

# CHEESE MARKET NEWS<sup>®</sup>

The Weekly Newspaper Of The Nation's Cheese And Dairy/Deli Business

## INSIDE

◆ **Guest column: 'Class III, IV milk price spreads helpful tool in dairy forecasting.'**  
For details, see page 4.

◆ **U.S. Senate announces progress on FTA talks.**  
For details, see page 5.

◆ **Updated research shows U.S. 'on right track' to international growth.**  
For details, see page 24.

◆ **Total cheese production up 1.3 percent in June.**  
For details, see page 27.

## July heat wave causes strain on production in some regions

By Alyssa Sowerwine

**MADISON, Wis.** — The heat wave that settled over much of the United States in July began to temper in the Upper Midwest and Northeast dairy-producing areas this week, but some cheesemakers have struggled to keep their vats full in recent weeks due to heat stress on dairy cows that has impacted milk production and availability.

According to USDA's Dairy Market News, high tempera-

tures have stressed cows, and production declines of 10 percent or more are common in some parts of the country.

"Heat across the North Central and Eastern regions was detrimental to production," Dairy Market News says. "Some cheesemakers started to delay orders due to the milk supply and lower cheese yields/milk components also caused by the weather."

Robin Schmahl, a commodity broker and owner of AgDairy LLC, a full-service commodity brokerage firm in Elkhart Lake, Wis., notes that there have been numerous reports of cow deaths due to the intense heat and humidity.

"The heat spell was long enough in duration to make it difficult for cows to regain their production capability once the weather tempered," he says.

However, despite tighter dairy product production now, milk production could jump over time once weather becomes more conducive to cow comfort and the large inventory of heifers is absorbed into the dairy herd, Schmahl adds.

"Many farmers have indicated to us there are increasing cow numbers," he says.

USDA notes the cheese

market is steady to firm, and prices on the Chicago Mercantile Exchange (CME) Group cash cheese market have seen little change.

This is likely due to the fact that much of the concern over the heat wave already is reflected in price, says Mike North, senior risk management advisor with First Capitol Ag, Platteville, Wis.

"The market is seldom behind the curve on measuring the outcome of events such as this," he says. "When multiple forecast models came into agreement regarding the July heat wave, the cheese complex as well as milk futures were very quick to respond. We witnessed the sell-off that began in early July recover all of its losses and move to new highs when this took place. As we wait for data concerning the impact of the heat, prices will likely remain high in the short term."

Dave Kurzawski, a senior broker with INTL/FCStone, Chicago, also says weather already has been factored into CME prices.

"The upper Midwest heat has impacted barrel production, and it appears that the barrel market may have more to do with block strength than

tightness of block cheese," he says. "Still, milk has flowed into butter/powder or other cheese production more aggressively over the past three-six months than it has flowed to the commodity Cheddar block and barrel production that can be traded at the exchange."

CME Cheddar barrels settled at \$2.13 per pound July 27 and have remained there throughout this week as of Thursday, while Cheddar blocks, at \$2.1550 per pound July 22-29, have seen only slight decreases this week, settling at \$2.1325 as of Thursday. (*For today's market prices, see chart on page 2.*)

Dairy Market News notes that cheese supplies could tighten further in coming weeks due to the reopening of schools and the expected increase in milk needs by bottlers.

"Any further competition for available milk supplies will put stress on cheese vat outputs," North says. "Cheesemakers will be forced to pay greater premiums for available milk in order to keep vats at capacity."

North notes that despite competition for milk availability,

Turn to HEAT, page 25 ⇨

## Agri-Mark settles complaint over use of 'rbST-free' claim

**MONTPELIER, Vt.** — Agri-Mark, parent company of Cabot Creamery, a Northeast farm family-owned cooperative, has agreed to settle claims by Vermont Attorney General William H. Sorrell that the company misrepresented the "rbST-free" nature of the milk used to make some Cabot products.

Under the settlement, Agri-Mark, Methuen, Mass., will pay \$65,000 to the state of Vermont, donate \$75,000 worth of dairy products to local food banks and will take steps to prevent misrepresentations in the future and accurately inform the public as to the recombinant somatotropin (rbST) status of its products, Sorrell says.

In regards to the settlement agreement, Sorrell says that consumers "need to be able to trust public statements and labeling claims about the food they buy, especially when it comes to attributes they care about, such as the use of hormones to produce the milk from which dairy products are made."

Agri-Mark produces and markets a variety of value-added dairy products including cheeses, dairy spreads, butter and whipped cream, many under the Cabot brand.

According to Sorrell, while some of these items are made from milk that is certified by farmers as rbST-free, others are made from milk that is not certified as such.

The Vermont state complaint notes that during the years 2009 and 2010, Agri-Mark staff stated in e-mails to members of the public and on the company's Facebook page that "No milk containing antibiotics or rbST is ever allowed for processing."

The complaint states that company personnel also stated in e-mails to members of the public that the "milk delivered to our two plants in Vermont and our plant in Massachusetts for Cabot cheese is rbST-free ... These are the only plants that Cabot has for processing milk to produce our cheeses"; that "all Cabot butter salted and unsalted is produced from milk that is rbST-free"; and that members of the public eventually would see a no-artificial-growth hormone icon on "all Cabot packaging," according to Sorrell.

In addition, Sorrell says that in 2009, letters were released from Agri-Mark's president and general manager that said that the company's board of directors had voted to no longer accept milk from cows treated with

Turn to SETTLE, page 25 ⇨

## Kraft plans to create two independent companies

**NORTHFIELD, Ill.** — Kraft Foods Inc. this week announced plans to create two independent companies: one focusing on its global snacks business and the other on its North American grocery business.

The two independent, publicly-traded companies Kraft's board of directors intends to create include a high-growth global snacks business with estimated revenue of approximately \$32 billion and a high-margin North American grocery business with estimated revenue of approximately \$16 billion. The company expects to create these companies through a tax-free spin-off of the North American grocery business to Kraft Foods shareholders.

"We have built two strong, but distinct, portfolios," says Irene Rosenfeld, chairman and CEO, Kraft Foods. "Our strategic actions have put us in a position to create two great companies,

Turn to KRAFT, page 26 ⇨

## Blue Ribbon Cheese & Butter Auction raises \$28,925

**WEST ALLIS, Wis.** — Marieke Penterman, a cheesemaker at Holland's Family Cheese in Thorp, Wis., was named the 2011 Grand Master Cheese Maker during the Blue Ribbon Cheese & Butter Auction, held Aug. 4 at the Wisconsin State Fair Park. Special guest speaker Ben Brancel, Wisconsin secretary of Agriculture, Trade and Consumer Protection,

Turn to AUCTION, page 9 ⇨

# MARKET INDICATORS

## Chicago Mercantile Exchange Cash prices for the week ended August 5, 2011

	Monday Aug. 1	Tuesday Aug. 2	Wednesday Aug. 3	Thursday Aug. 4	Friday Aug. 5
<b>Cheese Barrels</b>					
Price	\$2.1300	\$2.1300	\$2.1300	\$2.1300	\$2.1350
Change	NC	NC	NC	NC	+1/2
<b>Cheese 40-lb. block</b>					
Price	\$2.1525	\$2.1500	\$2.1500	\$2.1325	\$2.1325
Change	-1/4	-1/4	NC	-1 3/4	NC

Weekly average (Aug. 1-5): Barrels: \$2.1310(+.0030); 40-lb. Blocks: \$2.1435(-.0115).  
Weekly ave. one year ago (Aug. 2-6, 2010): Barrels: \$1.5620; 40-lb. Blocks: \$1.6025.

	Monday Aug. 1	Tuesday Aug. 2	Wednesday Aug. 3	Thursday Aug. 4	Friday Aug. 5
<b>Extra Grade NDM</b>					
Price	\$1.6100	\$1.6100	\$1.6100	\$1.6100	\$1.6100
Change	NC	NC	NC	NC	NC
<b>Grade A NDM</b>					
Price	\$1.5100	\$1.5100	\$1.5100	\$1.5100	\$1.5100
Change	NC	NC	NC	NC	NC

Weekly average (Aug. 1-5): Extra Grade: \$1.6100(NC); Grade A: \$1.5100(-.0120).

	Monday Aug. 1	Tuesday Aug. 2	Wednesday Aug. 3	Thursday Aug. 4	Friday Aug. 5
<b>Grade AA Butter</b>					
Price	\$2.1000	\$2.1025	\$2.1025	\$2.1025	\$2.1025
Change	NC	+1/4	NC	NC	NC

Weekly average (Aug. 1-5): Grade AA: \$2.1020(+.0270).

Class II Cream (Major Northeast Cities): \$2.8635(+.0755)–\$3.1125(+.1617).

## California Minimum Prices

Released August 1, 2011

	Butterfat	SNF	Equivalent
Class 4a	\$ 2.2153/lb.	\$ 1.4154/lb.	\$ 20.07/cwt.
Class 4b	\$ 2.2153/lb.	\$ 1.3325/lb.	\$ 19.35/cwt.

## Weekly Cold Storage Holdings

August 1, 2011

	On hand Monday	Week Change	Change since July 1 Pounds	Percent	Last Year Pounds	Change
Butter	8,265	+75	-909	-10	9,811	-1,546
Cheese	137,538	+2,283	-8,368	+6	130,590	+6,948

(These data, which includes government stocks and is reported in thousands of pounds, are based on reports from a limited sample of cold storage centers across the country. This chart is designed to help the dairy industry see the trends in cold storage between the release of the National Agricultural Statistics Service's monthly cold storage reports.)

## CLASS III PRICE

(Dollars per hundredweight, 3.5% butterfat test)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2005	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37
2006	13.39	12.20	11.11	10.93	10.83	11.29	10.92	11.06	12.29	12.32	12.84	13.47
2007	13.56	14.18	15.09	16.09	17.60	20.17	21.38	19.83	20.07	18.70	19.22	20.60
2008	19.32	17.03	18.00	16.76	18.18	20.25	18.24	17.32	16.28	17.06	15.51	15.28
2009	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98
2010	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26	16.94	15.44	13.83
2011	13.48	17.00	19.40	16.87	16.52	19.11	21.39					

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## CHEESE FUTURES\* for the week ended August 4, 2011

(Listings for each day by month, settling price and open interest)

	Fri., July 29	Mon., Aug. 1	Tues., Aug. 2	Wed., Aug. 3	Thurs., Aug. 4
JUL11	2.116 245	2.116 245	2.116 245	2.116 245	2.116 245
AUG11	2.096 325	2.100 325	2.112 325	2.112 325	2.112 325
SEP11	2.040 297	2.040 309	2.033 309	2.026 309	2.004 309
OCT11	1.938 303	1.970 304	1.950 313	1.948 313	1.924 322
NOV11	1.855 343	1.880 345	1.870 357	1.870 357	1.863 366
DEC11	1.782 308	1.782 310	1.775 328	1.775 328	1.766 341
JAN12	1.742 151	1.752 151	1.752 151	1.752 151	1.745 155
FEB12	1.732 210	1.765 214	1.741 215	1.741 215	1.741 219
MAR12	1.745 210	1.760 212	1.760 212	1.760 212	1.760 216
APR12	1.750 116	1.760 120	1.760 120	1.760 120	1.760 124
MAY12	1.715 127	1.750 135	1.750 135	1.750 135	1.750 139
JUN12	1.710 116	1.750 119	1.750 119	1.750 119	1.750 123
JUL12	1.718 43	1.718 43	1.718 43	1.718 43	1.718 43
Total Contracts Traded/ Open Interest	101/2,925	66/2,964	50/3,004	2/3,004	56/3,059

Daily market prices are available by visiting CME's online statistics sites at <http://www.cmegroup.com>.

\*Total Contracts Traded/Open Interest reflect additional months not included in this chart.

## DRY WHEY FUTURES for the week ended August 4, 2011

(Listings for each day by month, settling price and open interest)

	Fri., July 29	Mon., Aug. 1	Tues., Aug. 2	Wed., Aug. 3	Thurs., Aug. 4
JUL11	55.00 188	55.00 188	55.00 188	55.00 188	55.00 188
AUG11	56.50 202	56.50 202	56.50 202	56.50 202	56.50 202
SEP11	56.50 187	56.50 189	55.73 189	55.73 189	55.73 204
OCT11	55.00 219	54.98 216	53.88 218	53.88 218	53.88 221
NOV11	53.00 239	52.98 238	51.28 240	51.28 240	51.50 242
DEC11	51.50 187	51.50 187	51.00 189	51.50 189	51.50 192
JAN12	46.50 66	46.50 66	46.50 66	46.50 66	47.00 66
FEB12	44.75 71	44.75 71	45.00 72	45.00 72	45.00 74
MAR12	44.50 68	44.50 68	45.00 69	45.00 69	45.50 71
APR12	44.48 34	44.48 34	44.48 34	44.48 34	44.48 34
MAY12	44.35 32	44.00 36	44.00 36	44.00 36	44.00 38
JUN12	44.50 37	44.50 38	44.50 38	44.50 38	44.50 38
JUL12	44.50 23	44.50 23	44.50 24	44.50 24	44.50 24
AUG12	42.00 20	42.00 20	42.00 20	42.00 20	42.00 20
SEP12	42.00 20	42.00 20	42.00 20	42.00 20	42.00 20
OCT12	41.50 13	42.00 13	42.00 13	42.00 13	42.00 13
NOV12	42.00 14	42.00 14	42.00 14	42.00 14	42.00 14
DEC12	41.50 12	42.00 12	42.00 12	42.00 12	42.00 12
Total Contracts Traded/ Open Interest	22/1,632	14/1,635	14/1,644	0/1,644	31/1,673

Daily market prices are available by visiting CME's online statistics sites at <http://www.cmegroup.com>.

## Cheddar Cheese and Dairy Product Prices

For the week ended: 7/30/11 7/23/11 7/16/11 7/9/11

### Cheese 40-lb. Blocks:

Average price <sup>1</sup>	7/30/11	7/23/11	7/16/11	7/9/11
Minn./Wis.	\$2.1886	\$2.1338	\$2.2147	\$2.1984
Other states	\$2.0996	\$2.0958	\$2.1269	\$2.1034
U.S.	\$2.1062	\$2.1014	\$2.1336	\$2.1107

### Sales volume<sup>2</sup>

	7/30/11	7/23/11	7/16/11	7/9/11
Minn./Wis.	879,842	1,537,766	902,392	831,290
Other states	10,967,285	8,964,682	10,869,926	10,004,547
U.S.	11,847,127	10,502,448	11,772,318	10,835,837

### Cheese 500-lb. Barrels:

Average price <sup>1</sup>	7/30/11	7/23/11	7/16/11	7/9/11
Minn./Wis.	\$2.2583	*\$2.2490	\$2.2384	\$2.2251
Other states	\$2.2410	\$2.2532	\$2.2355	\$2.2019
U.S.	\$2.2472	*\$2.2513	\$2.2370	\$2.2131

### Adj. price to 38% moisture

	7/30/11	7/23/11	7/16/11	7/9/11
Minn./Wis.	\$2.1557	*\$2.1480	\$2.1348	\$2.1230
Other states	\$2.1224	\$2.1269	\$2.1136	\$2.0772
U.S.	\$2.1344	*\$2.1365	\$2.1243	\$2.0991

### Sales volume<sup>2</sup>

	7/30/11	7/23/11	7/16/11	7/9/11
Minn./Wis.	3,260,240	*4,185,803	4,258,564	3,486,403
Other states	5,733,353	4,989,204	4,165,097	3,758,191
U.S.	8,993,593	*9,175,007	8,423,661	7,244,594

### Moisture content

	7/30/11	7/23/11	7/16/11	7/9/11
Minn./Wis.	35.05%	35.09%	34.99%	35.02%
Other states	34.54%	34.32%	34.42%	34.28%
U.S.	34.72%	34.67%	34.71%	34.63%

### Butter:

Average price <sup>1</sup> U.S.	7/30/11	7/23/11	7/16/11	7/9/11
	\$2.0085	*\$2.0269	*\$2.0280	\$2.0348
Sales volume <sup>2</sup> U.S.	10,430,552	*3,734,745	*5,083,621	4,142,358

### Nonfat Dry Milk:

Average price <sup>1</sup> U.S.	7/30/11	7/23/11	7/16/11	7/9/11
	\$1.5832	*\$1.5545	\$1.6510	*\$1.6682
Sales volume <sup>2</sup> U.S.	17,237,246	*29,630,512	18,807,598	*13,981,268

### Dry Whey:

Average price <sup>1</sup> U.S.	7/30/11	7/23/11	7/16/11	7/9/11
	\$5.591	\$5.501	\$5.521	\$5.416
Sales volume <sup>2</sup> U.S.	7,849,955	8,472,750	8,180,913	7,694,870

\*Revised. <sup>1</sup>Prices weighted by volumes reported. <sup>2</sup>Sales as reported by participating manufacturers. Reported in pounds. *More information is available by calling NASS at 202-690-2424.*

# MARKET INDICATORS

## Class & Component Prices

	July 2011	June 2011
<b>Class III:</b>		
Price	\$ 21.39/cwt.	\$ 19.11/cwt.
Skim Price	\$ 14.00/cwt.	\$ 11.21/cwt.
<b>Class IV:</b>		
Price	\$ 20.33/cwt.	\$ 21.05/cwt.
Skim Price	\$ 12.90/cwt.	\$ 13.22/cwt.
<b>Class II:</b>		
Price	\$ 21.29/cwt.	\$ 21.37/cwt.
Butterfat Price	\$ 2.2581/lb.	\$ 2.3772/lb.
<b>Component Prices:</b>		
Butterfat Price	\$ 2.2511/lb.	\$ 2.3702/lb.
Nonfat Solids Price	\$ 1.4336/lb.	\$ 1.4694/lb.
Protein Price	\$ 3.8292/lb.	\$ 2.9807/lb.
Other Solids Price	\$ 0.3608/lb.	\$ 0.3339/lb.
Somatic Cell Adjustment Rate	\$ 0.00106/1,000 scc	\$ 0.00095/1,000 scc
<b>Product Price Averages:</b>		
Butter	\$ 2.0304/lb.	\$ 2.1287/lb.
Nonfat Dry Milk	\$ 1.6159/lb.	\$ 1.6520/lb.
Cheese	\$ 2.1243/lb.	\$ 1.8999/lb.
Dry Whey	\$ 0.5494/lb.	\$ 0.5233/lb.

## International Dairy Markets

August 5, 2011

### Western and Eastern Europe

**Butter:** 82 percent butterfat \$5,725(-25)-\$5,950(-150);  
99 percent butterfat \$6,050(-150)-\$6,350(-150).

**Skim Milk Powder:** 1.25 percent butterfat \$3,225(+25)-\$3,400.

**Whole Milk Powder:** 26 percent butterfat \$4,150(-50)-\$4,375(-25).

**Whey Powder:** Nonhygroscopic \$1,100-\$1,250.

### Oceania

**Butter:** 82 percent butterfat \$4,300-\$4,800(-250).

**Cheddar Cheese:** 39 percent maximum moisture \$4,118(-197)-\$4,600(-30).

**Skim Milk Powder:** 1.25 percent butterfat \$3,488(-124)-\$3,900(-100).

**Whole Milk Powder:** 26 percent butterfat \$3,477(+3)-\$3,800(-300).

\*Source: Dairy Market News. Prices reported in U.S. dollars per metric ton, F.O.B. port. To convert to price per pound: divide price by 2,204.6 pounds.

## Dry Products\*

August 5, 2011

### NONFAT DRY MILK

**Central & East:** low/medium heat \$1.5300(-2)-\$1.6800(-4);  
mostly \$1.5500(-3)-\$1.6500(-3).  
high heat \$1.6500(-7)-\$1.7500(-1).

**West:** low/medium heat \$1.4500(-3)-\$1.5900(-10);  
mostly \$1.4700(-3)-\$1.5700(-3).  
high heat \$1.5900(-2)-\$1.7700(-2).

**Calif. manufacturing plants:** extra grade/grade A weighted ave. \$1.5722(+.0358)  
based on 13,083,815 lbs. Sales to CCC: 0 lbs.

**WHOLE MILK POWDER (National):** \$1.9200-\$2.0600(+6).

### EDIBLE LACTOSE

**(FOB) Central and West:** \$.4700-\$.7400(+7 1/2); mostly \$.5500(+1)-\$.6200(+1).

### DRY WHEY

**Central:** nonhygroscopic \$.5000-\$.5850(-1/2);  
mostly \$.5200(+1/2)-\$.5550.

**West:** nonhygroscopic \$.5450-\$.6100;  
mostly \$.5650-\$.6050(+1/2).

**(FOB) Northeast:** extra grade/grade A \$.5500-\$.6100.

**ANIMAL FEED (Central):** Whey spray milk replacer \$.3975-\$.5500.

**WHEY PROTEIN CONCENTRATE (34 percent):** \$1.5000-\$1.6300;  
mostly \$1.5300(-1)-\$1.5800(-1).

### DRY BUTTERMILK

**(FOB) Central & East:** \$1.4000(-10)-\$1.6000(-1).

**(FOB) West:** \$1.3500-\$1.4450(-4 1/2); mostly \$1.3700(-1)-\$1.4100(-4).

**CASEIN:** Rennet \$4.8100-\$5.1400; Acid \$5.1000-\$5.2600.

\*Source: USDA's Dairy Market News

## CHEESE FUTURES NOW TRADING.

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For more information circle 1 on the FAST FAX form on page 28.

## CME FUTURES for the week ended August 4, 2011

### Class III Milk#

	Fri., July 29	Mon., Aug. 1	Tues., Aug. 2	Wed., Aug. 3*	Thurs., Aug. 4*
JUL11	21.38 6,782	21.38 6,761	21.38 6,736	21.36 6,738	21.38 6,736
AUG11	21.46 6,442	21.50 6,415	21.43 6,377	21.45 6,359	21.45 6,407
SEP11	20.67 6,326	20.80 6,407	20.42 6,300	20.31 6,230	20.16 6,306
OCT11	19.67 4,966	19.89 5,041	19.61 5,049	19.53 5,099	19.27 5,202
NOV11	18.65 4,007	18.85 4,059	18.66 4,084	18.65 4,106	18.47 4,130
DEC11	17.71 3,654	17.90 3,633	17.74 3,609	17.73 3,628	17.60 3,619
JAN12	17.21 975	17.28 980	17.18 987	17.19 1,009	17.12 1,032
FEB12	16.96 868	17.03 887	17.00 897	17.02 916	16.97 929
MAR12	16.90 836	17.00 859	17.00 865	17.00 885	16.99 944
APR12	16.89 600	16.94 598	16.88 598	16.89 623	16.91 689
MAY12	16.85 588	16.90 596	16.90 606	16.89 625	16.92 685
JUN12	16.87 541	16.88 544	16.88 562	16.88 589	16.90 640
JUL12	16.87 395	16.90 396	16.92 401	16.91 407	16.95 454
AUG12	16.83 379	16.83 380	16.84 384	16.84 407	16.90 439
SEP12	16.89 350	16.95 350	16.96 355	16.96 363	16.97 426
OCT12	16.67 310	16.75 311	16.80 316	16.80 327	16.82 362
NOV12	16.75 309	16.84 311	16.88 317	16.89 325	16.92 375
DEC12	16.41 282	16.51 293	16.54 311	16.55 338	16.60 347
JAN13	16.10 10	16.11 10	16.14 10	16.20 11	16.20 11
<b>Total Contracts Traded/</b>					
<b>Open Interest</b>	1,413/38,620	1,437/38,831	1,508/38,764	1,768/38,991	1,928/39,739

### Class IV Milk\*

	Fri., July 29	Mon., Aug. 1	Tues., Aug. 2	Wed., Aug. 3	Thurs., Aug. 4
JUL11	20.51 712	20.51 712	20.51 710	20.51 710	20.51 710
AUG11	19.98 862	19.98 862	19.98 862	19.98 862	19.98 862
SEP11	19.33 719	19.33 719	19.45 715	19.45 715	19.45 715
OCT11	19.15 585	19.10 587	19.10 589	19.10 589	19.10 589
NOV11	18.55 460	18.62 460	18.62 460	18.70 460	18.70 460
DEC11	18.25 354	18.25 356	18.25 356	18.25 361	18.25 361
JAN12	17.82 107	17.82 109	17.82 109	17.85 119	17.85 119
FEB12	17.55 95	17.55 101	17.55 101	17.60 111	17.60 111
MAR12	17.50 83	17.50 83	17.50 83	17.50 83	17.50 83
<b>Total Contracts Traded/</b>					
<b>Open Interest</b>	246/4,095	14/4,107	8/4,103	41/4,128	30/4,128

### Cash-Settled NDM

	Fri., July 29	Mon., Aug. 1	Tues., Aug. 2	Wed., Aug. 3	Thurs., Aug. 4
JUL11	162.00 441	162.00 441	162.00 441	162.00 441	162.00 441
AUG11	155.00 438	155.00 437	155.00 437	155.00 437	155.00 437
SEP11	148.50 333	148.50 333	148.53 333	148.53 333	148.53 333
OCT11	143.53 284	145.00 286	145.00 286	145.00 284	145.00 284
NOV11	143.03 179	143.50 179	143.50 179	143.50 179	143.50 179
DEC11	142.03 183	142.50 183	142.50 183	142.50 185	142.50 185
JAN12	141.00 16	142.00 20	142.00 20	142.00 32	142.00 32
FEB12	138.50 2	139.00 14	139.25 14	141.75 29	141.75 29
MAR12	138.00 2	138.00 2	138.00 2	138.00 2	138.00 2
APR12	128.50 1	128.50 1	130.03 1	130.05 1	130.08 1
<b>Total Contracts Traded/</b>					
<b>Open Interest</b>	4/1,879	19/1,896	14/1,896	37/1,923	0/1,923

### Cash-Settled Butter\*

	Fri., July 29	Mon., Aug. 1	Tues., Aug. 2	Wed., Aug. 3	Thurs., Aug. 4
JUL11	204.00 721	204.00 721	204.00 721	204.00 721	204.00 721
AUG11	209.00 941	209.00 941	209.00 941	209.00 941	209.00 941
SEP11	209.00 813	209.00 813	208.50 815	208.50 815	208.00 819
OCT11	210.00 630	209.50 630	208.50 641	207.48 655	205.00 658
NOV11	202.00 606	202.00 606	202.00 608	201.50 613	200.00 622
DEC11	192.25 420	192.25 422	192.00 424	190.75 424	190.00 424
JAN12	186.00 18	186.00 18	186.00 18	183.00 27	182.00 27
FEB12	184.00 16	184.00 16	184.00 16	181.50 23	181.50 23
<b>Total Contracts Traded/</b>					
<b>Open Interest</b>	35/4,184	11/4,186	41/4,203	56/4,243	31/4,260

Daily market prices are available by visiting CME's online statistics sites at <http://www.cmegroup.com>.

#The total contracts traded for Class III milk includes electronically-traded contract volumes.  
\*Total Contracts Traded/Open Interest reflect an additional month not included in this chart.

DISCLAIMER: Cheese Market News® has made every effort to provide accurate current as well as historical market information. However, we do not guarantee the accuracy of these data and do not assume liability for errors or omissions.

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## GUEST COLUMNIST



## Perspective: Market Insight

**Jon Spainhour** is a broker for Rice Dairy,\* Chicago. He is a guest columnist for this week's issue of *Cheese Market News*®.

## Class III, IV milk price spreads a helpful tool in dairy forecasting

At the beginning of April this year, the block/barrel average moved as low as \$1.5425 per pound. During the last week of July, it traded as high as \$2.1425 per pound. This move caught a lot of people off guard and it feels like many are still trying to wrap their head around this rapid appreciation to near all-time highs. The fact that we made this appreciation during the spring flush is even more confusing for many, and even seasoned price analysts are struggling to get a good grasp on how cheese prices got this high.

While clarity regarding my price outlook for cheese will elude me again sometime in the near future, I must say, I was not surprised by this move at all. In fact, I think it was Dairy 101. Before you call me wanting to give me either a piece of your mind or find out what fancy new economic model I have designed, I would ask you to reference what I refer to as Dairy 101 by Ed Jesse and Bob Cropp (Basic Milk Pricing Concepts for Dairy

Farmers). This unbelievably concise and informative reference was given to me when I first entered the dairy industry and I have referenced and re-read countless times over the past years.

In this reference guide to dairy pricing, the structure of the four-tier pricing system is explained. In essence, milk is milk, and the four tiers should have to fight for every drop of milk they get, especially Class III and IV. Class I, the highest-priced tier, gets first call on the milk that it needs. When that tranche is filled up, milk then moves into the Class II market. What's left over goes into either Class III or Class IV, whichever one is delivering the best return. To put extra emphasis on the importance of the allocation of milk to the lower two tiers, Class I derives its price from the higher of Class III and Class IV. If Class III is getting a better return, milk should be diverted out of cheese/whey and into butter/powder, and vice versa. In theory, the

prices of these two milk classes should ultimately equal out over the long run.

So, when spot cheese prices were at \$15.52-per-hundredweight Class III equivalent in April (\$1.5425-per-pound cheese and \$0.4875-per-pound whey) and spot Class IV prices were at \$20.54-per-hundredweight equivalent (\$1.67-per-pound nonfat dry milk (NFDM) and \$1.97-per-pound butter), it really was no surprise to me that cheese prices began to make what ultimately turned out to be a \$0.60-per-pound rally. It was just simple economics. In one fashion or another, milk was diverted out of Class III, which was underperforming Class IV by \$5 per hundredweight, and into butter/powder. With less milk going into the vat and making its way into the dryer and the churn, the supply of finished cheese began to dwindle and prices began to move higher.

Even though more milk was going into Class IV at the time as a result, the bid for Class IV remained relatively good. While NFDM prices began to sink, butter prices began to rally anew, and we moved into new highs on the year in late May. This price support helped ensure that milk would continue moving into Class IV, continuing to short the Class III market.

While there were other economic factors that seemed to help cheese make its move, namely a temporary quality issue at a major cheese manufacturer, cheese was already moving higher before many of those issues began to manifest themselves into the market. In fact, I believe one of the major issues that played a role this year was the combination of the Class IV demand and the newly-added manufacturing capacity of several Class IV plants. Typically the spring flush causes spot milk to trade at steep discounts. In years past, that milk seems to have made its way into the vat, ultimately raising the supply of cheese on the market. This year, that didn't seem to happen, as Class IV

sucked up as much milk as it could. Less cheese on the market meant prices were free to move higher.

Of course, the convergence of these two milk classes didn't happen overnight. On a printed price National Agricultural Statistics Service basis, even June still came in with Class IV pricing \$1.91 per hundredweight premium over Class III. While the final numbers of July have not been printed yet, it is likely that July will finally print with Class III over Class IV. It always takes time for these things to work themselves out, as commitments on both the manufacturing and end user sides of the equation lock milk into a certain class for extended periods of time, regardless of how wide the spread is. However, in the long run, the correlation of Class III to Class IV over the last 10 years is 82 percent. The average spread between the two classes over that same time period is only \$0.32 per hundredweight. The conclusion I take away from these statistics is that ultimately, Class III and Class IV are going to converge and that the fight between the two classes is fairly efficient in the long run.

Other than just proving the ultimate efficiency of the dairy industry and demonstrating that the basic tenants of dairy pricing that we all already knew are true, I see the real values in this exercise as how it can be used moving forward. I view dairy price forecasting as being almost as hard as it gets. Even the best, brightest, and most seasoned have been known to pound their head against the wall from time to time. However, armed with this proven theory in our toolbox, we can at least give ourselves a leg up on the market by examining the relationship between the components. With Class IV trading at \$20.54 per hundredweight and bid there, it can't really come as a surprise that Class III would begin to make a sizeable rally

Turn to SPAINHOUR, page 6 ⇨

## LETTER TO THE EDITOR



### Letter to editor: Wisconsin dairy's future in question with new proposed policy reform

To the editor:

Wisconsin has become America's Dairyland because of the hard work of thousands of dairy producers, both large and small. This hard work has taken place over multiple generations with dairy farmers dedicating their lives to producing high-quality milk to meet our state's needs, as well as the growing demands of an expanding global population.

Unfortunately, a new proposed policy from the National Milk Producers Federation in Washington, D.C., known as the "Foundation for the Future," threatens the future of Wisconsin's dairy industry, especially dairy farms like ours.

The proposed policy is designed to limit milk production by collecting taxes from all dairy producers when the milk price is low. If this program is in effect, our multi-generational family farm will not be able to afford it. The money that we would have to pay into

the government over time would cause a significant strain and end our family farm. Especially in times of tight margins, we rely on every dollar that comes from my milk check. This proposal would take away a certain percentage of the income we receive for every hundredweight of milk produced on my farm. Over time, this proposal will leave many dairy operations with only one option, to stop producing milk.

Wisconsin dairy producers already have many of the tools we need to manage risk. For example, hedging and forward contracting not only milk, but many of our input commodities. That is also including energy inputs. We do not need another bureaucracy.

Wisconsin dairy producers are already having a difficult time supplying processing plants with enough milk to keep the plants profitable. Reducing the number of dairy farms would only increase that stress and likely force

many processing plants out of business, or at least out of Wisconsin. We then will lose our milk box price and our bonus incentives. Processing plants are the backbone of our industry, and we can't afford to make it more difficult for them to stay in business.

This new plan puts a cap on what we can achieve in the dairy industry. It doesn't make sense to slow production with many people in this country

and around the world going hungry. The United States is poised to fill the predicted increase in global demand. I urge my fellow farmers and residents statewide to call their congressional representatives and tell them to vote this down before it hurts all of us.

Marv and Chad Prestrud  
200-cow dairy, Prestrud Dairy LLC  
Prairie Farm, Wis.

### Letters to the editor

Due to the fact Cheese Market News has been receiving multiple letters to the editor regarding Foundation for the Future, we will continue evaluating letters on a case-by-case basis and do not guarantee that all letters will be published. CMN also retains the right to edit letters to meet CMN's length and style guidelines. All submitted letters must include the writer's name, company affiliation, location and phone number, and letters must not be of excessive length. The views expressed in letters to the editor are strictly the writers' own opinion and CMN does not take any responsibility for the views stated by those who write to the editor.

## NEWS/BUSINESS



## Congress passes compromise to raise debt limit; Obama signs just before default deadline

WASHINGTON — Hours before the United States faced a first-ever default, President Obama signed into law a compromise deal that raises the nation's \$14.3 trillion debt limit.

Shortly before Obama signed the compromise on Tuesday, the Senate voted 74-26 to pass the Budget Control Act, the last hurdle for the controversial measure approved by the House by a vote of 269-161 on Monday night.

"It's an important first step to ensuring that as a nation, we live within our means, yet it also allows us to keep making key investments in things like education and research that lead to new jobs, and assures we're not cutting too abruptly while the economy is still fragile," Obama says.

The International Dairy Foods Association (IDFA) notes that the budget deal contains four major components:

- Immediate increase in the debt-ceiling limit — The legislation calls for a \$400 billion increase in the nation's statutory debt limit, with input from the Department of the Treasury, to ensure the limit does not exceed \$100 billion. The bill also calls for another \$500 billion increase in the debt ceiling provided Congress does not pass a resolution opposing such an increase with a veto-proof majority. The total front-end increase of the debt ceiling adds up to \$900 billion.

- Discretionary spending caps — The deficit package establishes discretionary spending limits found in legislation passed by the Republican-controlled House last Friday with a 218-vote majority. The cuts, totaling approximately \$917 billion over 10 years, are an initial down payment on deficit reduction, IDFA says. However, the caps, about \$1.05 trillion in fiscal year 2012

to \$1.25 trillion in fiscal year 2021, are now split between "non-security" and "security" spending. The legislation defines the term "security category" as "discretionary appropriations associated with agency budgets for the Department of Defense, the Department of Veterans Affairs, the Department of Homeland Security, the National Nuclear Security Administration, the intelligence community management account and all budget accounts under international affairs."

- Creation of a super-committee — The act sets up a bipartisan panel that top leaders in each party will appoint to identify budget cuts that Congress is unable or unwilling to enact. Minority and majority leaders in each chamber will appoint three members to identify and recommend an additional \$1.2 trillion or more in deficit reduction by Nov. 23, 2011. The bill also includes a provision that allows for fast-track floor procedures in both chambers until Dec. 23, 2011. If the super-committee fails to report a bill by the Nov. 23 deadline or either chamber fails to act within a month subsequent to that date, the super-committee loses its privileges to recommend savings, IDFA notes.

- Enforcement — Should Congress fail to act on the super-committee's recommendations, or if those provisions do not meet the pre-determined deficit reduction goals, further budgetary cuts based on the difference between the \$1.2 trillion number and anything enacted by Congress will go into effect. The legislation allows for those reductions to be divided equally between "non-security" and "security" spending, IDFA notes.

The National Milk Producers Federation (NMPF) notes that time and again,

members of Congress have called for cuts to agricultural programs.

"The best-case scenario appears to be \$11 billion in agriculture spending cuts over the next 10 years," NMPF says. "This will require real and significant farm policy reform that will impact direct payments and conservation programs."

National Farmers Union (NFU) President Roger Johnson this week said while NFU is pleased Congress and the White House have come to an agreement, many difficult decisions

remain in the weeks ahead.

"NFU hopes that any decision to reduce agriculture spending will provide the Senate and House agriculture committees with certainty and enough resources to write an effective farm bill," Johnson says. "As discussions continue for the 2012 Farm Bill, it is imperative that U.S. farmers, ranchers and fishermen have a strong safety net they can rely on in times of need in order to continue to provide the country and the world with a safe and abundant food supply." CMN

## Senate announces progress on FTA talks

WASHINGTON — Members of the U.S. Senate this week announced that they have come to a bipartisan agreement on a path forward in the passage of the pending South Korea, Colombia and Panama free trade agreements (FTAs).

Each of these trade agreements was signed at least four years ago, but implementation of the FTAs has been stalled over disagreements on specifics, including most recently the renewal of the expanded trade adjustment assistance (TAA) program which provides financial aid and training to displaced U.S. workers. The Obama administration has said it will not submit the three agreements to Congress without reaching a deal to renew TAA, but Republicans have opposed combining TAA with the trade agreements. However, there is bipartisan support that the pending FTAs should be implemented as soon as possible.

Senate Majority Leader Harry Reid, D-Nev., and Senate Minority Leader Mitch McConnell, R-Ky., Wednesday issued a joint statement announcing the development, though they did not provide details on the compromise.

"My staff and Sen. McConnell's staff have been in discussions for weeks over the Trade Adjustment Assistance program and the three outstanding FTAs," Reid says. "We believe those discussions have provided a path forward in the Senate after we return (from August recess) for passage of the bipartisan compromise on the Trade Adjustment Assistance program, followed by passage of the three FTAs."

Reid reiterates that he does not support movement on the FTAs until TAA has passed, and McConnell says while he does not personally support TAA, he knows there is bipartisan support for the program.

"I agree with the majority leader that we have a path forward on TAA and the free trade agreements," McConnell says. "I have long supported passage of the long-delayed FTAs, and I know that I speak for many on my side of the aisle that we are eager to get moving and finally pass them."

House Speaker John Boehner, R-Ohio, praised the Senate's announced agreement, saying it has cleared an important hurdle.

Turn to FTA, page 6 ⇨



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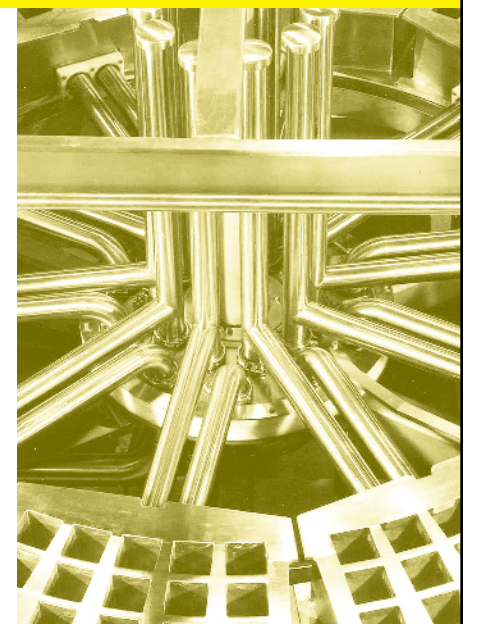
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## NEWS/BUSINESS



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## FTA

Continued from page 5

"Expanding markets for U.S. small businesses is a critical component of the Republican plan for America's job creators, and further delay of these job-creating trade bills is unacceptable," Boehner says. "I look forward to the House passing the FTAs, in tandem with separate consideration of TAA legislation, as soon as possible."

While some lawmakers hinted at compromise over TAA, others remained firmly against it. Sen. Orrin Hatch, R-Utah, welcomed the announcement to advance the FTAs, but urged that TAA not be included.

"With a clear path forward in the Senate, the president must halt any efforts to include Trade Adjustment Assistance as part of the largest trade agreement negotiated in more than a decade," Hatch says. "This would be a misguided approach that would ultimately put the Korean FTA at serious risk."

The International Dairy Foods Association (IDFA) and the National Milk Producers Federation (NMPF) consistently have urged lawmakers to pass the FTAs in a timely manner, as the Korea FTA particularly could help expand dairy exports and keep the U.S. dairy industry competitive with other countries that

already have trade agreements in place. IDFA, NMPF, Land O'Lakes Inc. and Northwest Dairy Association/Darigold were among 120 agriculture and food organizations that submitted a letter to Congress and President Obama July 29 emphasizing the importance of passing the pending FTAs.

"It's difficult to watch years of market development evaporate in a matter of months because we are not able to compete on the basis of price, making the United States the residual supplier where it was once the main supplier," the letter says. "U.S. agriculture is prepared to work to achieve the full benefits of these agreements but can only do so if the U.S. government moves quickly to pass these agreements."

The letter says while the prospect of Congress passing the FTAs before the August recess is highly unlikely, the groups urge swift action in September to implement the agreements.

"It is important to get these deals passed as quickly as possible, because other dairy exporting countries like the European Union already have agreements with important markets, including South Korea," says John Kelly, IDFA manager of international affairs. "We are already seeing a quota disadvantage of 4,560 tons for cheese in that market." CMN

## OPINIONS

## SPAIN HOUR

Continued from page 4

from \$15.52 per hundredweight.

Spreads between Class III and Class IV that wide don't come around everyday, but they will come around again, just as surely as they will close again when they do. While knowing that a spread is going to close won't necessarily tell you where the individual component prices are going, it can give a general idea of their direction, especially if one is a rock solid bid like Class IV was back in April. Keep an eye on these price spreads and you will be using a tool that has a proven track record of working. (To Ed Jesse and Bob Cropp, thank you!) CMN

*\*These observations include information from sources believed to be reliable, but no independent verification has been made and therefore their accuracy and completeness cannot be guaranteed. Opinions and recommendations expressed are the opinion of the author and are subject to change without notice. The risk of loss in trading futures contracts or commodity options can be substantial, and investors should carefully consider the inherent risks of such an investment in light of their financial condition.*

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## EVENTS



## WEL Companies to hold grand opening of new refrigerated warehouse in Gooding, Idaho

By Alyssa Sowerwine

**GOODING, Idaho**—WEL Companies, an asset-based trucking and warehouse company headquartered in De Pere, Wis., is holding a grand opening Aug. 10 for its newest 120,000-square-foot refrigerated warehouse/transportation facility in Gooding, Idaho.

The site is a newly-renovated facility with a restored rail siding, says Megan Fechter, sales development coordinator for WEL Companies, which offers temperature-controlled and dry transportation, and warehousing to the Lower 48 states. WEL Companies also provides truckload, less-than-truckload (LTL) and dedicated transportation, along with drayage and stripping, cheese financing and tax recovery services.

“WEL Logistics is the single-source solution for all of our customers’ needs,” Fechter says. “We partner with clients to manage their inventory and transportation needs from beginning to end by utilizing our industry expertise, strategically-located hub centers and updated industry technology.”

Improvements to the Gooding site — the 14th refrigerated and dry warehousing location for WEL in the United States — include the installation of new energy-efficient lighting with motion sensor activation and train car shelters to protect product

**“We partner with clients to manage their inventory and transportation needs from beginning to end by utilizing our industry expertise, strategically-located hub centers and updated industry technology.”**

Megan Fechter  
WEL COMPANIES

from the elements during loading and unloading, Fechter says.

In addition, 20,000 square feet of the facility were transformed into temperature-controlled warehousing space with the installation of insulation, sealed entries and refrigeration units, she notes.

Fechter says WEL chose Gooding as its 14th location primarily because of the large agricultural industry in that part of the country.

“This strategic hub location will support and grow with the developing agricultural industry by offering warehousing, over-the-road transportation and rail transportation to the Northwest and West coasts with our regional drivers,” she says.

She notes that the Gooding facility has both temperature-controlled and dry warehouse capabilities, over-the-road and rail transportation, and cheese financing.

Fechter adds that the addition of Gooding brings WEL’s rail-accessible warehouses to six locations. The others are Modesto, Calif.; Irving, Texas; McDonough, Ga.; and Wisconsin Rapids

and Plover, Wis.

“One of WEL’s newest areas of service is in rail/boxcar transportation,” she adds. “WEL is always looking for new avenues of growth in both warehousing and transportation. We are constantly growing our temperature-controlled LTL and warehousing by adapting to market changes and exploiting our strategic warehouse locations across the U.S.”

She notes that phase 1 of the project is complete — with more than 20,000 square feet of refrigerated and 16,000 square feet of ambient space ready for operation — while phase 2, which will include expansion of dry and refrigeration space, should be complete by the end of this year.

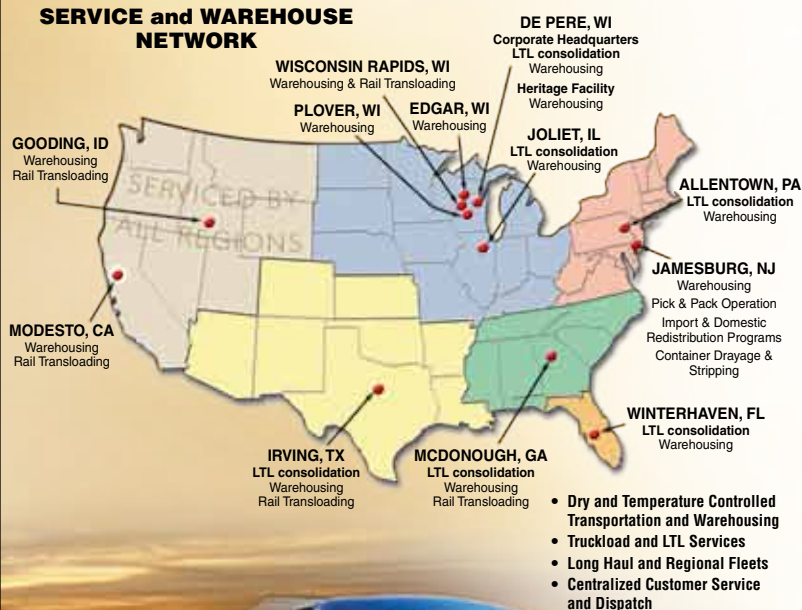
The Aug. 10 grand opening event will include speakers Duke Morton, mayor of Gooding, and Idaho Gov. C.L. “Butch” Otter, as well as Bruce Tielens and Randy Tielens, president/CEO and vice president, respectively, of WEL.

Those interested in attending may contact Fechter at 920-339-0110, ext. 2117 or e-mail: Megan.Fechter@WELCompanies.com. CMN



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# EVENTS



## Will You Be Holding A Conference Or Short Course?

Contact Cheese Market News at 608-288-9090 or FAX 608-288-9093 to get your event added to our events calendar!



## Northeast dairy industry groups will hold combined annual convention Aug. 22-23

NORTH SYRACUSE, N.Y. — Members of the Northeast Dairy Food Association Inc. and the Pennsylvania Association of Milk Dealers will hold their 23rd Annual Combined Convention at the Equinox Hotel, Manchester, Vt., Aug. 22-23. Attendees will include more than 125 dairy executives and representatives from throughout the Northeast.

Speakers at the convention and their topics will include:

- Allen R. Sayler, Randolph Associates, "Food Safety Modernization Act, Are Recalls in Your Future?"
- Jeff Fielkow, Carton Council, "Making Carton Recycling Opportunities Happen,"
- Carl D. Herbein, Herbein + Co., "Delivery, Depots & Distributors,"
- Gordon Carter, Norit X-Flow, "Water, Whey Waste Management for

Plants," and

• Kenneth A. Smith, Cornell Cooperative Extension, "Hydrofracking, The Myths and Truths."

A panel discussion will be held on Foundation for the Future, and an evening awards banquet presentation will be held Aug. 22. A variety of social programs also are planned for attendees, spouses and guests, including a shotgun-style golf tournament that will offer players a chance to win \$10,000 in a hole-in-one contest.

Anyone associated with the dairy industry is invited to attend the convention. For more information and a registration packet, contact the Northeast Dairy Foods Association Inc. at 315-452-6455, the Pennsylvania Association of Milk Dealers at 717-238-1738, or visit [www.nedairyfoods.org](http://www.nedairyfoods.org). CMN

## WDPA to hold 2011 Dairy Product Grading and Evaluation Clinic at World Dairy Expo

MADISON, Wis. — The Wisconsin Dairy Products Association (WDPA) has announced that the 2011 Dairy Product Grading and Evaluation Clinic will be held Oct. 4 at the World Dairy Expo in Madison, Wis.

This training program on grading dairy products, including cheese, butter, Greek yogurt and ice cream, will be led by graders from USDA, the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) and the University of Wisconsin.

This year's clinic will feature a comprehensive grading session format

in which expert graders will discuss common defects in dairy products, what buyers are looking for and how to properly grade dairy foods. Following this presentation, federal, state and selected industry graders will join attendees as they have an opportunity to evaluate more than 40 different samples of cheese, butter, Greek yogurt and ice cream.

In the afternoon, participants will hear presentations on issues that impact the dairy industry. The session will open with Dave Robbins, Dean Foods, speaking about the new dairy plant regulations resulting from the latest National Conference of Interstate Milk Shipments (NCIMS) meeting. Other presenters include Rob Byrne, Schreiber Foods, who will talk about FDA's new food laws, and Marianne Smukowski, Wisconsin Center for Dairy Research, who will discuss SQF and BRC certification.

Attendees at the grading clinic will have the opportunity to also tour the World Dairy Expo during lunch and following the clinic.

WDPA says the Dairy Product Grading and Evaluation Clinic will be of interest to all segments of the dairy processing industry, including graders, quality and assurance personnel, technicians, salespersons, plant managers, retailers, suppliers and farmstead operations.

Registration rates for WDPA members are \$130 for the first company representative and \$95 for each additional representative, and for non-members \$180 for the first company representative and \$145 for each additional representative. The registration deadline is Sept. 27.

For more information or to register, contact WDPA, 608-836-3336, or visit [www.wdpa.net/clinic.html](http://www.wdpa.net/clinic.html). CMN

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## NEWS/BUSINESS



### AUCTION

Continued from page 1

was pleased to announce that Penterman, the first woman to win this coveted title, earned the honor for her Gouda Belegen, the first place entry in the open class for semi-soft cheese.

While cheese and butter contest entries are judged several weeks before the fair each year, the Grand Master award is kept secret until the fair's auction. To lead off the evening of bidding, Penterman's 18 pounds of award-winning Gouda Belegen was sold to Ivarson Inc., Milwaukee, for \$125 per pound, or a total of \$2,250.

Dairy manufacturers from throughout Wisconsin submitted nearly 300 entries for the 2011 Wisconsin State Fair Cheese & Butter Contest, held June 24 at Wisconsin State Fair Park.

Twenty-two classes were evaluated in categories such as flavor, appearance and texture.

This year's auction raised a total of \$28,925. The auction is a fundraising event for the nonprofit, all-volunteer Wisconsin State Fair Dairy Promotion Board. According to Katy Katzman, Wisconsin State Fair Dairy Promotion Board coordinator, a \$250 donation from Wisconsin Cheese Originals of Oregon, Wis., helped the Wisconsin State Fair Dairy Promotion Board surpass last year's auction total of \$28,885.

The other first place cheese/butter entries and winning bidders in each category are as follows:

Lot 1 — Cheddar: David Schmidt, Agropur, Weyauwega, made the 42-pound Cheddar purchased by Chr. Hansen, Milwaukee, for \$55 per pound, or a total of \$2,310.

Lot 2 — Swiss Style: Neal Schwartz, Chalet Cheese Co-op, Monroe, made the 20-pound Baby Swiss Wheel purchased by Wisconsin Aging & Grading Cheese, Little Chute, for \$30 per pound, or a total of \$600.



**BLUE-RIBBON BID** — Susan Quarne, left, publisher of *Cheese Market News*, purchased 10 pounds of String cheese made by Grant Arneson, right, of Burnett Dairy Co-op, Grantsburg, Wis., for \$150 per pound, or a total of \$1,500, Thursday night during the Wisconsin State Fair Blue Ribbon Cheese and Butter Auction. This year's auction raised \$28,925.

Lot 3 — Flavored Soft Cheese: Tony Gessler, Lactalis USA, Merrill, made the 12-pound Garlic and Herbs Gourmet Spread purchased by Danisco USA, New Century, Kan., for \$70 per pound, or a total of \$840.

Lot 4 — Goat Milk Cheese: Jean Rossard, Montchevre-Betin, Belmont, made the 20-pound Crumbled Onion & Basil cheese purchased by Ivarson Inc., Milwaukee, for \$50 per pound, or a total of \$1,000.

Lot 5 — Flavored Pepper Cheese: Steve Stettler, Decatur Dairy, Brodhead, made the 10-pound Pepper Havarti purchased by Wisconsin Cheese Mart, Milwaukee, for \$100 per pound, or a total of \$1,000.

Turn to *RESULTS*, page 28 ⇨



**A GRAND PURCHASE** — Glenn Ivarson, second from left, of Ivarson Inc., Milwaukee, purchased the Grand Master 18-pound Gouda Belegen made by Marieke Penterman, Holland's Family Cheese, Thorp, Wis., for \$125 per pound, or a total of \$2,250, at this year's Wisconsin State Fair Blue Ribbon Cheese & Butter Auction Thursday night. Also pictured, from left, are Alexis Nickeletti, Fairest of the Fairs; Chris Anderson and Rose Gulczynski, representing Holland's Family Cheese; and Alice in Dairyland Katie Wirkus.

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# NEWS/BUSINESS



## Farms for City Kids Foundation takes top prize for Tarentaise at Jersey Cheese Awards

**WISCONSIN DELLS, Wis.** — Farms for City Kids Foundation, Reading, Vt., won the top prize at the recent North American Jersey Cheese Awards with its Spring Brook Farm Tarentaise, a raw milk washed rind cheese.

Chapel Hill Creamery, Chapel Hill, N.C., received the "Second Best of Show" award for its washed-rind Calvander. Homestead Creamery, Jamesport, Mo., received "Third Best of Show" for its Country Classic, a semi-hard cheese.

The contest, which drew 77 entries of cheese, butter and yogurt from 24

producers in 16 different states, took place June 21 during the annual meetings of the American Jersey Cattle Association and National All-Jersey Inc. in Wisconsin Dells, Wis.

Judges included Kate Arding, *Culture* magazine; Jane Cisler, Wisconsin Cheese Makers Association; Gina Mode, Wisconsin Center for Dairy Research (CDR); Paris Knox, *W.D. Hoard's and Sons*; Marianne Smukowski, CDR; and Bill Wendorff, emeritus professor, UW-Madison, and consultant to CDR.

The judges assigned each entry a

score out of 50 possible points, based on texture, body, appearance, aroma, flavor and balance. Entries receiving 46-50 points earned a gold medal, 41-45 points earned a silver and 36-40 points earned a bronze. After all entries were judged, the gold medal winners were evaluated by all six judges to determine the top three cheeses. Medal winners were:

• **Class 1 — Fresh unripened cheese**

**Gold:** Gingerbread Jersey Cheese, Augusta, Wis., *Gingerbread Jersey White Cheese Curds*.

**Gold:** Branched Oak Farm, Raymond, Neb., *Quark*.

**Gold:** Bellwether Farms, Petaluma, Calif., *Whole Milk Ricotta*.

**Silver:** Keswick Creamery at Carrock Farm LLC, Newburg, Pa., *Bovre*.

**Silver:** Marcoot Jersey Creamery, Greenville, Ill., *Fresh Mozzarella*.

**Silver:** Bellwether Farms, Petaluma, Calif., *Fromage Blanc*.

**Silver:** The Farmstead at Mine Brook, Charlemont, Mass., *Jersey Maid Farmstead Ricotta*.

**Silver:** Keswick Creamery at Carrock Farm LLC, Newburg, Pa., *Quark*.

**Bronze:** Acoustic Farms, Springville, Iowa, *Fresh Mozzarella Curds*.

**Bronze:** Udderly Cool Dairy with Berry College, Roopville, Ga., *Fromage Blanc*.

**Bronze:** Gingerbread Jersey Cheese, Augusta, Wis., *Gingerbread Jersey Cheese Curds*.

**Bronze:** Keswick Creamery at Carrock Farm LLC, Newburg, Pa., *Whole Milk Jersey Ricotta*.

• **Class 2 — Mold ripened soft or unpressed cheese, plain**

**Gold:** Vermont Farmstead Cheese Co., South Woodstock, Vt., *Lil Lillé*.

**Gold:** Vermont Farmstead Cheese Co., South Woodstock, Vt., *Lillé*.

**Gold:** Vermont Farmstead Cheese Co., South Woodstock, Vt., *Norma Jean Jersey*.

**Silver:** The Farmstead at Mine Brook, Charlemont, Mass., *Jersey Maid Neige en Ete*.

**Silver:** Cowgirl Creamery, Petaluma, Calif., *Pierce Point*.

**Silver:** Branched Oak Farm, Raymond, Neb., *Prairie Bloom Camembert*.

**Bronze:** Cowgirl Creamery, Petaluma, Calif., *Inverness*.

• **Class 3 — Soft or unpressed cheese, ripened, plain**

**Gold:** Young's Jersey Dairy Inc., Yellow Springs, Ohio, *Baby Swiss*.

**Silver:** Marcoot Jersey Creamery, Greenville, Ill., *Creamy Havarti*.

• **Class 4 — Blue vein cheese, any variety, uncut**

**Silver:** Berkshire Cheese LLC, Dalton, Mass., *Berkshire Blue Cheese*.

• **Class 5 — Hard Cheese**

**Gold:** Chapel Hill Creamery, Chapel Hill, N.C., *Calvander*.

**Silver:** Wake Robin Farm, Jordan, N.Y., *Mona Lisa*.

**Silver:** Spring Gap Mountain Creamery, Paw Paw, W.Va., *Shenandoah Sunrise*.

**Bronze:** Keswick Creamery at Carrock Farm LLC, Newburg, Pa., *Lesher*.

• **Class 6 — Semi-hard Cheese**

**Gold:** Cobb Hill Cheese, Hartland, Vt., *4 Corners Caerphilly*.

**Gold:** Bellwether Farms, Petaluma, Calif., *Carmody*.

**Gold:** Homestead Creamery, Jamesport, Mo., *Country Classic*.

**Gold:** Udderly Cool Dairy with Berry College, Roopville, Ga., *Jack*.

**Gold:** Homestead Creamery, Jamesport, Mo., *Jersey Supreme*.

**Gold:** Farms for City Kids Foundation, Reading, Vt., *Spring Brook Farm Tarentaise*.

**Gold:** Keswick Creamery at Carrock Farm LLC, Newburg, Pa., *Tommenator*.

**Silver:** Wake Robin Farm, Jordan, N.Y., *Caerffili*.

**Silver:** Udderly Cool Dairy with Berry College, Roopville, Ga., *Cool Creek*.

**Silver:** Dos Lunas Artisan Cheese, Austin, Texas, *Dos Lunas Seco*.

**Silver:** Gingerbread Jersey Cheese, Augusta, Wis., *Gingerbread Jersey White Cheddar*.

**Silver:** The Farmstead at Mine Brook, Charlemont, Mass., *Jersey Maid Renaissance*.

**Silver:** Ted Thuli, Darlington, Wis., *Thuli's Original Cheddar*.

**Bronze:** Dos Lunas Artisan Cheese, Austin, Texas, *Dos Lunas Clasico*.

**Bronze:** Gingerbread Jersey Cheese, Augusta, Wis., *Gingerbread Jersey Co-Jack*.

**Bronze:** Udderly Cool Dairy with Berry College, Roopville, Ga., *Gouda*.

**Bronze:** Acoustic Farms, Springville, Iowa, *Parma Blue Persuasion*.

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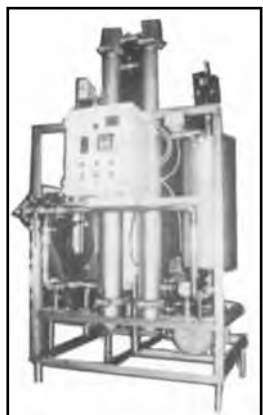
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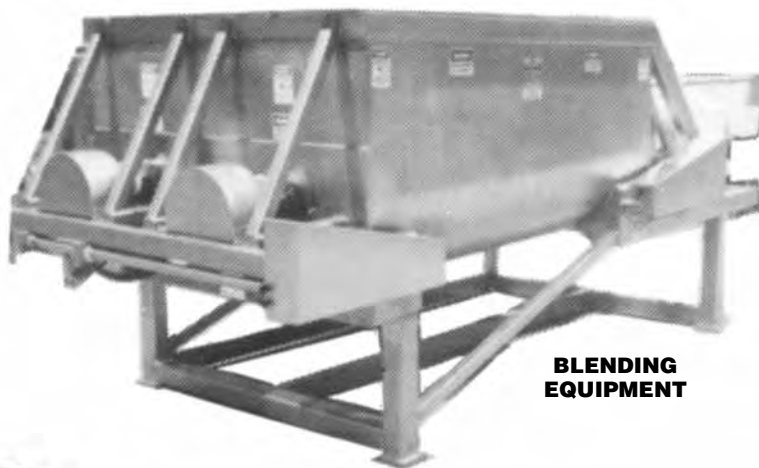
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Turn to JERSEY, page 11 ⇨

## NEWS/BUSINESS



### FDA seeks comments on FSMA fees burden

WASHINGTON—FDA in Monday's Federal Register announced the establishment of a docket to obtain information that will be used to formulate a proposed set of guidelines to consider the burden of fee amounts on small business, as set forth in the FDA Food Safety Modernization Act (FSMA), signed into law earlier this year.

FSMA provides FDA with authority to assess and collect user fees, including those for costs associated with certain domestic and foreign facility reinspections, failure to comply with a recall order and importer reinspections.

FDA is seeking public comment on what burdens these fees impose on small business, and whether and how

the agency should alleviate such burdens.

Specifically, FDA is seeking public comments on whether a reduction of fees or other consideration for small business is appropriate, and if so, what factors the agency should consider for each.

In addition, FDA is seeking public comment on how small business should be defined or recognized.

Comments can be submitted online at [www.regulations.gov](http://www.regulations.gov). Written comments can be submitted to the Division of Dockets Management, FDA, 5630 Fishers Lane, Room 1061, Rockville, MD 20852.

For more information, contact Alexis Nazario-Negron at 301-796-7223; e-mail: [Alexis.Nazario-Negron@fda.hhs.gov](mailto:Alexis.Nazario-Negron@fda.hhs.gov). **CMN**

### JERSEY

*Continued from page 10*

**Bronze:** Stryk Jersey Farm, Schulenburg, Texas, *SJF Raw Milk Cheddar 4-months old*.

**Bronze:** Young's Jersey Dairy, Yellow Springs, Ohio, *Toreador Cheddar*.

**Bronze:** Keswick Creamery at Carrock Farm LLC, Newburg, Pa., *Vermeer*.

• **Class 7 — Rind washed cheese**

**Gold:** Pampered Cow, Ghent, N.Y., *Hudson Red*.

**Silver:** Farms for City Kids Foundation, Reading, Vt., *Reading*.

**Silver:** Udderly Cool Dairy with Berry College, Roopville, Ga., *Southern Alpine*.

• **Class 8 — Smoked cheese**

**Gold:** Young's Jersey Dairy Inc., Yellow Springs, Ohio, *Applewood Smoked Cheddar*.

**Silver:** Gingerbread Jersey Cheese, Augusta, Wis., *Gingerbread Jersey Smoked Cheddar*.

**Silver:** Gingerbread Jersey Cheese, Augusta, Wis., *Gingerbread Jersey Smoked Mozzarella*.

**Bronze:** Homestead Creamery, Jamesport, Mo., *Smokehouse*.

• **Class 9 — Flavored cheese, sweet and savory**

**Gold:** Gingerbread Jersey Cheese, Augusta, Wis., *Gingerbread Jersey Dill and Garlic Cheese Curds*.

**Silver:** Udderly Cool Dairy with Berry College, Roopville, Ga., *Cranberry Fromage Blanc*.

**Silver:** Acoustic Farms, Springville, Iowa, *Fromage Blanc con Ali*.

**Silver:** Acoustic Farms, Springville, Iowa, *Fromage Blanc con Citrone*.

**Silver:** Gingerbread Jersey Cheese, Augusta, Wis., *Gingerbread Jersey Peppercorn Ranch Cheese Curds*.

**Silver:** Gingerbread Jersey Cheese, Augusta, Wis., *Gingerbread Jersey Taste of Sicily*.

**Silver:** Stryk Jersey Farm, Schulenburg, Texas, *SJF Raw Milk Black Pepper Cheddar*.

**Bronze:** Gingerbread Jersey Cheese, Augusta, Wis., *Gingerbread Jersey Jalapeno Cheese Curds*.

**Bronze:** Udderly Cool Dairy with Berry College, Roopville, Ga., *Italian Herbed Fromage Blanc*.

• **Class 10 — Jersey cream butter, any style**

**Gold:** Cowbella Dairy Products, Jefferson, N.Y., *Cowbella Chive Butter*.

**Gold:** Cowbella Dairy Products, Jefferson, N.Y., *Cowbella Garlic Oregano Butter*.

**Gold:** Cowbella Dairy Products, Jefferson, N.Y., *Cowbella Salted Butter*.

**Gold:** Cowbella Dairy Products, Jefferson, N.Y., *Cowbella Sweet Cream Butter*.

**Silver:** Bella Luna Farm, Gratiot, Wis., *Sweet Cream Butter*.

• **Class 10 — Cultured milk products**

**Silver:** Cowbella Dairy Products, Jefferson, N.Y., *Cowbella Maple Yogurt*.

**Silver:** Keswick Creamery at Carrock Farm LLC, Newburg, Pa., *Yogurt*.

**Bronze:** Cowbella Dairy Products, Jefferson, N.Y., *Cowbella Plain Yogurt*. **CMN**

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## NEWS/BUSINESS



## FDA announces fee rates for foreign facility reinspections and recalls for fiscal year 2012

WASHINGTON — FDA in Monday's Federal Register announced fiscal year 2012 fee rates for certain domestic and foreign facility reinspections, failure to comply with a recall order, and importer reinspections that are mandated in the FDA Food Safety Modernization Act (FSMA), signed into law earlier this year.

FDA says it will use a unit cost of \$224 per a supported direct work hour in fiscal year (FY) 2012 in billing reinspection and recall activities for FY 2012 if no foreign travel is required for the activity. If foreign travel is required, the hourly rate is \$335.

The fee will be assessed for a rein-

spection to determine whether corrective actions have been implemented and are effective, and compliance has been achieved to FDA's satisfaction at a facility that manufactures, processes, packs or holds food for consumption necessitated as a result of a previous inspection of the facility — if that facility had a final classification of Official Action Indicated (OAI) conducted by or on behalf of FDA, when FDA determined the non-compliance was materially related to food safety requirements of the Federal Food, Drug and Cosmetic Act.

FDA notes it considers such non-compliance to include non-compliance with a statutory or regulatory require-

ment. However, the agency says it does not consider non-compliance that is materially related to a food safety requirement to include circumstances where the non-compliance is of a technical nature and not food safety related — for example, failure to comply with a food standard or the incorrect font size on a food label.

In addition, FDA notes a fee will be assessed for not complying with a recall order to cover food recall activities associated with such order performed by FDA. This fee will be paid by the party that received the recall order.

Regarding import reinspection and reexamination, FDA has determined

that at least the following four specific situations will cause a fee to be assessed: reconditioning of imported food; importer seeking admission of an article that has been detained; entity requesting removal from an import alert for detention without physical examination; and destruction of food that has been refused admission.

FDA is accepting comments on these fees and will consider such comments in implementing these user fees in fiscal year 2013.

These fees are effective Oct. 1, 2011, and will remain in effect through Sept. 30, 2012. FDA notes that invoices for these fees for fiscal year 2012 will be issued using the fee schedule established in the Federal Register document, available at [http://www.access.gpo.gov/su\\_docs/fedreg/a110801c.html](http://www.access.gpo.gov/su_docs/fedreg/a110801c.html).

For more information, contact Amy Waltrip at 301-796-8811; e-mail: [Amy.Waltrip@fda.hhs.gov](mailto:Amy.Waltrip@fda.hhs.gov). CMN

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Julia Luscher — part of the Tetra Pak team.



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## IDFA partners show with Brasil Alimenta International Week

WASHINGTON — The International Dairy Foods Association (IDFA) has announced a promotional partnership with Brasil Alimenta International Week to cross-endorse the two trade shows.

"We are very happy to increase our international network and partner with Brasil Alimenta International Week on cross promotion of our mutual trade shows," says Robin Cornelison, IDFA trade show director. "It is our goal to work closely with many trade associations and international shows to expand our global reach."

As part of the co-promotional agreement, IDFA will be attending Brasil Alimenta International Week April 10-13, 2012, in Parque de Eventos Bendo Gonçalves, Brazil. Brasil Alimenta International Week attracts more than 9,000 trade visitors and 220 exhibitors. The event is renowned for creating networking opportunities for Latin American companies.

This partnership is just one of many ways IDFA has boosted the international marketing for the International Dairy Show 2011 that will take place Sept. 19-21, 2011, at the Georgia World Congress Center in Atlanta. Attendees will have the opportunity to view more than 75,000 square feet of exhibits, offering everything dairy, food and beverage companies need to run more efficiently, create new products and improve profitability.

For additional information on the International Dairy Show, please visit [www.dairyshow.com](http://www.dairyshow.com) or e-mail Cornelison at [rcornelison@idfa.org](mailto:rcornelison@idfa.org).

For more information on Brasil Alimenta International Week 2012, visit <http://www.brasilalimenta.com.br/indexeng.html>. CMN

## NEWS/BUSINESS



### FDA warns CytoSport over use of 'milk' in name

WASHINGTON — FDA recently sent a letter to Michael Pickett, president and CEO of CytoSport Inc., Benicia, Calif., noting the agency has concluded that labels for certain CytoSport products are in violation of the Federal Food, Drug and Cosmetic Act because they feature the word "milk" yet contain no milk.

In the letter dated June 29, FDA notes CytoSport's Chocolate Muscle Milk Protein Shake and Vanilla Creme Muscle Milk Light Nutritional Shake products are misbranded because the product labels prominently feature the "milk;" however, the products contain no milk. FDA adds that the actual statements of identity, Protein Nutrition Shake and Nutritional Shake, are in significantly smaller and less prominent type than the words "Muscle Milk" on the product labels.

In addition, FDA notes the product labels include the statement "contains no milk" on the principal display panel, but according to the ingredient statements, the products contain the following milk-derived ingredients: calcium and sodium caseinate, milk protein isolate and whey. The allergen statement printed on both of these products states "This product contain ingredients derived from milk," so the "contains no milk" statement could give consumers the impression that the products are free of milk-derived ingredients, FDA adds.

The warning letter says CytoSport's Chocolate Muscle Milk Protein Nutrition Shake and Vanilla Creme Muscle Milk Light Nutritional Shake products are misbranded because they purport to be a food for which a definition and standard of identity has been prescribed by regulation, but they fail to conform to such definition and standard.

Specifically, FDA says these products "purport to be milk by prominently featuring" the word "milk" on the labels. Milk is a food for which a definition and

standard of identity has been prescribed by regulation.

According to the ingredient list on CytoSport's product labels, these products contain no milk and contain numerous ingredients not permitted by the standard; therefore, the products do not conform to the standard of identity for milk, the warning letter states.

The letter also lists the following examples of CytoSport's misbranded products:

- The company's Chocolate Muscle Milk Protein Nutrition Shake and Chocolate Peanut Caramel Muscle Milk products are misbranded because the product labels and labeling bear nutrient content claims that are not authorized by regulation or fail to comply with the regulations that authorize nutrient content claims.

- The company's Chocolate Muscle Milk Protein Nutrition Shake, Vanilla Creme Muscle Milk Light Nutritional Shake and Chocolate Peanut Caramel Muscle Milk products are misbranded because the nutrition labels for these products do not include the amounts of polyunsaturated and monounsaturated fats present in the product.

- The company's Chocolate Muscle Milk Protein Nutrition Shake, Vanilla Creme Muscle Milk Light Nutritional Shake and Chocolate Peanut Caramel Muscle Milk products are misbranded. The Chocolate Peanut Caramel Muscle Milk product label does not bear a statement of identity.

In response, CytoSport says it is "proactively and openly" addressing FDA's labeling concerns.

"It is important for CytoSport's retail partners and for consumers to understand that at no point has the FDA raised any questions or concerns about the safety of Muscle Milk products," CytoSport says. "CytoSport is working with the FDA to ensure we address its concerns." CMN

## PEOPLE



### Comings and goings ... comings and goings

The board of directors at **Darigold Inc.**, Seattle, has selected **Jim Wegner** as the new president and CEO of Northwest Dairy Association and Darigold, effective Aug. 1. Wegner succeeds **John Underwood**, who is retiring. Underwood will serve as special executive of the board of directors and will assist in the transition. Wegner previously was Darigold's senior vice president of technical services and has 35 years of experience in the dairy industry.

The **Grocery Manufacturers Association** recently announced the appointment of **George E. Duniaf** as vice president of food safety and technical services. Duniaf most recently served as vice president, global food safety, at Campbell Soup Co. He holds a master's degree in human nutrition and a doctor-

ate in toxicology, and is a board-certified toxicologist and a diplomat of the American Board of Toxicology.

**RathGibson**, Lincolnshire, Ill., recently announced it has increased its international support efforts with new appointments. **John Sinks** has been named vice president-international sales. Sinks previously served as RathGibson's vice president-sales and marketing, energy products. **Peter Wang** has been named director-business development, Asia Pacific. Wang previously was RathGibson's director-business development, Greater China. **Greg Jones** has been named director of customer service under the company's newly reorganized information technology platform. Jones most recently served as RathGibson's director-international sales. CMN

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For more information circle 14 on the FAST FAX form on page 28.

## NEWS/BUSINESS



## Klondike Cheese's Steve Webster receives top award for Feta at 2011 Green County Fair

**MONROE, Wis.** — A Feta made by Steve Webster of Klondike Cheese, Monroe, Wis., received the top award at the 2011 Green County Fair cheese contest, which took place here last month.

Feta from Klondike Cheese swept the first three places of the Open Class category. Klondike also received third- and fourth-place awards for its Brick entries.

The top winners and their scores in each category at the Green County Fair are as follows:

- **Cheddar**

First: Gary Grossen, UW Babcock

Hall Dairy, Madison, Wis., 98.70.

Second: Roger Larson, Maple Leaf Cheese, Monroe, Wis., 98.20.

Third: Jeff Wideman, Maple Leaf Cheese, Monroe, Wis., 98.15.

- **Colby, Monterey Jack, Edam, Gouda**

First: Jeff Wideman, Maple Leaf Cheese, Monroe, Wis., *Monterey Jack*, 99.0.

Second: Roger Larson, Maple Leaf Cheese, Monroe, Wis., *Edam*, 98.65.

Third: Gary Grossen, UW Babcock Hall Dairy, Madison, Wis., *Gouda*, 98.3.

Fourth: Paul Reigle, Maple Leaf Cheese, Monroe, Wis., *Edam*, 98.10.

- **Swiss (Block or Wheel)**

First: Silvan Blum, Chalet/Depeler Cheese, Monroe, Wis., 98.35.

Second: Emmi-Roth USA, Monroe, Wis., 96.75.

- **Baby Swiss**

First: Brett Krattiger, Maple Leaf Cheese, 99.15.

Second: Neal Schwartz, Chalet Cheese Co-op, Monroe, Wis., 99.10.

Third: Mike Nelson, Chalet Cheese Co-op, Monroe, Wis., 98.65

Fourth: Silvan Blum, Chalet/Depeler Cheese, Monroe, Wis., 98.35.

- **Brick**

First: Brandon Olson, Decatur

Swiss Cheese Co-op, Brodhead, Wis., 98.65.

Second: Steve Stettler, Decatur Swiss Cheese Co-op, Brodhead, Wis., 99.50

Third: Dave Buholzer, Klondike Cheese, Monroe, Wis., 99.45.

Fourth: Steve Buholzer, Klondike Cheese, Monroe, Wis., 99.30.

- **Muenster**

First: Matt Henze, Decatur Swiss Cheese Co-op, Brodhead, Wis., 98.55.

Second: John Jay Lewis, Valley View Cheese, South Wayne, Wis., 98.45.

Third: Bruce Workman, Edelweiss Graziers Co-op, Monticello, Wis., 98.20.

Fourth: Chad Duhai, Zimmerman Cheese, South Wayne, Wis., 98.15.

- **Havarti**

First: Steve Stettler, Decatur Swiss Cheese Co-op, Brodhead, Wis., 99.50.

Second: Matt Henze, Decatur Swiss Cheese Co-op, Brodhead, Wis., 98.70.

Third: Hansi Lehner, Valley View Cheese, South Wayne, Wis., 98.15.

Fourth: John Yttri, Edelweiss Graziers Co-op, Monticello, Wis., 97.60.

- **Flavored Natural**

First: George Stettler, Decatur Swiss Cheese Co-op, Brodhead, Wis., *Dill Havarti*, 99.70.

Second: Matt Henze, Decatur Swiss Cheese Co-op, Brodhead, Wis., *Dill Havarti*, 99.55.

Third: Brandon Olson, Decatur Swiss Cheese Co-op, Brodhead, Wis., *Dill Havarti*, 99.20.

Fourth: Hansi Lehner, Valley View Cheese, South Wayne, Wis., *Dill Havarti*, 99.15.

- **Italian**

First: Gary Grossen, UW Babcock Hall Dairy, Madison, Wis., *Parmesan*, 97.55.

Second: Josh Erickson, Silver Lewis Cheese Co-op, Monticello, Wis., *Romano*, 97.35.

Third: Jay Erickson, Silver Lewis Cheese Co-op, Monticello, Wis., *Romano*, 96.80.

- **Smear**

First: Nathan Leopold, Chalet Cheese Co-op, Monroe, Wis., *Limburger*, 99.45.

Second: Myron Olson, Chalet Cheese Co-op, Monroe, Wis., *Limburger*, 98.70.

Third: Larry Van Dussen, Emmi-Roth USA, Monroe, Wis., *Gruyere*, 98.50.

Fourth: Nathan Leopold, Chalet Cheese Co-op, Monroe, Wis., German Brick, 97.90.


- **Open Class**

First: Steve Webster, Klondike Cheese, Monroe, Wis., *Feta*, 99.60.


Second: Steve Buholzer, Klondike Cheese, Monroe, Wis., *Feta*, 99.50.

Third: Adam Buholzer, Klondike Cheese, Monroe, Wis., *Feta*, 99.05.

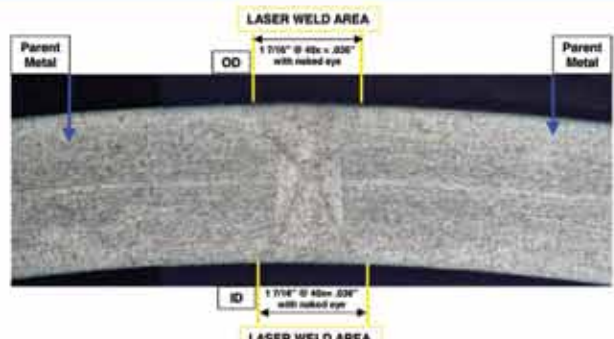
Fourth: Emmi Roth USA, Monroe, Wis., *GranQueso*, 97.60. **CMN**



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For more information circle 15 on the FAST FAX form on page 28.

## NEWS/BUSINESS



## H-E-B recalls dairy items from stores

**SAN ANTONIO, Texas** — The Texas supermarket chain H-E-B has issued a precautionary recall for various sizes of H-E-B Brand cottage cheese, dips, yogurt and sour cream sold between June 18 and July 27. The products, sold at H-E-B, Central Market, Mi Tienta and Joe V's, are being recalled as a precaution due to the possible presence of foreign material.

The recall covers 16-ounce containers of H-E-B cottage cheese with pineapple; 16- and 24-ounce sizes of H-E-B small-curd, large-curd, fat-free and lowfat cottage cheese; 8-ounce H-E-B French Onion Party Dip, Jalapeño Dip, Green Onion Party Dip, Ranch Style Party Dip, Chili Con Queso Dip and French Onion Dip; 16-ounce H-E-B fat-free sour cream and 8-, 16- and 24-ounce H-E-B sour cream and light sour cream; 32-ounce H-E-B Sweetened Plain Yogurt, Blended Vanilla Yogurt, Blended Peach Yogurt, Blended Strawberry Yogurt, Light Strawberry Yogurt and Light Vanilla Yogurt, 24-ounce H-E-B Fat Free Active Tub Vanilla and Plain yogurts and 24-ounce H-E-B Low Fat Active Tub Strawberry and Vanilla yogurts.

H-E-B says 4-ounce and 6-ounce product sizes are not impacted by the recall.

Customers can return the recalled products to any H-E-B, Central Market, Mi Tienta and Joe V's store for a full refund.

While no injuries have been reported, H-E-B says it has issued this voluntary recall in an abundance of caution to ensure the safety of its customers.

"H-E-B is committed to the highest standards of food safety for our customers," says Winell Herron, group vice president of public affairs and diversity, H-E-B. "We want to take every precaution necessary to ensure the integrity and quality of the products sold in our stores." CMN

## WOW Logistics is recognized as top supply chain partner

**APPLETON, Wis.** — WOW Logistics has announced it has been named in *SupplyChainBrain* magazine's 100 Great Supply Chain Partners. *SupplyChainBrain*'s 9th annual list of 100 Great Supply Chain Partners is the result of a six-month online poll in which supply chain professionals were asked to nominate vendors and service providers whose solutions have made a significant impact on their company's efficiency, customer service and overall supply chain performance.

"We are honored to be acknowledged as a leader in the logistics industry," says Jamie Wally, vice president of sales and marketing for WOW Logistics. "Whether it is plant support or direct distribution to their end user, our commitment is to continue developing our people, processes, and technology to best support the needs of our customers." CMN

## Land O'Lakes reports strong performance during first half of 2011

**ARDENHILLS, Minn.** — Land O'Lakes Inc. recently reported that first half sales and earnings were up in all of the company's core businesses, including dairy foods.

"These very positive results were driven by a combination of factors, including improved agricultural markets, solid performance by our core branded and propriety products, and new products that have been very well-received by both consumers and our commercial customers," says Chris Policinski, Land O'Lakes president and CEO.

Policinski also notes that Land O'Lakes is aggressively pursuing stra-

tegic initiatives focused on optimizing efficiency and better managing risk.

"These initiatives are transforming Land O'Lakes into a stronger, more competitive organization, and contributed to our strong first-half performance," he says.

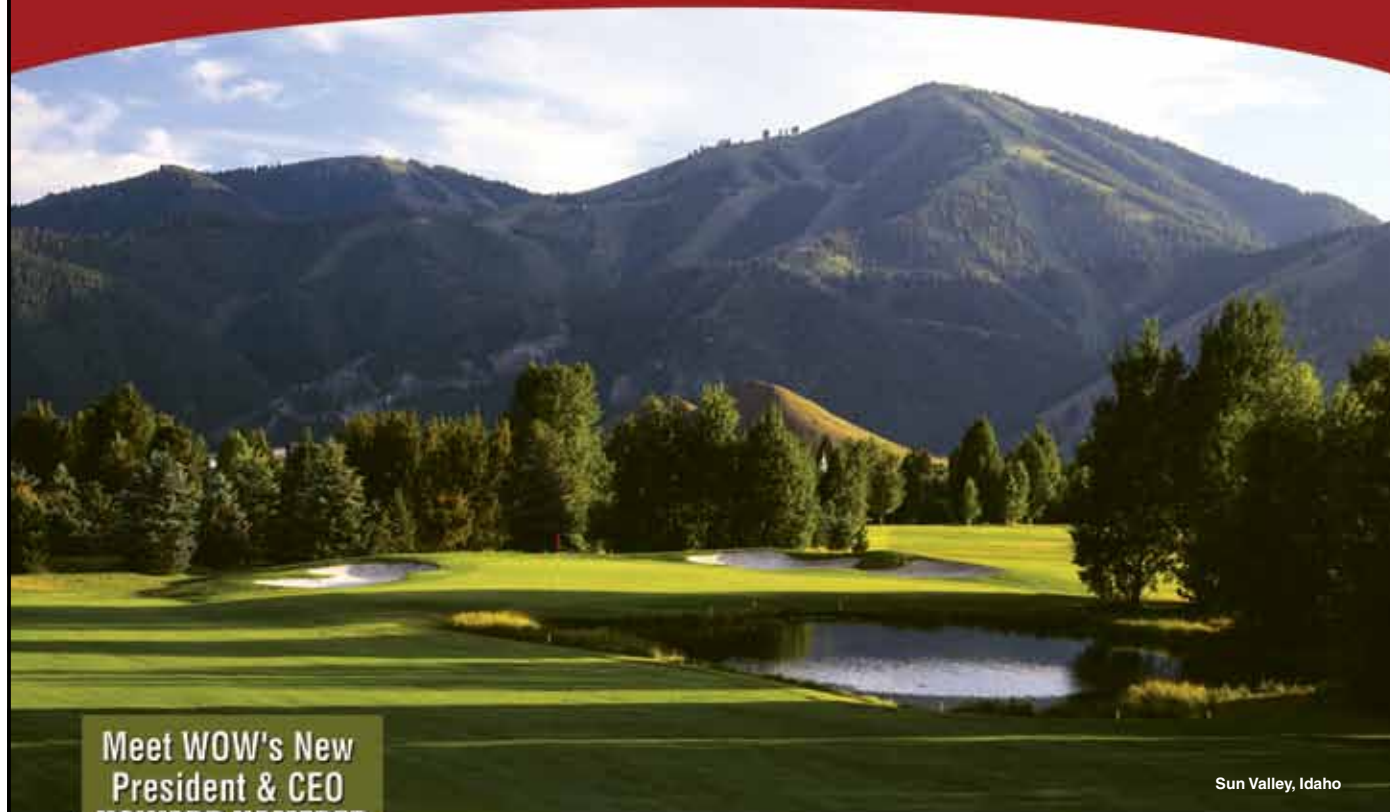
Net sales for the first half totaled \$6.93 billion, up 15 percent from \$6.02 billion during the first six months of 2010. First-half net earnings were \$168.1 million, up 75 percent from the same period last year.

Land O'Lakes says it maintained a strong balance sheet, with the company's long-term debt-to-capital ratio

improving to 31 percent compared to 34 percent at the end of the first half of 2010, and total equity increasing by \$130 million to \$1.16 billion. Total debt as of June 30 increased to \$1.05 billion from \$890 million the same date in 2010, primarily due to higher working capital needs related to increased pricing levels and business volume.

"Going forward, Land O'Lakes will remain focused on delivering solid business performance, leading innovation and maintaining a strong balance sheet while pursuing strategic growth opportunities, including international expansion," says Policinski. CMN

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## NEWS/BUSINESS



## IDFA, other trade groups file petition with FDA for warehouse exemption under FSMA

WASHINGTON — The International Dairy Foods Association (IDFA) and seven other trade groups including the Grocery Manufacturers Association (GMA) last week filed a citizen's petition with FDA asking the agency to exempt from certain kinds of compliance under the Food Safety Modernization Act (FSMA) warehouse facilities that store packaged foods. The groups say applying the legislation's hazard analysis and preventive controls provisions to storage facilities would be redundant and would impose added costs with no public health benefit.

Under section 418 of FSMA, owners and operators of "a facility," as defined

by section 415 of the Federal Food, Drug and Cosmetic Act, must conduct a hazard evaluation to identify hazards that are reasonably likely to occur, including "biological, chemical, physical and radiological hazards, natural toxins, pesticides, drug residues, decomposition, parasites, and unapproved food or color additives. In addition, the facility must identify and evaluate hazards that occur naturally and hazards that may be intentionally introduced. The facility also must identify and implement preventive controls to provide assurances that the identified hazards would be significantly minimized and that food would not be adulterated.

"Most of the potential hazards and preventive controls discussed in section 418 are not relevant to facilities solely engaged in the storage of packaged foods not exposed to the environment," the petition states. "These foods have already been subject to hazard analyses and preventive controls (including Good Manufacturing Practices) throughout the process of their manufacture and packaging, and they are ready to be delivered to retailers and end-users."

The groups note the dairy industry uses warehouses for storing and distributing fluid milk, yogurt, ice cream, cheese, butter, and powdered and canned dairy products. In some cases, the manufac-

turing company owns and operates the warehouses, and in other cases, they are operated by third parties under the direct or indirect control of the manufacturer.

The groups estimate the cost of compliance with the full requirements of the food safety bill amount to several thousand dollars per facility, and they say that the costs are not justified by any risks and that applying the requirements to warehouses would dilute FDA's focus and expend resources that could be put to better use.

In related news, IDFA and other food trade associations recently met with senior FDA officials to discuss the warehouse exemption and other implementation aspects of FSMA.

IDFA Vice President Clay Detlefsen urged FDA officials not to mandate finished product testing, saying it would impose considerable costs for companies without adding any public health benefit. He also called for a complete separation of food safety and food defense plans in the new regulations.

FDA invited IDFA and other groups to participate in a listening session to gain a better understanding of industry's concerns and gather suggestions for enhancing the compliance success rate.

"This was a phenomenal opportunity for us to meet with FDA officials face to face and have a meaningful dialogue on the important issues that have surfaced thus far under the Food Safety Modernization Act," says Detlefsen, who represented IDFA at the session. "The session also was a great opportunity for FDA officials to refine efforts now underway before they issue proposed rules and guidance."

Michael Taylor, FDA deputy commissioner for foods, notes that FDA is committed to "early and active public engagement" to ensure that the agency's plans for implementation are well-informed, practical and effective. He adds that involving industry offers the best way to achieve high levels of compliance. **CMN**

## CWT accepts eight requests for exports

ARLINGTON, Va. — Cooperatives Working Together (CWT) recently accepted eight requests for export assistance from Bongards' Creameries and Dairy Farmers of America to sell a total of 3,580 metric tons (7.893 million pounds) of Cheddar to customers in Asia, the Middle East, Central America, Europe and the South Pacific. The product will be delivered August through December.

In 2011, CWT has assisted members in making export sales of Cheddar, Monterey Jack and Gouda totaling 26,136 metric tons (57.6 million pounds) to 20 countries on four continents. An earlier accepted bid for 500 metric tons was canceled.

CWT will pay export bonuses to the bidders, only when delivery of the product is verified by the submission of the required documentation. **CMN**

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## NEWS/BUSINESS



## National Restaurant Association's Restaurant Performance Index rises above 100 in June

WASHINGTON — Driven by stronger same-store sales and traffic levels and a more optimistic outlook among restaurant operators, the National Restaurant Association's Restaurant Performance Index (RPI) rose above 100 in June. The RPI — a monthly composite index that tracks the health of and outlook for the U.S. restaurant industry — stood at 100.6 in June, up 0.8 percent from May's level of 99.9. In addition, June represented the sixth time in the last seven months that the RPI stood above 100, which signifies expansion in the index of key industry indicators.

"The RPI's solid improvement in June was due in large part to stronger same-store sales and customer traffic performances, which bounced back from their May declines," says Hudson Riehle, senior vice president of the Research and Knowledge Group for the association. "In addition, restaurant operators are optimistic that their sales environment will improve in the months ahead, while their outlook for capital spending also remains strong."

The RPI is constructed so that the health of the restaurant industry is measured in relation to a steady-state level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, and index values below 100 represent a period of contraction for key industry indicators. The RPI consists of two components, the Current Situation Index and the Expectations Index.

The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 100.5 in June — up 1.4 percent from May's level of 99.2. The Current Situation Index stood above 100 in three of the last four months, which signifies expansion in the current situation indicators.

Restaurant operators reported stronger same-store sales results in June. Fifty-one percent of restaurant operators reported a same-store sales gain between June 2010 and June 2011, up from 39 percent of operators who reported higher same-store sales in May. Meanwhile, 31 percent of operators reported a same-store sales decline in June, down from 40 percent of operators who reported lower sales in May.

Restaurant operators also reported improving customer traffic levels in June. Forty-four percent of restaurant operators reported an increase in customer traffic between June 2010 and June 2011, up from 33 percent of operators who reported higher traffic in May. In comparison, 33 percent of operators reported a traffic decline in June, down from 41 percent who reported lower traffic in May.

Along with improving sales and traffic results, restaurant operators reported an increase in capital spending activity.

The Expectations Index, which measures restaurant operators' six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 100.7 in June — up slightly from May's level of 100.6. June represented the 11th consecutive month above 100 for the Expectations Index, and the modest improvement came on the heels of three consecutive monthly declines.

Restaurant operators remain generally optimistic about sales growth in the months ahead. Forty percent of restaurant operators expect to have

higher sales in six months (compared to the same period in the previous year), essentially unchanged from 41 percent who reported similarly last month. In comparison, only 16 percent of restaurant operators expect their sales volume in six months to be lower than it was during the same period in the previous year, down from 20 percent who reported similarly last month.

In comparison, restaurant operators are somewhat less optimistic about the direction of the overall economy in the months ahead. Twenty-six percent of restaurant operators

said they expect economic conditions to improve in six months, up slightly from 24 percent who reported similarly last month. Meanwhile, 20 percent of operators said they expect economic conditions to worsen in the next six months, compared to 21 percent last month.

The RPI is based on the responses to the National Restaurant Association's Restaurant Industry Tracking Survey, which is fielded monthly among restaurant operators nationwide on a variety of indicators including sales, traffic, labor and capital expenditures. **CMN**

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For more information circle 18 on the FAST FAX form on page 28.

## NEWS/BUSINESS



## IDFA files comments to FDA supporting detention of food in FSMA

WASHINGTON — In comments filed this week, the International Dairy Foods Association (IDFA) says it supports FDA's amendments to the administrative detention of food for humans or animals, which were required under the Food Safety Modernization Act (FSMA).

Because FSMA gives FDA broader authority to order administrative detention, IDFA asked the agency to consider developing clear criteria and guidance regarding when FDA would use the authority and when it would not.

Under the interim final rule, which took effect July 3, 2011, FDA has the authority to order administrative de-

tention for food that is adulterated or misbranded. Previously, this authority was limited to situations where the food presented a serious adverse health consequence or threat of death to humans or animals, IDFA notes.

"IDFA notes that while there has been concern within the regulated community that the revised administrative detention authority could be overused, or even misused, IDFA is confident, given FDA's history and procedures, that that is unlikely," the comments state.

IDFA's comments reference the Bioterrorism Act and subsequent FDA regulations that allow only the FDA commissioner or official designated by the

commissioner to approve a detention order, which was created as a mechanism to allow FDA to pursue seizures or injunctions.

IDFA also notes that it agrees with an FDA example that applied the authority to Class II recall situations, and IDFA asks FDA for clarification regarding what, if any, other types of incidents would trigger it.

"Extending the exercise of this authority to other situations that are not likely to cause adverse health consequences, such as Class III recalls or misbranding situations, though permitted by FSMA, would be unsound," the comments add. CMN

## Consumers warned not to drink milk from Brunton Dairy

HARRISBURG, Pa. — The Pennsylvania departments of Health and Agriculture and the Allegheny County Health Department recently advised the public of possible health risks associated with products, and specifically glass-bottled milk, from Brunton Dairy in Aliquippa, Pa.

Since June 15, five people — three young children and two older adults — developed diarrhea and other symptoms caused by the bacteria *Yersinia enterocolitica*. All five people became ill after drinking pasteurized milk in glass bottles from the same local dairy.

"Until we can complete our investigation, we are recommending, in the interest of public health, that any glass-bottled milk from the dairy at homes or businesses be discarded or returned to the dairy, and that residents take precaution with other dairy products from Brunton Dairy," says Pennsylvania Secretary of Health Eli Avila.

The shelf life for the dairy's pasteurized milk is at least 15 days and is much longer for its ice cream. Apart from milk and ice cream, the warning does not extend to other types of food purchased from or distributed by the farm, including cheese, which is made elsewhere.

The departments are working together to investigate the gastrointestinal infections in Pennsylvania's Beaver and Allegheny counties. Illness onsets range from June 15 through July 17. Other people in the same households also experienced a similar illness, but the cause of their illnesses were not confirmed.

Brunton Dairy is cooperating fully with the investigation and released a statement on its website announcing that it temporarily has suspended milk production after being informed of its possible link to the illnesses, though the dairy says no conclusive or significant evidence supports that link.

"We undergo regular testing and inspections as required by law, and all those tests have returned negative," Brunton Dairy says. "However, being partners in public health, we are taking these concerns very seriously by submitting to extra testing and rigorous evaluation to ensure that, if any problem exists, it will be quickly and effectively remedied."

Brunton Dairy is certified by the Pennsylvania Department of Agriculture to pasteurize milk at the farm. The dairy produces buttermilk; regular, fat-free and reduced-fat milk; chocolate- and strawberry-flavored milk; cream; and ice cream. The dairy makes home deliveries to households in western Pennsylvania and sells milk and ice cream at retail establishments. The public also may buy products on the farm, and the milk can be purchased for use by restaurants. CMN

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## NEWS/BUSINESS



## FDA releases web-based scenarios to help food industry test emergency preparedness

WASHINGTON — FDA and other federal partners recently released the Food Related Emergency Exercise Boxed (FREE-B) set, a web-based collection of scenarios that the agency says will help government regulators, public health organizations and the food industry test their readiness for food-related emergencies.

FREE-B is a compilation of five scenarios designed to help test and develop food emergency response plans, protocols and procedures. It will help food and agriculture stakeholders and emergency preparedness planners collaborate better with each other, neighboring jurisdictions, the food industry and federal agencies during food emergencies, FDA says.

“Being prepared for any kind of emergency is critical to a rapid and effective response,” says Michael R. Taylor, FDA deputy commissioner for

foods. “FREE-B helps people think about their own responsibilities in a time of crisis and how to best work with others involved.”

FDA worked with experts from the Centers for Disease Control and Prevention (CDC) and USDA’s Food Safety and Inspection Service and Animal and Plant Health Inspection Service to develop FREE-B.

“It is critical for decision-makers involved in a food safety incident to appreciate the varied roles each must play to reduce foodborne illness, from data collection and analysis to traceback efforts to communicating with the public

about how to protect themselves,” says Beth P. Bell, director of CDC’s National Center for Emerging and Zoonotic Infectious Diseases. “FREE-B will give stakeholders such an opportunity.”

FREE-B is consistent with the Food Safety Modernization Act’s call for coordination among federal food safety agencies and the development of resources to help local and state agencies involved in helping to ensure the safety of the nation’s food supply, FDA notes.

FDA adds that through participation in any of the scenarios, stakeholders will be able to cultivate

professional skills by learning how to work with dynamic, ad-hoc teams facing critical food emergency incidents that threaten the safety of the public; assess readiness to effectively address a food contamination incident; define roles and interactions with partners; understand the purpose and objectives of federal, state, local and industry organizations and how each provides resources to address different aspects of food contamination scenarios; and take appropriate, timely and effective steps to remediate emergency situations that are caused by intentional or unintentional acts. **CMN**

## RMT launches new case, crate picking solutions for dairy

GRIMSBY, Ontario — RMT Robotics will introduce both a case and crate picking solution at the 2011 International Dairy Show in Atlanta in September. The systems reduce the footprint of stand pick modules, pick in exact customer sequences and provide complete traceability of products, the company says. The robotic gantry-based solutions also have limitless layout options, can operate in chill stores to -20 degrees Celsius and can handle a large variety of dairy products including cheese, milk, cream and yogurts.

The RMT picking systems are highly flexible and designed to address current distribution dilemmas including SKU proliferation, labor constraints and traceability. Regardless of packaging type — case or crate — the systems are designed to pick individual or multiple cases out of active storage. As soon as the system receives orders and products, it begins the pre-picking process. When the required products for a certain order are ready, the system can complete it extremely quickly. Using an advanced automated controls system, cases or crates will be delivered in exactly the desired pallet-build sequence for automated mixed palletizing at the dock. As a result, fresh products arrive at the retail stores earlier and have longer shelf lives, RMT Robotics says. The system also provides precise information on the location of all products as well as the ability to isolate SKUs in the event of a problem or recall.

For more information, contact Lori Vaughan, marketing coordinator, RMT Robotics, at lorivaughan@rmtrobotics.com. **CMN**





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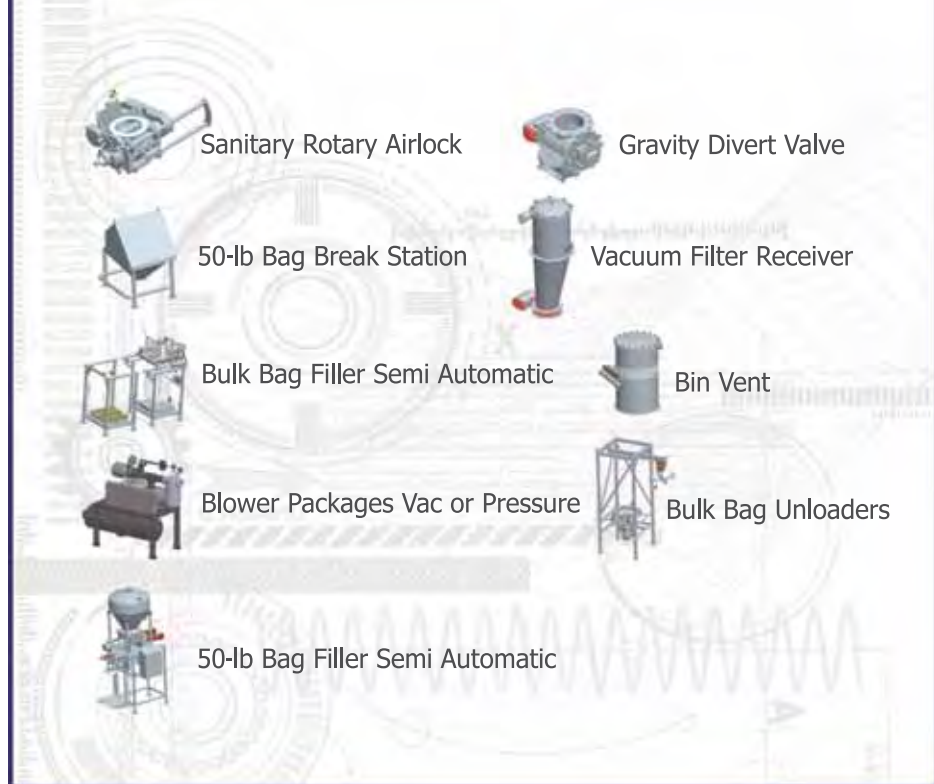
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## Dean Foods reports share loss, net sales gain in second quarter financial results

DALLAS — Dean Foods has reported a second quarter loss of \$0.28 per diluted share, compared to second quarter 2010 earnings of \$0.25 per diluted share. The loss per share in the quarter includes a \$131 million pretax charge related to the previously disclosed Tennessee dairy farmer class action litigation (*see "Dean Foods agrees to settle lawsuit; other cases continue" in the July 15, 2011, issue of Cheese Market News*).

On an adjusted basis, second quarter 2011 diluted earnings per share were \$0.18, compared to \$0.29 per adjusted diluted share in the prior year's second quarter.

For the second quarter of 2011, the net loss attributable to Dean Foods totaled \$51 million compared to a net income of \$45 million in last year's second quarter. Adjusted net income for the second quarter was \$32 million, compared to adjusted net income of \$53 million in the second quarter of 2010.

Net sales for the second quarter totaled \$3.3 billion, compared to \$3.0 billion in the second quarter of 2010. Net sales for the second quarter increased due to the pass-through of higher dairy and overall commodity costs that were partially offset by lower volumes at Fresh Dairy Direct-Morningstar as well as continued solid sales growth at WhiteWave-Alpro.

Consolidated operating loss in the second quarter totaled \$16 million, compared to consolidated operating income of \$125 million in the second quarter of 2010. Second quarter consolidated adjusted operating income

totaled \$114 million, compared to \$133 million in the second quarter of 2010. The decline in the second quarter consolidated adjusted operating income was due to a \$31 million decline in operating income at Fresh Dairy Direct-Morningstar, offset by \$6 million of operating income growth at WhiteWave-Alpro and a \$6 million decline in corporate expense driven by the company's ongoing cost savings initiatives.

Fresh Dairy Direct-Morningstar fluid milk volumes decreased by 1 percent in the second quarter, compared to the overall industry that experienced a volume decline of approximately 2 percent on a year-over-year basis, based on USDA data and company estimates. The company's performance was driven primarily by the addition of new customers. Other product categories served by this segment remained soft, including ice cream, cottage cheese and sour cream. Total volumes from this segment declined 4 percent from the second quarter of 2010, including the impact from the divestiture of its yogurt business. The soft volume in the quarter was offset by the pass-through of higher average commodity costs, resulting in Fresh Dairy Direct-Morningstar net sales of \$2.8 billion, a 12 percent increase from \$2.5 billion for the second quarter of 2010. Operating income for this segment was \$116 million in the second quarter, down 21 percent from the same period last year.

The WhiteWave-Alpro segment reported second quarter net sales of \$514 million, 12 percent above second quarter 2010 net sales due to continued strong growth across the product portfolio. Net sales of Horizon Organic branded milk increased mid-teens in the second quarter. Branded creamer sales, including both International Delight and Land O'Lakes creamers also increased mid-teens. Segment operating income in the second quarter was \$44.1 million, up 13 percent from the second quarter of 2010. On an adjusted basis, which excludes the impact of the 50 percent interest in the Hero/WhiteWave joint venture that WhiteWave does not own, the segment reported operating income of \$46.6 million, an increase of 14 percent from \$41.0 million in the second quarter of 2010.

Looking forward, Dean Foods says WhiteWave-Alpro continues to perform well, and management expects full-year operating income growth in the low- to mid-teens. Fresh Dairy Direct-Morningstar's business continues to stabilize in many ways, Dean Foods adds, and the company continues to cut costs across the supply chain. **CMN**

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## NEWS/BUSINESS



## Industry raises concerns over bill requiring employers to electronically-verify workers

WASHINGTON — Dairy and agriculture industry groups are voicing concerns over recently-introduced legislation that would require employers to electronically-verify (E-Verify) that newly-hired employees are legally authorized to work in the United States.

The Legal Workforce Act, recently introduced by House Judiciary Committee Chair Lamar Smith, R-Texas, would require all employers to use the E-Verify system.

According to Smith, under E-Verify, the Social Security numbers of new hires are checked against Social Security Administration and Department of Homeland Security records in order to eliminate fraudulent numbers and ensure that new hires are genuinely eligible to work.

The Immigration and Reform and Control Act (IRCA) of 1986 made it unlawful for employers to hire or employ individuals not authorized to work in the United States. Since that time, employers have been required to use the Immigration and Naturalization Service Form I-9, which is completed by job applicants who submit the form to employers with specified documents that testify to their identity and work authorization.

However, IRCA also created a conflict for employers by prohibiting them from questioning the documents proffered by applicants, notes the American Farm Bureau Federation (AFBF). Any employer who questions the documents offered by job applicants or refuses to hire based on reasonable-appearing documents can be sued, not only by the job applicant but also by the U.S. Justice Department, according to AFBF.

AFBF notes that as a result, use of fraudulent documents by workers in agriculture has become too prevalent. The Legal Workforce Act would mandate that employers use E-Verify and phase in the requirement over several years. For many agricultural producers, the requirement would begin in three years; for others, the requirement could begin sooner, AFBF says.

"Most importantly, the legislation contains no worker program for agriculture — either in remedying problems with the H-2A program or in instituting any additional program to assist agricultural employers," AFBF says. "If the mandatory E-Verify program goes forward by itself, without providing producers a source of legal workers, it will present a potentially insurmountable challenge for many agricultural employers."

AFBF economists estimate that as much as \$5 billion to \$9 billion

in annual agricultural production is at risk if the industry's labor needs are not addressed in any immigration reform bill.

In a recent letter to Smith, AFBF, the National Milk Producers Federation, Dairy Farmers of America, Western United Dairymen and several other dairy and ag groups say they have been providing recommendations and provisions to Smith and his staff and have underscored the importance of incorporating these ideas into an agricultural worker program that is included in any E-Verify legislation.

"We are deeply concerned that the committee appears on the verge of taking up the Legal Workforce Act, without including an agricultural worker program," the letter states. "As you know from discussions with our leadership, it is imperative that any mandatory E-Verify legislation incorporate provisions for a workable, efficient worker program that encompasses all of U.S. agriculture."

The groups say if the committee imposes a new mandate on agricultural employers without providing them access to a legal supply of labor, the result will be devastating for U.S. agricultural producers.

"Legislation mandating E-Verify for agriculture without provisions implementing an agricultural worker program will result in fewer U.S. jobs, a smaller U.S. agricultural sector, weaker rural communities, erosion of our nation's food security and a less vibrant economy," the letter states. CMN

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## NEWS/BUSINESS



## Superior Dairy of Ohio submits proposals for possible Mideast milk marketing order hearing

WASHINGTON — Superior Dairy, Canton, Ohio, recently submitted a proposal for consideration at a possible hearing to amend provisions of the Mideast federal milk marketing order.

Foremost Farms USA and Dairy Farmers of America (DFA) recently asked USDA to hold a hearing to consider their proposal to amend the definition of the pool distributing plant provision in the Mideast milk marketing order. In response, USDA urged interested parties to submit additional proposals regarding the amending of pooling standards. The deadline for proposals is Aug. 12. (See

*“USDA seeks proposals on amending pooling standards in Mideast milk marketing order” in last week’s issue.*)

In Foremost Farms’ and DFA’s hearing request, the groups cited Superior Dairy’s recent shift to becoming a partially deregulated plant, which they say “causes disorderly marketing conditions to occur” in the Mideast order.

In response to the groups’ proposal, Superior Dairy submitted proposals that would, alternatively:

- Eliminate the current Wichita Plan as a regulatory option for partially regulated plants;

- Provide for partially-regulated plants a compensatory payment equal to the difference between market blend and plant blend; and

- Extend the definition of regulated federal “marketing areas” to include nearby counties in which milk supplies and milk sales of partially-regulated handlers and fully-regulated handlers overlap.

These proposals, if adopted, would require new pool payments on an estimated 300-500 million pounds of fluid milk, or more, per year, for the three Northeast federal orders (the Northeast, Mideast and Appalachian orders), Superior Dairy notes.

“These pool payments would likely increase pool producer revenue to some degree, and reduce revenue of non-pool producers, depending upon whether the buying handlers offset regulated price changes by premium adjustments,”

Superior Dairy says.

Superior Dairy also notes that most dairy farms supplying pool and non-pool distributing plants are small businesses, and most milk plants also are operated by small business entities.

These proposals, if adopted, could reduce costs to pool distributing plants that procure or sell milk in competition with partially regulated plants, while increasing milk procurement costs to the latter, Superior Dairy says, noting this depends on handler adjustments in premiums to offset higher regulated charges or any lower competitive prices.

Superior Dairy says that it would be useful to hold a pre-hearing information session on any proposal to amend rules governing partially-regulated plants, should USDA decide to proceed with a hearing on the issue. CMN

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## Saputo first quarter earnings up 13 percent

MONTREAL — Saputo Inc. recently announced its financial results for the first quarter of its fiscal year 2012, reporting net earnings of C\$126.6 million, up 13 percent from the same period last year, and consolidated revenues of C\$1.639 billion, up 14 percent from the first quarter of fiscal year 2011. The first quarter of fiscal 2012 ended June 30.

Earnings before interest, income taxes, depreciation and amortization (EBITDA) for the first quarter totaled C\$209.6 million, up 10 percent compared to the same quarter last fiscal year. Basic earnings per share (EPS) were C\$0.62 and diluted EPS were C\$0.61 for the quarter, compared to basic EPS of \$0.54 and diluted EPS of \$0.53 for the same quarter last fiscal year.

Revenues for Saputo’s USA Dairy Products Sector totaled C\$636.5 million for the first quarter ended June 30, an

increase of C\$162.2 million compared to the corresponding quarter last fiscal year. The inclusion of the DCI Cheese Co. acquisition that took place earlier this year and additional revenues from the more favorable dairy ingredients market increased revenues in this sector by approximately C\$121 million for the quarter. Higher average block market per pound of cheese in the quarter also increased revenues by approximately C\$73 million. The appreciation of the Canadian dollar eroded approximately \$32 million in revenues.

USA Dairy Products Sector EBITDA for the first quarter totaled C\$80.8 million, up \$15.8 million from the same quarter last fiscal year. The DCI acquisition and initiative undertaken in current and prior fiscal years with regard to operational efficiencies offset increased fuel and other operational costs, increasing EBITDA by approximately C\$11 million compared to the same quarter last fiscal year, Saputo says. Combined market factors had a positive impact of approximately C\$10 million, and the appreciation of the Canadian dollar eroded approximately C\$5 million in EBITDA.

The USA Dairy Products Sector will continue to focus on improving operational efficiencies as well as evaluating opportunities from the DCI acquisition, Saputo says. Capital expenditures at one of its California facilities have been completed, and Saputo currently is serving its West Coast customers directly from this facility rather than through third-party warehousing.

Revenues for the CEA (Canada, Europe and Argentina) Dairy Products Sector totaled C\$927 million for the first quarter, an increase of C\$43.2 million compared to the same period last fiscal year. This mainly is attributed to increased sales volumes in Argentina and higher selling prices in relation to higher cost of milk in both Canada and Argentina, as well as a favorable dairy ingredients market in this sector. First quarter EBITDA for the CEA Dairy Products Sector totaled C\$125.3 million, an increase of \$3.2 million compared to the corresponding quarter last fiscal year. CMN

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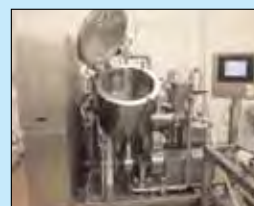


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## NEWS/BUSINESS



## Innovation Center, Bain & Co. research shows U.S. 'on right track' to international growth

ROSEMONT, ILL. — Two years after a report highlighted the opportunities and challenges of an increasingly globalized dairy industry, the Innovation Center for U.S. Dairy, working with global management consulting firm Bain & Co., completed an updated view of world dairy fundamentals and concluded that growth prospects remain intact.

The Innovation Center updated the research to determine if fast-changing international dairy market conditions since the 2008 global financial crisis altered the initial findings, conclusions and recommendations to the dairy industry.

"Just as in the first study, our latest analysis showed that long-term demand for dairy products will remain strong, driven primarily by emerging markets. At the same time, traditional sources of supply are constrained and will fall short of expected needs," says Clinton Anderson, a partner with Bain & Co. "In fact, the demand gap is likely wider than anticipated a few years

ago, and the window of opportunity remains open, with the United States well-positioned as a supplier to take advantage."

Over the last three years, China, India, Southeast Asia and the Middle East/North Africa have shown continued demand growth, the report notes. More than 75 percent of the projected increase in world non-fluid dairy consumption from 2010-2015 is expected to come from these four regions.

Meanwhile, Russia's dairy production has dipped and potential low-cost producers such as Brazil and Ukraine have failed to develop their supply capabilities, the report says. Other sources such as Argentina and Belarus have good potential but are relatively small, it notes, while New Zealand and the European Union, despite modest production increases, will be unable to keep up with emerging market needs.

In the original report, researchers identified a number of structural weaknesses that could prevent the United States from capitalizing on the

**"Policy reforms, whatever their details, must encourage key outcomes: pricing and supply flexibility, customer focus and volatility management. If we don't make needed changes, we will miss out on sustainable volume and value growth."**

Kevin Toland  
INNOVATION CENTER  
FOR U.S. DAIRY

global market opportunity. As a result, the Innovation Center board recommended a series of pre-competitive industry initiatives to help the U.S. dairy industry improve its competitiveness and stake a position as a globally consistent supplier.

Programs targeted reform of U.S. pricing and risk management policies, increased access to international markets and improved responsiveness to serving product needs of global buyers.

"The refreshed study confirmed the findings of the initial report," says Kevin Toland, chair of the Innovation Center's Globalization Operating Committee (GOC) and CEO and president of Glanbia USA and Glanbia Nutritionals. "The 'Consistent Supplier' strategy is still sound and we're on the right track.

"However, the report also says the U.S. dairy industry has yet to make critical policy reforms needed to fully ben-

efit from the global opportunity," he notes. "Policy reforms, whatever their details, must encourage key outcomes: pricing and supply flexibility, customer focus and volatility management. If we don't make needed changes, we will miss out on sustainable volume and value growth. Unmet demand will accelerate the expansion of other producers, and the U.S. industry will see lower competitiveness and less ability to meet market needs."

The window of opportunity cited in the 2011 report update won't remain open indefinitely, notes Tom Suber, president of the U.S. Dairy Export Council, which manages the globalization program on behalf of the Innovation Center.

"As an industry, we have a limited ability to control the 'size of the prize,'" he says. "What we can control is time — how quickly we move into this space to build a defensible, sustainable position against the inevitable emergence of new suppliers.

"Global buyers see the United States as the natural source of future supply," he adds. "But they await improved U.S. policies and practices that will permit a greater reliance on the United States as a consistent global supplier rather than as a residual one."

Drawing from the insights and conclusions from the updated report, the Innovation Center GOC will continue work programs in seven strategic areas: price risk management, quality and traceability, product standards, sales and marketing capabilities, innovation, as well as monitoring of industry efforts in pricing reform and trade treaties.

For more information, visit [www.usdairy.com/globalization](http://www.usdairy.com/globalization). CMN

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## CFTC adopts final rules on price manipulation

WASHINGTON — The Commodity Futures Trading Commission (CFTC) recently adopted final rules on prohibiting price manipulation as well as on clarifying definitions of agricultural commodities. Both final rules amend sections of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which was enacted last year by President Obama to reduce risk, increase transparency and promote market integrity within the financial system.

One final rule, published in the July 14 Federal Register, prohibits, among other things, manipulative and deceptive devices and contrivances employed to create an artificial price. This final rule will help promote the integrity of the markets and protect market participants. The rules under this decision broadly prohibit fraud and manipulation in connection with any swap, or contract of sale of any commodity in interstate commerce, or contract for future delivery on or subject to the rules of any registered entity.

The other final rule, published in the July 13 Federal Register, amends the Code of Federal Regulations under the Commodity Exchange Act to, among other things, define "agricultural commodity" as a product falling under one of four categories:

1. Commodities specifically enumerated in the definition of a "commodity" found in section 1a of the Act, including butter and a number of other items;

2. All other commodities that are or once were, or are derived from, living organisms, including plant, animal and aquatic life. This category includes milk and milk products, including cheese, nonfat dry milk and dry whey.

3. Tobacco, products of horticulture and other commodities used or consumed by animals or humans as the commission may designate after notice and opportunity for hearing; and

4. Commodity-based indexes based wholly or principally on underlying agricultural commodities. CMN



## NEWS/BUSINESS



### HEAT

*Continued from page 1*

“there will be plenty of hurdles to overcome in a move to lower cheese prices.

“However, while cheese prices have been strong and able to remain above \$2 for the longest stretch in history, it is exactly that same fact that will cause them to move lower,” he says. “Buyers, though still interested in product now, will be unwilling to continue to pay such a price for another five months. Two-dollar cheese will be difficult to maintain for such a stretch. There will be setbacks to lower levels.”

Kurzawski says that “anything is possible.

“I think for the time being we’re a \$2 market, but I don’t expect it to maintain this level for the balance of the year,” he says. “With retail and foodservice price increases finally starting to dribble into play, international price weakness being reported, plenty of blocks coming to Chicago and Oceania milk production kicking into gear, the \$2 market has some serious vulnerabilities to the downside over the next 30-60 days, or sooner.”

Schmahl notes that consumer demand will be the key.

“The purpose of high prices is to cure high prices,” he says. “If demand slows and supply begins to build, prices will need to decline.”

Meanwhile, a tightness in the cream

market in many parts of the country also has resulted from summer heat and humidity taking a toll on the milking herd, USDA notes.

“In many regions, milk components, especially butterfat, were trending typically lower for this time of the summer, but the high temperatures and humidity levels of the past few weeks are accelerating the decline,” Dairy Market News says. “Cream supplies are tightest in the Eastern and Central part of the country with some West Coast cream coming into these regions to supplement shortages. In most instances, much of current churning is clearing to current demand vs. ending up in inventory.”

North says that while butter supplies likely will tighten, particularly as the industry moves into the holiday consumption period later this fall, it is important to note that world pricing has softened a bit and will not allow U.S. butter prices to move much higher without a parallel change globally.

The CME spot butter price saw steady increases last week, increasing throughout the week from \$2.04 per pound July 25 to \$2.10 July 29. The butter price again slightly increased Tuesday to \$2.1025, where it has remained through Thursday.

Kurzawski notes that butter prices have been largely north of \$2 since February, and there is plenty of butterfat in the country, but “we just may not have heard about it — yet.

“Unless something else unforeseen

happens to increase demand for butter going forward, the question is not will we fall, but when and how

far,” he says. “I expect to see butter prices lead the way down to \$1.70 sometime in the fourth quarter.” CMN



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### SETTLE

*Continued from page 1*

rbST and that Agri-Mark would “no longer be accepting such milk as of Aug. 1, 2009.”

According to Sorrell, as a result of these statements, “reasonable consumers were likely to conclude that all of Cabot’s products were rbST-free when in fact they were not, in violation of the Vermont Consumer Fraud Act’s ban on deceptive trade practices.”

Under the settlement, Agri-Mark may not misstate or mislabel the rbST status of its products. Included in this prohibition are labels that overstate the rbST-free nature of a product. Agri-Mark also must list all of its non-rbST-free products on its website for three years, provide a list of non-rbST-free products in response to public inquiries made during a fourth year and phase out packaging bearing the “our farmers pledge not to use rbST” statement over the next six months, Sorrell says.

Agri-Mark says it is pleased to have resolved this matter.

“For consumers who wish to purchase products derived from cows not treated with rbST, Agri-Mark’s Cabot brand offers a wide selection of cheese and other dairy products,” Agri-Mark says.

“Consumers should consult the label for information about the rbST status of a particular product,” Agri-Mark says. “An rbST-free icon on the package

means that the product was produced with milk from cows not treated with rbST. If there is no icon, the rbST status of the product cannot be assured. With this system, the consumer will always know at point of purchase the rbST-free status of a particular product.” CMN

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— Photos courtesy of WMMB

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## NEWS/BUSINESS



## Kraft Foods Inc. announces revenue growth in second quarter

**NORTHFIELD, Ill.** — Kraft Foods Inc. reports revenue growth in all of its global segments in its second quarter financial results, released this week. Its top-line increase along with aggressive cost management also fueled solid operating income growth, the company reports.

Net revenues for the company grew 13 percent to \$13.9 billion, and organic net revenues were up 7 percent, driven by robust growth in all global regions.

“Our second quarter results reflect the benefits of our virtuous cycle,” says Irene Rosenfeld, chairman and CEO, Kraft Foods. “Consumers are responding well to our investments in marketing and innovation, and our focus on end-to-end cost management is paying off.”

Pricing, which accounted for 5.5 percentage points of growth, was up in each segment as pricing actions announced earlier in the year continued to be implemented. Market share performance was solid despite the company's pricing actions, the company says.

Operating income was \$1.8 billion for the second quarter, and operating income margin was 13 percent. Diluted earnings per share (EPS) were \$0.55.

Operating EPS increased 3 percent to \$0.62, driven primarily by currency and operating gains, and partially offset by unrealized losses from hedging activities.

Broad-based pricing and focused investments in Power Brands and new products drove strong revenue growth and solid operating income in Kraft Foods North America, the company says. Net revenues increased 2.5 percent. Organic net revenues increased 4 percent, led by higher pricing across each business segment. Higher pricing was partially offset by lower volume/mix, including an Easter shift benefit of approximately 1.5 percentage points, which was consistent with the company's expectations. Power Brands grew approximately 4 percent.

Segment operating income for Kraft Foods North America declined 4 percent, including a negative 3 percentage point impact from the Starbucks consumer packaged goods business and an impact of less than 1 percentage point from integration program costs. Excluding these factors, segment operating income was essentially flat compared to peak profitability levels in the prior year's second quarter.

Kraft Foods Europe continued to

generate momentum in the quarter, with net revenues increasing 26 percent and organic net revenues up 6 percent. Power Brands grew nearly 8 percent.

Net revenues for Kraft Foods Developing Markets increased 22 percent, and organic net revenues grew 13.5 percent. Power Brands in this segment grew nearly 20 percent. The Latin America and Asia Pacific regions each grew double digits, while the Central and Eastern Europe, Middle East and Africa region grew nearly 10 percent behind improving economic conditions. Segment operating income increased 21 percent.

The company increased its expectations for organic net revenue growth from at least 4 percent to at least 5 percent, and operating EPS from at least \$2.20 to at least \$2.25.

“We've raised our 2011 guidance to reflect our strong operating results and favorable currency through the first half,” says David Brearton, executive vice president and CFO, Kraft Foods. “Despite rising input costs and a volatile economic environment, aggressive cost management coupled with strong revenue growth gives us confidence that we will deliver top-tier performance for the year.” **CMN**

## KRAFT

*Continued from page 1*

each with the leadership, resources and strong market positions to realize their full potential. The next phase of our development recognizes the distinct priorities within our portfolio.”

After expanding its snacking category through organic growth and acquisitions including Cadbury Plc, and continuing to invest in its North American brands, Kraft says it has built a global snacking platform and a North American grocery business that now differ in their future strategic priorities, growth profiles and operational focus.

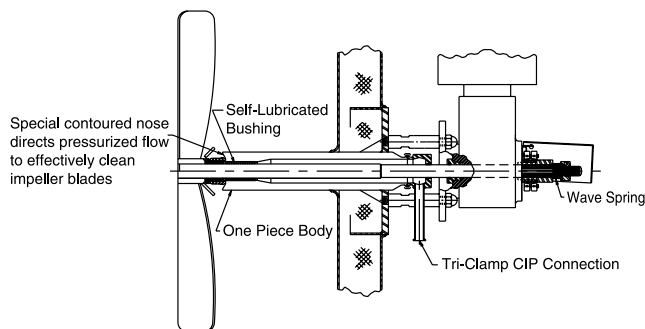
For example, Kraft Foods' snacks business largely is focused on capitalizing on global consumer snacking trends, fast-growing developing markets and instant consumption channels. Meanwhile, its North American grocery business is investing to grow revenue in line with its categories in traditional grocery channels through product innovation and marketing while optimizing margins and cash flows.

Kraft Foods says it believes creating two public companies would allow each business to focus on its distinct strategic priorities while allowing investors to value the two companies based on their

*Turn to STRATEGY, page 27 ⇨*

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# NEWS/BUSINESS



## STRATEGY

Continued from page 26

particular operational and financial characteristics.

The North American grocery business would consist of Kraft's current U.S. beverages, cheese, convenient meals and grocery segments, and the non-snack categories in Canada and foodservice. The business's portfolio would include popular brands and category leaders, the company says, such as Kraft macaroni and cheese, Philadelphia cream cheese, Oscar Mayer meats, Maxwell House coffee, Capri Sun beverages, Jell-O desserts and Miracle Whip salad dressing.

North America's strategic priorities would be to build on its leading market positions by growing in line with its categories while maintaining a focus on its cost structure. The independent North American business would capitalize on investments made during its transformation and be managed to deliver reliable revenue growth, strong margins, free cash flow and a competitive dividend payout, Kraft says.

Global snacks will consist of the current Kraft Foods Europe and Developing Markets units as well as the North American snacks and confectionery businesses. The independent global snacks company would have approximately 75 percent of its revenues coming from snacks around the world and approximately 42 percent from developing markets, Kraft says. The non-snack portion would consist primarily of powdered beverages and coffee, which are strong in developing markets and Europe. Key brands would include Oreo and LU biscuits, Cadbury and Milka chocolates, Trident gum, Jacobs coffee and Tang powdered beverages.

Kraft Foods management currently is developing detailed plans for the board's further consideration and final approval, and the transaction will take approximately 12 or more months to finalize structure, management, governance and other matters, the company says. Kraft Foods currently aims to launch the new companies before the end of 2012 and will provide interim updates as appropriate. Any transaction would be subject to customary conditions. CMN

## Most prices down following gDT auction

**AUCKLAND, New Zealand** — The trade weighted index was down 1.5 percent Tuesday following the latest event on globalDairyTrade (gDT), Fonterra's internet-based sales platform.

The average price achieved across all contracts and contract periods was up 3.3 percent for buttermilk powder to US\$3,319 per metric ton FAS (\$1.5055 per pound) and up 1.7 percent for milk protein concentrate to US\$5,632 per metric ton FAS (\$2.5547 per pound).

However, prices decreased for an-

hydrous milkfat, down 7.3 percent to US\$4,297 per metric ton FAS (\$1.9491 per pound); Cheddar, down 2.3 percent to US\$4,220 per metric ton FAS (\$1.9142 per pound); rennet casein, down 4.6 percent to US\$9,498 per metric ton FAS (\$4.3083 per pound); skim milk powder, down 1.4 percent to US\$3,474 per metric ton FAS (\$1.5758 per pound); and whole milk powder, down 0.3 percent to US\$3,479 per metric ton FAS (\$1.5781 per pound).

The next trading event will be held Aug. 16. For more information, visit [www.globalDairyTrade.info](http://www.globalDairyTrade.info). CMN

## Total cheese production up 1.3 percent in June

**WASHINGTON** — Total U.S. cheese production, excluding cottage cheese, in June was 894.1 million pounds, 1.3 percent above June 2010, according to data released this week by USDA's National Agricultural Statistics Service (NASS). (All figures are rounded. Please see CMN's Dairy Production chart.)

June cheese production also was up 0.9 percent on a daily average basis from May 2011's 915.5 million pounds when adjusted for the length of the months.

Mozzarella led U.S. cheese production in June with 298.0 million pounds, a 2.6-percent increase from production in June 2010. Total Italian-type production, of which Mozzarella is the largest component, was 380.8 million pounds, 4.5 percent more than a year earlier.

Meanwhile, Cheddar production dropped 5.4 percent in the June-to-June comparison to 270.8 million pounds. Total American-type cheese production, of which Cheddar is the largest component, was 364.4 million pounds, down 1.5 percent from a year earlier.

Wisconsin led the nation's cheese production in June with 227.0 million pounds, up less than 0.1 percent from its production a year earlier. California followed with 184.8 million pounds of cheese produced in June, up 1.7 percent from its production a year earlier.

Rounding out the next four cheese-producing states were Idaho with 73.2 million pounds, up 4.6 percent from its production a year earlier; New Mexico with 62.0 million pounds, up 3.4 percent; New York with 55.7 million pounds, down 10.7 percent; and Minnesota with 51.7 million pounds, down 4.9 percent.

NASS reports total U.S. butter production in June was 140.7 million pounds, up 20.1 percent from production a year earlier. June butter production was down

6.5 percent on a daily average basis from May 2011's 155.5 million pounds when taking into account the length of the months.

California led the nation's butter production with 51.8 million pounds produced in June 2011, up 16.9 percent from its production a year earlier. CMN

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	June 10	June 11	% Change	YTD 2010	YTD 2011 <sup>2</sup>	% Change
<b>Cheese</b>						
American types <sup>1</sup>	370,022	364,365	-1.5	2,136,658	2,146,764	0.5
Cheddar	286,101	270,762	-5.4	1,643,135	1,602,964	-2.4
Other American	83,921	93,603	11.5	493,523	543,800	10.2
Swiss	27,509	28,421	3.3	165,141	142,763	-13.6
Brick & Muenster	9,888	11,789	19.2	59,846	67,879	13.4
Cream & Neufchatel	64,789	62,274	-3.9	355,754	341,915	-3.9
Hispanic	18,067	17,908	-0.9	106,693	112,531	5.5
Italian types	364,265	380,767	4.5	2,172,609	2,298,853	5.8
Mozzarella	290,452	298,042	2.6	1,715,483	1,799,589	4.9
Parmesan	19,243	24,216	25.8	122,865	141,501	15.2
Provolone	30,446	29,543	-3.0	175,058	174,115	-0.5
Ricotta	17,435	19,833	13.8	119,669	127,566	6.6
Romano	2,400	3,829	59.5	16,388	25,453	55.3
Other Italian	4,289	5,304	23.7	23,146	30,629	32.3
All other types	28,020	28,560	1.9	145,671	164,376	12.8
<b>TOTAL CHEESE</b>	<b>882,560</b>	<b>894,084</b>	<b>1.3</b>	<b>5,142,372</b>	<b>5,297,153</b>	<b>3.0</b>
<b>Butter</b>	<b>117,089</b>	<b>140,669</b>	<b>20.1</b>	<b>824,140</b>	<b>935,653</b>	<b>13.5</b>
Cottage cheese - curd	36,246	38,021	4.9	215,086	216,646	0.7
Cottage cheese - creamed	28,648	28,653	0.0	166,082	165,160	-0.6
Cottage cheese - lowfat	33,458	34,328	2.6	196,874	198,924	1.0
Sour Cream	103,575	107,027	3.3	589,447	611,525	3.7
Yogurt (Plain & Flav.)	362,594	376,437	3.8	2,106,350	2,188,496	3.9
<b>Canned Evap. &amp; Cond.</b>	<b>46,155</b>	<b>44,031</b>	<b>-4.6</b>	<b>243,812</b>	<b>250,802</b>	<b>2.9</b>
Dry Whole Milk	5,441	4,724	-13.2	33,518	35,909	7.1
NDM - Human	136,990	145,720	6.4	831,675	793,273	-4.6
Skim Milk Powders	32,708	33,284	1.8	134,723	214,013	58.9
Dry Skim - Animal	783	767	-2.0	4,469	4,133	-7.5
Dry Buttermilk	5,690	7,473	31.3	43,113	52,535	21.9
Cond. Whey - Human	7,592	8,448	11.3	42,709	49,106	15.0
Dry Whey - Human	78,377	80,685	2.9	488,658	511,603	4.7
Dry Whey - Animal	7,668	3,290	-57.1	30,838	23,127	-25.0
Lactose - Human & Animal	78,516	88,902	13.2	434,079	495,983	14.3
WPC - Human	32,364	33,077	2.2	195,689	195,300	-0.2
WPC - Animal	2,943	3,786	28.6	16,651	16,538	-0.7
WPC 25.0-49.9 Percent	21,013	20,869	-0.7	123,171	118,666	-3.7
WPC 50.0-89.9 Percent	14,294	15,994	11.9	89,169	93,172	4.5
Protein Isolates	5,168	5,381	4.1	27,894	29,922	7.3
<b>Ice Cream, hard</b>	<b>82,939</b>	<b>76,441</b>	<b>-7.8</b>	<b>437,160</b>	<b>417,869</b>	<b>-4.4</b>
Ice Cream, lowfat, total	42,383	43,118	1.7	198,527	208,679	5.1
Frozen Yogurt	5,291	4,833	-8.7	25,984	26,230	0.9

Notes: Production reported in thousands of pounds, except frozen products, which are reported in thousands of gallons.  
Source: USDA. All production percentages are rounded.  
<sup>1</sup>Includes, Cheddar, Colby, Monterey and Jack. <sup>2</sup>YTD includes current plus revised previous months' data.

## NEWS/BUSINESS



**A WINNING BID** — *Cheese Market News* Publisher Susan Quarne, second from left, placed the winning bid on 13 pounds of Longhorn Style Colby Jack made by Meister Cheese Co., Muscoda, Wis., Thursday night during the Wisconsin State Fair Blue Ribbon Cheese & Butter Auction. Also pictured, from left, are Katie Wirkus, Alice in Dairyland; Scott Meister, president of Meister Cheese; and Alexis Nickeletti, Fairest of the Fairs.

## RESULTS

*Continued from page 9*

**Lot 6 — String:** Grant Arneson, Burnett Dairy Co-op, Grantsburg, made the 10 pounds of String cheese purchased by *Cheese Market News*, Middleton, for \$150 per pound, or a total of \$1,500.

**Lot 7 — Blue Veined Cheese:** Brandon Dehn, BelGioioso Cheese, Green Bay, made the 20 pounds of Creamy Gorgonzola purchased by Cargill, Waukesha, for \$80 per pound, or a total of \$1,600.

**Lot 8 — Pasteurized Process Cheese, Cheese Food, Spread:** Ken Kreklow, Associated Milk Producers Inc., Portage, made the 10 pounds of Pasteurized Process Swiss American purchased by

Danisco USA, New Century, Kan., for \$130 per pound, or a total of \$1,300.

**Lot 9 — Feta:** Jim Demeter, Agropur, Weyauwega, made the 13 pounds of Feta purchased by Chr. Hansen, Milwaukee, for \$135 per pound, or a total of \$1,755.

**Lot 10 — Cold Pack Cheese, Cheese Food:** Harold Patzke, Pine River Pre-Pack, Newton, made the 12-pound Swiss and Almond Cold Pack purchased by Wisconsin Aging & Grading Cheese, Little Chute, for \$40 per pound, or a total of \$480.

**Lot 11 — Flavored Hard Cheese:** Mike Matucheski, Sartori Co., Plymouth, made the 20 pounds of Balsamic BellaVitano purchased by Wisconsin Aging & Grading Cheese, Little Chute, for \$130 per pound, or a total of \$2,600.

**Lot 12 — Brick, Muenster:** Dennis Schliem, Zimmerman Cheese, South Wayne, made the 11 pounds of Brick purchased by US Jesco, Carrollton, Texas, for \$70 per pound, or a total of \$770.

**Lot 13 — Flavored Semi-Soft Cheese:** Joseph Widmer, Widmer's Cheese Cellars, Theresa, made the 40-pound Colby with Caraway Seeds purchased by Saz's, Milwaukee, for \$30 per pound, or a total of \$1,200.

**Lot 14 — Smear Ripened Cheese:** Steve Isley, Emmi Roth USA, Monroe, made the 13-pound Raclette purchased by Cargill, Waukesha, for \$30 per pound, or a total of \$390.

**Lot 15 — Open Class for Soft & Spreadable Cheese:** Kurt Premo, Crave Brothers Farmstead Cheese, Waterloo, made the 10 pounds of Mascarpone purchased by Ivarson Inc., Milwaukee, for \$70 per pound, or a total of \$700.

**Lot 16 — Reduced Fat or Lite Cheese:** John Baebler, Edelweiss Creamery, Monticello, made the 10-pound Lacey Swiss purchased by Wisconsin Aging & Grading Cheese, Little Chute, for \$45 per pound, or a total of \$450.

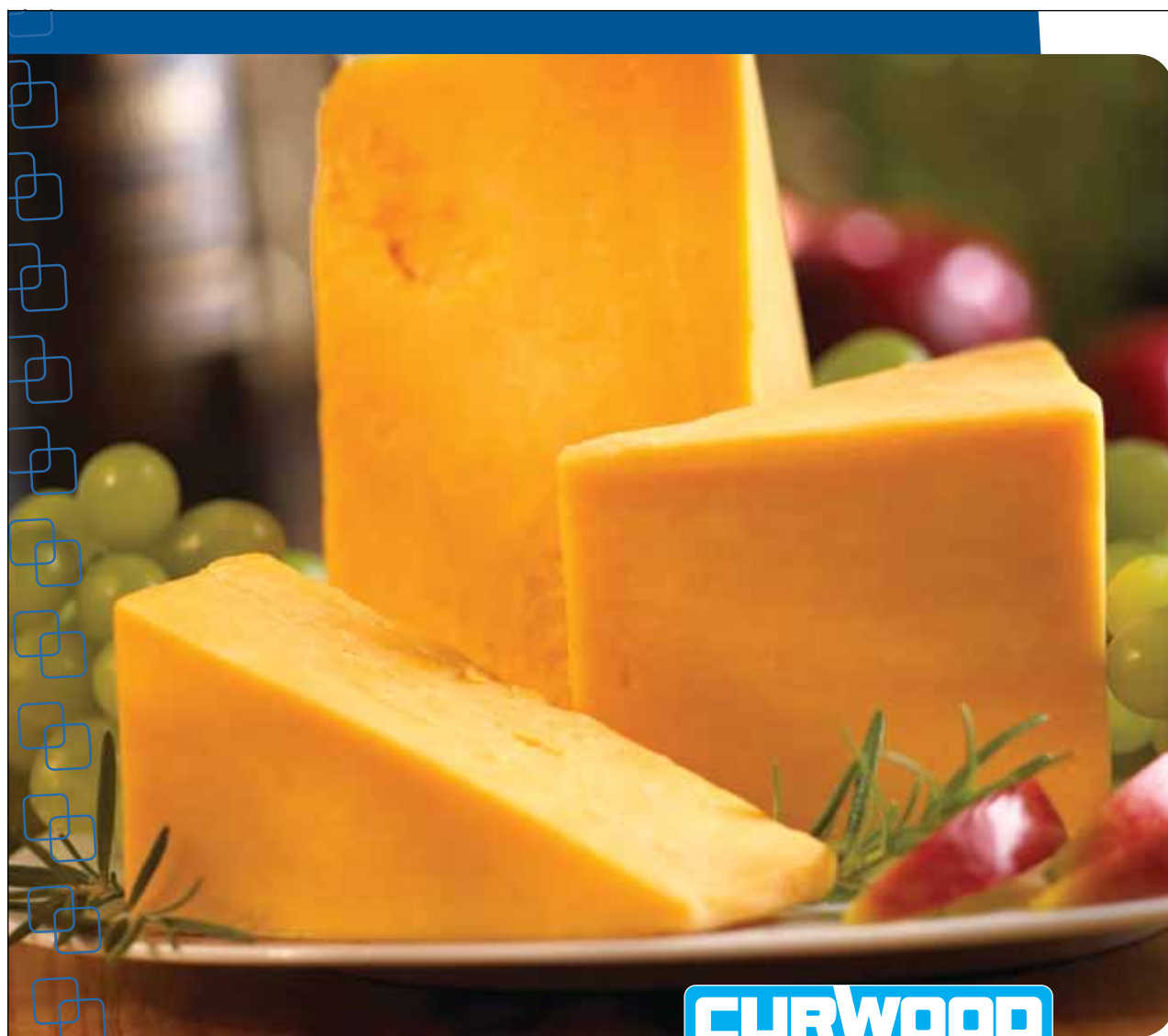
**Lot 18 — Colby, Monterey Jack:** Scott Barker, Meister Cheese Co., Muscoda, made the 13-pound Longhorn Style Colby Jack purchased by *Cheese Market News*, Middleton, for \$50 per pound, or a total of \$650.

**Lot 19 — Open Class for Hard Cheese:** Steve Bierhals, BelGioioso Cheese, Green Bay, made the 24-pound Parmesan purchased by Berenz Packaging, Menomonee Falls, for \$40 per pound, or a total of \$960.

**Lot 20 — Mozzarella:** Pat Doell, Agropur, Luxemburg, made the 13-pound Low-moisture Part-skim Mozzarella purchased by Ebert Enterprises, Algoma, for \$140 per pound, or a total of \$1,820.

**Lot 21 — Sheep & Mixed Milk Cheese:** Mike Matucheski, Sartori Co., Plymouth, made the 20-pound Pastorale Blend cheese purchased by Berenz Packaging, Menomonee Falls, for \$25 per pound, or a total of \$500.

**Lot 22 — Butter:** John Thompson, Foremost Farms USA, Reedsburg, made 10 pounds of salted butter purchased by Dairyland Packaging, Cross Plains, for \$400 per pound, or a total of \$4,000. CMN



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