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NMPF Seeks FDA Action On Mislabeling Of Cell-Based Milk

Bored Cow's 'Animal Free Dairy Milk' Isn't Milk, And 'It Is Not Even Close', NMPF Tells Agency

Arlington, VA—The US Food and Drug Administration (FDA) must end mislabeling by manufacturers of synthetic, cell-based “dairy” products that are in violation of federal standards of identity to prevent a repeat of the plant-based labeling fiasco that’s created confusion among consumers and regulatory headaches at the agency, the National Milk Producers Federation (NMPF) said in a June 26 letter to the agency.

The labeling problems these synthetic, cell-based products raise “are already present — and it’s imperative that FDA take action now, before this situation spins out of control,” Jim Mulhern, NMPF’s president and CEO, noted in the letter to FDA Commissioner Robert M. Califf.

“Like the plant-based labeling fiasco that’s bedeviled regulators for more than four decades, we are beginning to see the presence of mislabeled synthetic food prod-

ucts in the marketplace masquerading as natural foods,” the letter continued. “FDA has a legal obligation to ensure that food labels are accurate, truthful and not misleading.”

Products are now coming into the marketplace that do not meet FDA standards of identity, the letter noted. FDA’s past failures to uniformly enforce these standards “must not be repeated.”

NMPF’s letter noted that food retailer Sprouts Farmers Market will begin carrying a product from the brand Bored Cow described as “Animal Free Dairy Milk.”

In May 2022, Tomorrow Farms, a food technology company, announced its partnership with Perfect Day to launch a flavored animal-free dairy milk under the Bored Cow brand. Bored Cow gets its “dairy credentials” from Perfect Day’s animal-free whey protein, which is identical to conventional whey protein, according to that announcement.

Bored Cow, which is available

in several flavors, is for sale online at www.tryboredcow.com; as well as at Sprouts Farmers Markets and some other retailers.

Despite its “brazenly inappropriate label,” Bored Cow’s Animal Free Dairy Milk “is clearly not milk,” as prescribed by FDA’s own standard of identity, NMPF’s letter stated.

“Milk is a natural, biologically produced, highly complex and nutritious food,” the letter said. Milk provides a “unique, natural nutrient package” and is a good or excellent source of 13 different nutrients.

The milkfat portion of milk contains approximately 400 different fatty acids, and milk contains two categories of proteins, casein and whey, the letter noted. In addition, milk naturally contains “countless other bioactive compounds, some of which the function and contribution to nutrition are not yet fully understood.

“Taken as a whole, that’s what milk is,” the letter stated. “The synthetically produced product

• See **Cell-Based Milk**, p. 8

FDA Adds More ORA Changes To Proposal To Create Unified Human Foods Program

Washington—The US Food and Drug Administration on Tuesday provided an update on its proposal to create a unified Human Foods Program (HFP), which includes a new model for the Office of Regulatory Affairs (ORA).

FDA Commissioner Robert M. Califf earlier this year had announced a new vision for the agency’s Human Foods Program, and also announced what he called a “transformative vision” for ORA (FDA’s field-based operations) to support the FDA organization as a whole.

Under the vision Califf outlined at the time, a unified Human Foods Program was to 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.

Now, FDA is proposing several additional changes, including, among others:

- Establishing ORA’s core mission as conducting investigations, inspections and imports for all FDA-regulated products, with assignments planned in partnership with the HFP and other product programs or centers. The new Deputy Commissioner for

• See **FDA Changes**, p. 6

Bongards Creameries Plans \$125 Million Expansion Of Perham, MN Plant

Chanhassen, MN—Bongards Creameries, a vertically integrated, global cheese and whey supplier, this week announced a \$125 million investment in its Perham, MN, plant.

The expansion will increase overall plant capacity to 5.5 million pounds of milk per day, an increase of 30 percent from current capacity. Bongards previously completed a significant expansion of the Perham plant’s capacity in 2015, expanded warehouse capacity in 2022, and replaced the existing cheese vats and evaporator this year.

• See **Bongards Expands**, p. 7

Food Retail Industry Concentration Has Risen Steadily In Past 30 Years

Washington—Concentration in the food retail industry has steadily increased during the past 30 years as chains have become more national and stores have grown larger in terms of physical size and number of products offered, according to a report released this week by USDA’s Economic Research Service (ERS).

The report details consolidation in the food retail, seed, and meatpacking sectors, explains the driving forces behind increased concentration, and examines public policies aimed at encouraging competition.

The report focuses on the two most widely used concentration measures: the four-firm concentration ratio (CR4) and the Herfindahl-Hirschman Index (HHI).

The CR4 is simply the four largest firms’ combined share of a market or industry. In practice, the CR4 is most often based on the dollar value of sales.

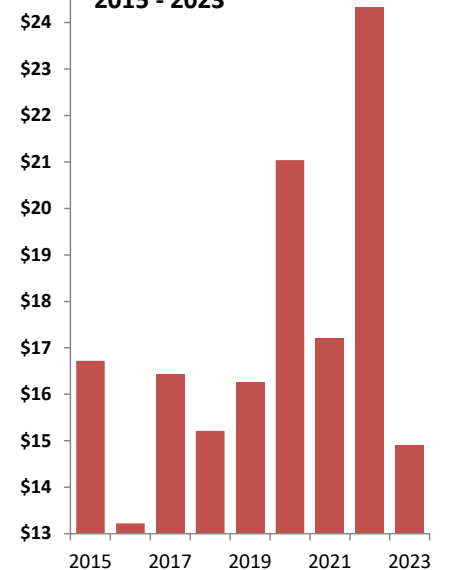
The HHI is more complex, defined as the sum of the squared market shares of the firms in an industry.

The CR4 and the Herfindahl-Hirschman Index are highly correlated, but the HHI is more sensitive to the number of competing firms and the market shares of the largest firms.

Food retail concentration has been growing, with nationwide CR4 rising from 13 percent in 1990 to 34 percent by 2019, and HHI rising from 106 in 1990 to 593 in 2019, the report noted. In turn, the increase was accom-

• See **Retail Concentration**, p. 4

Class 3 Base Price: June Avg 2015 - 2023





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Drought, Wildfire Smoke, And US Milk Production Prospects

It's just the end of June, so it's too early to accurately predict how the 2023 US growing season is going to turn out, but at this point it seems like we're hearing more about serious drought-related concerns than we've heard in several years.

Meanwhile, various areas in the US that aren't accustomed to coping with smoke from distant wildfires are having to deal with air quality problems that they haven't had to deal with, well, maybe ever.

These two situations can't help but make us wonder what might happen with US milk production in the months ahead. Obviously it's too early to know for sure, but it's certainly not too early for drought and smoky air to start factoring into dairy outlooks.

Let's begin with drought. According to USDA's Economic Research Service, drought can adversely affect many aspects of the US agricultural sector. In regions that rely on rainfall for agricultural production, drought can diminish crop and livestock outputs and may severely affect farm profitability. Drought also reduces the quantity of snowpack and streamflow available for diversions to irrigated agricultural land.

These impacts can reverberate throughout the local, regional, and national economies, ERS noted. Locally, droughts can reduce farm income and negatively impact food processing and agricultural service sectors, while food prices may increase at the regional and the national levels.

The last time the US was hit by widespread drought was back in 2012. According to an article published in the journal *Weather and Climate Extremes* in 2015, the drought of 2012 "was a multi-billion dollar agricultural disaster in the United States." It was on par with the drought

of 1988 which, according to the National Centers for Environmental Information, caused \$40 billion in mostly agricultural losses.

So what impact did the 2012 and 1988 droughts have on the US dairy industry? Interestingly, milk production set new records in both years, reaching 145 billion pounds in 1988 and totaling 200.6 billion pounds in 2012.

But the years following those droughts were when the real impact appears to have been felt. In 2013, US milk production set another new record but, at 201.3 billion pounds, it was up only 618 million pounds from 2012. By comparison, 2012's milk production had been up about 4.4 billion pounds from 2011, and 2014 output ended up being up 4.8 billion pounds from 2013.

Following 1988's record, milk production in 1989 actually **dropped** by 1.14 billion pounds, to 143.9 billion pounds. By comparison, 1988 milk production had been up 2.3 billion pounds from 1987, and then 1990 milk production was up 3.8 billion pounds from 1989.

According to the US Drought Monitor — which is produced through a partnership between the National Drought Mitigation Center at the University of Nebraska-Lincoln, the US Department of Agriculture and the National Oceanic and Atmospheric Administration — as of Tuesday, June 27, much of the Midwest region saw conditions stay the same or worsen over the past week, especially in central Indiana, Illinois, Missouri, southwest Wisconsin, southeast Minnesota and southeast Iowa.

And while much of the Great Plains received widespread precipitation, conditions continued to worsen in southeast Nebraska, northeast Kansas and the Kansas City area.

With this in mind, we can conclude that, if there is a wide-

These impacts can reverberate throughout the local, regional, and national economies, ERS noted. Locally, droughts can reduce farm income and negatively impact food processing and agricultural service sectors, while food prices may increase at the regional and the national levels.

spread drought in 2023 that seriously impacts crop yields and prices, US milk production could struggle to increase next year (if not later this year).

What about smoke? Let's face it, when pondering what to be concerned about at the beginning of 2023, not many folks in the dairy industry were likely thinking about the impacts of smoke from Canadian wildfires.

But here at the end of June, that wildfire smoke is creating some issues for the general population in states ranging from Wisconsin to New York (to mention two of the top five milk-producing states). And dairy producers in these states aren't necessarily accustomed to dealing with the hazards of wildfire smoke.

So what are the potential hazards of that smoke? According to a study published in the *Journal of Dairy Science* last year, dairy cow exposure to elevated fine particulate matter from wildfire smoke "resulted in lower milk yield during exposure" and for seven days after last exposure.

That study was authored by Ashly Anderson, Pedram Reza- mand and Amy L. Skibieli of the Department of Animal, Veterinary and Food Sciences at the University of Idaho. They noted that the frequency and size of wildfires has been increasing steadily over the past several decades, and that wildfires are "particularly prevalent" in the Western states, which are home to more than 2 million dairy cattle that produce more than a quarter of the nation's milk.

And now dairy producers in numerous additional states (home to several million dairy cattle) will be dealing with the impacts of wildfire smoke on milk production and animal health this summer.

Forecasting milk production and prices is never easy. It gets that much more difficult when you add in drought and smoke.

Class III Volume Increased, Class IV Volume Fell In May; All PPDs Positive

Washington—The volume of milk pooled in Class III in May in the seven federal milk marketing orders that pay dairy farmers a producer price differential (PPD) increased in May while Class IV volume declined, compared to both a month earlier and a year earlier, according to the uniform price announcements for those seven orders.

Class III volume on those seven orders in May totaled 7.34 billion pounds, up 2.1 billion pounds from April and up 3.0 billion pounds from May 2022. That's the third time this year that Class III volume on those seven orders topped 7.0 billion pounds.

Class IV volume on the seven orders in May totaled 1.17 billion pounds, down 2.25 billion pounds from April and down 1.81 billion pounds from May 2022. That's the lowest Class III volume on those seven orders since December 2022, when the volume totaled 896 million pounds.

All seven orders posted positive PPDs in May, ranging from 38 cents per hundredweight on the Upper Midwest order to \$3.35 per hundred on the Northeast order.

Class III volume on the California federal order in May totaled 1.49 billion pounds, up 831 million pounds from April and up 1.2 billion pounds from May 2022. That's the largest volume of milk ever pooled in Class III on the California order; the previous record, 1.44 billion pounds, was set in October 2022.

Class III utilization on the California order was 72.7 percent, up from 26.0 percent in April and up from 15.8 percent in May 2022.

Class IV volume on the California order totaled 52.7 million pounds, down 1.34 billion pounds from April and down 940 million pounds from May 2022. Class IV utilization was 2.6 percent, down from 55.1 percent in April and down from 55.5 percent in May 2022.

A total of 2.05 billion pounds of milk was pooled on the California order, down 477 million pounds from April but up 257 million pounds from May 2022.

Class III volume on the Upper Midwest order in May totaled 2.6 billion pounds, up 462 million pounds from April and up 847 million pounds from May 2022. That's the fourth time this year that Class III volume on the order has topped 2.5 billion pounds.

May Class III utilization on the Upper Midwest order was 92.4 percent, up from 86.5 percent in April and up from 83.4 percent in May 2022. Class III utilization on the order has now topped 92.0 percent in four of the first five

months of 2022; the exception was in April, when Class III utilization was 86.5 percent.

Class IV volume on the Upper Midwest order in May totaled 17.9 million pounds, down 128 million pounds from April and down 91.4 million pounds from May 2022. Class IV utilization was 0.7 percent, down from 5.9 percent in April and down from 5.3 percent in May 2022.

A total of 2.79 billion pounds of milk was pooled on the Upper Midwest order, up 344 million pounds from April and up 716 million pounds from May 2022.

Class III volume on the Southwest order totaled 762.3 million pounds, up 461.1 million pounds from April and up 563.2 million pounds from May 2022. Class III utilization was 64.9 percent, up from 25.1 percent in April and up from 16.4 percent in May 2022.

May Class IV volume on the Southwest order totaled 25.8 million pounds, down 457.6 million pounds from April and down 515 million pounds from May 2022. Class IV utilization was 2.2 percent, down from 40.2 percent in April and down from 44.6 percent in May 2022.

In May, a total of 1.17 billion pounds of milk was pooled on the Southwest order, down 27 million pounds from April and down 38 million pounds from May 2022.

On the Central order in May, Class III volume totaled 723.1 million pounds, up 95.6 million pounds from April and up 127.6 million pounds from May 2022. Class III utilization was 53.2 percent, up from 42.7 percent in April and up from 42.4 percent in May 2022.

Class IV volume on the Central order totaled 191.2 million pounds, down 203.7 million pounds from April and down 147.3 million pounds from May 2022. Class IV utilization was 14.1 percent, down from 26.8 percent in April and down from 24.1 percent in May 2022.

A total of 1.36 billion pounds of milk was pooled on the Central order in May, down 112 million pounds from April and down 44 million pounds from May 2022.

Class III volume on the Midwest order totaled 768.5 million pounds, up 43.4 million pounds from April and up 33.2 million pounds from May 2022. Class III utilization was 49.2 percent, up from 44.4 percent in April and up from 42.6 percent in May 2022.

May Class IV volume on the Midwest order totaled 186.2 million pounds, down 82.1 million pounds from April and down 102.3 million pounds from May 2022. Class IV utilization was 11.8 percent, down from 16.3 percent in April and down from 16.7 percent in May 2022.

In May, a total of 1.56 billion pounds of milk was pooled on the Midwest order, down 72 million pounds from April and down 162 million pounds from May 2022.

On the Northeast order in May, Class III volume totaled 689.5 million pounds, up 75.1 million pounds from April and up 53.9 million pounds from May 2022. Class III utilization was 28.7 percent, up from 26.7 percent in April and up from 26.9 percent in May 2022.

Class IV volume on the Northeast order in May totaled 465.6 million pounds, down 17.7 million pounds from April and down 9.4 million pounds from May 2022. Class IV utilization was 19.4 percent, down from 21.0 percent in

April and down from 20.1 percent in May 2022.

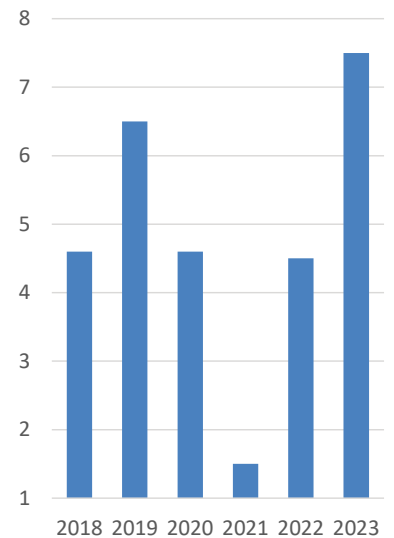
A total of 2.4 billion pounds of milk was pooled on the Northeast order in May, up 106 million pounds from April and up 41 million pounds from May 2022.

Class III volume on the Pacific Northwest order in May totaled

Volume of Milk

Pooled in Class III: May

billions of pounds; all 11 orders; California order wasn't in effect in May 2018



332.2 million pounds, up 165.2 million pounds from April and up 157.4 million pounds from May 2022. Class III utilization was 45.1 percent, up from 28.9 percent in April and up from 29.6 percent in May 2022.

May Class IV volume on the Pacific Northwest order totaled 229.2 million pounds, down 27.4 million pounds from April and down 5.3 million pounds from May 2022. Class IV utilization was 31.1 percent, down from 44.4 percent in April and down from 39.7 percent in May 2022.

A total of 736.3 million pounds of milk was pooled on the Pacific Northwest order, up 158.6 million pounds from April and up 145 million pounds from May 2022.

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Retail Concentration

(Continued from p. 1)

panied by a striking industry transformation over the last three decades.

Since the development of the traditional supermarket format in the 1930s, most food retail sales have occurred at supermarkets, the report explained. However, nontraditional food retail formats started to enter into the food retail space in the 1980s.

These new store formats have expanded their presence in food retail, with the number of supercenters expanding from 705 stores in 1996 to 2,659 in 2006. In particular, Walmart held a small share of food sales in the early 1990s, but the chain has now emerged as the largest food retailer in the US.

Stores have also become much larger. According to FMI-The Food Industry Association, average supermarket size grew from 35,100 square feet in 1994 to 48,466 square feet in 2020. While supercenters and warehouse club chains mostly expanded by building large stores in new locations, traditional supermarket chains have also grown across geographical markets through mergers with other supermarket chains.

Mergers and internal growth both accelerated the shift of retail sales to regional and national chains, the report said. The share of food stores that were single-store firms, or part of local chains, fell from 55 percent of all food stores in 1977 to 35 percent in 2007. In nonmetro counties, the number of stores that were within single-store firms or local chains (within one state) fell 30 to 40 percent over 2000-15 as sales shifted to regional (chains within two to 10 states) and national chains.

A set of complex market and technological factors drove the

shift to larger stores and chains and higher retail concentration, the study said. Large retail stores and chains are better positioned to take advantage of economies of scope (number of products) and scale (size of the firm).

Technological changes helped facilitate the food retail industry's transformation, the study noted. Key innovations during the 1980s, such as the introduction of universal product codes (UPCs) and the scanning register, transformed the logistics of supplying stores and expanded the number of products carried. A new industry of data collection and analysis also sprang up to support the processing of sales information.

Food retailers can also affect food supply chains, according to the report. Larger retail grocery chains often integrate backwards into wholesale distribution by directly entering into contracts with manufacturers.

While they do not necessarily integrate further backwards into food processing and agricultural production, they do establish supply chains through contracts with processors and packers of fresh products.

Retail chains frequently sell private label products under their own brand. Private label sales accounted for around 20 percent of all retail food sales in 2020, according to the Private Label Manufacturers Association.

Competition in meatpackaging industries occurs primarily through prices, while in biotechnology markets, firms not only compete on seed prices but also on the traits and genetics embodied in the seed.

Competition in food retailing extends along more dimensions including prices, store formats, the range of products and services offered as well as their quality

attributes, and location and convenience, the study noted.

Greater Market Power?

Does increasing retail concentration lead to greater market power for retailers and higher retail prices? Several statistical analyses have focused on entry events (such as the opening of a Walmart or supermarket) or mergers between stores in a market area to examine the impact of changes in concentration on prices.

For example, a recent study examined the price impact of 14 grocery mergers that occurred between 2004 and 2009. It found that five of the 14 mergers resulted in estimated price increases of more than 2 percent. Five other mergers resulted in price declines of over 2 percent, and the other four mergers generated no significant price changes.

Responsibility for antitrust enforcement in food retailing falls to the FTC. In evaluating a merger proposal, the FTC focuses on whether the combination of the two chains will likely lead to anticompetitive effects that, by removing a competitor in the market, may harm consumers.

While merger enforcement has primarily focused on the likely effects on product markets and prices charged to consumers, there is also interest in retailers' market power as buyers. Some economic theories suggest the possibility of monopsony power exercised through a reduction in input purchases will also reduce output, thereby lowering input prices and raising output prices.

In this context, retail mergers may change local market concentration; however, input markets, such as for many dairy products, are typically national. While national retail concentration is increasing, the current level (CR4 of 34) is not one that indicates competitive concerns, even before consideration of the additional-buyer competition provided by foodservice and export buyers.

There is interest among policymakers in certain types of retail purchase practices, slotting fees in particular, and their potential use in facilitating market power, the study noted. Slotting fees, also known as slotting allowances or slotting contracts, are fixed lump sum payments made by manufacturers to retailers. Slotting fees often come in the form of one-time payments that a supplier and/or manufacturer makes to a retailer as a condition for the initial placement of the product on the retailer's store shelves or for initial access to the retailer's warehouse space.

A key issue surrounding slotting fees is their association with retail market power as a mechanism to appropriate supplier profits.

FROM OUR ARCHIVES

50 YEARS AGO

June 29, 1973: Washington—Dairy scientists with USDA's Ag Research Service are working to develop special dairy products for consumers who find the digestion of milk difficult due to their low tolerance for the milk sugar, lactose.

Washington—Milk shortages at the nation's grocery store counters are inevitable later this year unless dairy farmers receive a price increase immediately, NMPF secretary Patrick Healy said this week. The price freeze by President Nixon effectively freezes farm prices and locks dairy farmers into a "virtually impossible economic situation," Healy said.

25 YEARS AGO

June 26, 1998: Fresno/Los Banos, CA—Danish Creamery and San Joaquin Valley Dairy-men have teamed up to form Los Banos Foods, a Capper-Volstead qualified cooperative. Both Danish Creamery, said to be the oldest continuous operating dairy in the US, and San Joaquin Valley Dairy are processors of butter, dried milk powders and other products.

Stanley, WI—The Wisconsin Ag Department suspended the license of Cloverleaf Cheese here, which allegedly sold cheese curds contaminated with E. coli. Last week, Cloverleaf voluntarily recalled its June curd production, which is linked to the outbreak that has sickened more than 40 people in northwest Wisconsin.

10 YEARS AGO

June 28, 2013: Ithaca, NY—A unique collaboration between Wegmans Food Markets and Cornell University is being touted as the first step in revolutionizing New York's dairy industry. Wegmans is providing \$360,000 for a three-year pilot program that, among other initiatives, hires an artisan cheese extension associate.

River Falls, WI—The Wisconsin Cheese Makers Association voted unanimously to donate \$100,000 to the renovation of the University of Wisconsin-River Falls Dairy Pilot plant. The project is estimated to cost \$3.5 million, with \$3.0 million in equipment costs.

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Listeria Concerns Prompt Recall Of Sheep Milk Cheese Imported From France

Brooklyn, NY—FMA International of Brooklyn, NY, is recalling one lot of SAS Fromagerie Ottavi Tome Corse Sheep Milk Cheese, because it has the potential to be contaminated with *Listeria monocytogenes*.

FMA International imported a total of one case from the affected lot. Ottavi Tome Corse cheese was distributed in the state of Oregon to a specialty food distributor. The one case from the recalled lot has since been accounted for and has been subsequently destroyed, FMA International noted. It was never sold to any retailers or restaurants.

This cheese is associated with an ongoing outbreak of *Listeria monocytogenes* infections in Europe, FMA International said. The recall was the result of an ongoing recall and outbreak of *Listeria monocytogenes* in Europe associated with cheese from SAS Fromagerie Ottavi. FMA International said it was notified by the manufacturer in France and immediately recalled the cheese imported to the US.

Consumers who have purchased SAS Fromagerie Tome Corse should not consume or distribute the product and are urged to return it to the place of purchase for a full refund.

In other recall-related news, Cricket Creek Farm of Williamstown, MA, recently expanded its recall of Sophelise and Tobasi cheeses due to potential contamination with *Listeria monocytogenes* to include one lot of Berkshire Bloom and one lot of Feta cheese because pasteurization records did not illustrate the heating element reached required temperature.

In late May, Cricket Creek Farm had announced that it was recalling 165 units of Sophelise cheese and 149 pounds of Tobasi cheese because it has the potential to be contaminated with *Listeria monocytogenes*.

Sophelise, Tobasi, Feta and Berkshire Bloom cheeses were distributed in Massachusetts and New York through Wild Oats, Williamstown, MA; Provisions Williamstown, Williamstown, MA; Wells Provisions, Charlemont, MA; McEnroe Organic Farm Market, Millerton, NY; New Lebanon Farmers Market; New Lebanon, NY, at restaurants, and at farmers markets.

One hospitalization due to *Listeria monocytogenes* had been reported as of June 15, 2023, associated with the Sophelise cheese.

USDA Updates Quantity-Based Dairy Import Safeguard Levels

Washington—USDA's Foreign Agricultural Service (FAS) recently published a notice that lists the updated quantity-based trigger levels for dairy and other products which may be subject to additional import duties under the safeguard provisions of the WTO Agreement on Agriculture.

Article 5 of the WTO Agreement on Agriculture provides that additional import duties may be imposed on imports of products subject to tariffication as a result of the Uruguay Round, if certain conditions are met.

The agreement permits additional duties to be charged if the price of an individual shipment of imported products falls below the average price for similar goods

imported during the years 1986-88 by a specified percentage.

It permits duties when the volume of imports of that product exceeds the sum of: a base trigger level multiplied by the average of the last three years of available import data; and the change in yearly consumption in the most recent year for which data are available (provided that the final trigger level is not less than 105 percent of the three-year average).

The base trigger level is set at 105, 110, or 125 percent of the three-year import average, depending on the percentage of domestic consumption that is represented by imports.

These additional duties may not be imposed on quantities for

which minimum or current access commitments were made during the Uruguay Round negotiations, and only one type of safeguard, price or quantity, may be applied at any given time to an article.

Section 405 of the Uruguay Round Agreements Act requires that information in the *Federal Register* regarding the price and quantity safeguards, including the quantity trigger levels, which must be updated annually based upon import levels during the most recent three years.

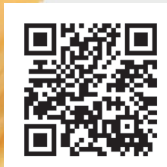
The Annex to the notice published in the June 16th *Federal Register* contains the updated quantity trigger levels for cheese, dairy and other imports, consistent with the provisions of Article 5. The relevant period applicable for the trigger levels on cheese and other dairy products is calendar year 2023.

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FDA Changes

(Continued from p. 1)

Human Foods would have oversight of all budget and resource allocations for the entire HFP, including ORA resources.

- Merging compliance functions currently managed within ORA into the HFP and the product Centers' existing compliance functions to streamline operations and expedite decision-making.

- Realigning the eight Human and Animal Food laboratories that are currently managed by ORA into the HFP. These eight labs will team up with the four labs in the FDA's current CFSAN to form a unified food laboratory enterprise under the HFP.

The labs will report to a member of the executive leadership team under the Deputy Commissioner for Human Foods, who will work closely with the Chief Scientist and Center for Veterinary Medicine (CVM) director to coordinate on research priorities. These labs will remain open and in the same geographic location under the proposal.

- As previously shared, unifying state and local food safety partnership functions and certain aspects of international food safety partnerships into an Office of Integrated Food Safety System Partnerships in the HFP. This office will report to a member of the executive leadership team under the Deputy Commissioner for Human Foods who will closely collaborate with the CVM director to advance a truly integrated food safety system.

- Prioritizing recruitment, retention and training opportunities for field-based employees with the availability of Title 21 hiring authority to support the agency's

ongoing efforts to increase its inspectional activities domestically and internationally.

Under the proposal, the Deputy Commissioner for Human Foods will report directly to the FDA commissioner and have full authority over all components of the HFP, including foods resources in the ORA.

Under the proposal for ORA, the Associate Commissioner for Regulatory Affairs (ACRA) will report directly to the FDA commissioner with responsibility for overseeing the agency's field force who carry out inspections, investigations, and import operations in support of FDA's product centers and programs.

"We know that in front of us is a once-in-a-generation opportunity to unify our field work with the priorities of program offices and centers," Califf commented.

The International Dairy Foods Association appreciates Califf's "routine updates and transparency as the FDA moves forward with the redesign of its Human Food Programs," said Joseph Scimeca, IDFA's senior vice president of regulatory and scientific affairs.

"IDFA agrees with the agency's continued focus on breaking down silos, unifying its food program, and emphasizing that the deputy commissioner for the Human Foods Program will be responsible for coordinating closely with the FDA lead for the animal foods program and the office of regulatory affairs," Scimeca continued.

"IDFA applauds the changes announced relative to ORA, particularly the refocusing of the office on inspections and outbreak investigations while also addressing duplication of efforts and overhead," Scimeca added.

OBITUARIES

Jack Pollei, Former Galloway-West CEO, ADPI Award Winner, Dies

Fond du Lac, WI—H.J. "Jack" Pollei, 89, longtime dairy industry leader, passed away here Saturday, June 24, at his home.

Originally from Dunnell, MN, Pollei was introduced to the industry at an early age. His father was an award-winning butter maker, and operated small creameries.

After earning a degree in dairy science at Iowa State University, Pollei kicked off his career at Borden, Inc., in 1956. He ended up in Fond du Lac at Borden subsidiary Galloway-West Co., where he worked for the next 30 years. In 1993, Pollei retired as president and CEO.

Pollei also served the American Dairy Products Institute (ADPI) and one of its predecessor organizations, the Whey Products Institute (WPI), for over 20 years.

Pollei served as WPI president from 1983-85, and was highly instrumental in the Institute's efforts to gain FDA's generally recognized as safe (GRAS) status for whey and whey products. This accomplishment is viewed as the single most significant factor that stimulated marketing efforts for whey and whey products.

To that end, Pollei earned the ADPI Award of Merit in 2001, and was the recipient of ADPI's Honorary Lifetime Director Award in 1998.

Jerome "Jerry" Folz, 92, longtime cheese industry member, passed away Saturday, June 17, 2023. Originally from Rozellville, WI, Folz served in the Korean War, where he earned the Silver Star and Bronze Star, and was awarded the Purple Heart. After being honorably discharged from the US Army in December 1957, Folz returned to Wisconsin and had a career in the cheese industry, including a number of years with Beatrice Cheese, until his retirement in 1994.

Harry U. Howard, 88, Carthage, MO, died on Thursday, June 22, 2023. Howard was employed by Schreiber Foods and after 38 years retired as procurement director. While at Schreiber Foods, he served a term as president of the Missouri Butter and Cheese Institute.

Joachim "Joe" von Elbe, 90, passed away Monday, June 19, 2023. After earning his doctorate

degree in 1964, von Elbe joined the department of food science at the University of Wisconsin-Madison as an assistant professor. He founded the popular "Candy School" short course in 1963 – which continues to this day – and was promoted to professor in 1973. He went on to chair the department for 10 years, beginning in 1988. Overall, von Elbe served 36 years at UW-Madison, and earned the Distinguished Service Award from the College of Agricultural & Life Sciences in 2009.

PERSONNEL

CLARK OGILVIE has been named special counsel for the Democratic staff of the **House Agriculture Committee**. With over two decades of experience on Capitol Hill, this is his third return to the Committee, having served in various roles from 2005 to 2014 and 2018 to 2019, which included work on three farm bills. Ogilvie also worked at the Commodity Futures Trading Commission for six years, and served two years as general counsel for the Farm Credit Administration.

RUDY SOTO has been named acting director of external and intergovernmental affairs with the **US Department of Agriculture (USDA)**. Soto has served as USDA's Rural Development State Director for Idaho since January 2021, responsible for promoting economic development, increasing access to healthcare, and improving infrastructure in Idaho's rural communities. CARLTON BRIDGEFORTH has been appointed senior advisor for research, education, and economics.

SCHOLARSHIPS

Nelson-Jameson Announces New Golden Rule Scholarship

Marshfield, WI—The Nelson-Jameson Family of Companies recently announced the first recipients of its inaugural "Golden Rule" college scholarship program through the Nelson-Jameson Foundation.

Two students – Kierstyn Kindschy and Nathan Nikolay – were each awarded a \$2,500 scholarship for college expenses, Nelson-Jameson announced.

The Foundation's Scholarship Program provides family members of Nelson-Jameson employees the opportunity to apply for scholarships at accredited two- or four-year colleges.

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USDA To Provide Money To States To Buy School Foods, Emergency Foods

Healthy Fluid Milk Incentive Program Expands Across SD

Washington—US Secretary of Agriculture Tom Vilsack last Friday announced that the Biden administration is providing \$2.7 billion to support US farmers, students who participate in school meal programs, and emergency food operations.

“Expanding the SNAP Healthy Fluid Milk Incentives Project means greater access to affordable, nutritious dairy products for the most vulnerable Americans. During this time of chronic food insecurity, it’s critical we find ways to stretch the SNAP dollar further in support of the purchase of nutrient-dense foods.”

Michael Dykes, International Dairy Foods Association

With funding made available through USDA’s Commodity Credit Corporation (CCC), USDA will provide more than \$1.2 billion for states to purchase foods to be distributed to schools for their meal programs and nearly \$1 billion for states to order commodities from USDA vendors for emergency food providers, like food banks and community kitchens, as they face high demand and supply chain disruptions.

The \$1.23 billion that USDA is providing to states and territories to purchase domestic foods to be distributed to schools brings the total amount of additional commodity support for school meals to nearly \$3.8 billion since December 2021.

This additional funding is needed to address elevated food and labor costs that will continue to affect school meal programs into the 2023-24 school year, when schools will lose the added, temporary financial support Congress had authorized for the 2022-23 school year in the Keep Kids Fed Act of 2022, the USDA explained.

The nearly \$1 billion that the USDA is providing for commodity purchases to support the emergency food network comes as approximately one in nine American households report they have sometimes or often not had enough to eat in the past week.

Feeding America published a new report Wednesday that found that, in 2022, approximately 49 million people turned to hunger relief programs for support.

The nationwide expiration of the pandemic-related SNAP Emergency Allotments, which temporarily provided approximately \$3 billion in additional benefits to SNAP participants each month, has left families without assistance they have relied on for almost three years, USDA noted. This latest round of USDA funding, in addition to the nearly \$1 billion previously provided in September 2022, will allow states to order US-produced commodities from USDA for emergency food providers.

Meanwhile, the Healthy Fluid Milk Incentives (HFMI) program, which helps low-income families purchase fluid milk products, is expanding across the Oglala Sioux Nation and the state of South Dakota.

The Add Milk! program is being launched by Auburn University’s College of Human Sciences Hunger Solutions Institute (HSI) and select retailers to provide a dollar-for-dollar match for SNAP participants when they purchase lowfat or fat-free milk.

USDA awarded HSI a \$3 million cooperative agreement in October 2022 to expand HFMI projects to more than 116 retail locations throughout Alabama, California, Georgia and South Dakota. A community event held at Buche Foods in Pine Ridge, SD, marked the launch of the HFMI project, Add Milk!, at 14 partici-

pating stores across the state of South Dakota.

“Expanding the SNAP Healthy Fluid Milk Incentives Project means greater access to affordable, nutritious dairy products for the most vulnerable Americans,” said Michael Dykes, president and CEO of the International Dairy Foods Association (IDFA). “During this time of chronic food insecurity, it’s critical we find ways to stretch the SNAP dollar further in support of the purchase of nutrient-dense foods.”

“Fresh dairy is crucial to rural grocery stores and our customers,” said RF Buche, president of G.F. Buche Co. “Milk is extremely important to the health of our families and we’re excited to help promote that. It’s one small way Buche Foods is helping our friends and neighbors with affordable foods for our families.”

“SNAP incentive programs for nutritious foods like dairy, fruits, vegetables have the potential to make a real impact on the diets of SNAP participants and grocers’ connection with communities across the United States,” said Stephanie Johnson, vice president, government relations at the National Grocers Association (NGA). “NGA is pleased to see HFMI projects continue to expand to more independent grocers and stretch the SNAP dollar further for the purchase of nutritious dairy foods.”

The Healthy Fluid Milk Incentives pilot program was established as part of the 2018 farm bill to promote milk as part of a healthy, balanced diet. Studies have found that incentive programs, like Add Milk!, increase purchase and consumption of the incentivized food.

Bongards Expands

(Continued from p. 1)

“With this latest investment, we will be able to continue supporting the growth of our business, allow our current farmer-owners to expand, and allow us to bring on new members,” said Daryl Larson, Bongards CEO.

“In order to increase our milk intake by nearly a third, many aspects of the production process need to be expanded,” Larson added.



The investment includes expansion of the milk intake bays, cheese packaging equipment, whey drying and packaging equipment, whey warehousing, and wastewater treatment. Major work on the project is expected to begin next month and be completed in June 2025.

Bongards Creameries is a farmer-owned dairy cooperative that was formed in 1908 in the southeastern Minnesota town of Bongards. The co-op’s dairy farmers are based in Minnesota and North Dakota. Bongards produces hundreds of millions of pounds of natural cheese, process cheese, and whey products each year.

Bongards’ corporate offices are based in Chanhassen, MN, and the company’s three production facilities are located in Bongards and Perham, MN, and Humboldt, TN.

For more information, visit Bongards.com.



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Cell-Based Milk

(Continued from p. 1)

from Bored Cow is not milk. It is not even close.”

Bored Cow’s product takes water (which is listed as the first ingredient in Bored Cow’s products) and adds what NMPF believes to be one unidentified, lab-engineered “whey protein,” along with “a highly processed concoction of food additives, preservatives, oil, sugar and several added vitamins, and claims to have created ‘animal-free dairy milk,’” NMPF’s letter said.

“The synthetically produced product from Bored Cow is not milk. It is not even close.”

—NMPF Letter

“It is baseless, preposterous and absurd to call the resulting product ‘milk,’” the letter continued. “It would be much more accurate to label it as a ‘synthetic whey beverage.’”

In the interest of public health, “the misleading labeling charade must end before it gets out of hand. FDA must act, and must do so now,” the letter said.

“We implore you to stop this false, misleading, and completely unlawful labeling,” the letter continued. “We we have seen in the decades-long folly of plant-based beverage labeling, an ounce of prevention is worth oceans of cure.”

“We ask the agency to exercise its well-established authority to prevent this company and others that seek to follow from leading consumers down what

will become a superhighway of misinformation, absent your willingness to enforce the law. Dairy farmers are more than happy to compete in the marketplace, and we do not oppose the sale of synthetic, cell-based products if regulatory authorities deem them safe. But public health, safety and federal law requires that their labels be truthful and not misleading. Everyone should be held to follow the rules, regardless of whether a company is too ‘Bored’ to do so,” the letter concluded.

FDA’s Plant-Based ‘Milk’ Guidance

Earlier this year, FDA released draft recommendations for industry on the naming of plant-based foods that are marketed and sold as alternatives to milk.

Under the agency’s draft guidance, plant-based milk alternatives must be labeled with a common or usual name. A common or usual name is the name by which an article is known to the American public. Common or usual names are generally established by common usage, although, in some cases, they may be established by regulation.

The fact that a standard of identity has been established for a food (under its common or usual name) or that a name is specified among the standard of identity regulations for a food does not preclude use of the name in the common or usual name of another food, FDA’s guidance stated. However, such use must not be misleading.

“In the absence of a common or usual name or other name established by federal law or regulation, food sold in packaged form must be labeled with an accurate description of the food or a fanciful name commonly used by the public,” the guidance continued.

“Words or statements required to appear on the label or labeling must be in such terms as to render them likely to be understood by the ordinary individual under customary conditions of purchase and use.”

FDA in 1973 established a definition and standard of identity for milk, the guidance pointed out. Products that purport to be or are represented as milk are required to conform to the definition and standard, and their labels must bear the name “milk.” Products that do not purport to be and are not represented as milk are not subject to these requirements.

Plant-based milk alternatives are not milk; they are made from plant materials rather than the lacteal secretion of cows, the guidance noted. Consequently, under the Food, Drug & Cosmetic (FD&C) Act, they may not be offered for sale as “milk.”

Although many plant-based milk alternatives are labeled with names that bear the term “milk” (e.g., “soy milk”), they do not purport to be nor are they represented as milk, according to FDA’s guidance. While many circumstances attending retail sale of the products are similar to those attending retail sale of milk, the comments and information FDA reviewed indicate that consumers, generally, do not mistake plant-based milk alternatives for milk.

FDA is accepting comments on its draft guidance on the labeling of plant-based milk alternatives through July 31, 2023. Comments should be submitted at www.regulations.gov; the docket number is FDA-2023-D-0451.

In April, the bipartisan DAIRY PRIDE Act was introduced in both the House and Senate. Under that legislation, no food may be introduced or delivered for introduction into interstate commerce using a market name for a dairy product if the food does not meet the criterion set forth for dairy products under paragraph (z)(2) of section 403 of the FD&C Act.

The legislation states that a food is a dairy product “only if the food is, contains as a primary ingredient, or is derived from, the lacteal secretion, practically free from colostrum, obtained by the complete milking of one or more hooved mammals.”

Lipari Foods, Baroody Imports Combine Forces To Expand Middle Eastern Offerings

Warren, MI—Lipari Foods, a specialty food distributor based in Warren, MI, announced recently that it has combined forces with Baroody Imports Inc, a wholesale distributor of Middle Eastern foods based in Clifton, NJ.

This opportunity will bring two complementary organizations together and move one step closer to becoming the dominant distributor of Middle Eastern foods in the United States, Lipari Foods said.

Founded in 1987, the Baroody Imports team services 1,500-plus customers nationally, and has approximately 30 employees. Baroody Imports globally sources over 1,300 items Middle Eastern and Mediterranean foods from several different countries.

“Over the past five years, we have significantly grown our Middle Eastern offerings,” said Thom Lipari, CEO of Lipari Foods. “The Baroody team has been an excellent partner with us over the years, and we are excited to bring them into the Lipari team to further strengthen our catalog and business relationships in this important category across the United States.”

“We are confident by joining forces, we will grow and build out great offerings for all of our collective customers,” Lipari Foods continued.

“I am excited for this opportunity and what it means for our team and business partners,” said Najy Baroody, owner of Baroody Imports, who will continue to lead the Baroody Imports operation. “I look forward to helping the Lipari team grow their capabilities and experience in the Middle Eastern market.”

“Lipari Foods is extremely respected in the distribution space with great focus on the customer’s success,” Najy Baroody continued. “Combining our strengths will lead to even greater opportunities for all of our partners near and far.”

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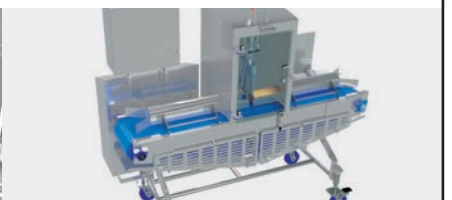
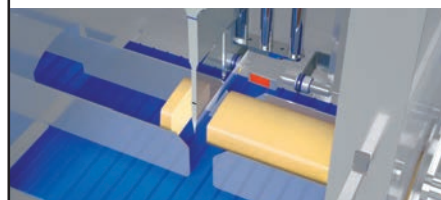
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Class Milk & Component Prices June 2023 with comparisons to June 2022

| Class III - Cheese Milk Price | 2022 | 2023 |
|---|-----------|-----------|
| PRICE (per hundredweight) | \$24.33 | \$14.91 |
| SKIM PRICE (per hundredweight) | \$13.13 | \$5.44 |
| Class II - Soft Dairy Products | 2022 | 2023 |
| PRICE (per hundredweight) | \$26.65 | \$18.83 |
| BUTTERFAT PRICE (per pound) | \$3.3393 | \$2.7675 |
| SKIM MILK PRICE (per hundredweight) | \$15.50 | \$9.48 |
| Class IV - Butter, MP | 2022 | 2023 |
| PRICE (per hundredweight) | \$25.83 | \$18.26 |
| SKIM MILK PRICE (per hundredweight) | \$14.68 | \$8.91 |
| BUTTERFAT PRICE (per pound) | \$3.3323 | \$2.7605 |
| NONFAT SOLIDS PRICE (per pound) | \$1.6313 | \$0.9896 |
| PROTEIN PRICE (per pound) | \$3.4173 | \$1.5144 |
| OTHER SOLIDS PRICE (per pound) | \$0.4295 | \$0.1266 |
| SOMATIC CELL Adjust. rate (per 1,000 scc) | \$0.00117 | \$0.00079 |
| AMS Survey Product Price Averages | 2022 | 2023 |
| Cheese | \$2.3498 | \$1.5724 |
| Cheese, US 40-pound blocks | \$2.3214 | \$1.5568 |
| Cheese, US 500-pound barrels | \$2.3472 | \$1.5561 |
| Butter, CME | \$2.9232 | \$2.4510 |
| Nonfat Dry Milk | \$1.8156 | \$1.1674 |
| Dry Whey | \$0.6161 | \$0.3220 |

Dairy Product Stocks in Cold Storage

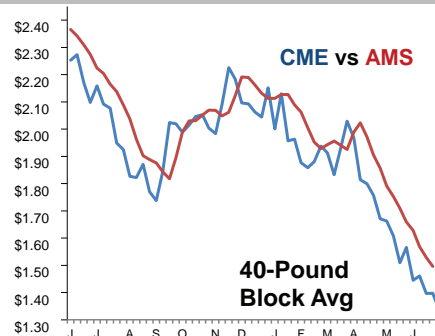
TOTAL STOCKS AS REPORTED BY USDA (in 1000s of pounds unless indicated)

| | Stocks in All Warehouses | | | May 31, 2023 as a % of | | Public Warehouse Stocks May 31 2023 |
|---------------|--------------------------|---------------|-------------|------------------------|---------------|--|
| | May 31 2022 | April 30 2023 | May 31 2023 | May 31 2022 | April 30 2023 | |
| Butter | 321,575 | 331,506 | 366,694 | 114 | 111 | 345,183 |
| Cheese | | | | | | |
| American | 857,892 | 841,910 | 852,490 | 99 | 101 | |
| Swiss | 25,840 | 21,584 | 23,543 | 91 | 109 | |
| Other | 629,183 | 605,005 | 614,392 | 98 | 102 | |
| Total | 1,512,915 | 1,468,499 | 1,490,425 | 99 | 101 | 1,169,297 |

DAIRY PRODUCT SALES

June 28, 2023—AMS' National Dairy Products Sales Report. Prices included are provided each week by manufacturers. Prices collected are for the (wholesale) point of sale for natural, unaged Cheddar; boxes of butter meeting USDA standards; Extra Grade edible dry whey; and Extra Grade and USPH Grade A nonfortified NFDm.

•Revised



| Week Ending | June 24 | June 17 | June 10 | June 3 |
|---|------------|---------------|------------|------------|
| 40-Pound Block Cheddar Cheese Prices and Sales | | | | |
| Weighted Price | | Dollars/Pound | | |
| US | 1.4964 | 1.5291 | 1.5689 | 1.6284 |
| Sales Volume | | Pounds | | |
| US | 11,208,995 | 12,209,961 | 13,278,246 | 11,936,140 |
| 500-Pound Barrel Cheddar Cheese Prices, Sales & Moisture Content | | | | |
| Weighted Price | | Dollars/Pound | | |
| US | 1.6711 | 1.6587 | 1.6030 | 1.6064 |
| Adjusted to 38% Moisture | | | | |
| US | 1.5871 | 1.5792 | 1.5274 | 1.5315 |
| Sales Volume | | Pounds | | |
| US | 13,231,344 | 14,553,426 | 14,130,138 | 13,785,656 |
| Weighted Moisture Content | | Percent | | |
| US | 34.72 | 34.88 | 34.93 | 34.97 |
| AA Butter | | | | |
| Weighted Price | | Dollars/Pound | | |
| US | 2.4180 | 2.4347 | 2.4758 | 2.4835 |
| Sales Volume | | Pounds | | |
| US | 3,149,299 | 2,987,042 | 3,272,347 | 2,210,471 |
| Extra Grade Dry Whey Prices | | | | |
| Weighted Price | | Dollars/Pound | | |
| US | 0.3109 | 0.3196 | 0.3246 | 0.3354 |
| Sales Volume | | Pounds | | |
| US | 6,872,528 | 7,859,924 | 7,249,295 | 5,796,669 |
| Extra Grade or USPHS Grade A Nonfat Dry Milk | | | | |
| Average Price | | Dollars/Pound | | |
| US | 1.1760 | 1.1728 | 1.1697 | 1.1554 |
| Sales Volume | | Pounds | | |
| US | 14,105,994 | 17,814,868 | 18,715,150 | 21,692,809 |

DAIRY FUTURES PRICES

SETTLING PRICE

*Cash Settled

| Date | Month | Class III | Class IV | Dry Whey | NDM | Block Cheese | Cheese* | Butter* |
|----------------|----------|---------------|--------------|--------------|--------------|--------------|---------------|--------------|
| 6-23 | June 23 | 14.93 | 18.13 | 32.050 | 116.500 | 1.550 | 1.5720 | 244.950 |
| 6-26 | June 23 | 14.93 | 18.16 | 32.075 | 116.500 | 1.550 | 1.5730 | 244.950 |
| 6-27 | June 22 | 14.92 | 18.16 | 32.175 | 116.500 | 1.550 | 1.5710 | 244.950 |
| 6-28 | June 23 | 14.91 | 18.26 | 32.200 | 116.740 | 1.556 | 1.5720 | 245.100 |
| 6-29 | June 23 | — | — | — | — | — | — | — |
| 6-23 | July 23 | 15.35 | 18.00 | 29.750 | 115.850 | 1.566 | 1.6360 | 242.000 |
| 6-26 | July 23 | 14.86 | 18.00 | 28.750 | 115.200 | 1.564 | 1.5890 | 240.500 |
| 6-27 | July 23 | 14.35 | 18.00 | 28.625 | 115.000 | 1.489 | 1.5360 | 240.000 |
| 6-28 | July 23 | 14.35 | 17.95 | 28.750 | 115.000 | 1.480 | 1.5370 | 241.000 |
| 6-29 | July 23 | 14.09 | 17.95 | 28.075 | 115.025 | 1.468 | 1.5120 | 242.000 |
| 6-23 | Aug 23 | 16.12 | 17.85 | 29.200 | 113.525 | 1.735 | 1.7220 | 241.500 |
| 6-26 | Aug 23 | 15.68 | 17.80 | 28.500 | 113.450 | 1.710 | 1.6760 | 241.000 |
| 6-27 | Aug 23 | 15.17 | 17.74 | 27.725 | 112.850 | 1.671 | 1.6300 | 239.600 |
| 6-28 | Aug 23 | 15.04 | 17.59 | 27.000 | 112.250 | 1.660 | 1.6220 | 240.800 |
| 6-29 | Aug 23 | 14.77 | 17.64 | 26.150 | 113.000 | 1.631 | 1.5950 | 239.500 |
| 6-23 | Sept 23 | 17.27 | 18.10 | 30.500 | 115.125 | 1.860 | 1.8300 | 243.500 |
| 6-26 | Sept 23 | 16.77 | 17.90 | 29.500 | 114.500 | 1.827 | 1.7830 | 243.000 |
| 6-27 | Sept 23 | 16.38 | 17.69 | 29.400 | 112.750 | 1.792 | 1.7500 | 241.400 |
| 6-28 | Sept 23 | 16.19 | 17.58 | 28.000 | 111.500 | 1.775 | 1.7350 | 240.400 |
| 6-29 | Sept 23 | 15.96 | 17.47 | 27.000 | 111.500 | 1.740 | 1.7120 | 239.975 |
| 6-23 | Oct 23 | 18.00 | 18.48 | 32.500 | 118.125 | 1.900 | 1.8860 | 247.475 |
| 6-26 | Oct 23 | 17.70 | 18.33 | 31.750 | 117.000 | 1.890 | 1.8700 | 246.025 |
| 6-27 | Oct 23 | 17.31 | 18.14 | 30.500 | 114.500 | 1.879 | 1.8370 | 245.300 |
| 6-28 | Oct 23 | 17.14 | 17.90 | 29.625 | 112.950 | 1.862 | 1.8260 | 243.350 |
| 6-29 | Oct 23 | 16.95 | 17.85 | 28.525 | 112.950 | 1.850 | 1.8040 | 242.500 |
| 6-23 | Nov 23 | 18.37 | 18.70 | 33.025 | 120.175 | 1.937 | 1.9170 | 247.725 |
| 6-26 | Nov 23 | 18.12 | 18.62 | 33.025 | 119.500 | 1.937 | 1.9100 | 247.025 |
| 6-27 | Nov 23 | 17.86 | 18.34 | 31.800 | 116.500 | 1.926 | 1.8770 | 247.250 |
| 6-28 | Nov 23 | 17.71 | 18.20 | 31.100 | 116.000 | 1.926 | 1.8750 | 246.000 |
| 6-29 | Nov 23 | 17.52 | 18.15 | 29.800 | 116.000 | 1.902 | 1.8600 | 245.000 |
| 6-23 | Dec 23 | 18.20 | 18.69 | 34.100 | 122.250 | 1.920 | 1.9060 | 245.000 |
| 6-26 | Dec 23 | 18.01 | 18.69 | 33.500 | 122.000 | 1.920 | 1.9000 | 243.025 |
| 6-27 | Dec 23 | 17.80 | 18.45 | 32.000 | 119.500 | 1.919 | 1.8860 | 243.750 |
| 6-28 | Dec 23 | 17.66 | 18.22 | 31.525 | 118.500 | 1.912 | 1.8860 | 242.525 |
| 6-29 | Dec 23 | 17.63 | 18.15 | 30.500 | 118.500 | 1.912 | 1.8800 | 241.475 |
| 6-23 | Jan 24 | 18.05 | 18.55 | 36.500 | 124.250 | 1.915 | 1.8900 | 235.500 |
| 6-26 | Jan 24 | 17.98 | 18.55 | 36.500 | 124.000 | 1.915 | 1.8880 | 235.500 |
| 6-27 | Jan 24 | 17.75 | 18.47 | 35.220 | 122.500 | 1.915 | 1.8800 | 235.500 |
| 6-28 | Jan 24 | 17.70 | 18.26 | 33.700 | 121.425 | 1.906 | 1.8780 | 235.000 |
| 6-29 | Jan 24 | 17.73 | 18.26 | 33.500 | 121.000 | 1.906 | 1.8790 | 234.000 |
| 6-23 | Feb 24 | 18.00 | 18.55 | 37.750 | 126.500 | 1.917 | 1.8940 | 235.025 |
| 6-26 | Feb 24 | 17.96 | 18.55 | 37.750 | 126.000 | 1.917 | 1.8900 | 235.050 |
| 6-27 | Feb 24 | 17.81 | 18.47 | 37.250 | 124.400 | 1.917 | 1.8800 | 234.025 |
| 6-28 | Feb 24 | 17.80 | 18.26 | 37.250 | 123.250 | 1.913 | 1.8800 | 233.500 |
| 6-29 | Feb 24 | 17.75 | 18.26 | 37.250 | 123.250 | 1.913 | 1.8790 | 234.000 |
| 6-23 | Mar 24 | 18.04 | 18.65 | 40.000 | 129.000 | 1.924 | 1.8930 | 234.025 |
| 6-26 | Mar 24 | 17.96 | 18.65 | 40.000 | 128.500 | 1.924 | 1.8930 | 234.025 |
| 6-27 | Mar 24 | 17.90 | 18.65 | 40.000 | 127.000 | 1.924 | 1.8890 | 234.025 |
| 6-28 | Mar 24 | 17.90 | 18.55 | 40.000 | 126.000 | 1.915 | 1.8870 | 233.500 |
| 6-29 | Mar 24 | 17.84 | 18.55 | 40.000 | 126.000 | 1.914 | 1.8870 | 233.500 |
| 6-23 | April 24 | 18.00 | 18.55 | 38.875 | 129.750 | 1.917 | 1.8950 | 232.000 |
| 6-26 | April 24 | 18.00 | 18.55 | 38.875 | 129.750 | 1.917 | 1.8910 | 232.000 |
| 6-27 | April 24 | 17.97 | 18.55 | 38.875 | 128.500 | 1.917 | 1.8920 | 232.000 |
| 6-28 | April 24 | 17.91 | 18.47 | 38.875 | 128.000 | 1.917 | 1.8900 | 232.000 |
| 6-29 | April 24 | 17.80 | 18.47 | 38.875 | 128.000 | 1.917 | 1.8900 | 232.000 |
| June 29 | | 24,391 | 5,135 | 2,514 | 7,935 | 1,063 | 21,496 | 8,513 |

CHEESE REPORTER SUBSCRIBER SERVICE CARD

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DAIRY PRODUCT MARKETS

AS REPORTED BY THE US DEPARTMENT OF AGRICULTURE

WHOLESALE CHEESE MARKETS

NORTHEAST - JUNE 28: Milk volumes are steady in the Northeast. There are some reports of milk being discarded, though strong volumes continue to find end uses in Class III production. Cheese plant managers have shared that cheese production is seasonally steady. Both foodservice and retail demands are steady to stronger heading into the week-end before Independence Day. Contacts have shared that their cheese inventories remain ample, with some noting that storage space is becoming slim.

Wholesale prices, delivered, dollars per/lb:

| | | | |
|----------------------|---------------------|----------------------|---------------------|
| Cheddar 40-lb block: | \$1.8625 - \$2.1500 | Process 5-lb sliced: | \$1.6100 - \$2.0900 |
| Muenster: | \$1.8500 - \$2.2000 | Swiss 10-14 lb cuts: | \$3.4925 - \$5.8150 |

MIDWEST AREA - JUNE 28: Cheese makers continue to report strong milk levels moving through the area. Despite expectations that milk availability will begin its seasonal downturn due to warming temperatures, which are beginning to strongly affect milk output in the south and west areas of the US, current milk surpluses in the Upper Midwest continue to flow into Class III plants. The upcoming holiday is another factor in keeping milk prices as low as \$11 under Class at report time. Demand is busy according to cheese maker contacts. Some say they are nearly oversold and they are turning away new orders. Curd orders are also beginning to gather steam after slower year-over-year ordering when compared to 2022. Market tones are clearly bearish, but cheese makers say orders are strong, cheese inventories are not currently long, and they do not expect a long-term bearish stretch.

Wholesale prices delivered, dollars per/lb:

| | | | |
|--------------------|---------------------|------------------|---------------------|
| Blue 5# Loaf : | \$1.9050 - \$3.1150 | Mozzarella 5-6#: | \$1.4350 - \$2.5225 |
| Brick 5# Loaf: | \$1.6350 - \$2.2025 | Muenster 5#: | \$1.6350 - \$2.2025 |
| Cheddar 40# Block: | \$1.3575 - \$1.9000 | Process 5# Loaf: | \$1.4875 - \$1.9550 |
| Monterey Jack 10#: | \$1.6100 - \$1.9575 | Swiss 6-9# Cuts: | \$3.0075 - \$3.1100 |

WEST - JUNE 28: In the West, demand for cheese is steady in foodservice markets but lighter from retail customers. Contacts report some grocery store shoppers have been shifting towards private label cheese brands in recent months. Sales of frozen pizza are seasonally strong, though stakeholders say demand is down compared to this time last year. This is having a negative impact on Mozzarella cheese sales in the region. Export demand for cheese is steady to lighter, as some cheese makers note lighter interest from purchasers in Asian markets. Inventories of cheese barrels and blocks are available for spot purchasing. Milk is available for cheese makers, allowing cheese makers to run active production schedules.

Wholesale prices delivered, dollars per/lb:

| | | | |
|--------------------|---------------------|--------------------|---------------------|
| Cheddar 10# Cuts : | \$1.7375 - \$1.9375 | Monterey Jack 10#: | \$1.7250 - \$2.0000 |
| Cheddar 40# Block: | \$1.4900 - \$1.9800 | Process 5# Loaf: | \$1.6125 - \$1.7675 |
| | | Swiss 6-9# Cuts: | \$2.3000 - \$3.7300 |

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

| Variety | Date: 6/28 | 6/21 | Variety | Date: 6/28 | 6/21 |
|--------------|------------|--------|--------------|------------|--------|
| Cheddar Curd | \$1.95 | \$1.96 | Mild Cheddar | \$2.00 | \$2.01 |
| Young Gouda | \$1.74 | \$1.76 | Mozzarella | \$1.70 | \$1.72 |

FOREIGN -TYPE CHEESE - JUNE 28: European milk production is declining following seasonal trends, though some stakeholders say output is higher than it was this time a year ago. Declining milk output is contributing to reduced availability for cheese makers and contributing to lighter cheese production. Retail demand is softening in European markets. Meanwhile, foodservice sales are strengthening. Contacts note higher demand from purchasers in summer vacation destinations. Those purchasers are anticipating increased visitor numbers during the warmer months. Export demands for cheese are unchanged from last week. Demand for cheese is outpacing production in European markets. Some contacts report turning away customers who are looking for additional loads as they currently do not have the inventory or capacity to complete their orders. Industry sources say this is contributing to higher prices for loads of cheese shipping in the next month.

Selling prices, delivered, dollars per/lb:

| | Imported | Domestic |
|---------------------------|-------------------|-------------------|
| Blue: | \$2.6400 - 5.2300 | \$1.7200 - 3.2075 |
| Gorgonzola: | \$3.6900 - 5.7400 | \$2.2275 - 2.9450 |
| Parmesan (Italy): | 0 | \$2.1075 - 4.1975 |
| Romano (Cows Milk): | 0 | \$2.9100 - 5.0650 |
| Sardo Romano (Argentine): | \$2.8500 - 4.7800 | 0 |
| Reggianito (Argentine): | \$3.2900 - 4.7800 | 0 |
| Jarlsberg (Brand): | \$2.9500 - 6.4500 | 0 |
| Swiss Cuts Switzerland: | 0 | \$3.5275 - 3.8525 |
| Swiss Cuts Finnish: | \$2.6700 - 2.9300 | 0 |

DRY PRODUCTS - JUNE 29

LACTOSE CENTRAL/WEST: Spot demand for lactose is limited, and spot loads are plentiful. Some stakeholders say loads of lactose are being sold into animal feed markets at lower prices to reduce strain on warehouse inventories. Production of lactose is declining. Some manufacturers have limited or stopped lactose production in recent weeks, due to current market conditions. Some contacts report selling liquid whey permeate to farmers for calf raising, in lieu of lactose production.

WPC CENTRAL/WEST: Contacts report light sales of WPC 34% that is interchangeable with other proteins, though sales of preferred brands are higher but are below some previously forecasted levels. Contacts note a recent uptick in prices and demand for higher whey protein concentrates and some manufacturers suggest this will have a positive impact on WPC 34% in the coming weeks. Current market prices

and light demand are causing some manufacturers to shift their production schedules away from WPC 34%. Contacts report having plenty of WPC 34% available in their warehouse inventories.

CASEIN: Trading activity remains quiet during the final week of the quarter, and prices are steady for both rennet and acid casein. Market tones are edging bearishly, as Q3 contracts are expected to hold at or below current price points on both rennet and acid casein markets. Market tones are quiet to slightly bearish.

NDM EAST: Condensed skim availability is starting to ebb slightly, but not enough to provide much bullish sentiment from contacts. Processing is active in the region. High heat NDM prices moved lower on both ends of the range on slower trading activity. NDM market tones are quiet to bearish, as demand is not keeping up with supply.

NATIONAL - CONVENTIONAL DAIRY PRODUCTS

Retailers are preparing for July 4 by increasing the number of dairy products advertised. Total conventional dairy ads increased by 13 percent, while total organic dairy ads grew by 3 percent. Ice cream in 48- to 64-ounce containers was the most advertised conventional dairy product, appearing in 26 percent more ads than last week.

Total ads for conventional cheese increased by 29 percent, while total organic cheese ads grew by 30 percent. The most advertised conventional cheese item was sliced cheese in 6- to 8-ounce packages, up 6 percent with an average price of \$2.29, down 18 cents from last week. Organic 6- to 8-ounce slices of cheese were the most advertised organic cheese product, with an average price of \$4.41, up 58 cents from last week. The organic premium for 6- to 8-ounce sliced cheese was \$2.12 this period.

RETAIL PRICES - CONVENTIONAL DAIRY - JUNE 30

| Commodity | US | NE | SE | MID | SC | SW | NW |
|-----------------------|------|------|------|------|------|------|------|
| Butter 8 oz | 3.20 | 2.50 | 3.49 | NA | NA | 3.49 | NA |
| Butter 1# | 3.74 | 3.72 | 4.13 | 3.31 | 3.31 | 3.96 | 2.99 |
| Cheese 6-8 oz block | 2.32 | 2.31 | 2.54 | 2.21 | 2.10 | 2.07 | 1.76 |
| Cheese 6-8 oz shred | 2.48 | 2.63 | 2.47 | 2.28 | 2.21 | 2.64 | 2.92 |
| Cheese 6-8 oz sliced | 2.29 | 2.29 | 2.29 | 2.25 | 2.04 | 2.66 | 2.17 |
| Cheese 1# block | 5.29 | 3.99 | 5.99 | 4.99 | NA | 5.32 | NA |
| Cheese 1# shred | 3.99 | 3.99 | NA | NA | NA | 3.99 | NA |
| Cheese 1# sliced | 3.99 | 3.99 | NA | NA | NA | NA | NA |
| Cheese 2# block | 8.93 | 8.99 | 9.99 | NA | 7.99 | 9.99 | 7.63 |
| Cheese 2# shred | 7.79 | NA | NA | 8.99 | 8.99 | 6.99 | NA |
| Cottage Cheese 16 oz | 2.49 | 2.75 | 2.50 | NA | NA | NA | 1.75 |
| Cottage Cheese 24 oz | 3.99 | 3.99 | 3.99 | NA | NA | 1.99 | NA |
| Cream Cheese 8 oz | 2.82 | 3.12 | 2.82 | 2.69 | 2.65 | 2.96 | 2.49 |
| Ice Cream 14-16 oz | 3.73 | 3.73 | 3.76 | 3.90 | 4.04 | 3.41 | 3.96 |
| Ice Cream 48-64 oz | 3.88 | 3.90 | 3.93 | 3.52 | 4.32 | 3.76 | 3.77 |
| Milk 1/2 gallon | 2.05 | NA | NA | NA | NA | 2.69 | 1.54 |
| Milk gallon | 4.12 | 3.27 | NA | 5.98 | NA | 3.40 | NA |
| Flavored Milk 1/2 gal | 3.19 | 3.19 | NA | NA | NA | NA | NA |
| Flavored Milk gallon | 4.49 | NA | NA | 4.49 | NA | NA | NA |
| Sour Cream 16 oz | 2.19 | 2.12 | 2.31 | 2.09 | 2.32 | 2.16 | 1.93 |
| Sour Cream 24 oz | 3.41 | NA | 3.99 | 2.82 | NA | 3.99 | NA |
| Yogurt (Greek) 4-6 oz | 1.02 | 1.12 | 0.92 | 1.16 | NA | 2.25 | 0.89 |
| Yogurt 4-6 oz | 0.68 | 0.78 | 0.50 | NA | 0.59 | 0.49 | NA |
| Yogurt (Greek) 32 oz | 4.92 | 4.74 | 5.58 | 4.78 | 5.19 | 4.99 | 3.79 |
| Yogurt 32 oz | 2.97 | 2.49 | 3.08 | NA | NA | 3.01 | 2.50 |

ORGANIC DAIRY - RETAIL OVERVIEW

National Weighted Retail Avg Price:

| | | | |
|-----------------------|--------|---------------------------|--------|
| Cream Cheese 8 oz: | \$3.41 | Yogurt 4-6 oz: | NA |
| Butter 8 oz: | NA | Yogurt 32 oz: | \$4.99 |
| Butter 1lb: | \$7.10 | Yogurt Greek 32 oz | \$6.18 |
| Cottage Cheese 16 oz: | \$4.67 | Flavored Milk 1/2 gallon: | NA |
| Cheese 6-8 oz sliced: | \$4.41 | Milk 1/2 gallon: | \$4.10 |
| Cheese 6-8 oz shreds: | \$3.63 | Milk gallon: | \$6.99 |
| Cheese 6-8 oz block: | \$5.17 | Sour cream 16 oz: | \$4.22 |
| Cheese 2 lb block: | NA | Ice Cream 48-64 oz | \$7.99 |

WHOLESALE BUTTER MARKETS - JUNE 28

WEST: Cream is available, as some butter makers note current demand from ice cream makers is down compared to this time last year. Despite this, some are optimistic that warmer weather will contribute to strong demand for cream from ice cream makers in the coming weeks. Butter makers are utilizing available cream to run strong production schedules. Retail demand has been steady in recent weeks, though some stakeholders say purchasers are preparing for July 4th, which is contributing to increased sales this week. Foodservice sales are steady, though some anticipate sales will increase during the holiday week. Demand for butter from bulk purchasers is unchanged. Inventories of butter are available to meet current spot market demands.

CENTRAL: As Independence Day approaches, butter makers relay increasing offers from cream suppliers. They say multiples are in a similar range from previous weeks, but they expect to be full or nearly full moving into the holiday week and/or long weekend ahead. Churning

remains somewhat busy. Some butter contacts relay they did not expect to see churning rates at this level so late into the spring/summer seasons, but as cream availability has not notably subsided, churning has followed suit. Butter demand is holding steady, with some plant contacts saying orders are seasonally picking up. Butter market tones remain stable.

NORTHEAST: Cream supplies remain steady. Contacts have relayed that seasonally strong ice cream production has drawn upon some available cream volumes, but that it has not hindered butter manufacturing. Butter churning schedules remain active, with some plant managers reporting seven-day production schedules. Butter inventories remain ample. Some market participants have said that they continue to freeze butter, while others are selling surplus cream supplies on the spot market as increased Class II manufacturing has pushed multiples higher. Retail and foodservice demands are strong ahead of Independence Day.

WEEKLY COLD STORAGE HOLDINGS

SELECTED STORAGE CENTERS IN 1,000 POUNDS - INCLUDING GOVERNMENT

| DATE | BUTTER | CHEESE |
|----------------|--------|--------|
| 06/26/23 | 74,400 | 82,842 |
| 06/01/23 | 70,156 | 73,403 |
| Change | 4,244 | 9,439 |
| Percent Change | 6 | 13 |

CME CASH PRICES - JUNE 26 - JUNE 30, 2023

Visit www.cheesereporter.com for daily prices

| | 500-LB CHEDDAR | 40-LB CHEDDAR | AA BUTTER | GRADE A NFDN | DRY WHEY |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| MONDAY June 26 | \$1.4500 (-5) | \$1.3625 (-4¼) | \$2.3600 (-6) | \$1.1250 (-¾) | \$0.2625 (-¼) |
| TUESDAY June 27 | \$1.3900 (-6) | \$1.3100 (-5¼) | \$2.4000 (+4) | \$1.1175 (-¾) | \$0.2550 (-¾) |
| WEDNESDAY June 28 | \$1.3825 (-¾) | \$1.3300 (+2) | \$2.4400 (+4) | \$1.1175 (NC) | \$0.2425 (-1¼) |
| THURSDAY June 29 | \$1.3500 (-3¼) | \$1.3300 (NC) | \$2.4400 (NC) | \$1.1200 (+¼) | \$0.2325 (-1) |
| FRIDAY June 30 | \$1.3450 (-½) | \$1.3350 (+½) | \$2.4400 (NC) | \$1.1175 (-¾) | \$0.2400 (+¾) |
| Week's AVG \$ Change | \$1.3835 (-0.1234) | \$1.3335 (-0.0646) | \$2.4160 (+0.0416) | \$1.1195 (-0.0255) | \$0.2465 (-0.0204) |
| Last Week's AVG | \$1.5069 | \$1.3981 | \$2.3744 | \$1.1450 | \$0.2669 |
| 2022 AVG Same Week | \$2.1795 | \$2.1590 | \$2.9755 | \$1.7910 | \$0.4905 |

MARKET OPINION - CHEESE REPORTER

Cheese Comment: Nine cars of blocks were sold Monday, the last at \$1.3625, which set the price. On Tuesday, 13 cars of blocks were sold, the last at \$1.3100, which set the price. Eight cars of blocks were sold Wednesday, the last at \$1.3300, which set the price. Nine cars of blocks were sold Thursday, the last at \$1.3300, which left the price unchanged. A total of 10 cars of blocks were sold Friday, the last at \$1.3350, which set the price. The barrel price declined Monday on a sale at \$1.4500, dropped Tuesday on a sale at \$1.3900, fell Wednesday on a sale at \$1.3825, declined Thursday on a sale at \$1.3500, and fell Friday on a sale at \$1.3450.

Butter Comment: The price dropped Monday on a sale at \$2.3600, increased Tuesday on a sale at \$2.4000, and rose Wednesday on a sale at \$2.4400.

Nonfat Dry Milk Comment: The price declined Monday on a sale at \$1.1250, fell Tuesday on a sale at \$1.1175, increased Wednesday on a sale at \$1.1200, then fell Friday on a sale at \$1.1175.

Dry Whey Comment: The price fell Monday on a sale at 26.25 cents, declined Tuesday on a sale at 25.50 cents, dropped Wednesday on a sale at 24.25 cents, fell Thursday on a sale at 23.25 cents, then rose Friday on a sale at 24.0 cents. There were 62 carloads of dry whey sold on the CME this week.

WHEY MARKETS - JUNE 26 - JUNE 30, 2023

RELEASE DATE - JUNE 29, 2023

| | |
|---|--|
| Animal Feed Whey—Central: Milk Replacer: | .2000 (+1) – .2300 (-1) |
| Buttermilk Powder: | |
| Central & East: | .9200 (NC) – 1.0000 (-3) West: .8400 (-4) – .9900 (NC) |
| Mostly: | .8800 (-2) – .9500 (-2) |
| Casein: Rennet: | 4.2500 (NC) – 4.7500 (NC) Acid: 4.5000 (NC) – 5.0000 (NC) |
| Dry Whey—Central (Edible): | |
| Nonhygroscopic: | .2400 (NC) – .3100 (-1) Mostly: .2500 (-2½) – .2975 (-¼) |
| Dry Whey—West (Edible): | |
| Nonhygroscopic: | .2350 (-4) – .3775 (-1¼) Mostly: .2675 (-2¾) – .3350 (-4) |
| Dry Whey—NE: | .2900 (-3) – .3475 (-4½) |
| Lactose—Central and West: | |
| Edible: | .1350 (NC) – .4800 (NC) Mostly: .1400 (-1) – .2800 (-2) |
| Nonfat Dry Milk—Central & East: | |
| Low/Medium Heat: | 1.1300 (-1) – 1.1900 (-1) Mostly: 1.1400 (-1) – 1.1700 (-1) |
| High Heat: | 1.1800 (-1) – 1.3000 (-4) |
| Nonfat Dry Milk—Western: | |
| Low/Med Heat: | 1.0900 (-2) – 1.1850 (-1½) Mostly: 1.1000 (-2) – 1.1700 (-2) |
| High Heat: | 1.2450 (-½) – 1.3700 (-3) |
| Whey Protein Concentrate—34% Protein: | |
| Central & West: | .7000 (NC) – 1.1300 (-4½) Mostly: .7200 (-3) – 1.0800 (-4½) |
| Whole Milk: | 1.9000 (NC) – 2.0000 (-5) |

Visit www.cheesereporter.com for historical dairy, cheese, butter, & whey prices

HISTORICAL MILK PRICES - CLASS III

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-----|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| '09 | 10.78 | 9.31 | 10.44 | 10.78 | 9.84 | 9.97 | 9.97 | 11.20 | 12.11 | 12.82 | 14.08 | 14.98 |
| '10 | 14.50 | 14.28 | 12.78 | 12.92 | 13.38 | 13.62 | 13.74 | 15.18 | 16.26 | 16.94 | 15.44 | 13.83 |
| '11 | 13.48 | 17.00 | 19.40 | 16.87 | 16.52 | 19.11 | 21.39 | 21.67 | 19.07 | 18.03 | 19.07 | 18.77 |
| '12 | 17.05 | 16.06 | 15.72 | 15.72 | 15.23 | 15.63 | 16.68 | 17.73 | 19.00 | 21.02 | 20.83 | 18.66 |
| '13 | 18.14 | 17.25 | 16.93 | 17.59 | 18.52 | 18.02 | 17.38 | 17.91 | 18.14 | 18.22 | 18.83 | 18.95 |
| '14 | <u>21.15</u> | <u>23.35</u> | <u>23.33</u> | 24.31 | 22.57 | 21.36 | 21.60 | <u>22.25</u> | <u>24.60</u> | <u>23.82</u> | 21.94 | 17.82 |
| '15 | 16.18 | 15.46 | 15.56 | 15.81 | 16.19 | 16.72 | 16.33 | 16.27 | 15.82 | 15.46 | 15.30 | 14.44 |
| '16 | 13.72 | 13.80 | 13.74 | 13.63 | 12.76 | 13.22 | 15.24 | 16.91 | 16.39 | 14.82 | 16.76 | 17.40 |
| '17 | 16.77 | 16.88 | 15.81 | 15.22 | 15.57 | 16.44 | 15.45 | 16.57 | 16.36 | 16.69 | 16.88 | 15.44 |
| '18 | 14.00 | 13.40 | 14.22 | 14.47 | 15.18 | 15.21 | 14.10 | 14.95 | 16.09 | 15.53 | 14.44 | 13.78 |
| '19 | 13.96 | 13.89 | 15.04 | 15.96 | 16.38 | 16.27 | 17.55 | 17.60 | 18.31 | 18.72 | 20.45 | <u>19.37</u> |
| '20 | 17.05 | 17.00 | 16.25 | 13.07 | 12.14 | 21.04 | <u>24.54</u> | 19.77 | 16.43 | 21.61 | <u>23.34</u> | 15.72 |
| '21 | 16.04 | 15.75 | 16.15 | 17.67 | 18.96 | 17.21 | 16.49 | 15.95 | 16.53 | 17.83 | 18.03 | 18.36 |
| '22 | 20.38 | 20.91 | 22.45 | <u>24.42</u> | <u>25.21</u> | <u>24.33</u> | 22.52 | 20.10 | 19.82 | 21.81 | 21.01 | 20.50 |
| '23 | 19.43 | 17.78 | 18.10 | 18.52 | 16.11 | 14.91 | | | | | | |

Restaurant Performance Index Fell 1.3% In May; Softer Sales Reported

Washington—The National Restaurant Association's Restaurant Performance Index (RPI) stood at 99.6 in May, down 1.3 percent from April, the association reported today.

The RPI is constructed so that the health of the restaurant 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.

May marks the first time since January 2021 that the RPI fell below 100.

The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 99.7 in May, down 1.2 percent from April.

Restaurant operators reported a net increase in same-store sales in May, but the readings were significantly dampened compared to recent months, the association noted.

Some 48 percent of operators said their same-store sales rose between May 2022 and May 2023, down from more than seven in

10 operators who reported higher sales during the first three months of 2023.

Restaurant operators also reported dampened customer traffic readings in May. Some 26 percent of operators said their customer traffic rose between May 2022 and May 2023, while 61 percent said their customer traffic fell in May.

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 99.5 in May, down 1.4 percent from April.

Restaurant operators' outlook for sales growth became more pessimistic compared to recent months. Only 29 percent of operators expect their sales volume in six months to be higher than it was during the same period in the previous year, down from 44 percent who reported similarly in April.

Restaurant operators are even less bullish about the direction of the overall economy. Only 6 percent of operators said they expect economic conditions to improve in six months.



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