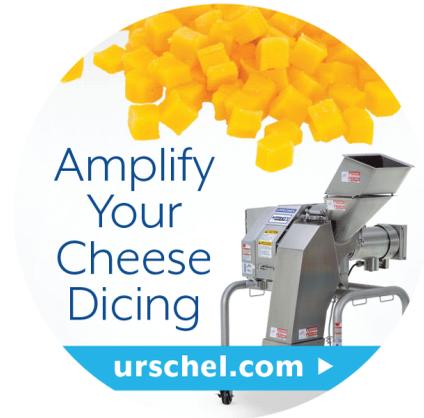




CHEESE REPORTER

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Internal FDA Infant Formula Review Backs Agency, Industry Reforms

FDA Needs To Strengthen Workforce, Expertise; Should Articulate Best Practices To Industry

Silver Spring, MD—An internal review of the US Food and Drug Administration's (FDA) actions related to multiple reports of Cronobacter illness in infants, Abbott Nutrition's infant formula manufacturing plant in Sturgis, MI, and confounding issues that led to a shortage of infant formulas was released this week.

FDA Commissioner Robert M. Califf last May asked Steven M. Solomon, director of FDA's Center for Veterinary Medicine (CVM), to conduct the international review.

The final report is the result of information collected from more than 40 interviews with more than 60 FDA staff and leadership directly involved with the events that transpired. The report focuses on aspects of FDA's response that are within the agency's purview.

Other factors, "including the limited number of infant formula manufacturers, needed improvements in the ingredient supply chain, and better control of prod-

uct distribution, must be addressed by other external stakeholders," Solomon stated.

Between September 2021 and January 2022, FDA received information about four cases of illness or death in infants who consumed powdered infant formula. After learning that each of these infants consumed powdered infant formula products manufactured by Abbott at its Sturgis plant and initiating an investigation at the facility that revealed insanitary conditions, FDA warned consumers not to use certain products manufactured at the facility.

On Feb. 17, 2022, Abbott issued a voluntary recall of certain infant formula products manufactured at the Sturgis plant, and temporarily ceased production. The recall and pause in production further stressed a supply chain already strained by the COVID-19 pandemic, the report noted.

In all, interviews conducted during the internal review identified five common themes. The report

outlines 15 findings supported by those interviews, as well as broad recommendations for FDA to consider in addressing each finding from an enterprise level.

The report identifies five major areas of need, with 15 specific findings and recommendations.

One area of need: FDA needs to strengthen its foods workforce. One finding in this area is that while the training process for FDA investigators is "robust," investigators conducting inspections of infant formula manufacturing facilities receive limited infant formula-specific training.

The report recommends that FDA determine the resources needed to develop a specialized training program for investigators and other personnel charged with inspection and oversight of infant formula and other medical foods manufacturing facilities, request those resources from Congress, and develop and implement a specialized training program.

The review also found that, while FDA's foods workforce maintains expertise across the 80 per-

• See **Internal FDA Review**, p. 10

US Milk Production Rose 1.7% In Aug.; Output Increased In Five Leading States

Washington—US milk production in the 24 reporting states during August totaled 18.2 billion pounds, up 1.7 percent from August 2021, USDA's National Agricultural Statistics Service (NASS) reported Monday.

July's milk production estimate was revised up by 53 million pounds, so output was up 0.6 percent from July 2021, rather than up 0.3 percent as originally estimated.

Production per cow in the 24 reporting states averaged 2,041 pounds for August, 37 pounds above August 2021.

The number of milk cows on farms in the 24 reporting states in August was 8.93 million head, 11,000 head less than August 2021, but 8,000 head more than July 2022.

For the US as a whole, August milk production totaled 19.0 billion pounds, up 1.6 percent from August 2021. Production per cow in the US averaged 2,018 pounds for August, 34 pounds above August 2021.

The number of milk cows on farms in the US in August was 9.43 million head, 11,000 head less than August 2021, but 8,000 head more than July 2022.

California's August milk production totaled 3.46 billion pounds, up 2.0 percent from August 2021, due to 4,000 more milk cows and 35 more pounds of milk per cow.

• See **Milk Output Up**, p. 6

Dairy Products In High Demand Among Nutrition Program Participants: Poll

Washington—Dairy products such as cheese milk and yogurt are in high demand and considered affordable among participants in federal nutrition programs like the Supplemental Nutrition Assistance Program (SNAP) and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), according to a new Morning Consult national tracking poll commissioned by the International Dairy Foods Association (IDFA).

Participants in those programs would purchase more dairy when given a discount or incentive to encourage healthy eating, the poll found.

• See **Dairy In Demand**, p. 3

Idaho's Plans For Largest US Dairy Research Center Move Forward

Boise, ID—The Idaho Board of Land Commissioners on Tuesday approved a request by the University of Idaho to purchase land central to its Center for Agriculture, Food and the Environment (CAFE).

Last November, 282 acres of Agricultural College endowment land in Caldwell, ID, was sold for \$23.25 million, as it was no longer used for experimental farming. The funds were placed in the Land Bank fund to be used for the acquisition of real property.

With Tuesday's unanimous vote, the Land Board approved the use of proceeds from the Caldwell property to acquire 638 acres of farmland north of Rupert currently owned by the University of Idaho. The university's College of Agricultural and Life Sciences will now use the land

from the endowment and the remaining funds to construct a state-of-the-art milking parlor on that property capable of serving a 2,000-head dairy herd.

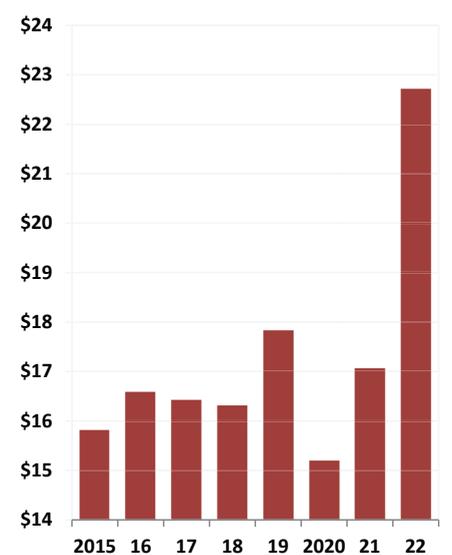
"This facility will serve our students well, preparing them to work on the cutting edge of agribusiness and dairy sciences," said C. Scott Green, U of ID president. "Economically, CAFE opens doors for U of I to receive millions of dollars in grant funding for research, unleashing new ideas and innovative solutions for Idaho's and the nation's dairy industry."

Idaho's dairy industry, which currently ranks third in the US in both milk production and cheese production, strongly supports the U of I's CAFE project. Industry

• See **ID Research Center**, p. 9

Class I Milk Price

October 2015 - 2022





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for a majority of the supply plants listed in the most recent uniform price announcement, a portion of the plant is designated as a nonpool plant. None of the supply plants listed in the August 2000 uniform price announcement had a similar designation.

Upper Midwest Federal Order Isn't What It Used To Be

Uniform price announcements issued every month by the 11 federal milk marketing orders always include some interesting information, especially in recent years with all of the depooling and negative producer price differentials that seven of the orders have been experiencing. And then there are some long-term trends that illustrate just how much things have changed in some specific orders.

Case in point: the Upper Midwest order. Looking back at the Upper Midwest order in the first year of its existence (2000; we're referring here to the current Upper Midwest order, not the old, pre-federal-order-reform Upper Midwest order that was incorporated into the new order) and comparing it to today, well, there are quite a few significant differences.

For purposes of this analysis, we'll focus on August of 2000 compared to August of 2022.

For starters, there are a lot fewer distributing plants now than there were back in 2000. Specifically, back in August of 2000, there 27 distributing plants in the Upper Midwest order; as of last month, there are just 10.

This point is closely related to several other changes that have taken place in the Upper Midwest order over the past 22 years. First, Class I volume is way down (as is the case in other federal orders as well). Specifically, back in August of 2000, Class I volume on the Upper Midwest order totaled 344.7 million pounds; in August of 2022, Class I volume totaled 167.2 million pounds.

Class I utilization on the Upper Midwest order has also declined precipitously since 2000, although that's not necessarily easy to track given the large volumes of milk that are being depooled. Just in "raw" numbers, Class I utilization on the order was 18.6 percent in August 2000 and just 5.8 percent in August 2022.

But there was a fair amount of milk that was depooled from the

order last month. For example, Class IV volume last month was just 15.8 million pounds, compared to 152 million pounds in August 2021, and Class II volume was just 28.2 million pounds, compared to 61 million pounds in August 2021.

Also, Class III volume totaled 2.69 billion pounds, which is considerably higher than in recent years but is actually down 185 million pounds from August 2017 (when, presumably, very little Class III milk was depooled).

Add all of that depooled milk back into the pool and Class I utilization probably falls to around 5.0 percent.

This point can be further illustrated by the fact that, for a majority of the supply plants listed in the most recent uniform price announcement, a portion of the plant is designated as a nonpool plant. None of the supply plants listed in the August 2000 uniform price announcement had a similar designation.

Also related to declining Class I use is the continuing decline in shipping requirements for the Upper Midwest order. We focused on that point in our July 1st issue ("Another Federal Order Problem Area: Shipping Requirements"), with a look at requests to reduce shipping requirements in not only the Upper Midwest order, but also the Northeast and Pacific Northwest orders.

All three of those requests were granted, with the Upper Midwest reducing the shipping requirements from 6.0 to 4.5 percent, effective Aug. 1, 2022. As we noted in that previous column, shipping requirements had been reduced from 7.5 to 6.0 percent on May 1, 2019, and from 10 to 7.5 percent on Apr. 1, 2017.

In short, shipping requirements for the Upper Midwest order have been reduced from 10 percent to 4.5 percent in a period of roughly five and one-half years.

Meanwhile, the PPD for the Upper Midwest order in August

2022 was 50 cents per hundred-weight, compared to 84 cents per hundred back in August of 2000. At first glance, this might seem to indicate that PPDs haven't changed all that much over the past 22 years, but that's misleading.

Back in 2000, the PPD on the Upper Midwest order ranged from 43 cents per hundred in January to \$1.43 per hundred in November, and averaged 83 cents per hundred for the entire year.

Here in 2022, prior to August, the PPD ranged from 13 cents per hundred in both April and May to 41 cents per hundred in July, and was averaging just over 27 cents per hundred through the first eight months of the year.

That's actually a substantial improvement over the past couple of years. In 2021, the PPD on the Upper Midwest order averaged minus 12 cents per hundredweight, and in 2020 it averaged minus 89 cents per hundred.

Finally, it's pretty obvious from all of the previously mentioned statistics that the Upper Midwest order is now and will remain a predominantly Class III order. Again comparing August 2000 to August 2022, Class III volume has grown from 1.4 billion pounds to 2.69 billion pounds, while Class III utilization has risen from 77.3 percent to 92.7 percent.

The 92.7-percent figure is a bit misleading, given the depooling of Class II and Class IV milk last month, but even adding in 170 million pounds of depooled non-Class III milk to the order's total volume leaves Class III utilization at over 87 percent — well above what it was back in 2000 (77.3 percent), or 10 years ago for that matter (78.6 percent).

The Upper Midwest federal order certainly isn't what it used to be. We can't help but wonder — given all the changes that have taken place, and will continue to occur — if the order (or at least its pricing and pooling provisions) has outlived its usefulness.

Dairy In Demand

(Continued from p. 1)

dren in public schools who participate in federal nutrition programs say they typically purchase milk (93 percent) and cheese (91 percent), while three-quarters say they typically purchase yogurt.

Three-quarters of these nutrition program beneficiaries also consider nutritious dairy products like milk (73 percent), yogurt (78 percent), and cheese (74 percent) affordable at the grocery store.

More than half of SNAP program beneficiaries polled indicate they would use a 50 percent discount to buy more cheese (59 percent), milk (54 percent), and yogurt (49 percent).

“This new polling data highlights just how impactful a national dairy incentive program would be for our nation’s most nutritionally insecure people,” said Michael Dykes, IDFA’s president and CEO. “IDFA and our members are committed to ending hunger and malnutrition while improving health outcomes and reducing diet-related chronic diseases by making it easier for all Americans to access healthy, affordable foods, including nutritious dairy products.”

The new pooling was completed shortly before the White House Conference on Hunger, Nutrition, and Health, which is scheduled for Sept. 28, 2022. The conference will bring government leaders, academics, activists, and others together to achieve the goal of ending hunger and reducing diet-related diseases in the US by 2030.

“Ahead of the White House Conference, we urge the Biden-Harris administration to support a national dairy incentive program within SNAP that offers affordable, nutritious dairy products to those most in need,” Dykes said.

In the 2018 farm bill, Congress authorized the Healthy Fluid Milk Incentive Projects (HFMIIP) pilot program to explore the best means of incentivizing SNAP participants to purchase fluid milk. Since then, USDA has worked with the Baylor Collaborative on Hunger and Poverty to stand up HFMIIP projects in New Jersey and Texas, with plans to expand to five additional states and more than 350 stores in 2023.

“The SNAP Healthy Fluid Milk Incentive Projects program is a growing success story that should be celebrated at the White House Conference,” Dykes said.

According to USDA’s Economic Research Service (ERS), in an average month of fiscal year 2021 (Oct. 1, 2020, through Sept. 30, 2021), SNAP provided benefits to 41.5 million people in the US, and the average benefit was about \$218 per person per month.

Also in fiscal 2021, WIC served about 6.2 million participants per month.

Kenya Offers ‘Largely Untapped Market Opportunity’ For US Dairy: NMPF, USDEC

Washington—Kenya “presents a largely untapped market opportunity for American dairy producers and manufacturers,” according to the National Milk Producers Federation (NMPF) and US Dairy Export Council (USDEC).

The dairy groups made their observation in comments submitted earlier this month in response to a request from the Office of the US Trade Representative (USTR) for input on the United States-Kenya Strategic Trade and Investment Partnership (STIP), which was launched two months ago.

NMPF and USDEC believe that pursuing a free trade agreement with Kenya would offer the “stronger pathway to deepening collaboration between our countries and to removing the sizable impediments to American-made products that exist in Kenya.”

Because the Biden administration has chosen not to seek an FTA with Kenya at this time, USDEC and NMPF support the pursuit of a Strategic Trade and Investment Partnership with Kenya “in light of the opportunity it offers to establish a useful precedent for trade facilitation and elimination of nontariff barriers in the region.”

Market access restrictions for US dairy product exports into Kenya center upon “prohibitively high” tariff rates and “onerous” import documentation requirements for importers, NMPF and USDEC noted. The Kenyan government maintains these market impediments to protect its domestic dairy industry.

USDEC and NMPF urged USTR to pursue an agreement

that addresses dairy trade impediments to the market by:

- Seeking the reduction of WTO Most-Favored Nation (MFN) duties on dairy products. Kenya maintains high tariff rates of up to 60 percent on the majority of dairy HTS lines. In comparison, Kenya’s average MFN tariff rate is 13.5 percent across all imports.

- USTR should work to lower these sizable barriers to US exporters’ ability to access the Kenyan dairy market via reduction of Kenya’s MFN tariff lines, USDEC and NMPF said. Pursuit of targeted MFN tariff reductions is a tool the Biden administration has embraced in other contexts, and the dairy organizations urged its inclusion here as well.

- Removing current nontariff barriers to US dairy exports in this market. In addition to high tariff rates, Kenya further restricts access to its dairy market via the maintenance of “complex and non-transparent” certification requirements for dairy goods.

- Further impeding ease of access for US products into Kenya is a required Certificate of Conformity from a Kenya Bureau of Standards-appointed “pre-export verification of conformity” partner and the obligation to obtain an Import Standards Mark (ISM) for certain sensitive imports.

And Kenyan food imports are required to have a minimum of 75 percent shelf life remaining on the label. Given the “highly perishable” nature of some dairy products and long US lead times for shipments, this regulation serves as a de facto prohibition of certain

dairy product imports, USDEC and NMPF stated. Moreover, this shelf-life requirement is notably higher than is typical and “certainly exceeds what is needed from a food safety perspective.”

- Instituting concrete measures to guard against future unjustified restrictions on US export opportunities including by establishing robust market access protections for the use of common food names.

NMPF and USDEC are encouraging USTR to incorporate and build upon the advances made in the US-Mexico-Canada Agreement (USMCA) with respect to commonly used food names and geographical indications (GIs). These proactive measures are aimed at slowing the European Union’s (EU) “predatory GI policies” that erect de facto prohibitions on the import of many non-EU products into third-party countries.

Import provisions enshrined in the USMCA that NMPF and USDEC are urging USTR to incorporate and build further upon in negotiations with Kenya include:

- Assurances of use for common names through a non-exhaustive list of commonly used terms.

- The establishment of a robust due process system that provides parties opposing a GI application with greater tools to object to a term’s registration and transparency into the scope of those determinations.

- Mandated government-to-government discussions should the prospect of GI restrictions arise in trade negotiations with a third-party country and a directive to use those discussions to seek a “mutually agreeable solution” that ensures that the free use of common names is not encroached upon.



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Lower But Still Relatively Strong Prices In 2023

Dairy Situation & Outlook - Sept 19

DR. BOB CROPP,
Professor Emeritus
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Milk production after running below year ago levels from January through June was 0.5 percent above a year ago in July and 1.6 percent in August. Fourteen of the 24 reporting states had higher August milk production than a year ago.

The increase in milk production was due to more milk cows and improved milk per cow. Milk cow numbers had increased from 9.367 million head in January to 9.419 million in May but fell to 9.415 million in June only to increase back to 9.419 million in July and to 9.427 million in August.

August cow numbers were still 11,000 or 0.1 percent below a year ago. August milk per cow was a strong 1.7 percent above a year ago.

August milk production compared to a year ago amongst each of the five leading dairy states was higher by 2 percent in California, 1.1 percent in Wisconsin, 2.5 percent in Idaho, 8.9 percent in Texas and 2.0 percent in New York. California, Idaho, and Texas had more milk cows than a year ago, but cow numbers were lower in Wisconsin and New York. Milk production in South Dakota continues to run strong, up 14.5 percent.

Some states with significant decline in cow numbers had lower milk production. Florida's milk production was 10.4 percent lower with 11,000 fewer milk cows, New Mexico 3.3 percent lower with 24,000 fewer milk cows and Michi-

gan 1.5 percent lower with 15,000 fewer milk cows.

While fluid (beverage) milk sales continue to run below year ago levels, butter and cheese sales have shown some growth. But higher butter and cheese prices appear to be slowing down butter and cheese sales. With inflation, restaurant traffic is down hurting both butter and cheese sales some.

Dairy exports continue to perform well and support milk prices. The volume of July exports on a milk solids equivalent basis was up 5 percent from a year ago. While nonfat dry milk/skim milk powder exports were 10 percent below a year ago whey exports were 13 percent higher, lactose exports 22 percent higher, butterfat exporters 63 percent higher and cheese exports continue to expand being 2 percent higher.

With these market fundamentals milk prices will continue to show some weakness in September. The Class III price had peaked at \$25.21 in May and had fallen by about \$5 to \$20.10 in August and September could be below \$20. Cheese prices were quite volatile in August. The price of 40-pound Cheddar blocks during August ranged from \$1.7150 per pound to \$1.89. Cheddar barrels ranged from \$1.7950 per pound to \$1.9475. Dry whey ranged from \$0.4350 per pound to \$0.48.

But cheese prices have shown real strength in September. The month started with 40-pound

Cheddar blocks at \$1.7350 to now at \$2.0525 and Cheddar barrels from \$1.85 to now \$2.1025. With this strength the Class III price could return to \$21 or higher for the last quarter of the year.

The Class IV price peaked at \$25.83 in June and fell by about \$1 to \$24.81 in August. The September Class IV price should be about \$24.70. Butter reached \$3.02 per pound on August 22nd and set new records in September reaching \$3.24 on September 13th and is now \$3.1525. Grocery stores have been building their stocks of butter to meet the expected strong holiday sales. Once stock levels are built we can expect butter prices to weaken some by November going into December. Nonfat dry milk started September at \$1.52 per pound, reached \$1.5875 and is now \$1.56. The Class IV price could fall below \$24 by November.

It has been difficult making long range milk price forecasts. Looking into 2023 is no easier. The level of milk production, domestic demand and dairy exports are all subject to change. At this time, it appears milk prices will average lower in 2023 than this year but remain relatively strong. With little increase in 2022 milk production, we can expect some recovery in milk production in 2023 but probably no more than around 1 percent.

Higher milk prices usually spur increased milk production. But dairy producers are facing much higher feed and other input costs, shortage of labor and fewer available dairy replacements available. The average size of the dairy herd may increase slightly and milk per cow may improve to about 1 percent meaning an increase in milk production around 1 percent. This level of milk production will be supportive of milk prices. Domestic demand may soften some with slowing of the economy and yet rather high inflation.

Dairy exports continue to look positive. Milk production in major dairy exporters like the EU, New Zealand and Australia continues to struggle from high feed prices, weather related issues and environmental regulations.

USDA is forecasting an average Class III price of \$19.70, down from an estimated \$21.65 for 2022. The Class IV price is forecasted to average \$20.85, down from an estimated \$24.45 for 2022. Current Class III futures are optimistic. Class III is fairly flat in the \$20's all year which is probably not realistic. Class IV futures start the year in the \$22's and fall below \$20 at the end of the year.

No doubt there will be some volatility in 2023 milk prices. At this time, it seems the Class III price could average between \$1 and \$2 lower than 2022 and the Class IV price could average \$3 or so lower.

FROM OUR ARCHIVES

50 YEARS AGO

Sept. 22, 1972: Stevens Point, WI—Robert Williams, Reedsburg, was re-elected president of the Wisconsin Creameries Association's 30th annual convention here this week. It was also determined that a "new trade association be formed in Wisconsin to include in its services milk and all dairy products."

Milwaukee, WI—Consumers and the food industry must be convinced that "over-nutrition of children creates problems in modern living," heart specialist Dr. Paul Dudley White reported. White recently tried to persuade a large restaurant association to serve gourmet-quality food, but half portions of steak and other huge entrees.

25 YEARS AGO

Sept. 26, 1997: Novi, MI—Glenn Lake, 82, a longtime dairy industry leader who served his fellow dairy producers on several state and national boards, died this week. Lake served as president of both the Michigan Milk Producers Association and National Milk Producers Federation, and was instrumental in the formation of the United Dairy Industry Association.

Elkhart Lake, WI—The Wisconsin Dairy Products Association celebrated its 25th anniversary this week. In recognition of the special occasion, Rep. Tommy Thompson (R-WI) issued a gubernatorial proclamation, which was presented to WDPA by Wisconsin ag secretary Joe Tregoning.

10 YEARS AGO

Sept. 21, 2012: Seattle, WA—Starbucks Coffee Company this week introduced its new single cup machine, Verismo Systems by Starbucks. The new system is described as the first at-home single cup solution to deliver lattes, espresso and brewed coffee – all from one machine.

Sugarcreek, OH—Guggisberg Cheese, Millersburg, earned the 2012 Grand Champion Swiss Cheese Maker title in the annual contest sponsored by the Ohio Swiss Cheese Association. Three contests are held throughout the year to determine Ohio's top cheese makers. This year's Reserve Champion honor went to E.S. Steiner Dairy, Baltic, OH.

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USDA Seeking Cheddar Barrels, Shreds For Delivery In October, December

Washington—The US Department of Agriculture (USDA) is inviting offers to sell a total of 4,056,000 pounds of Cheddar barrels and 6/5-pound shreds for use in domestic food distribution programs.

Specifically, USDA is seeking a total of 3,672,000 pounds of natural American 500-pound barrels and 384,000 pounds of yellow shredded Cheddar, 6/5-pound bags, for delivery between Nov. 1 and Dec. 31, 2022.

Bids are due by 1:00 p.m. Central time on Monday, Sept. 26. This solicitation is firm-fixed price, unrestricted. Purchases will be made on an f.o.b. destination basis to cities listed in the solicitation.

Products offered in response to this solicitation must be manufactured in a plant approved by USDA Dairy Programs. Offerors are cautioned to bid only quantities they can reasonably expect to produce and deliver.

Offers must be submitted electronically via the Web-Based Supply Chain Management System (WBSCM). Offerors must be active in WBSCM and have the required bidder roles in order to submit offers under this solicitation.

For more information about this solicitation, contact the contracting officer, Jenny Babiuch, at Jenny.Babiuch@usda.gov.

Meanwhile, USDA's Agricultural Marketing Service (AMS) announced this week that it is providing current domestic commodity vendors in the WBSCM System an on-line training session on "How to Submit an Offer," "Entering an Advanced Shipping Notice (ANS)," and "Submitting an eInvoice."

These training sessions will be instructor-led and conducted live via Zoom next month.

Sessions are scheduled as follows:

Oct. 18, 1:00-3:00 p.m. Eastern time: "How to Submit a Bid."

Oct. 19, 2022, 1:00-3:00 p.m. Eastern time: "Entering an ASN."

Oct. 20, 1:00-3:00 p.m. Eastern time: "Submitting an eInvoice."

Prior to the training date, an email invite will be sent to all registered vendors with instructions on how to access the training sessions.

For more information, contact WBSCMAMSHelpDesk@usda.gov.

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

Value Of Cheese Purchases Fell After USDA Updated School Meal Standards

Washington—In the years following implementation of updated nutrition standards for school meal programs, fruit from USDA Foods as a percent of total USDA Foods entitlement funds used rose 66 percent, while cheese, poultry, and red meat obtained with USDA entitlement funds dropped, according to a recent report from USDA's Economic Research Service (ERS).

Across the US, approximately 100,000 public and private non-profit schools participated in USDA's National School Lunch Program (NSLP) in fiscal year 2019, and served about 4.9 billion lunches and 2.45 billion breakfasts, the report noted. Schools participating in the NSLP must serve meals that meet federal nutrition standards and make the meals available to all students. In return, USDA provides schools with cash meal reimbursements.

USDA also provides schools participating in the NSLP with entitlement funds that can be used to order foods called USDA Foods. Under the USDA Foods Program, USDA purchases foods from suppliers (on behalf of state agencies) that distribute foods to schools; schools pay for the foods with entitlement funds.

Although cash reimbursements comprise the majority of USDA financial support to schools, USDA Foods offers an additional resource for local school food authorities (SFAs) who plan menus, purchase foods, and oversee foodservice and are usually part of the local school district, the report explained.

Schools have responded to the USDA Foods product offerings by making USDA Foods a major part of their school meal programs. In school year 2009–10, USDA

Foods comprised 11 percent of the value of all food obtained by schools, and USDA Foods played a large role in supplying cheese, meat, poultry, and fruit and vegetables — accounting for 51 percent of cheese, 37.5 percent of red meat, 43.8 percent of poultry, 31 percent of fruit, and 17 percent of vegetables. USDA Foods provided less than 5 percent of bread/baked products, dairy other than cheese, desserts, grains, juices, and prepared foods.

USDA began a major update of its food offerings after the Healthy, Hunger-Free Kids Act (HHFKA) became law in 2010 and the updated school meal standards it required began to be implemented in 2012, the report noted. The updated standards include: a reduction in the amount of sodium and saturated fats permitted in meals offered to students; an elimination of the use of trans fats; and a requirement of the regular inclusion of whole fruit, dark green and red/orange vegetables, legumes, and whole grains.

For this report, researchers used data from USDA's budget documents for fiscal years 2008-19. The part pertinent to USDA Foods identifies the food types and their values at the national level. The report's authors used that information to examine changes in the foods obtained with USDA Foods entitlement funds over 2007-17, a period that allows time to evaluate the impact of updated nutrition standards on food choices.

For purposes of analysis, commodities listed in the USDA budget documents were assigned to separate food groups that included dairy (more than 90 percent of which was cheese), red meat, poul-

try, fruits, vegetables, legumes, and staples, including grains, oils, nut spreads, and other food items not included elsewhere.

The total value of USDA Foods supplied to the school meals program increased almost 45 percent, from \$933 million to nearly \$1.36 billion, during 2006-17 in 2003 dollars. In 2006, cheese, poultry, and red meat accounted for almost 71 percent of all USDA Foods entitlement funds expenditures.

Purchasing of cheese, red meat, and poultry varied from 4 percent above to about 9 percent below the 2006 level with no discernible trend until 2013, and then descended to about 10 percent below the 2006 level by 2017, reaching about 60 percent of entitlement funds.

Reduced-fat cheese was offered and obtained (with entitlement funds) before 2011. The value of reduced fat cheese in entitlement funds ranged from 4 to 10 percent of USDA Foods cheese before 2011 and ranged from 11 to 18 percent of USDA Foods cheese obtained after 2010.

Combined, the categories of reduced-fat other cheeses and reduced-fat Mozzarella increased sharply after 2010, reaching a high of 61 percent of the value of cheese in 2012 before stabilizing at around 60 percent, the report said.

The report found a trend in the difference in the value of reduced-fat cheese, with or without inclusion of Mozzarella, using USDA Foods entitlement funds across the change in nutrition standards. When Mozzarella is included, the change is much greater.

The Mozzarella share of cheese acquisitions did not change over time. There was, however, a dramatic change in the type of Mozzarella obtained as USDA's Food and Nutrition Service (FNS) offered only lowfat Mozzarella after 2010, the report explained.

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Milk Output Up

(Continued from p. 1)

California's July milk production was revised up by 9 million pounds, so output was up 2.5 percent from July 2021, rather than up 2.2 percent as initially estimated.

Wisconsin's August milk production totaled 2.7 billion pounds, up 1.1 percent from August 2021, due to 6,000 fewer milk cows but 35 more pounds of milk per cow. Wisconsin's July milk output was revised up by 13 million pounds, so production was up 0.2 percent from July 2021, rather than down 0.3 percent as originally estimated.

Idaho's milk production totaled 1.45 billion pounds, up 2.5 percent from August 2021, due to 6,000 more milk cows and 35 more pounds of milk per cow. Idaho's July production was revised up by 9 million pounds, so output was up 2.1 percent from July 2021, rather than up 1.5 percent as estimated.

Milk production in Texas totaled 1.39 billion pounds, up 8.9 percent from August 2021, due to 30,000 more milk cows and 80 more pounds of milk per cow. Texas's July milk output had been up 6.0 percent from July 2021.

New York's milk output totaled 1.33 billion pounds, up 2.0 percent from August 2021, due to 4,000 fewer milk cows but 55 more pounds of milk per cow. New York's July milk production had been unchanged from July 2021.

Michigan's milk production totaled 997 million pounds, down 1.5 percent from August 2021, due to 15,000 fewer milk cows but 45 more pounds of milk per cow. Michigan's July milk production was revised up by 4 million pounds, so output was down 3.4 percent from July 2021, rather than down 3.8 percent as originally estimated.

Milk production in Minnesota totaled 899 million pounds, up 0.6 percent from August 2021, due to 8,000 fewer milk cows but 45 more pounds of milk per cow. Minnesota's July milk output was revised up by 10 million pounds, so production was unchanged from July 2021, rather than down 1.1 percent as initially estimated.

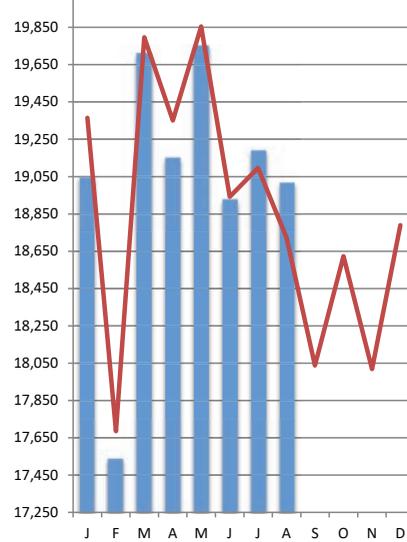
Pennsylvania's milk output totaled 835 million pounds, up 0.5 percent from August 2021, due to 7,000 fewer milk cows but 35 more pounds of milk per cow. Pennsylvania's July output had been down 0.9 percent from a year earlier.

New Mexico's production totaled 588 million pounds, down 3.3 percent from August 2021, due to 24,000 fewer milk cows but 95 more pounds of milk per cow. New Mexico's July milk production was revised up by 3 million pounds, so output was down 7.6 percent from July 2021, rather than down 8.1 percent as originally estimated.

Washington's August milk output totaled 519 million pounds, down 4.2 percent from August 2021, due to 12,000 fewer milk

Total US Milk Production

2021 vs. 2022
(in millions of pounds)



Change In Milk Cows August 2021 vs 2022



Milk Production by State

STATE	Aug 2021 millions of lbs	Aug 2022 millions of lbs	% Change	Change Cows
California	3386	3455	2.0	4000
Wisconsin	2697	2728	1.1	-6000
Idaho	1413	1449	2.5	6000
Texas	1272	1385	8.9	30000
New York	1303	1329	2.0	-4000
Michigan	1012	997	-1.5	-15000
Minnesota	894	899	0.6	-8000
Pennsylvania	831	835	0.5	-7000
New Mexico	608	588	-3.3	-24000
Washington	542	519	-4.2	-8000
Iowa	462	494	6.9	13000
Ohio	477	465	-2.5	-8000
Colorado	444	457	2.9	6000
Indiana	372	363	-2.4	-6000
South Dakota	317	363	14.5	22000
Arizona	358	360	0.6	NC
Kansas	337	347	3.0	4000
Oregon	219	222	1.4	1000
Vermont	214	214		-3000
Utah	189	187	-1.1	-1000
Georgia	142	163	14.8	11000
Florida	163	146	-10.4	-11000
Illinois	141	138	-2.1	-2000
Virginia	117	115	-1.7	-3000

cows but five more pounds of milk per cow. Washington's July milk output was revised down by 1 million pounds, so production was down 3.1 percent from July 2021, rather than down 2.9 percent as estimated.

All told for the 24 reporting states, compared to August 2021, milk production in August was higher in 14 states, with those increases ranging from 0.5 percent

in Pennsylvania to 14.8 percent in Georgia (due to 11,000 more milk cows and 20 more pounds of milk per cow); lower in nine states, with those declines ranging from 1.1 percent in Utah (due to 1,000 fewer milk cows and unchanged milk per cow) to 10.4 percent in Florida (due to 11,000 fewer milk cows and five less pounds of milk per cow); and unchanged in Vermont.

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Flavored Fat-Free Milk Is Main Source Of Added Sugars In School Meals

Alexandria, VA—The main source of added sugars in both school breakfasts and school lunches is flavored fat-free milk, which contributed 29 percent of the added sugar in breakfasts and 47 percent in lunches, according to a recent report from USDA's Food and Nutrition Service (FNS).

"Added Sugars in School Meals and Competitive Foods," which was prepared for Congress, highlights the proportion of meals and competitive foods that would meet an added sugars standard consistent with the 2015-2020 Dietary Guidelines for Americans (DGA), i.e., that no more than 10 percent of calories from the meal or competitive food item come from added sugars.

Currently, there is no standard for total sugars or added sugars in meals served through the National School Lunch Program (NSLP) or School Breakfast Program (SBP), called "reimbursable meals," the report noted.

All other foods and beverages sold in schools during the school day, known as "competitive foods," must follow the Smart Snacks in

Schools standards. These items must have less than 35 percent of total weight from sugar, but there is no standard for competitive foods related to added sugars or added sugars as a percentage of calories.

On average, added sugars accounted for 17 percent of calories in school breakfasts across a school week, the report said. This translates to an average of 88 calories from added sugars in each school breakfast.

Of the daily breakfast menus evaluated, 14 percent had less than 10 percent of calories from added sugars. The main source of added sugars in school breakfasts was flavored fat-free milk, which contributed 29 percent of the added sugars in breakfasts.

Other sources of added sugars in school breakfasts included sweetened cold cereals (13 percent); condiments and toppings (including syrup, jelly, and jam, 12 percent); muffins and sweet/quick breads (7 percent); granola and breakfast bars (5 percent); toaster

pastries (4.3 percent); pancakes, waffles and French toast (3.8 percent); crackers, croutons, and pretzels, 3.6 percent; cinnamon buns (2.8 percent); and lowfat/fat-free yogurt (2.8 percent).

Some 92 percent of schools prepared breakfasts with more than 10 percent of calories from sugars.

On average, added sugars accounted for 11 percent of calories in school lunches across the school week. This reflects an average of 75 calories from added sugars in each school lunch.

Of the daily lunch menus evaluated, 42 percent contained less than 10 percent of calories from added sugars.

The largest source of added sugars in school lunches was flavored fat-free milk, which contributed 47 percent of the added sugars in lunches. The only other food group to contribute more than 5 percent of added sugars in school lunches was condiments and toppings.

Flavored 1 percent milk contributed 3.2 percent of the added sugars in school lunches.

Fifty-six percent of all schools offered competitive foods a la carte during the breakfast period. Of the

10 competitive food items most commonly served, six come in varieties with 10 percent or more of calories from added sugars. Varieties of these items — ready-to-eat breakfast cereal; canned fruit; yogurt; pancakes, waffles, and lowfat muffins — have between 10 percent and 67 percent of calories from added sugars.

Of the top five common beverages sold a la carte at breakfast, two include varieties with 10 percent or more of calories from added sugars: flavored fat-free milk and bottled water (if a flavored variety).

Flavored fat-free milk was available a la carte at breakfast in 36 percent of schools. Flavored lowfat milk, with 26 percent of calories from added sugars, also exceeds the 10 percent threshold and was available in 10 percent of schools.

Eighty-seven percent of schools offered competitive foods a la carte during the lunch period. Of the 10 food items most commonly served, four came in varieties with more than 10 percent of calories from added sugars: canned fruit; crispy rice cereal bars or treats; lowfat cookies; and lowfat/reduced fat ice cream, frozen yogurt, or sherbet.

DFA Donating Commercial Refrigeration, Milk To Food Pantries

Kansas City, KS—Dairy Farmers of America (DFA), through its DFA Cares Foundation Farmers Feeding Families Fund, is donating commercial refrigeration to community food pantries across its seven regional areas and stocking those refrigerators with milk through the end of the year.

In 2020, DFA began donating refrigerators stocked with milk to community food pantries in its local areas to support Hunger Action Month. With this year's donation, the cooperative has provided access to refrigeration for more than 34 community food pantries and provided more than 270,000 servings of milk through Hunger Action Month efforts.

"Refrigeration is a challenge for so many community food pantries, which means that it's hard for them to keep fresh foods like milk and other dairy products on hand," said Jackie Klippenstein, DFA's senior vice president of government, industry and community relations. "We are so pleased to not only provide nutrient-rich milk and dairy products to our partners in the food bank community, but also to help ensure that they're set up for the future with the infrastructure improvements these cold storage units provide."



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Rudy Nef Of Valley Queen Cheese, Longtime Industry Leader, Dies

Milbank, SD—Rudy Nef, longtime leader of Valley Queen Cheese, passed away peacefully on Sunday, Sept. 18, 2022, at the age of 89.

The son of Swiss immigrants and a Milbank native, Nef started working at Valley Queen Cheese Factory at nine years of age, wrapping butter for 50 cents per hour. He graduated from Milbank High School in 1951, and went on to graduate from Iowa State University with a degree in dairy science in 1955.

After serving in the US Army from 1955-57, Nef returned to Milbank and began his full-time employment at Valley Queen in 1957. In 1970, Nef and Max Gonzenbach took the company's reins from their fathers, the two Alfreds, who founded Valley Queen Cheese Factory in 1929.

Nef retired from Valley Queen in 1998 and continued as a board member until 2019.

Nef loved Valley Queen Cheese and was endlessly fascinated by the increasingly complex operations that occurred there every day. He was very proud of what he, his business partner, Max Gonzenbach, and their fathers helped build. He was excited to see the company's growth of the last several years and

thrilled for the company's bright future.

Nef deeply treasured the friendships he accumulated over 40-plus years of cheese industry involvement.

Many of his closest friends were his cheese industry peers. He understood the value of both competition and cooperation.

During his career, Nef was recognized with several industry awards, including the 2003 National Cheese Institute (NCI) Laureate Award and the 2020 Wisconsin Cheese Makers Association (WCMA) Cheese Industry Champion Award, both of which he shared with his friend and partner, Max Gonzenbach.

Despite these accolades, when asked what his role at Valley Queen was, he humbly replied, "I was basically a cheese maker."

Beyond purely operational items, Nef also strongly advocated for Valley Queen's philanthropic efforts and helped to establish the Valley Queen Charitable Foundation.

Also, in 1996, Nef and Gonzenbach endowed a laboratory for cheese research at South Dakota State University that was named the Alfred Laboratory in honor of their fathers.



Dot Foods Breaks Ground For New Distribution Centers In Tennessee, Ontario

Manchester, TN—Dot Foods, Inc., which bills itself as North America's largest food industry redistributor, recently broke ground on its 13th US distribution center, located in Manchester, TN.

Dot already has a facility in Dyersburg, TN, which was opened in 2015. The new Manchester distribution center will create more than 250 jobs in the first three years of operation.

Dot will invest \$50.5 million into the 177,000-square-foot Manchester facility, which will include offices and dry, refrigerated, and frozen warehouse space and an on-site garage. The L-shaped design of the building gives Dot the ability to easily expand all warehouse and office spaces in future years to meet Dot's growing customer demand in the southeastern US.

"When we are looking at where to locate a new facility, the available talent is among our top considerations," said Dick Tracy, president of Dot Foods. "We are excited about the workforce in Coffee county and the surrounding region and believe we have a lot to offer as an employer."

Longtime Dot employee Anthony Soto will lead the Manchester facility. Soto came to Dot in 2008 as a warehouse specialist at the Burley, ID, distribution center before advancing to manage the warehouse and eventually assume the general manager role at Dot Foods Idaho. He has also helmed Dot's Arizona distribution center.

"I'm most excited about building our team," Soto said. "I love

getting to educate and train, and the founding group of employees at a new Dot location is really special."

Dot Transportation, Inc. (DTI), the company's transportation affiliate, has already begun hiring truck drivers in the region.

Work on the Manchester distribution center will begin immediately, with a goal of having the facility operational in the fall of 2023.

Meanwhile, Dot Foods Canada Inc., a subsidiary of Dot Foods, recently marked the groundbreaking of the company's new distribution center in Ingersoll, Ontario. Dot is making a CAD\$50 million investment with the new 168,875-square-foot facility.

Dot initially established operations in Canada in 2016 with the purchase of Canadian food redistributor Marketwest, and set up distribution centers in Calgary, Alberta, and Brampton, Ontario. When the Ingersoll facility is completed in spring 2023, it will replace operations at the currently leased Brampton location.

Phase one of the Ingersoll distribution center will include offices and dry, refrigerated, and frozen warehouse space. Eventually, Dot will also add on-site garage facilities to support the Dot Transportation Canada fleet.

"Ingersoll is a great location for us because of the workforce available here and the space available to support our future growth," said John Tracy, executive chairman of Dot Foods Canada.

Dot Foods carries 125,000 products from 1,020 food industry manufacturers. Through DTI, the company distributes foodservice, convenience, retail, and vending products to distributors in all 50 states and more than 55 countries.

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DBIA Now Accepting Dairy Business Builder Grant Applications; Deadline Is Nov. 10

Madison—Applications are being accepted now through Nov. 10, 2022, for a new round of Dairy Business Builder grants open to dairy farmers, manufacturers, and processors in 11 midwestern states.

The funding is administered by the Dairy Business Innovation Alliance (DBIA), a partnership between the Wisconsin Cheese Makers Association (WCMA) and the Wisconsin Center for Dairy Research (CDR).

The grant awards aim to support recipients in diversifying on-farm activity, creating value-added products, enhancing dairy by-products, and creating or enhancing dairy export programs.

Thanks to additional federal funding, this Dairy Business Builder cycle marks the first to offer reimbursement grants of up to \$100,000 each, doubling the previous limit of \$50,000 each. Competition is open to small- to medium-sized businesses in Wisconsin, Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Nebraska, Ohio, South Dakota and Kansas.

In May 2022, the DBIA announced that 38 companies and cooperatives had been selected to receive Dairy Business Builder grants totaling \$1.7 million.

“These awards are a great source of support for any midwestern dairy entrepreneur looking to expand and improve their business,” said John Umhoefer, the WCMA’s executive director. “DBIA grant funding has already helped spur growth for dozens of dairy farmers and processors. We look forward to seeing a new round of fresh, innovative proposals this fall.”

“We have increased the size of these Business Builder grants to help dairy businesses and startups invest in significant growth strategies,” said Dr. John Lucey, CDR director.

Application materials, including a free webinar with tips for a strong proposal, are now available online at cdr.wisc.edu/dbia. All applications are due by 5:00 p.m. (Central time) on Nov. 10. Successful applicants will be notified by Dec. 15, 2022.

The DBIA is supported by funding from the US Department of Agriculture and was created in the 2018 farm bill. Since then, the DBIA has administered over \$3.7 million in 81 grants across two programs — the Dairy Business Builder grant program and the Dairy Industry Impact grant program — to dairy farms and dairy businesses. The program also offers technical assistance.

ID Research Center

(Continued from p. 1)

has donated more than \$8.5 million to the project to date.

The Idaho CAFE will be the largest and most advanced research center targeting the dairy and allied industries, according to the U of I. It will support a sustainable dairy production system located in a semi-arid environment. Idaho CAFE will support workforce development, education, and community engagement in the state and region.

The CAFE will have three locations, including a Food Processing Pilot Plant located in Twin Falls, on the College of Southern Idaho (CSI) campus. The Food Processing Pilot Plant will enhance CSI’s existing workforce development and educational programs and serve as the location for food processing and safety research.

The core of CAFE is a 2,000-cow commercial-scale dairy located in

Rupert. The site also consists of 1,200 additional acres for complementary agronomic research, feed production, and nutrient management. This location will allow CAFE to engage stakeholders who want to better understand the interactions between dairy and water and soil health.

An Outlook and Education Center, will be located in Jerome, at the interchange of I-84 and Highway 93, which provides the potential for the center to become a destination location for tourists and the general public while reinforcing the U of I’s land grant mission. The Outreach and Education Center will provide a window into agriculture, food production, water, power and energy.

The CAFE will have five programmatic areas, including food science research. This research in multiple disciplines can contribute to innovations in food safety and quality, according to the U of I, to: improve dairy management

to ensure safe production, transport and handling of milk; identify processing and production innovation to reduce food safety risks; innovate new products with functional food and other healthful attributes; improve engineering in food processing to maximize food quality and safety; reduce the environmental impact of food processing; and train current and future employees for the food processing industry.

Other programmatic areas will include animal-related and environmental research; agronomic research; workforce development; and outreach and education.

“This development of CAFE will yield good returns for students today and well into the future,” said Idaho Gov. Brad Little. “The important research will help the dairy producers, manufacturers, and University of Idaho agricultural students and future veterinarians who will assist with the vast spectrum of research.”

Bel Brands USA, DFA Cut Electricity Use, Increase Milk Output In Milk Cooling Pilot

Chicago—Bel Brands USA and Dairy Farmers of America (DFA) have announced the results of their sustainable milk cooling pilot program, which they launched last year.

Bel Brands and DFA partnered to support the adoption of energy-efficient and cost-effective on-farm milk cooling methods. This included new natural well water and forced air barn cooling systems installed on a DFA-member dairy farm in Iowa that supplies milk to Bel Brands.

Over the 12 months, the use of these cooling methods resulted in a 6 percent reduction in electricity used on the dairy farm, while milk production increased 4 percent, Bel and DFA reported. Also, the addition of new sand bedding on the farm also enabled farmers to spend less time on their tractors, which led to a reduction of greenhouse gas emissions (GHG), as CO₂e were reduced by 58 tons during this period.

The first year of the program showed that the use of energy efficient methods, like natural well water systems and barn cooling methods, are important for reducing GHG on dairy farms while also increasing milk production.

To build on the pilot program’s success, Bel and DFA are extend-

ing their partnership to a new program intended to support the next generation of US dairy farmers. Bel will supply a small DFA-member dairy farm in South Dakota with equipment normally thought only to be useful on a larger dairy farm.

The purpose of this new pilot is to test the viability of the equipment on smaller dairy farms to promote cost-effective and sustainable practices that can be replicated on other US dairy farms in the future.

“At Bel Brands, we have been improving our practices in an effort to be a better steward of the environment and a positive force in the communities we serve,” said Jean Michel Dos Remedios, sourcing and supplier development senior director, Bel Brands USA.

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Internal FDA Review

(Continued from p. 1)

cent of the food supply regulated by the agency, funding limitations have stalled the growth of the foods program, hindering the agency's ability to keep pace with the growing workload, increased complexity of supply chains, and scientific and technological changes in food manufacturing.

The report recommends that FDA evaluate its workforce needs related to infant formula regulation and oversight and utilize the appropriations process to help secure the resources needed.

The critical nature of infant formula as a source of nutrition posed unique challenges to public health, complicating compliance actions compared to typical food compliance actions, the report found. It recommended that FDA review its compliance procedures for critical food products and determine whether there is a need to clarify roles and responsibilities, consider the need for a decision matrix, and consider alternative activities to minimize product availability concerns when the product is a sole source of nutrition.

In the area of FDA needing to optimize its emergency response capabilities, the review found that COVID-19 cases at the manufacturing facility delayed FDA's in-person response to complaints raised regarding Abbot's products manufactured in Sturgis, MI.

FDA lacks authority for remote access to records or other information for many food-related products. The report recommended that the agency continue its evaluation of the additional authorities, tools and resources needed to remotely gather information from firms

during public health emergencies when in-person inspections may not be feasible.

Industry Accountability

The report found that FDA oversight needs to focus on industry accountability. One finding in this area is that the infant formula employs dated technology and recordkeeping practices that can cause delays in collecting critical information needed to perform and define the scope of recalls.

The report recommended that FDA articulate to the infant formula industry what the agency has determined are best practices for product sampling, hygienic design of facilities, environmental monitoring, traceability information, and recordkeeping based on current science and technology. FDA should consider all options for how best to clearly communicate such practices to industry.

Conditions observed at the Abbott Nutrition facility were not consistent with a strong food safety culture. It noted that a strong food safety culture is a prerequisite to effective food safety management.

FDA has initiated action with the New Era of Smarter Food Safety to foster, support, and strengthen food safety cultures in food facilities and in homes. FDA should evaluate this initiative for specific actions to target the infant formula industry, the report said.

FDA and other federal agencies do not have the authority, expertise, or resources to manage supply chain issues and shortages of critical food products.

The report recommended that FDA conduct an analysis of its capabilities related to supply chain management for critical food products. The agency should work with the administration, Congress, and

other federal agencies to establish industry and government roles and responsibilities for managing the supply chain of critical food products and identifying and securing authorities and resources to carry out those responsibilities where appropriate.

FDA needs to work with engaged stakeholders to close scientific gaps and build a more robust regulatory program, according to the review. Among its findings: Cronobacter is not a nationally reportable disease, and scientific gaps in understanding Cronobacter contamination and illness hindered FDA's response throughout the incident.

The review recommends that FDA work with researchers in federal and state government, academia and industry to address gaps in scientific knowledge of Cronobacter. Based on an expanded scientific understanding, the agency should update its policies, processes, and procedures to ensure the agency provides infant formula manufacturers appropriate preventive control measures for Cronobacter.

Also FDA should consider resuming, as well as reordering, unannounced surveillance inspections at domestic infant formula facilities each year and should evaluate factors such as including inspectional history, consumer complaints, and supply chain impacts, the review said.

Also, FDA's infant formula compliance program lacks specificity regarding Cronobacter and is limited by scientific gaps related to this pathogen, the report noted.

The report recommended that FDA review and update its compliance program and associated Compliance Policy Guide for infant formula manufacturers to ensure it reflects current science on Crono-

bacter, provides consistent industry oversight, and provides better tools for investigators and compliance officers.

Finally, FDA needs modern data systems, the review stated. Recommendations in this area include: FDA should review its systems and processes for receiving information from external parties, including but not limited to industry, consumers, other federal agencies, and international regulators.

Also, FDA should identify clear definitions for the terms "whistleblower," "confidential informant," and "informant," and develop policies and provide training to staff regarding how to identify, escalate and appropriately manage confidentiality of such complaints. And FDA should evaluate procedures for shipping and testing samples sent to regulatory laboratories and consider whether changes should be made to analytical capability and capacity, and ways to enable immediate notification and escalation of analytical results for significant public health threats.

"Although the limitations uncovered in our evaluation were magnified by the nature of infant formula as the sole source of nutrition for vulnerable populations the lessons learned can be applied across the entire FDA portfolio," Solomon stated.

Dr. Peter Lurie, president of the Center for Science in the Public Interest (CSPI), said FDA's report "is so thin on details that it's hard to make sense of what actually transpired." For example, the report found that conditions observed at the Abbott facility weren't consistent with a strong food safety culture, but "provides no specifics," even though some descriptions of conditions at the plant have already appeared in media coverage.

Still, even without a clear recitation of the factual underpinnings of the infant formula shortage, the report "suggests that FDA has sincerely sought to learn from these events and identifies a series of practical remedies to avert a recurrence. Many of these recommendations will take years to implement, but this is a solid start," said Lurie, who served as FDA associate commissioner for public health strategy and analysis from 2014-2017.

Primary among these are resources for a dedicated staff at FDA to monitor the supply chain of infant and specialty formulas, and the authority to require manufacturers to notify FDA of circumstances that could lead to a shortage, Lurie said. Congress should take these requests seriously, including by passing an ending bill reauthorizing user fees to the agency, "which could provide FDA with additional tools to identify and address potential formula shortages."

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PMMB Keeps Over-Order Premium At \$1.00 Per Hundred Through December

Harrisburg, PA—The Pennsylvania Milk Marketing Board (PMMB) on Wednesday decided to keep the state's over-order premium at \$1.00 per hundredweight through Dec. 31, 2022.

The over-order premium applies only to Class I that's produced, processed and sold in the state.

At a hearing, witnesses supported keeping the over-order premium at \$1.00 per hundred, including the Pennsylvania Association of Dairy Cooperatives (PADC), Pennsylvania Association of Milk Dealers (PAMD), Pennsylvania State Grange, and Progressive Agriculture Organization.

The Board decided that the over-order premium should be set at \$1.00 per hundred. It's been at that level since Apr. 1, 2019.

While three witnesses opposed the existence of the over-order premium, the Board was more persuaded by the testimony of the PADC, PAMD, Grange, Pennsylvania Department of Agriculture (PDA) and Pennsylvania Farm Bureau (PFB), and others, none of whom testified that the premium should be eliminated immediately.

While PDA did recommend 60 days, Secretary Russell Redding testified that it could take longer than 60 days to develop an alternative to the current over-order premium system. Similarly, PADC recommended continuation of the current over-order premium system for whatever period the Board finds appropriate. Grange and PAMD recommended a six-month term for the over-order premium.

The PMMB decided to set the over-order premium at \$1.00 from Oct. 1 through Dec. 31, to allow time for a bill making its way through the legislature to become law and for the industry to develop an alternative or a supplement.

The PMMB reminded the industry and interested parties that while many may think of the over-order premium as a premium disconnected from the Milk Marketing Law's minimum price-setting requirements, the over-order premium is actually a component of the minimum producer price.

Section 801 of the Milk Marketing Law requires the Board to establish minimum producer prices that allow producers to recover their cost of production plus a reasonable profit, the Board explained. The over-order premium is the method the Board has chosen to attempt to meet Section 801's requirement.

Section 801 of the law also requires that the Board establish minimum wholesale and retail prices for fluid milk.

The over-order premium is applied only to Class I milk because the Board establishes minimum

wholesale and retail prices for Class I milk, but not for milk used in other classes. The over-order premium, being part of the producer price, then is incorporated into the minimum wholesale and retail prices for Class I milk.

When the Board establishes the minimum wholesale price of packaged fluid milk, the first component of that wholesale minimum price is the producer price, which includes the entire over-order premium rate. When the Board establishes the minimum retail price, the first component of that minimum retail price is the minimum wholesale price, which includes the entire over-order premium rate.

Therefore, consumers pay the entire over-order premium rate when they purchase packaged fluid milk, the Board explained.

The over-order premium is not intended to function in any way specific to producers supplying milk to Class I processors, the Board noted. In practice, the over-order premium may function in that manner.

However, the over-order premium is intended as a mechanism to provide all producers a minimum producer price that attempts to meet Section 801's requirement. The Board is aware that Section 801 also provides that if the Board finds the market for Pennsylvania-produced milk is threatened that it may establish producer prices designed to market the milk.

This provision may impact the level of the over-order premium, but it does not change the fact that the over-order premium is a component of minimum producer prices and nothing more nor less, the Board stated.

Despite consumers paying the entire over-order premium rate through minimum retail prices, because Class I utilization is not 100 percent produced, processed, and sold in the state, Pennsylvania producers do not receive the entire over-order premium through the minimum producer price established by the Board. This despite the over-order premium being a component of the Board-mandated minimum producer price.

Different dairy producers receive different rates and some producers receive no over-order premium, the Board noted.

When the over-order premium was first established in 1988, it may have functioned better as a mechanism to provide all producers additional income. However, the dairy industry and the legal environment have changed since the over-order premium was first added to producer prices in 1988, the Board pointed out. Class I utilization has declined, milk imports

and exports have increased, and Commerce Clause jurisprudence has evolved.

The Board believes that the current over-order premium system should be examined and modified, as and if necessary, to ensure all producers receive a minimum producer price that approaches Section 801's requirements.

The Board believes that Pennsylvania House bill 224 would provide tools and a framework to begin developing a method to implement Section 801's minimum producer price requirement in a way that would better align minimum retail prices with the amount received by producers and better ensure that all Pennsylvania producers receive a minimum producer price that complies with Section 801's requirements.

The specific method or methods developed may take any number of forms, but the Board said it first needs the tools and framework House Bill 224 would provide to begin to develop those specifics.

House bill 224 would clarify the Board's roles and responsibilities as it relates to milk premiums, and give the Board the ability, but not the requirement, to coordinate the collection and distribution of milk premiums with the Pennsylvania Department of Revenue, which has an existing infrastructure in place.

Yasso Frozen Greek Yogurt Adds Snack Friendly Poppables

Boulder, CO—Yasso Frozen Greek Yogurt has introduced its first snackable novelty item – frozen Greek yogurt bites, coated in chocolate and sprinkled with quinoa crunch.

On the heels of launching frozen Greek yogurt sandwiches last fall, the brand's newest innovation is available in four flavors: Coffee, Sea Salt Caramel, Vanilla Bean and Mint. Each Poppable contains 60 calories.



Yasso has also refreshed its Mint Chocolate Chip Bar, the company's best-selling product. The improved core flavor now features 25 percent more mint.

Yasso is available at retailers nationwide, the company announced.

Yasso Frozen Greek Yogurt Sandwiches are now available nationally and for purchase online.

For details and questions, visit www.Yasso.com.

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COMING EVENTS

www.cheesereporter.com/events.htm

Cornell Food Defense Course Is Nov. 16; Online FSMA Controls Class Nov. 8-10

Ithaca, NY—Cornell University will offer its Intentional Adulteration Food Defense course Nov. 16 at Stocking Hall on campus.

The course will provide students with the knowledge to implement the requirements of conducting a vulnerability assessment under the Mitigation Strategies to Protect Food Against Intentional Adulteration regulation.

This regulation is one of the regulations and guidance that implement provisions of the Food Safety Modernization Act which focuses on safe food practices.

Completing this course is one way to meet requirements for a “food defense qualified individual,” responsible for conducting a vulnerability assessment.

Lead instructors trained by the FSPCA will provide an overview of food defense measures, cover vulnerability assessment steps, and discuss the consideration of an insider attack. Students will learn

how to evaluate the potential public health impact of adulteration, studying the degree of physical access to the product, and ability of an attacker to successfully contaminate the product.

Tuition is \$725 for in-state registrants and \$880 for out-of-state.

FSMA Preventive Controls For Human Food Course Nov. 8-10

Cornell will also host its Preventive Controls for Human Food FSMA Qualified Individual Training course Nov. 8-10 live via video.

Participants will receive a certificate issued by the Association of Food and Drug Officials certifying their training as a Preventive Controls Qualified Individual.

The course will be led by staff from Cornell Dairy Foods Extension and the Cornell Institute for Food Safety. Instructors will cover topics like food safety plans, GMPs, and biological food safety hazards, along with chemical, physical and

economically-motivated hazards.

Hosted by the California Artisan Cheese Guild, the event will feature leading local cheese artisans, including Beehive Cheese, Bellwether Farms, Cowgirl Creamery, Cypress Grove, Laura Chenel, Marin French Cheese, Nicasio Valley Cheese, Point Reyes Farmstead Cheese, Rumiano Cheese Company, Sierra Nevada Cheese

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PLANNING GUIDE

ADPI Dairy Ingredients Seminar: Sept. 26-28, Hilton Beachfront Resort, Santa Barbara, CA. Check www.adpi.org for updates.

NCCIA Annual Meeting: Oct. 12-13, Embassy Suites Airport, Minneapolis, MN. Visit www.northcentralcheese.org.

Dairy Products Processing & Packaging Innovation Conference: Oct. 12-14, The Cliffs Resort, Shell Beach, CA. Visit www.dairy.calpoly.edu.

Pack Expo International: Oct. 23-26, McCormick Place, Chicago, IL. Visit www.packexpointernational.com for registration.

NMPF, DMI, UDIA Joint Annual Meeting: Oct. 24-26, Aurora, CO. Check www.nmpf.org for updates and registration information.

PLMA 2022 Private Label Trade Show: Nov. 13-15, McCormick Center, Chicago. Check www.plma.com/events for information.

Winter Fancy Food Show: Jan. 15-17, 2023, Las Vegas Convention Center, Las Vegas, NV. Visit www.specialtyfood.com.

Dairy Forum: Jan. 22-25, J.W. Marriott Grande Lakes, Orlando, FL. Visit www.dairyforum.com.

US Championship Cheese Contest: Feb. 21-23, 2023, Green Bay, WI. Details available soon at www.uschampioncheese.org.

CheeseCon 23: April 5-6, Alliant Energy Center, Madison, WI. Visit www.cheesemakers.org until official event website goes live.

ADPI/ABI Joint Annual Conference: April 23-25, Sheraton Grand Chicago. Visit www.adpi.org for future updates.

IDDBA 2023: June 4-6, Anaheim Convention Center, Anaheim, CA. Check www.iddba.org for details in the coming months.

IFT Expo: July 16-19, McCormick Place, Chicago. Visit www.iftevent.org for future updates.

Seventh SF Cheese Fest Returns Oct. 22

Point Richmond, CA—The seventh SF Cheese Festival is set for Oct. 22 here at the Rigger's Loft.

The festival's Cheesemaker Celebration will showcase California artisan cheeses paired with preserves, chocolate and charcuterie as well local beer, cider and wine,



North Central Cheese Industries Association Annual Conference

Supply Chain Challenges and Opportunities in 2022 and Beyond

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- Register
- Presentations & Speakers
- Hotel accommodations

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NCCIA - Administrative Assistant
Email: seschbach.nccia@gmail.com
Phone: 612-968-1619

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Midwest Dairy Research Forum & Pre-Meeting Workshop

Tuesday, October 11, 5:00 pm

- Cheese: What's New: **Maureen Windish**, *Midwest Dairy Association*

Wednesday, October 12, 8:00 am

- Processor Perspective: **Mark Gastineau**, *Valley Queen Dairy* ■ Farmer Perspective: **Tyler Otte**, *Dairy Farmer*
- Foodservice Perspective: **Marc Nosal**, *United Natural Foods (UNFI)* ■ Export Perspective: **Tony Rice**, *USDEC*

NCCIA Annual Conference

Wednesday, October 12, Noon: Lunch and Registration

- Keynote Speaker: **Jack Ampuja**, *Supply Chain Executive/Educator*
- Supply Chain Theory and Impacts of the Current Environment: **Dr. Ekaterina Koromyslova**, *South Dakota State*
- Sustainability and Regulatory Reporting in the Context of ESG: **Adam Cornell**, *Land O' Lakes*
- Export Logistics Issues: **Matt Bloom**, *MainFreight*

Thursday, October 13, 9:00

- Food Safety Aspects of the Supply Chain Challenges: **Jill Stuber**, *Catalyst LLC*
- Building a Plant from the Ground Up: **Josh VanderVelden**, *Proliant Dairy Ingredients*
- Supply Chain Challenges: **Supplier Presentations**
 - Advanced Process Technologies (APT) - **Philip Cunningham** • CFR - **Travis White**
 - KSS/RELCO - **Mark Litchfield** • Loos Machine & Automation - **Eric Mertens**
 - Nelson-Jameson - **Dakonya Freis** • Tetra Pak - **Ryan Dykstra**
- Supply Chain Impacts and Economic Outlook on I-29 Corridor: **Marin Bozic**, *University of Minnesota*



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Federal Order Class 1 Minimum Prices & Other Advanced Prices - October 2022

Class I Base Price (3.5%)	\$22.71 (cwt)
Base Skim Milk Price for Class I	\$10.60 (cwt)
Advanced Class III Skim Milk Pricing Factor	\$7.04 (cwt)
Advanced Class IV Skim Milk Pricing Factor	\$12.67(cwt)
Advanced Butterfat Pricing Factor	\$3.5671 (lb.)
Class II Skim Milk Price	\$13.37 (cwt)
Class II Nonfat Solids Price	\$1.4856 (lb.)
Two-week Product Price Averages:	
Butter	\$3.1171 lb.
Nonfat Dry Milk	\$1.5895 lb.
Cheese	\$1.8940 lb.
Cheese, US 40-pound blocks	\$1.8308 lb.
Cheese, US 500-pound barrels	\$1.9241 lb.
Dry Whey	\$0.4892 lb.

Dairy Product Stocks in Cold Storage

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

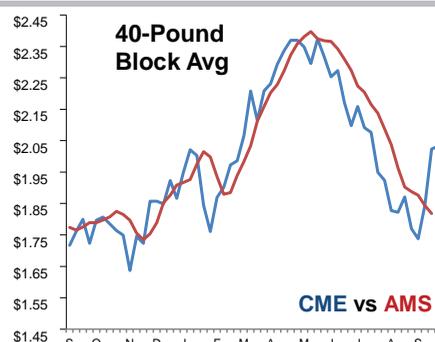
	Stocks in All Warehouses			July 31, 2022 as a % of		Public Warehouse Stocks
	Aug 31 2021	July 31 2022	Aug 31 2022	Aug 31 2021	July 31 2022	
Butter	362,708	315,100	282,598	78	90	269,901
Cheese						
American	827,067	860,017	842,364	102	98	
Swiss	22,475	22,506	21,140	94	94	
Other	583,310	639,377	620,308	106	97	
Total	1,432,852	1,521,900	1,483,812	104	97	1,180,127

AVG MONTHLY LACTOSE MOSTLY PRICES: USDA

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
'15	.3210	.2870	.2472	.2370	.2354	.2170	.1995	.1912	.1893	.1850	.1851	.1914
'16	.2061	.2166	.2280	.2408	.2551	.2616	.2769	.2948	.3208	.3416	.3525	.3633
'17	.3718	.3750	.3826	.4038	.4100	.3998	.3745	.3435	.2958	.2633	.2417	.2208
'18	.2146	.2159	.2200	.2333	.2573	.2796	.3099	.3254	.3363	.3475	.3510	.3580
'19	.3700	.3639	.3650	.3525	.3339	.3150	.3085	.2973	.2919	.2809	.2884	.2900
'20	.2979	.3043	.3107	.3467	.4018	.4618	.5170	.5136	.5056	.5002	.4751	.4333
'21	.4089	.4145	.4309	.4495	.4500	.4518	.45584	.4534	.4414	.4245	.4129	.4050
'22	.4050	.4050	.4111	.4317	.4363	.4435	.4550	.4550				

DAIRY PRODUCT SALES

September 20, 2022—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.



Week Ending	Sept. 17	Sept. 10	Sept. 3	Aug. 27
40-Pound Block Cheddar Cheese Prices and Sales				
Weighted Price	Dollars/Pound			
US	1.8181	1.8436*	1.8760	1.8880
Sales Volume	Pounds			
US	12,305,320	12,200,613	11,042,739	10,480,174
500-Pound Barrel Cheddar Cheese Prices, Sales & Moisture Contest				
Weighted Price	Dollars/Pound			
US	2.0325	2.0142	2.0322	2.0488
Adjusted to 38% Moisture	Pounds			
US	1.9319	1.9162	1.9360	1.9478
Sales Volume	Pounds			
US	12,907,424	12,845,300	11,930,678	12,164,933
Weighted Moisture Content	Percent			
US	34.77	34.83	34.92	34.79
AA Butter				
Weighted Price	Dollars/Pound			
US	3.1415	3.0864*	3.0304	2.9705
Sales Volume	Pounds			
US	3,968,404	3,145,381*	3,720,638	4,112,193
Extra Grade Dry Whey Prices				
Weighted Price	Dollars/Pound			
US	0.4890	0.4895	0.4958	0.4897
Sales Volume	Pounds			
US	5,185,822	3,902,364	2,772,893	4,058,453
Extra Grade or USPHS Grade A Nonfat Dry Milk				
Average Price	Dollars/Pound			
US	1.5887	1.5908*	1.5935	1.5898
Sales Volume	Pounds			
US	23,680,504	14,253,748*	25,523,800	27,341,506

DAIRY FUTURES PRICES

SETTLING PRICE

*Cash Settled

Date	Month	Class III	Class IV	Dry Whey	NDM	Block Cheese	Cheese*	Butter*
9-16	Sept 22	19.88	24.75	49.075	158.275	1.919	1.9540	310.325
9-19	Sept 22	19.90	24.75	49.075	158.300	1.916	1.9580	311.475
9-20	Sept 22	19.89	24.75	49.075	158.325	1.916	1.9570	308.000
9-21	Sept 22	19.88	24.70	49.075	158.325	1.916	1.9590	309.250
9-22	Sept. 22	19.87	24.65	48.950	158.450	1.916	1.9530	309.800
9-16	Oct 22	21.45	24.58	50.000	158.550	2.047	2.1240	310.000
9-19	Oct 22	21.54	24.63	48.500	158.025	2.064	2.1300	309.200
9-20	Oct 22	21.94	24.44	48.500	157.000	2.090	2.1750	303.500
9-21	Oct 22	21.70	24.24	48.500	159.000	2.070	2.1510	302.575
9-22	Oct 22	21.46	24.27	47.500	157.925	2.070	2.1380	305.000
9-16	Nov 22	21.42	23.90	50.500	159.500	2.086	2.1250	291.975
9-19	Nov 22	21.43	23.98	50.250	159.000	2.086	2.1240	292.975
9-20	Nov 22	21.79	23.84	50.250	157.650	2.100	2.1590	286.750
9-21	Nov 22	21.43	23.63	50.000	156.525	2.100	2.1240	287.425
9-22	Nov 22	21.27	23.57	48.500	157.750	2.100	2.1200	289.000
9-16	Dec 22	21.50	23.05	51.000	159.272	2.120	2.1350	274.000
9-19	Dec 22	21.46	22.83	50.000	159.300	2.120	2.1350	274.000
9-20	Dec 22	21.76	22.95	50.000	157.950	2.105	2.1590	271.750
9-21	Dec 22	21.40	22.71	48.575	157.975	2.105	2.1220	271.000
9-22	Dec 22	21.18	22.83	48.500	157.850	2.105	2.1200	272.000
9-16	Jan 23	21.09	22.35	50.000	160.000	2.099	2.0930	260.000
9-19	Jan 23	21.12	22.35	50.000	160.775	2.099	2.0930	260.000
9-19	Jan 23	21.21	22.35	50.000	159.150	2.090	2.1110	262.000
9-21	Jan 23	20.97	22.35	49.875	159.150	2.090	2.0970	260.000
9-22	Jan 23	20.97	22.35	48.875	159.000	2.090	2.0970	260.000
9-16	Feb 23	20.95	22.15	50.000	160.000	2.102	2.0850	255.975
9-19	Feb 23	20.95	22.00	50.000	161.000	2.102	2.0850	250.500
9-20	Feb 23	20.97	21.92	50.000	159.650	2.100	2.0850	251.000
9-21	Feb 23	20.91	21.92	50.000	159.650	2.090	2.0850	252.000
9-22	Feb 23	20.91	21.95	49.975	158.500	2.090	2.0850	252.500
9-16	Mar 23	20.85	22.38	52.000	160.000	2.114	2.0880	251.750
9-19	Mar 23	20.90	22.29	52.000	161.000	2.114	2.0950	251.500
9-20	Mar 23	20.90	22.29	52.000	160.500	2.100	2.0910	248.275
9-21	Mar 23	20.77	22.02	52.000	160.500	2.100	2.0900	252.000
9-22	Mar 23	20.77	21.97	51.250	157.550	2.100	2.0830	250.500
9-16	Apr 23	20.85	22.00	48.000	160.950	2.105	2.1000	249.000
9-19	Apr 23	20.85	21.88	48.000	160.950	2.105	2.0940	249.000
9-20	Apr 23	20.85	21.77	48.000	160.000	2.100	2.0940	249.000
9-21	Apr 23	20.66	21.75	48.000	160.000	2.100	2.0800	249.000
9-22	Apr 23	20.65	21.70	48.000	159.000	2.100	2.0800	249.000
9-16	May 23	20.76	21.95	47.000	161.500	2.107	2.0570	246.500
9-19	May 23	20.76	21.74	47.000	161.500	2.110	2.0970	246.500
9-20	May 23	20.76	21.64	47.000	160.500	2.100	2.0820	246.500
9-21	May 23	20.62	21.57	47.000	159.150	2.100	2.0800	246.500
9-22	May 23	20.62	21.57	47.000	159.150	2.100	2.0800	246.500
9-16	June 23	20.68	21.50	47.000	161.500	2.107	2.0560	246.025
9-19	June 23	20.68	21.43	47.000	161.500	2.112	2.1040	246.025
9-20	June 22	20.75	21.45	47.000	161.500	2.112	2.0940	244.000
9-21	June 23	20.73	21.49	47.000	159.975	2.112	2.0940	244.000
9-22	June 23	20.68	21.50	47.000	159.975	2.112	2.0940	244.000
9-16	July 23	20.55	21.42	46.000	160.350	2.148	2.1000	242.525
9-19	July 23	20.55	21.42	46.000	160.350	2.050	2.1120	243.975
9-20	July 23	20.62	21.42	46.000	158.500	2.058	2.1120	243.975
9-21	July 23	20.62	21.42	46.000	158.000	2.058	2.1120	243.975
9-22	July 23	20.62	21.42	46.000	158.000	2.058	2.1090	243.975
Sept. 22		28,619	13,785	3,058	8,400	723	18,675	9,602

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DAIRY PRODUCT MARKETS

AS REPORTED BY THE US DEPARTMENT OF AGRICULTURE

WHOLESALE CHEESE MARKETS

NATIONAL - SEPT. 16: In the Northeast, cheese inventories are available but contacts report inventories are tightening in the Midwest and West. Some barrel producers are concerned with current production capacity and question if it will meet holiday demand. Pizza makers are purchasing more Mozzarella in the Northeast and West. Foodservice demand is mixed in the Northeast. Export demand is strong. Contacts in the West say domestically produced loads of cheese are priced competitively to other countries, contributing to increased international demand.

NORTHEAST -SEPT. 21: Cheese makers say milk volumes are tightening in the Northeast, though processors continue to run steady production schedules. Supply chain delays and staffing shortages are inhibiting some plant managers' ability to run full production schedules. Stakeholders say export demand for cheese is strong and is supporting domestic pricing. Meanwhile, foodservice and retail demand are steady to lower, and some stakeholders say sales are below previously forecasted levels. Contacts cite inflationary pressures as contributing to changes in some retail consumer purchasing habits. Meanwhile, some restaurateurs in the region are shortening their operating hours and limiting their menu offerings. Spot purchasers say cheese inventories are available.

Wholesale prices, delivered, dollars per/lb:

Cheddar 40-lb block: \$2.4875 - \$2.7750 Process 5-lb sliced: \$2.1475 - \$2.6275
Muenster: \$2.4750 - \$2.8250 Swiss Cuts 10-14 lbs: \$4.1900 - \$6.5125

MIDWEST AREA - SEPT. 21: Milk availability has slimmed down for upper Midwestern cheese makers. As Class I pulls down overall milk availability, cheese production has picked up in light of stronger market prices. Spot milk offers have become rare, as some are selling off their own loads at Class to just over Class III. With the rise in recent demand, cheese producers say they are cutting back on orders, simply to keep up. Barrel producers say Q4 holiday demand, particularly as supplies are not long, is likely to keep markets firm.

Wholesale prices delivered, dollars per/lb:

Blue 5# Loaf: \$2.5300 - \$3.7400 Mozzarella 5-6#: \$2.0600 - \$3.1475
Brick 5# Loaf: \$2.2600 - \$2.8275 Muenster 5#: \$2.2600 - \$2.8275
Cheddar 40# Block: \$1.9825 - \$2.5250 Process 5# Loaf: \$2.0250 - \$2.4925
Monterey Jack 10#: \$2.2350 - \$2.5825 Swiss 6-9# Cuts: \$3.7050 - \$3.8075

WEST - SEPT. 21: Retail demand is declining in the West, as higher grocery store prices are causing some customers to change their purchasing habits. Demand for cheese is steady from foodservice customers, although Mozzarella makers continue to note strong purchasing from pizza makers. Internationally-produced loads of cheese are being sold at a premium compared to loads produced in the US, contributing to increased interest from export purchasers. Spot purchasers say demand for barrels are outpacing supplies, contributing to tighter spot availability. Meanwhile, spot inventories of cheese blocks are available for purchasing. Milk volumes are tightening, but cheese makers say supplies are sufficient to run steady production schedules.

Wholesale prices delivered, dollars per/lb: Monterey Jack 10#: \$2.3500 - \$2.6250
Cheddar 10# Cuts: \$2.3625 - \$2.5625 Process 5# Loaf: \$2.1500 - \$2.3050
Cheddar 40# Block: \$2.1150 - \$2.6050 Swiss 6-9# Cuts: \$2.9975 - \$4.4275

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

Variety	Date:	9/21	9/14	Variety	Date:	9/21	9/14
Cheddar Curd		\$2.48	\$2.53	Mild Cheddar		\$2.48	\$2.53
Young Gouda		\$2.31	\$2.34	Mozzarella		\$2.23	\$2.27

FOREIGN -TYPE CHEESE - SEPT. 21: Retail demand for European type cheeses is solid. Industry sources suggest that requests have picked up speed since summer holidays have ended and Q4 holidays are drawing nearer. That said, consumers have become more price sensitive as well. Foodservice demand and food manufacturing demand are mixed. Uncertainty with labor and energy availability, coupled with inflation, has subdued some buyer activity. Cheese production is active but also stymied by high energy costs, tight supplies of farm milk, and labor shortages. Inventories are shrinking as demand outpaces production. Some manufacturers are shorting shipments to stretch the available cheese supplies. Industry sources expect tight cheese stocks to be the norm through the Q4 holidays.

Selling prices, delivered, dollars per/lb:

	Imported	Domestic
Blue:	\$2.6400 - 5.2300	\$2.3450 - 3.8325
Gorgonzola:	\$3.6900 - 5.7400	\$2.8525 - 3.5700
Parmesan (Italy):	0	\$3.7325 - 5.8225
Romano (Cows Milk):	0	\$3.5350 - 5.6900
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	\$4.2250 - 4.5500
Swiss Cuts Finnish:	\$2.6700- 2.9300	0

NDM PRODUCTS - SEPTEMBER 22

NDM - CENTRAL: Low/medium heat NDM prices moved higher in most facets this week. Contacts say Mexican demand has started to contribute to a more balanced, but not tight, overall availability. Condensed skim availability has begun to tighten up some as well. Contacts suggest processing remains below 100 percent, but drying skim milk continues to be the lion's share of manufacturing. High heat NDM prices also moved higher on limited availability and limited reported trades outside of contracts. Market tones are slowly and steadily firming.

NDM - WEST: Demand for low/medium heat NDM is steady in domestic markets. International demand is trending higher, as contacts report increased purchasing from exporters in Mexico. Low/medium heat

NDM is available for spot purchasing. Plant managers say labor shortages and delayed deliveries of production supplies are causing reduced schedules. Overall, production of low/medium heat NDM is steady. Contacts report declining milk output in the region is allowing them to increase their high heat NDM production. Inventories of high heat NDM are tight, as demand is trending higher.

NDM - EAST: Eastern low/medium heat NDM market prices are moving higher, despite slower trading activity in the region. Despite price growth, markets are expected to be somewhat slow moving into Q4 as neither buyers nor sellers want to be holding extra stores moving into the final months of the calendar year. Processing has been sporadic within the East, as has demand.

NATIONAL - CONVENTIONAL DAIRY PRODUCTS

Total conventional dairy ads decreased by 9 percent, and organic dairy ads decreased by 41 percent. Conventional ice cream in 48- to 64-ounce containers was the most advertised dairy item with an average price of \$3.31, up 16 cents. Retailers cut ads for conventional 1-pound butter by 56 percent. The average price for conventional 1-pound butter is \$4.36.

There were no ads for organic cheese. Conventional 8-ounce shred cheese was the most advertised cheese item, followed closely by 8-ounce blocks. Cheese in 8-ounce shred packages has an average price that slid 14 cents lower to \$2.44. Cheese in 8-ounce block packages has an average price of \$2.43, down 6 cents. Conventional cheese ads decreased by 6 percent in this week's survey.

Ads fell for both conventional and organic milk items, moving 74 percent and 27 percent lower, respectively. Organic milk in half-gallon containers was the most advertised milk item. Conventional milk in half-gallon containers average \$1.83. Organic half-gallon milk averages \$3.96. This results in an organic premium of \$2.13.

RETAIL PRICES - CONVENTIONAL DAIRY - SEPTEMBER 23

Commodity	US	NE	SE	MID	SC	SW	NW
Butter 1#	4.36	4.48	4.43	4.25	4.49	4.48	3.88
Cheese 8 oz block	2.43	2.79	2.49	2.27	2.21	2.18	1.94
Cheese 1# block	4.32	4.91	4.29	3.41	NA	3.98	NA
Cheese 2# block	6.43	4.99	NA	8.44	6.49	7.65	4.77
Cheese 8 oz shred	2.44	2.80	2.50	2.27	2.06	2.17	2.12
Cheese 1# shred	4.34	4.67	4.29	4.24	NA	3.98	3.98
Cottage Cheese	2.49	3.30	2.50	1.89	2.50	1.98	2.98
Cream Cheese	2.20	2.38	2.61	2.11	1.52	2.02	1.68
Flavored Milk ½ gallon	1.97	1.92	2.50	2.99	NA	1.63	1.76
Flavored Milk gallon	3.01	3.08	NA	NA	NA	2.72	2.87
Ice Cream 48-64 oz	3.31	3.74	3.20	3.38	3.09	3.07	3.31
Milk ½ gallon	1.83	1.76	NA	2.50	1.36	1.63	2.15
Milk gallon	3.01	3.08	NA	NA	2.50	3.06	2.87
Sour Cream 16 oz	2.28	2.21	2.42	2.19	2.32	1.96	1.86
Yogurt (Greek) 4-6 oz	.99	1.01	.99	.93	.99	1.01	.86
Yogurt (Greek) 32 oz	4.14	3.54	4.76	3.66	NA	4.04	3.34
Yogurt 4-6 oz	.57	.64	.54	.56	.55	.55	.58
Yogurt 32 oz	2.69	2.46	NA	3.99	2.50	2.67	2.49

US: National **Northeast (NE):** CT, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VT; **Southeast (SE):** AL, FL, GA, MD, NC, SC, TN, VA, WV; **Midwest (MID):** IA, IL, IN, KY, MI, MN, ND, NE, OH, SD, WI; **South Central (SC):** AK, CO, KS, LA, MO, NM, OK, TX; **Southwest (SW):** AZ, CA, NV, UT; **Northwest (NW):** ID, MT, OR, WA, WY

ORGANIC DAIRY - RETAIL OVERVIEW

National Weighted Retail Avg Price:		
Butter 1 lb:	\$6.01	Greek Yogurt 4-6 oz: NA
Ice Cream 48-64 oz:	\$5.99	Greek Yogurt 32 oz: \$6.39
Cheese 8 oz block:	NA	UHT Milk 8 oz: NA
Cottage Cheese 16 oz:	NA	Milk ½ gallon: \$3.96
Yogurt 4-6 oz:	\$0.89	Milk gallon: \$6.88
Yogurt 32 oz:	\$4.70	Sour Cream 16 oz: NA
		Cream Cheese 8 oz: NA

WHOLESALE BUTTER MARKETS - SEPTEMBER 21

NATIONAL: In the Northeast and West, cream demand is strong and spot availability is limited, contributing to reduced butter production. In the Midwest, cream volumes are tightening, and higher multiples are preventing some butter makers from purchasing additional loads. Midwestern butter makers are focusing their time on micro-fixing. Spot butter inventories are tight, and contacts in the Northeast and Central regions are concerned about butter availability. Demand for butter is strengthening in western retail markets as some grocers are increasing their orders ahead of the baking season. Some purchasers are concerned record high butter prices will cause retail demand to soften.

CENTRAL: Seven years ago, the CME butter daily cash price hit a record of \$3.1350. As of Wednesday, the September 2022 daily average price is above \$3.15. Butter producers say cream is unavailable on the spot market, or nearly unattainable. They are selling off cream at multiples in the 1.30s. Churning is lighter, as micro-fixing continues to trend higher week after week. Butter demand in the Upper Midwest is outpacing supplies. As long as cream availability remains snug at the onset of strengthened fall demand, butter markets are expected to remain in rarefied air.

WEST: Demand for cream is mixed. Contacts note that interest from ice cream makers is declining, though strong demand is present from butter makers. This, combined with declining milk production are contributing to tight cream volumes. Some regional butter makers say cream loads are difficult to obtain and are causing them to run reduced production schedules. Retail and foodservice demands for butter are steady. Stakeholders say some purchasers are wary of current prices and are limiting their orders of loads to meet their near-term needs. Demand for loads of butter from bulk purchasers is strong. Spot butter inventories are tight; purchasers say loads of unsalted butter remain more difficult to obtain than salted.

NORTHEAST: As Eastern cream multiples remain strong, butter manufacturers are steering cream away from the churns and into other uses. Butter production is throttled back, even as seasonal Q4 holiday retail butter demand is picking up. In some cases, butter producers are regulating available supplies across existing orders. Industry sources suggest buyers may not have all their butter needs met, but higher market prices are keeping some shoppers from making any additional purchases.

WEEKLY COLD STORAGE HOLDINGS

SELECTED STORAGE CENTERS IN 1,000 POUNDS - INCLUDING GOVERNMENT

DATE	BUTTER	CHEESE
09/19/22	44,997	75,029
09/01/22	51,556	78,110
Change	-6,559	-3,081
Percent Change	-13	-4

CME CASH PRICES - SEPTEMBER 19 - 23, 2022

Visit www.cheesereporter.com for daily prices

	500-LB CHEDDAR	40-LB CHEDDAR	AA BUTTER	GRADE A NFDM	DRY WHEY
MONDAY September 19	\$2.1025 (+1¼)	\$2.0525 (-¾)	\$3.1525 (+2)	\$1.5600 (-1)	\$0.4550 (-½)
TUESDAY September 20	\$2.1700 (+6¾)	\$2.0525 (NC)	\$3.1500 (-¼)	\$1.5600 (NC)	\$0.4550 (NC)
WEDNESDAY September 21	\$2.1750 (+½)	\$2.0325 (-2)	\$3.1075 (-4¼)	\$1.5600 (NC)	\$0.4500 (-½)
THURSDAY September 22	\$2.1900 (+1½)	\$2.0000 (-3¼)	\$3.1300 (+2¼)	\$1.5600 (NC)	\$0.4400 (-1)
FRIDAY September 23	\$2.1850 (-½)	\$1.9600 (-4)	\$3.1325 (+¼)	\$1.5800 (+2)	\$0.4500 (+1)
Week's AVG \$ Change	\$2.1645 (+0.1135)	\$2.0195 (-0.0070)	\$3.1345 (-0.0500)	\$1.5640 (-0.0085)	\$0.4500 (-0.0260)
Last Week's AVG	\$2.0510	\$2.0265	\$3.1845	\$1.5725	\$0.4760
2021 AVG Same Week	\$1.5960	\$1.7230	\$1.7450	\$1.3580	\$0.5585

MARKET OPINION - CHEESE REPORTER

Cheese Comment: One car of blocks was sold Monday at \$2.0625; an uncovered offer of 1 car at \$2.0525 then set the price. On Tuesday, 2 cars of blocks were sold at \$2.0525, which left the price unchanged. One car of blocks was sold Wednesday at \$2.0325, which lowered the price. Seven cars of blocks were sold Thursday, the last at \$2.0000, which set the price. On Friday, 1 car of blocks was sold at \$1.9600, which reduced the price. The barrel price increased Monday on a sale at \$2.1025, jumped Tuesday on a sale at \$2.1700, increased Wednesday on a sale at \$2.1750, rose Thursday on a sale at \$2.1900, then fell Friday on a sale at \$2.1850.

Butter Comment: The price rose Monday on an uncovered offer at \$3.1525 (following sales of 9 cars above that price), declined Tuesday on a sale at \$3.1500, dropped Wednesday on an uncovered offer at \$3.1075, increased Thursday on a sale at \$3.1300, and rose Friday on a sale at \$3.1325.

Nonfat Dry Milk Comment: The price fell Monday on an uncovered offer at \$1.5600, then increased Friday on a sale at \$1.5800.

Dry Whey Comment: The price declined Monday on a sale at 45.50 cents, fell Wednesday on a sale at 45.0 cents, declined Thursday on a sale at 44.0 cents, then rose Friday on a sale at 45.0 cents.

WHEY MARKETS - SEPTEMBER 19 - 23, 2022

RELEASE DATE - SEPTEMBER 22, 2022

Animal Feed Whey—Central: Milk Replacer: .3500 (NC) – .3900 (NC)
Buttermilk Powder:
Central & East: 1.8750 (NC) – 1.9300 (NC) West: 1.6500 (-3) – 1.9200 (NC)
Mostly: 1.7800 (NC) – 1.8500 (-1)
Casein: Rennet: 5.8000 (+10) – 6.5200 (NC) Acid: 6.7000 (NC) – 7.2000 (NC)
Dry Whey—Central (Edible):
Nonhygroscopic: .4100 (NC) – .4800 (NC) Mostly: .4300 (-2) – .4600 (-1)
Dry Whey—West (Edible):
Nonhygroscopic: .4250 (+2½) – .5900 (+2¾) Mostly: .5250 (+2½) – .5600 (NC)
Dry Whey—NorthEast: .4350 (NC) – .5750 (+½)
Lactose—Central and West:
Edible: .3800 (NC) – .5800 (NC) Mostly: .4150 (NC) – .5000 (NC)
Nonfat Dry Milk —Central & East:
Low/Medium Heat: 1.5200 (+2) – 1.6200 (+1) Mostly: 1.5600 (NC) – 1.6000 (+2)
High Heat: 1.6200 (+1) – 1.7900 (+4)
Nonfat Dry Milk —Western:
Low/Medium Heat: 1.5225 (+2) – 1.6525 (+¾) Mostly: 1.5600 (+3) – 1.6300 (+3)
High Heat: 1.6625 (+2) – 1.7900 (NC)
Whey Protein Concentrate—34% Protein:
Central & West: 1.5000 (+20) – 1.9850 (NC) Mostly: 1.7400 (NC) – 1.8700 (NC)
Whole Milk—National: 2.2600 (+12) – 2.5200 (+2)

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				

Global Dairy Trade Price Index Climbs 2.0%; Majority Of Product Prices Rise

Auckland, New Zealand—The price index on this week's semi-monthly Global Dairy Trade (GDT) dairy commodity auction increased 2.0 percent from the previous auction, held two weeks ago.

Results from this week's GDT auction, with comparisons to the auction held two weeks ago, were:

Cheddar cheese: The average winning price was \$5,147 per ton (\$2.33 per pound), up 2.1 percent.

Average winning prices were: Contract 1 (October), \$5,141 per ton, down 6.6 percent; Contract 2 (November), \$5,117 per ton, up 2.4 percent; Contract 3 (December), \$5,150 per ton, up 4.2 percent; Contract 4 (January 2023), \$5,162 per ton, up 4.1 percent; Contract 5 (February), \$5,163 per ton, up 0.4 percent; and Contract 6 (March), \$5,171 per ton, up 1.5 percent.

Skim milk powder: The average winning price was \$3,547 per ton (\$1.61 per pound), down 0.7 percent. Average winning prices were: Contract 1, \$3,573 per ton, up 0.2 percent; Contract 2, \$3,553 per ton, unchanged; Contract 3, \$3,541 per ton, down 0.3 percent; Contract 4, \$3,516 per ton, down 2.2 percent; and Contract 5, \$3,552 per ton, down 2.7 percent.

Whole milk powder: The average winning price was \$3,733 per ton (\$1.69 per pound), up 3.7 percent. Average winning prices were: Contract 1, \$3,703 per ton, up 4.5 percent; Contract 2, \$3,716 per ton, up 3.8 percent; Contract 3, \$3,723 per ton, up 3.1 percent; Contract 4, \$3,798 per ton, up 4.0 percent; and Contract 5, \$3,825 per ton, up 2.8 percent.

Butter: The average winning price was \$5,356 per ton (\$2.43 per pound), down 0.2 percent. Average winning prices were: Contract 1, \$5,345 per ton, down 3.6 percent; Contract 2, \$5,345 per ton, down 0.7 percent; Contract 3, \$5,355 per ton, up 0.9 percent; Contract 4, \$5,355 per ton, up 0.4 percent; Contract 5, \$5,375 per ton, up 0.9 percent; and Contract 6, \$5,395 per ton, up 0.9 percent.

Anhydrous milkfat: The average winning price was \$5,901 per ton (\$2.68 per pound), up 4.0 percent. Average winning prices were: Contract 1, \$6,136 per ton, up 4.4 percent; Contract 2, \$5,978 per ton, up 4.0 percent; Contract 3, \$5,951 per ton, up 3.6 percent; Contract 4, \$5,831 per ton, up 5.2 percent; Contract 5, \$5,750 per ton, up 2.9 percent; and Contract 6, \$5,754 per ton, up 2.8 percent.



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tight tolerances throughout runs. Powerful processing with the large Affinity equipped with a 25 HP (18 kW) motor plus a 5 HP (3.7 kW) crosscut motor and the Integra-D with a 10 HP (7.5 kW) motor. Both provide a full gamut of 3-D dices, crumbles, and strips. Explore these and other cheese cutting options at urschel.com.





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