, Peppermill Resort, Reno, NV. Visit www.adpi.org for more information.

•

Cheese Expo: April 16-18, 2024, Baird Center, Milwaukee, WI. Registration now available online at www.cheeseexpo.org.

MARKET PLACE

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Equipment for Sale

CHEESEMAKING EQUIPMENT FOR SALE: 3- 2002 30,000# Wincanton Vats • 3- 2016 Relco 3,500# Finishing Tables • 2016 Relco Curd take out system-Auger, Blower, Cyclone Scale / Prepress system • 20,000# Stoelting Horizontal Vat • 2018 3,000# Subana Prepress finishing table • MSA 90 Separator • 3, 4, and 5 tank CIP Systems. The above is the main equipment that is for sale but there are numerus items left like 40# block forms, carts, tables, racks and etc. No packaging equipment left. If you are interested in any of the items or if you are looking for something we may have, Please email **paulr@wischeese.com**

SOLD: ALFA-LAVAL SEPARATOR: Model MRPX 518 HGV hermetic separator. **JUST ADDED: ALFA-LAVAL SEPARATOR:** Model MRPX 718. Call: Dave Lambert at **Great Lakes Separators,** (920) 863-3306 or e-mail *drlambert@dialez.net* for more information.

SEPARATOR NEEDS - Before you buy a separator, give Great Lakes a call. TOP QUALITY, reconditioned machines at the lowest prices. Call Dave Lambert, **GREAT LAKES SEPARATORS** at (920) 863-3306; drlambert@dialez.net for further details.

Equipment for Sale

WESTFALIA SEPARATORS: New arrivals! Great condition. CONTACT: Dave Lambert at **Great Lakes Separators,** (920) 863-3306 or e-mail *drlambert@dialez.net* for more information.

FOR SALE: 1500 and 1250 cream tanks. Like New. (800) 558-0112. (262) 473-3530.

FOR SALE: Car load of 300-400-500 late model open top milk tanks. Like new. (262) 473-3530

Equipment Wanted

WANTED TO BUY: Westfalia or Alfa-Laval separators. Large or small. Old or new. Top dollar paid. CONTACT: Dave Lambert at **Great Lakes Separators,** (920) 863-3306 or e-mail Dave at *drlambert@dialez.net.*

Walls & Ceiling

EXTRUTECH PLASTICS *NEW!* Antimicrobial **POLY BOARD-AM** sanitary panels provide non-porous, easily cleanable, bright white surfaces, perfect for incidental food contact applications. CFIA and USDA accepted, and Class A for smoke and flame. Call **Extrutech Plastics** at **888-818-0118,** or **www.epiplastics.com.**

Replacement Parts

CRYOVAC ROTARY VALVE RESURFACING: Oil grooves measured and machined to proper depth as needed. Faces of the steel and bronze plates are machined to ensure perfect flatness. Quick turnaround. Contact Dave Lambert, **GREAT LAKES SEPARATORS (GLS)** at 920-863-3306; or Rick Felchlin, **MARLEY MACHINE, A Division of Great Lakes Separators,** at **marleymachine2008@gmail.com** or call 920-676-8287.

Real Estate (New Listings)

FOR SALE OR RENT: Cold Storage, Dry Storage, and Cutting Facility. Located in Green County, WI. Please call 608-293-0055 for additional information.

FOR SALE: CHEESE OR DAIRY PLANT with 200+ dairy cow farm on 27 acres located in Rushford (Southeast), MN. Versatile property perfect for agri-tourism, cheese, dairy, meat, and more. Features include dairy manufacturing facility, retail space, a 162 free sand bed stall barn, storage units and more. Property also includes 3600+ sq foot home. Incredible opportunity awaits! Visit: **https://matrix.commondataplatform.com/matrix/shared/xQkN3zg1bq/25909CountyRoad102** or call Jennifer Busch at 507-923-7657.

DAIRY PLANTS FOR SALE: https://dairyassets.weebly.com/m--a.html. Contact Jim at 608-835-7705; or by email at **jimcisler7@gmail.com**

Interleave Paper, Wrapping

SPECIALTY PAPER MANUFACTURER specializing in cheese interleave paper, butter wrap, box liners, and other custom coated and wax paper products. Made in USA. Call Melissa at **BPM Inc.**, 715-582-5253. **www.bpmpaper.com.**

Products, Services

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Cheese & Dairy Products

KEYS MANUFACTURING: Dehydrators of scrap cheese for the animal feed industry. Contact us for your scrap at (217) 465-4001 or e-mail: ***keysmfg@aol.com***

Promotion & Placement

PROMOTE YOURSELF - By contacting **Tom Sloan & Associates.** Job enhancement thru results oriented professionals. We place cheese makers, production, technical, maintenance, engineering and sales management people. Contact Dairy Specialist David Sloan, Tom Sloan or Terri Sherman. **TOM SLOAN & ASSOCIATES, INC.,** PO Box 50, Watertown, WI 53094. Phone: (920) 261-8890 or FAX: (920) 261-6357; or by email: tsloan@tsloan.com.

Warehousing & Storage

COLD STORAGE SPACE AVAILABLE: Sugar River Cold Storage in Monticello, WI. has space available in it's refrigerated buildings. Temperature's are 36, 35 and 33 degrees. Sugar River Cold Storage is SQF Certified and works within your schedule. Contact Kody at 608-938-1377. or, for information including new services, visit Sugar River's website at **www.sugarrivercoldstorage.com.**

Events

Federal Order Class 1 Minimum Prices & Other Advanced Prices - September 2023

Class I Base Price (3.5%)	$18.90 (cwt)
Base Skim Milk Price for Class I	$8.64 (cwt)
Advanced Class III Skim Milk Pricing Factor	$7.15 (cwt)
Advanced Class IV Skim Milk Pricing Factor	$8.64 (cwt)
Advanced Butterfat Pricing Factor	$3.0170 (lb.)
Class II Skim Milk Price	$9.34 (cwt)
Class II Nonfat Solids Price	$1.0378 (lb.)
Two-week Product Price Averages:	
Butter	$2.6628 lb.
Nonfat Dry Milk	$1.1374 lb.
Cheese	$1.8617 lb.
Cheese, US 40-pound blocks	$1.8884 lb.
Cheese, US 500-pound barrels	$1.8045 lb.
Dry Whey	$0.2654 lb.

HISTORICAL MILK PRICES - CLASS I

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
'15	18.58	16.24	15.56	15.50	15.83	16.14	16.53	16.25	16.34	15.84	16.48	16.71
'16	16.04	13.64	13.78	13.74	13.70	13.14	13.70	15.07	16.56	16.60	14.78	16.88
'17	17.45	16.73	16.90	16.05	15.20	15.31	16.59	16.72	16.71	16.44	16.41	16.88
'18	15.44	14.25	13.36	14.10	14.44	15.25	15.36	14.15	14.85	16.33	15.52	15.05
'19	15.12	15.30	15.98	15.76	16.42	17.07	17.18	17.89	17.85	17.84	18.14	19.33
'20	19.01	17.55	17.46	16.64	12.95	11.42	16.56	19.78	18.44	15.20	18.04	19.87
'21	15.14	15.54	15.20	15.51	17.10	18.29	17.42	16.90	16.59	17.08	17.98	19.17
'22	19.71	21.64	22.88	24.38	25.45	25.87	25.87	25.13	23.62	22.71	24.09	22.58
'23	22.41	20.78	18.99	18.85	19.57	18.01	17.32	16.62	18.90			

Dairy Product Stocks in Cold Storage

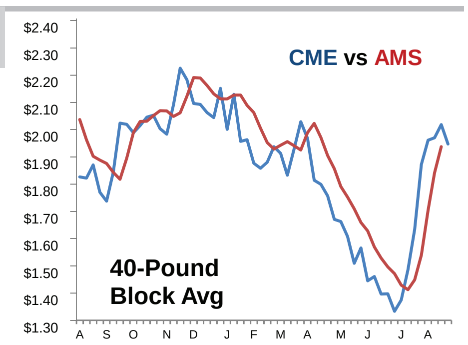
TOTAL STOCKS AS REPORTED BY USDA (in 1000s of pounds unless indicated)

	Stocks in All Warehouses			July 31, 2023 as a % of		Public Warehouse Stocks
	July 31 2022	**June 30 2023**	**July 31 2023**	**July 31 2022**	**June 30 2023**	**July 31 2023**
Butter	315,097	349,779	331,626	105	95	319,582
Cheese						
American	859,995	853,497	838,197	97	98	
Swiss	22,506	22,643	22,549	100	100	
Other	639,296	634,201	627,848	98	99	
Total	1,521,797	1,510,341	1,488,594	98	99	1,176,508

DAIRY PRODUCT SALES

August 23, 2023—AMS' National Dairy Products Sales Report. Prices included are provided each week by manufacturers. Prices collected are for the (wholesale) point of sale for natural, unaged Cheddar; boxes of butter meeting USDA standards; Extra Grade edible dry whey; and Extra Grade and USPH Grade A nonfortified NFDM.

•Revised



Week Ending	**Aug. 19**	**Aug. 12**	**Aug. 5**	**July 29**
40-Pound Block Cheddar Cheese Prices and Sales				
Weighted Price		Dollars/Pound		
US	1.9374	1.8417•	1.7041	1.5391
Sales Volume		Pounds		
US	10,984,808	11,544,856	12,638,097	12,921,405
500-Pound Barrel Cheddar Cheese Prices, Sales & Moisture Contest				
Weighted Price		Dollars/Pound		
US	1.9124	1.8736	1.7357	1.5591
Adjusted to 38% Moisture				
US	1.8214	1.7871	1.6544	1.4844
Sales Volume		Pounds		
US	11,200,488	10,861,404	11,646,662	13,378,902
Weighted Moisture Content		Percent		
US	34.90	35.00	34.95	34.88
AA Butter				
Weighted Price		Dollars/Pound		
US	2.6844	2.6320•	2.6351	2.5420
Sales Volume		Pounds		
US	4,566,329	3,2010,241•	3,873,851	4,161,330
Extra Grade Dry Whey Prices				
Weighted Price		Dollars/Pound		
US	0.2683	0.2629•	0.2472	0.2561
Sales Volume				
US	6,045,118	7,204,068•	5,684,726	6,904,598
Extra Grade or USPHS Grade A Nonfat Dry Milk				
Average Price		Dollars/Pound		
US	1.1395	1.1357	1.1380•	1.1264•
Sales Volume		Pounds		
US	16,828,111	19,754,167•	22,381,626•	24,417,350•

DAIRY FUTURES PRICES

SETTLING PRICE *Cash Settled

Date	Month	Class III	Class IV	Dry Whey	NDM	Block Cheese	Cheese*	Butter*
8-18	Aug 23	17.27	18.90	25.700	114.500	1.874	1.8460	266.025
8-21	Aug 23	17.28	18.90	25.700	114.500	1.874	1.8460	266.025
8-22	Aug 23	17.22	18.91	25.700	114.400	1.872	1.8420	266.025
8-23	Aug 23	17.24	18.91	25.700	114.000	1.872	1.8410	266.025
8-24	Aug 23	17.19	18.91	25.950	114.000	1.872	1.8380	266.025
8-18	Sept 23	18.49	19.25	27.500	113.975	1.990	1.9600	272.250
8-21	Sept 23	18.88	19.25	27.525	114.100	2.004	1.9960	273.000
8-22	Sept 23	18.50	19.12	26.750	113.750	1.986	1.9620	271.750
8-23	Sept 23	18.39	19.07	27.375	112.000	1.975	1.9490	272.275
8-24	Sept 23	18.76	18.93	27.850	111.750	2.008	1.9850	269.500
8-18	Oct 23	17.99	19.15	30.050	115.500	1.920	1.8860	272.500
8-21	Oct 23	18.21	19.26	30.850	115.500	1.945	1.9080	273.000
8-22	Oct 23	17.86	19.06	30.725	113.700	1.903	1.8740	272.325
8-23	Oct 23	17.75	18.98	29.850	111.675	1.903	1.8650	271.750
8-24	Oct 23	18.20	18.98	30.250	111.600	1.930	1.9070	270.450
8-18	Nov 23	18.18	19.09	31.200	116.975	1.932	1.9020	269.750
8-21	Nov 23	18.26	19.24	32.000	116.375	1.932	1.9220	270.000
8-22	Nov 23	17.96	19.10	31.500	114.000	1.902	1.8850	270.000
8-23	Nov 23	17.89	19.00	31.500	112.475	1.902	1.8760	270.000
8-24	Nov 23	18.19	19.00	31.500	112.400	1.902	1.8980	269.850
8-18	Dec 23	18.13	18.74	32.500	118.000	1.938	1.9100	259.875
8-21	Dec 23	18.23	18.94	32.750	117.525	1.938	1.9100	260.000
8-22	Dec 23	18.00	18.80	33.500	114.850	1.927	1.8980	260.000
8-23	Dec 23	17.99	18.72	31.775	113.250	1.919	1.8800	260.000
8-24	Dec 23	18.15	18.72	32.600	113.625	1.919	1.8970	260.775
8-18	Jan 24	18.20	18.50	35.500	120.000	1.909	1.8850	250.000
8-21	Jan 24	18.20	18.60	35.500	120.500	1.909	1.8960	251.000
8-22	Jan 24	18.20	18.60	35.500	118.625	1.909	1.8930	250.500
8-23	Jan 24	18.15	18.45	35.500	115.000	1.909	1.8800	250.500
8-24	Jan 24	18.24	18.43	35.500	115.000	1.909	1.8880	250.500
8-18	Feb 24	18.08	18.75	36.250	122.000	1.912	1.8860	248.500
8-21	Feb 24	18.19	18.80	36.250	122.000	1.912	1.8990	248.750
8-22	Feb 24	18.19	18.80	36.250	119.900	1.912	1.8930	249.500
8-23	Feb 24	18.06	18.45	36.250	118.750	1.912	1.8820	249.500
8-24	Feb 24	18.20	18.45	36.250	117.700	1.912	1.8950	249.750
8-18	Mar 24	18.17	18.77	37.000	123.500	1.924	1.8940	248.500
8-21	Mar 24	18.31	18.84	37.000	123.750	1.924	1.9030	248.500
8-22	Mar 24	18.33	18.84	37.000	122.000	1.917	1.8930	248.500
8-23	Mar 24	18.25	18.70	37.000	119.825	1.917	1.8900	248.500
8-24	Mar 24	18.25	18.70	37.000	119.200	1.917	1.8950	249.500
8-18	April 24	18.25	18.80	37.000	125.000	1.910	1.8960	244.250
8-21	April 24	18.35	18.88	37.000	125.000	1.910	1.8980	244.250
8-22	April 24	18.35	18.88	37.000	125.000	1.910	1.8980	244.250
8-23	April 24	18.30	18.85	37.000	122.725	1.910	1.8980	244.250
8-24	April 24	18.30	18.73	37.000	122.100	1.910	1.8990	245.000
8-18	May 24	18.25	18.90	37.000	127.000	1.913	1.9100	241.500
8-21	May 24	18.26	18.90	37.000	127.000	1.913	1.9100	241.500
8-22	May 24	18.35	18.90	37.000	127.000	1.920	1.9080	241.500
8-23	May 24	18.35	18.90	37.000	125.000	1.920	1.9070	241.500
8-24	May 24	18.35	18.88	37.000	124.475	1.927	1.9070	243.500
8-18	June 24	18.40	19.14	37.025	128.500	1.924	1.9130	243.025
8-21	June 24	18.40	19.14	37.025	128.500	1.924	1.9140	243.025
8-22	June 24	18.40	19.14	37.025	128.000	1.924	1.9140	243.025
8-23	June 24	18.35	19.00	37.025	127.000	1.924	1.9130	243.025
8-24	June 24	18.35	19.00	37.025	127.000	1.933	1.9130	244.025
Aug. 24		**21,738**	**5,576**	**2,420**	**9,039**	**1,422**	**20,245**	**9,964**

DAIRY PRODUCT MARKETS

AS REPORTED BY THE US DEPARTMENT OF AGRICULTURE

WHOLESALE CHEESE MARKETS

NORTHEAST - AUG. 23: As schools reopen in the Northeast, contacts share that bottling orders have increased. Class I orders have drawn upon milk volumes going into processing plants. Some cheese plant managers have also relayed that persistent labor issues have affected how much milk they are taking in and therefore the amount of cheese they are able to manufacture. Despite labor obstacles, cheese inventories are said to be steady. Contacts say that Cheddar continues to be in higher demand than other American-type cheeses, and that demand for Mozzarella from foodservice customers is strong.

Wholesale prices, delivered, dollars per/lb:			
Cheddar 40-lb block:	$2.4800 - $2.7675	Process 5-lb sliced:	$1.9150 - $2.3950
Muenster:	$2.4675 - $2.8175	Swiss Cuts 10-14 lbs:	$3.2650 - $5.5875

MIDWEST AREA - AUG. 23: Cheese makers say demand is on par with previous years during mid/late August. Plant contacts say orders are average and inventories are balanced, but moving smoothly. Some cheese makers are gearing up for the holiday gift package season. Spot milk, at report time, is similarly priced when compared to previous weeks. Spot prices are reported at Class III to $.50 over Class. A number of cheese makers say they have not been offered any extra milk loads in the past few weeks. Some cheese makers did report a day or two of down-time for plant updates. Market tones are, despite some downward movement early in the week on CME block pricing, still somewhat firm.

Wholesale prices delivered, dollars per/lb:			
Blue 5# Loaf :	$2.5225 - $.3.7325	Mozzarella 5-6#:	$2.0525 - $3.1400
Brick 5# Loaf:	$2.2525 - $2.8200	Muenster 5#:	$2.2525 - $2.8200
Cheddar 40# Block:	$1.9750 - $2.5175	Process 5# Loaf:	$1.7925 - $2.2600
Monterey Jack 10#:	$2.2275 - $2.5750	Swiss 6-9# Cuts:	$2.7800 - $2.8825

WEST - AUG. 23: Domestic demand for varietal cheeses is strong to steady. However, cash call prices on the CME for cheese blocks had some bearish movement, taking them back under the $2.00 mark during recent days. That said, stakeholders indicate block cheese has held more demand than barrel cheese. Export demand is reported as moderate to light, with Mexican purchasers showing less hesitation. Some stakeholders note overall quieter export demand is moving more barrel cheese to the CME. Although milk and cream volumes have tightened throughout the West, cheese makers report running steady production schedules. Inventories are indicated to be meeting contractual obligations and current spot market demand. Some stakeholders note sentiments that a few production issues and lower milk production at the farm helped with bullish price movement.

Wholesale prices delivered, dollars per/lb:		Monterey Jack 10#:	$2.3425 - $2.6175
Cheddar 10# Cuts :	$2.3550 - $2.5550	Process 5# Loaf:	$1.9175 - $2.0725
Cheddar 40# Block:	$2.1075 - $2.5975	Swiss 6-9# Cuts:	$2.0725 - $3.5025

EEX Weekly European Cheese Indices (WECI): Price Per/lb (US Converted)

Variety	Date: 8/23	8/16	Variety	Date: 8/23	8/16
Cheddar Curd	$1.87	$1.88	Mild Cheddar	$1.90	$1.91
Young Gouda	$1.69	$1.70	Mozzarella	$1.65	$1.67

FOREIGN -TYPE CHEESE - AUG. 23: In Europe, milk output is declining and industry sources indicate increasing demand from bottling operations. Cheese makers say milk availability is tightening, though they continue to operate busy production schedules. Demand for cheese is strong in retail and foodservice markets. Contacts report steady interest from purchasers in Southern European vacation destinations. Export cheese interest remains strong as prices remain competitive compared to loads of cheese available from other countries. Warehouse cheese inventories are tight, as some stakeholders say they are unable to offer additional loads to buyers searching for them. Cheese prices are unchanged. Contacts report prices are steady for loads of cheese loads due to ship in September, though some say quoted prices for October cheese deliveries are higher.

Selling prices, delivered, dollars per/lb:	Imported	Domestic
Blue:	$2.6400 - 5.2300	$2.3375 - 3.8250
Gorgonzola:	$3.6900 - 5.7400	$2.8450 - 3.5625
Parmesan:	0	$2.7275 - 4.8150
Romano :	0	$3.5275 - 5.6825
Sardo Romano (Argentine):	$2.8500 - 4.7800	0
Reggianito (Argentine):	$3.2900 - 4.7800	0
Jarlsberg:	$2.9500 - 6.4500	0
Swiss:	0	$3.3000 -3.6250
Swiss Cuts Finnish:	$2.6700- 2.9300	

DRY PRODUCTS - AUGUST 24

LACTOSE CENTRAL/WEST: Contacts report lactose demand is steady to slightly higher in domestic markets, but export demand is remains light. Stakeholders say prices in the mid-teens to mid-twenties have enticed some spot purchasers to grab additional loads in recent weeks. Loads of lactose are available to meet spot market demands. Inventories of some preferred brands of lactose or loads which meet rigorous end user specifications are tighter than lactose that is more interchangeable.

WPC CENTRAL/WEST: Demand for WPC 34% is mixed. Some stakeholders say spot purchasers are showing increased interest for loads this week. Meanwhile, others report persistent soft demand has contributed to reduce spot prices for loads of WPC 34%. Inventories of WPC 34% remain available, and some spot sellers are, reportedly, offering loads produced early in the year to animal feed operations for lower prices. Production of WPC 34% is light, as plant managers say current production schedules are focused on higher WPC.

NORTHEAST DRY WHEY: As schools have reopened and bottling orders have drawn milk supplies away from Class III operations, there are smaller quantities of liquid whey available for drying. Drying schedules are able to match the rate at which liquid whey is being produced. Inventories are comfortable. Demand is steady, though contacts indicate that customers are able to have their ingredient needs met with contracted loads.

NATIONAL CASEIN: Spot market demand for rennet casein is soft, though contacts suggest lighter production in Europe is keeping markets balanced. Contacts say seasonally declining milk output in Europe is contributing to a reduction in casein output.

NATIONAL - CONVENTIONAL DAIRY PRODUCTS

Cheese was the most advertised dairy commodity despite a 15 percent decrease in ads for conventional cheese. Conventional sliced, shredded, and block cheese in 6-8 ounce packages were heavily advertised. The sliced type had a weighted average advertised price of $2.19, down 26 cents. The shredded type had a weighted average advertised price of $2.44, down 1 cent. The block type had a weighted average advertised price of $2.72, up 14 cents. Ice cream was the second most advertised conventional dairy item and appeared in 3 percent more ads this week. The 14-16 ounce containers had a weighted average advertised price of $3.62, up 31 cents, while the 48-64 ounce containers had a weighted average advertised price of $3.91, up 14 cents. Conventional yogurt ads were down 25 percent this week. Greek yogurt in 4-6 ounce containers had a weighted average advertised price of $1.01, down 5 cents. Conventional Greek yogurt in 32-ounce containers had a weighted average advertised price of $3.87, down $1.22.

RETAIL PRICES - CONVENTIONAL DAIRY - AUGUST 25

Commodity	US	NE	SE	MID	SC	SW	NW
Butter 8 oz	2.95	3.19	1.99				
Butter 1#	4.20	3.96	4.29	3.74	4.63	4.53	4.35
Cheese 6-8 oz block	2.72	2.70	2.62	2.36	2.15	3.43	3.29
Cheese 6-8 oz shred	2.44	2.58	2.38	2.33	2.33	2.50	2.18
Cheese 6-8 oz sliced	2.19	2.13	2.27	2.00	2.37	1.81	2.53
Cheese 1# block	3.88	3.31		5.99		3.79	
Cheese 1# shred	4.49	4.99	5.99	3.07		3.99	
Cheese 1# sliced	3.49	3.49					
Cheese 2# block	8.74	7.99			8.30		9.98
Cheese 2# shred	7.62	7.99	9.61	6.99	8.99	5.87	
Cottage Cheese 16 oz	2.82	3.19	2.00	2.63		1.99	
Cottage Cheese 24 oz	3.49			3.50	3.49		
Cream Cheese 8 oz	2.68	3.63	3.34	2.12		2.53	2.57
Ice Cream 14-16 oz	3.62	4.05	3.47	3.22	3.29	3.60	3.13
Ice Cream 48-64 oz	3.91	3.48	4.44	3.45	4.09	3.95	3.48
Milk ½ gallon	1.65	2.99	1.29	1.29	1.43	1.96	1.28
Milk gallon	3.56	3.51			2.99	3.81	3.13
Flavored Milk ½ gal	1.49		1.69	1.29	1.57	1.72	1.28
Flavored Milk gallon							
Sour Cream 16 oz	2.41	2.41	2.43	2.24	2.00	2.56	
Sour Cream 24 oz	2.69		2.49	2.49	2.99		3.29
Yogurt (Greek) 4-6 oz	1.01	1.19	0.94	0.60	0.98	1.02	0.89
Yogurt (Greek) 32 oz	3.87	4.07	3.49	3.49	4.19	4.86	3.50
Yogurt 4-6 oz	0.61	0.58	0.49	0.61	0.76	0.58	0.69
Yogurt 32 oz	3.14	3.12		3.00		3.49	

ORGANIC DAIRY - RETAIL OVERVIEW

National Weighted Retail Avg Price:

Cheese 6-8 oz block:	$3.50	Butter 1 lb:	
Cheese 6-8 oz shred:	$3.85	Milk 8oz:	NA
Cheese 6-8 oz sliced:	$5.24	Milk ½ gallon:	$5.51
Cheese 2 lb block:	NA	Milk gallon:	$6.98
Cheese 2 lb shred:	NA	Sour Cream 16 oz:	$4.67
Cottage Cheese 16 oz:	$4.99	Yogurt Greek 4 - 6 oz	NA
Ice Cream 14-16 oz	$5.19	Yogurt Greek 32 oz	$5.17
Ice Cream 48-64 oz	NA	Yogurt 4-6 oz:	$1.50
		Yogurt 32 oz:	$3.99

WHOLESALE BUTTER MARKETS - AUGUST 23

CENTRAL: Despite high summer temperatures still permeating a lot of the country and region, butter plant managers in the Midwest say cream has become more available this week. School milk cream spinoff and lighter demand from Class II processors are adding to the availability. Some butter processors are taking on cream loads from the Western region and locally sourced suppliers. Cream handlers are saying Labor Day related preparations have already begun to place cream for future weeks. Churning has increased due to growth in availability. Butter demand remains strong, as market prices continue to hover at around $2.70/lb.

NORTHEAST: Nighttime temperatures have dropped slightly in the Northeast, providing respite from daytime humidity and improving cow comfort. Butter plant managers relay that they're relying on contracted loads of cream for churning new butter inventories still. Plant contacts added that they are continuing to microfix previously frozen bulk butter until spot loads of cream become more readily available. Contacts suggest spot loads of cream will become more available in the near term. Retail and foodservice demands are steady. Last week's weighted average advertised price of conventional 1-pound packaged butter at $4.13.

WEST: Cream has tightened throughout the West. A few processors relay cream to be on the short side. That said, some spot cream loads are available at increased multiples. A few plant managers are taking advantage of higher priced spot load sales to gain extra maintenance time. Manufacturing facilities running their churns report steady to reduced production schedules, while other manufacturers have stopped running butter churns. Retail and food service demands are strong to steady. Although demand for unsalted bulk butter is strong, a few manufacturers indicate more cream going into other butter types, leaving their spot sale inventories of unsalted bulk butter tighter. Export demand is less bullish and more bearish as current sentiments are domestic prices are un-competitive.

WEEKLY COLD STORAGE HOLDINGS

SELECTED STORAGE CENTERS IN 1,000 POUNDS - INCLUDING GOVERNMENT

DATE	BUTTER	CHEESE
08/21/23	54,541	86,516
08/01/23	65,210	85,881
Change	-10,669	635
Percent Change	-16	1

CME CASH PRICES - AUGUST 21 - 25, 2023

Visit www.cheesereporter.com for daily prices

	500-LB CHEDDAR	40-LB CHEDDAR	AA BUTTER	GRADE A NFDM	DRY WHEY
MONDAY August 21	$1.8050 (-¼)	$2.0075 (-2)	$2.7400 (+4)	$1.1025 (-¼)	$0.2600 (-1)
TUESDAY August 22	$1.8125 (+¾)	$1.9475 (-6)	$2.6900 (-5)	$1.1025 (NC)	$0.2550 (-½)
WEDNESDAY August 23	$1.8050 (-¾)	$1.8900 (-5¾)	$2.7050 (+1½)	$1.0950 (-¾)	$0.2600 (+½)
THURSDAY August 24	$1.8000 (-½)	$1.9450 (+5½)	$2.7050 (NC)	$1.0950 (NC)	$0.2600 (NC)
FRIDAY August 25	$1.8075 (+5¾)	$1.9450 (NC)	$2.6700 (-3½)	$1.1050 (+1)	$0.2800 (+2)
Week's AVG $ Change	$1.8045 (-0.0090)	$1.9470 (-0.0680)	$2.7020 (-0.0185)	$1.1000 (+0.0020)	$0.2630 (-0.0015)
Last Week's AVG	$1.8135	$2.0150	$2.7205	$1.0980	$0.2645
2022 AVG Same Week	$1.8790	$1.7700	$3.0385	$1.5445	$0.4610

MARKET OPINION - CHEESE REPORTER

Cheese Comment: Monday's block market activity was limited to an uncovered offer of 1 car at $2.0075, which set the price. On Tuesday, 1 car of blocks was sold at $1.9475, which set the price. No blocks were sold Wednesday; the price dropped on an uncovered offer of 1 car at $1.8900. Three cars of blocks were sold Thursday, the last at $1.9450, which set the price. There was no block market activity at all on Friday. The barrel price fell Monday on an uncovered offer at $1.8050, rose Tuesday on an uncovered offer at $1.8125 (following a sale at $1.8150), declined Wednesday on an uncovered offer at $1.8050, and fell Thursday on a sale at $1.8000.

Butter Comment: The price increased Monday on a sale at $2.7400, declined Tuesday on a sale at $2.6900 (38 cars of butter were sold Tuesday), increased Wednesday on an unfilled bid at $2.7050, then fell Friday on a sale at $2.6700. A total of 70 carloads of butter were traded this week on the CME.

Nonfat Dry Milk Comment: The price fell Monday on a sale at $1.1025, declined Wednesday on an uncovered offer at $1.0950, then rose Friday on a sale at $1.1050. A total of 9 carloads of NDM were traded this week on the CME.

Dry Whey Comment: The price declined Monday on a sale at 26.00 cents, fell Tuesday on a sale at 25.50 cents, increased Wednesday on an unfilled bid at 26.0 cents, and rose Friday on a sale at 28.0 cents.

WHEY MARKETS - AUGUST 21 - 25 , 2023

RELEASE DATE - AUGUST 24, 2023

Animal Feed Whey—Central: Milk Replacer: .1900 (+½) – .2200 (+2)

Buttermilk Powder:
Central & East: .8500 (NC) – .9950 (NC) West: .7700 (+1) –.8900 (-1)
Mostly: .8000 (-1) – .8700 (-1)

Casein: Rennet: 4.2500 (NC) – 4.7500 (NC) Acid: 3.8500 (-35) – 4.5000 (-20)

Dry Whey—Central (Edible):
Nonhygroscopic: .2200 (+1) – .2800 (NC) Mostly: .2450 (NC) – .2600 (NC)
Dry Whey–West (Edible):
Nonhygroscopic: .2700 (+2) – .3600 (+2) Mostly: .2950 (+½) – .3450 (+1½)
Dry Whey—NE: .2275 (+¼) – .3000 (+¼)

Lactose—Central and West:
Edible: .1450 (+1½) – .3700 (+1) Mostly: .1600 (NC) – .2600 (NC)

Nonfat Dry Milk —Central & East:
Low/Medium Heat: 1.0700 (NC) – 1.1500 (NC) Mostly: 1.0900 (NC) – 1.1300 (-1)
High Heat: 1.1950 (NC) – 1.3500 (NC)
Nonfat Dry Milk —Western:
Low/Med Heat: 1.0300 (-2) – 1.1600 (-2) Mostly: 1.0600 (-2) – 1.1300 (-2)
High Heat: 1.1900 (-2) – 1.3900 (+2)

Whey Protein Concentrate—34% Protein:
Central & West: .6000 (-5) – 1.0000 (-5) Mostly: .6500 (-3) –.9700 (+1)

Whole Milk: 1.7400 (NC) – 2.0000 (NC)

HISTORICAL CME AVG BLOCK CHEESE PRICES

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
'09	1.0883	1.2171	1.2455	1.2045	1.1394	1.1353	1.1516	1.3471	1.3294	1.4709	1.5788	1.6503
10	1.4536	1.4526	1.2976	1.4182	1.4420	1.3961	1.5549	1.6367	1.7374	1.7246	1.4619	1.3807
'11	1.5140	1.9064	1.8125	1.6036	1.6858	2.0995	2.1150	1.9725	1.7561	1.7231	1.8716	1.6170
'12	1.5546	1.4793	1.5193	1.5039	1.5234	1.6313	1.6855	1.8262	1.9245	2.0757	1.9073	1.6619
'13	1.6965	1.6420	1.6240	1.8225	1.8052	1.7140	1.7074	1.7492	1.7956	1.8236	1.8478	1.9431
'14	2.2227	2.1945	2.3554	2.2439	2.0155	2.0237	1.9870	2.1820	2.3499	2.1932	1.9513	1.5938
'15	1.5218	1.5382	$1.5549	1.5890	1.6308	1.7052	1.6659	1.7111	1.6605	1.6674	1.6175	1.4616
'16	1.4757	1.4744	1.4877	1.4194	1.3174	1.5005	1.6613	1.7826	1.6224	1.6035	1.8775	1.7335
'17	1.6866	1.6199	1.4342	1.4970	1.6264	1.6022	1.6586	1.6852	1.6370	1.7305	1.6590	1.4900
'18	1.4928	1.5157	1.5614	1.6062	1.6397	1.5617	1.5364	1.6341	1.6438	1.5874	1.3951	1.3764
'19	1.4087	1.5589	1.5908	1.6619	1.6799	1.7906	1.8180	1.8791	2.0395	2.0703	1.9664	1.8764
'20	1.9142	1.8343	1.7550	1.1019	1.6704	2.5620	2.6466	1.7730	2.3277	2.7103	2.0521	1.6249
'21	1.7470	1.5821	1.7362	1.7945	1.6778	1.4978	1.6370	1.7217	1.7601	1.7798	1.7408	1.8930
'22	1.9065	1.9379	2.1699	2.3399	2.3293	2.1902	2.0143	1.8104	1.9548	2.0260	2.1186	2.0860
'23	2.0024	1.8895	1.9372	1.7574	1.5719	1.4039	1.6209					

Dairy, Ag Groups Want Presidential Candidates To Open New Markets

Washington—Some 20 US dairy and agriculture organizations this week implored all 2024 presidential candidates to prioritize new market access trade agreements as a means to strengthen US agriculture and reduce reliance on China.

Organizations signing the letter to all presidential candidates included the National Milk Producers Federation, US Dairy Export Council, National Council of Farmer Cooperatives, Farmers for Free Trade, American Feed Industry Association, and National Association of State Departments of Agriculture.

In the letter, the organizations said they recognize US trade policy has "shifted drastically" over the past 10 years, but added that a "continued emphasis on free and fair trade is vital to ensuring US farmers and ranchers can grow and export enough food, feed, fiber, and fuel to supply the global marketplace."

The organizations asked the presidential candidates to consider two requests on behalf of US agriculture. First, ensure US-China relations are handled in a manner that holds China accountable yet maintains market access for US agricultural goods. Last year, the US exported $38.11 billion in food and agricultural products to China, which is now the largest buyer of US food and agricultural products.

Selling nearly 20 percent of US food and ag exports to one country, however, "leaves US farmers vulnerable to global supply chain shocks. When relations between our two countries turn sour, those exports can be disrupted."

Second, work to diversify export markets for US agriculture. Market diversification "helps with risk mitigation for US farm goods," the letter noted. "Opening new markets and growing existing markets for agriculture decreases a reliance upon the Chinese market. Further, international trade is an important diplomatic tool that builds our relationship and good standing with other countries, in turn lessening China's global influence."

It's been over a decade since the US entered into a new comprehensive free trade agreement (FTA), the letter noted. Meanwhile, other countries have been busy entering into FTAs.

"The US needs to again take the lead in negotiating new FTAs with other countries and work to strengthen and reform the rules-based multilateral trading system," the letter stated.