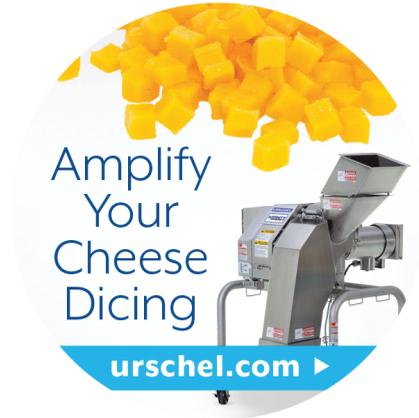




CHEESE REPORTER

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US Establishes Another Dispute Panel On Canada's Dairy TRQs

US Dairy Organizations Welcome Establishment Of Panel; Canadian Government Disappointed

Washington—The United States is establishing a dispute settlement panel under the US-Mexico-Canada Agreement (USMCA) regarding Canada's dairy tariff-rate quota (TRQ) allocation measures, US Trade Representative Katherine Tai announced Tuesday.

In this new dispute panel proceeding, the US is challenging Canada's revised dairy TRQ allocation measures that use a market-share approach for determining TRQ allocations and impose new conditions effectively prohibiting retailers, foodservice operators, and other types of importers from utilizing TRQ allocations.

The US had, in December 2022, requested consultations with Canada under the USMCA regarding Canada's dairy TRQ allocation measures.

The US and Canada held consultations last month, but those consultations failed to resolve the matter, according to the Office of the US Trade Representative (USTR).

Under the USMCA's revised dispute settlement procedures, the dispute settlement panel is established upon delivery of the request, and the US has provided to Canada written notice of its request to establish a panel.

Under the timeline provided in the USMCA, the dispute settlement panel is expected to issue a report later this year.

The written notice lists four complaints about Canada's dairy TRQ policies.

First, Canada's dairy TRQs set limits on the quantity of certain types of dairy products that may be imported at a lower (within access) rate of duty. Through its dairy TRQ allocation measures, Canada denies access to TRQ allocations to all types of importers except for processors, distributors, and in some cases, further processors.

Canada has determined that other types of importers, including retailers and foodservice operators, are not eligible to apply for a TRQ allocation, according to the US.

Second, through its dairy TRQ allocation measures, Canada allocates its dairy TRQs based on a calculation of an applicant's product-specific market share during a 12-month reference period. The methodology for calculating market share differs depending on the type of applicant, whether processor, distributor, or further processor, and Canada's methodology advantages processors over other applicants, according to the US.

Third, Canada's dairy TRQ allocation measures establish a 12-month reference period that is used to calculate market activity for the purpose of determining market share, and the measures require that applicants must be active during all 12 months of the reference period to be eligible to apply for a TRQ allocation.

Canada's measures also require that TRQ allocation recipients must remain active during all 12 months of the quota year, the US noted.

And fourth, Canada's dairy TRQ allocation measures provide that unused allocations of TRQ

• See **Dairy TRQ Policies**, p. 5

Volume Of Milk Pooled On Federal Orders Rose 10.8% In 2022; Class III Use Reached 53.9%

Washington—The volume of milk pooled on the 11 federal milk marketing orders in 2022 totaled 151.6 billion pounds, up 10.8 percent, or 14.8 billion pounds, from 2021, according to statistics recently released by USDA's Agricultural Marketing Service (AMS).

That's the second-highest volume of milk ever pooled on federal orders, trailing only 2019's record 156.5 billion pounds. That was the first full year in which the California federal order was in effect.

During 2022, the monthly volume of milk pooled on the 11 federal orders ranged from a low of 11.7 billion pounds in February to a high of 13.4 billion pounds in December.

Federal order utilization by class last year, with comparisons to 2021, was: Class I, 27.0 percent, down from 30.8 percent; Class II, 9.4 percent, down from 14.5 percent; Class III, 53.9 percent, up from 27.5; and Class IV, 9.6 percent, down from 27.2 percent.

The volume of milk used in Class III in all federal orders last year totaled 81.8 billion pounds, up 118 percent, or 44.2 billion pounds, from 2021. That's a new record for Class III volume; the previous record, 64.2 billion pounds, was set in 2019.

• See **Class III Records**, p. 6

Saputo Building New Cut-And-Wrap Facility In WI, Expanding String Operations In CA

Montreal, Quebec—Building on its previously announced optimization initiatives, Saputo Inc. on Thursday announced additional capital investments and consolidation initiatives intended to further streamline and enhance its manufacturing footprint in its USA sector.

Construction is underway on a greenfield facility in Franklin, WI (a suburb of Milwaukee), to consolidate and modernize the company's cut-and-wrap activities. This facility will become the center of Saputo's expanded cut-and-wrap capabilities in the Midwest of the USA and is expected to result in

• See **Saputo Initiatives**, p. 11

FDA Commissioner Proposes Redesign Of Agency's Human Foods Program

Silver Spring, MD—Robert M. Califf, commissioner of the US Food and Drug Administration (FDA), on Tuesday announced a new vision for the agency's Human Foods Program, and also announced what he called a "transformative vision" for the Office of Regulatory Affairs (ORA, FDA's field-based operations) to support the FDA organization as a whole.

Under Califf's vision, a unified Human Foods Program will be created by combining FDA's Center for Food Safety and Applied Nutrition (CFSAN), Office of Food Policy and Response (OFPR) and certain functions of ORA under one leader.

An empowered deputy commissioner for human foods will be established to provide executive leadership and strategic

direction over the entire Human Foods Program portfolio, including resource allocation strategy, risk prioritization, integrated food safety partnership programs, communications, policy initiatives, and cultural transformation.

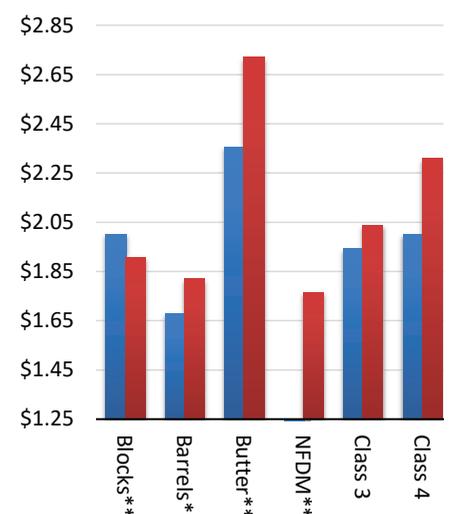
Under Califf's vision, a larger executive team for the Human Foods Program will be put in place with clearly defined lines of authority to ensure decisive leadership over the program's vast responsibilities. This includes a principal associate commissioner for human foods position, reporting to the deputy commissioner, to provide strong, effective operational management of the program's day-to-day operations.

In addition, a team of executives for the program's major areas

• See **FDA Redesign**, p. 10

Jan. Avg Prices - 2023 vs 2022

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





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Price Volatility Off To A Good Start In 2023

Price volatility has been a fact of life in the dairy industry for more than 30 years now (depending on how you define "volatility"), but it has also varied widely from year to year. And from month to month, week to week, and day to day, for that matter.

For the sake of discussion, we'll define "volatility" as any period in which the price for 40-pound Cheddar blocks varies by six cents or more. We use that figure because, 40 years ago, the block price (or "Market Opinion") at the old National Cheese Exchange ranged from a low of \$1.3100 per pound to a high of \$1.3675 per pound, or a difference of 5.75 cents.

There are, of course, some major differences between cash dairy markets here in 2023 and back in 1983, including the obvious point that trading at the NCE took place just once a week, while the CME's cash market trades five days a week.

But even with trading taking place just once a week at the old NCE, there were all of four changes to the block price in 1983, and three of those were for less than one cent. The big change occurred on Dec. 2, 1983, when the block price dropped from \$1.3650 per pound to \$1.3100 per pound. That was big-time volatility back then.

One final note about that era at the NCE: 1983 volatility was pretty "normal" for that period; there were also only four changes in the block price in both 1981 and 1982 (when the block price ranged from \$1.3525 to \$1.3700 per pound and from \$1.3525 to \$1.3725 per pound, respectively).

So how does block price volatility back in the 1982-84 period compare to, say, 2022 or 2021? Well, in 2022, the block price ranged from a low of \$1.7150 per pound on Aug. 29 to a high of \$2.3975 on Apr. 18, a range of 68.25 cents.

Monthly average prices smoothed out that volatility somewhat; in 2022, the monthly aver-

age block price ranged from a low of \$1.8104 per pound in August to a high of \$2.3399 per pound in April, a range of 52.95 cents.

In 2021, the block price had ranged from a low of \$1.4575 to a high of \$1.9800 per pound, or a range of 52.25 cents, while the monthly block price average ranged from a low of \$1.4978 to a high of \$1.8930 per pound, a range of 39.52 cents per pound.

Obviously, prices are far more volatile today than they were 40 years ago, whether you're looking at the annual range from low to high or the range of monthly averages.

And then there's the day-to-day price changes. Using our earlier definition of volatility (when the block price varies by six cents or more), there was considerable volatility in the block market last year, with a total of 22 trading sessions in which the block price changed by six cents or more.

In 2021, when the block price range was lower, there were a total of 21 trading sessions in which the block price changed by six cents or more.

So how is cheese price volatility looking one month into 2023? Pretty volatile, compared with 2022 and 2021, and especially compared with 1983, 1982 and 1981.

Specifically, just during the 20 CME spot (cash) market trading sessions in January, there were a total of 10 sessions in which the block market changed by six cents or more. That's close to half of all the trading sessions in all of 2021 that saw block price changes of six cents or more, and also almost half of all the 2022 trading sessions that saw such changes.

These January sessions were sprinkled throughout the month: there were two during the first week of the month, three during the second week, two during the third week, two during the fourth week and one during the two-day fifth week (this week).

some of this volatility here in early 2023 has been pretty extreme. Specifically, of those 10 block price changes of six cents or more, four were changes of more than 10 cents.

Also, some of this volatility here in early 2023 has been pretty extreme. Specifically, of those 10 block price changes of six cents or more, four were changes of more than 10 cents. By comparison, of the 22 price changes of six cents or more last year, just two were changes of more than 10 cents.

The CME barrel price has also seen some extreme volatility thus far in 2023, with a total of five price changes of six cents or more during January, two of which were by 10 cents or more.

Only the CME butter market has been the picture of calm thus far in 2023; in January, there were eight trading sessions with no change in the butter price, and just one session in which the price changed by more than six cents.

That's a big contrast to 2022's CME butter market, where the price varied from a low of \$2.38 to a high of \$3.2675 per pound, or a range of 88.75 cents per pound; the monthly butter price average ranged from a low of \$2.6196 to a high of \$3.1792 per pound, a range of 55.96 cents per pound; and there were 29 changes of six cents or more.

What does this brief analysis say about price volatility for the remainder of 2023? Potentially, not all that much. Last year, there were two block price changes in January of six cents or more, none of which were for more than 10 cents; and another 20 during the next 11 months, including the two of more than 10 cents.

But in January of 2021, there were six changes of six cents or more in the block price, two of which were of more than 10 cents; and another 15 during the next 11 months, none of which were more than 10 cents.

From this, we can reach at least two conclusions: first, that cheese prices are far more volatile today than they were 40 years ago; and second, January's extreme volatility won't necessarily continue throughout 2023.

Senate Finance Committee Leaders Call For Full USMCA Enforcement, Including Dairy

Washington—Bipartisan leaders of the US Senate Finance Committee are calling on the Biden administration to continue to press for strong enforcement of the US-Mexico-Canada Agreement (USMCA), including the deal's dairy provisions, to ensure US trading partners live up to their obligations.

US Sens. Ron Wyden (D-OR), chairman of the Senate Finance Committee, and Mike Crapo (R-ID), the panel's top Republican, made the request in a letter to US Trade Representative Katherine Tai. The Senate Finance Committee's jurisdiction includes, among other things, trade agreement; and tariffs and import quotas and related matters.

The USMCA can raise standards in a number of areas, including agricultural market access, ensuring that US businesses and workers can compete on a level playing field, the letter noted. To date, however, USMCA's full potential remains unrealized, and the Office of the USTR "must continue to pursue full implementation and, where necessary, robust enforcement."

In their letter, Wyden and Crapo highlighted several outstanding issues where USTR must ensure that the US gets what it bargained for, including by fully pursuing enforcement actions as necessary.

Regarding dairy, the senators commended USTR for its successful challenge to Canada's dairy TRQs, "which had reserved portions of the quota for domestic producers and shut many American producers out of the market.

"Concerningly, however, Canada's efforts at compliance fell notably short, leading USTR to bring a follow-up dispute settlement action," the letter continued. "We strongly support USTR's efforts to resolve this issue once and for all, and we encourage the agency to closely monitor implementation of panel findings in this case."

It is also "critical" that USTR continue to insist on Canada's and Mexico's full and timely compliance on other issues important to US dairy farmers, including Canada's milk pricing and export surcharges and Mexico's recognition of certain common cheese names and new conformity assessment requirements for imported dairy products.

Wyden and Crapo asked that USTR "continue to consult with industry and other stakeholders to ensure these issues are addressed in a timely manner."

NMPF, USDEC Want To End Section 301 Tariffs Assessed On Imports From China

Arlington, VA—The National Milk Producers Federation (NMPF) and US Dairy Export Council (USDEC) want the Office of the US Trade Representative (USTR) to end the Section 301 tariffs assessed on imports from China, while finding different avenues to address concerns regarding China's trade policy actions.

The USTR is currently conducting a four-year review of actions taken in the Section 301 investigation of China's acts, policies, and practices related to technology transfer, intellectual property, and innovation.

In 2017, the USTR initiated an investigation into certain acts, policies, and practices of the Chinese government related to technology transfer, intellectual property, and innovation under Section 301 of the Trade Act of 1974.

In a notice published on Apr. 6, 2018, the USTR determined that acts, policies and practices of the Chinese government related to technology transfer, intellectual property, and innovation are unreasonable or discriminatory, and burden or restrict US commerce, and are thus actionable under Section 301.

Following a notice and comment process, the USTR took two actions under Section 301: the July 6, 2018, action, covering an approximate annual trade value of \$34 billion; and the Aug. 23, 2018 action, covering an approximate annual trade value of \$16 billion. Those actions were subsequently modified by imposing additional duties on supplemental lists of products, as well as by the temporary removal of duties on certain

products through product exclusions.

Last September, USTR announced that the July 6, 2018 action, as modified, and the Aug. 23, 2018, action, as modified, would remain in effect. The notice also announced that the USTR would conduct a review of those actions, and would publish a separate notice or separate notices describing the review process.

In the *Federal Register* of Oct. 17, 2022, the USTR announced that it would be opening a docket on Nov. 15, 2022, for interested persons to submit comments with respect to those 2018 actions. The deadline for submitting comments was Jan. 17, 2023.

In their comments, NMPF and USDEC said they "appreciate the challenge" facing US policymakers in their efforts to address longstanding issues in China that have negatively impacted many US companies, as well as the importance of holding US trading partners accountable to ensure that rules are properly enforced.

"However, the Section 301 duties that have been in place on Chinese imports have done little if anything to change the Chinese practices that are the focus of this investigation," USDEC and NMPF noted. "Rather than facilitating solutions, the successive rounds of tariffs have raised costs on American businesses and consumers and have led to tit-for-tat Chinese tariffs that have harmed US exporters."

Over the past decade, China has become a "critically important" market for US dairy products, NMPF and USDEC pointed

out. Sales last year alone totaled over \$705 million, ranking China the third largest export market for US dairy products (trailing only Mexico and Canada), despite the harmful impact of China's retaliatory tariffs in response to the Section 301 duties.

Prior to the US-China tariff standoff, US dairy exports to China had been growing over the previous decade at 12 percent a year on a total volume basis and at 17 percent a year on a total value basis, the dairy organizations noted.

But US exports to China's fast-growing dairy market fell in 2019 by more than 45 percent in volume and 25 percent in value when compared to 2018, according to USDEC and NMPF. The impact on US dairy farm revenues resulting from China's retaliatory tariffs are estimated to be a loss of \$2.6 billion from 2019 through 2021, compared with China export levels had the prior rate of growth not been interrupted.

"Our industry welcomed the conclusion of a US-China 'Phase One' economic and trade agreement in 2020 that resolved numerous regulatory impediments for US dairy exports to the Chinese market," NMPF and USDEC said. "However, despite accompanying tariff exemptions for select products (primarily provided for through an application-based process), Chinese retaliatory duties still place US exports at a disadvantage when compared to our major trade competitors.

"While there remains tremendous potential in this market as demand for dairy products continues to expand, China has not prioritized purchasing significantly larger shares of its dairy needs from the US to date," USDEC and NMPF said.



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Make Allowance Updates Are Needed Now: Here's Proof

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There's consensus in the dairy industry on updating make allowances in the milk price formulas at the heart of federal milk marketing orders. Halleluia.

These formulas, which set the prices for Class 3 cheese milk and Class 4 milk for butter and nonfat dry milk (and serve as the starting point for Class 1 and 2 milk), ideally would be updated regularly, but the mechanism for making changes is embedded in USDA's rulemaking and public hearing process: a costly and time-consuming barrier.

The formulas produce new classified milk prices each month, offering dairy farmers the full value of block Cheddar cheese, butter, dry whey and nonfat dry milk based on a weekly survey of industry sales prices. Only the manufacturer's cut – the allowance they're given to make those products, pay their workers, purchase electricity, buy cheese cultures and salt, pay off debt and market and ship products – doesn't change. Or, more accurately, it hasn't changed in 15 years.

It's not just the time and cost of a cumbersome rulemaking process that has stopped make allowances from being changed, it's the sensitive nature of adjusting milk prices. In the last six months, National Milk Producers Federation, International Dairy Food Association

and Wisconsin Cheese Makers Association have acknowledged that the economic health of the dairy industry requires that the make allowances in USDA's milk price formulas need to change through time. And that time is now.

Mechanically, adjusting make allowances is simple. Learn today's costs for making a pound of Cheddar cheese, butter, whey dry and nonfat dry milk and reset the make allowances. The dairy industry needs this reset immediately, and it needs a mechanism to execute this accounting exercise on a regular basis – not through rulemaking and hearings that emerge as rarely as cicadas.

Because make allowances are just data. Long term, USDA should be given the power to audit dairy manufacturing plants to track changing costs. But it will take years to grant new audit powers to USDA through the upcoming Farm Bill and then execute rulemaking and hearings and hand-wringing on how to set up this new system.

The industry can't wait. Updates are needed now. And here's a snapshot of why.

One Upper Midwest Cheddar cheese manufacturer kindly shared detailed manufacturing cost data with WCMA, not looking back

through 15 years of cost increases – just looking back to 2019. This is a large, commercial Cheddar block producing operation that shared examples of costs increases and – wait for it – their overall cost to produce a pound of Cheddar.

Spoiler alert: their overall cost is higher than the 20-cent-per-pound make allowance offered in the Class 3 milk price.

Base wage: Up 8.4 percent

This manufacturer has seen their base hourly worker wage rise from \$16.35/hour in 2019 to \$17.72/hour in 2022.

Health Insurance: Up 53.5 percent

The cost of premiums for a single person policy rose nearly \$300 from 2019 to 2022.

Natural Gas: Up 106.6 percent

The facility compared their December 2019 unit rate (MMBtu) cost to the unit rate cost in December 2022.

40-pound block boxes: Up 25.6 percent

The unit cost of the cardboard boxes that hold Cheddar blocks has increased 12 cents in four years.

Cultures: Up 14.3 percent

The average per-unit increase in the factory's top three cultures to make Cheddar.

Diesel: Up 44.9 percent

Costs have soared to fuel the milk pick-up fleet for this cheese manufacturer.

Salt: Up 25.3 percent

A key ingredient in Cheddar, salt prices have risen sharply since 2019.

Nitric Acid: Up 48.1 percent

This common chemical is used daily in the cleaning and sanitizing of dairy equipment.

40-pound block bags: Up 68.8

Every Cheddar block is sealed in a plastic film bag, and like all plastic packaging, the cost of this key protective barrier is way up since 2019.

Electricity: Up 21.1 percent

This manufacturer compared dollar cost per kilowatt in December 2019 to the cost in December 2022.

Software: Up 72.8 percent

The cost to lease the same software package for plant operations rose starkly in four years.

Pallets: Up 15.8 percent

Every line item cost in making cheese, including several more not shown, rose in the last four years.

This list is just a portion of all costs involved in making and marketing a pound of Cheddar cheese. This manufacturer's software adds in dozens more lines of data to yield an overall cost of production. In 2021, this Cheddar maker's cost of production was 30 cents/pound. That's 50 percent higher than the 15-year-old make allowance for Cheddar in the Class 3 price formula.

Make allowance updates are needed now. **JU**

FROM OUR ARCHIVES

50 YEARS AGO

Feb. 2, 1973: Washington—Ervin Peterson and Virgil Wodicka have been appointed to the Codex Alimentarius Commission. Peterson is administrator of USDA's Agricultural Marketing Service, and Wodicka is director of the US Department Health & Welfare's Bureau of Foods in HEW's Food & Drug Administration.

Washington—Rep. Dave Obey (D-WI) penned a letter to Ag Secretary Earl Butz, pointing out that some people were foolish enough "to liken cows to water spigots – easily turned on and off when the need for liquid refreshment rises." In his letter, Obey also requested that Butz increase the dairy support price to at least 85 percent of parity.

25 YEARS AGO

Feb. 6, 1998: Albany, NY—Gov. George Pataki (R-NY) said he would sign legislation allowing farmers to join the Northeast Interstate Dairy Compact if the New York legislature sends him such a bill. A report from a task force Pataki appointed last fall to study dairy pricing found that at least 450 New York State farms went out of business in 1997.

Atlanta, GA—The Georgia Senate voted 36-17 to let the state's dairy farmers join a proposed dairy compact for 15 southern states. The southern dairy compact would have the authority to set regional Class I milk prices above federal milk marketing order minimums.

10 YEARS AGO

Feb. 1, 2013: Wheat Ridge, CO—Lester Kielsmeier, 95, former Leprino Foods researcher and Mozzarella expert, passed away. Kielsmeier was a third-generation cheese maker who owned and operated cheese factories in east-central Wisconsin before joining Leprino Foods in 1962.

Orlando, FL—Larry Jensen, president of Leprino Foods Company, Denver, CO was honored this week by the National Cheese Institute with its highest recognition, the NCI Laureate Award. The award was presented by NCI chairman Jon Davis, president and CEO of Davisco Foods International. Jensen joined Leprino Foods in 1982 as the company's chief financial officer.

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US Milk Goat Inventory Declined By 10,000 Head Over Past Year: NASS

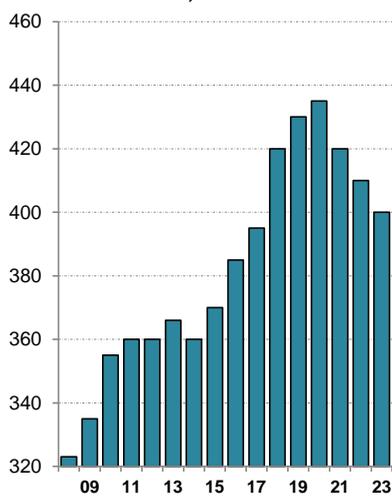
Washington—The US milk goat inventory as of Jan. 1, 2023, stood at 400,000 head, down 2.4 percent, or 10,000 head, from Jan. 1, 2022, according to the *Sheep and Goats* report by USDA's National Agricultural Statistics Service.

That's the third straight decline in the US milk goat inventory, after the number of milk goats reached a record high of 435,000 head as of Jan. 1, 2020. Still, the US milk goat inventory as of Jan. 1, 2023, was 77,000 head higher than on Jan. 1, 2008, and 30,000 head higher than on Jan. 1, 2015.

The last time the US goat milk inventory was under 400,000 head was on 2017, when the milk goat inventory totaled 395,000 head.

Wisconsin continues to have the highest inventory of milk goats

US Milk Goat Inventory
as of January 1
100,000 head



in the US, at 72,000 head as of Jan. 1, 2023, down 2,000 head from a year earlier. California's Jan. 1 milk goat inventory stood at 36,000 head, down 3,000 head from Jan. 1, 2022.

Two states had more than 20,000 milk goats as of Jan. 1, 2023: Iowa, 26,000 milk goats, down 2,000 head from a year earlier; and Texas, 22,000 head, also down 2,000 head from a year earlier.

The New England states (Vermont, Connecticut, Maine, Massachusetts, New Hampshire and Rhode Island) had 16,000 milk goats as of Jan. 1, 2023, down 2,200 head from a year earlier.

Additional states that had more than 10,000 milk goats as of Jan. 1, 2023, and the change from a year earlier, were:

Pennsylvania: 15,000 head, up 1,500 head.

Indiana: 12,500 head, down 1,700 head.

Oregon: 12,500 head, up 700.

New York: 12,400 head, up 700.

Missouri: 11,200 head, up 500.

Michigan: 11,000 head, down 500 head.

Minnesota: 11,000 head, down 2,000 head.

Dairy TRQ Policies

(Continued from p. 1)

quantities may be returned by allocation holders four months prior to the end of the TRQ year without penalty.

Returned allocations are then reallocated to other eligible allocation holders that have not returned any portion of their allocation, and who must then use the allocations before the end of the quota year, the US stated.

"Although the United States won a previous USMCA dispute on Canada's dairy TRQ allocation policies, the Canadian government's revised measures have not fixed the problem," Tai said. "With this panel request, we are utilizing our available tools to enforce our trade agreements and ensure that US workers, farmers, processors, and exporters receive the full benefits of the USMCA."

"Canada is a valued and important trading partner, but they continue to fall short of their USMCA obligations by denying US dairy producers and exporters fair access to the Canadian market," said US Secretary of Agriculture Tom Vilsack.

"This panel request is necessary to ensure Canada honors their commitments as they relate to dairy, and so American producers have greater export opportunities as intended," Vilsack added.

The dispute over Canada's dairy TRQ allocation measures has been ongoing for more than two years now.

In December of 2020, the US requested consultation with Canada with regard to measures through which Canada allocates its dairy TRQs under the USMCA.

Six months later, the US requested and established a dis-

pute settlement panel under the USMCA to review Canada's allocation of dairy TRQs.

In January 2022, that USMCA dispute settlement panel agreed with the US that Canada is breaching its USMCA commitments by reserving most of the in-quota quantity in its dairy TRQs for the exclusive use of Canadian processors.

Subsequent to that panel finding, Canada amended its allocation policies for all USMCA dairy TRQs, including their respective application forms, Global Affairs Canada noted in May 2022. But Tai and several US dairy organizations voiced disappointment with Canada's announcement.

In May 2022, the US requested dispute settlement consultations with Canada, specifically challenging Canada's TRQ allocation measures. Finally, in December 2022, the US requested new dispute settlement consultations with Canada regarding Canada's dairy TRQ allocation measures.

Reaction To Dispute Panel

The establishment of a dispute settlement panel on Canada's dairy tariff-rate quota policies was praised by several US dairy organizations but criticized by a Canadian government official.

The International Dairy Foods Association (IDFA) is "very grateful" to Tai and the entire US government team "for moving forward with this enforcement action against Canada, the resolution of which is a critically important matter for US dairy producers and processors," said Michael Dyles, IDFA president and CEO.

"Canada's TRQ allocation system is not only a violation of USMCA, it directly harms American dairy farmers, proces-

sors, and other workers by unfairly restricting access to their market," commented Jim Mulhern, president and CEO of National Milk Producers Federation (NMPF). "USTR's action is an important step in righting this wrong and sending a message that the US will fight violations of trade deals in Canada and wherever else they may be committed."

"The US dairy community greatly appreciates the Biden administration's decision to prioritize steps to address Canada's USMCA violations," said Krysta Harden, president and CEO of the US Dairy Export Council (USDEC).

"Unfortunately, Canada has shown a pattern of not living up to the dairy commitments it has made in trade agreements," Harden continued. "As long as they continue to drag their feet, we'll continue to work with USTR and USDA to fight back, and propose retaliatory action if necessary."

"International trade is key to economic growth and stability for dairy farmers and processors," said Brody Stapel, a Wisconsin dairy farmer and president of Edge Dairy Farmer Cooperative. "Edge and our farmers appreciate USTR's commitment to holding Canada to the agreement and giving the US dairy community greater export opportunities as intended."

"Canada is disappointed that the United States has requested a dispute settlement panel," stated Mary Ng, Canada's trade minister. "We know how important stability and certainty are to our farmers, workers and businesses. We will always work to protect their livelihoods and ensure their success at home and abroad by ensuring that trade rules are implemented as intended."

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Class III Records

(Continued from p. 1)

During 2022, monthly Class III volume on all 11 federal orders ranged from a low of 4.5 billion pounds in May to a high of 7.7 billion pounds in December.

Class III utilization in 2022 was 53.9 percent, up from 27.45 percent in 2021. That's the first time ever that Class III utilization has been above 50 percent for an entire year.

The previous high for Class III utilization, 46.7 percent, was set in 2013. It had been below 30 percent in both 2020 and 2021.

The volume of milk pooled in Class IV in 2022 totaled 14.6 billion pounds, down 60.8 percent, or 22.7 billion pounds, from 2021. That's the lowest volume of milk pooled in Class IV since 2013, when it totaled 12.5 billion pounds. Class IV volume had reached a record high of 41.5 billion pounds in 2020.

During 2022, monthly Class IV volume ranged from a low of 834 million pounds in August to a high of 3.2 billion pounds in May.

Class IV utilization last year was 9.6 percent, down from 27.2 percent in 2021 and the lowest Class IV utilization since 2013's 9.4 percent.

In 2022, the volume of milk pooled in Class I totaled 41.0 billion pounds, down 2.7 percent, or 1.1 billion pounds, from 2021 and the lowest Class I volume since 2018, when it totaled 40.95 billion pounds (the California order was in effect only for the final two months of 2018).

During 2022, monthly Class I volume ranged from a low of 3.09 billion pounds in July to a high of 3.63 billion pounds in January.

Class I utilization last year was 27.0 percent, down from 30.8 percent in 2021 and the lowest Class I utilization percentage ever. The previous low, 28.0 percent, occurred in 2019.

The volume of milk pooled in Class II in 2022 totaled 14.2 billion pounds, down 28.3 percent, or 5.6 billion pounds, from 2021. During 2022, the volume of milk pooled in Class II ranged from a low of 1.06 billion pounds in December to a high of 1.47 billion pounds in May.

Class II utilization last year was 9.4 percent, down from 14.5 percent in 2021.

Upper Midwest Leads In Volume

In 2022, for the first time since 2019, more milk was pooled on the Upper Midwest order than any of the 10 other orders.

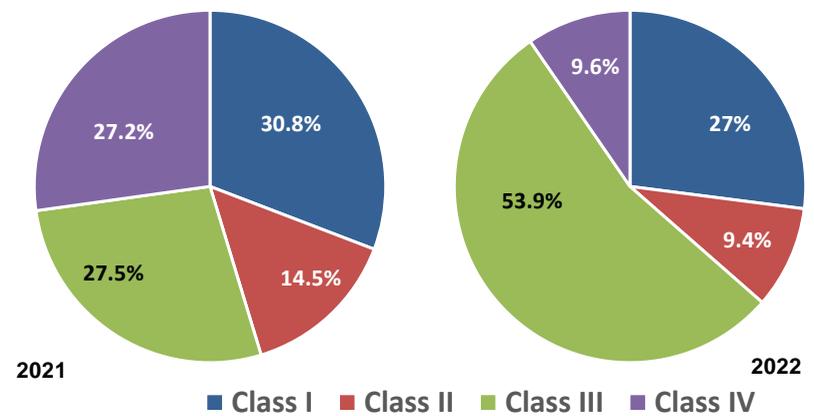
Specifically, 31.8 billion pounds of milk was pooled on the Upper Midwest order last year, up 13.9 billion pounds from 2021 and the largest volume since 2019's 32.3 billion pounds. That was also the last time the Upper Midwest led all orders in producer milk receipts. The order ranked fourth in 2021, trailing the Northeast, California and Mideast orders; and third in 2020, trailing the Northeast and California orders.

Pooled milk volumes and utilization on the Upper Midwest order last year was as follows: Class I, 2.2 billion pounds, 6.9 percent; Class II, 369 million pounds, 1.2 percent; Class III, 29.0 billion pounds, 91.0 percent; and Class IV, 306 million pounds, 1.0 percent.

After ranking first in producer milk receipts in both 2020 and 2021, the Northeast order fell to second place in 2022, with pooled milk volume of 26.9 billion pounds, down 0.6 percent, or 164 million pounds, from 2021.

Federal Order Milk Utilization

2021 vs 2022; in percentages (total may not add to 100 percent due to rounding)



Utilization on the Northeast order last year was as follows: Class I, 8.0 billion pounds, 29.6 percent; Class II, 6.4 billion pounds, 23.8 percent; Class III, 7.8 billion pounds, 29.0 percent; and Class IV, 4.7 billion pounds, 17.6 percent.

Producer milk receipts on the California order last year totaled 22.4 billion pounds, down 5.7 percent, or 1.4 billion pounds, from 2021 and the lowest volume of milk pooled on the California order in the four full years that the order has been in effect. The previous low, 23.0 billion pounds, occurred in 2020.

In 2022, utilization on the California order was as follows: Class I, 4.7 billion pounds, 21.1 percent; Class II, 1.2 billion pounds, 5.3 percent; Class III, 14.7 billion pounds, 65.4 percent; and Class IV, 1.9 billion pounds, 8.3 percent.

In 2022, producer receipts on the Mideast order totaled 16.8 billion pounds, down 9.7 percent, or 1.8 billion pounds, from 2021.

Milk utilization on the Mideast order last year was as follows: Class I, 6.2 billion pounds, 37.0 percent; Class II, 1.5 billion pounds, 9.0 percent; Class III, 8.2 billion pounds, 48.8 percent; and Class IV, 868 million pounds, 5.2 percent.

Producer receipts on the Central order last year totaled 15.6 billion pounds, up 20.4 percent, or 2.6 billion pounds, from 2021.

Utilization on the Central order in 2022 was as follows: Class I, 4.4 billion pounds, 27.9 percent; Class II, 1.1 billion pounds, 6.9 percent; Class III, 8.2 billion pounds, 52.7 percent; and Class IV, 1.95 billion pounds, 12.5 percent.

On the Southwest order, producer milk receipts totaled 13.7 billion pounds, up 11.6 percent, or 1.4 billion pounds, from 2021.

Milk utilization on the Southwest order was as follows: Class I, 3.9 billion pounds, 28.2 percent; Class II, 789 million pounds, 5.8 percent; Class III, 8.3 billion pounds, 60.2 percent; and Class IV, 804 million pounds, 5.9 percent.

Producer receipts on the Pacific Northwest order in 2022 totaled 7.6 billion pounds, up 2.7 percent, or 196 million pounds, from 2021.

Utilization on the Pacific Northwest order was as follows: Class I,

1.6 billion pounds, 21.4 percent; Class II, 410 million pounds, 5.4 percent; Class III, 3.6 billion pounds, 46.8 percent; and Class IV, 2.0 billion pounds, 26.4 percent.

On the Appalachian order, producer milk receipts totaled 5.4 billion pounds, up 2.5 percent, or 131 million pounds, from 2021.

Utilization on the Appalachian order in 2022 was as follows: Class I, 3.8 billion pounds, 70.4 percent; Class II, 722 million pounds, 13.3 percent; Class III, 427 million pounds, 7.9 percent; and Class IV, 454 million pounds, 8.4 percent.

Producer receipts on the Arizona order in 2022 totaled 4.9 billion pounds, up 10.1 percent, or 449 million pounds, from 2021.

Milk utilization on the Arizona order last year was as follows: Class I, 1.3 billion pounds, 27.1 percent; Class II, 684 million pounds, 13.9 percent; Class III, 1.4 billion pounds, 29.3 percent; and Class IV, 1.5 billion pounds, 29.7 percent.

On the Southeast order in 2022, producer receipts totaled 3.9 billion pounds, down 14.6 percent, or 669 million pounds, from 2021.

Utilization on the Southeast order last year was as follows: Class I, 2.8 billion pounds, 72.4 percent; Class II, 737 million pounds, 18.8 percent; Class III, 189 million pounds, 4.8 percent; and Class IV, 154 million pounds, 3.9 percent.

Finally, producer receipts on the Florida order in 2022 totaled 2.5 billion pounds, up 1.6 percent, or 39 million pounds, from 2021.

Utilization on the Florida order last year was as follows: Class I, 2.1 billion pounds, 83.0 percent; Class II, 350 million pounds, 14.1 percent; Class III, 42 million pounds, 1.7 percent; and Class IV, 30 million pounds, 1.2 percent.

In volume terms, the Northeast order ranked first last year among the 11 orders for Class I milk, Class II milk and Class IV milk, while the Upper Midwest order ranked first in Class III volume.

In percentage terms, the Florida order ranked first last year among the 11 federal orders for Class I milk, while the Northeast order ranked first for Class II milk, the Upper Midwest order ranked first for Class III milk, and the Arizona order ranked first for Class IV milk.

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USDA Seeks Butter, Yogurt For April To June Delivery; Buys Fluid Milk Products

USDA To Offer Webinar on Becoming Approved Food Vendor

Washington—The US Department of Agriculture (USDA) last Friday invited offers to sell butter and yogurt for use in domestic food distribution programs.

Specifically, the US Department of Agriculture is seeking 41,040 pounds of salted butter; 69,642 pounds of high protein blueberry yogurt, 24/4-ounce cups; 106,140 pounds of high protein strawberry yogurt, 24/4-ounce cups; 107,274 pounds of high protein vanilla yogurt, 24/4-ounce cups; and 12,192 pounds of high protein vanilla yogurt, 6/32-ounce tubs, for delivery between Apr. 1 and June 30, 2023.

Bids are due by 1:00 p.m. Central time on Friday, February 10.

Offers must be submitted electronically via the Web-Based Supply Chain Management System (WBSCM).

Offerors are cautioned to bid only quantities they can reasonably expect to produce and deliver. Purchases will be made on an f.o.b. destination basis to cities listed on the solicitation.

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

Fluid Milk Purchased

Meanwhile, the US Department of Agriculture on Thursday of this week also announced the awarding of contracts to a number of dairy companies for a total of 672,300 containers of fluid milk.

This awarding included 39,600 gallons and 178,200 half-gallons of 1 percent milk and 154,800 gallons and 299,700 half-gallons of 2 percent milk, for delivery during March.

The fluid milk is being purchased in support of child nutrition and other related domestic food distribution programs.

A total of 15 trucks of fluid milk were not purchased due to no offers, USDA noted.

Contracts were awarded as follows:

Cream-O-Land Dairy: 3,600 gallons of 2 percent milk, at a total price of \$12,681.64.

Dairy Farmers of America (DFA): 15,300 containers of milk, at a total price of \$39,800.70 were awarded.

DFA Dairy Brands Fluid, LLC: The contract was awarded for 92,700 containers of milk, at a total price of \$249,240.06.

Foster Dairy Farms: 76,500 containers of milk, at a total price of \$123,570.00.

GH Dairy, El Paso, TX: 7,200 containers of milk, at a total price of \$17,712.00.

GH Dairy, Ontario, CA: 10,800 containers of milk, at a total price of \$39,852.00.

Harrisburg Dairies Inc.: 8,100 containers of milk, at a total price of \$14,659.11.

Hiland Dairy Foods Company, LLC: 87,300 containers of milk, at a total price of \$305,973.00 were awarded.

Hollandia Dairy: 35,100 containers of milk, at a total price of \$83,747.52.

HP Hood LLC: 40,500 containers of milk, at a total price of \$77,436.00.

New Dairy Opco, LLC: 46,800 containers of milk, at a total price of \$107,539.92.

Prairie Farms Dairy: 86,400 containers of milk, at a total price of \$227,332.80 were awarded by USDA.

Smith Brothers Farms: 24,300 containers of milk, at a total price of \$39,293.10.

Turner Dairy Farms: 8,100 containers of milk, at a total price of \$17,645.04.

United Dairy, Inc.: 122,400 containers of milk, at a total price of \$265,978.67.

Upstate Niagara Cooperative: 7,200 containers of milk, at a total price of \$26,300.16.

Becoming A Qualified Vendor

The USDA's Agricultural Marketing Service (AMS), Commodity Procurement Program, is inviting interested parties to a live, interactive webinar on becoming

an approved USDA food vendor, organizers reported.

The free webinar will be held on Wednesday, February 15, at 2:00 p.m. Eastern time.

Registration is required and space is limited, the webinar organizers reported.

During the webinar, Andrea Lang and Diana Dau David, new vendor coordinators for AMS's Commodity Procurement Program, will be presenting on the following topics: updated administrative application procedure; technical requirements; next steps after approval; and frequently asked questions.

The Agricultural Marketing Service purchases approximately \$6 billion of US grown and processed foods annually for both domestic and international food assistance programs.

The agency purchases over 300 different food products that directly support the nutritional needs for millions of school children, families, and other qualified individuals.

During fiscal year 2022 (which ran from Oct. 1, 2021, through Sept. 30, 2022), USDA purchased \$560.1 million worth of dairy products. Those products included cheese, butter, yogurt, fresh fluid milk, instant nonfat dry milk, ultra high temperature (UHT) milk, and evaporated milk.

For further information about the February 15 food vendor webinar, contact Andrea Lang, at Andrea.Lang@usda.gov; and Diana Dau David, at Diana.Dau@usda.gov.

For more information about selling dairy and other food products to the US Department of Agriculture, visit www.ams.usda.gov/selling-food.

Biery Cheese Planning To Close Cheese Packaging Plant In Plover, WI

Louisville, OH—Biery Cheese Company is planning to close its cheese packaging plant in Plover, WI, between April 2 and May 30, 2023, according to a plant closure notice the company filed Wednesday with the Wisconsin Department of Workforce Development.

A total of 104 employees will be affected by the plant closing, according to the notice.

Biery Cheese had acquired the Kickapoo Valley Cheese Company, located in Sherry, WI, in November of 2013, and followed up that acquisition with the purchase of Basic American Foods' production facility in Plover, WI, in April of 2014.

After those acquisitions, Biery Cheese made capital improvements at the Plover plant to handle increased output.

Biery Cheese was founded in 1929 in Louisville, OH, by Norman and Laura Biery.

Now into its fourth generation as a family-owned business, the company operates large-scale cheese manufacturing facilities that provide custom and private label packaging.

The company's 225,000-square-foot Louisville facility is home to several production lines, an on-site cooler, warehouse and administrative services.

The company's product line includes natural cheeses, specialty and artisan cheeses, kosher selections, plant-based cheeses and more.

For more information, visit www.bierycheese.com.

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Scholarships Available For IDDBA Members Companies Through April 10

Middleton, WI—The International Dairy Deli Bakery Association (IDDBA) is accepting applications for its \$2,000 “Growing the Future” educational scholarships now through April 10.

The program is open to college and graduate students who work for an IDDBA-member company, and are enrolled in 2023 summer or fall classes.

Specifically, recipients must be enrolled in a degree program at a technical college, university or graduate school.

They must also work at least 13 hours per week during the school year, with a GPA of 2.5 or higher on a 4.0 scale.

Previous recipients are eligible to re-apply. Amount of tuition assistance will be determined by IDDBA’s Scholarship Committee, and notifications of awards will be sent mid-May.

Scholarship money can be used for tuition paid through a verified university account.

Application forms are available online and must include a letter of recommendation from supervisors and essay on post-graduation career goals.

To apply online, visit www.iddba.org. For additional information or inquiries, contact IDDBA at (608) 310-5000 or via email: scholarships@iddba.org.

Application Period For Daphne Zepos Scholarship Awards Opens March 1

San Francisco, CA—The continued appreciation and legacy of artisan cheese teacher and advocate Daphne Zepos continues with two scholarships created in her name.

The Daphne Zepos Teaching Award (DZTA) was started in 2012 as a scholarship to champion education surrounding the history, culture and techniques in making, aging and selling cheese, specifically through travel.

Applicants for the \$5,500 DZTA scholarship must be members of the American Cheese Society (ACS), and have worked in the food industry for at least three of the past six years.

A second annual scholarship, the \$2,500 Daphne Zepos Research Award (DZRA) created in 2021, is given to a food industry professional to further their learning and ability to educate others about cheese.

The DZRA scholarship is available to any individual who has worked in the food industry for a minimum of three of the past six years, including academics.

The board is looking for someone who wants to make a lasting educational impact in the cheese world. They’re also looking for someone who can make the most of the funds, with a proven track record of getting things done.

Both application periods open on March 1. The application for DZRA concludes first on May 1. The application for DZTA concludes May 31. Application packets for both awards from 2022 are available online, with a slightly updated packet dropping March 1.

Each application must include a resume, letter of recommendation and vision statement. Applications are available online at www.daphnezeposteachingaward.org.

PEOPLE

Leprino’s Durkin To Chair Innovation Center For US Dairy

Rosemont, IL—Mike Durkin, president and CEO of Leprino Foods Company, has been elected chair of the Innovation Center for US Dairy.

Durkin succeeds Schreiber Foods’ chairman Mike Haddad, who’s led the Innovation Center for the past five years.

Durkin joined Leprino in 2011, and has served as president and CEO since 2014. He most recently served as secretary of the Innovation Center’s leadership board, and previously chaired its Stewardship Commitment Taskforce.

“This transition begins with our heartfelt appreciation for the tireless commitment, passion and contributions that Mike Haddad provided during his tenure,” said Barbara O’Brien, president and CEO of Dairy Management, Inc. (DMI) and the Innovation Center.

“With his deep experience and demonstrated leadership, we’re fortunate to have Mike Durkin step into this role as he builds on the legacy and momentum of US dairy’s collective effort,” O’Brien continued. “We look forward to his leadership.”

Other elected officers include vice chair, **Dennis Rodenbaugh**, Dairy Farmers of America; secretary, **Brad Anderson**, California Dairies, Inc.; treasurer, **Jay Bryant**, Maryland & Virginia Milk Producers Cooperative Association; and at-large officers **Sheryl Meshke**, Associated Milk Producers, Inc. and **Ron Dunford**, Schreiber Foods.

ANDY POWERS has joined the **American Dairy Products Institute** as the new vice president of technical services. Powers brings over 30 years of commercial, scientific, and technical experience including quality assurance, regulatory and food safety experience to ADPI. No stranger to the dairy industry or to ADPI, Powers served as the commercial manager of specialty ingredients and proteins for Hoogwegt US/Lone Star Dairy, where he was responsible for managing and expanding Hoogwegt’s specialty ingredients portfolio with new, complementary ingredients in the dairy space. During his time with Hoogwegt, Powers was a member of ADPI’s technical and standards committees. Prior to joining ADPI, Powers served as the vice president and senior consultant for Newton Enterprises, Inc., and also held positions at Archer Daniels Mid-

land Company (ADM), Akorn Pharmaceuticals, and Biosys Biotech, Inc.

The **International Dairy Foods Association (IDFA)** has named **MIKE AQUINO** director of its environment, social and governance (ESG) sector within IDFA’s regulatory affairs team. Aquino joins IDFA with years of food and agriculture experience, having worked at Danone’s research and development pilot facility, and on the Global Sustainability Team at General Mills. In his new role, Aquino will help manage IDFA’s work in sustainability, corporate social responsibility, and ESG policy and programming within the US dairy supply chain.

The **National Milk Producers Federation (NMPF)** named **EMILY YEISER STEPP** executive director of the National Dairy Farmers Assuring Responsible Management (FARM) Program, a joint initiative of NMPF and Dairy Management, Inc. (DMI). Her newly-created role comes after leading FARM’s strategic initiatives for the US dairy industry’s social responsibility program for almost five years. This includes animal care, antibiotic stewardship, biosecurity, environmental stewardship and workforce development. **NICOLE AYACHE** has been appointed to the new role of chief sustainability officer. Ayache most recently served as leader of the FARM Program’s Environmental Stewardship initiative. **SAGE SAFFRAN** has been promoted to manager, sustainability initiatives, responsible for managing internal operations for the FARM Environmental Stewardship (ES) and Workforce Development (WFD) programs. Saffran oversees training for both initiatives, and coordinates efforts with FARM team members and contractors to grow evaluator and farmer resources, improve database functionality, develop communications, and promote stakeholder engagement. **LOUISE KAMALI** has been promoted to vice president, meetings and office services, in charge of administrative functions for both NMPF and the US Dairy Export Council (USDEC), which share office resources.

BRIAN SULLIVAN has been tapped as vice president of culinary and beverage innovation for Red Robin Gourmet Burgers & Brews. Sullivan comes to Red Robin from a 34-year career at California Pizza Kitchen, most recently serving as senior vice president, culinary innovation. He also authored three cookbooks on California cuisine.

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Lotito Foods Receives Patent For Method For Making Cheese Wrap

Washington—The US Patent and Trademark Office (USPTO) has awarded a patent for an invention related to a method for preparing a heat-treated and tempered cheese wrap, as well as the cheese wrap itself.

The inventor is Christopher L. Lotito. The patent was awarded to Lotito Foods Holding, LLC.

The method includes melting previously refrigerated cheese into a disc shape, and subjecting the cheese disc to alternating heating and cooling steps to produce a pliable, low to no carbohydrate, and gluten free cheese wrap that is capable of being rolled without crumbling at refrigerated and room temperatures.

The cheese wraps may be formed of one type of cheese or a mixture of cheeses, and can be used, for example, as a snack or as a bread substitute in sandwich wraps and roll-ups, according to the patent abstract.

The USPTO also awarded a patent for the production and separation of milk fractions with a final nanofiltration step. Inventors are Shakeel Ur Rehman, Timothy Peter Doelman and Kamil Piotr Drapala. The patent was assigned to fairlife, LLC.

Consistent with embodiments of this invention, a method for making a dairy composition is disclosed, and this method can comprise: ultrafiltering a milk product (a skim milk product or a fat-containing milk product) to produce a UF permeate fraction and a UF retentate fraction; subjecting the UF permeate fraction to a reverse osmosis step to produce a RO permeate fraction and a RO retentate fraction; nanofiltering the RO retentate fraction to produce a NF permeate fraction and a NF retentate fraction; and combining at least two of the UF retentate

fraction, a DF/UF retentate fraction, the NF permeate fraction, the RO permeate fraction, the RO retentate fraction, and a fat-rich fraction to form the dairy composition.

The USPTO also awarded a patent for shelf-stable high-protein yogurt products. Applicants are Earl Christiansen and Glanbia Nutritionals, Ltd. Inventors are Earl Christiansen and Loren S. Ward.

The invention relates to a method for producing at least one shelf-stable yogurt product having a total protein content of at least about 12 percent, the method comprising the steps of: preparing a fermentable yogurt milk by adding to milk at least one casein-containing component and/or at least one whey protein-containing component to give a whey:casein ratio of from about 20:80 to about 90:10 in the fermentable yogurt milk; culturing the fermentable yogurt milk with at least one bacterial culture to produce at least one yogurt product; and aseptically packaging the yogurt product to provide a shelf-stable yogurt product, wherein at least one heat treatment is performed after the first and/or second step under pasteurization conditions that maintain at least about 75 percent of the whey protein in its undenatured state.

Finally, the USPTO awarded a patent for a process for the preparation of a liquid or semi-liquid bioactive dairy composition containing 20 to 90 percent retained bioactive immunoglobulin G (IgG), for use as an ingredient in a ready-to-eat (RTE) or ready-to-drink (TED) food product.

The patent applicant is Innovative Dairy Consultants Limited of Auckland, New Zealand. The inventor is Vivek Bhandari.

Northeastern Dairy Product Innovation Competition Launches; Deadline To Apply Is Mar. 31

Ithaca, NY—A new innovation competition for producers of value-added dairy products is now open for applications.

The Northeastern Dairy Product Innovation Competition supports food innovators in launching products made from dairy ingredients produced in the Northeast and gives dairy entrepreneurs, including those making products on organic and small farms, access to entrepreneurial and technical support.

The competition is produced by Cornell University's Center for Regional Economic Advancement (CREA) in partnership with the Northeast Dairy Foods Research Center (NDFRC).

Supported by a \$1 million grant from the Northeast Dairy Business Innovation Center (NE-DBIC), the competition gives participants early-stage incubation assistance from Cornell's business- and food-processing faculty, access to Cornell's Food Processing and Development Laboratory — a licensed New York state dairy plant equipped with a wide selection of pilot-scale equipment with a wide range of capabilities — industry mentorship, and training on product prototyping and optimization, food safety and compliance, and business planning.

With a total of \$365,000 in awards, both finalists and winners will receive funding and technical support to bring their value-added products to market.

Along with the access to Cornell's facilities and faculty, finalists will receive \$20,000, and winners will receive an additional \$55,000 and given a presence at the Dairy Innovation Showcase at the 2023

Grow-NY Summit in Upstate New York.

The competition is open to all food innovators, including small and organic farms, nonprofits, and dairy co-ops located in the US that use or commit to using milk and/or dairy ingredients produced at dairies in Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont in their production.

"This competition responds to a growing demand for innovative dairy products that reflect consumer preference for premium ingredients and positions the Northeast dairy community as a leader in entrepreneurship," said Dr. Samuel Alcaine, director of the NDFRC and associate food science professor at Cornell.

"This competition provides an on-ramp to entrepreneurship for people passionate about meeting customer needs with high-quality dairy products," said Jenn Smith, CREA's director of food and ag startup programs. "Thanks to the support from the NE-DBIC, we are providing the resources needed to grow and scale their dairy product businesses."

"The high-quality milk our Northeast dairy farmers produce is an excellent ingredient for many value-added products," said Laura Ginsburg, director of the NE-DBIC.

"This competition, along with our specialized grants for dairy processors, creates more pathways for regional dairy processing that benefits farmers, consumers, and our regional economy," Ginsburg said.

The application period for the Northeastern Dairy Product Innovation Competition opened on Monday, Jan. 30, and will close on Friday, Mar. 31, 2023.

For more information about the Northeastern Dairy Product Innovation Competition, visit www.dairyinnovation.org.

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FDA Redesign

(Continued from p. 1)

of responsibility will be created to provide the necessary management infrastructure.

Other key elements of the proposed new Human Foods Program organization, according to Califf, include:

■ Creation of a Center for Excellence in Nutrition that prioritizes ongoing efforts to help consumers make more informed food choices, including by working with industry to offer healthier, more nutritious food products.

FDA also proposes to establish an Office of Critical Foods, as directed by the 2023 Consolidated Appropriations Act, within this center. In that legislation, the term "critical food" means a food that is an infant formula, or a medical food.

■ Establishment of an Office of Integrated Food Safety System Partnerships that will focus on elevating, coordinating and integrating FDA's food safety and response activities with state and local regulatory partners to more effectively meet the vision of an Integrated Food Safety System as envisioned in the Food Safety Modernization Act (FSMA) of 2011. This newly proposed structure will ensure greater collaboration and support of state-level inspectional activities.

"We know that we cannot be everywhere, at all times, and our relationships with our state and local regulatory partners will be more important than ever going forward," Califf said.

To help support FDA's decision-making activities, a Human

Foods Advisory Committee will be established. Advisory committees are commonly used to obtain independent expert advice on various issues, Califf noted. The Human Foods Advisory Committee will consist of external experts to advise on challenging and emerging issues in food safety, nutrition and innovative food technologies.

Finally, there will be an emphasis on strengthening FDA's enterprise information technology and analytical capabilities to fulfill the promise described in the New Era of Smarter Food Safety and support the improvement in workflow that will accompany these changes.

As part of this proposed new vision, ORA's operating structure will be transformed into an enterprise-wide organization that supports the Human Foods Program and all other FDA regulatory programs (e.g., agency centers) by focusing on its critical activities. Califf said this realignment will allow ORA to be singularly focused on excellence in its core mission: inspections, laboratory testing, import, and investigative operations.

While FDA's Center for Veterinary Medicine (CVM) will continue to operate as a stand-alone center, the relevant food safety activities will be closely coordinated between the CVM center director and deputy commissioner for human foods. This proposed structure will allow CVM to support the Human Foods Program where its activities are relevant to human food safety, Califf noted.

Praise, Criticism For Proposal

Califf's proposed vision for the FDA Human Foods Program is "thoughtful" and seeks to consider

the many years of feedback from industry stakeholders to ensure FDA "is prioritizing the 'F' in FDA and putting first the safety of food for consumers and the concerns of food makers in being able to innovate to meet consumer needs," said Joseph Scimeca, senior vice president of regulatory and scientific affairs for the International Dairy Foods Association (IDFA).

"IDFA stands ready to work with FDA on issues of food safety, nutrition, and innovation in the food processing arena, and supports calls for stronger internal systems to support each priority," Scimeca continued. However, the plan released by Califf "does not address in any detail how FDA plans to solve the bureaucratic, opaque process to update the hundreds of food and beverage standards that remain woefully outdated and hinder innovation.

"As FDA considers next steps in this plan, we strongly encourage greater focus on creating a culture that values transparency, a system of clear accountability, and collaboration with food manufacturers to ensure two-way feedback in updating manufacturing processes that are more responsive to consumer demands," Scimeca added.

"These changes are long overdue and should help to better protect consumers," said Thomas Gremillion, director of food policy at Consumer Federation of America. "By giving one leader the power to set priorities within the foods program, and to direct resources accordingly, this reorganization will help the agency to break down the silos and hopefully, convince Congress to provide the funding needed to ensure a safe and healthy food supply for all Americans."

Government Urged To Disclose Potential Financial Conflicts Of DGAC Members

Washington—Fifteen public health and consumer organizations want the federal government to disclose potential financial conflicts of interest for the 20 people serving on the Dietary Guidelines Advisory Committee (DGAC).

Last month, US Secretary of Agriculture Tom Vilsack and Health and Human Services Secretary Xavier Becerra announced the appointment of 20 scientists to serve on the 2025 DGAC, which is tasked with reviewing the current body of nutrition science and developing a scientific report that includes its independent, science-based advice for USDA and HHS to consider as they develop the next edition of the Dietary Guidelines for Americans.

For the Dietary Guidelines to have the greatest impact on health and nutrition, it is crucial that USDA and HHS facilitate public trust in the process, according to a letter to Assistant HHS Secretary for Health Rachel L. Levin and HHS nutrition advisor Janet de Jesus that was signed by, among others, the Center for Science in the Public Interest (CSPI), Coalition for Healthy School Food, Union of Concerned Scientists, and Physicians Committee for Responsible Medicine.

"To that end, it is crucial to improve transparency and protect against conflicts of interest, including financial and other ties to industry, such as board service and affiliations," the letter said.

While all relevant financial interests among DGAC members should be disclosed, those related to the food and pharmaceutical industries should be subject to "particular scrutiny" as they are most relevant to the subject matter of the Dietary Guidelines, the letter continued.

CSPI stated that the 20 DGAC nominees appear to bring a great deal of expertise in nutrition, epidemiology, health equity, and other important topics. But CSPI and 14 other organizations said that the agencies need to do more to disclose members' ties to industries that may stand to benefit, or be adversely impacted, from the advice the DGAC will shape.

"We have seen from COVID how even the best-crafted scientific advice can be swept aside by those who question the sources of that advice, sometimes alleging conflicts of interest," said Dr. Peter G. Lurie, CSPI's president. "Providing basic transparency, the way many government advisory committees do, is a prerequisite to developing public trust."

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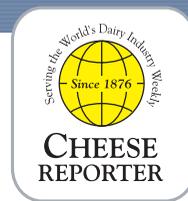
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Saputo Initiatives

(Continued from p. 1)

USA and is expected to result in the creation of 600 jobs.

This new facility represents an investment of CDN\$240 million (US\$180.1 million) and is slated to be operating at full capacity by the third quarter of fiscal 2025 (Saputo's fiscal year runs from Apr. 1 through Mar. 31).

Once operational, Saputo anticipates transferring existing packaging operations from other manufacturing sites to its new facility in Franklin. Consequently, the company intends to permanently close its Big Stone, SD, and Green Bay, WI, facilities in the third quarter of fiscal 2024, and the third quarter of fiscal 2025, respectively.

After ceasing cut-and-wrap activities at its Bardsley Street, Tulare, CA, facility, as announced in fiscal 2022, Saputo now intends to invest CDN\$75 million (US\$56.3 million) to convert this location into a String cheese packaging facility. Saputo said the investment will help support the company's growth ambitions and sustain its leadership position in the String cheese product category. The facility is slated to be operating at full capacity by the third quarter of fiscal 2025.

As a result of this optimization initiative, Saputo intends to permanently close its South Gate, CA, facility in the fourth quarter of fiscal 2025, and transfer existing operations from this facility to its newly converted Tulare facility.

"Continuing to lay the groundwork for future growth in the USA, these initiatives aim to solidify our ability to meet current and future customer demand and further improve our cost structure," said Lino A. Saputo, the company's chair of the board, president and chief executive officer.

"Strategic investments, a streamlined footprint, and optimized facilities will set the stage for notable improvements in our operational performance as we consolidate activities into world-class facilities," he added. "Also designed to increase production capabilities in some of our higher-margin value-added product categories, these initiatives will fuel our aspirations to further enhance our value proposition as a high-quality, low-cost processor in the USA."

These initiatives in the company's USA sector are expected to yield financial benefits beginning in the fourth quarter of fiscal 2024 and contribute to their full potential by the end of fiscal 2027.

Approximately 720 employees will be impacted by the consolidation. Impacted employees will be offered the opportunity to relocate to other Saputo facilities.

Bipartisan, Bicameral Legislation Would Boost Funding For Ag Export Programs

Washington—Legislation introduced Wednesday in both the House and Senate would boost marketing efforts and overseas sales for US agricultural products.

The Expanding Agricultural Exports Act would double authorized funding levels for the Market Access Program (MAP) and the Foreign Market Development Program (FMD) to \$400 million and \$69 million, respectively.

The funds are used to reimburse agricultural organizations for a portion of the cost of carrying out overseas marketing and promotional activities, such as consumer promotions. MAP participants include nonprofit agricultural trade organizations, state-regional trade groups, cooperatives, and private companies that qualify as small businesses.

When MAP funds are used for generic marketing and promotion, the private sector must contribute a minimum 10-percent match. For the promotion of branded products, a dollar-for-dollar match is required.

The legislation was introduced in the Senate by Sens. Angus King (I-ME), Joni Ernst (R-IA) and Tina Smith (D-MN), and in the House by US Rep. Dan Newhouse (R-WA) along with Reps. Tracey Mann (R-KS), Brad Finstad (R-MN), Ashley Hinson (R-IA), Jimmy Panetta (D-CA), Kim Schrier (D-WA), Jim Costa (D-CA), and Chellie Pingree (D-ME).

"These programs have a significant impact on small- and medium-sized businesses in our food, farm, and fishing industries. They represent strong and sustainable investments for the US taxpayer," said Brendan Wilson, Executive Direc-

tor/CEO of Food Export-Midwest and Food Export-Northeast, two not-for-profits that promote the exports of Midwest and Northeast US food and agricultural products.

"An expansion of MAP and FMD resources will ensure these programs continue to meet the evolving needs of and provide a more competitive advantage for US producers in a dynamic global marketplace," Wilson added.

The Coalition to Promote US Agricultural Exports, a group of 150 organizations focused on protecting and enhancing US agricultural export promotion programs, applauded the lawmakers who introduced the Expanding Agricultural Exports Act of 2023.

"We know these programs work, but we also know that our investments need to increase significantly to keep up with our competitors," said Robbie Minnich, director of Washington operations for the National Cotton Council and chair of the Coalition to Promote US Agricultural Exports.

"These investments are crucial to American farmers and small businesses," Minnich continued. "And that's why we are so thankful to our Senate and House champions for their continued leadership and commitment to doubling funding for MAP and FMD."

The legislation must now be considered by the Senate and House Ag Committees.

"With a relatively modest boost in marketing, the bill will spur significant private investment and create billions in resulting sales. That's the definition of a commonsense deal, and one that I'm glad is already receiving bipartisan support," King commented.

"This bipartisan bill would ratchet up our ag export policies to another level, allowing family farmers to establish, build, and maintain their economic partnerships in international markets," Smith said.

"The continued success and growth of Iowa, and the American agricultural industry, is dependent on strong trade. The MAP and FMD Programs are critical to ensure Iowa farmers have strong commodity markets and export opportunities, adding value to farmers' bottom line and our state's economy," Ernst said.

"Programs like the Market Access Program and the Foreign Market Development Program are essential for farmers and ranchers in central Washington and across the country to help expand their customer base and market their products abroad," Newhouse said. "The Ag Export Promotion Act will further advance the agriculture industry's capabilities to create more good-paying jobs while enabling customers around the world to enjoy Washington's high-quality, nutritious products."

"The Ag Export Promotion Act will help agricultural trade associations as they work tirelessly to ensure American producers remain competitive in the international marketplace," Mann said.

"Farmers, producers, and ranchers around our country depend on the Market Access Program and the Foreign Market Development Program to reach markets abroad and grow their businesses at home," Panetta said. "The bipartisan Ag Export Promotion Act would make significant investments in those programs to ensure that our nation's farmers and ranchers have access to the tools and resources that they need to compete in the global marketplace."



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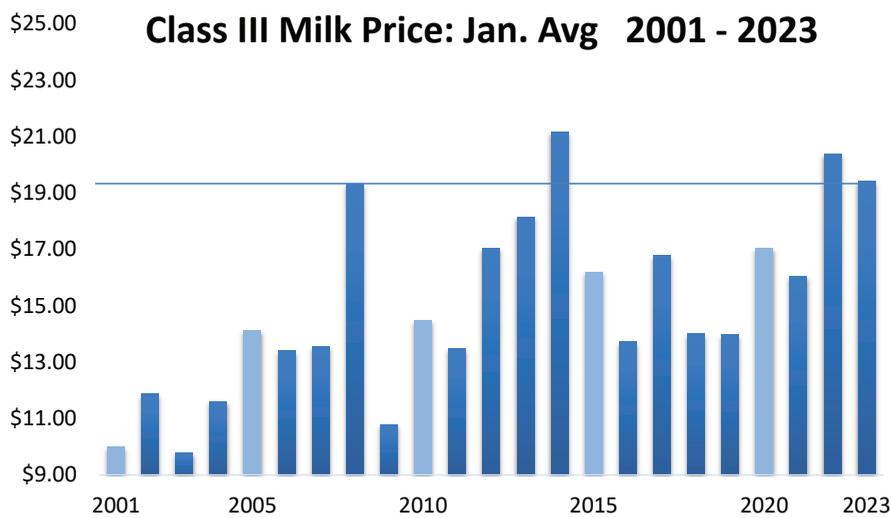
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Class Milk & Component Prices

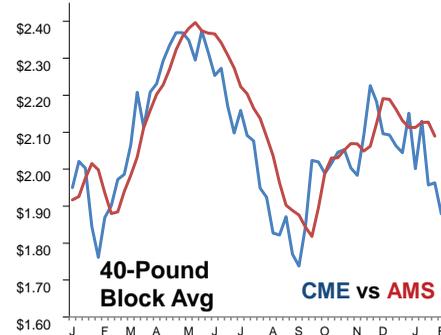
January 2023 with comparisons to January 2022

| Class III - Cheese Milk Price | 2022 | 2023 |
|---|-----------|-----------|
| PRICE (per hundredweight) | \$20.38 | \$19.43 |
| SKIM PRICE (per hundredweight) | \$10.40 | \$10.08 |
| Class II - Soft Dairy Products | 2022 | 2023 |
| PRICE (per hundredweight) | \$22.83 | \$21.61 |
| BUTTERFAT PRICE (per pound) | \$2.9637 | \$2.7783 |
| SKIM MILK PRICE (per hundredweight) | \$12.91 | \$12.32 |
| Class IV - Butter, MP | 2022 | 2023 |
| PRICE (per hundredweight) | \$23.09 | \$20.01 |
| SKIM MILK PRICE (per hundredweight) | \$13.20 | \$10.68 |
| BUTTERFAT PRICE (per pound) | \$2.9567 | \$2.7713 |
| NONFAT SOLIDS PRICE (per pound) | \$1.4662 | \$1.1864 |
| PROTEIN PRICE (per pound) | \$2.3563 | \$2.8058 |
| OTHER SOLIDS PRICE (per pound) | \$0.5249 | \$0.2343 |
| SOMATIC CELL Adjust. rate (per 1,000 scc) | \$0.00095 | \$0.00099 |
| AMS Survey Product Price Averages | 2022 | 2023 |
| Cheese | \$1.8978 | \$1.9767 |
| Cheese, US 40-pound blocks | \$1.9787 | \$2.1147 |
| Cheese, US 500-pound barrels | \$1.7951 | \$1.8226 |
| Butter, CME | \$2.6130 | \$2.4599 |
| Nonfat Dry Milk | \$1.6488 | \$1.3662 |
| Dry Whey | \$0.7087 | \$0.4266 |



DAIRY PRODUCT SALES

February 1, 2023—AMS' National Dairy Products Sales Report. Prices included are provided each week by manufacturers. Prices collected are for the (wholesale) point of sale for natural, unaged Cheddar; boxes of butter meeting USDA standards; Extra Grade edible dry whey; and Extra Grade and USPH Grade A nonfortified NFD. M.



| Week Ending | Jan. 28 | Jan. 21 | Jan. 14 | Jan. 7 |
|--|----------------------|-------------|------------|------------|
| 40-Pound Block Cheddar Cheese Prices and Sales | | | | |
| Weighted Price | Dollars/Pound | | | |
| US | 2.0891 | 2.1271* | 2.1266 | 2.1125 |
| Sales Volume | Pounds | | | |
| US | 11,816,123 | 12,803,034* | 14,275,752 | 11,694,815 |
| 500-Pound Barrel Cheddar Cheese Prices, Sales & Moisture Contest | | | | |
| Weighted Price | Dollars/Pound | | | |
| US | 1.8551 | 1.9082 | 1.9227 | 1.9543* |
| Adjusted to 38% Moisture | Dollars/Pound | | | |
| US | 1.7684 | 1.8237 | 1.8354 | 1.8623* |
| Sales Volume | Pounds | | | |
| US | 13,840,124 | 14,307,360 | 14,191,382 | 13,955,506 |
| Weighted Moisture Content | Percent | | | |
| US | 34.96 | 35.13 | 35.05 | 34.94 |
| AA Butter | | | | |
| Weighted Price | Dollars/Pound | | | |
| US | 2.4085 | 2.4737* | 2.4733* | 2.4805* |
| Sales Volume | Pounds | | | |
| US | 3,642,945 | 4,388,567* | 4,321,587* | 3,357,290* |
| Extra Grade Dry Whey Prices | | | | |
| Weighted Price | Dollars/Pound | | | |
| US | 0.4001 | 0.4257* | 0.4453 | 0.4430 |
| Sales Volume | Pounds | | | |
| US | 5,854,140 | 6,062,672* | 5,486,115 | 3,498,432 |
| Extra Grade or USPHS Grade A Nonfat Dry Milk | | | | |
| Average Price | Dollars/Pound | | | |
| US | 1.2786 | 1.3979* | 1.3976 | 1.4077 |
| Sales Volume | Pounds | | | |
| US | 22,139,057 | 18,981,477* | 18,833,164 | 18,035,325 |

DAIRY FUTURES PRICES

SETTLING PRICE

*Cash Settled

| Date | Month | Class III | Class IV | Dry Whey | NDM | Block Cheese | Cheese* | Butter* |
|---------------|---------------|--------------|--------------|--------------|------------|---------------|--------------|---------|
| 1-27 | Jan 23 | 19.49 | 20.16 | 42.850 | 137.800 | 2.118 | 1.9790 | 245.450 |
| 1-30 | Jan 23 | 19.45 | 20.16 | 42.850 | 137.925 | 2.118 | 1.9790 | 245.650 |
| 1-31 | Jan 23 | 19.48 | 20.16 | 42.850 | 138.025 | 2.118 | 1.9790 | 245.650 |
| 2-1 | Jan 23 | — | — | — | — | — | — | — |
| 2-2 | Jan 23 | — | — | — | — | — | — | — |
| 1-27 | Feb 23 | 18.06 | 18.92 | 37.525 | 127.125 | 1.965 | 1.8700 | 237.500 |
| 1-30 | Feb 23 | 17.94 | 18.78 | 37.500 | 127.250 | 1.965 | 1.8600 | 238.000 |
| 1-31 | Feb 23 | 17.84 | 18.78 | 37.600 | 128.750 | 1.965 | 1.8500 | 235.500 |
| 2-1 | Feb 23 | 17.90 | 18.76 | 37.600 | 127.850 | 1.965 | 1.8520 | 234.200 |
| 2-2 | Feb 23 | 17.93 | 18.76 | 38.100 | 126.200 | 1.965 | 1.8520 | 236.775 |
| 1-27 | Mar 23 | 18.01 | 18.25 | 35.500 | 119.000 | 1.908 | 1.8750 | 237.500 |
| 1-30 | Mar 23 | 17.81 | 18.13 | 35.500 | 119.750 | 1.901 | 1.8570 | 238.500 |
| 1-31 | Mar 23 | 17.56 | 18.13 | 35.250 | 119.400 | 1.879 | 1.8390 | 237.025 |
| 2-1 | Mar 23 | 17.64 | 18.36 | 35.500 | 120.025 | 1.861 | 1.8450 | 236.000 |
| 2-2 | Mar 23 | 17.79 | 18.70 | 37.700 | 124.900 | 1.887 | 1.8420 | 242.000 |
| 1-27 | Apr 23 | 18.18 | 18.13 | 35.250 | 117.500 | 1.936 | 1.9000 | 241.100 |
| 1-30 | Apr 23 | 18.02 | 18.17 | 35.000 | 117.800 | 1.921 | 1.8820 | 242.000 |
| 1-31 | Apr 23 | 17.87 | 18.17 | 35.000 | 118.000 | 1.909 | 1.8700 | 240.000 |
| 2-1 | Apr 23 | 17.93 | 18.45 | 35.250 | 118.575 | 1.898 | 1.8690 | 240.000 |
| 2-2 | Apr 23 | 18.12 | 18.82 | 36.250 | 124.000 | 1.915 | 1.8770 | 245.250 |
| 1-27 | May 23 | 18.55 | 18.28 | 37.000 | 119.100 | 1.969 | 1.9240 | 243.000 |
| 1-30 | May 23 | 18.49 | 18.30 | 37.000 | 118.850 | 1.969 | 1.9240 | 242.750 |
| 1-31 | May 23 | 18.37 | 18.40 | 36.000 | 119.625 | 1.969 | 1.9130 | 242.100 |
| 2-1 | May 23 | 18.42 | 18.66 | 35.750 | 120.800 | 1.961 | 1.9080 | 241.025 |
| 2-2 | May 23 | 18.47 | 19.10 | 36.700 | 126.000 | 1.961 | 1.9090 | 246.775 |
| 1-27 | June 23 | 18.87 | 18.71 | 38.025 | 121.300 | 1.991 | 1.9520 | 245.025 |
| 1-30 | June 23 | 18.90 | 18.71 | 37.500 | 121.000 | 1.991 | 1.9560 | 245.500 |
| 1-31 | June 22 | 18.77 | 18.71 | 36.750 | 122.975 | 1.991 | 1.9440 | 245.000 |
| 2-1 | June 23 | 18.85 | 18.91 | 37.000 | 122.200 | 1.991 | 1.9400 | 243.500 |
| 2-2 | June 23 | 18.93 | 19.31 | 37.250 | 127.500 | 1.991 | 1.9400 | 248.750 |
| 1-27 | July 23 | 19.21 | 18.86 | 39.450 | 123.350 | 2.042 | 1.9830 | 247.000 |
| 1-30 | July 23 | 19.28 | 18.86 | 38.000 | 122.850 | 2.042 | 1.9930 | 249.125 |
| 1-31 | July 23 | 19.05 | 18.90 | 37.750 | 125.150 | 2.027 | 1.9770 | 247.500 |
| 2-1 | July 23 | 19.20 | 19.13 | 38.500 | 123.950 | 2.027 | 1.9850 | 245.750 |
| 2-2 | July 23 | 19.28 | 19.51 | 39.500 | 129.025 | 2.027 | 1.9850 | 251.000 |
| 1-27 | Aug 23 | 19.61 | 19.15 | 40.000 | 126.000 | 2.078 | 2.0120 | 246.800 |
| 1-30 | Aug 23 | 19.60 | 19.15 | 40.000 | 125.500 | 2.078 | 2.0150 | 248.900 |
| 1-31 | Aug 23 | 19.37 | 19.15 | 39.500 | 127.850 | 2.078 | 2.0030 | 248.900 |
| 2-1 | Aug 23 | 19.56 | 19.35 | 39.500 | 126.750 | 2.078 | 2.0100 | 248.250 |
| 2-2 | Aug 23 | 19.60 | 19.64 | 39.975 | 130.250 | 2.078 | 2.0100 | 251.050 |
| 1-27 | Sept 23 | 19.78 | 19.35 | 41.000 | 127.500 | 2.087 | 2.0230 | 246.600 |
| 1-30 | Sept 23 | 19.71 | 19.35 | 41.000 | 127.500 | 2.087 | 2.0260 | 249.700 |
| 1-31 | Sept 23 | 19.57 | 19.35 | 41.000 | 129.150 | 2.087 | 2.0160 | 248.000 |
| 2-1 | Sept 23 | 19.72 | 19.65 | 41.000 | 128.000 | 2.087 | 2.0200 | 248.250 |
| 2-2 | Sept 23 | 19.79 | 19.65 | 41.000 | 132.125 | 2.087 | 2.0110 | 250.500 |
| 1-27 | Oct 23 | 19.88 | 19.50 | 42.000 | 128.750 | 2.063 | 2.0300 | 247.500 |
| 1-30 | Oct 23 | 19.79 | 19.50 | 42.000 | 129.300 | 2.063 | 2.0310 | 251.100 |
| 1-31 | Oct 23 | 19.60 | 19.50 | 42.000 | 131.000 | 2.063 | 2.0210 | 251.100 |
| 2-1 | Oct 23 | 19.73 | 19.75 | 42.000 | 131.375 | 2.063 | 2.0260 | 251.100 |
| 2-2 | Oct 23 | 19.75 | 19.75 | 42.000 | 131.650 | 2.063 | 2.0210 | 251.750 |
| 1-27 | Nov 23 | 19.71 | 19.68 | 42.500 | 130.050 | 2.056 | 2.0240 | 250.750 |
| 1-30 | Nov 23 | 19.71 | 19.68 | 42.500 | 130.075 | 2.056 | 2.0240 | 253.100 |
| 1-31 | Nov 23 | 19.52 | 19.68 | 42.500 | 132.000 | 2.056 | 2.0100 | 253.100 |
| 2-1 | Nov 23 | 19.59 | 19.75 | 42.500 | 132.025 | 2.056 | 2.0120 | 253.100 |
| 2-2 | Nov 23 | 19.72 | 19.75 | 42.500 | 133.350 | 2.056 | 2.0120 | 243.100 |
| Feb. 2 | 23,333 | 6,791 | 2,520 | 8,571 | 594 | 17,365 | 8,289 | |

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DAIRY PRODUCT MARKETS

AS REPORTED BY THE US DEPARTMENT OF AGRICULTURE

WHOLESALE CHEESE MARKETS

NORTHEAST - FEB. 1: Steady milk output is enabling cheese makers to run busy production schedules. Labor shortages and delayed deliveries of production supplies are limiting the ability of some plant managers to operate full schedules. Demand for cheese is steady in retail and foodservice markets. Sales of Mozzarella cheese to pizza makers are softening as the end of the football playoffs nears. Export sales of cheese are steady from last week. Market price for cheese blocks have fallen on the CME by 11.75 cents since last Tuesday. Some stakeholders say the decline in prices for cheddar blocks may be due to increased spot availability.

Wholesale prices, delivered, dollars per/lb:

Cheddar 40-lb block: \$2.4250 - \$2.7125 Process 5-lb sliced: \$1.7075 - \$2.1875
Muenster: \$2.4125 - \$2.7625 Swiss Cuts 10-14 lbs: \$3.9100 - \$6.2325

MIDWEST AREA - FEB. 1: Cheese demand spans the spectrum, as some plant managers say they are running through widely available milk supplies to fulfill strong orders. Others are not experiencing the same demand tones. Barrel cheese makers say there are some concerns about cheese inventory growth, as demand has seasonally slowed and contractual buying activity compared to previous years has been noted as less than robust. Production is busy, but for various reasons more plant downtime has been reported in the upper Midwest. Milk is widely available moving into the fifth week of the year. Spot prices reached \$10 under Class III, which has been the case all year. Cheese market tones are in search of some stability, as block prices slip, and the gap between block and barrel prices remains relatively large.

Wholesale prices delivered, dollars per/lb:

Blue 5# Loaf: \$2.4675 - \$3.6775 Mozzarella 5-6#: \$1.9975 - \$3.0850
Brick 5# Loaf: \$2.1975 - \$2.7650 Muenster 5#: \$2.1975 - \$2.7650
Cheddar 40# Block: \$1.9200 - \$2.4625 Process 5# Loaf: \$1.5850 - \$2.0525
Monterey Jack 10#: \$2.1725 - \$2.5200 Swiss 6-9# Cuts: \$3.4250 - \$3.5275

WEST - FEB. 1: Demand for cheese is steady to lighter; retail sales are unchanged, though some stakeholders report lighter foodservice sales. Export demand for cheese is softening, as some sellers in Europe are, reportedly, offering cheese for lower prices. Despite this, some contacts report steady sales of cheese to Asian markets for shipment in Q2 and Q3 of this year. Spot loads of cheese barrels and blocks are available for purchasing. Stakeholders say barrel inventories are larger than blocks, and some suggest this is contributing to the 31.25 cents block-barrel spread on the CME. Milk is widely available, allowing for strong regional cheese production. Some stakeholders say labor shortages and delayed deliveries of production supplies are preventing them from operating busier schedules.

Wholesale prices delivered, dollars per/lb: Monterey Jack 10#: \$2.2875 - \$2.5625
Cheddar 10# Cuts: \$2.3000 - \$2.5000 Process 5# Loaf: \$1.7100 - \$1.8650
Cheddar 40# Block: \$2.0525 - \$2.5425 Swiss 6-9# Cuts: \$2.7175 - \$4.1475

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

| Variety | Date: | 2/1 | 1/25 | Variety | Date: | 2/1 | 1/25 |
|--------------|-------|--------|--------|--------------|-------|--------|--------|
| Cheddar Curd | | \$1.99 | \$2.04 | Mild Cheddar | | \$1.98 | \$2.10 |
| Young Gouda | | \$1.38 | \$1.44 | Mozzarella | | \$1.38 | \$1.43 |

FOREIGN -TYPE CHEESE - FEB. 1: As cheese makers report plenty of milk is on hand, cheese production is active. Foreign type cheese inventories are growing. Industry sources say supplies are sufficient to fill most buyer orders; however, buyers are slow to take on more cheese. While cheese is moving satisfactorily through existing contracts, recent price decreases have prompted some end users to buy hand-to-mouth. According to a few industry sources, demand is generally stable for retail accounts, but a bit slower for the higher priced cheese offerings. Consumers are wary of inflation and higher prices at the checkouts. They seem more interested in looking to store specials and store brands to fill some of their cheese needs. Foodservice demand is tepid. Current cheese orders are not keeping pace with increasing cheese supplies.

Selling prices, delivered, dollars per/lb:

| | Imported | Domestic |
|---------------------------|-------------------|-------------------|
| Blue: | \$2.6400 - 5.2300 | \$2.2825 - 3.7700 |
| Gorgonzola: | \$3.6900 - 5.7400 | \$2.7900 - 3.5075 |
| Parmesan (Italy): | 0 | \$3.6700 - 5.7600 |
| Romano (Cows Milk): | 0 | \$3.4725 - 5.6275 |
| Sardo Romano (Argentina): | \$2.8500 - 4.7800 | 0 |
| Reggianito (Argentina): | \$3.2900 - 4.7800 | 0 |
| Jarlsberg (Brand): | \$2.9500 - 6.4500 | 0 |
| Swiss Cuts Switzerland: | 0 | \$3.9450 - 4.2700 |
| Swiss Cuts Finnish: | \$2.6700- 2.9300 | 0 |

NDM PRODUCTS - FEBRUARY 2

NDM - CENTRAL: Condensed skim availability, which has grown in recent months, is not expected to get stretched thin in the near term. Milk output, despite colder temperatures and inclement weather this week, is still seasonally hearty. NDM availability is sufficient. High heat NDM trading activity was quiet, as production schedules continue to cater to contractual needs. NDM market tones are mixed. The bears are clearly present, but some contacts relay an uptick in interest from Mexican traders, which would be expected to alleviate some of the down pressure on markets in recent weeks and months.

NDM - WEST: Demand for export loads of low/medium heat NDM is steady to higher. Some stakeholders relay increased interest from traders in Mexico. While low/medium heat NDM markets remain bearish, some contacts are hopeful this could reduce some

downward pressure on markets in the coming weeks. Spot loads of low/medium heat NDM are available for purchasing. Demand for high heat NDM is steady and spot inventories remain limited. The price range for high heat NDM moved lower, as lower prices for low/medium heat NDM continue to put downward pressure on high heat.

NDM - EAST: Eastern region trading activity was busier this week, as the number of reported eastern trades grew quite a bit from week four. Prices from the East were generally toward the low end of the range and mostly series. Condensed skim availability has grown in all regions, but the limits of production in the East have kept availability a little lighter than in parts of the upper Midwest and throughout the western states, where prices are starting to move closer to \$1.10 than \$1.20. High heat NDM trading was limited, as prices are unchanged.

EUROPEAN DAIRY MARKETS

WESTERN EUROPE: Dairy manufacturers report getting an abundance of farm milk to start 2023. Added milk may place processors in a tricky situation. With calm retail demand and industry buyers making mostly only short-term buys, commodity prices are under downward pressures. As those prices come down, contacts indicate processors may be forced to lower farm gate prices. Many expect this to happen soon, but that may transfer the economic pressures to farmers. While input costs and energy costs have stabilized, they remain high. At the first EU farm council meeting of the year, the council discussed options to contend with agricultural market volatilities and the market impacts of the ongoing conflict in Ukraine.

EASTERN EUROPE: As commodity prices fall across Europe, the impacts are being felt in Eastern Europe as well. According to sources, Ukraine may reduce butter exports into surrounding countries. Due in part to policies to reduce trade barriers between the EU and Ukraine, Ukrainian butter exports increased by 29 percent. However, because of reduced production and lower inventories within Ukraine and higher local prices for butter and other commodities, exporters find it better to sell butter and other milk fats within the country.

EUROPEAN BUTTER/BUTTEROIL: European butter prices are melting away, and butteroil prices are steady to lower. While prices have trended lower, industry sources note an uptick in bulk and packaged butter orders. Buyers seem willing to make some additional buys to cover near-term butter needs. Although longer term deals are taking more negotiating to find the common ground, some contracts are getting settled. Manufacturers are hesitant to overcommit on contracted deals. There are numerous questions regarding the availability of milk and milk fat for later in the year. Cream prices have recently increased as butter supplies have become more balanced with the current demand. Butter inventories are sufficient to cover most buyer needs.

OCEANIA DAIRY MARKETS

CHEDDAR: The Oceania Cheddar cheese price is unchanged. Asian buyers tend to secure heavier volumes. Demand is steady, with availability for all contract customers. New Zealand cheese manufacturers are maintaining moderate production schedules as Australia utilizes the bulk of milk its output for cheese production. The market undertone is steady.

OCEANIA CHEDDAR, 39% MAXIMUM MOISTURE: 4,800 - 5,125

BUTTER/BUTTEROIL: Oceania butter prices are steady on the bottom of the range and steady at the top of the range, while the market maintains a weak undertone. In the near-term, some market representatives note that prices are unlikely to firm. While butter demand is light globally, the heaviest volume of trading taking place at the GDT has been with Asian buyers. Contacts report that larger than normal volumes of butter are being exported from New Zealand. Butter manufacturing is steady in New Zealand, with adequate quantities in stock for customer contracts and cash market purchasing.

OCEANIA BUTTER, 82% BUTTERFAT: 4,425 - 4,500

SOUTH AMERICA DAIRY MARKETS

OVERVIEW: Contacts in Uruguay, Brazil and Argentina have all expressed concerns about their respective dairy producing areas due to drought conditions. Feed costs remain a real concern, and as long as the drought continues to keep soil dry in the region, these elevated costs are expected to continue. Some trader contacts say China is beginning to show more interest in trading, particularly powders, but Brazil continues to pull the bulk majority from its South American neighbors. Despite dairy commodity markets in other competitive global areas being somewhat shaky, Brazil's return to the market in the second half of 2022 has kept regional commodity markets somewhat stabilized. There are some clearly impactful political and climactic instabilities ahead, though. Another issue is inflation and variant currency valuation fluctuations, which lead to negative impacts at the individual consumer level.

WHOLESALE BUTTER MARKETS - FEBRUARY 2

NATIONAL: Cream is readily available in the East and West, while plant managers in the Central region report some variability with availability. In the Midwest, stakeholders say multiples are firming, while those nearer the West region say cream is abundant. Cream handlers say multiples are shifting higher in the East and Central region. Demand for cream is steady to higher in the West, as some processors say they are purchasing more cream to run full production schedules and build salted and unsalted butter inventories. Butter production is strong in the West.

WEST: Cream volumes remain available. Cream demand continues to be steady to higher, and multiples are unchanged. Strong butter production is ongoing. Unsalted inventories stay tighter compared to salted inventories. Butter inventories keep working towards balancing with demand. Contract sales interest for Q2, Q3, and Q4 stays light going into February. Spot butter demand is steady, despite some momentum in prices. Grade AA butter increased 6.25 cents, to \$2.3300 on the CME, since last Wednesday. The NASS Cold Storage report last week found butter stocks ending December, 2022 up 8 percent compared to November, 2022 and up 9 percent compared to December 2021.

CENTRAL: Butter plant managers say cream remains widely available. Cream handlers are suggesting the same, as they say routing cream haulers has grown in difficulty week to week. Butter inventories have grown since late 2022, as bulk pricing has moved to as low as flat market in some cases. Butter production trends are mixed from churning widely available cream supplies to micro-fixing for specific customer needs. All said, butter production is currently very busy. Foodservice demand for butter, or rather the lack in foodservice demand, has some contacts suggesting potentially further butter price, and market, bearishness. CME market activity is clearly very active, as prices have come down from their \$3+ market prices of late 2022.

NORTHEAST: Cream is plentiful in the eastern region. Butter prices on industry cash exchanges have slightly decreased. Butter processors report that they are actively churning seven days a week. Some market contacts report that inventories in certain locales are very comfortable. Most of the butter produced is being frozen in bulk or is produced for contractual retail demands. Some market contacts report increased retail demand versus this time last year. Foodservice demand is steady.

WEEKLY COLD STORAGE HOLDINGS

SELECTED STORAGE CENTERS IN 1,000 POUNDS - INCLUDING GOVERNMENT

| DATE | BUTTER | CHEESE |
|----------------|--------|--------|
| 01/30/23 | 42,203 | 75,977 |
| 01/01/23 | 38,780 | 84,469 |
| Change | 3,423 | -8,492 |
| Percent Change | 9 | -10 |

CME CASH PRICES - JAN.30 - FEB. 3, 2023

Visit www.cheesereporter.com for daily prices

| | 500-LB CHEDDAR | 40-LB CHEDDAR | AA BUTTER | GRADE A NDFM | DRY WHEY |
|---------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| MONDAY January 30 | \$1.5800 (+2¼) | \$1.8800 (-8) | \$2.3525 (+8) | \$1.1525 (NC) | \$0.3200 (-¾) |
| TUESDAY January 31 | \$1.5800 (NC) | \$1.8700 (-1) | \$2.3050 (-4¾) | \$1.1525 (NC) | \$0.3200 (NC) |
| WEDNESDAY February 1 | \$1.5825 (+¼) | \$1.8950 (+2½) | \$2.3300 (+2½) | \$1.2000 (+4¾) | \$0.3550 (+3½) |
| THURSDAY February 2 | \$1.6000 (+1¼) | \$1.8750 (-2) | \$2.3600 (+3) | \$1.2100 (+1) | \$0.4000 (+4½) |
| FRIDAY February 3 | \$1.6300 (+3) | \$1.8650 (-1) | \$2.3750 (+1½) | \$1.2450 (+3½) | \$0.4150 (+1½) |
| Week's AVG \$ Change | \$1.5945 (-0.0155) | \$1.8770 (-0.0860) | \$2.3445 (+0.0730) | \$1.1920 (+0.0280) | \$0.3620 (+0.0375) |
| Last Week's AVG | \$1.6100 | \$1.9630 | \$2.2715 | \$1.1640 | \$0.3245 |
| 2022 AVG Same Week | \$1.8325 | \$1.8695 | \$2.4855 | \$1.8160 | \$0.8550 |

MARKET OPINION - CHEESE REPORTER

Cheese Comment: One car of blocks was sold Monday at \$1.8700; an unfilled bid for 1 car at \$1.8800 then set the price. On Tuesday, 1 car of blocks was sold at \$1.8700, which set the price. Three cars of blocks were sold Wednesday, the last at \$1.8950, which set the price. No blocks were sold Thursday; the price declined on an uncovered offer of 1 car at \$1.8750. Two cars of blocks were sold Friday, the last at \$1.8650, which set the price. The barrel price rose Monday on a sale at \$1.5800, increased Wednesday on a sale at \$1.5825, rose Thursday on a sale at \$1.6000, and increased Friday on a sale at \$1.6300.

Butter Comment: The price jumped Monday on a sale at \$2.3525, declined Tuesday on a sale at \$2.3050, increased Wednesday on a sale at \$2.3300, rose Thursday on a sale at \$2.3600, and increased Friday on a sale at \$2.3750.

Nonfat Dry Milk Comment: The price rose Wednesday on a sale at \$1.2000, increased Thursday on an unfilled bid at \$1.2100, and rose Friday on a sale at \$1.2450.

Dry Whey Comment: The price declined Monday on a sale at 32.00 cents, rose Wednesday on an unfilled bid at 35.50 cents, jumped Thursday on a sale at 40.0 cents, and increased Friday on an unfilled bid at 41.50 cents.

WHEY MARKETS - JAN.30 - FEB. 3, 2023

RELEASE DATE - FEBRUARY 2 2023

| | |
|---|-----------------------------|
| Animal Feed Whey—Central: Milk Replacer: | .2600 (NC) – .3000 (NC) |
| Buttermilk Powder: | |
| Central & East: | 1.1700 (-1) – 1.2800 (-2) |
| Mostly: | 1.1800 (-2) – 1.2800 (-2) |
| Casein: Rennet: | 5.7400 (NC) – 6.2000 (NC) |
| Acid: | 6.3500 (-15) – 6.5000 (-25) |
| Dry Whey—Central (Edible): | |
| Nonhygroscopic: | .3200 (NC) – .4000 (NC) |
| Mostly: | .3400 (NC) – .3800 (NC) |
| Dry Whey—West (Edible): | |
| Nonhygroscopic: | .2750 (-½) – .4850 (-2) |
| Mostly: | .3250 (-½) – .4450 (-3½) |
| Dry Whey—NorthEast: | .3350 (-1¼) – .4550 (-2) |
| Lactose—Central and West: | |
| Edible: | .2700 (NC) – .6000 (NC) |
| Mostly: | .3400 (-1) – .5400 (NC) |
| Nonfat Dry Milk —Central & East: | |
| Low/Medium Heat: | 1.1800 (NC) – 1.2500 (-5) |
| High Heat: | 1.3300 (NC) – 1.4200 (-2) |
| Nonfat Dry Milk —Western: | |
| Low/Medium Heat: | 1.1100 (-4¼) – 1.4375 (-2) |
| High Heat: | 1.3150 (-2½) – 1.4575 (-4) |
| Whey Protein Concentrate—34% Protein: | |
| Central & West: | 1.2500 (NC) – 1.8000 (-5) |
| Mostly: | 1.4000 (-5) – 1.7500 (-5) |
| Whole Milk—National: | 2.1000 (NC) – 2.2800 (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 | | | | | | | | | | | |

Restaurant Performance Index Rose 0.7% In Dec.; Sales, Traffic Increased

Washington—The National Restaurant Association's Restaurant Performance Index (RPI), a monthly composite index that tracks the health of the US restaurant industry, stood at 101.8 in December, up 0.7 percent from November, the association reported Tuesday.

The RPI is constructed so that the health of the industry is measured in relation to a neutral level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction.

The RPI consists of two components: the Current Situation Index and the Expectations Index. The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 101.7 in December, up 0.9 percent.

A majority of restaurant operators reported higher same-store sales in December for the fourth consecutive month. Some 63 percent of operators said their same-store sales rose between December 2021 and December 2022, up from 54 percent who reported higher

sales in November. And 30 percent of operators said their sales were lower in December, compared to 29 percent who reported a sales decline in November.

Restaurant operators also reported stronger customer traffic readings in December. Some 46 percent of operators said their customer traffic rose between December 2021 and December 2022, up from 24 percent who reported higher traffic in November.

The Expectations Index, which measures restaurant operators' six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 101.9 in December, up 0.5 percent.

Operators remain generally optimistic about sales gains in the coming months. Some 44 percent of operators expect their sales volume in six months to be higher than it was during the same period in the previous year. Only 13 percent of operators think their sales volume in six months will be lower than it was a year earlier.

Restaurant operators remain uncertain about the direction of the economy, but their level of pessimism has been declining.



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