



CHEESE REPORTER

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National Federal Milk Marketing Order Price Hearing Concludes

Hearing Ran For 49 Days, Included Over 500 Exhibits; Briefs Must Be Submitted By April 1

Carmel, IN—The US Department of Agriculture’s federal milk marketing order (FMMO) hearing on the uniform pricing formulas applicable to all 11 federal orders concluded here Tuesday morning.

The hearing had gotten underway on Aug. 23, 2023, and ran for a total of 49 days. More than 500 exhibits were admitted into evidence during the hearing.

During the hearing, testimony was received on a total of 21 industry proposals that fell into five subject areas: milk composition, surveyed commodity products, Class III and Class IV formula factors, the base Class I skim milk price, and Class I and Class II differentials.

Post-hearing briefs must be received by USDA by 4:30 p.m. Eastern time on Monday, Apr. 1, 2024. They may be submitted via email to SM.OHA.Hearing-Clerks@usda.gov. The transcript correction deadline, along with other updates, will be posted on the hearing website.

Testimony during the hearing’s final two days focused on Proposals 19, 20 and 21, dealing with Class I and Class II differentials. Proposal 19, submitted by the National Milk Producers Federation (NMPF), would increase Class I differentials in all federal orders; Proposal 20, submitted by the Milk Innovation Group (MIG), would lower the current base Class I differential from \$1.60 to \$0.00; and Proposal 21, submitted by the American Farm Bureau Federation (AFBF), would raise the Class II differential from 70 cents to \$1.56 per hundredweight.

Jeff Sims, chief market analysis officer of Lone Star Milk Producers, Inc., testified Monday on behalf of the NMPF in opposition to Proposal 20.

That proposal “fails on numerous levels, and if adopted, would inject calamitous disorderly marketing conditions into the US milk marketing system,” and would be “entirely contradictory” to the aims and purposes of FMMOs,

and the requirements of the Agricultural Marketing Agreement Act, Sims stated in his written testimony.

Among the concerns raised by Sims: Proposal 20 would leave a “large portion” of the US with an effective Class I differential of \$0.00 per hundredweight, which would “significantly increase the incidences of Class I price inversions” and “substantially increase” the incidence of negative producer price differentials.

Further, Proposal 20 would reduce, or even eliminate, the regulated price economic incentives to supply milk to Class I plants, Sims continued.

And Proposal 20 ignores, or assumes away, the “substantial costs” of balancing Class I milk plants, and ignores, or assumes away, 25 years of increases in milk hauling costs.

Carl Rasch, consultant and retired director of bulk marketing for Michigan Milk Producers Association, testified on behalf of NMPF in opposition to Proposal 21. NMPF is concerned that the

• See **Hearing Concludes**, p. 7

Volume Of Milk Pooled In 2023 On Federal Orders Set New Record; Class III Use Was 53.8%

Washington—The volume of milk pooled on the 11 federal milk marketing orders last year totaled 158.5 billion pounds, up 4.5 percent, or 6.8 billion pounds, from 2022, according to statistics recently released by USDA’s Agricultural Marketing Service.

That’s the largest volume of milk ever pooled on federal orders. The previous record, 156.5 billion pounds, was set in 2019, the first full year in which the California federal order was in effect.

In 2023, the monthly volume of milk pooled on the 11 federal orders ranged from a low of 12.4 billion pounds in November to a high of 14.9 billion pounds in March.

Milk utilization by class in 2023, with comparisons to 2022 was: Class I, 25.5 percent, down from 27.0 percent; Class II, 9.4 percent, unchanged; Class III, 53.8 percent, down from 53.9 percent; and Class IV, 11.3 percent, up from 9.6 percent.

In 2023, the volume of milk used in Class III in all 11 orders totaled 85.3 billion pounds, up 4.2 percent, or 3.5 billion pounds, from 2022. That’s a new record for Class III volume; the previous record, 81.8 billion pounds, was set in 2022. Prior to 2022, the

• See **Milk Utilization**, p. 11

Bipartisan, Bicameral Bill Aims To Strengthen Food, Agriculture Cybersecurity

Washington—US Sens. Kirsten Gillibrand (D-NY) and Tom Cotton (R-AR) late last week introduced legislation that is intended to strengthen cybersecurity protecting the agriculture and food critical infrastructure sectors.

The bill will identify vulnerabilities and improve protective measures of both the government and private groups against cyber threats.

The Farm and Food Cybersecurity Act was also introduced late last week in the House by US Reps. Brad Finstad (R-MN) and Elissa Slotkin (D-MI). The legis-

• See **Cybersecurity**, p. 6

China’s Cheese Demand Expected To Rise 9.1% Per Year Through 2030

Utrecht, Netherlands—A recent Rabobank report anticipates that China’s cheese demand will rise at a 9.1 percent compound annual growth rate (CAGR) from 2023 to 2030, with total cheese demand reaching 495,000 metric tons (1.09 billion pounds) in 2030.

Because the domestic supply can’t satisfy increasing local cheese consumption, global cheese traders will have plenty of opportunities in the coming years to capture this rising demand, according to the report.

Chinese cheese demand posted a 16 percent CAGR between 2012 and 2022, rising from 57,600 metric tons in 2012 to 254,000 metric tons in 2022, the report said. This increase was due to several factors, one of which was

rising disposable incomes among middle-class consumers, which underpinned increased demand for value-added dairy products, including cheese.

Also, cheese lollipops, an innovative children’s snack with nutritional claims, drove retail processed cheese sales growth, the report continued.

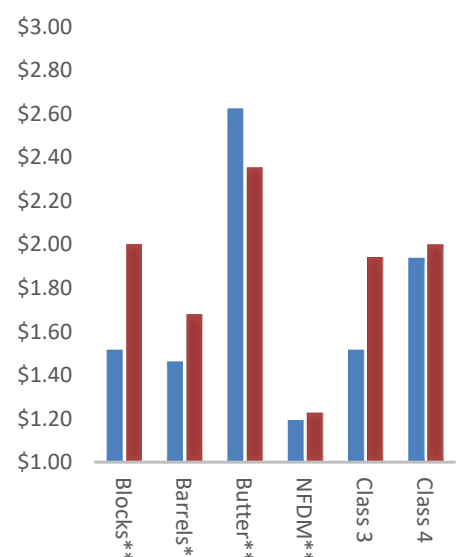
According to Euromonitor, cheese retail volumes and sales reached 100,500 metric tons and nearly US\$2.0 billion in 2022, with compound annual growth rates of 21 percent and 22 percent, respectively, for the period 2012 to 2022.

And a growing appetite for Western-style quick-service-restaurant (QSR) chains led to the rising popularity of Mozzarella

• See **Cheese In China**, p. 10

Jan Avg Prices - 2024 vs 2023

Average CME Prices**
Class 3 and Class 4 Milk Price x 10





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Why Ag Baselines Always Include Caveats

In 2023, according to preliminary estimates from USDA's National Ag Statistics Service (and as reported on our front page last week), US milk production totaled a record 226.55 billion pounds, up 0.04 percent, or 89 million pounds, from 2022. In other words, and to be very clear about it, milk production in 2023 was pretty much unchanged from 2022.

Also, for what it's worth, milk production totaled 226.3 billion pounds in 2021, meaning production increased by all of 258 million pounds from 2021 to 2023. By comparison, milk production increased by about 7.9 billion pounds from 2019 to 2021.

This got us thinking about the ag baselines that are released every year by USDA. These ag baselines, more formally known as long-term agricultural projections, are a USDA consensus on a conditional long-run scenario for the agricultural sector, including the dairy sector.

The last three baselines released by USDA — in February 2021, February 2022 and February 2023 — all stated that US milk production “is projected to rise at a compound annual growth rate of 1.1 percent” per year through the end of the projection period.

So the 2021 USDA baseline had US milk production reaching 248 billion pounds in 2030, while the 2022 baseline had milk production reaching 252.4 billion pounds in 2031 and the 2023 baseline had milk production reaching 253.7 billion pounds in 2032.

There are a couple of points to keep in mind here. First, milk production can still reach those levels in those years. But second, production will have to rise at a compound annual growth rate of greater than 1.1 percent for at least a couple of years in the future to reach those levels.

That's because, as the statistics noted earlier indicate, milk production basically didn't grow at all in 2023. Indeed, 2023 milk production was well below what was projected in the 2021, 2022 and 2023 USDA ag baselines: 2023 milk production was projected to reach 229.2 billion pounds in the 2021 baseline, 230.3 billion pounds in the 2022 baseline, and 228.2 billion pounds in the 2023 baseline.

One thing the 2021, 2022 and 2023 baselines have in common is that they don't project any annual milk production increases under 1.0 billion pounds between 2024 and the end of their projection period. But in fact we've now had two straight years in which milk production increased by less than 1.0 billion pounds.

This is why USDA's baseline reports always contain caveats. For example, in the “Abstract” to the February 2023 baseline, the report notes that projections “are based on specific assumptions, including a macroeconomic scenario, existing US policy, and current international agreements.”

Also noteworthy in the Abstract to the February 2023 baseline: the 2018 farm bill is assumed to remain in effect through the projection period. Given the current dysfunction in Congress, this might prove to be an accurate assumption.

The February 2023 baseline report also included the following: Agricultural trade projections assume that trade agreements, sanitary and phytosanitary restrictions, and domestic policies in place as of October 2022 remain in place throughout the projection period.

Also, trade tariffs policies in place as of October 2022 are assumed to remain in effect throughout the next 10 years. And trade agreements implemented before October 2022,

we've now had two straight years in which milk production increased by less than 1.0 billion pounds.

This is why USDA's baseline reports always contain caveats.

such as the United States-Mexico-Canada Agreement (USMCA) and the Japan-US Free Trade Agreement, were also considered in the 2023 projections.

Beyond farm and trade policy, the baseline reports make some interesting observations about macroeconomic conditions. For example, the 2023 baseline notes that persistent inflation, severe weather events, supply chain disruptions, high input costs, and Russia's war against Ukraine continued to pressure commodity prices above their historic trends in 2021/22 and 2022/23.

Here in 2024, inflation has cooled at least a little bit, but it's pretty much guaranteed that we'll see numerous severe weather events, supply chain disruptions, and high input costs continuing. Meanwhile, Russia's war against Ukraine continues, and we're now about four months into a war in the Middle East that has some pretty significant ramifications for agriculture.

When USDA releases its 2024 ag baseline later this month, no doubt that report will contain numerous caveats about everything from the farm bill and trade agreements to the overall economy and global political turmoil (wars). And the 2025 ag baseline will include similar caveats.

What these ag baselines will also include is projections that likely show US milk production increasing every year through the end of the projection periods. This seems pretty reasonable; after all, milk production hasn't declined since 2009, so expecting a decade of increases is a fairly safe projection.

But there are so many caveats that it would also be reasonable to expect milk production to decline at some point, and fall short of some projections.

Australia Seeking Input On Dairy Industry Code; Paper Notes Concerns

Canberra, Australia—Australia's Department of Agriculture, Fisheries and Forestry (DAFF) has opened consultation on the operation of the Dairy Industry Code.

The aim of the Code, which was introduced in January 2020, is to improve the clarity and transparency of trading arrangements between dairy farmers and milk buyers. The mandatory code imposes minimum standards of conduct on processors and farmers.

In 2021, the Australian government conducted the first review of the Code. That review identified several concerns that warranted further exploration prior to the second review of the Code being performed.

The Australian dairy industry has since also highlighted additional concerns that the first review did not include; those concerns have been outlined in a newly released discussion paper for stakeholder input.

The discussion paper identifies several areas for improvements to the Code, including:

Extension of three-year contracts: Longer-term milk supply agreements (MSAs) are important for the security of supply in the domestic fresh milk markets. To avoid a situation where a farmer is without a buyer for their milk, the Code allows a farmer with a MSA longer than three years to postpone the end of the supply period by 12 months.

The farmer is required to provide notice to the processor no earlier than 30 days before and no later than even days before the expiration of the MSA. The extension option and notice period may pose risks and uncertainty for processors and may adversely affect its MSAs with other milk suppliers, the discussion paper noted. Farmers can be reliant on the income security afforded by three-year contracts, and possible extensions.

Small business definition and exemptions: Under the Code, small business entities under the Code are milk processors with an annual turnover of less than \$10 million. The requirement that these smaller processors publish their standard form MSAs may pose an unnecessary administrative burden.

While there are benefits to reducing regulatory oversight and burden on low-risk entities, further evidence is required to assess the potential impact of allowing exemptions to processors that do not meet the small business definition, the paper said.

MSA variation requirements: The Code prohibits a processor

from varying or removing a published MSA after the publication deadline and before the end of the financial year to which it applies. In some cases, this can result in several versions of a single MSA being published and maintained by the processor. Any solution should consider how all parties will have access to and be aware of an MSA variation.

Non-exclusive contract arrangements: Processors can offer both exclusive and non-exclusive MSAs to farmers; however, the management of provisions for no-exclusive MSAs may not be meeting industry needs, according to the discussion paper.

Farmers raised concerns that the significant price reductions that were being applied to non-exclusive supply contracts rendered them potentially economically unviable. Processors have similar concerns that non-exclusive supply contracts can be offered on a percentage rather than a volume basis, meaning they can be difficult to interpret and can change during the operation of the contract if the farmer's milk supply varies.

Minimum pricing requirements in multi-year contracts: As described in the Code, processors are required to set a minimum price for the duration of an MSA, including multi-year MSAs.

A flexible pricing mechanism in Australia that is more responsive to market conditions under

exceptional circumstances may be beneficial for those that set the prices, including processors, in responding to the impacts on milk price and overall sustained production of dairy products, the paper said. Inversely, it may be a concern for farmers, who may face an increased risk of temperamental prices when the market faces exceptional circumstances.

Multi-party dispute resolution and arbitration: The requirements for handling dispute resolution between farmers and processors is outlined in the Code, but there is no provision in the Code for multiple parties with the same issue to jointly enter into dispute resolution with a processor.

Comments on the Code may be submitted by Mar. 15. Visit www.agriculture.gov.au.

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Delayed Relief for Processors

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The Federal Order hearing has finally ended – four months later than planned – but the urgency for quick reforms has not.

The cost to produce dairy products is not subsiding nearly a year after Wisconsin Cheese Makers Association (WCMA) and International Dairy Foods Association (IDFA) asked Dr. Mark Stephenson to survey costs among industry dairy processors and hired Dr. Bill Schiek, dairy economist and director of the Dairy Institute of California, to estimate 2022 production costs based on earlier audited cost data from California regulators.

Inflation in costs since 2008 – the last time make allowances were updated – is just common sense. But soaring costs in recent years, accelerated by the economic tumult of the COVID pandemic, shocked the system. Wages, and costs for transportation, packaging, ingredients, insurance and more spiked and have not subsided. Has your company lowered wages?

Rising costs for insurance have been discussed less than wage rates, shipping and packaging. One Wisconsin cheese manufacturer noted a 36 percent increase in their property/auto/liability coverage in 2023 and a doubling in the premium for umbrella liability coverage (with no increase in limits.)

About nine months ago, in the spring of 2023, the combined data from Dr. Stephenson and Dr. Schiek found that dairy plants, on average, needed significantly higher rates per pound to sustainably produce Cheddar cheese, butter, nonfat dry milk and dry whey. That increase, for example, from the current 20 cents per pound for Cheddar to the average cost of 28.4 cents per pound, means cheese makers need a 40 percent make allowance increase in USDA's Class 3 milk price formula to match today's cost to produce.

USDA's diligent effort to have all voices heard at the national federal order hearing has resulted in a hearing that ended four months later than planned. Since each step in this regulatory journey to update milk pricing has a stated time frame, it appears that USDA will finish this epic project and make changes effective in the latter half of 2025.

In hearing testimony, WCMA and IDFA proposed phasing in new make allowances. We presumed a starting date of January 1, 2025 – already two years later than Stephenson's and Schiek's data showed a need for 28.4 cents a pound to make Cheddar.

Then, instead of locking in new make allowances in 2025, our trade organizations proposed slowly stepping up increases in

2025, 2026, 2027 and 2028 to “ease in” the changes. That offer will knowingly stress dairy processor bottom lines: processors needing 28.4 cents to make Cheddar in 2023 will face a long wait for relief.

How much cost recovery are cheese makers delaying? Using a baseline of 2023 Class 3 milk volumes and component test levels in federal orders, the stairstep plan to lift make allowances means cheese makers in 2025 (hopefully the first year of stair stepping) will push \$675 million back into the milk price instead of making the 28.4 cents they need.

In the second year of stair stepping toward a 28.4-cent make allowance, cheese makers will push \$451 million back to dairy farm milk prices. In the third year, cheese makers will push back \$225 million to dairy farmers. All told, by delaying their need for 28.4 cents to make Cheddar, cheese makers are sending \$1.35 billion they need to cover their costs back to dairy farm milk prices.

The extended timeline of this national hearing will extend the wait for cheese makers and butter makers and whey processors and powder driers seeking the make allowances they need. The dairy industry is assured an implementation date for federal order changes that is later than initially thought. Rather than reaching the final stair step for new make allowance in January 2028, as WCMA and IDFA proposed, the lengthened timeline could set the final step set back to late in 2028.

And that presumes USDA will decide to accept dairy processors' data-driven request to set the new Cheddar make at 28.4 cents. If USDA picks any figure lower than this, processor red ink will flow for years to come – with a new set of fixed make allowances that never reach the level that industry requires. And let's face it, the 28.4 cents cheese makers needed in 2022 is already old news. Inflation will continue to push up costs, but the dairy industry will have no stomach for another costly national hearing.

There is industry consensus around a future where audited USDA surveys of dairy plants could set new make allowances every few years. But that future system is not certain, and its implementation – many years in our future – will be too late to stem make allowance losses in 2024, 2025, 2026, 2027 and 2028. ■

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The views, thoughts and opinions expressed by Cheese Reporter columnists are theirs alone, and do not necessarily reflect the views of the Cheese Reporter.

FROM OUR ARCHIVES

50 YEARS AGO

Feb. 1, 1974: Chicago—The reduction in supplies of cheese during the past year was evident in the record of sales and bids unfilled at the Wisconsin Cheese Exchange, where sales totaled only 828,000 pounds, compared to 2.52 million pounds in 1972.

Washington—New Danish legislation became effective recently, which subsidizes Danish consumers of dairy products at the rate of about \$65 million annually and reduces the prices of retail milk, butter and cheese. This action was in response to growing housewife complaints about rising food prices in general, and rising dairy prices, in particular.

25 YEARS AGO

Feb. 5, 1999: Buffalo, NY—Sorrento Cheese unveiled its newly enlarged and remodeled, 18,000 square-foot corporate headquarters here. The company made a \$2 million-plus capital investment for the refurbished operation, including a new exterior of its manufacturing facility.

Columbia, MO—Dairy compacts result in higher milk prices to both farmers and consumers in a compact region, increased production of manufactured dairy products both within and outside compact regions, and lower milk prices for non-compact farmers, a new study from the University of Missouri reported this week.

10 YEARS AGO

Jan. 31, 2013: Washington—The Consortium for Common Food Names is “greatly alarmed” by the European Union's decision last week to allow Denmark to move forward with an application for a geographical indication that would grant it exclusive use of the name “Havarti” in the EU.

Palm Desert, CA—Three outgoing IDFA officers were lauded with Soaring Eagle Awards here this week for their extraordinary service to the nation's dairy industry. Recipients were Mike Nosewicz, The Kroger Co.; Ed Mullins, Prairie Farms Dairy, Inc.; and Jon Davis, Davisco Foods International, Inc.



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Foremost Farms Joins Farm Powered Strategic Alliance

Boston, MA, and Middleton, WI—Vanguard Renewables on Monday announced the addition of Foremost Farms USA to the Farm Powered Strategic Alliance (FPSA).

The FPSA is dedicated to promoting sustainable organic waste reduction and regenerative agriculture solutions. The FPSA continues to grow, with Foremost Farms joining other companies such as Dairy Farmers of America, Great Lakes Cheese, Schreiber Foods, Cabot Creamery, Milk Specialties Global, Chobani, Danone, Unilever, Stonyfield Organic, and Starbucks, among others.

“Foremost Farms is dedicated to building strong partnerships with organizations that focus on sustainability in the dairy industry,” said Greg Schlafer, president and CEO of Foremost Farms. “We’re pleased to join the FPSA as another step in continuing our trajectory as environmental stewards that take care of our world and create value for dairy farm families.”

“This partnership allows Foremost Farms to amplify our commitment to sustainability and support our members in their efforts,” said Rachel Turgasen, senior director of member relations and corporate sustainability at Foremost Farms.

“We are delighted to welcome Foremost Farms to the FPSA,” said Neil H. Smith, chief executive officer of Vanguard Renewables. “Their members’ commitment to sustainable farming practices is helping to create a more sustainable future for the dairy industry, and their desire to work with and learn from like-minded organizations to explore solutions for food waste aligns with our mission.”

Vanguard Renewables partners with food and beverage manufacturers to recycle their inedible food waste via Farm Powered® anaerobic digestion, which converts organic waste into renewable natural gas (RNG). This RNG is then used to generate electricity, heat, and transportation fuel, reducing reliance on fossil fuels and mitigating greenhouse gas emissions.

Vanguard Renewables owns and operates on-farm anaerobic digester facilities in the Northeast and currently operates manure-only digesters in the South and West for Dominion Energy.

USDA Finds Pesticide Residues In Butter Samples; None Are Violative

Washington—The US Department of Agriculture (USDA) on Tuesday published the 2022 “Pesticide Data Program Annual Summary,” which found that over 99 percent of the commodity samples tested had pesticide residues below benchmark levels established by the US Environmental Protection Agency (EPA).

USDA’s Agricultural Marketing Service (AMS) conducts the Pesticide Data Program (PDP) each year to collect new and updated data on pesticide residues in food.

PDP is a voluntary program and is not designed for enforcement of tolerances. However, PDP informs the FDA and EPA of presumptive tolerance violations or if residues are detected that have no EPA tolerance established.

Because PDP data are used for risk assessments, PDP laboratory methods are geared to detect very low levels of pesticide residues, even when those levels are well below the tolerances established by the EPA.

Over 99 percent of the samples tested had residues below the tolerances, with 27.6 percent having no detectable residue. Residues exceeding the tolerance were detected in 0.53 percent (56 samples) of the total (10,665 samples). Of those 56 samples, 19 were domestic and 37 were imported.

Residues with no established tolerance were found in 2.5 percent of the total samples tested. Of these 269 samples, 127 were domestic and 142 were imported.

Of all the samples collected and analyzed in 2022, 80 percent (8,512 of 10,665) were fruit and vegetables, including fresh and processed products.

PDP collected and analyzed 531 butter samples. Samples were collected from routine PDP sampling sites, which included major distribution centers and terminal markets as well as proxy sites.

The New York Department of Agriculture and Markets, Food Laboratory Division, tested the 531 butter samples for a total of 196 parent pesticides, metabolites, degradates and/or isomers, plus 14 environmental contaminants.

Overall, 20 different residues (including metabolites and isomers) representing 19 distinct pesticides were detected in butter samples. The most frequently detected residue was novaluron, which was detected in 193 butter samples. Bifenthrin was detected in 143 samples, total cyhalothrin was detected in 138 samples, permethrin cis was detected in 77 samples, and permethrin trans was found in 73 samples.

Also, Piperonyl butoxide was found in 51 samples, thiabendazole was found in 13 samples, chlorpropham was found in 11 samples, methoxyfenozide was found in six samples and propargite was detected in four samples. Tetraconazole, metolachlor and fipronil were each detected in two samples, and residues of afidopyropen, carbendazim, diphenylamine (DPA), fenpyroximate, flonicamid, imidacloprid and simazine were each detected in one sample.

A tolerance is defined under Section 408 of the Federal Food, Drug, and Cosmetic Act as the maximum quantity of a pesticide residue allowable on a raw agricultural commodity. Tolerances are also applicable to processed foods.

A tolerance violation occurs when a residue is found that exceeds the tolerance level or when a certain residue is found for which there is no established tolerance. When PDP identifies samples with residues exceeding the tolerance or with residues for which there is no established tolerance, these detections are reported to FDA’s headquarters office.

A total of 320 samples with 355 pesticides were reported to FDA as Presumptive Tolerance Violations (PTVs) in 2022, either because they exceeded the established tolerance, or no tolerance was established. Butter was among the commodities that did not have any samples exceeding the established tolerances.

Residues with no established tolerance were found in 2.5 percent of the total samples tested. This included one butter sample.

The EPA establishes the tolerances after developing a risk assessment that considers the following:

- Pesticide exposure through diet and drinking water and from uses in and around the home;
- Cumulative exposure to two or more pesticides that cause a common toxic effect via a shared mechanism of toxicity;
- Possibility of increased susceptibility to infants and children or other sensitive populations from exposure to the pesticide; and
- Possibility that the pesticide produces an effect in people similar to an effect produced by a naturally occurring estrogen or produces other endocrine disruption.

PDP data also are used by FDA to assist in planning commodity surveys for pesticide residues as a part of its enforcement and regulatory programs.

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Cybersecurity

(Continued from p. 1)

lation has several co-sponsors in both the House and Senate.

The Farm and Food Cybersecurity Act specifically:

- Directs the US secretary of agriculture to conduct a study every two years on cybersecurity threats and vulnerabilities within the agriculture and food sectors and submit a report to Congress; and,

- Requires the secretary of agriculture, in coordination with the secretaries of homeland security and health and human services, as well as the director of national intelligence, to conduct an annual cross-sector crisis simulation exercise for food-related cyber emergencies or disruptions.

The Farm and Food Cybersecurity Act is supported by, among others, the American Farm Bureau Federation, National Council of Farmer Cooperatives, National Grain and Feed Association, National Cattlemen's Beef Association, National Pork Producers Council, Agricultural Retailers Association, American Sugar Alliance, and the US Chamber of Commerce.

"The agriculture and food industry has for many years worked closely with the federal government, including the departments of agriculture and homeland security, to enhance security and resilience. This bill furthers that goal," said Matthew Eggers, vice president of cybersecurity policy as the US Chamber of Commerce.

"The bill's call for studying cybersecurity risks to the sector and holding exercises, including to mitigate food-related disruptions

in the supply chain, is a productive step," Eggers continued. "The Chamber commends the lawmakers active on this legislation, and we look forward to working with them and other stakeholders as the bill advances through the legislative process."

"Protecting our nation's farms and food security against cyberattacks is a vital component of our national security," Gillibrand said. "The Farm and Food Cybersecurity Act is a crucial step toward preparing our nation's agriculture sector to respond to potential cyberattacks. I am committed to ensuring our American agriculture sector is ready to defend against these cyber threats and look forward to working with my colleagues to get this important bill passed."

"America's adversaries are seeking to gain any advantage they can against us — including targeting critical industries like agriculture. Congress must work with the Department of Agriculture to identify and defeat these cybersecurity vulnerabilities," Cotton commented. "This legislation will ensure we are prepared to protect the supply chains our farmers and all Americans rely on."

"With growing threats at home and abroad, it is increasingly important that we ensure our nation's agriculture sector and food supply chain remain secure," Finstad said. The Farm and Food Cybersecurity Act "will provide us with a greater understanding of the susceptibility of our country's food supply to cyberattacks, and more importantly, help us prevent these attacks from occurring in the future."

"No longer just some tech issue, cyber attacks have the potential to upend folks' daily lives and

Artisan Producers Launch Michigan Cheese & Dairy Guild; Events Planned

Ann Arbor, MI—Michigan is the latest state to form its own grassroots cheese guild, dedicated to promoting and preserving its award-winning artisan cheese and dairy producers.

The Michigan Cheese & Dairy Guild was co-founded by Arend Elston of Zingerman's Creamery, Ann Arbor; Josh Hall of Leelanau Cheese Company, Sutton's Bay; Tina Zinn, The Cheese Lady, Muskegon; and Zach Berg, Monger's Provisions, Detroit.

The organization provides community-led fundraising and education to its members, which currently includes a collection of cheese makers, farmers, retailers, restaurateurs and food enthusiasts.

Guild member Idyll Farms of Northport, MI, recently earned high honors at the 2023 World Cheese Awards in Norway, alongside Leelanau Cheese.

"The recent recognition of two Michigan cheese makers on an international stage is a major testament to the state's cheesemaking abilities," the Guild noted. "By coalescing this talent and bringing together Michigan's independent cheese and dairy producers for the first time, the new Michigan Cheese and Dairy Guild hopes to provide unprecedented support to further promote the state's industry."

"Our goal is to build and galvanize Michigan's cheese community to better showcase our high-quality products on a national and international level," said founding member Josh Hall of Leelanau Cheese.

"What Michigan Beer Guild did for micro-breweries, we hope to do for independent cheese and dairy producers," Hall continued.

An important tenet of the Guild is preserving natural resources and fostering a resilient food system for future generations. This includes advocating for greener policies to help local farmers implement sustainable farming methods.

Through policy advocacy and regulatory guidance, the Guild collaborates with farmers, cheese makers, and retailers to reduce the carbon footprint of Michigan's cheese and dairy industry.

Tasting and educational events for both members and consumers is another major part of Guild initiatives. One such event will take place Friday, March 22 at Michigan's top-rated winery Black Star Farms, Suttons Bay.

Attendees will enjoy an Alpine-style cheese tasting, led by Raclette experts from Leelanau Cheese. Cost is \$45 per person.

Leelanau teams up with Black Star Farms for several other

events in the coming months, including a traditional Raclette dinner, Mozzarella cheesemaking workshops, and global Cheddar and wine pairings.

Guild president and Monger's Provisions' Zach Berg said the artisan community has elevated cheese from simply being a food to having a story of identity.

"People at this point want food to have context, similar to the renaissance we've seen in craft beer, sourdough bread, heirloom cheese varieties and organic produce," Berg said.

Michigan cheese and dairy products are more than just food — you have cheese tasting like the place it actually came from, connecting people, a culture and cheese, he said.

Ask local cheese makers and cheese mongers about their products, Berg said.

If they answer with love, you know the food they're feeding you will also be approached with love., Berg continued.

The Guild offers three levels of membership:

Cheese Business Pro: open to licensed cheese makers in and around Michigan. Members will be listed on the Guild's Cheese Map of Michigan and searchable member database; receive quarterly newsletter with industry updates and opportunities; attend educational workshops featuring members-only marketing resources, research data, and media; and access to networking events and a community of fellow cheese professionals.

This tier also includes voting rights in organizational meetings, and the ability to run for a seat on the Guild's board of directors. Annual dues are \$200.

Cheese Business Deluxe: available for cheese mongers, chefs, restaurateurs, buyers, retailers, distributors, food educators, or other industry stakeholders.

Membership perks include: access to networking events; discounts for educational opportunities and workshops; quarterly newsletter; Guild signage and merchandise; farm visits and hands-on learning opportunities with cheese makers; and one staff training per year taught by a Guild cheese maker. Annual dues are \$100.

For Cheese Lovers: access to "Meet the Cheesemaker" events; discounts for Guild cheese tastings and educational workshops; quarterly newsletter; and opportunity to support the local cheese community.

Annual dues are \$25.

For more information, visit www.dairyguildofmichigan.com.

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Dairy Producers OK Changes To Southeast Orders; Final Rule Is Effective March 1

Washington—The US Department of Agriculture (USDA) on Thursday published a final rule that amends the transportation credit balancing fund provisions for the Appalachian and Southeast federal milk marketing orders and establishes distributing plant delivery credits in those orders as well as the Florida order.

USDA had published a final decision in this proceeding on Dec. 1, 2023. As required by regulation, USDA's Agricultural Marketing Service (AMS) then conducted a producer vote to determine approval of the amended orders, and more than two-thirds of the participating producers approved the amended orders.

Thus, AMS is issuing this final rule implementing new and amended provisions. The amendments will be effective for milk marketed on and after Mar. 1, 2024.

The final rule amends the transportation credit balancing fund (TCBF) provisions in the Appalachian and Southeast orders by:

- Updating the components of the mileage rate calculation;
- Revising the months of mandatory and discretionary payment;
- Revising the non-reimbursed mileage factor; and
- Increasing the maximum assessment rate on Class I milk.

The final rule also establishes distributing plant delivery credit (DPDC) provisions in the Appalachian, Southeast and Florida orders that will make marketwide service payments to qualifying handlers and cooperatives for milk shipments to pool distributing plants from farms that are year-round, consistent suppliers.

This proceeding dates back to October 2022, when the Dairy Marketing Cooperative Association (DCMA), a common marketing agency consisting of nine cooperatives, asked USDA to convene a hearing for the purpose of amending the Southeast, Appalachian and Florida orders pursuant to five proposals DCMA detailed in its hearing request.

USDA held a hearing Feb. 28-Mar. 2, 2023, on DCMA's five proposals, as well as five proposals submitted by Prairie Farms Dairy and one proposal submitted by Michael P. Sumners, a Tennessee dairy farmer.

A recommended decision in this proceeding was published on July 18, 2023, and a final decision was published on Dec. 1, 2023.

Hearing Concludes

(Continued from p. 1)

Class II differential proposed by the AFBF would create an incentive to substitute milk powder for fresh milk.

NMPF believes that AFBF's proposal to increase the Class II differential is a subject better addressed at a future federal order hearing, Rasch noted. For the current hearing, NMPF has offered five proposals which are intended to modernize federal order regulations; all of these proposals will affect the calculation of class prices. Not knowing what the outcome of this hearing might be, Rasch said it is impossible to evaluate the consequences of any change to the Class II differential at this time.

Mike Giles, president and general manager of Plains Dairy, LLC, testified on behalf of the International Dairy Foods Association (IDFA) in opposition to Proposal 19. Plains Dairy, based in Amarillo, TX, is a single-location independent dairy that owns a grocery distributor that sells groceries to its members.

Proposal 19 is "inconsistent" with the US Dairy Sector Simulator (USDSS) model and the "remarkable growth" in milk supply in the Texas Panhandle over the last 20 years, Giles stated. Increasing the Class I differential "could further affect our volume and business and the competitiveness of our member's stores."

Steve Galbraith, vice president of procurement and commodity risk management at Saputo Cheese USA, testified in opposition to Proposals 19 and 21.

Regarding Proposal 19, Galbraith said choosing to raise prices for any product category that is

experiencing steadily declining volume has not proven to be a recipe for growth due to some of the following potential outcomes:

- Mandating higher Class I differentials would reduce the price difference between Class I milk and plant-based beverages, which may incent some consumers to try, and ultimately switch to, plant-based beverages, resulting in further Class I volume declines.

- Continued lower milk volume will drive a change in the fluid milk distribution model, from primarily direct store delivery (DSD) to delivery through distribution centers. Delivery through distribution centers with longer supply chains will require extended shelf life (ESL) milk processing, which comes at a higher cost.

- Over the past decade, some HTST manufacturing plants who shut their doors and had cultured product production associated with them were forced to consolidate that cultured production into centralized facilities farther from customers. If more HTST plants close, any associated cultured production capacity will need to be replaced. As that transition is likely to continue, additional cost to consumers will be required.

- The loss of Class I consumption reduces milk demand overall. If farmers continue to increase production, that excess milk supply may ultimately find its way into Class III and Class IV products. Continued excess supply due to declining Class I demand will depress Class III and IV prices.

To summarize, "we have added cost to the Class I category over the past several decades with consolidation and increased miles on our products. Adding additional costs will not continue to grow the category," Galbraith said.

Regarding Proposal 21, the Class II differential increase of 86 cents per hundredweight is intended to increase revenue to dairy producers but will likely not have the intended effect, Galbraith said. Class II skim solids demand is likely to decrease as alternative milk solids have a greater substitution value.

Sally Keefe, owner and principal of skFigures, testified as a representative of MIG in opposition to Proposal 21.

If adopted, Proposal 21 would create winners and losers; in short, Class I would again be the loser, Keefe said.

Under Proposal 21, standalone Class II processors would be able to depool when economically rational, while Class I processors with Class II manufacturing would always be subject to pooling.

There is "no reason" to increase the Class II differential given the unfair impact doing so would have on fluid processors.

Proposal 21 would also create disorderly marketing within the marketplace as a whole, Keefe added. More than doubling the Class II differential would encourage substitution of Class IV ingredients for Class II milk in Class II products with particular ingredient formulations and standards of identity. It would also change the pool/depool decision for Class II.

Kyle Powell, vice president of procurement for Lakeview Farms, LLC, testified on behalf of IDFA in opposition to Proposal 21.

"Dairy costs within Class II are typically passed through to the customer. With the increase in the Class II differential, these costs will move right to the customer," Powell said.

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Compeer Financial Offering \$159,900 For Student Scholarships

Sun Prairie, WI—Compeer Financial is taking applications for its 123 student scholarships, each worth \$1,300, now through March 15, 2024.

Compeer's Fund for Rural America corporate giving program is available to graduating high school seniors with an agriculture or rural background, or those planning to major in an ag-related field at a community college, university or technical school.

Each scholarship recipient will receive \$1,500 for educational tuition expenses. Qualified applicants must be graduating seniors

residing in Compeer Financial's 144-county territory with a 3.0 grade point average or higher.

Recipients will be selected based on a combination of academic achievement, agricultural, community and youth organization involvement, and essays.

Since 2018, the fund has awarded more than \$1 million in scholarships to 710 graduating seniors.

All applications must be submitted through the online platform. Students can find more information and the scholarship application at www.compeer.com/scholarships.

WOW Logistics Dairy Science Scholarship Deadline Is March 15

Neenah, WI—WOW Logistics here is accepting applications for its \$1,000 Dairy Science Scholarship now through March 15, 2024, the company announced.

Created in 2010, the WOW Logistics Dairy Science Scholarship continues to be awarded annually to encourage and promote careers in the dairy manufacturing industry.

Those eligible for the scholarship must be currently enrolled at the University of Wisconsin-Madison seeking a degree with a dairy emphasis.

The currently enrolled, UW students, must specifically be working towards a degree in dairy science, food science, or biological systems engineering, preferably with a dairy manufacturing emphasis.

Candidates must either be a sophomore or junior at the college level, or a high school senior planning to attend the UW-Madison in fall 2023.

All applicants must be in good academic standing, the company stated.

Applications must be completed and returned to WOW Logistics by March 15, 2024. The winning applicant will be announced March 22.

Applications are available online at wowlogistics.com/aboutus/dairy-science-scholarship.

For questions or more information on the WOW Logistics scholarship program, contact WOW marketing communications manager Becky Barclay at (920) 687-5422 or via email: beckyba@wowlogistics.com.

PERSONNEL

Agropur Dairy Cooperative has announced the appointment of OLIVIER GARDÈRE to the position of vice-president, cheese and butter category. After 6 years of success in the cooperative's Go-to-Market and sales teams, Olivier's directive is to define the vision and develop the strategic plan for this category in order to ensure profitable and sustainable growth, the company said. With this new direction, Olivier will play an important role in the diversification of our B2B model.

QualiTru Sampling Systems has hired RIKKA KERBER as the company's new senior account executive. Kerber joins QualiTru with extensive leadership experience in sales and customer service, along with expertise in safety process development and product training.

LEEANN McLAUGHLIN has been appointed dairy policy and industry relations manager for the **Pennsylvania Center for Dairy Excellence**. McLaughlin will be responsible for providing opportunities and resources to the Center's dairy farmer affiliates.

Farmers for Sustainable Food (FSF) recently elected officers to serve on its board of directors, including president, PAUL CORNETTE, Cornette Dairy; LEE KINNARD, Kinnard Farms, treasurer; and LYNN THORNTON, Grande Cheese, secretary. Three members were also newly-appointed to the board, including MIKE BERGET, Berget Family Farms; MARK LOEHR, Loehr Dairy; and HOLLY JONES, Agropur.

Zepos Endowment Award Applications Open March 1

Brooklyn, NY—The Daphne Zepos Teaching Endowment will start accepting applications for its Daphne Zepos Teaching Award (DZTA) and Daphne Zepos Research Award (DZRA).

The DZRA is a \$2,500 annual scholarship given to food industry professionals to further their learning and their ability to educate others about cheese.

Applicants must submit a research plan and a request for funds to the Endowment's board of directors for approval, including a step-by-step outline of how the research will be conducted.

The DZRA application deadline is May 1, 2024.

ASSOCIATION NOTES

TRAVIS CANO has joined the **California Milk Advisory Board (CMAB)** as manager of processor partnerships. Cano brings roughly 20 years of food industry experience to his new post, most recently serving as director of pay operations for Shipt, a grocery delivery service. He also spent 16 years at the Safeway/Albertsons Companies, where he held a range of leadership positions including grocery procurement manager, business ventures manager, supply chain strategies manager, and director of e-commerce merchandising, procurement and labor planning.

The **Dairy Business Association (DBA)** elected three directors to its board, including Greg Siegenthaler, Grande Cheese; Spencer Frost, Frost Farms; and Travis Speirs, Shiloh Dairy, producer-director. Paul Fetzer of Fetzer Farms retired after serving nine years on the board. Other newly-elected board members are: Lee Kinnard, Kinnard Farms; Steve Bodart, AgriGrowth Solutions; Jesse Dvorachek, Wayside Dairy; Kevin Collins, Collins Dairy; Bob Nagel, Holsum Dairies; Chris Schneider, Nicolet National Bank; and Amy Pennerman, Dutch Dairy.

The **United Dairy Industry of Michigan (UDIM)** has named MELISSA GERHARTER as its new CEO. Gerharter joined UDIM eight years ago, serving on the sports nutrition marketing team and health/wellness team before taking on the role of chief operating officer and interim CEO.

Daphne Zepos Teaching Award

Similar to the Research Award, DZTA is a \$5,500 annual scholarship given to food industry professionals to learn and teach about cheese – specifically through traveling.

While abroad, applicants are recommended to visit any of the following: cheese makers, affineurs, mongers, retailers, distributors, importers, exporters, dairy co-ops, and dairy farmers.

Upon return, the DZTA recipient will deliver a presentation at the American Cheese Society's (ACS) annual conference, deliver a webinar presentation hosted by the DZTE, and write a research synopsis for the DZTE website, including educational materials.

Applicants must be ACS members, and have worked in the food industry for at least three of the past six years. The DZTA application deadline is May .

For more information, a list of past winners and online submissions, visit www.dzte.org.



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DATCP Awards Dairy Processor Grants To 15 Wisconsin Dairy Companies

Madison—The Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) this week announced that 15 Wisconsin dairy companies will be receiving a Dairy Processor Grant this year.

The purpose of these grants is to help foster innovation, improve profitability, and sustain the long-term viability of Wisconsin's dairy processing facilities.

Eligible grant applicants must operate a licensed dairy processing plant in Wisconsin engaged in pasteurizing, processing or manufacturing milk or dairy products.

Grant recipients are chosen through a competitive process.

The 2023-25 state budget provided an increase of \$300,000 annually for the Dairy Processor Grant Program, providing a total of \$500,000 for this year's grant awards, with a maximum of \$75,000 allowed for each project.

Grant recipients are required to provide a match of at least 20 percent of their grant amount.

For this grant round, DATCP received 36 grant requests totaling more than \$2.2 million.

Grant applications are customized by each processor and can be used to hire consultants to address a wide range of business needs including food safety, staff training, or modernization, DATCP announced.

The Dairy Processor Grant recipients and their planned projects are as follows:

Amazing Ice Cream, LLC: Expand Third Coast Creamery and Distillery products, including a new product launch

Bekkum Family Farms, LLC d/b/a Nordic Creamery: Produce new A2 milk cheese varieties for Nordic Creamery

Blakesville Creamery, LLC: Develop employee skills and standardize practices

CROPP Cooperative: Enhance packaging capabilities for two stick butter

Dairy State Cheese, LLC: Evolve from commodity cheese to specialty cheese production

Foremost Farms USA: Expand dairy processing employee training and development

Great Lakes Cheese of La Crosse Wisconsin, Inc.: Provide staff and leadership development for new production line

Lake Country Dairy: Increase food and employee safety

Mexican Cheese Producers, Inc.: Increase their cheesemaking capacity

Oak Grove Dairy, Inc.: Remodel the company's dry storage and cold storage

Old World Creamery, LLC: Create onboarding for cheese maker and wastewater treatment operator

Pine River Pre-Pack, Inc.: Create training blueprint for the company's Pine River Cheese Spread

Rosewood Dairy, Inc d/b/a Renard's Cheese: Design wastewater loadout building and office relocation plans

Silver and Lewis Cheese Factory Company Cooperative: Secure a sustainable future for Silver and Lewis

Weyauwega Cheese, LLC: Hire and train specialized staff, evalu-

ate and enhance sliced cheese production line

"Wisconsin's dairy processors feed our families, stock our shelves, and play a critical role in our state's economy, culture, and heritage," commented Wisconsin Gov. Tony Evers.

"I appreciate the support from Governor Evers and the legislature for funding this grant program in the biennial budget. Wisconsinites are working to maintain and build on the state's reputation as America's Dairyland. One piece to the dairy supply chain is Wisconsin's processors," said Randy Romanski, DATCP secretary.

"I've been proud to support increases for these grants in my budgets to help our dairy processors continue to grow and

modernize their operations, bolster our dairy supply chain, and ensure Wisconsin dairy remains on top for generations to come," Evers said.

"Since this program began, the demand for grants has been high. This year was no different, with requests totaling more than four times the available funding," Romanski added.

Since 2014, DATCP has received a total of 235 Dairy Processor Grant proposals requesting a total of more than \$9.2 million. DATCP has funded 121 of those proposals, totaling \$2.5 million.

Last May, DATCP had announced that 21 Wisconsin dairy companies would be receiving Dairy Processor Grants in 2023.

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Cheese In China

(Continued from p. 1)

(pizza) and processed cheese slices *burgers and sandwiches) in the foodservice channel, the report added. Innovative uses of Cream cheese (for cheesecakes and tea macchiatos in chained bakeries and tea shops) and of Mozzarella (for cheese-filled dumplings and novel add-ins for Korean-style hotpot) also drove cheese demand.

From 2012 to 2022, foodservice cheese sales accounted for 60 percent to 75 percent of total cheese consumption (14 percent CAGR 2012-22), with 2022 sales reaching 154,000 metric tons, Rabobank reported.

Slower Growth In Future

Low per capita consumption, expansion of QSRs and tea shops, and product innovation provide a platform for a gradual increase in Chinese cheese demand, the report said.

China's annual per capita cheese consumption is only 0.2 kilograms, much lower than neighboring Asian countries like Japan (2.5 kilograms) and South Korea (3.7 kilograms), according to the International Dairy Federation's (IDF) 2023 *World Dairy Situation Report*.

With an estimated 9.1 percent annual volume growth, cheese consumption will outpace the growth of China's overall dairy category, projected at 2.4 percent CAGR in Rabobank's *China Dairy Outlook Through 2032* report.

With a softer macroeconomic backdrop, Chinese consumers will likely rationalize spending to favor value-focused products and services, Rabobank's report noted. QSRs will benefit from their value-for-money offering, convenience,

and continued expansion in new cities throughout the country. The rapid expansion of QSR chains provides a growth platform for Mozzarella cheese (pizza chains) and processed cheese (burger and chicken QSRs).

Demand for Cream cheese will also grow, driven by the ongoing expansion of bakery and tea shop chains and cheese suppliers' product innovation, the report added.

Rabobank forecasts cheese sales growth in the foodservice channel to average 10.3 percent annually between 2023 and 2030, with demand reaching 375,000 metric tons by 2030.

To capture this opportunity, Rabobank advised cheese players to consider notable foodservice channel trends that could impact their product offerings and supply chain.

For example, Fonterra developed Cheese Pro cream, a cross-over product mixing cheese (over 18 percent) as an ingredient into cream and reducing the time chained bakeries and tea shops need to make tea macchiatos.

The novel cheese lollipop spurred retail cheese sales from US\$0.3 billion in 2012 to US\$2.0 billion in 2022, but sales came under pressure in 2023 against a softer macroeconomic backdrop and weaker consumer spending.

At CAGRs of 21 percent and 22 percent in volume and value terms, the growth trajectory of cheese lollipops is unlikely to be sustained between 2023 and 2030, the report said.

The cheese category's retail volume and value growth will slow to CAGRs of 6 percent and 6.6 percent, respectively, according to Euromonitor data and Rabobank estimates. By 2030, total retail volumes and sales are forecast at 120,000 metric tons and US\$2.6 billion.

Favorable Trade Opportunities

Increasing cheese consumption, consumers' preference for imported cheese, and insufficient domestic cheese production capacity underpinned opportunities for cheese trade into the Chinese market, the report explained. Consequently, Chinese cheese imports have grown annually by 14.9 percent, from 38,800 metric tons in 2012 to an estimated 178,186 metric tons in 2023.

China will remain a growth engine in the global cheese trade, as the domestic supply cannot satisfy increasing domestic consumption. Based on Rabobank forecasts, China's annual cheese imports will reach between 270,000 and 320,000 metric tons in 2030.

New Zealand, the largest cheese exporter to China, expanded trade by a 18.2 percent CAGR between 2012 and 2023 and captured nearly 60 percent of the Chinese import volume in 2023, the report said. Preferential tariff access and a comparatively lower cost of production drive New Zealand's growing cheese exports to China.

While there's plenty of headroom for China's cheese import growth, some level of caution is required when assessing the growth potential, the report said. A slowdown in economic growth and tightening of consumer spending would reduce discretionary spending and the desire to eat out, and slower-than-expected expansion of QSRs in lower-tier cities would impact demand and, consequently, import growth.

Moreover, the report continued, domestic cheese production capacity is growing, supported by leading players' investments and adequate local milk supply. The rapidly expanding supply and slower consumption of milk

leaves more milk for processing. Companies, especially those that have their own sources of milk, can choose to allocate surplus raw milk to value-added cheese products instead of whole milk powder to offset the use of imported cheese as raw material and the related logistics costs and to increase supply stability.

Consumers' preference for imported cheese may also change as international and domestic brands offer locally produced, innovative products catering to local consumers' tastes, the report added.

Market competition will intensify as leading dairy and cheese companies join the game to capture the increasing demand. Generally, Rabobank classifies players into three types: domestic dairy giants, international big cheese players, and innovative startups.

China's dairy companies grapple with three main challenges, the report explained: internationally uncompetitive milk production costs, lack of cheese variety, and higher initial investment to expand production capacity. In response to these challenges, leading Chinese dairy companies like Yili and Mengniu have identified a few solutions: adopting technology to improve efficiency, finding novel ways to govern value chains, and diversifying the variety of cheese products.

International big cheese names have adopted a "buy or build" investment strategy, the report noted. Bel bought Shandong Junjun Cheese to accelerate its brand portfolio expansion in China. Savencia was probably the earliest international player investing in local production in Tianjin, China.

Companies like Savencia and Bel don't need to worry about product development, as they can leverage their state-of-the-art manufacturing and R&D capacities originating in France, the report said. But it will be more challenging for them to compete with local players in terms of distribution.

Speed is critical in a highly competitive market; therefore, startups have rapidly entered into manufacturing and distribution agreements and gained access to funding, speeding up the route to market with innovative products, the report said.

For international and domestic players, the right business and investment strategies will be essential. In Rabobank's view, the potential winners will need to consider at least the following factors: access to high-quality and price-competitive milk sources; allocation of assets and capital investment; scale and efficiency of cheese production; and risk management strategies to offset the risks in price volatility of raw materials and in logistics.

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Milk Utilization

(Continued from p. 1)

record for Class III volume was 64.2 billion pounds, set in 2019.

In 2023, monthly Class III volume on all 11 federal orders ranged from a low of 5.4 billion pounds in April to a high of 7.55 billion pounds in January.

Class III utilization in 2023 was 53.8 percent, down from 53.9 percent in 2022.

The past two years are the only years in which Class III utilization topped 50 percent.

During 2023, Class III utilization ranged from a low of 39.45 percent in April to a high of 57.2 percent in August.

The volume of milk pooled in Class I last year totaled 40.4 billion pounds, down 1.4 percent, or 581 million pounds, from 2022.

That's the lowest volume of federal order Class I milk since 1975, when it totaled 40.1 billion pounds.

During 2023, monthly Class I volume ranged from a low of 3.08 billion pounds in July to a high of 3.6 billion pounds in January.

Class I utilization last year was 25.5 percent, down from 27.0 percent in 2022 and the lowest Class I utilization ever.

The previous record was set in 2022.

In 2023, the volume of milk pooled in Class II totaled 14.8 billion pounds, up 4.3 percent, or 606 million pounds, from 2022. During 2023, the volume of milk pooled in Class II ranged from a low of 1.08 billion pounds in December to a high of 1.35 billion pounds in September.

Class II utilization in 2023 was 9.4 percent, unchanged from 2022.

The volume of milk pooled in Class IV last year totaled 17.9 billion pounds, up 22.9 percent, or 3.3 billion pounds, from 2022. Monthly Class IV volume ranged from a low of 803 million pounds in August to a high of 3.7 billion pounds in April.

Class IV utilization in 2023 was 11.3 percent, up from 9.6 percent in 2022.

Upper Midwest Leads In Volume

In 2023, for the second straight year, more milk was pooled on the Upper Midwest order than any of the other 10 orders. In 2020 and 2021, more milk was pooled on the Northeast order than any other order.

Last year, 33.05 billion pounds of milk was pooled on the Upper Midwest order, up 1.2 billion pounds from 2022.

Milk volumes and utilization on the Upper Midwest order last year was: Class I, 1.9 billion pounds, 5.85 percent; Class II, 324 million pounds, 1.0 percent; Class III, 30.5 billion pounds, 92.2

percent; and Class IV, 329 million pounds, 1.0 percent.

The Northeast order ranked second last year in pooled milk receipts, at 27.3 billion pounds, up 1.4 percent, or 378.2 million pounds, from 2022.

Milk utilization on the Northeast order in 2023 was as follows: Class I, 7.9 billion pounds, 28.8 percent; Class II, 6.9 billion pounds, 25.5 percent; Class III, 8.0 billion pounds, 29.2 percent; and Class IV, 4.5 billion pounds, 16.5 percent.

Producer milk receipts on the California order last year totaled 26.4 billion pounds, up 17.7 percent, or 4.0 billion pounds, from 2022.

Last year, milk utilization on the California order was as follows: Class I, 5.0 billion pounds, 17.8 percent; Class II, 1.3 billion pounds, 4.8 percent; Class III, 16.6 billion pounds, 62.7 percent; and Class IV, 3.9 billion pounds, 14.8 percent.

In 2023, producer milk receipts on the Mideast order totaled 17.8 billion pounds, up 5.7 percent, or 965.4 million pounds, from 2022.

Milk utilization on the Mideast order last year was as follows: Class I, 6.4 billion pounds, 36.0 percent; Class II, 1.5 billion pounds, 8.25 percent; Class III, 8.5 billion pounds, 47.7 percent; and Class IV, 1.4 billion pounds, 8.0 percent.

A total of 16.1 billion pounds of milk was pooled on the Central order in 2023, up 2.7 percent, or 415.4 million pounds, from 2022.

In 2023, milk utilization on the Central order was as follows: Class I, 4.3 billion pounds, 26.9 percent; Class II, 1.1 billion pounds, 6.7 percent; Class III, 8.1 billion pounds, 50.6 percent; and

Class IV, 2.5 billion pounds, 15.8 percent.

Last year, a total of 13.6 billion pounds of milk was pooled on the Southwest order, down 0.5 percent, or 73.9 million pounds, from 2022.

Milk utilization on the Southwest order in 2023 was as follows: Class I, 3.8 billion pounds, 27.6 percent; Class II, 906 million pounds, 6.6 percent; Class III, 8.0 billion pounds, 58.7 percent; and Class IV, 952 million pounds, 7.0 percent.

A total of 7.6 billion pounds of milk was pooled on the Pacific Northwest order in 2023, up 0.9 percent, or 66.6 million pounds, from 2022.

In 2023, milk utilization on the Pacific Northwest order was as follows: Class I, 1.6 billion pounds, 20.6 percent; Class II, 413 million pounds, 5.4 percent; Class III, 3.6 billion pounds, 46.6 percent; and Class IV, 2.1 billion pounds, 27.3 percent.

The volume of milk pooled on the Appalachian order in 2023 totaled 5.4 billion pounds, up 0.1 percent, or 7.5 million pounds, from 2022.

Milk utilization on the Appalachian order last year was as follows: Class I, 3.8 billion pounds, 69.8 percent; Class II, 800 million pounds, 14.7 percent; Class III, 405 million pounds, 7.5 percent; and Class IV, 433 million pounds, 8.0 percent.

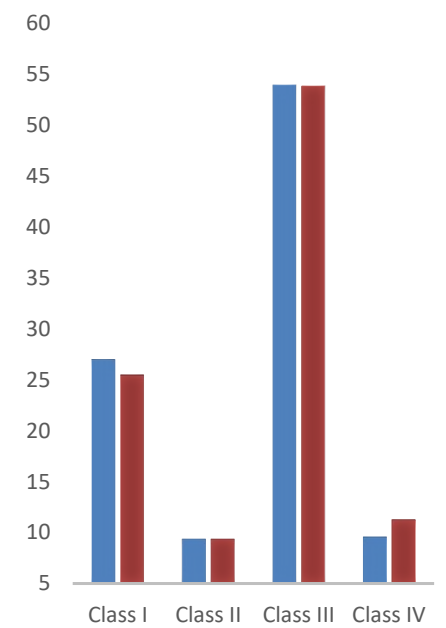
In 2023, a total of 5.1 billion pounds of milk was pooled on the Arizona order, up 4.9 percent, or 239.8 million pounds, from 2023.

Last year, milk utilization on the Arizona order was as follows: Class I, 1.4 billion pounds, 26.7 percent; Class II, 740 million pounds, 14.4 percent; Class III, 1.5 billion pounds, 28.7 percent; and

Federal Order Milk Utilization

2022 vs. 2023 in percentages

Totals may not add to 100% due to rounding



Class IV, 1.6 billion pounds, 30.3 percent.

The volume of milk pooled on the Southeast order in 2023 totaled 3.5 billion pounds, down 9.6 percent, or 374.7 million pounds, from 2022.

Milk utilization on the Southeast order last year was as follows: Class I, 2.6 billion pounds, 74.1 percent; Class II, 540 million pounds, 15.3 percent; Class III, 172 million pounds, 4.9 percent; and Class IV, 204 million pounds, 5.8 percent.

In 2023, a total of 2.5 billion pounds of milk was pooled on the Florida order, up 0.9 percent, or 22.9 million pounds, from 2022.

Last year, milk utilization on the Florida order was as follows: Class I, 2.1 billion pounds, 82.2 percent; Class II, 369 million pounds, 14.7 percent; Class III, 47 million pounds, 1.9 percent; and Class IV, 31 million pounds, 1.2 percent.

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Vermont Cheese Council Hosts Online Artisan Cheese Conference Feb. 15-16

Waitsfield, VT—The Vermont Cheese Council (VCC) announced its new live, virtual artisan cheese conference Feb. 15-16, 2024.

Attendance is open to anyone, and content is created especially for the artisan cheesemaking community. Day one kicks off with a session on the latest milk quality research for traditional cheese production will be led by Bruno Martin of the French National Institute for Agriculture, Food, & Environment.

Martin will outline how farm factors and diversity can impact milk quality, focusing on the link between terroir and cheese.

The link between food safety and affinage will be led by Kerry Kaylegian of Penn State University. Kaylegian will identify hot spots in aging rooms that pose risks to most cheeses, along with other areas of concern for higher-risk cheese varieties and affinage.

Another session focuses on the rumen/curd relationship. Attendees will learn a standardized curd-measuring technique to assess links between feed and the cheesemaking quality of milk.

Instructors will present research following 35 farms over three months. Information about “what not to do with feed” will be presented, along with examples on how curds behave and how much cheese the milk will yield.

Friday will wrap with a virtual tour of Brazil’s Queijaria BelaFazenda dairy farm, creamery, and aging rooms. A panel discussion on integrating comparative process improvements will feature Peter Dixon and Rachel Fritz Schaal of Parish Hill Creamery.

The couple will share information gathered visiting and working with other cheese makers. A session will show how to make raw milk cheese with autochthonous cultures at Parish Hill.

Consultations and workshops for artisan cheese makers will also be offered through Dairy Foods Consulting and Westminster Artisan Cheesemaking.

Mike Baptista of Ripe Specialty Foods, Alexandria, VA and Maggie Bradshaw of Truckle Cheesemongers, Richmond, VA, will lead a session on what cheese buyers and distributors look for in partnerships with cheese producers.

They will also cover what to avoid and how to best connect and build relationships in the artisan cheese sector.

A session on recruitment and retention will explore how to create a diverse, engaged, and empowered workforce.

Finally, a discussion on business exit planning will cover the challenges and questions cheese makers and dairy farmers have when retirement is on the horizon.

Kate Turcotte and Mike Ghia, Maine and Vermont field agents, with Land For Good, plan to more publicly address these challenges.

They will field questions like whether or not to put land or a farm in a trust, selling a cheesemaking operation separately, and common pitfalls of both scenarios.

All sessions will be recorded and available for viewing on the event website through March 30.

Cost to participate in the virtual conference is \$110 per person.

Day passes are also available for \$65.

To reserve a spot and for more information, visit www.vtcheese.com/conference.

PLANNING GUIDE

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.

International Pizza Expo & Conference: March 19-21, Las Vegas Convention Center, Las Vegas, NV. Visit www.pizzaexpo.com.

Ice Cream Technology Conference and Yogurt & Cultured Innovation Conference: April 9-10, Hilton Clearwater Beach Resort, Clearwater, FL. Visit www.idfa.org for more information.

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

ADPI/ABI Joint Annual Conference: April 28-30, Sheraton Grand Chicago Riverwalk, Chicago, IL. Visit adpi.org/events for updates.

National Restaurant Show: May 18-21, McCormick Place, Chicago, IL. Visit www.nationalrestaurantshow.com for more information.

IDDBA 2024: June 9-11, George R. Brown Convention Center, Houston, TX. Visit iddba.org.

ADSA Annual Meeting: June 16-19, West Palm Beach, FL. For details visit www.adsa.org.

WDPA Dairy Symposium: July 8-9, Landmark Resort, Egg Harbor, WI. Check www.wdpa.net for updates and registration.

American Cheese Society Annual Conference: July 10-13, Buffalo, NY. Visit www.cheesesociety.com for updates.

IFT Meeting & Expo: July 14-17, Chicago. Check www.iftevent.org for updates and registration.

Free Penn State Webinar Covers Cash Strategies For Value-Added Dairy

University Park, PA—Penn State Extension is offering a webinar aimed at helping dairy farm operators understand cash-flow strategies when considering the addition of value-added dairy foods processing.

The webinar will take place Feb. 13 from noon to 1 p.m. EST. Starting a new dairy food processing venture can be rewarding and challenging, organizers noted.

During the startup phase, cash flow is often stressed as producers learn processing skills and establish consumer markets.

As a result, operations need to adapt and support the new venture. Tracking both entities’ cash flow needs and developing short-term and long-term plans will support the dairy, while building a sound foundation for the food processing enterprise to grow.

Ag business consultant Rob Goodling will join Penn State Extension experts to review how understanding capital requirements for processing is crucial.

Participants will learn how to identify capital needs of processing, and how it may rely on support from the dairy operation.

Instructors will then outline how to determine cash flow demands for both the dairy operation and dairy processing, and ways to map out both short-term and long-term expenditure needs for the entire farm operation.

This event is being offered at no charge to participants, but registration is required to receive the link to access the webinar. Registrants also will receive access to the webinar recording. To register, visit www.extension.psu.edu or call (877) 345-0691.

Cornell Dairy Food Sensory Evaluation Course Is Mar. 13-14

Ithaca, NY—Cornell University will host a hands-on workshop Mar. 13-14 on the sensory evaluation of dairy products.

The course is suited for professionals in production and quality control/quality assurance. Training will focus on the basic components of sensory evaluation. Instructors will highlight both psychological consideration in sensory analysis, and the physiology of sensory perception.

Students will learn about flavor components, how to develop a sensory plan, and ways to understand flavor components through lab sessions and lectures.

The early registration deadline is February 14.

Visit www.cals.cornell.edu/dairy-extension/course-calendar for details.



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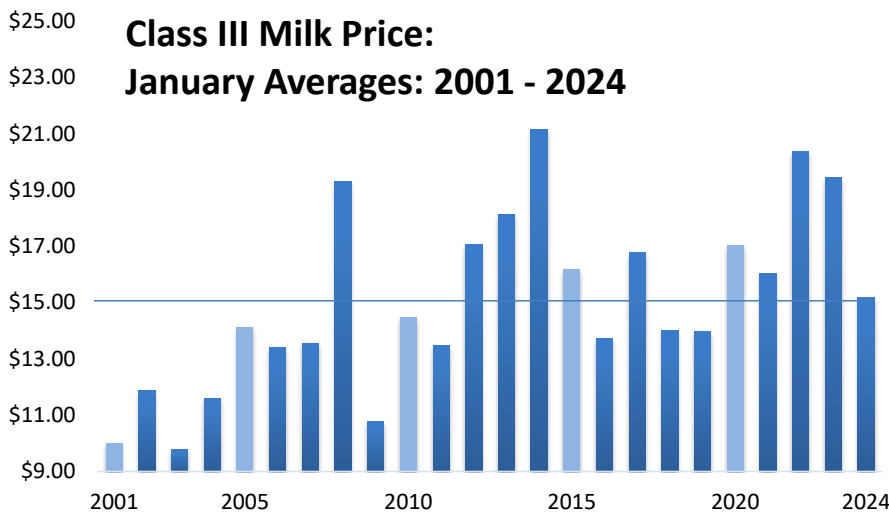
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Class Milk & Component Prices January 2024 with comparisons to January 2023

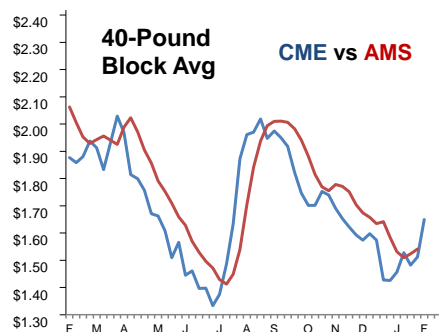
Class III - Cheese Milk Price	2023	2024
PRICE (per hundredweight)	\$19.43	\$15.17
SKIM PRICE (per hundredweight)	\$10.08	\$4.92
Class II - Soft Dairy Products	2023	2024
PRICE (per hundredweight)	\$21.61	\$20.04
BUTTERFAT PRICE (per pound)	\$2.7783	\$2.9835
SKIM MILK PRICE (per hundredweight)	\$12.32	\$9.95
Class IV - Butter, MP	2023	2024
PRICE (per hundredweight)	\$20.01	\$19.39
SKIM MILK PRICE (per hundredweight)	\$10.68	\$9.30
BUTTERFAT PRICE (per pound)	\$2.7713	\$2.9765
NONFAT SOLIDS PRICE (per pound)	\$1.1864	\$1.0330
PROTEIN PRICE (per pound)	\$2.8058	\$1.1265
OTHER SOLIDS PRICE (per pound)	\$0.2343	\$0.2417
SOMATIC CELL Adjust. rate (per 1,000 scc)	\$0.00099	\$0.00076
AMS Survey Product Price Averages	2023	2024
Cheese	\$1.9767	\$1.5226
Cheese, US 40-pound blocks	\$2.1147	\$1.5260
Cheese, US 500-pound barrels	\$1.8226	\$1.4895
Butter, CME	\$2.4599	\$2.6294
Nonfat Dry Milk	\$1.3662	\$1.2112
Dry Whey	\$0.4266	\$0.4338



DAIRY PRODUCT SALES

Jan. 31, 2024—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	Jan. 27	Jan. 20	Jan. 13	Jan. 6
40-Pound Block Cheddar Cheese Prices and Sales				
Weighted Price		Dollars/Pound		
US	1.5415	1.5235	1.5098	1.5318
Sales Volume		Pounds		
US	9,943,733	11,376,044	11,586,124	11,020,791
500-Pound Barrel Cheddar Cheese Prices, Sales & Moisture Content				
Weighted Price		Dollars/Pound		
US	1.5776	1.5672	1.5553	1.5540
Adjusted to 38% Moisture				
US	1.5038	1.4914	1.4807	1.4807
Sales Volume		Pounds		
US	13,407,377	11,997,329	12,432,955	11,679,381
Weighted Moisture Content		Percent		
US	34.96	34.85	34.88	34.93
AA Butter				
Weighted Price		Dollars/Pound		
US	2.6113	2.6156	2.6447	2.6687
Sales Volume		Pounds		
US	4,795,665	4,591,842	4,764,252	1,946,142
Extra Grade Dry Whey Prices				
Weighted Price		Dollars/Pound		
US	0.4365	0.4384	0.4304	0.4264
Sales Volume		Pounds		
US	5,169,323	6,384,593	4,613,355	3,676,325
Extra Grade or USPHS Grade A Nonfat Dry Milk				
Average Price		Dollars/Pound		
US	1.2124	1.2119	1.2072	1.2143
Sales Volume		Pounds		
US	16,315,765	15,729,977	16,257,189	10,387,040

DAIRY FUTURES PRICES

SETTLING PRICE							*Cash Settled	
Date	Month	Class III	Class IV	Dry Whey	NDM	Block Cheese	Cheese*	Butter*
1-26	Jan 24	15.20	19.25	43.500	120.150	1.536	1.5260	262.350
1-29	Jan 24	15.22	19.25	43.500	120.175	1.536	1.5260	262.350
1-30	Jan 24	15.20	19.25	43.500	120.175	1.536	1.5250	262.375
1-31	Jan 24	15.17	19.39	46.700	121.120	1.526	1.5226	262.940
2-1	Jan 24							
1-26	Feb 24	16.06	19.75	44.750	121.500	1.602	1.6040	268.275
1-29	Feb 24	16.46	19.85	46.000	121.525	1.634	1.6360	272.175
1-30	Feb 24	16.23	19.76	45.600	122.000	1.634	1.6140	270.325
1-31	Feb 24	16.10	19.76	46.250	122.000	1.630	1.5920	271.000
2-1	Feb 24	16.32	19.80	50.500	121.000	1.630	1.6140	273.200
1-26	Mar 24	16.53	19.83	45.475	121.800	1.672	1.6520	270.500
1-29	Mar 24	17.06	19.88	43.250	121.525	1.717	1.6940	271.500
1-30	Mar 24	16.93	19.88	46.750	122.850	1.701	1.6750	271.250
1-31	Mar 24	16.91	19.92	47.500	123.500	1.701	1.6750	271.000
2-1	Mar 24	17.52	19.90	50.000	122.375	1.743	1.7200	272.500
1-26	April 24	16.86	19.82	45.100	123.800	1.703	1.6770	274.000
1-29	April 24	17.39	19.97	45.000	121.525	1.753	1.7270	272.750
1-30	April 24	17.27	19.95	47.000	124.700	1.738	1.7140	270.000
1-31	April 24	17.20	19.99	48.875	124.250	1.738	1.6950	271.700
2-1	April 24	17.76	19.99	49.500	123.500	1.759	1.7380	273.025
1-26	May 24	17.25	20.08	46.000	124.550	1.753	1.7270	274.000
1-29	May 24	17.62	20.10	45.000	123.600	1.783	1.7700	275.875
1-30	May 24	17.63	20.03	47.000	125.450	1.783	1.7570	272.650
1-31	May 24	17.63	20.20	47.525	125.250	1.760	1.7470	262.500
2-1	May 24	18.05	20.20	48.500	124.475	1.786	1.7710	276.250
1-26	June 24	17.89	20.20	46.000	126.200	1.806	1.7800	274.975
1-29	June 24	18.03	20.34	46.000	125.200	1.806	1.7850	274.975
1-30	June 24	17.88	20.34	47.025	126.900	1.820	1.7800	274.025
1-31	June 24	17.91	20.35	47.025	123.475	1.783	1.7750	275.100
2-1	June 24	18.27	20.35	48.025	126.500	1.812	1.7870	277.025
1-26	July 24	18.10	20.40	46.250	126.325	1.848	1.8060	277.500
1-29	July 24	18.05	19.82	46.250	126.750	1.848	1.8150	279.000
1-30	July 24	18.15	20.50	47.500	127.500	1.847	1.8100	278.000
1-31	July 24	18.08	20.50	47.500	127.375	1.812	1.7910	278.000
2-1	July 24	18.37	20.60	48.000	128.000	1.841	1.7980	278.000
1-26	Aug 24	18.18	20.55	46.500	128.525	1.860	1.8240	280.000
1-29	Aug 24	18.17	20.53	46.500	126.900	1.860	1.8290	280.500
1-30	Aug 24	18.30	20.62	48.000	129.000	1.860	1.8270	278.500
1-31	Aug 24	18.25	20.70	48.000	128.000	1.860	1.8170	279.000
2-1	Aug 24	18.49	20.70	49.000	129.000	1.860	1.8260	280.025
1-26	Sept 24	18.35	20.63	47.000	130.500	1.871	1.8300	282.000
1-29	Sept 24	18.33	20.60	47.000	130.500	1.871	1.8300	283.000
1-30	Sept 24	18.40	20.80	47.000	130.500	1.871	1.8300	283.000
1-31	Sept 24	18.35	20.88	49.000	129.000	1.866	1.8210	283.000
2-1	Sept 24	18.55	20.88	49.000	129.000	1.866	1.8290	283.000
1-26	Oct 24	18.23	20.75	47.000	132.000	1.868	1.8230	283.500
1-29	Oct 24	18.19	20.80	47.000	132.000	1.868	1.8300	280.525
1-30	Oct 24	18.33	20.80	48.000	130.750	1.868	1.8300	280.525
1-31	Oct 24	18.32	20.87	48.000	130.600	1.868	1.8290	280.525
2-1	Oct 24	18.50	20.94	48.000	131.000	1.868	1.8290	282.050
1-26	Nov 24	18.23	20.60	47.000	131.425	1.864	1.8250	282.000
1-29	Nov 24	17.99	20.80	47.000	131.425	1.864	1.8250	284.000
1-30	Nov 24	18.24	20.64	47.000	131.000	1.864	1.8250	284.300
1-31	Nov 24	18.31	20.72	47.000	131.000	1.864	1.8000	283.500
2-1	Nov 24	18.47	20.90	47.000	131.000	1.864	1.8000	283.550
Feb. 1		23,286	8,792	3,068	8,067	2,262	17,828	8,529

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New Subscriber Info

Name _____

Title _____

Company _____

Address _____

City/St/Zip _____

E-Mail Phone _____

Old Subscriber Info

Name _____

Title _____

Company _____

Address _____

City/St/Zip _____

E-Mail Phone _____

TYPE OF BUSINESS:

- _____Cheese Manufacturer
- _____Cheese Processor
- _____Cheese Packager
- _____Cheese Marketer(broker, distributor, retailer)
- _____Other processor (butter, cultured products)
- _____Whey processor
- _____Food processing/Foodservice
- _____Supplier to dairy processor

JOB FUNCTION:

- _____Company Management
- _____Plant Management
- _____Plant Personnel
- _____Laboratory (QC, R&D, Tech)
- _____Packaging
- _____Purchasing
- _____Warehouse/Distribution
- _____Sales/Marketing

DAIRY PRODUCT MARKETS

AS REPORTED BY THE US DEPARTMENT OF AGRICULTURE

WHOLESALE CHEESE MARKETS

NATIONAL - JAN. 26 : Strong milk volumes continue to be available for Class III manufacturing in the East, where plant managers note steady production schedules. Cheddar and Mozzarella inventories are noted to be comfortable. Foodservice demand is higher than in recent weeks. Retail cheese demand is steady to stronger. In the Central region, some cheese plants have come back online after scheduled downtime. Cheese processors relay spot milk availability has tightened, and prices were reported above Class III for the first time since before the winter holidays. Cheese demand is stronger, but on par with this time in previous years. Foodservice and retail contacts note American style cheese orders are stronger than normal for late January.

NORTHEAST - JAN. 31: Milk production has plateaued in the Northeast. While strong milk volumes continue to be available, volumes are down when compared to recent weeks. Some contacts report above Class III prices for spot milk loads. Cheese plant managers report steady production schedules and comfortable inventories of both American-type Cheeses and Mozzarella. Foodservice demand is seasonally strong ahead of the close of professional football season. Retail demand is noted to be steady to stronger.

MIDWEST AREA - JAN. 31: Milk availability for cheese processors in the Midwest has continued to edge tighter. Spot milk prices have solely been reported at Class to \$1-over. Barring any last-minute updates, the last time no sub-Class III prices were reported was week 48 of 2023, nearly two months ago. Last year, during week five, the spot milk price range was \$10- to \$3-under Class. One factor in the current milk balance is cheese production schedules. Plant managers report running active schedules; some say they are running an extra day per week. Cheese demand is mixed. Some retail/foodservice Cheddar producers say demand has stepped lower this week. Others have said sales are busier. Curd processors relay that 2024 is already viewed as more promising than last year, as contracts are being worked out for the first half of the year. Cheese market tones are viewed as bearish to steady currently but with bullish potential due to tighter milk availability expectations moving into mid- and late-winter.

WEST - JAN. 31 : Retail demand for varietal cheeses is steady to stronger in the West. Foodservice demand is strengthening with the alleviation of most weather-related power outages and transportation difficulties during recent weeks. Demand from international buyers has also strengthened over recent weeks. Class III spot loads are readily available, despite a few stakeholders noting tighter milk volumes. Class III milk demand from cheese makers is stronger. Manufacturers and converters are running steady to stronger production schedules. Although some processors are focusing production schedules majorly on contractual commitments, loads are readily available for spot purchasers. A few stakeholders indicate more offers by sellers of downgraded cheese loads recently.

FOREIGN -TYPE CHEESE - JAN. 31: European cheese manufacturers report retail market cheese demand is strong to very strong. Industry sources note current retail demand is higher than typical for this time of year and sales campaigns as positively impacting purchasing. European foodservice demand is lighter and somewhat inconsistent. Stakeholders indicate contracted sales are steady. Cheese inventories are reported as tightening. Distributors note some postponed deliveries due to decreasing inventory levels. Cheese makers are running steady to stronger production schedules to ensure enough cheese stocks for the upcoming holidays at the end of March. Cheese exports out of the European Union are unsteady. Transport delays and higher costs continue to persist, partially from conflict around the Red Sea. Milk production in Germany is stronger this week-over-week. However, milk production in Germany and France showed a decrease compared to the same week last year. Market tones are stable to firm.

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

Variety	Date: 1/31/24	1/24	Variety	Date: 1/31/24	1/24
Cheddar Curd	\$2.06	\$2.05	Mild Cheddar	\$2.05	\$2.07
Young Gouda	\$1.93	\$1.98	Mozzarella	\$1.79	\$1.80

WHOLESALE BUTTER MARKETS - JANUARY 31

NATIONAL: Bulk butter demand is steady. Cream loads are readily available. However, butter production is mixed throughout the US. Some butter makers in the Pacific Northwest have contended with power losses and transportation difficulties from harsh winter weather. Some stakeholders note tight unsalted butter availability. That said, current salted and unsalted inventory levels are sufficient to meet most immediate buyer needs.

NORTHEAST: Butter has had a bullish week on industry cash exchanges thus far. As of Wednesday, butter closed at \$2.8025, up from \$2.5775 last Wednesday. Cream volumes remain ample in the eastern region. Butter plant managers report either running seven day churning schedules or selling cream on the spot market. The contacts who report active churning schedules relay strong stockpiles of both salted and unsalted frozen bulk butter. Foodservice demand has increased over recent weeks. Retail demand is seasonally steady.

CENTRAL: Butter makers relay a widely available cream supply. Upper Midwestern butter processors suggest bids at multiples at and around 1.15 will keep their churns full. Farther south, loads are moving into butter plants at multiples ranging from .90 to 1.10. Contacts expect cream availability to maintain a similar pattern through Febru-

ary. Butter demand is holding steady, but expectations are more bullish than bearish regarding late-winter and early-spring demand. Contacts expect milkfat components to settle and then decrease, seasonally. Despite strong churning and ample cream, butter availability is currently somewhat limited, particularly for 82 percent unsalted loads. Butter makers were more selective in churning activity during fall 2023, when butter market prices peaked, as they were expecting price drops and did not want to be holding inventories when the inevitable happened. That's a factor in what has kept butter market tones on a steady to bullish run since then.

WEST: Although cream volumes are noted as slightly tighter in a few parts of the West, spot loads are readily available for purchasers. Manufacturers relay steady to stronger butter production schedules. Many butter producers are working to build additional inventories for Q2. Some stakeholders note unsalted bulk butter loads are tighter. However, both salted and unsalted loads are available to meet most spot buyer needs. Retail butter demand is strong. Stakeholders indicate transportation difficulties and power outages in the Northwest are minimal compared to recent weeks, helping to improve food service demand. Distributors indicate, aside from Canadian purchasers, export demand is moderate to lighter.

NATIONAL - CONVENTIONAL DAIRY PRODUCTS

Conventional dairy ads increased 12 percent, and organic dairy ads decreased 14 percent. Cheese is on top as the most advertised dairy commodity. Conventional 6- to 8-ounce block cheese, 6- to 8-ounce shredded cheese, and 6- to 8-ounce sliced cheese had weighted average advertised prices of \$2.55, \$2.43, and \$2.45, respectively. The shredded and sliced styles decreased in price, but the block style increased in price.

Cottage cheese and sour cream were both prevalently advertised dairy commodities. For Cottage cheese, the 24-ounce container size was more heavily advertised and had a weighted average advertised price of \$3.26. For sour cream, the 16-ounce container size was more heavily advertised and had a weighted average advertised price of \$2.18. Yogurt slightly edged above ice cream in conventional dairy ads. Conventional Greek yogurt in 4- to 6-ounce containers had an average advertised price of \$0.99, compared to \$1.09 last week.

RETAIL PRICES - CONVENTIONAL DAIRY - FEBRUARY 2

Commodity	US	NE	SE	MID	SC	SW	NW
Butter 8 oz	2.49	3.70	2.37		2.26	3.53	
Butter 1#	4.81	4.55	4.97	4.44	4.82	4.44	4.28
Cheese 6-8 oz block	2.55	2.59	2.61	2.30	2.36	3.02	
Cheese 6-8 oz shred	2.43	2.44	2.45	2.40	2.28	2.83	
Cheese 6-8 oz sliced	2.45	2.57	2.22	2.80	2.37	2.75	
Cheese 1# block	3.55	5.33	3.43	2.99	2.99	3.61	2.99
Cheese 1# shred	4.09	4.69	4.46	2.99	3.91	4.30	2.99
Cheese 2# block	10.95		11.97		12.21	5.97	7.52
Cheese 2# shred	6.99			5.99	7.18	6.79	6.49
Cottage Cheese 16 oz	2.30	2.70	2.34	2.04	1.99	2.10	3.25
Cottage Cheese 24 oz	3.26	3.13	3.32	2.50	3.22		3.79
Cream Cheese 8 oz		3.09	2.29	2.71	2.23	2.50	
Flavored Milk 1/2 gallon	1.74		1.66	2.50	1.82		
Flavored Milk gallon	3.23		3.32		3.03		
Ice Cream 14-16 oz	3.61	3.46	3.37	3.96	3.98	3.49	4.99
Ice Cream 48-64 oz	4.15	3.52	4.94	3.29	3.58	3.51	3.49
Milk 8 oz							
Milk 1/2 gallon	1.86		1.66		1.82	2.80	1.58
Milk gallon	3.43	3.69	2.76	2.66	3.97	3.30	
Sour Cream 16 oz	2.18	2.21	2.13	2.19	2.25	2.11	
Sour Cream 24 oz	3.12	3.69	3.10		3.02	3.99	
Yogurt (Greek) 4-6 oz	0.99	0.99	1.05	0.80	0.91	1.00	1.07
Yogurt 4-6 oz	0.55	0.58	0.52	0.56	0.63	0.43	0.39
Yogurt (Greek) 32 oz	4.77	6.01	3.89		4.56	6.57	
Yogurt 32 oz	2.84	3.80	2.65	3.63	2.82	2.99	

ORGANIC DAIRY - RETAIL OVERVIEW

National Weighted Retail Avg Price:			
Butter 1 lb:	\$6.35	Ice Cream 14-16 oz	\$5.99
Cheese 6-8 oz shred:	\$4.87	Ice Cream 48-64 oz	\$10.49
Cheese 6-8 oz block:		Flavored Milk 1/2 gallon:	\$5.14
Cheese 6-8 oz sliced:	\$5.08	Flavored Milk gallon:	\$10.49
Cottage cheese 16 oz:	\$4.64	Milk 1/2 gallon:	\$4.27
Cottage cheese 24 oz:		Milk gallon:	\$6.32
Cream Cheese 8 oz:	\$4.00	Yogurt 4-6 oz:	\$1.50
Sour Cream 16 oz:	\$4.00	Greek Yogurt 4-6 oz:	
		Yogurt 32 oz:	\$4.00

DRY DAIRY PRODUCTS - FEBRUARY 1

WPC CENTRAL/WEST: Demand for WPC 34% is strong, as contacts note animal feed end users continue to inquire about spot loads of WPC 34%. Stakeholders say WPC 34% inventories are growing tighter. Some manufacturers say they have limited WPC 34% inventories available to sell on the spot market for the remainder of Q1. Contacts note whey protein concentrate 80% and whey protein isolate markets remain bullish as inventories are limited and demand is strong. Due to this, some manufacturers are focusing their production schedules on these commodities, limiting WPC 34% production.

LACTOSE CENTRAL/WEST: Contacts report strong spot market demand for lactose in domestic markets. Some manufacturers note their lactose is heavily contracted for Q1 and say purchasers are inquiring about contracts for the next quarter. Export demand for lactose is steady. Lactose inventories are available, but stakeholders report inventories are growing tighter. Spot purchasers say loads of

lactose which meet more stringent requirements are difficult to obtain as some manufacturers have limited to no spot availability through the remainder of Q1. Production of lactose is steady.

NDM CENTRAL/EAST: In some areas of the Central region, spot load access is noted as balanced, but in the Eastern Seaboard and in the Mid-Atlantic, spot availability is considered tight. Traders note that processors are growing more comfortable with their inventory levels, and the need to move loads at below \$1.20/lb has nearly disappeared. Still, there are some block volumes being moved in the mid/upper \$1.10s/pound, primarily for export markets.

NDM/WEST: Some stakeholders indicate strengthening interest from buyers recently. Domestic demand is steady to stronger. Export demand is mixed. Some stakeholders relay interest from Mexican purchasers is strengthening recently, while others indicate demand from Mexican purchasers has been steady for the last month.

WEEKLY COLD STORAGE HOLDINGS

SELECTED STORAGE CENTERS IN 1,000 POUNDS - INCLUDING GOVERNMENT

DATE	BUTTER	CHEESE
01/29/24	44,705	82,010
01/01/24	31,043	82,414
Change	13,662	-404
Percent Change	44	0

CME CASH PRICES - JANUARY 29 - FEBRUARY 2, 2024

Visit www.cheesereporter.com for daily prices

	500-LB CHEDDAR	40-LB CHEDDAR	AA BUTTER	GRADE A NFDM	DRY WHEY
MONDAY January 29	\$1.5500 (+8)	\$1.6100 (+7¼)	\$2.8025 (+4¼)	\$1.2250 (+½)	\$0.4500 (+¾)
TUESDAY January 30	\$1.5300 (-2)	\$1.6475 (+3¾)	\$2.8025 (NC)	\$1.2300 (+½)	\$0.4525 (+¼)
WEDNESDAY January 31	\$1.5200 (-1)	\$1.6500 (+¼)	\$2.7650 (-3¾)	\$1.2300 (NC)	\$0.4700 (+1¼)
THURSDAY February 1	\$1.5400 (+2)	\$1.6675 (+1¼)	\$2.7450 (-2)	\$1.2300 (NC)	\$0.5025 (+3¼)
FRIDAY February 2	\$1.5500 (+1)	\$1.6500 (-1¼)	\$2.7450 (NC)	\$1.2250 (+½)	\$0.5075 (+½)
Week's AVG \$ Change	\$1.5380 (+0.0790)	\$1.6450 (+0.1330)	\$2.7720 (+0.1490)	\$1.2280 (+0.0320)	\$0.4765 (+0.0385)
Last Week's AVG	\$1.4590	\$1.5120	\$2.6230	\$1.1960	\$0.4380
2023 AVG Same Week	\$1.5945	\$1.8770	\$2.3445	\$1.1920	\$0.3620

MARKET OPINION - CHEESE REPORTER

Cheese Comment: Five cars of blocks were sold Monday, the last at \$1.6100, which set the price. On Tuesday, 5 cars of blocks were sold, the last at \$1.6475, which set the price. Three cars of blocks were sold Wednesday, the last at \$1.6500, which set the price. A total of 11 cars of blocks were sold Thursday, all at \$1.6675, which set the price. Five cars of blocks were sold Friday, the last at \$1.6500, which set the price. The barrel price jumped Monday on a sale at \$1.5500, declined Tuesday on a sale at \$1.5300, fell Wednesday on a sale at \$1.5200, rose Thursday on a sale at \$1.5400, and increased Friday on a sale at \$1.5500.

Butter Comment: The price rose Monday on a sale at \$2.8025, declined Wednesday on an uncovered offer at \$2.7650, and fell Thursday on a sale at \$2.7450.

Nonfat Dry Milk Comment: The price increased Monday on a sale at \$1.2250, rose Tuesday on a sale at \$1.2300, then fell Friday on a sale at \$1.2250.

Dry Whey Comment: The price rose Monday on a sale at 45.0 cents, increased Tuesday on an unfilled bid at 45.25 cents, climbed Wednesday on an unfilled bid at 47.0 cents, jumped Thursday on an unfilled bid at 50.25 cents, and increased Friday on a sale at 50.75 cents.

WHEY MARKETS - JANUARY 29 - FEBRUARY 2, 2024

RELEASE DATE - FEBRUARY 1, 2024

Animal Feed Whey—Central: Milk Replacer:	.3000 (NC) – .3500 (NC)
Buttermilk Powder:	
Central & East:	1.1000 (+2) – 1.1550 (NC) West: 1.1000 (-1) – 1.2600 (NC)
Mostly:	1.1600 (+1) – 1.2200 (+1)
Casein: Rennet:	3.6000 (+10) – 3.9000 (+10) Acid: 3.7000 (NC) – 4.0000 (+10)
Dry Whey—Central (Edible):	
Nonhygroscopic:	.3900 (NC) – .4500 (NC) Mostly: .4125 (+1¼) – .4350 (+1)
Dry Whey—West (Edible):	
Nonhygroscopic:	.4150 (+½) – .5000 (+¾) Mostly: .4300 (NC) – .4700 (NC)
Dry Whey—NE:	.3875 (+¼) – .4600 (+¼)
Lactose—Central and West:	
Edible:	.1725 (+3) – .3800 (NC) Mostly: .2400 (+1) – .3300 (+1)
Nonfat Dry Milk—Central & East:	
Low/Medium Heat:	1.1600 (NC) – 1.2750 (NC) Mostly: 1.1900 (+1) – 1.2300 (+1)
High Heat:	1.3125 (NC) – 1.3400 (NC)
Nonfat Dry Milk—Western:	
Low/Med Heat:	1.1550 (+1) – 1.2600 (+2) Mostly: 1.1800 (+1) – 1.2300 (+1)
High Heat:	1.2900 (+1) – 1.4750 (+3)
Whey Protein Concentrate—34% Protein:	
Central & West:	.9200 (+1) – 1.1500 (+1) Mostly: .9400 (+1) – 1.0300 (+1)
Whole Milk:	1.9700 (+2) – 2.2000 (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	1.9752	1.8549	1.7216	1.6279	1.5111
'24	1.5173											

USDA Buys String Cheese; Seeks Cheddar, Butter, Yogurt, Fluid Milk

Washington—The US Department of Agriculture (USDA) on Monday announced the awarding of a contract to Miceli Dairy Products Co. for a total of 52,920 pounds of String cheese for delivery from Apr. 1 through June 30, 2024.

The total price of the String cheese purchase is \$150,519.60.

Also on Monday, USDA invited offers to sell a total of 201,600 pounds of shredded Cheddar cheese for delivery between Apr. 1 and June 30, 2024. The Cheddar is being purchased for use in domestic food distribution programs.

Bids are due by 1:00 p.m. Central time on Monday, Feb. 12. Offerors are cautioned to bid only quantities they can reasonably expect to produce and deliver.

Products offered in response to this solicitation must be manufactured in a plant approved by USDA Dairy Programs.

USDA is also inviting offers to sell butter and yogurt for use in domestic food distribution programs.

Deliveries are to be made between Apr. 1 and June 30, 2024.

USDA is specifically seeking to 123,120 pounds of butter; 73,356 pounds of high protein blueberry yogurt, 24/4-ounce cups; 150,084 pounds of high-protein straw-

berry yogurt, 24/4-ounce cups; 110,220 pounds of high-protein vanilla yogurt, 24/4-ounce cups; and 26,748 pounds of high-protein vanilla yogurt, 6/32-ounce tubs.

Bids are due by 1:00 p.m. Central time on Friday, Feb. 16.

Finally, USDA is inviting offers to sell a total of 909,000 containers of fluid milk for delivery during March 2024.

Specifically, USDA is seeking 108,000 gallons and 145,800 half-gallons of 1 percent milk; 626,400 gallons of 2 percent milk; and 28,800 gallons of skim milk.

Bids are due by Thursday, Feb. 15, at 1:00 p.m. Central time.

This is a firm fixed price solicitation.

The fluid milk is being procured for use in federal food and nutrition assistance programs.

All offers under these solicitations must be submitted electronically via the Web-Based Supply Chain Management System (WBSCM).

Destination quantities listed in all invitations are estimates and subject to adjustment based on offerings, changes in recipient needs, market conditions, and program operations.

For more information on selling dairy products to USDA, visit www.ams.usda.gov/selling-food.

For more information, visit www.urschel.com