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Export demand, tighter milk supply boost CME dairy prices

INSIDE

- ★ Guest column: 'How long will high cheese prices be sustained in 2014?' For details, see page 4.
- **◆ ABI unveils new logo.** For details, see page 5.
- **♦ Court revives antitrust lawsuit against Dean.** *For details, see page 7.*
- **♦ Cream-O-Land Dairy to**pay \$325,000 to settle
 discrimination allegations.
 For details, see page 11.

By Alyssa Sowerwine

MADISON, Wis. — Robust export demand and a tightening milk supply have led to a price rally for cheese and other products at the Chicago Mercantile Exchange (CME) this week.

While analysts in December anticipated stronger cheese prices to kick off 2014, price levels seen this week seem to have surpassed most of their expectations. (See "CME cheese price strength anticipated through early 2014" in the Dec. 6, 2013, issue of Cheese Market News.)

Cheddar blocks at the CME Wednesday reached \$2.2000 per pound, a level not seen since 2008, analysts say. Cheddar barrels reached \$2.1600 per pound on Wednesday, with both blocks and barrels maintaining these prices on Thursday. (For today's market prices, see chart on page 2.)

The steep prices are the highest yet in a rally that began in mid-December. Barrel prices declined a bit to start off last week but since have increased from \$1.8500 Jan. 2 to \$2.1600 as of Thursday.

USDA's Dairy Market News on Wednesday said the price strength is "both good news and bad news, depending on who is opining." While higher cheese prices are good for manufacturers with strong recent sales, they are bad for manufacturers with recent sales less robust than anticipated, Dairy Market News says.

Whether these prices are sustainable is uncertain.

"We don't think a price above \$2 is sustainable for any length of time, certainly not at or above \$2.20," says Bob Wellington, senior vice president and economist for Agri-Mark Inc., Methuen, Mass.

Wellington says that while there is a lot of market uncertainty in terms of milk production levels and winter weather, which will be a factor in keeping cheese prices up, he anticipates a price closer to \$2 per pound in the near term, possibly in the \$1.85-\$1.90 range.

"We're not changing our forecast until something is sustained," he says. "I don't think we'll be talking \$2.20 cheese a week from now. This is a very short-term need issue."

Mike McCully, owner of The McCully Group LLC, Chicago, says he did not think cheese prices likely would be north of \$1.90 at this point.

"Our thought was that after the holidays, milk supplies would begin to increase and demand would drop off some," he says. "Certainly, no one thought blocks would be this high at \$2.20."

McCully adds that he does not think prices this high are sustainable, and likely won't last past the Super Bowl, when supply pipelines are expected to refill and demand is expected to temper.

Still, higher U.S. cheese prices are not without cause. Stronger international demand, particularly in China, has supported the cheese market in recent months, as well as the butter and milk powder markets. (For more

on the latest export data, see related articles in this issue.)

"China is very interested in buying up product in a way we haven't seen, powders in particular," says James Dunn, professor of agricultural economics at Penn State University.

While it is primarily powder that has been sought, "a rising tide lifts all boats," Dunn adds.

And as New Zealand has turned its focus primarily to powder production to meet Chinese demand, opportunities for the United States to meet demand for cheese and butter have expanded, analysts note.

"I think cheese prices will be sustainable until we see something different from China or a response on the milk production side," Dunn says. "Not necessarily at \$2.20 per pound, but at an attractive level."

In addition, this week's GlobalDairyTrade (GDT) auction showed cheese prices at \$2.1119 per pound, creating a bullish undertone in the U.S. market, analysts say. (For the latest GDT prices, see article in this issue.)

Nonfat dry milk also has seen a long-term price rally at the CME, sitting above \$2 per

Turn to PRICES, page 10 ⇒

Disagreement over dairy title looms in pending farm bill

WASHINGTON — As Congress returns after its holiday recess, the dairy industry is eagerly awaiting finalization of a farm bill.

However, news reports this week indicate that disagreements over the dairy title portion of the bill continue to be a tough spot in negotiations among key lawmakers.

While nearly all issues have been successfully resolved, including an agreement on food stamp funding levels, no one in the dairy industry will be surprised to hear that dairy policy is one of the few remaining issues not yet on the resolved list, says the International Dairy Foods Association (IDFA).

IDFA says that although Rep. Collin Peterson, D-Minn. — one of the four principal negotiators along with Rep. Frank Lucas, R-Okla., and Sens. Debbie Stabenow, D-Mich., and Thad Cochran, R-Miss. — has continued his efforts to include a new program that will periodically impose government limits on milk supplies, House Speaker John Boehner, R-Ohio, recently informed farm bill conferees that he will not allow a farm bill that includes such a policy to pass the House.

In addition, this week Reps. Bob Goodlatte, R-Va., and David Scott, D-Ga., sent a letter to top farm bill negotiators reminding them of the House's rejection of supply management provisions in its version of farm bill legislation.

"More than 140 diverse groups have joined with 291 House members, including 95 Democrats, in voicing their opposition to supply management," Goodlatte and Scott say.

"Unfortunately, the media is portraying the current dairy policy debate as a struggle solely between Speaker Boehner and Ranking Member Peterson," they add. "Nothing could be further from the truth. The overwhelming bipartisan vote count of the Goodlatte-Scott amendment (which removes the supply management provision from House farm bill legislation) was a clear and strong statement of the *Turn to WASHINGTON, page 11* ⇒

Cheese production climbs 2.9 percent in November

WASHINGTON—Total U.S. cheese production, excluding cottage cheese, was 940.7 million pounds in November, up 2.9 percent from November 2012, according to preliminary data recently released by USDA's National Agricultural Statistics Service (NASS). (All figures are rounded. Please see CMN's Dairy Production chart on page 11.) October 2013's total cheese production was 970.8 million pounds; adjusted on average daily basis terms, November's cheese production was up 0.1 percent from October 2013.

Mozzarella led the nation's cheese production with 320.0 million pounds in November, a 7.6-percent increase vs. November 2012. Total Italian-type cheese production, of which Mozzarella is the largest component, was 414.5 million pounds in November, a 7.8-percent increase from a year earlier.

Cheddar production totaled 250.4 million pounds in November, *Turn to NASS, page 11* ⇒

Hilmar Cheese Co. nearing completion of Texas expansion

DALHART, Texas—Hilmar Cheese Co. Inc. this week announced it is nearing completion on its most recent processing expansion at its facility in Dalhart, Texas.

The expansion includes additional capabilities on an existing 40-pound natural American-style cheese production line and improvements to a variety of processes to better service

Turn to HILMAR, page 12

□

MARKET INDICATORS



Chicago Mercantile Exchange

Cash prices for the week ended January 10, 2014

Monday Jan. 6	Tuesday Jan. 7	Wednesday Jan. 8	Thursday Jan. 9	Friday Jan. 10
\$1.9500	\$2.0600	\$2.1600	\$2.1600	\$2.1600
+3	+11	+10	NC	NC
,				
\$2.0500	\$2.1100	\$2.2000	\$2.2000	\$2.2000
+3/4	+6	+9	NC	NC
	\$1.9500 +3 \$2.0500	\$1.9500 \$2.0600 +11 \$2.0500 \$2.1100	\$1.9500 \$2.0600 \$2.1600 +11 +10 \$2.0500 \$2.1100 \$2.2000	Jan. 6 Jan. 7 Jan. 8 Jan. 9 \$1.9500 \$2.0600 \$2.1600 \$2.1600 +3 +11 +10 NC \$2.0500 \$2.1100 \$2.2000 \$2.2000

Weekly average (Jan. 6-10): Barrels: \$2.0980(+.2155); 40-lb. Blocks: \$2.1520(+.1376). Weekly ave. one year ago (Jan. 7-11, 2013): Barrels: \$1.6855; 40-lb. Blocks: \$1.7280.

Extra Grade NDM Price Change	\$2.0900	\$2.0900	\$2.0900	\$2.0900	\$2.0800
	NC	NC	NC	NC	-1
Grade A NDM Price Change	\$2.0800	\$2.0800	\$2.0825	\$2.0825	\$2.0700
	+1 1/4	NC	+1/4	NC	-1 1/4

Weekly average (Jan. 6-10): Extra Grade: \$2.0880(-.0020); Grade A: \$2.0790(+.0096).

Grade AA Butter	\$1.6200	\$1.6200	\$1.6500	\$1.6750	\$1.6750
Change	+5	NC	+3	+2 1/2	NC

Weekly average (Jan. 6-10): Grade AA: \$1.6480(+.1067).

Class II Cream (Major Northeast Cities): \$1.6954(+.0364)-\$1.8496(-.1254).

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Weekly Cold Storage Holdings January 6, 2014 On hand Last Year Change since Jan. 1 Monday Change **Pounds** Percent **Pounds** Change **Butter** 8,021 +759+455+66,467 +1,554+732Cheese 96,974 +4390 117,286 -20,312

(These data, which include government stocks and are 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
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	21.67	19.07	18.03	19.07	18.77
2012	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73	19.00	21.02	20.83	18.66
2013	18.14	17.25	16.93	17.59	18.52	18.02	17.38	17.91	18.14	18.22	18.83	18.95

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CHEESE FUTURES for the week ending January 9, 2014

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

	Fri., Jan. 3	Mon., Jan. 6	Tues., Jan. 7	Wed., Jan. 8	Thurs., Jan. 9
JAN14	1.980 1,183	1.982 1,182	2.003 1,180	2.016 1,169	2.011 1,170
FEB14	1.936 964	1.952 969	1.981 982	1.010 1,002	1.983 1,017
MAR14	1.866 887	1.875 892	1.897 898	1.913 924	1.875 953
APR14	1.806 774	1.815 775	1.832 779	1.853 816	1.821 844
MAY14	1.785 735	1.791 756	1.800 758	1.822 765	1.801 769
JUN14	1.765 708	1.769 711	1.780 711	1.800 713	1.789 721
JUL14	1.734 372	1.748 381	1.755 383	1.773 383	1.773 383
AUG14	1.741 403	1.743 412	1.745 412	1.777 412	1.766 411
SEP14	1.736 439	1.740 440	1.741 440	1.773 445	1.773 445
OCT14	1.740 358	1.740 359	1.740 359	1.757 359	1.757 359
NOV14	1.734 358	1.734 360	1.739 360	1.749 360	1.751 360
DEC14	1.727 312	1.727 312	1.730 312	1.755 324	1.755 324
Total Contr	acts Traded/				
Open Inter	est 56/7,493	161/7,549	69/7,574	239/7,672	225/7,756

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

DRY WHEY FUTURES for the week ended January 9, 2014

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

	Fri., J	an. 3	Mon., J	an. 6	Tues., J	an. 7	Wed., Ja	an. 8	Thurs.,	Jan. 9
JAN14	58.50	274	58.50	274	58.08	272	58.75	270	59.50	270
FEB14	59.68	262	59.68	265	59.68	265	59.68	269	60.50	273
MAR14	60.93	317	60.95	316	60.00	308	60.00	308	60.50	318
APR 14	60.75	226	60.75	227	60.00	227	60.00	230	60.50	236
MAY14	59.25	210	59.25	219	59.75	218	59.75	218	60.03	221
JUN14	58.75	266	58.75	267	58.75	264	58.75	264	60.20	269
JUL14	57.75	124	57.80	125	58.00	130	58.00	130	58.00	130
AUG14	57.50	99	57.50	100	58.00	108	58.00	108	58.00	108
SEP14	57.00	108	57.00	108	57.00	109	57.00	109	57.00	109
OCT14	56.25	71	56.25	71	57.00	79	57.00	79	57.00	79
NOV14	57.00	109	57.00	113	57.00	115	57.00	115	57.00	115
DEC14	56.00	77	56.30	77	56.30	77	56.30	77	56.30	77
Total Contrac	ts Trade	d/								
Open Interes	t 0/2	2,143	38/	2,162	88	3/2,172	24/	2,177	37	/2,205

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

Dry Products*

January 10, 2014

NONFAT DRY MILK

Central & East: low/medium heat \$2.0275-\$2.1400;

mostly \$2.0400(+1)-\$2.1000. high heat \$2.0825-\$2.1650.

West: low/medium heat \$2.0175(+3 1/2)-\$2.1200(+2);

mostly \$2.0500(+3)-\$2.0800(+2).

high heat \$2.0375(+1 1/2)-\$2.1300.

Calif. manufacturing plants: extra grade/grade A weighted ave. \$1.9664(+.0228)

based on 7,253,946 lbs. Sales to CCC: 0 lbs.

WHOLE MILK POWDER (National):

\$2.0750(+7 1/2)-\$2.1500.

EDIBLE LACTOSE

(**FOB**)Central and West: \$.4000(-1)-\$.7100(-13); mostly \$.5300(-2)-\$.6300(-9).

DRY WHEY

Central: nonhygroscopic \$.5325(+1/4)-\$.6350;

mostly \$.5450-\$.5900(+1). **West:** nonhygroscopic \$.5800(+2

Vest: nonhygroscopic \$.5800(+2)-\$.6200(+1/4); mostly \$.5900(+2)-\$.6175(+1).

(FOB) Northeast: extra grade/grade A \$.5725-\$.6325(+1/4).

ANIMAL FEED (Central): Whey spray milk replacer \$.4225(+1/4)-\$.5500.

WHEY PROTEIN CONCENTRATE (34 percent): \$1.6000(+17 1/2)-\$1.9200; mostly \$1.7200(+5)-\$1.8100(+4).

DRY BUTTERMILK

(FOB)Central & East: \$1.8750(+5 1/2)-\$1.9300.

(FOB) West: \$1.8600(+1)-\$1.9300; mostly \$1.8600(+1)-\$1.9000(+3).

CASEIN: Rennet \$4.9000(+10)-\$5.2000(+20); Acid \$5.0000(+10)-\$5.4000.

*Source: USDA's Dairy Market News



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News reports of Velveeta shortage go viral

NORTHFIELD, III. — News reported by Ad Age earlier this week of a possible Velveeta shortage quickly spread across major news networks and social media. #Cheesepocalypse and #Velveeta trended on Twitter, with some suggesting alternative cheeses for dips and nachos, and others suggesting that the reported shortage might be a PR stunt. Many articles and posts mentioned the ubiquitous block-shaped process cheese would be sorely missed at upcoming Superbowl parties.

Kraft Foods, maker of Velveeta, says it is possible some consumers may not be able to find some Velveeta products on store shelves over the next couple of weeks

"There are a number of factors involved, but the key driver of any short-term availability issues is increased seasonal demand," says Jody Moore of Kraft's Cheese & Dairy business in an e-mailed statement.

She adds that Kraft is flattered, and somewhat surprised, by all the media coverage the story has received.

"Our Velveeta team has been working

hard for the last few months to minimize any impact on our retail customers and our consumers, and we apologize for any inconveniences this may cause," Moore says.

Iowa-based Hy-Vee Inc., which has grocery stores in eight Midwestern states, has seen a shortage, but only on the smaller boxes of Velveeta.

"We have been shorted on shipments on the small 1-pound box. However, more than 90 percent of what we sell are the 2-pound boxes," says Ruth Comer, spokesperson for Hy-Vee.

Kraft recently transferred its production of 1-pound Velveeta to a different facility, which may account for some of the shortage, Comer says. However, she notes that reports of a shortage have been a little misleading since the store has seen no shortage of the larger boxes, which more customers tend to purchase.

"Velveeta's a good seller all year round, and a popular ingredient in dips and spreads," Comer says. "With holiday entertaining going into the Superbowl, we do see it as a popular item this time of year, but there should be enough." CMN

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CME FUTURES for the week ended January 9, 2014 Class III Milk

	Fri., J	an. 3	Mon.,	Jan. 6	Tues.,	Jan. 7	Wed., J	an. 8	Thurs.,	Jan. 9
JAN14	20.06	4,224	20.06	4,222	20.28	4,266	20.39	4,322	20.42	4,239
FEB14	19.68	3,961	19.83	4,004	20.15	4,187	20.45	4,055	20.16	4,129
MAR14	19.07	2,996	19.18	3,053	19.36	3,137	19.50	3,226	19.12	3,283
APR14	18.55	2,360	18.59	2,370	18.73	2,402	18.86	2,461	18.62	2,556
MAY14	18.18	2,225	18.25	2,246	18.39	2,310	18.60	2,306	18.41	2,375
JUN14	17.96	2,001	18.03	2,006	18.15	2,036	18.32	2,074	18.25	2,137
JUL14	17.72	1,181	17.74	1,183	17.86	1,210	18.09	1,239	18.04	1,232
AUG14	17.65	1,115	17.68	1,121	17.75	1,139	18.01	1,164	17.98	1,149
SEP14	17.60	1,065	17.61	1,052	17.69	1,062	17.93	1,108	17.94	1,130
OCT14	17.62	856	17.65	846	17.70	850	17.87	902	17.87	912
NOV14	17.59	884	17.60	874	17.62	880	17.82	918	17.82	928
DEC14	17.46	812	17.44	802	17.47	806	17.66	848	17.61	853
JAN15	17.20	48	17.15	48	17.15	48	17.24	48	17.29	62
FEB15							17.20	1	17.19	11
Total Contra	acts Trad	led/								
Open Intere	est 1,733.	/23,728	1,79	1/23,827	2,034	/24,333	2,858	3/24,672	2,022	/24,996

Class IV Milk

	Fri., J	Ian. 3	Mon.,	Jan. 6	Tues.,	Jan. 7	Wed., J	an. 8	Thurs.,	Jan. 9
JAN14	21.73	1,302	21.77	1,300	21.81	1,304	21.86	1,347	21.94	1,353
FEB14	21.87	1,359	21.93	1,376	22.14	1,408	22.36	1,439	22.41	1,462
MAR14	21.59	1,369	21.60	1,386	21.75	1,401	21.86	1,438	21.95	1,454
APR14	20.85	960	20.87	979	20.95	994	20.99	1,045	21.05	1,068
MAY14	20.29	887	20.35	897	20.34	907	20.39	954	20.38	969
JUN14	19.55	755	19.55	762	19.59	773	19.64	825	19.60	843
JUL14	19.15	351	19.16	355	19.18	377	19.18	387	19.19	407
AUG14	18.99	315	18.99	318	19.02	329	19.02	334	19.02	345
SEP14	18.99	242	18.99	245	18.99	268	18.98	273	18.98	306
OCT14	18.80	196	18.80	199	18.79	210	18.79	215	18.89	230
NOV14	18.75	186	18.75	189	18.88	196	18.87	201	18.86	207
DEC14	18.37	177	18.37	180	18.35	190	18.35	195	18.33	206
Total Contr	acts Trac	ded/								
Open Intere	est 181/	8,099	185	3/8,186	430)/8,357	54	7/8,653	345	5/8,850

Cash-Settled NDM*

	r II., Ja	an. 5	Mon., J	an. o	Tues., Ja	an. i	wea., Ja	л. о	I murs., J	an. 9	_
JAN14	200.23	493	200.35	494	200.60	495	200.45	509	201.63	509	_
FEB14	200.88	552	200.60	559	200.68	564	201.03	563	202.23	562	
MAR14	195.83	678	196.00	679	196.00	661	196.50	669	195.70	698	
APR14	187.35	418	187.35	426	187.35	431	187.03	448	186.20	470	
MAY14	180.50	443	180.40	443	180.23	446	179.75	457	178.50	461	
JUN14	173.23	343	173.23	352	172.93	354	171.95	367	170.00	372	
JUL14	167.73	114	167.73	114	167.25	114	166.50	121	165.25	158	
AUG14	165.85	92	165.85	92	165.00	92	164.98	92	163.98	92	
SEP14	165.05	95	165.05	95	165.05	95	164.83	95	163.00	97	
OCT14	161.95	66	161.95	66	161.95	66	161.95	66	160.98	72	
NOV14	162.38	61	162.38	61	162.38	61	162.38	61	160.00	64	
Total Contr							100	/O. 40F			_
Onon Intore	net 08	/9 //09	1 45	(/2 // 19 2	76	/2 / 126	i 100/	(3.495)	I 202/	9 609	

Cash-Settled Butter*

	Fri.,	Jan. 3	Mon., J	an. 6	Tues., J	an. 7	Wed., J	an. 8	Thurs., J	an. 9	
JAN14	159.50	780	159.90	779	159.90	774	161.00	780	161.48	780	
FEB14	161.00	791	162.00	801	164.03	814	167.03	853	168.80	834	
MAR14	163.25	812	164.33	814	165.50	824	169.00	835	170.35	836	
APR14	163.75	583	164.50	587	165.25	591	167.50	595	170.33	602	
MAY14	164.98	573	164.50	575	164.53	577	167.00	584	170.25	598	
JUN14	164.48	449	163.50	450	164.00	453	166.03	472	169.48	507	
JUL14	165.00	210	165.00	210	165.00	210	167.00	220	169.25	229	
AUG14	164.03	178	164.03	180	165.08	180	167.00	181	169.98	185	
SEP14	165.00	131	165.00	131	165.50	134	167.00	134	168.33	138	
OCT14	165.75	125	165.75	125	166.00	127	167.05	127	167.05	127	_
Total Contr	acts Tra	ided/									
Open Inter	est	71/4.825	65	3/4.845	140	0/4.882	15	6/4.979	141	/5 034	

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.

Commercial disappearance up for butter, NDM

WASHINGTON — Commercial disappearance of American cheese in October totaled 400.9 million pounds, down 0.3 percent from October 2012's 402.0 million pounds, according to data recently released by USDA's Economic Research Service (ERS). Cumulative disappearance of American cheese from January-October 2013 is 3.71 billion pounds, ahead of October 2012's cumulative total of 3.62 billion pounds.

October's commercial disappearance of other-than-American cheese was 628.5 million pounds, up 5.0 percent from the previous October's 598.3 million pounds, ERS reports. Cumulative disappearance of other-than-American cheese totaled 5.78 billion pounds from January-October, up from 5.63 billion pounds from January-October 2012.

ERS reports that commercial disappearance of butter in October was 207.1 million pounds, up 4.0 percent from 199.1 million pounds in October 2012. Cumulative disappearance of butter in October was 1.56 billion pounds, up from 1.53 billion pounds in the first 10 months of 2012.

Commercial disappearance of nonfat dry milk (NDM) in October was 119.7 million pounds, up 9.4 percent from 109.4 million pounds a year earlier, ERS says. Cumulative commercial disappearance of NDM totaled 1.33 billion pounds in October, down from 1.55 billion pounds of cumulative NDM disappearance in October 2012.

For more dairy data, visit www. ers.usda.gov/data-products/dairy-data. CMN

National Dairy Products Sales Report

Sales volume ² 8,350,632 *7,601,067 10,193,854 10,314,000 Cheese 500-lb. Barrels: Average price ¹ \$2.0600 \$1.9897 \$1.9219 \$1.944 Adj. price to 38% moisture \$1.9666 \$1.8990 \$1.8358 \$1.855 Sales volume ² 10,364,785 9,930,157 10,207,370 11,302,90 Moisture content 35.06 35.04 35.09 34.6 Butter: Average price ¹ \$1.5698 *\$1.5730 *\$1.6465 \$1.63 Sales volume ² 3,062,899 *1,522,697 *1,149,233 3,346,45 Nonfat Dry Milk: Average price ¹ \$2.0029 *\$1.9787 *\$1.9624 *\$1.944 Sales volume ² 13,955,693 *7,751,145 17,171,041 *16,744,185 Sales volume ² 13,955,693 *7,751,145 17,171,041 *16,744,185 Sales volume ² 13,955,693 *7,751,145 17,171,041 *16,744,185 Average price ¹ \$2.0029 *\$1.9787 *\$1.9624 *\$1.944 Sales volume ² 13,955,693 *7,751,145 17,171,041 *16,744,185 Average price ¹ \$2.0029 *\$1.9787 *\$1.9624 *\$1.944 Sales volume ² 13,955,693 *7,751,145 17,171,041 *16,744,185 Average price ¹ \$2.0029 *\$1.9787 *\$1.9624 *\$1.944 Sales volume ² 13,955,693 *7,751,145 17,171,041 *16,744,185 Average price ¹ \$2.0029 *\$1.9787 *\$1.9624 *\$1.944 Sales volume ² 13,955,693 *7,751,145 17,171,041 *16,744,185 Average price ¹ \$2.0029 *\$1.9787 *\$1.9624 *\$1.944 Sales volume ² \$1.9787 *\$1.9624 *\$1.944 Sales volume ² \$1.9787 *\$1.9787 *\$1.9624 *\$1.944 Sales volume ² \$1.9787 *\$1	For the week ended:	1/4/14	12/28/13	12/21/13	12/14/13
Sales volume ² Sales volume ² Average price ¹ Adj. price to 38% moisture Sales volume ² Moisture content Sales volume ² Average price ¹ Average price ¹ Sales volume ² Moisture content Sales volume ² Average price ¹ Average price ¹ Average price ¹ Sales volume ² Sales volume ³ Sales volume ³ Sales volume ³ Sales volume ⁴ S	Cheese 40-lb. Blocks:				
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$\begin{array}{cccccccccccccccccccccccccccccccccccc$		8,350,632	*7,601,067	10,193,854	10,314,002
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Adj. price to 38% moisture \$1.9666 \$1.8990 \$1.8358 \$1.855 \$1.855 \$1.8950 \$1.8950 \$1.8358 \$1.855 \$1.8550 \$1.895	Average price ¹	\$2.0600	\$1.9897	\$1.9219	\$1.9459
Moisture content 35.06 35.04 35.09 34.3 Butter: Sales volume² \$1.5698 *\$1.5730 *\$1.6465 \$1.63 Sales volume² 3,062,899 *1,522,697 *1,149,233 3,346,42 Nonfat Dry Milk: Average price¹ \$2.0029 *\$1.9787 *\$1.9624 *\$1.94' Sales volume² 13,955,693 *7,751,145 17,171,041 *16,744,18	0 1	\$1.9666	\$1.8990	\$1.8358	\$1.8521
Butter: Average price ¹ \$1.5698 *\$1.5730 *\$1.6465 \$1.63 Sales volume ² 3,062,899 *1,522,697 *1,149,233 3,346,42 Nonfat Dry Milk: Average price ¹ \$2.0029 *\$1.9787 *\$1.9624 *\$1.94' Sales volume ² 13,955,693 *7,751,145 17,171,041 *16,744,18	0 1	10,364,785	9,930,157	10,207,370	11,302,901
Butter: Average price¹ \$1.5698 *\$1.5730 *\$1.6465 \$1.630 Sales volume² 3,062,899 *1,522,697 *1,149,233 3,346,420 Nonfat Dry Milk: Average price¹ \$2.0029 *\$1.9787 *\$1.9624 *\$1.940 Sales volume² 13,955,693 *7,751,145 17,171,041 *16,744,18	Moisture content	35.06	35.04	35.09	34.86
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Average price ¹ \$2.0029 *\$1.9787 *\$1.9624 *\$1.94' Sales volume ² 13,955,693 *7,751,145 17,171,041 *16,744,15		3,062,899	*1,522,697	*1,149,233	3,346,424
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Sales volume ² 13,955,693 *7,751,145 17,171,041 *16,744,18	-	\$2.0029	*\$1.9787	*\$1.9624	*\$1.9475
Dry Whoy		13,955,693	*7,751,145	17,171,041	*16,744,150
Dry Wiley.	Dry Whey:				
Average price ¹ \$0.5975 *\$0.5720 *\$0.5758 *\$0.575	Average price ¹	\$0.5975	*\$0.5720	*\$0.5758	*\$0.5750
Sales volume ² 4,351,557 *5,924,237 8,523,708 *7,799,70		4,351,557	*5,924,237	8,523,708	*7,799,761

*/Revised. ¹/Prices weighted by volumes reported. ²/Sales as reported by participating manufacturers. Reported in pounds. *More information is available by calling AMS at 202-720-4392.*

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.

GUEST COLUMNIST



CMN Exclusive!



Perspective: Market Insight

Sara Dorland, managing partner with Ceres Dairy Risk Management LLC in Seattle, is a guest columnist for this week's *Cheese Market News*®.

How long will high cheese prices be sustained in 2014?

To ring in 2014, U.S. cheese prices rocketed past the \$2/lb. level, showing little signs of slowing anytime soon. Not since 2008 have Chicago Mercantile Exchange (CME) spot Cheddar block and barrel prices started with such fervor. By comparison, last year's spot Cheddar cheese prices were on a downhill slide, with block and barrels slipping 9.5 cents and 19.75 cents, respectively, during January 2013. What has lifted spot cheese markets higher? Better yet, what keeps prices at the levels currently forecast by futures markets?

Looking back, the fall of 2012 may help shed light on current markets. At that time, the realization of the full weight of the nation's drought was gripping dairy markets as prices began to climb. CME Cheddar block

prices rose to \$2 on Sep. 20 that year and remained above that level until Nov. 7, a 30-day trading run. Through September 2012, year-to-date U.S. cheese exports were more than 200,000 metric tons, an impressive 20 percent increase over the same period in 2011. However, the price run in September and October 2012 resulted in U.S. cheese prices surging past European and Oceania cheese prices. In turn, U.S. exports slowed as other regions became more price competitive. Additionally, there was an influx of New Zealand cheese solids to the United States. While U.S. cheese manufacturers kept fourth quarter exports ahead of 2011, the gains slipped from 20 percent to only 1.8 percent. In a stark reversal, 2012 U.S. cheese imports went from 1 percent more during the first three quarters of the year to 23 percent higher in fourth quarter. In a matter of a few months, the U.S. cheese market went from tight to bloated setting the stage for the lackluster start to 2013.

By all accounts, the end of 2013 is the polar opposite to that of 2012. For most of 2013, U.S. Cheddar cheese prices had fallen well below comparable prices in Europe and Oceania. As a result, U.S. cheese was highly competitive in the world market and accounted for four consecutive months with exports posting at least 40 percent year-over-year gains. Although U.S. cheese imports in October 2013 were 28 percent more than the prior year, August, September and November all trailed the prior year. Add to this slowing milk production in the Midwest at the end of 2013. With around 80 percent of milk headed to cheese plants in the Upper Midwest, lower milk suggests lower cheese output. According to the latest 2013 data, Cheddar cheese demand was stronger in November 2013 and output lower — the tell-tale signs of higher prices.

Few question the current tightness of cheese, given the recent move to \$2.20/lb. for CME blocks, but could cheese prices really stay above \$2 as predicted by futures prices for 30 or more days? While U.S. cheese prices are well above historical averages for this time of year, world cheese prices are still at comparable levels. Overseas demand for fresh cheese, including Mozzarella, has been strong. If the export pace from the end of 2013 spills into 2014, U.S. cheese manufacturers could once again eclipse prior year

exports. More Mozzarella production has pulled milk away from Cheddar vats in 2013 — it is possible this trend continues into 2014. While western dairy producers have started to expand milk supply, their Midwestern counterparts have been slow to increase milk supply reportedly due to poor quality forage. Add to this an arctic blast gripping the central to eastern United States — weather not seen in more than 40 years. All are supportive indicators to current futures markets.

That said, the combination of historically high milk prices and feed costs should increase on farm margins early in the new year. Margin improvements are not isolated to the United States. In fact, the United States is playing a bit of catch up as European and Oceania dairy producers have been seeing better margins for several months. As the adage goes, "high prices cures high prices." History would suggest strong milk prices bring on increased milk production within a matter of months. While there is a bright demand picture for dairy products in 2014, strong milk output may work to ease prices back down from their current highs. So, could cheese prices stay high to start 2014? Possibly. The question of price direction really depends on demand remaining strong in the face of high prices and the timing of when milk production responds to the high prices. Both of these should be closely watched at the start of 2014. CMN

The views expressed by CMN's guest columnists are their own opinions and do not necessarily reflect those of Cheese Market News[®].

NEWS/BUSINESS



U.S. dairy exports set record \$6.1 billion in first 11 months, 17 percent above full year 2012

WASHINGTON — The United States has set a dairy export record in 2013, shipping \$6.1 billion worth of product in the first 11 months — 17 percent more than the entire year of 2012, the U.S. Dairy Export Council (USDEC) announced this week. USDEC notes that final numbers for 2013 exports won't be available from USDA's Foreign Agricultural Service until February, but exports are on track to reach \$6.7 billion total, or 30 percent more than 2012 exports.

"The past year marked a major step in U.S. dairy export expansion, not only because of the value and volume gains, but because of the activities of U.S. suppliers and industry organizations to lay the groundwork for future growth," says Tom Suber, president of the checkoff-funded USDEC, which leads international market development efforts on behalf of the U.S dairy industry.

USDEC says while favorable pricing and supply shortages in New Zealand may have accelerated growth in 2013, overall U.S. performance was not surprising given long-term trends: 2013 marks the fourth consecutive year of record U.S. dairy export volume and the ninth record year in the past decade. Long-term demand from a growing middle class in emerging markets and an inability of traditional supply sources to keep pace continue to fuel international dairy trade.

"Even with December data yet to be tallied, we expect volume records in nonfat dry milk/skim milk powder (NDM/SMP), cheese, high-value whey protein concentrates and isolates, lactose and fluid milk," Suber says. "But the real highlights of the year lie beyond the numbers. More than in previous years, we are seeing a broad acknowledgement of the critical role exports play in the health and growth of the U.S. dairy industry — an acknowledgement that is spurring action that will continue the trend."

USDEC highlights five underlying efforts among other accomplishments that it says demonstrate the important

strategic position overseas markets now hold in the U.S. dairy industry:

- U.S. dairy suppliers continued their push to broaden portfolios to include products in high demand overseas, such as high-specification SMP, whole milk powder, milk protein concentrate and ultra-high temperature, shelf-stable milk. USDEC says the favorable market conditions and outstanding performance in 2013 should see enhanced future prospects from these steps to making the right product with the right specifications to meet the needs of export customers.
- USDEC marketing activities continued to drive demand and preference for U.S. dairy products, positioning the United States as a preferred and reliable supplier. Programs designed to bring buyers and sellers together helped increase sales and U.S. market presence.
- The United States continued its strong working relationship with Chinese regulatory authorities, facilitating continued access to the world's

largest dairy importer. USDEC provided assistance to aid compliance of U.S. suppliers with new Chinese regulatory procedures, in addition to broader global efforts to clarify certification and inspection requirements and labeling and product standards.

- U.S. negotiators made substantial progress toward completing the Trans-Pacific Partnership (TPP) free trade agreement. USDEC has pushed for TPP to provide new access to open major new markets (Canada, Japan and Vietnam) to U.S. dairy suppliers as well as establish an enforceable system of sanitary and phytosanitary measures to reduce non-tariff barriers to trade. A final TPP deal may be struck as soon as the first quarter of 2014.
- The U.S. dairy industry, through efforts of the checkoff-funded Innovation Center for U.S. Dairy, launched a voluntary enhanced product traceability program to boost competitiveness in meeting the needs of global buyers and proactively address the move toward stricter U.S. food safety regulations. CMN



Iowa State Dairy Association to contract with Midwest Dairy Association starting in May

ANKENY, Iowa — The Iowa State Dairy Association (ISDA) recently announced it has voted to contract its operations to Midwest Dairy Association, effective May 1. ISDA is a membership organization that works on policy, industry and legislative issues for dairy, while Midwest Dairy manages the dairy promotion checkoff for Iowa and nine other states.

Under the agreement, Midwest Dairy will provide staffing and management for ISDA to help track and segregate all ISDA costs to assure the checkoff exclusion for policy and legislative involvement is met. Midwest Dairy's promotion activities will continue to be funded through its checkoff authority. All of ISDA's policy and production-

American Butter Institute unveils new logo



ARLINGTON, Va. — The American Butter Institute (ABI) recently unveiled a new logo for its association, becoming part of the many changes under the new executive director, Anuja Miner.

"As a result of the changes made through our strategic planning process, it was determined that ABI needed to revitalize and revamp its logo to bring it more into the 21st century," says Miner. "The ABI board voted on the new logo at its October meeting."

Miner was named executive director last autumn, taking over for Jerry Kozak, who retired from the dairy industry after running ABI for the past 22 years.

ABI has also recently reported that U.S. butter consumption has reached its highest level in 40 years. The increase is in part due to a shift in consumer preferences away from highly processed foods, artificial ingredients and trans fats derived from partially hydrogenated vegetable oils, Miner says.

"Margarine and other spreads are no longerviewed as healthier alternatives," Miner adds, as consumers are demanding more pure and natural products.

Since 2002, Americans increased their butter intake by 25 percent. In 2012, per capita consumption reached 5.6 pounds per year, up from a low in 1997 of 4.1 pounds per capita.

In addition to Miner's new role, ABI took over management of the National Butter Promotion Program last year, shifting the focus to its new slogan, "Go Bold With Butter," in print ads and social media.

For more information on ABI visit www.butterinstitute.com. CMN related activities will be funded through member dues and other ISDA sources of revenue.

"This is a win-win for Iowa dairy producers," says Larry Shover, president of the ISDA board of directors. "We know there will continue to be fewer dairy farms and our infrastructure within the industry needs to be as efficient as possible. These two organizations already share many of the same priorities, and a closer relationship makes sense for the dairy farmers who support both organizations through their own pocketbooks."

ISDA and Midwest Dairy already work closely through the Dairy Iowa initiative and on items such as issues management and dairy image communications. The organizations say the new arrangement will allow both of them to be more effective through better sharing of information about on-farm production practices, nutrition issues, research and other topics. ISDA will gain access to staff specialists in areas such as accounting, information technology, communications and event planning. Midwest Dairy will be able to utilize ISDA's partner relationships and expertise in on-farm practices.

"We serve the same dairy producers, and together we can capture the most value for them," says Mike Kruger, CEO, Midwest Dairy.

Previously ISDA's current executive director, Jessica Bloomberg, announced plans to leave the organization on May 1 after five years. Midwest Dairy has hired Sue Ann Claudon as director of industry relations for Midwest Dairy Association in Iowa, serving a dual role as ISDA executive director upon Bloomberg's departure. Claudon most recently worked with the United Sorghum checkoff program in Lubbock, Texas, and previously served as general manager for Dairy Max Inc., the dairy checkoff entity serving the southern United States.

Chris Freland, the industry relations manager in Iowa, also will serve both organizations. She has been with Midwest Dairy for more than four years.

The board of directors of each organization will continue to operate separately, with each setting its own agenda and program priorities.

Midwest Dairy Association has similar arrangements with producer membership organizations in Nebraska and South Dakota. **CMN**

November cheese exports hit record high

WASHINGTON — Cheese exports in November reached a record high 62.7 million pounds in November, up 54 percent from a year earlier, according to the latest U.S. dairy export data from the U.S. Dairy Export Council (USDEC), National Milk Producers Federation (NMPF) and USDA. USDEC points out that cheese shipments now have topped 25,000 metric tons (55.1 million pounds) for nine straight months. (The figures released by USDA and USDEC are in metric tons: Cheese Market News has converted the data to pounds by multiplying by 2,204.6.)

In the first 11 months of 2013, cheese shipments to Mexico were up 24 percent vs. the prior year, while South Korea (+18 percent), Japan (+11 percent) and Egypt (+120 percent) also posted notable gains.

Nonfat dry milk/skim milk powder (NDM/SMP) exports were lower in November vs. the prior month, but still 54 percent ahead of the year before. November marked the eighth strait month exports of at least 45,000 metric tons (99.2 million pounds), as NDM/SMP shipments totaled 100.4 million pounds.

November volume for lactose, which has declined for four straight months, totaled 51.5 million pounds—the lowest since June 2010. However, year-to-date export volumes for lactose remain 12 percent above the same 2012 period.

Whey protein concentrate (WPC) exports have lagged year-ago levels for the last six months. From June-November,

WPC shipments were down 9 percent. Butterfat exports in the June-November period were more than triple the volume of a year ago, bringing the six-month figure to 177.6 million pounds. Nearly two-thirds of the 2013 volume has gone to the Middle East/North Africa region, led by Saudi Arabia and Iran.

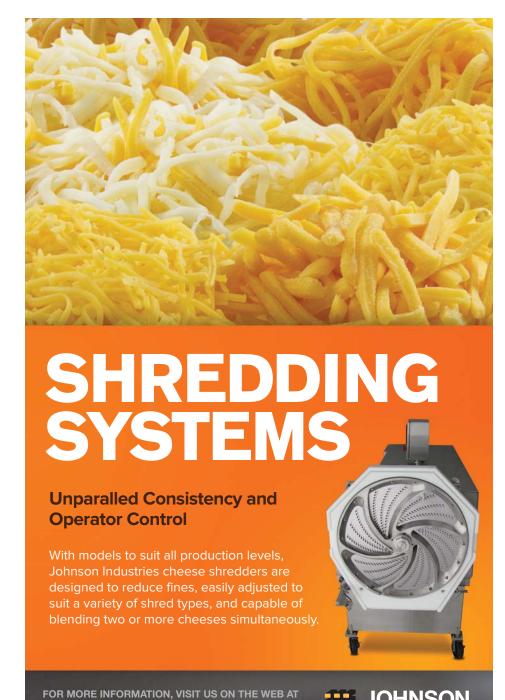
Exports have been on a steady pace in recent months, averaging \$599 million per month from the June-November period, USDEC reports. This figure is 47 percent higher than the prior year.

In November, U.S. suppliers shipped a total of 339.9 million pounds of milk powder, cheese, butterfat, whey and lactose, up 29 percent from November 2012.

The value for dairy exports in Novemberwas \$579 million, up 49 percent from the year before. USDEC notes that the three fastest-growing markets by value for U.S. suppliers in November (as has been the case throughout 2013) were: China, up 87 percent vs. the prior year; Southeast Asia, also up 87 percent; and Middle East/North Africa, up 159

January-November dairy exports are valued at \$6.11 billion, compared to \$5.12 billion for all of 2012. At the current pace, USDEC says dairy exports will top \$6.6 billion in 2013.

On a total-solids basis, exports were equivalent to 15.5 percent of U.S. milk production in November. Imports as a percent of milk-solids production in November were 3.2 percent.



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6

NEWS/BUSINESS



The WhiteWave Foods Co. enters into joint venture agreement with China Mengniu Dairy Co.

DENVER — The WhiteWave Foods Co. this week announced that it has entered into a joint venture agreement with China Mengniu Dairy Co. Ltd. to manufacture, market and sell a range of nutritious products in China. The joint venture also has executed an agreement to purchase Yashili Zhengzhou ("Zhengzhou"), a subsidiary of Yashili International Holdings Ltd. ("Yashili"). Zhengzhou's primary asset is a production facility currently under construction in China, where the joint venture intends to manufacture its products. Mengniu is the majority owner of Yashili.

Under the terms of the agreement, WhiteWave will own a 49-percent stake in the venture and Mengniu will own a 51-percent stake. The purchase price for Zhengzhou is expected to be approximately \$85 million, including approximately \$62 million for the purchase of equity and balance for the repayment and assumption of debt and other obligations. Each joint venture party's share of the purchase price for Zhengzhou will be consistent with its ownership interest in the venture. WhiteWave and Mengniu say they expect to make additional investments to support the start-up and commercialization of the joint venture.

The formation of the joint venture is subject to various governmental approvals in China, which are expected to be obtained in the first half of 2014. The acquisition of the production facility is subject to the formation of the joint venture and approval of the minority Yashili shareholders.

The WhiteWave Foods Co. currently manufactures, markets, distributes and sells branded plant-based foods and beverages, coffee creamers and beverages, and premium dairy products and organic produce throughout North America and Europe. Its brands in North America include Silk, International Delight, Land O'Lakes, Horizon Organic and Earthbound Farm. In Europe, its brands of plant-based foods and beverages include Alpro and Provamel.

"This joint venture is consistent with WhiteWave's strategy to expand into new geographies and provides a unique opportunity for us to access the Chinese market, one of the world's largest consumer markets with a rapidly growing, multi-billion dollar nutritious products segment," says Gregg Engles, chairman and CEO, WhiteWave.

"Mengniu is the ideal partner for

WhiteWave as it is a leading dairy company in China with a broad product portfolio, strong sales network and manufacturing capabilities, deep consumer expertise and a wide distribution network throughout China," Engles says. "Through the joint venture,

WhiteWave will be extremely well positioned to expand its business to this important geography. Although we still have a lot of work to do before we begin distributing product, this is another compelling step for WhiteWave as we continue on our path to change the way the world eats for the better." CMN

PEOPLE



Obituary

George L. Ackerman

NEWPORT NEWS, Va. — George L. Ackerman died here unexpectedly on Jan. 3 at the age of 61.

Ackerman was born in California, and grewup there, Ontario, Canada, Wisconsin and in Newport News, Va. He attended University School of Milwaukee, Hampton Roads Academy and St. John's college.

He began working as a wine salesman for Broudy-Kantor Co., and bought the Warwick Cheese Shoppe in Newport News, with the help of his father, in 1978. Ackerman went on to run the shop with the help of his family for the next 35 years.

Ackerman helped the Warwick Rotary Club build the forerunner of the Virginia Living Museum and tutored students at a local elementary school and middle school. He contributed to a

local park, church and high school, and was a founding shareholder in Harbor Bank in Newport News.

The Warwick Cheese Shoppe supported little-league baseball, youth sailing, the Poor Clares and St. Vincent's Backdoor Ministry.

Ackerman is survived by his wife, Marguerite Hargreaves; daughter, son-in-law and grandson Cecelia, Patrick and Nathan Theobald of Nashville; son Greg Ackerman of Richmond; siblings Nancy and Mike Burnaugh of Marietta, Ga., Janet and Bob Lesser of Macon, N.C., John and Lane Ackerman of Novelty, Ohio; and Barbara and Dale Arnold of Bowling Green, Ohio. He is also survived by his mother-in-law, Frankie Hargreaves, seven nieces and six nephews. CMN

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Comings and goings ... comings and goings

ProSpect Analytical Technology, which designs, builds and markets in-line near infrared (NIR) analytical control devices for the food-processing industry, has recently welcomed Tom Brown to the position of senior applications engineer, and Paul Martin to the position of senior account manager. Brown will work closely with Martin to install and support ProSpect's products. Brown has 20 years of experience working with NIR technology, and for the past eight years has operated his own consulting business out of Stouffville, Ontario, working within the food industry to source and support NIR analytical devices. Martin has more than 30 years of experience working with NIR technology across various industries. Prior to joining ProSpect, Martin worked for Unity Scientific in Brookfield, Conn., Perstorp NIR Systems in Silver Spring, Mass., and Bran & Luebbe in Tarrytown, N.Y.

President Obama has announced his intent to nominate **Darci L. Vetter** for the position of chief agricultural negotiator with the **Office of the U.S. Trade Representative (USTR)**. If confirmed by the Senate, she will replace **Isi Siddiqui**. Vetter currently serves as deputy under secretary for farm and foreign agricultural services at USDA, a position she has held since 2010. From 2007 to 2010, she was an international

trade advisor on the U.S. Senate Committee on Finance. Before working in the Senate, Vetter held numerous roles at USTR, including director for agricultural affairs from 2005 to 2007, and director for sustainable development from 2001 to 2005. A native of Nebraska, Vetter received a master of public affairs degree and a certificate in science, technology and environmental policy at the Woodrow Wilson School of Public and International Affairs at Princeton University. She received her undergraduate degree from Drake University.

Mike McEvoy has been named executive vice president-operations at Sargento Foods Inc. In his new role, manufacturing, engineering, quality systems, procurement, logistics and distribution services will report to him. He joined the company in 1998 and has held a variety of positions at Sargento, including trade promotion manager. marketing manager, general manager, vice president-sales and most recently as president-food ingredients division. Before Sargento, McEvoy worked for the transportation industry. He earned his bachelor's degree at St. Norbert College, his master of business administration at Cardinal Stritch University, and completed the Executive Education Program at the University of Virginia Darden School of Business. CMN



FDA extends comment period on GRAS status of partially hydrogenated oils to March 8

WASHINGTON — In response to requests from numerous food and agriculture organizations, FDA recently announced that it is extending the comment period on its tentative determination that partially hydrogenated oils (PHOs) are not generally recognized as safe (GRAS) for any food use and therefore are subject to regulation as food additives.

In the Nov. 8, 2013, Federal Register, FDA published a notice announcing its determination that PHOs, which are the primary dietary source of industrially-produced trans fatty acids, are not GRAS for any food use

based on current scientific evidence.

Iffinalized, FDA's conclusion would mean that food manufacturers no longer would be permitted to sell PHOs, either directly or as ingredients in another food product, without prior FDA approval for use as a food additive.

The agency initially asked for public comments, with a comment deadline of Jan. 7, 2014. However, following multiple requests for a 60-day extension, the agency has extended the deadline for submitting comments until March 8, 2014. Comments may be submitted electronically at www.regulations.gov. CMN

Dairy advertising numbers fall 12 percent

WASHINGTON — Total advertising numbers for dairy products at retail are down 12 percent from two weeks earlier and down nearly as much from one year ago, according to the latest biweekly National Dairy Retail Report released Thursday by USDA's Agricultural Marketing Service (AMS).

 $AMS\,notes\,cheese\,has\,slipped\,to\,the$ second most advertised dairy product this reporting period, with ad numbers down 15 percent.

National conventional 8-ounce natural varieties of cheese this week had a weighted average advertised price of \$2.29, up from \$2.27 two weeks earlier but down from \$2.49 one year earlier, AMS says.

AMS says this week 1-pound natural varieties of cheese blocks had a weighted average advertised price of \$4.07, up from \$3.10 two weeks earlier and \$4.00 one year earlier, while 2-pound cheese blocks had a weighted average advertised price of \$6.11, down from \$7.02 two weeks earlier but up from \$5.17 one year ago.

This week natural varieties of 8-ounce cheese shreds had a weighted average advertised price of \$2.39. up from \$2.19 two weeks earlier but down from \$2.47 one year earlier, while 1-pound cheese shreds had a weighted average advertised price of \$3.46 this week, down from \$4.21 two weeks earlier but up from \$3.32 one year ago, AMS says.

Meanwhile, national conventional butter in 1-pound packs this week had a weighted average advertised price of \$2.88, up from \$2.48 two weeks earlier but down from \$2.93 one year earlier, AMS says. CMN

Trade Priorities Act welcomed by dairy groups

WASHINGTON—The Trade Priorities Act of 2014 (TPA), which sets forth key negotiating objectives for the administration and outlines engagement requirements providing for an enhanced role for Congress in trade negotiation consultations, was introduced Thursday by U.S. Sens. Max Baucus, D-Mont., and Orrin Hatch, R-Utah, and Rep. Dave Camp, R-Mich.

The National Milk Producers Federation (NMPF) and U.S. Dairy Export Council (USDEC) say they welcome the bipartisan legislation, which contains several elements of importance to the U.S. dairy industry, including:

- Prioritization of tariff reduction for U.S. products that face significantly higher foreign tariffs or subsidy regimes by major producing countries;
- The pursuit of strong and enforceable rules on sanitary and phytosanitary (SPS) measures;
- Direction urging the administration to eliminate and prevent the undermining of market access for

U.S. products through improper use of geographical indications; and

• A specific negotiating focus on goods subject to U.S. tariff rate quotas, as is the case for most dairy products.

"We are very pleased to see the TPA legislation recognizes the many challenges facing U.S. agricultural exports, including dairy products, and its rightful focus on how negotiations should best address barriers to trade," says Tom Suber, president, USDEC.

NMPF and USDEC say they support swift advancement of TPA through Congress in order to provide renewed direction to the negotiating teams working on the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements.

"This legislation recognizes the importance of clearly identifying the goals and priorities that are most vital to the successful negotiation of balanced trade agreements," says Jim Mulhern, president and CEO, NMPF.

Court revives antitrust lawsuit against Dean

GREENEVILLE, Tenn. — An antitrust lawsuit brought by milk retailers against Dean Foods Co. was revived last Friday by the Sixth Circuit U.S. Court of Appeals.

In March 2012, a district court in Tennessee had passed a summary judgment dismissing the action in its entirety (see "Court judgment dismisses Tennessee retailer action against Dean Foods Co." in the March 30, 2012, issue of Cheese Market News). In the case, retailers Food Lion LLC and Tennessee resident Fidel Breto (d.b.a. Family Foods) accused Dean Foods of violating antitrust laws by conspiring with Dairy Farmers of America, National Dairy Holdings and others to divide markets and restrict output. The district court had ruled that the plaintiffs could not provide sufficient proof of injury, nor could they establish the relevant antitrust geographic market.

The appeal focuses on one of the five claims originally brought in the suit, where the plaintiffs alleged that the defendants engaged in a conspiracy not to compete. The Court of Appeals' Jan. 3 opinion notes that the agreement between the horizontal competitors for the express purpose of limiting competition between them could be viewed as "facially anticompetitive

restraint," which the district court should consider.

"Even though Dean Foods' alleged conduct is not illegal per se, the evidence in the record and the allegations in plaintiffs' complaint are sufficient to shift the burden to Dean Foods to present some procompetitive benefits of the alleged conduct," the opinion says.

The court also says the expert's testimony that was previously excluded should not have been excluded on the grounds that were relied upon by the district court.

In a statement sent to CMN, Dean Foods says it is disappointed in the decision by the Sixth Circuit Court of Appeals to reinstate one of the original five counts in the suit and to require consideration of certain evidence that previously was excluded.

"The trial court had dismissed the action in its entirety, ordered that the plaintiffs recover nothing, and ordered that Dean Foods and the other defendants recover costs from the plaintiffs," the company says. "We remain confident that we have operated lawfully and fairly at all times in the Southeast."

A Dairy Farmers of America spokesperson says the cooperative is aware of and currently reviewing the ruling, but declines to offer comment. CMN



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EVENTS



Wisconsin Artisan Cheesemaker Conference will be held Jan. 28-29 at UW-River Falls

RIVER FALLS, Wis. — "Handcraft your Vision: Creating Cheese of Distinction", a conference for Wisconsin artisan and farmstead cheesemakers is taking place Jan. 28-29 at the University of Wisconsin-River Falls (UW-RF).

There will be two days of educational workshops and hands-on cheesemaking. Attendees will focus on food safety, cheesemaking techniques and presentations provided by veteran artisan cheesemakers.

The first day will kick off with a keynote

UW-River Falls to host online Sanitation for Farmstead Dairies course Feb. 17-March 28

RIVER FALLS, Wis. — The University of Wisconsin-River Falls Animal and Food Science Department will host an online course, "Sanitation for Farmstead Dairies", Feb. 17-March 28.

The course is designed to assist participants in understanding and applying proper sanitation techniques in food processing establishments. The program aims to strengthen the Wisconsin Dairy Artisan Network by educating individuals to become resources in the industry.

During the class, participants will

develop a comprehensive Standard Sanitation Operating Procedures (SSOP) paper. SSOPs help to enhance Good Manufacturing Practices, and both are considered prerequisites for a Hazard Analysis Critical Control Point System.

Advanced registration is required. The fee for this course is \$400. A certificate of completion will be issued after successfully finishing the course.

For more information or to download a registration form, visit www.uwrf.edu/ ANFS/DairyProcessingworkshops/.CMN

address from Kate Arding, who has worked in the farmstead cheese industry for 20 years. Attendees will also hear "lessons learned" from veteran cheesemaker Anne Topham, of Fantome Farm, Ridgeway, Wis. Additionally there will be an update on food safety issues from Michelle Farner, UW-RF dairy plant manager. The evening will conclude with dinner and tour at a local brewery.

The second day will consist of an all-day cheesemaking session at the UW-RF dairy plant, led by Patrick Anglade, a French cheesemaker who holds a master of cheese technology from the Milk Industry and Economy University of Rennes, France. Anglade also is the author of the reference book, Farmstead Cheesemaking (La Fromagerie à la Ferme). He will lead a session on making a cow's milk French semi-hard Tomme cheese.

The conference is sponsored by the Wisconsin Artisan Cheesemaker Guild, Wisconsin Department of Agriculture, Trade and Consumer Protection and

Cost to attend is \$115 per person. Registration is open to anyone and attendance is limited to 30 participants. All paid registrants also will be invited to a complimentary follow-up one day course that summer at UW-RF, focusing on food safety.

To register or to learn more go to www.wicheeseguild.org/events, or contact Jeanne Carpenter, guild administrator, at 608-358-7837 or jeanne@worldartisanllc.com. CMN

3-A SSI invites apps for student travel award

MCLEAN, Va. — 3-A Sanitary Standards Inc. (3A-SSI) invites applications for the 2014 Student Travel Scholarship Award, which is intended to help motivated, career-oriented students to participate in the annual education program of 3-A SSI. The education program and related events will be held May 12-16 at the Clarion Hotel & Conference Center in Milwaukee.

The program enables dedicated students with a record of achievement to gain comprehensive first-hand knowledge about hygienic design for food processing equipment and

Candidates for the 2014 awards must be enrolled full-time in a food technology, food science, dairy science or other closely related program, at an undergraduate or graduate level, and at a college or university in the United States or Canada. Applicants must demonstrate a career interest and commitment to food safety and quality.

Award recipients will be selected on the basis of a personal essay, official transcripts and a letter of recommendation from a faculty head. The deadline for the application is March 7.

According to Dr. Ronald Schmidt, University of Florida and past-chair of 3-A SSI, "Food safety has become a highly important emphasis in food science and food microbiology curricula. With the new Food Safety Modernization Act now in place, hygienic equipment design is recognized as a critical element of food safety and it deserves much more emphasis in our training. The 3-A SSI program provides a truly special opportunity for future food industry professionals to supplement their educational experience, gain in-depth knowledge about hygienic equipment design in 'the real world' and network with world-class industry leaders."

Details are available at www.3-a. org under 'Upcoming Events.' CMN

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MECHANICAL ENGINEERING OPENINGS: **ENGINEERING MANAGER &** PROJECT MANAGER

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Requirements:

- Bachelor's Degree in Mechanical Engineering
- 5 years' Project Management Experience
- Experience working with SolidWorks and AutoCAD Software
- Experience in machine design, hydraulics and pneumatics is required
- Occasional travel to customer sites will also be required
- · Bi-lingual candidate (Spanish) would be a plus

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Oregon Dairy Farmers Convention is Feb. 24-25

SALEM, Ore. — The 2014 Oregon Dairy Farmers Convention will be held here at the Salem Conference Center on Feb. 24-25. The two days will concentrate on news and trends in the dairy industry, networking and applicable farm skills.

Monday, Feb. 24, kicks off with the Oregon Dairy Women annual meeting. The afternoon will feature several educational sessions on topics such as raw milk, the farm bill, and grain feeding in a pasture-based system. The day will finish off with an all-Oregon cheese reception and a "western fun night" dinner.

Tuesday, Feb. 25, begins with a speech by Anthony Newman, a former NFL player and Oregon Duck, who is currently a spokesperson for Fuel Up to Play 60. Following with a keynote address will be motivational speaker Bruce Vincent.

The remainder of day two will include a labor and employment law update, discussions on strategic direction, developing a farm legacy, and digital consumerism in the dairy industry. There will be a mid-day luncheon, legislator panel discussion, and the convention will conclude with a Tillamook Cheese reception and the Oregon Dairy Women scholarship auction.

For more information go to www.dairyfarmersOR. com/96-convention. CMN

PRICES

Continued from page 1

pound for several weeks.

This week, butter at the CME also saw price strength, increasing from \$1.5325 per pound Dec. 31 to \$1.6750 as of Thursday.

Dairy Market News notes that many butter manufacturers in the central region are producing additional supplies of 82 percent butter given the U.S. price advantage over international prices.

"Butter stock numbers have been whittled down due to strong domestic and export demand," says Eric Meyer, president, HighGround Dairy, Chicago. "I don't think we'll see extreme high prices on butter — I think it's the least bullish of the major commodities — but prices are still fairly competitive in the global marketplace."

McCully agrees that butter inventories are in a good spot compared to a few months ago, as well as strong export

demand to clear excess product.

"I see it at \$1.60 for now, give or take a dime," he says.

Wellington says he was surprised butter fell in December as quickly as it did and that a price near \$1.60 seems steady

"It's reasonable given where the market is right now," he says.

Meanwhile, a lack of complete cow herd and milk per cow data for part of 2013 due to the sequester as well as lackluster milk production increases in the November production report have tempered expectations for milk production levels in the months ahead, analysts note.

"So far, we're not seeing the kind of production growth that income-overfeed margins are suggesting," Meyer says.

Meyer notes that in the West, dairy farmers have struggled with having to purchase their feed at higher prices, which has curbed expansion. Meanwhile, the Midwest is facing feed quality issues and higher prices for soybeans and soybean meal.

He adds that when comparing last year's temperatures in December with this year's, last year was a much milder winter, with stronger milk per cow.

Dairy Market News says that this week's two-decade record cold temperatures in the Midwest region are generally reported to have primarily slowed the increase in milk production rather than decreasing production.

"A number of plants report that milk production has been steadily increasing on a daily basis for about two weeks — until this week's extremely cold weather," Dairy Market News says. "Little concern has been expressed, though, with production expected to rebound quickly."

The cold weather and heavy snow in some areas has, however, resulted in some milk production declines in the Northeast, where milk transports also have experienced some delays due to various winter storms, Dairy Market News says.

In addition, subzero temperatures and adverse road conditions created many problems in the Midwest region this week, Dairy Market News notes. Problems included switching of heat sources at plants, frozen pipes at various facilities, compressors going out at farms and milk truck breakdowns.

"Those conditions lead to milk production rates at the farm stalling as cows used more feed energy for body warmth, some dumping of milk as trucks could not make it to the farm or plant, and logistic problems at various plants," Dairy Market News says.

News reports say that Fair Oaks Farms, Fair Oaks, Ind., had delivery trucks stranded across Indiana, Kentucky and Michigan, resulting in some loss of product.

In the Northeast, Yancey's Fancy, Corfu, N.Y., closed down the night shift Monday and production all day Tuesday, and started back up Wednesday morning after a travel ban had been lifted, according to Brian Bailey, vice president of operations, Yancey's Fancy.

"It was quite a storm — the first blizzard since 1993 — and it was too dangerous to risk injury or worse to our people, not to mention injury to first responders who would be trying to help them," Bailey says. "We saw things developing in the days leading up to the storm and were able to, for the most part, meet our orders. So the impact to Yancey's Fancy was negligible. We live and work in western New York, and winter weather goes with it." CMN

FDA to compile list of U.S. milk producers, processors interested in exporting to China

washington — FDA recently announced it is establishing a list of U.S. milk product manufacturers and processors interested in exporting milk products to China. FDA is taking this step to help U.S. manufacturers comply with new requirements from the Chinese government for the importation of milk products into China, the agency says. Officials have advised the United States that milk products from companies not on the list could be prevented from entering commerce in China.

Applying for inclusion on the list is voluntary. However, to be considered for the list, companies cannot be subject to any pending judicial enforcement action or a pending FDA warning letter, and would need to either have had a FDA inspection within three years or be on the Interstate Milk Shippers List (IMS list) or the USDA Dairy Plants Surveyed and Approved for USDA Grading Service (USDA list) for the products intended to ship.

FDA began accepting applications this week. The first posting of the list and notification to China will occur on or about April 30, 2014.

In December of each even-numbered year, FDA will send a letter to manufacturers on the list, asking them to update information and indicate whether they want to continue being listed. CMN

Prices mixed in GlobalDairyTrade auction

AUCKLAND, New Zealand — The GlobalDairyTrade (GDT) price index decreased 0.8 percent, but average prices for many commodities increased Tuesday following the latest auction on GDT, Fonterra's internet-based sales platform.

The average price achieved across all contracts and contract periods was down for most milk powders including anhydrous milkfat, which averaged US\$5,538 per metric ton FAS (\$2.5120 per pound), down 1.8 percent; skim milk powder, which averaged US\$4,688 per metric ton FAS (\$2.1264 per pound), down 3.4

percent; and whole milk powder, which averaged US\$4,934 per metric ton FAS (\$2.2380 per pound),down 0.6 percent.

Other commodities' average prices and the percent increase from last month's auction are as follows:

- Lactose: US\$1,826 per metric ton FAS (\$0.8283 per pound), up 5.8 percent.
- Milkprotein concentrate: US\$9,010 per metric ton FAS (\$4.0869 per pound), up 5.2 percent.
- Butter: US\$4,223 per metric ton FAS (\$1.9155 per pound), up 5.1 percent.
- Cheddar: US\$4,656 per metric ton FAS (\$2.1119 per pound), up 1.9 percent.
- Rennet casein: US\$11,903 per metric ton FAS (\$5.3991 per pound), up 1.1 percent.
- Buttermilk powder: US\$4,539 per metric ton FAS (\$2.0589 per pound), up 0.5 percent.

The next trading event will be held Jan. 21.

GDT this week also announced that since it has been successful in attracting many of the largest commodity dairy products to trade through the platform, GDT is looking to add sweet whey powder (SWP) into the platform and increase GDT's share of the lactose market, both of which are fairly low-value byproducts of cheese manufacturing.

To help achieve these objectives, GDT proposes to introduce separate, lower fee levels for SWP and lactose products. The proposed change would not increase the fees payable by existing sellers compared to the current fee structure, GDT says.

For more information, visit www.globaldairytrade.info. **CMN**



For more information please visit www.cheesemarketnews.com



Cream-O-Land Dairy Inc. to pay \$325,000 to settle charges of job discrimination

MOUNTAINSIDE, **N.J.** — The U.S. Department of Labor's (DOL) Office of Federal Contract Compliance Programs (OFCCP) recently announced that Cream-O-Land Dairy Inc. has resolved claims of sex and race discrimination affecting 227 workers who applied for jobs at the company's dairy plant in Florence, N.J.

DOL says that an OFCCP review of the facility determined that the dairy company used a hiring process that

WASHINGTON

Continued from page 1

will of the entire House on this issue."

Farm bill conferees had targeted the second week of January to finish their negotiations, but chances are now good that a conference report will not be filed until later this month.

IDFA says that if the stabilization program is off the table, news reports say that conferees are considering a compromise proposal that would provide dairy farmers with the option of participating in either the existing Milk Income Loss Contract (MILC) program or the new margin insurance program that was included in both the Senate dairy title and the Goodlatte-Scott amendment in the House dairy title. CMN

NASS

Continued from page 1

down 3.4 percent from November 2012. American-type cheese production, of which Cheddar is the largest component, totaled 354.5 million pounds in November, down 2.7 percent from a year earlier.

Wisconsin, the nation's No. 1 cheeseproducing state, produced 235.2 million pounds in November, a decline of 0.1 percent from its production a vear earlier. California followed with 194.3 million pounds, an increase of 5.0 percent from its production in November 2012.

The next four cheese-producing states in November were New York with 87.9 million pounds, up 36.4 percent vs. its production a year earlier; Idaho with 69.4 million pounds, down 0.7 percent; New Mexico with 62.1 million pounds. down 4.5 percent; and Minnesota with 53.2 million pounds, up 2.2 percent.

NASS reports total U.S. butter production in November was 142.8 million pounds, down 0.1 percent from November 2012. October 2013 butter production totaled 146.1 million pounds; adjusted on average daily basis terms, November's butter production was up 1.0 percent from October 2013.

California led the nation's butter production with 49.5 million pounds, an increase of 2.3 percent from its production in November 2012. CMN

violated Executive Order 11246 because it discriminated against women, African Americans and Asian Americans who

applied for warehouse positions in 2010. "I am pleased that we were able to reach a fair settlement in this case,' says Patricia A. Shiu, director, OFCCP. "(This) agreement underscores the notion that federal contractors like Cream-O-Land should closely examine their employment policies and practices to identify and eliminate any unfair barriers to equal opportunity.

Under the terms of the conciliation agreement, Cream-O-Land will pay \$324,288 in back wages, interest and benefits to the rejected applicants. The company also will make 24 job offers to the affected class members as positions become available.

In addition, the company has agreed to undertake extensive self-monitoring measures, including committing a minimum of \$10,000 for training to ensure that all of its hiring processes comply with the law.

Cream-O-Land Dairy Inc. delivers dairy products to grocery stores, supermarkets and schools throughout New Jersey, New York, Pennsylvania, Delaware and Connecticut.

Calls to Cream-O-Land Dairy seeking comment were not returned by press time. **CMN**

Study suggests milk can deliver polyphenols

PHILADELPHIA — A new report in the Journal of Dairy Science is suggesting milk can serve as a protective carrier of bioactive molecules. Polyphenols found in tea manifest anti-cancer effects, but their use is limited by poor bioavailability and disagreeable taste. According to the study, when epigallocatechin gallate (EGCG), the major extractable polyphenol in green tea and the most biologically active, is diluted in skim milk or other milk, the complexes remain bioactive and continue to reduce colon cancer cell proliferation in cultures at concentrations higher than 0.03 mg of EGCG/mL.

"These results support a new role for milk as an ideal platform for delivery of bioactive compounds and opens the door to a new generation of dairy products providing additional benefits to human health," say authors Sanaz Haratifar and Milena Corredig, Department of Food Science and Department of Human Health and Nutritional Sciences of the University of Guelph, Ontario, Canada.

The majority of extractable polyphenols in tea are flavan-3-ols, commonly referred to as catechins. EGCG is the major catechin found in tea. Tea polyphenols have been shown to inhibit tumor formation, reduce cancer cell proliferation, increase normal cell death, and suppress the formation of new blood vessels feeding tumors. For several reasons, tea catechins have poor bioavailability and the goal

of the current study was to encapsulate EGCG in casein-molecular aggregates, known as micelles, to maintain and enhance catechin bioavailability.

In one experiment, human colorectal cancer cells were grown for 24 hours in the presence of EGCG in water or dispersed in milk. The number of living cancer cells (cell viability) were measured, and it was shown that EGCG reduced cell viability in a dose-dependent fashion, although at higher concentrations (0.15 mg/mL and above) the antiproloferative effect of EGCG in water was greater than in milk.

Another experiment evaluated cancer cell proliferation after EGCG was added to different milk products, including skim milk, milk whey, and milk serum. While some differences were noted in cell proliferation at lower concentrations between EGCG in control medium and EGCG diluted in the milk components, at higher EGCG concentrations (0.8 mg.mL and above), EGCG reduced cancer cell growth by 80 percent or more, whether diluted in milk or not.

"In order to exert their biological health benefits in vivo, polyphenols must be available and still active, even when present in a food matrix," says Dr. Haratifar. "This study showed that the binding of EGCG to the casein micelles did not affect the bioefficacy of EGCG and cell uptake at concentrations higher than 0.03 mg of EGCG/mL of skim milk." CMN

	Nov. 12	Nov. 13	% Change	YTD 2012 ³	YTD 2013 ³	% Change
Cheese						
American types ¹	364,550	354,545	-2.7	3,974,270	4,045,416	1.8
Cheddar	259,121	250,351	-3.4	2,867,803	2,923,882	2.0
Other American	105,429	104,194	-1.2	1,106,467	1,121,534	1.4
Blue & Gorgonzola ³	7,537	6,978	-7.4	80,595	86,905	7.8
Brick & Muenster	13,511	15,655	15.9	148,831	156,732	5.3
Cream & Neufchatel	76,594	77,059	0.6	745,642	758,562	1.7
Feta	7,997	8,088	1.1	98,834	93,772	-5.1
Gouda	4,403	4,911	11.5	34,802	43,050	23.7
Hispanic	18,006	20,088	11.6	206,395	219,294	6.2
Italian types	384,399	414,515	7.8	4,223,519	4,375,057	3.6
Mozzarella	297,483	320,011	7.6	3,287,405	3,398,086	3.4
Parmesan	23,818	20,316	-14.7	274,038	297,862	8.7
Provolone	28,886	30,106	4.2	327,807	327,366	-0.1
Ricotta	24,060	34,216	42.2			7.5
				224,454	241,202	-3.8
Romano	4,261	3,368	-21.0	44,394	42,698	
Other Italian	5,891	6,498	10.3	65,421	67,843	3.7
Swiss	24,986	23,603	-5.5	294,549	268,470	-8.9
All other types	12,262	15,220	24.1	131,438	137,260	4.4
TOTAL CHEESE	914,245	940,662	2.9	9,938,875	10,184,518	2.5
Butter	142,938	142,755	-0.1	1,686,410	1,706,052	1.2
Cottage cheese - curd	31,444	30,787	-2.1	389,900	365,096	-6.4
Cottage cheese - creamed	24,918	24,352	-2.3	299,457	287,074	-4.1
Cottage cheese - lowfat	27,990	27,738	-0.9	358,529	346,815	-3.3
Sour Cream	124,377	120,602	-3.0	1,171,589	1,169,241	-0.2
logurt (Plain & Flav.)	310,690	324,407	4.4	4,054,723	4,267,299	5.2
Dry Whole Milk	5,206	5,305	1.9	54,106	66,773	23.4
NDM - Human	115,854	100,126	-13.6	1,606,789	1,355,795	-15.6
Skim Milk Powders ²	44,723	56,391	26.1	342,534	572,691	67.2
Dry Skim - Animal	574	848	47.7	9,076	9,274	2.2
Dry Buttermilk	8,691	8,129	-6.5	97,475	107,920	10.7
Cond. Whey - Human	7,190	7,329	1.9	91,854	87,018	-5.3
Dry Whey - Human	69,490	74,360	7.0	861,108	816,763	-5.1
Ory Whey - Animal	3,300	715	-78.3	48,476	35,702	-26.4
actose - Human & Animal	80,203	83,611	4.2	938,188	961,072	2.4
WPC - Human	34,021	41,499	22.0	376,788	430,984	14.4
WPC - Animal	1,798	575	-68.0	25,888	12,136	-53.1
WPC 25.0-49.9 Percent	19,264	24,581	27.6	217,677	228,145	4.8
WPC 50.0-89.9 Percent	16,555	17,493	5.7	184,999	214,975	16.2
Protein Isolates	5,530	7,497	35.6	59,622	78,915	32.4
on Course band			9.0		740.040	-0.7
ce Cream, hard	54,110	52,321	-3.3	753,488	748,043	
ce Cream, lowfat, total Frozen Yogurt	27,543 4,842	24,810 4,429	-9.9 -8.5	441,238 69,479	388,123 65,198	-12.0 -6.2

Source: USDA. All production percentages are rounded.

¹Includes, Cheddar, Colby, Monterey and Jack. ²Includes protein standardized and blends. ³YTD includes current plus revised previous months' data.



RPI hit 5-month high of 101.2 in November

WASHINGTON — Driven by improving same-store sales and customer traffic levels, the National Restaurant Association's Restaurant Performance Index (RPI), hit a five-month high in November.

The RPI stood at 101.2 in November, up 0.3 percent from October and is at the strongest level since June. The index also has been above 100 for the ninth consecutive month, which signifies expansion in the index of key industry indicators.

"Recent growth in the RPI was fueled in large part by improving same-store sales and customer traffic levels," says Hudson Riehle, senior vice president of the Research and Knowledge Group for the National Restaurant Association. "In addition, restaurant operators are somewhat more confident that sales levels will improve, and a majority plan to make a capital expenditure in the next six months."

The RPI consists of the Current Situation Index and the Expectations Index. The Current Situation Index, which measures current trends in same-store sales, traffic, labor and capital expenditures, stood at 101.2 in November — up 0.3 percent from a level of 100.9 in October and the highest level in six months. Aside from September's decrease, the Current Situation Index remained above 100 in seven of the last eight months, which represents expansion in the current situation indicators.

Fifty-seven percent of restaurant operators reported a same-store sales gain between November 2012 and November 2013, up from 54 percent in October and the highest level in six months. In comparison, 29 percent of operators reported a decline in samestore sales in November, compared to 30 percent in October.

Forty-seven percent of restaurant operators reported customer traffic growth between November 2012 and

November 2013, up from 43 percent who reported a traffic gain in October. In comparison, 35 percent of operators reported a decline in customer traffic in November, down from 39 percent in October.

Fifty-four percent of operators made a capital expenditure for equipment, expansion or remodeling during the last three months, the seventh consecutive month in which a majority of operators reported making expenditures.

The Expectations Index, which measures restaurant operators' sixmonth outlook for same-store sales, employees, capital expenditures and business conditions, stood at 101,1 in November — up 0.2 percent from October. The Expectations Index has been above 100 for 13 consecutive months, representing optimism in the coming months' business conditions.

Thirty-eight percent of restaurant operators expect to have higher sales in six months (compared to the same period in the previous year), up slightly from 36 percent who reported similarly last month.

Nine 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, while 53 percent expect their sales to remain about the same.

Twenty-four percent of restaurant operators reported they expect economic conditions to improve in six months, while 19 percent expect the economy to worsen. The remaining 57 percent expect the economy to remain steady during the next six months.

Despite an uncertain economic outlook, a majority of restaurant operators are planning for capital expenditures in the coming months. Fifty-five percent of restaurant operators plan to make a capital expenditure for equipment, expansion or remodeling in the next six months, up slightly from 53 percent who reported similarly last month. CMN

Breaking ground



Photo courtesy of Great Lakes Cheese Co.

MANCHESTER, Tenn. — Great Lakes Cheese Co. Inc. recently celebrated the ground breaking of the company's first Southeast manufacturing facility at the Manchester Industrial Park in Manchester, Tenn. Great Lakes Cheese will invest \$100 million in the new facility and create more than 200 new jobs in Coffee County, Tenn. The newfacility will be the fourth "superpackaging plant" of bulk, shredded and sliced cheeses that Great Lakes Cheese operates, and its ninth facility nationwide. Pictured at the ground breaking ceremony (left to right) are Vice President of Sourcing and Risk Management Kurt Epprecht; Vice President of Operations Craig Filkouski; Vice President of Finance Russ Mullins; Executive Vice President John Epprecht; President and CEO Gary Vanic; Chairman of the Board Heidi Eller; and the third generation of the Epprecht family, Lauren Epprecht, Allison (Eller) Bolet-Cafaro and Matt Eller. CMN

HILMAR

Continued from page 1

domestic and international customers.

"We continue to invest in cheese to meet the needs of our growing customers domestically and abroad," says David Ahlem, vice president, cheese, Hilmar Cheese Co.

Hilmar Cheese built the Dalhart facility from a green-field site in 2005. The company began processing cheese in September 2007.

In 2010, the facility expanded as part of Phase II, Hilmar says. This included additional milk storage capacity and

four additional milk receiving bays, as well as expansion to the natural American-style cheese production line. On the whey processing side, additional equipment enhanced the whey protein product offering from four varieties to nine varieties. Shipping options also expanded to include a Union Pacific rail line to the shipping dock of the facility. Since 2010, other improvements have included additional water conservation and recycling capabilities.

The Dalhart facility has grown to about 400 employees, Hilmar notes. Each day the facility processes almost 1 million gallons of milk into cheese

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HACCP ► May 7 **Applied Dairy Chemistry** ► May 13-14 Cheese Grading ▶ Jun. 3-5 Milk Pasteurization ▶ Aug. 5-7

Cheese Tech ▶ Oct. 6-10 Dairy Ingredient Mfg. ▶ Oct. 14-15 **Cheese Grading** ► Nov. 5-7 Ice Cream Makers ▶ Dec. 3-5





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"We continue to invest in cheese to meet the needs of our growing customers domestically and abroad."

David Ahlem HILMAR CHEESE CO.

and whey products.

"One of our core values is constant improvement and innovation," Ahlem says. "The company walks the talk by investing in new equipment and processes each year."

The expansion is scheduled for completion this year.

"The completion of this project provides the dairy farm families who ship milk to us the opportunity to grow their business," Ahlem adds. CMN