

CHEESE MARKET NEWS[®]

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Cheese, butter break records at CME; crash not anticipated

By Alyssa Mitchell

MADISON, Wis. — While dairy market analysts have been waiting for a break in the market as butter, and now cheese, continue to hit new records at the Chicago Mercantile Exchange (CME), the consensus seems to be that the market is not in danger of a crash to price levels seen in 2009.

Following a strong showing for dairy prices in 2008, 2009 was a tough year of low commodity and milk prices. However, while current price levels for cheese and butter fly above those seen in 2008, the price declines inevitably coming down the pipeline should be more moderate, analysts say.

"I think the milk price will be lower in 2015, but with the low feed prices, it won't be too bad," says James Dunn, professor of agricultural economics at Penn State University. "I don't see a squeeze like 2009, but I could see income over feed cost down 25 percent."

While Dunn recently called current dairy product prices "schizophrenic" in his September "Dairy Outlook," he notes butter inventories in July were only 57 percent of last year's levels, indicating domestic butter supplies will be low going into the holidays when butter usage is highest.

"The possibility exists to have butter imports this fall, especially with the butter exports to Russia from the European Union (EU) curtailed," he says.

Meanwhile, with U.S. prices above international prices, export demand has begun and will continue to wane, he adds.

"Exports are slipping since our prices are above world prices and the U.S. dollar is strong," Dunn says.

Dave Kurzawski, senior broker with FCStone, Chicago, says he anticipates an influx of non-quota butterfat imported into the United States over the next six months.

"I have a customer who said they could air freight butter to the U.S. and make money today," he says.

The butter price at the CME has hit new records, almost daily, over the past couple of weeks. CME butter reached \$3.06 per pound today, its highest price yet.

Cheddar, meanwhile, reached new records this week with barrels closing at \$2.43 per pound and blocks at \$2.45 per pound today.

"There is a connective tissue between butter and cheese," notes Kurzawski. "One of the reasons that cheese is at \$2.40 today is that there has been an evolving shift of milk utilization over the past year or two. Historically, there would be more milk flowing into even speculative cheese production. That milk made powder first and is now likely making more cream or fat-based products. Either way, we're making less cheese. So when the butter market finally moves lower, we'd have to expect that additional milk resources would be put towards cheese production."

• How low can we go?

When and how far down the market could move is anyone's guess. Kurzawski says he thinks

it would be challenging to see a \$3 price for butter for more than a few weeks.

"We may not be done going up, but the stability of price north of \$3 will be short-lived," he says.

However, he adds that while traditionally, the market sees sharp, unrelenting declines from record price levels, in this case he does not expect a precipitous fall to \$1.60, for example.

"Butter prices will likely have trouble trading below \$2 per pound through the first half of 2015," he says.

CME futures markets this week showed cheese above \$2 through the end of the year and prices in the upper \$1.80s to lower \$1.90s to begin 2015, with butter showing upwards of \$2.80 this fall and lowering closer to \$2 by the end of December and further to the \$1.70s to begin 2015.

"Futures markets are indicating that things will go down, but not severely," says Leslie J. Butler, agricultural economist at the University of California-Davis. "I don't think we'll have a rough start to 2015, but I think things will be significantly lower by the end of this year."

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INSIDE

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◆ **Green County Cheese Days marks 100 years.**

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Cheese of Choice Coalition relaunches to support industry

By Alyssa Mitchell

MADISON, Wis. — A cheese industry education and advocacy group is ramping back up in the face of increased regulatory uncertainty in the artisan cheese sector.

The Cheese of Choice Coalition (CCC), a program of Oldways, supports the production of artisan, raw milk and traditional cheese through a combination of education, advocacy, alliance, consumer outreach and community engagement, says Sara Baer-Sinnott, president of Oldways, a nonprofit food and nutrition organization.

Oldways, jointly with the American Cheese Society (ACS), Cheese Importers Association of America (CIAA) and Whole Foods Market — established the coalition in 2000, when FDA was looking to increase the 60-day aging requirement for raw milk cheese, Baer-Sinnott says. In the face of similar regulatory uncertainty and possible changes in today's cheese industry, the coalition is relaunching as an educational resource and voice advocating for choice in today's cheese sector.

"The recent wood-aging controversy, the persistence of the raw milk cheese debate and the overwhelming desire for accurate information regarding other hot topic issues proved the necessity to revitalize the Cheese of Choice Coalition," Baer-Sinnott says. "We call it the Cheese of Choice Coalition because we want cheesemakers to be able to keep making these different varieties of cheese and for consumers to be able to choose them at retail."

The alliance with Oldways brings a research-based approach to the advocacy for cheese choice, notes Brad Jones, program manager, CCC.

"There's a lot of regulatory uncertainty right now when it comes to cheese production, and we are positioning ourselves as a strong source of industry support and consumer advocacy," he says.

The CCC is composed of an advisory committee with an executive committee that includes Cathy Strange, global cheese buyer, Whole

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Iowa's Kalona Cheese Factory closes its doors

KALONA, Iowa — Twin County Dairy LLC, also known as the Kalona Cheese Factory, closed its doors Sept. 11.

Twin County Dairy, which processed more than 1.2 million pounds of milk per day, was a joint venture between Proliant Dairy Ingredients, Ankeny, Iowa, and the dairy's owners, John and Joanne Roetlin of Kalona.

Advanced food safety and quality assurance requirements and more stringent environmental regulations that would require substantial capital investment were factors in the decision to close, says Gary Weihs, president, Proliant Dairy Ingredients.

"As a result of the changing environment, we have decided to close the Kalona facility. This is a difficult decision and we will continue to explore other opportunities for the facility," he adds.

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Congress approves short-term CR to prevent shutdown

WASHINGTON — The U.S. Congress this week approved a short-term continuing resolution (CR) to prevent a government shutdown at the end of fiscal year 2014, which ends Sept. 30.

The legislation continues funding for government programs and services at the current annual cap rate of \$1.012 trillion until Dec. 11, 2014. This rate of funding

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NEWS/BUSINESS



Green County Cheese Days marks 100 years

MONROE, Wis. — The 100th anniversary of the Green County Cheese Days, taking place here Sept. 19-21, will celebrate cheesemaking, dairy farming and Swiss traditions.

This year will feature copper kettle cheesemaking demonstrations, cheese pairing and cheese samplings. In honor of the 100th anniversary, a "Procession of Cheesemakers" will include a cheesemaker from a dozen different factories bearing their signature cheese at the opening ceremony.

The cow milking contest will include the area's bovines and the highlight of the weekend is The Swiss Colony Cheese Days Parade, which is led by a herd of Brown Swiss cows sporting clanging bells and floral wreaths. The parade carries on the tradition of herdsmen bringing the cattle down from the Alps at the end of the grazing season.

To mark the anniversary, more than 100 accordion players will play the official Cheese Days Song with the Monroe City Band. In keeping with the theme of 100, dairy farm tours will showcase two family farms where multiple generations have tilled the land and milked the cows for more than a century.

Cheese Days also features three entertainment stages with everything from Swiss alphorns and yodeling to rock bands. Also on the schedule are arts and crafts, brewery and distillery tours, activities for kids and antique tractors.

For more information visit www.cheesedays.com. **CMN**

WCMA issues call for judges for 2015 U.S. Championship Cheese Contest

MADISON, Wis. — Technical cheese evaluators are invited to contact the Wisconsin Cheese Makers Association (WCMA) to express an interest in judging entries in the 2015 U.S. Championship Cheese Contest, to be held March 17-19 at the Wisconsin Center in Milwaukee. WCMA expects the contest will receive more than 1,800 entries from around the nation.

Complete contest information will be available in early November on the contest website at www.uschampion-cheese.org. Entries and fees for the contest are due Feb. 18.

Expert cheese graders and evaluators interested in judging at the event are asked to contact Jane Cisler, WCMA, at 608-828-4550 or jcisler@wischeesemakers.org. **CMN**

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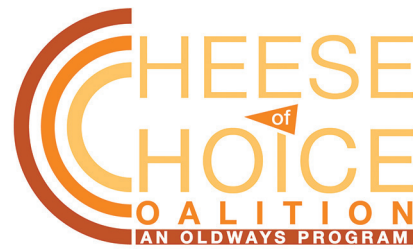
CHOICE

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Foods Market; Catherine Donnelly, Ph.D., University of Vermont Department of Nutrition and Food Sciences; Rachel Dutton, Ph.D., Harvard University Center for Systems Biology; Ruth Flore, cheese marketer and past ACS president; and Will Studd, cheese retailer, author and host of "Cheese Slices;" as well as an advisory board that includes Sue Conley, co-founder, Cowgirl Creamery; Dennis D'Amico, Ph.D., University of Connecticut Department of Animal Science; Dominique Delugeau, senior vice president of specialty cheese, Saputo Cheese USA, and president, CIAA; Heather Paxson, Ph.D., Massachusetts Institute of Technology Department of Anthropology; and Ari Weinzweig, co-founder, Zingerman's Delicatessen.

Jones notes the CCC will offer access to up-to-date scientific and regulatory information regarding cheese, cheese safety and cheese policy. Its advisory committee of renowned scholars and experts will help to translate it into comprehensible terms, he adds.

The coalition also will offer advocacy on behalf of age-old methods of cheese production through supporting scientific research on the safety of



traditionally-made cheese, as well as lobbying efforts, Baer-Sinnott adds.

Education on "hot topics" including updates on the regulatory status of raw milk, wood-aging, natural rinds, copper vats and cheese mites will be available on the CCC website at www.cheeseofchoice.org.

The CCC website offers up-to-date scientific and regulatory information regarding traditional cheese, its safety and policies, as well as nutritional studies.

Jones notes that while in the past, CCC focused largely on raw milk cheese, the coalition now will be a bit broader in its scope to advocate for the cheese industry at large.

"We're hoping to also be a bit more proactive rather than reactive," he says. "While there are many things pending or under consideration that are not necessarily a threat today, we want to be proactive in educating consumers and industry alike on traditional methods of cheesemaking," he says.

To ensure that traditional cheese is

made safely, the CCC strongly believes in the implementation of established best practices, HACCP plan and other validated approaches to protecting dairy hygiene and promoting animal and human health, Baer-Sinnott adds.

"We believe this will also ensure that consumers have the freedom and the confidence to choose their cheese of choice," she says.

The CCC also is actively involved in the food community. Whether preparing panels for food festivals, trade shows and academic conferences, or ensuring that the media has the necessary resources to write accurate and compelling stories, the CCC engages consumers and encourages productive dialogue on artisan, raw milk and traditional cheese, Baer-Sinnott notes.

The CCC also is now member-based, with tiers of membership fees for producers, importers, distributors and retailers based on annual sales, she says.

"This way, both small and large cheesemakers alike can join the coalition and have the same access to information and benefits," she says.

Member benefits include advocacy support, brand visibility, a page on the CCC website featuring the company and its products, a rotating logo on the website thanking members for their support and more.

For more information, visit www.cheeseofchoice.org. **CMN**

CR

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will remain in place for the length of the CR or until Congress approves annual appropriations legislation for fiscal year 2015, lawmakers say.

The bill also includes an amendment to authorize the training and equipping of Syrian rebels to fight the

Islamic State of Iraq and the Levant as requested by President Obama. The CR now heads to the president's desk for approval.

"This is a critical measure that ensures that hard-working Americans continue to have access to the government programs and services they rely on," says Rep. Hal Rogers, R-Ky., chair of the House Appropriations Committee. **CMN**

KALONA

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The factory employed 50 people and impacted employees will receive compensation, severance pay and job placement assistance.

The Kalona Cheese House, a cheese shop located in the factory, will remain open. **CMN**

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