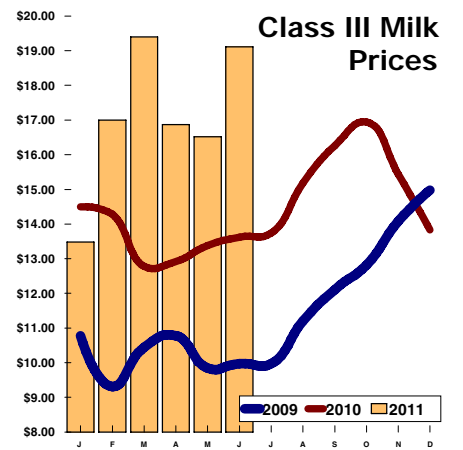




CHEESE REPORTER

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WI State Fair Cheese, Butter Contest Award Winners Announced; Grand Master To Be Named August 4

West Allis, WI—First, second and third place award winners in the annual Wisconsin State Fair Cheese and Butter Contest have been announced.

Judging took place here last Friday at Wisconsin State Fair Park. Dairy manufacturers from across the state submitted close to 300 entries, which were separated into 22 classes and evaluated for flavor, appearance and texture.

Following the contest, judges selected the Grand Champion cheese from among the first place winners. The 2011 Grand Master Cheesemaker will be recognized during the Blue Ribbon Cheese & Butter Auction on Thursday, Aug. 4 at Wisconsin State Fair Park.

The fundraising event features the sale of all blue ribbon entries. Auction proceeds fund scholarships for students pursuing dairy-related degrees.

The winners in each class include:

Cheddar

First place: David Schmidt, Agropur, Weyauwega, Cheddar, 99.15

Second place: Terry Meyer, Land O'Lakes, Kiel, Cheddar, 98.95

Third place: Tom Ramsden, Meister Cheese Company, Muscoda, White Stirred Curd Cheddar, 98.85

Colby, Monterey Jack

First place: Scott Barker, Meister Cheese Company, Muscoda, Colby Jack Longhorn, 99.50

Second place: Steve Meister, DCI Cheese Company, Richfield, Morel & Leek Jack, 99.25

• See, **WI State Fair**, p. 6

Corn Prices Plunge After USDA Hikes Estimates For Corn Acreage, Stocks

Washington—US farmers this year have planted the second-largest corn crop in almost seven decades, USDA's National Agricultural Statistics Service (NASS) reported Thursday, setting off a sharp decline in corn prices.

Corn planted area is estimated at 92.3 million acres, up 5 percent from last year and the second highest planted acreage in the US since 1944, behind only the 93.5 million acres planted in 2007, NASS said. Growers expect to harvest 84.9 million acres for grain, up 4 percent from last year.

Also Thursday, NASS reported that corn stocks in all positions on June 1, 2011, totaled 3.67 billion bushels, down 15 percent from June 1, 2010.

According to Darrel Good, a professor of agricultural economics at the University of Illinois, the acreage and grain stocks reports released Thursday provided a lot of bearish information.

While the June 1 corn stocks estimate is 640 million bushels smaller than stocks of a year ago, it is about 350 million bushels larger than expected, Good pointed out. And

the estimate of planted acreage of corn in 2011 is about 100,000 more than revealed in the March "Prospective Plantings" report and about 1.5 million above the average trade guess.

While corn acreage was below intentions in areas of delayed planting, acreage was well above intentions in several western Corn Belt states where planting was more timely, Good pointed out.

The larger corn crop estimates drove corn futures 30 cents lower Thursday, to about \$6.21 per bushel. Corn had risen to a high of almost \$8.00 per bushel last month.

High feed prices will continue to affect the dairy sector for the balance of 2011 and into 2012, USDA's Economic Research Service (ERS) predicted in mid-June. At that time, the season-average corn price was forecast at \$5.20 to \$5.50 a bushel for 2010/2011 and \$6.00 to \$7.00 a bushel in 2011/12. Those forecasts were an increase from May's projections.

Soybean meal price forecasts were also raised last month, and hay prices were up sharply. The feed price outlook is expected to impact dairy herd

size both this year and next, and high feed prices will act to limit productivity gains for dairy cows, ERS said.

On Wednesday, NASS reported that the preliminary June milk-feed ratio is 1.83, up from 1.73 in May 2011 but down from 2.26 in June of 2010.

The milk-feed ratio represents the pounds of 16 percent mixed dairy feed equal in value to one pound of whole milk; the price of dairy feed is based on current prices for corn (51 percent), alfalfa hay (41 percent) and soybeans (8 percent).

The all milk price for June is estimated at \$21.00 per hundredweight, up from \$19.60 per hundred in May and \$15.40 per hundred in June 2010.

Also on Thursday, NASS announced that, in July, it will collect updated information on 2011 acres planted to corn, soybeans, Durum and other spring wheat in Minnesota, South Dakota, North Dakota and Montana.

NASS previously collected planted acreage information during the first two weeks of June, with the

• See **Corn Prices Fall**, p. 3

New EU Rule Means Every Milk Delivery From Farm To Plant Needs Written Contract

Contracts Would Have To State A Milk Price Fixed For At Least One Year; EDA Says This Will Hamper Industry's Competitiveness

Brussels, Belgium—In an effort to boost the bargaining power of dairy farmers, the European Parliament's Agriculture Committee on Monday amended a draft European Union (EU) regulation on milk contracts.

To correct the imbalance in bargaining power between farmers and dairies, farmers should be able to join producers' organizations that can negotiate raw milk deliveries for them and ensure that they get a fairer share of the price paid by consumers, inter alia to cover rising production costs, the committee said.

To avoid the formation of cartels, the volume of raw milk covered by such negotiations and produced or delivered in any EU member state may not exceed 40 percent of total

national production of that state, and 3.5 percent of the total EU production.

However, to prevent serious distortions of competition, a national competition authority or, if the negotiations cover more than one EU member state, the European Commission, may decide that the agreement must either be renegotiated or not put into effect.

Under the new regulation, every raw milk delivery from a farmer to a processor would have to be covered by a written contract. If the delivery is made through one or more collectors, it will be up to the member state concerned to decide which stage should be covered, according to an amendment inserted by the committee.

These contracts would have to be concluded before the delivery, and would have to state a milk price fixed for no less than one year, com

• See **EU Milk Contracts**, p. 3

Senate Committee Vote On Trade Pacts With South Korea, Colombia, Panama Postponed; Deals Could Boost US Dairy Exports

Washington—Senate action on three stalled free trade agreements was cut short Thursday when Republicans refused to participate, objecting to linking the deals to renewal of a Trade Adjustment Assistance package.

The Senate Finance Committee was supposed to hold a "mock" markup of the draft implementing bills for the trade agreements with South Korea, Colombia and Panama. Committee mock markups are the standard way Congress weighs in on the administration's

• See **Trade Pacts Stalled**, p. 7

Prices At A Glance

Class III Milk Price	\$19.11
Class II Milk Price	\$21.37
CME Block Price - Week Avg.	\$2.1290
CME Barrell Price - Week Ave	\$2.0855
CME Butter Price - Week Avg.	\$2.0300



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EDITORIAL COMMENT



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The Idiotic Push To Ban Flavored Milk In Schools

The Los Angeles Unified School District recently became the largest school system in the US to ban flavored milk. Let's hope this foolish idea stops spreading sooner rather than later.

The LAUSD ban on chocolate and strawberry milk begins today. LAUSD joins a number of other school districts nationwide, including the District of Columbia, Boulder Valley, CO, and Berkeley, CA.

There are several problems with these ongoing efforts to ban flavored milks in schools. First, there's a pretty significant problem just in how these bans are being reported.

For example, here's the lead in an Associated Press story about the LAUSD vote to ban flavored milk: "The Los Angeles Unified School District is taking a stand against child obesity, becoming the nation's largest school system to stop serving sugar-laden flavored milk."

So LAUSD is taking a stand against child obesity by banning flavored milk? Really? We can't help but wonder if schools that decide to ban flavored milk actually know how many calories these beverages have compared with plain white milk.

Further, we can't help but wonder what types of other beverages are being served at these schools. Anybody who's attended a high school sports event in recent years (at least in Wisconsin) might have noticed that beverages sold at these events tend to fall into three categories: bottled water (calorie-free, but also nutrient-free), soda (a sugar-laden beverage if ever there was one), and sports drinks (basically fortified sugar water with an extra dose of marketing).

So who attends these high school sports events? Plenty of students, that's who. The point is, if schools are truly interested in "taking a stand against child obesity," maybe they should take a closer look at what's being served at events featuring their students.

CBS News also had a story on the LAUSD's flavored milk ban that left us feeling a bit miffed. The story showed a graphic that indicated a

serving (1 cup) of chocolate milk has 158 calories and 24.85 grams of sugar, while one cup of Coke Classic has 100 calories and 27 grams of sugar.

"It's just like drinking a cup of Coke," said reporter Ben Tracy, referring to chocolate milk.

Really? A cup of chocolate milk is "just like" a cup of Coke, just because they contain similar amounts of sugar? No wonder obesity is such a problem in the US, with this misinformation being presented on network TV news.

The fact is, chocolate milk offers a variety of vitamins and minerals, ranging from calcium, phosphorus and magnesium to protein, vitamin A and riboflavin. Coke? It offers calories, and absolutely no nutritional value whatsoever. CBS News should be ashamed of itself for such misleading reporting.

We also wonder how many people really understand that milk contains "natural" sugar, in the form of lactose. About half of the sugar in a serving of chocolate milk is added, while the other half would be present in the milk even if the milk was unflavored.

But when consumers are taught to fear something, like sugar, they don't always dig deep enough to understand that many foods, including milk, contain considerable amounts of sugar naturally.

One other difference between chocolate milk and Coke: a study released in the Journal of the American Dietetic Association in 2008 found that milk drinkers (flavored and plain) had significantly higher intakes of vitamin A, calcium, phosphorus, magnesium and potassium than non-milk drinkers. Our guess is that at least some of those non-milk drinkers were regular consumers of soft drinks.

Another problem with these chocolate milk bans is that they are, at least in part, being driven by celebrities. The Los Angeles proposal came after popular British TV chef Jamie Oliver criticized the school district for serving flavored milks, saying they contain the sugar equivalent of a candy bar.

Maybe instead of banning flavored milks, schools should be passing them out as kids return to their classrooms after gym class or recess .

One LAUSD board member, Tamar Galatzan, voted against the flavored milk ban, wondered why the district was "letting a TV chef dictate our policy," and pointed out that many health advocates say the nutritional benefits of flavored milk outweigh the harm of added sugar. Maybe she should have been interviewed by CBS News.

Yet another problem with these flavored milk bans is that they come at a time when schools nationwide are trying to encourage kids to get more exercise. What does flavored milk have to do with exercise?

Plenty, according to at least some research that's been conducted in recent years. This research has found that chocolate milk is an ideal sports recovery beverage; that is, milk (flavored and unflavored) has emerged as an effective post-workout recovery drink, and drinking milk (plain or flavored) has also been shown to be an excellent way to replace fluids that have been lost during exercise.

Maybe instead of banning flavored milks, schools should be passing them out as kids return to their classrooms after gym class or recess (sorry, we have no idea how such an undertaking would be financed).

All of this is not to say that flavored milk is a perfect food. It isn't. A quick check of several flavored milk product labels finds considerable variation in the amount of added sugar (and other stuff) in these products.

With the amount of sugar already present naturally in milk, is it really necessary to add all that sugar to flavored milk products? The fact that some flavored milks have less added sugar than other flavored milks tells us that it can be done, and done successfully. So the dairy industry could take one relatively small step to improve its flavored milk offerings and perhaps the criticism would die down a bit.

But the fact remains that flavored milk isn't nearly the dietary villain some people make it out to be, and efforts to remove flavored milk from schools are doing a disservice to kids by banning a nutritious beverage. r

Corn Prices Fall

(Continued from p. 1)

results published in Thursday's "Acreage" report. At the time of the survey, a large percentage of acres remained to be planted in those four states.

To better assess planted acreage, NASS will resurvey the growers in those four states in July, and if the newly collected data justifies any changes, the agency will publish updated estimates in the "Crop Production" report to be released on August 11.

Todd Davis, crops economist with the American Farm Bureau Federation, said Thursday's acreage report signals a potential US corn crop of 13.47 billion bushels, which will be needed to rebuild stocks and meet feed and fuel demand. But he cautioned that a lot can happen to the corn crop from now until harvest.

"We have a lot of hurdles to jump to reach a harvest of 13.47 billion bushels of corn this year," Davis said. "The weather throughout the Corn Belt will have to cooperate in July and August for farmers to get strong yields and we would have to harvest the 84.8 million acres projected in the June 30 acreage survey."

Farmers have chosen to plant corn at the expense of this year's soybean crop. Soybean planted area for 2011 is estimated at 75.2 million acres, down 3 percent from last year. Soybeans stored in all positions on June 1, 2011, totaled 619 million bushels, up 8 percent from June 1, 2010.

"The market was signaling a need for more corn acres this year and farmers responded," Davis said.

"All of us who perceived tighter supplies up to this point, all of us were proven wrong" Thursday," said Jason Ward, an analyst with Northstar Commodity in Minneapolis. r

EU Milk Contracts

(Continued from p. 1)

-mittee members said. Currently, milk prices are often fixed only after delivery, which the committee noted means farmers must sell without knowing how much they will earn.

Production volumes and average prices paid for raw milk would have to be declared by the first purchaser each month under an amendment approved by the committee. Members also called for a market monitoring agency to be established to collect and disseminate various production and supply data in order to give early warning of possible future milk market imbalances.

To improve the working of the market for dairy products registered under a protected designation of origin (PDO) or a protected geographical indication (PGI), the committee proposed a supply management system, which member states may establish provided that it will in no way harm competition on the single market or lead to small producers being adversely affected.

Fixed Price Not In Line With Reality

The introduction of a fixed price for at least one year in mandatory contracts will hamper the competitiveness of the EU dairy industry, according to the European Dairy Association (EDA), which sees no reason why contracts between partners in the dairy supply chain should be mandatory.

The regulation approved by the committee "not only supports mandatory contracts across the various EU member states, but also foresees in a one-size-fits-all approach that does not reflect the diversity of the EU dairy industry," said Joop Kleibeuker, EDA secretary-general.

EDA also believes that the provision to include in contracts a milk

price fixed for no less than one year, which is understood to be a static price, is not in line with the reality of a dairy market subject to short-term volatility.

"We think that including this provision will be harmful to producers, processors and consumers," Kleibeuker said. "A fixed price fails to recognize the global dimension of the EU dairy industry in which pricing is impacted by worldwide supply and demand fluctuations.

"This approach will lead to a weakened position of the EU dairy industry on the global markets," Kleibeuker added.

EDA supports that statutes and related documents can be used to fulfill the contract provisions. This will give cooperatives the necessary flexibility to comply with the new regulation. The criteria on fixed prices and renegotiation clauses are, however, too strict and are likely to threaten the integrity of cooperatives in the milk sector, EDA said.

"We are of the opinion that derogation for cooperatives should also be part of the legislation dealing with producer organizations," Kleibeuker said, "to ensure that the representative structure of cooperatives will not be compromised."

Mixed Views From Farm Groups

But the United Kingdom's National Farmers Union (NFU) believes dairy farmers could be given the power to negotiate better contracts with milk buyers under the plan backed by the agriculture committee. The NFU said the plan would be a major step towards rebalancing power in the dairy supply chain.

"When 10 dairy farmers are going out of business every week, as is the case in the UK, it is clear something has to be done," said Mansel Raymond, NFU dairy board chairman.

"Current milk contracts offer no

certainty or clarity to farmers. The price of milk can vary from one month to the next leaving farmers with no security of what they'll be paid for their milk," Raymond continued.

Romuald Schaber, president of the European Milk Board (EMB), offered this opinion on the committee's milk package: "We can see that the political work of milk producers was not completely in vain as a small part of the EMB demands were taken into account. The overall result of the vote of the Committee on Agriculture is, however, not apt to cope with the challenges of the milk market. The latest decisions of the Committee on Agriculture cannot prevent the next crisis."

The EMB supports the installation of a reporting system where, among other things, data on volumes and prices of milk purchases will be passed on to national institutions.

"This will allow a monitoring of the market and should be extended to form a European monitoring agency," Schaber said. "This monitoring agency should also determine the full costs of production in the EU and calculate, based on these costs, a milk price corridor. The supply could thus be adjusted according to the demand."

The EMB also thinks that the following point is in principle positive: while the European Commission wanted to leave it up to member states to decide whether they want to introduce compulsory contracts in their country, the agriculture committee decided to opt for compulsory contracts in the EU.

But the EMB feels that the pooling limit of EU-wide 3.5 percent does by far not meet the requirements of the market; and the decision to exempt cooperatives from the obligation to conclude contracts with their producers is extremely unsatisfactory. r

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For more information, circle #1 on the Reader Response Card on p. 10

WCMA PERSPECTIVES



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The Successful Idea Of DBIC

When the history of the cheese industry is written — a certain best-seller — the humble pizza pie will take top honors for enhancing the fortunes of dairy farmers and cheese makers across the US. The second highest contributor to the success of the industry is still in play today.

It's the return of craft to cheesemaking. A resurgence of cheese varieties and uses. And the embrace of this return to craft by food media, prominent chefs, urban "foodies," restaurateurs and cheese makers themselves. In this generation, cheese emerged from the shadows of salad bars and lunch pails and became cool.

The aura of this renewed innovation in cheesemaking percolates up from the nation's small and medium sized manufacturers, and its farmstead cheese makers and off-farm artisans, to enhance even the development and marketing of new retail shredded cheese blends, new high-volume pizza varieties and Asiago-soaked casual dining menus. The industry as a whole has benefitted.

Behind this return to craft are a thousand bold business decisions by entrepreneurs and established cheese makers, supported by marketers, culture specialists, dairy research centers and the farmer-supported milk marketing boards.

It's a trend that isn't close to completion, because consumers demand these new high-quality offerings and chefs, foodservice leaders and retailers benefit from these new innovative ingredients and, yes, these new

opportunities to make a buck.

Which is why the potential demise of the Dairy Business Innovation Center is premature. DBIC, the Wisconsin-based, nonprofit dairy business incubator is on the ropes. Federal funds that have supported the Center since 2004 will be eliminated in the upcoming fiscal year as Congress gets serious about trimming the federal budget. The Center has funding through June 2012.

DBIC, the Wisconsin-based, nonprofit dairy business incubator is on the ropes. Federal funds that have supported the Center since 2004 will be eliminated in the upcoming fiscal year as Congress gets serious about trimming the federal budget.

DBIC did not invent the return to craft in US cheesemaking. But DBIC founder Dan Carter saw the trend and realized that budding cheese entrepreneurs and existing cheese manufacturers would benefit from business and marketing tools to grow value-added, even branded, cheese production and sales.

In the past seven years, DBIC has hosted seminars, funded targeted

research and built public awareness of emerging craft cheeses. But what DBIC has done best is swarm businesses with its talented pool of business and marketing consultants.

In this consultant role, DBIC has provided the nuts and bolts of business-building — writing business plans and auditing business performance, arranging product R&D in cooperation with the Wisconsin Center for Dairy Research, designing labels, providing focus groups, finding markets and building networks.

Since Dan Carter teamed up with Wisconsin Senator Herb Kohl to create funding for DBIC within the US Department of Agriculture, this Center has worked with 217 dairy clients. These clients have built 43 dairy processing plants inside and outside of Wisconsin, while other clients have expanded with 92 plant additions.

For full disclosure, this columnist has served on the board of directors of the Dairy Business Innovation Center since its inception. These words are unabashed support for this organization, whose influence exceeds a mere listing of clients.

For example, DBIC has served as a proxy marketing arm for the Wisconsin Department of Agriculture, Trade and Consumer Protection (WDATCP). Federal funds for DBIC, by law, flow through Wisconsin's ag department and state agricultural development staff and personnel funded by DBIC are intertwined in leading and organizing DBIC.

That interrelationship has benefitted both parties — DBIC has served as Wisconsin's front line in attracting new dairy businesses to the state and WDATCP has helped DBIC connect with state funding and regulatory agencies such as the Wisconsin Department of Commerce.

Another influential legacy of DBIC is the harnessing of an array of unaffiliated business consultants and experts in advertising, market research, cheese technology and grant-writing. DBIC helped a diverse and growing pool of talented consultants discover opportunities in dairy, and a long list of cheese makers have benefited from their counsel.

DBIC is an organization facing a loss of core funding, but it is also a set of ideas and activities that the dairy industry will continue to need.

The organization and its board of directors will look to government, private foundations and the dairy industry itself for future funding.

But in addition to that search, the dairy industry should consider how the ideas and activities of the Dairy Business Innovation Center can live on and support the return to craft among American cheese makers. **r**

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FROM OUR ARCHIVES

50 YEARS AGO

June 30, 1961: **West Allis, WI**—Chr. Hansen Laboratory dedicated its new \$500,000 culture research facility here this week. The modern three-story building is said to represent the most advanced facility for culture research and commercial culture propagation.

Toronto, Canada—By combining economic ingenuity with science, it may be possible to eliminate the stream pollution problem caused by cheese whey, while at the same time creating a saleable by-product. The Ontario Research Foundation this week proposed a procedure for converting the solids and dissolved sugars in cheese whey into a high-protein livestock feed.

25 YEARS AGO

July 4, 1986: **Kansas City, MO**—The National Dairy Board this week rejected a proposal to unite and coordinate dairy advertising, promotion and research efforts and appointed a committee to study alternatives. The rejected plan had been proposed by the National Milk Producers Federation's study committee appointed to determine the most functional promotion organization that would provide dairy farmers with an efficient, cost effective, coordinated program.

New York—Gourmet and specialty foods have become the "show biz of the food biz," with sales reaching \$8 billion in 1985. A new report covers the wide-ranging product line, including imported cheeses, ice creams, desserts, crackers, pastas and other foods.

10 YEARS AGO

June 29, 2001: **Hartford, CT**—Suiza Foods Corporation and the six New England states this week announced a settlement of an antitrust investigation launched early last year. The case dates to a February 2000 transaction between Suiza Foods, the nation's leading milk processor, and Stop & Shop Supermarket Company, one of New England's largest supermarket chains.

New Orleans, LA—The FDA announced this week it plans to inspect thousands of food processing plants over the next two years to prevent accidental contamination of food by hidden allergens. One-fourth of the ice cream, cookie and candy makers already tested had ingredients such as peanuts that weren't disclosed on product labels.

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Restaurant Performance Index Declined In May; Outlook For Restaurant Industry Mixed

Washington—The National Restaurant Association's Restaurant Performance Index (RPI), a monthly index that tracks the health of and outlook for the US restaurant industry, stood at 99.9 in May, down 1.0 percent from April's level.

May was the first time in six months that the RPI stood below 100, which signifies contraction in the index of key industry indicators.

"Like the economy as a whole, the restaurant industry's recovery hit a speed bump in May, with same-store sales and traffic levels softening from recent months," commented Hudson Riehle, senior vice president of the research and knowledge group for the restaurant association.

"However, the overall economic fundamentals of the restaurant industry remain positive, which will likely lead to stronger performances in the months ahead," Riehle added.

The RPI consists of two components, the Current Situation Index (measuring current trends) and the Expectations Index (measuring restaurant operators' six-month outlook). The Current Situation Index stood at 99.2 in May, down 1.1 percent from April.

Some 39 percent of restaurant operators reported a same-store sales gain between May 2010 and May 2011, down from 50 percent of operators who reported higher same-store sales in April. By comparison, 40 percent of operators reported a same-store sales decline in May, up from 31 percent of operators who reported lower sales in April.

Also, 33 percent of restaurant operators reported an increase in customer traffic between May 2010 and May 2011, down from 38 percent of

operators who reported higher traffic in April. By comparison, 41 percent of operators reported a traffic decline in May, up from 35 percent in April.

The Expectations Index stood at 100.6 in May, down from a level of 101.5 in April. Although May represented the 10th consecutive month above 100 for the Expectations Index, it was the fourth decline in the last five months, which illustrates a recent erosion of optimism among restaurant operators.

Restaurant operators are not as optimistic about future sales growth as they were earlier in the year, the restaurant association noted. Some 41 percent of restaurant operators expect to have higher sales in six months (compared to the same period in the previous year), down from 55 percent who reported similarly in January.

By comparison, 20 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, up from just 8 percent in January.

Meanwhile, a new survey by AlixPartners LLP, a global business-advisory firm, found that Americans are eating at restaurants with greater frequency and the industry is on the mend, but restaurants face the dual headwinds of commodity price inflation and a still-cautious, value-driven consumer.

The survey found that 70 percent of Americans dined out at least once per week over the last year, compared to 49 percent in a similar survey from the first quarter of 2010. Dining trends improved across all segments, with the best growth on the high and low ends, with conven-

ience stores and fine dining outpacing other segments.

"Our consumer survey showed that customers are dining out more, and we're seeing that reflected in the industry financials," commented Adam Werner, managing director at AlixPartners and head of the company's restaurant and foodservice practice in North America. "We're seeing a lot of improvement in the restaurant industry and the overall outlook is positive."

But diners remain budget-conscious and many are maintaining the conservative spending habits brought on by the recent recession. The AlixPartners' survey found that per-meal spending continues to trend downward, with consumers saying they expect to spend 5 percent less per meal at restaurants in the next 12 months.

Many restaurants are also still learning to manage within the "new normal" of higher food prices. With the price for a basket of food staples now flirting with record highs, restaurant CEOs should be paying attention to their respective supply chains like never before, according to AlixPartners.

From June 2009 to May 2011, the price of a basket of daily restaurant staples—including cheese, wheat, corn, beef, and rice—increased 42 percent, according to the firm's analysis.

"There is a definite lag effect for commodity price inflation," said Eric

Dzwonczyk, director in the restaurant and foodservice practice at AlixPartners. "The end of the first quarter marks the beginning of commodity-price resets for many restaurants. Even as they've increased top-line growth, the bill for commodity inflation has come due and many restaurants may be unprepared should inflationary headwinds remain strong."

Consumer spending at restaurants is expected to weaken through the summer as consumer confidence and intent to spend continue a five-month decline, according to Kurt Salmon's Restaurant Spending Trajectory.

The proprietary index, which tracks consumer confidence and intent to spend on dining out, has been highly correlated with personal consumption expenditures at restaurants over the last five years.

"Although restaurants saw a small spending uptick in May, consumers are still cautious about the fragile economy and are making increasingly concerted efforts to trim spending," said Todd Hooper, Kurt Salmon restaurant strategist. "Going out to eat can be an easy target for those looking to reduce spending, and consumers will cut back on marginal restaurant visits and stop frequenting weaker concepts."

"Restaurants that establish themselves as core to consumers' lifestyles will still do well," Hooper added. **r**

Eurex Exchange To Hold July 18 Conference On Risk Management Alternatives In Global Dairy Markets

Chicago—The Eurex Exchange will be holding a conference on Monday, July 18, at the Union League Club of Chicago on risk management alternatives in global dairy markets.

Conference attendees will hear from leading market participants about their current risk management techniques as well as from Eurex representatives and academics on their insights into Europe's emerging market for dairy futures.

Following a welcome by Steve Stasys, vice president, Eurex, will be a keynote presentation entitled "Price volatility in European dairy: a new opportunity for risk management." The speaker will be Michael Keane, senior lecturer, University College Cork.

Following Keane's presentation will be Mark Stephenson, director of dairy policy analysis at the University of Wisconsin-Madison, who will look at "Price volatility and risk in

world markets: Who bears the brunt?"

Following lunch will be a session on price discovery and trends in global dairy supply, moderated by Robert Chesler of FCStone. Speakers will include Ken Bailey of Darigold, Tom Cono of Kraft and Chris Herlache of Schreiber Foods.


FCStone's Chesler will discuss executing risk management plans with rising input costs; and Sascha Siegel, vice president, Eurex Frankfurt, will discuss putting it all together. A networking reception will round out the conference.

The registration fee is \$300.00. For more information, contact Steve Stasys, Eurex, at (312) 544-1086; or via e-mail, at Steven.Stasys@eurexchange.com.

Eurex began listing butter and skimmed milk powder futures contracts on May 31, 2010. Butter futures positions which have not been closed out at the end of the last trading day are settled in cash, based on the final settlement price.

For more information, visit www.eurexexchange.com. **r**

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For more information, circle #3 on the Reader Response Card on p. 10

WI State Fair

Continued from p. 1

Third place: Al Merten, Land O'Lakes, Kiel, Monterey Jack, 98.80

Swiss Styles

First place: Neal Schwartz, Chalet Cheese Co-op, Monroe, Baby Swiss Wheel, 97.45

Second place: Mike Nelson, Chalet Cheese Co-op, Monroe, Baby Swiss Block, 96.85

Third place: Sid Cook, Carr Valley Cheese, LaValle, Bahl Baby Swiss, 96.70

Brick, Muenster

First place: Dennis Schliem, Zimmerman Cheese, South Wayne, Brick, 99.50

Second place: Matt Erdley, Klondike Cheese Company, Monroe, Brick, 99.45

Third place: Ron Bechtolt, Klondike Cheese Co., Monroe, Muenster, 99.40

Mozzarella

First place: Pat Doell, Agropur, Luxemburg, Low Moisture Part-Skim Mozzarella, 99.10

Second place: Roger Krohn, Agropur, Luxemburg, Low Moisture Part-Skim Mozzarella, 99.05

Third place: Roger Krohn, Agropur, Luxemburg, Low Moisture Mozzarella, Whole Milk, 98.95

String Cheese

First place: Grant Arneson, Burnett Dairy Co-op, Grantsburg, String Cheese, 99.40

Second place: Rob Stellrecht, Burnett Dairy Co-op, Grantsburg, String Cheese, 98.80

Third place: Kurt Premo, Crave Brothers Farmstead Cheese, Waterloo, Farmers Rope, 98.60

Blue Veined Cheese

First place: Brandon Dehn, BelGioioso Cheese, Green Bay, Creamy Gorgonzola, 98.95

Second place: Team Mindoro, Swiss Valley Farms, Mindoro, Gorgonzola, 98.45

Third place: Tony Ellis, BelGioioso Cheese, Green Bay, Crumbly Gorgonzola, 98.20

Feta

First place: Jim Demeter, Agropur, Weyauwega, Feta, 99.45

Second place: Steve Webster, Klondike Cheese Co., Monroe, Feta in Brine, 98.95

Third place: Terry Lensmire, Agropur, Appleton, Feta, 98.65

Flavored Pepper Cheese

First place: Steve Stettler, Decatur Dairy, Brodhead, Pepper Havarti, 99.05

Second place: Jeff Wideman, Maple Leaf Cheese Co-op, Monroe, Chipotle Cheddar, 98.45

Third place: David Meyer, Lynn Dairy, Granton, Pepper Jack, 98.05

Flavored Soft Cheese

First place: Tony Gessler, Lactalis USA, Merrill, Garlic & Herbs Gourmet Spread, 99.65

Second place: Kurt Premo, Crave Brothers Farmstead Cheese, Waterloo, Marinated Fresh Mozzarella, 99.60

Third place: Adam Buholzer, Klondike Cheese Co., Monroe, Peppercorn Feta, 99.50

Flavored Semi-Soft Cheese

First place: Joseph Widmer, Widmer's Cheese Cellars, Theresa, Colby With Caraway Seeds, 99.30

Second place: Jon Jay Lewis, Valley View Cheese Co-op, South Wayne, Dill Havarti, 99.20

Third place: Valley View Cheese Co-op, South Wayne, Dill Havarti, 99.15

Flavored Hard Cheese

First place: Mike Matucheski, Sartori Foods, Plymouth, Balsamic BellaVitano, 98.60

Second place: Mike Matucheski, Sartori Foods, Plymouth, Mediterranean Fontina, 98.55

Third place: Mike Matucheski, Sartori Foods, Plymouth, Espresso BellaVitano, 98.35

Smear Ripened Cheese

First place: Steve Isley, Emmi Roth USA, Monroe, Raclette, 98.50

Second place: Kurt Premo, Crave Brothers Farmstead Cheese, Waterloo, Petit Frère, 98.25

Third place: Myron Olson, DCI Cheese Company, Richfield, Liederkrantz, 98.00

Cold Pack Cheese, Cheese Food

First place: Harold Patzke, Pine River Pre-Pack, Newton, Swiss and Almond Cold Pack, 99.65

Second place: Harold Patzke, Pine River Pre-Pack, Newton, Port Wine Cold Pack, 99.60

Third place: Phil Lindemann, Pine River Pre-Pack, Newton, Smokey Bacon Flavor Cold Pack, 99.55

Pasteurized Process Cheese, Cheese Food, Cheese Spread

First place: Ken Kreklow, Associated Milk Producers, Portage, Pasteurized Process Swiss American, 99.60

Second place: Ralph Schutz, Associated Milk Producers, Portage, Pasteurized Process White American, 99.50

Third place: Shawn Schult, Lactalis USA, Merrill, Wee Brie, 99.40

Reduced Fat or Lite Cheese

First place: John Baebler, Edelweiss Creamery, Monticello, Lacey Swiss, 99.10

Second place: Jim Demeter, Agropur, Weyauwega, Reduced Fat Feta, 98.65

Third place: Margarete Porod, Lactalis USA, Merrill, Garlic & Herbs Light Gourmet Spread, 98.60

Open - Soft and Spreadable Cheese

First place: Kurt Premo, Crave Brothers Farmstead Cheese, Waterloo, Mascarpone, 99.65

Second place: Dave Zielazowski, Lactalis USA, Merrill, Blue Cheese Gourmet Spread, 99.45

Third place: Rob Bradley, Family Fresh Pack, Belleville, Garlic and Herb Spread, 99.30

Open Class - Semi-Soft Cheese

First place: Marieke Penterman, Holland's Family Cheese, Thorp, WI, Marieke Gouda Plain Belegen, 99.90

Second place: Matt Henze, Decatur Dairy, Brodhead, Havarti, 99.35

Third place: Gary Grossen, UW-Babcock Dairy Plant, Madison, Gouda, 99.30

Open Class - Hard Cheese

First place: Steve Bierhals, BelGioioso Cheese, Green Bay, Parmesan, 99.20

Second place: Lake Country Dairy, Turtle Lake, Hand-Crafted Asiago, 98.90

Third place: Josh Krause, BelGioioso Cheese, Green Bay, Asiago, 98.80

Goat Milk Cheese

First place: Jean Rossard, Montchevre-Betin, Belmont, WI, Crumble Onion & Basil Goat cheese, 99.85

Second place: Katie Hedrich, LaClare Farms Specialties, Chilton, WI, LaClare Farms Fresh Chevre, 99.65

Third place: Douglas Waechter, Montchevre-Betin, Belmont, Feta, 99.55

Sheep & Mixed Milk Cheese

First place: Mike Matucheski, Sartori Foods, Plymouth, Pastorale Blend, 99.70

Second place: Sid Cook, Carr Valley Cheese, LaValle, Cave Aged Marisa, 99.65

Third place: Tom Jenny, Carr Valley Cheese, LaValle, River Bend Sheep, 99.15

Butter

First place: John Thompson, Foremost Farms USA, Reedsburg, Salted Butter, 99.35

Second place: Mark Wagester, Graf Creamery, Bonduel, Salted Butter, 99.30

Third place: Brett Jepson, Foremost Farms USA, Reedsburg, Salted Butter, 99.00. r

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WCMA Releases Dates For 2012 World Championship Cheese Contest

Madison—The Wisconsin Cheese Makers Association (WCMA) Wednesday released the dates for its 2012 World Championship Cheese Contest.

The biennial competition will take place here March 6-8, 2012, at the Monona Terrace Convention Center. Preliminary judging rounds will be held March 6-7, with the World Champion to be selected during the Championship Round of

judging on the morning of March 8, 2012.

Manufacturers from more than 20 countries are slated to send 2,500-plus cheeses and butters to be evaluated by a team of 40 expert judges.

The entry deadline is Feb. 8, 2012.

Contest entrants are encouraged to visit www.worldchampioncheese.org and utilize

MyEntries, which allows users to securely enter, pay online, and instantly view scores and score sheets. r



Trade Pacts Stalled

(Continued from p. 1)

free trade agreements negotiated under fast-track authority, which prohibits amendments to the final implementing bills.

The draft implementing bills include an extension of Trade Adjustment Assistance (TAA), through December 31, 2013. Trade Adjustment Assistance provides assistance to farmers, workers and companies affected by increased trade.

In a letter to President Obama, Republican members of the Senate Finance Committee laid out their opposition to including expanded Trade Adjustment Assistance in the US-South Korea Free Trade Agreement. They believe each trade agreement and Trade Adjustment Assistance should be debated and considered in the Senate "on its own merits."

Benefits Of US-Korea Agreement

On Thursday, the National Milk Producers Federation (NMPF) and US Dairy Export Council (USDEC) noted that the economic benefit from the US-Korea Trade Agreement (known as KORUS) to the US dairy industry in the first few years after implementation will be approximately \$380 million per year on average. The economic gains from the Colombia and Panama trade agreements together will add another \$50 million annually.

According to USDA's Foreign Agricultural Service (FAS), KORUS will provide immediate duty-free access for double the current export volume of total dairy products. Duty-free tariff-rate quotas (TRQs) will be established for cheese, skim and whole milk powder, food whey, and butter.

And current annual feed whey imports from the US worth \$8 million will gain duty-free access to the South Korean market immediately upon implementation; current duties range from 4 to 49.5 percent.

More specifically, US cheese exports will benefit from a new duty-free TRQ of 7,000 tons (15.4 million pounds), FAS said. This compares to Korea's current cheese import tariff of 36 percent.

From year two through year 14, this TRQ will grow at a compound 3-percent annual rate. Beginning in the 10th year, an unlimited quantity of Cheddar will be able to enter South Korea duty-free, and beginning in the 15th year, an unlimited quantity of all US cheeses will be able to enter the Korean market duty-free.

Last year, South Korea was the second largest export market for US cheese in 2010, trailing only Mexico. From 2008 through 2010, US suppliers shipped an annual average of 14,400 metric tons (31.8 million pounds) of cheese valued at \$60 million. The US share of South Korea's cheese import market is 19 percent.

US food whey exports will benefit from a new duty-free TRQ of 3,000 tons (6.6 million pounds). From year two through year nine, the TRQ will grow at a compound 3-percent annual rate, with the out-of-quota tariff rate being reduced each year until year 10 of the agreement, when an unlimited quantity of US food whey will be able to enter the Korean market duty-free.

From 2008 to 2010, South Korea imported an annual average of 16,730 tons (36.9 million pounds) of whey, valued at \$17 million, from the US.

When considering whey imported for both food and feed uses, the US share of South Korea's market was 53 percent by volume and 40 percent by value in 2010.

An initial duty-free TRQ of 200 tons (441,000 pounds) will apply for imports of butter from the US. From year two through year nine, this TRQ will grow at a compound 3-percent annual rate. Beginning in year 10 of the agreement, an unlimited quantity of US butter will be able to enter the Korean market duty-free.

From 2008 to 2010, US average annual exports of butter and butterfat to South Korea were 1,414 metric tons (3.1 million pounds), valued at \$5 million. Australia, New Zealand and the European Union (EU) are the dominant players in the South Korean market, with the US accounting for just 3 percent of the total.

US exporters will benefit immediately from an initial duty-free TRQ of 5,000 metric tons (11.0 million pounds) on Korean imports of US milk powder and condensed and evaporated milk. With this new duty-free access, the US dairy industry will not be subject to Korea's current small global WTO TRQs for the same products with 20- and 40-percent tariffs and its over-quota tariffs of 176 and 89 percent.

From year two, the KORUS TRQ will grow at a compound 3-percent annual rate in perpetuity.

From 2008 through 2010, US suppliers shipped a combined annual average of 860 tons (1.9 million pounds) of milk powder and condensed and evaporated milk, valued at \$2.1 million. The US share of Korea's import market last year was 5.1 percent.

US-Colombia Trade Agreement

Last year, the US exported \$6 million worth of dairy products to Colombia. Colombia's WTO tariff bindings on dairy products range from 70 to 159 percent, with applied tariffs on many products subject to price bands that can range up to the WTO bound rates.

Under the US-Colombia Trade Promotion Agreement (TPA), two tariff lines for whey will be eliminated upon entry into force, while a third covering other milk protein concentrates will be phased out over three years.

Also, US exporters will have access to six product-specific dairy TRQs, all at zero duty. All of the dairy TRQs will have duty-free quantities growing at a 10-percent annual growth rate over the transition period.

A 5,500-metric-ton (12.1 million pounds) TRQ is established for milk powder with an out-of-quota base tariff of 33 percent, phased out over 15 years. A 2,310-metric-ton (5.1 million pounds) TRQ for various cheeses has out-of-quota tariffs of 20 and 33 percent, with these tariffs phased out over 15 years.

Colombia will provide duty-free access for butter through a 550-metric ton (1.2 million pounds) TRQ and for ice cream through a 330-metric ton (727,650 pounds) TRQ. Colombia will phase out the butter out-of-quota tariff of 33 percent and the ice cream out-of-quota tariff of 20 percent over 11 years.

Colombia will establish a 110-metric ton (242,550 pounds) yogurt TRQ and phase out the 20-percent tariff over 15 years. Finally, Colombia will establish a 1,100-metric ton (2.4 million pounds) processed dairy product TRQ and will phase out the 20-percent tariff over 15 years. Colombia will immediately eliminate or phase out over five years all other dairy tariffs.

The US agreed to establish TRQs for cheese (5,060 tons, out-of-quota tariffs phased out over 15 years); butter (2,200 tons, out-of-quota tariffs phased out over 11 years); processed dairy products (2,200 tons, out-of-quota tariffs phased out over 15 years); ice cream (330 tons, out-of-quota tariff phased out over 11 years), and fluid milk and cream (110 tons, out-of-quota tariffs phased out over 11 years).

US-Panama Trade Agreement

Panama's tariffs on dairy products range from zero to 155 percent.

Under the US-Panama Trade Promotion Agreement (TPA), Panama's tariffs on whey products will be eliminated immediately.

Also, US exporters will have access to nine product-specific dairy TRQs with a combined total of 3,986 tons (8.8 million pounds).

All of the dairy tariff-rate quotas will have duty-free quantities growing at 4 to 5 percent, compounded annually over the transition period.

The agreement establishes TRQs in Panama for key products, including 2,625 tons (5.8 million pounds) of skim milk powder, 364 tons (802,620 pounds) of Cheddar cheese, 364 tons of other cheese, and 263 tons of ice cream. The over-quota tariffs on these dairy products will be phased out in 15 to 17 years, with no reductions for the first few years and safeguards. Panama will phase out all other dairy tariffs within 15 years or less.

The United States will establish dairy tariff-rate quotas totaling 4,553 tons, including 2,120 tons of condensed and evaporated milk, 525 tons of select cheeses, 318 tons of other cheese, and 1,590 tons of ice cream.

The United States quotas will grow by 5-6 percent, compounded annually. The over-quota tariffs will be phased out in 15 to 17 years, with no reductions for the first few years and safeguards for quantities in excess of the TRQs.

Under the Panama TPA, the US will continue to provide zero-duty treatment to dairy products currently receiving zero-duty treatment under the Caribbean Basin Initiative (CBI).

Over-quota tariffs for products subject to WTO TRQs not covered by preferential tariff-rate quotas under this agreement will be phased out in 15 years with no reductions for an initial grace period. r

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PERSONNEL NOTES

DANIEL MYERS will join **Kraft Foods Inc.** in September as executive vice president, supply chain. He succeeds **DAVID BREARTON**, who is now Kraft's executive vice president and chief financial officer. In his new role, Myers will lead the groups that make up Kraft's supply chain, including procurement, manufacturing, engineering, and customer service and logistics. Myers joins Kraft Foods from Procter & Gamble, where he spent the last 33 years.

David Michael & Co. is expanding with new employees and promotions. **VALINA ANTOINE** has assumed the position of technical and regulatory specialist, with over 10 years experience in food industry regulatory compliance. **JOHN KOSTEK** has joined DM as operations manager, with prior experience at Sweet Ovations and Cargill Flavor Systems. In his new role, Kostek is responsible for various operations within DM's Philadelphia facility as well as the company's manufacturing operation in California. **VAL BARBER** has been promoted to vanilla lab manager, and **Arlene Dominguez** has joined David Michael's account-

ing department, responsible for payroll and related tax compliance requirements.

FERDINAND SCHWABE recently earned accreditation by **3-A Sanitary Standards, Inc. (3-A SSI)** as a certified conformance evaluator. Based in Germany, Schwabe serves as segment manager Europe, Pharma, Food and Beverage, for Trelleborg Sealing Solutions. Earning a CCE is required for those wishing to conduct Third Party Verification inspections of dairy equipment covered by 3-A Sanitary Standards. A total of 17 professionals now hold the CCE credential. Schwabe is one of two European-based CCEs and three located outside the US.

AWARDS

Some 56 employees at the **DAIRY FARMERS OF AMERICA, INC.'S (DFA)** plant in Fort Morgan, CO, recently celebrated a total of eight years with no lost-time accidents. New employees spend two to four days in safety training, and safety refresher quizzes are conducted during 30, 60, 90 and 180-day review periods. Plant management is now working toward certification through Occupational

Safety and Health Administration's Voluntary Protection Program. The plant also set a new record in April after processing 76 million pounds of milk. During the past year, the plant averaged 63 million pounds of milk per month. In spring 2009, the Fort Morgan plant completed a \$23 million expansion to increase the plant's capacity for milk by 2 million pounds per day.

RACHAEL ROTT of Anamoose, ND, was recently crowned **North Dakota's 65th State Dairy Princess**. Rott's new title comes with a scholarship from the Friends of Dairymen and the North Dakota Milk Producers Association. Rott was also the winner of a scholarship from the Midwest Dairy Association's North Dakota Division.

RAY BURKE, president of the In-Store Bakery & Foodservice Division of Rich Products Corporation, received the 2011 International Dairy-Deli-Bakery Association's (IDDBA) President's Award for his distinguished service to the industry. During his 30-year career, Burke served on the IDDBA board for over a decade and was elected president in 2004 and served as IDDBA's only two-term president again in 2009.

Applications For EWCBA \$1,000 Roland Behle Scholarship Due Aug. 1

Little Chute, WI—The Eastern Wisconsin Cheesemakers & Buttermakers Association (EWCBA) is offering a \$1,000 scholarship to a qualifying student based on leadership in agriculture and future contributions to the dairy industry.

Named after Roland Behle, a Wisconsin cheese maker and former executive secretary of the WCMA.

Applicants must be a dependent of an EWCBA member or a dependent of an employee of that member's business, and must have a sincere interest in continuing their education in an ag-related field.

Students must also be a graduate of a Wisconsin high school intent upon enrollment by fall at an accredited Wisconsin university, college or vocational/technical institute for an ag-related program or short course.

Applications should include high school transcript, two letters of recommendation, and a one-page essay on "What I Will Contribute to the Dairy Industry After Graduation."

Applications must be received by Aug. 1, 2011. For more information, contact Kate Neumeier Clarke at (920) 687-0889 or via email: kate@wagcheese.com. •

PLANNING GUIDE

July 10-11: WDPA Dairy Symposium, Landmark Resort, Door County, WI. For more information, visit www.wdpa.net.

July 10-14: ADSA Annual Meeting, New Orleans Ernest N. Morial Convention Center, New Orleans, LA. For more information, visit www.adsa.asas.org.

July 31-Aug. 3: 2011 IAFP Annual Meeting, Milwaukee, WI. For more details or to register online, visit www.foodprotection.org.

Aug. 3-6: American Cheese Society's Annual Conference, Palais des Congrès de Montréal, Montréal, Canada. For more information, visit www.cheesesociety.org.

Aug. 11-12: Idaho Milk Processors Association's Annual Meeting, Sun Valley Resort, Sun Valley, ID. For more information, visit www.impa.us.

Sept. 6-9: 14th Annual Dairy Science & Technology Basics for the Farmstead/Artisan Cheesemaker, Cal Poly Dairy Products Technology Center, San Luis Obispo, CA. For details, visit www.dptc.calpoly.edu.

Sept. 14: Central Wisconsin Cheesemakers and Buttermakers Association's Annual Golf Outing, River's Edge Country Club, Marshfield, WI. For more information, email Tayt Wuethrich at wetrick00@yahoo.com

Sept. 18-21: International Whey Conference, Chicago Marriott Downtown, Chicago, IL. For more information, visit www.iwc-2011.org.

Sept. 19-21: Second Annual International Dairy Show, Georgia World Congress Center, Atlanta, GA. For more information, visit www.dairyshow.com.

Oct. 10-11: Global Cheese Technology Forum, Reno, NV. For more information, visit www.globalcheesetechnologyforum.org.

Oct. 12-13: North Central Cheese Industries Association Conference, DoubleTree Hotel, Rochester, MN. For more details or to register, visit www.northcentralcheese.org.

Nov. 1-4: Process Expo 2011, McCormick Place, Chicago, IL. For more information or to register online, visit www.myprocess-expo.com.

Applications Being Accepted Until Aug. 29 Under USDA's Value-Added Producer Grant Program

Washington—USDA's Rural Business-Cooperative Service (RBS) this week announced the availability of approximately \$37 million in competitive grant funds for fiscal year 2011 to help independent agricultural producers enter into value-added activities.

The primary objective of the Value-Added Producer Grant Program is to help independent producers of agricultural commodities, agriculture producer groups, farmer cooperatives, and majority-controlled producer-based business ventures develop strategies to create marketing opportunities and to help develop business plans for viable marketing opportunities regarding production of bio-based products from agricultural commodities.

USDA's Rural Business-Cooperative Service will competitively award funds for planning grants and working capital grants directly related to the processing and/or marketing of value-added products.

In order to provide program benefits to as many eligible applicants as possible, applicants may apply only for a planning grant or for a working capital grant, but not both.

The Value-Added Producer grants will only be awarded if projects are determined to be economically viable and sustainable.

Businesses of all sizes may apply,

but priority will be given to operators of small and medium-sized farms or ranches that are structured as family farms, beginning farmers or ranchers, socially disadvantaged farmers and ranchers, mid-tier value chain projects, and cooperatives.

There is no restriction on the minimum grant size that will be awarded.

In fiscal 2010, 41 percent of awards were \$50,000 or less.

Working capital applicants should demonstrate the technological feasibility of the project, as well as the operational efficiency, profitability, and overall economic sustainability resulting from the project.

Planning grant applicants should address this criterion by describing the expected outcomes and the rationale supporting those expectations.

Applicants should reference third-party information that specifically supports the value-added project; discuss the value-added process proposed, potential markets and distribution channels; value to be added to the raw commodity through the value-added process; potential increase in customer base and increased revenue returning to producers; costs and availability of inputs, experience of the applicant in marketing the proposed or similar product; and any other relevant information that supports the viability of the project.

Applications are due by Monday, August 29.

Electronic applications should be sent to: www.grants.gov. r



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WANTED TO BUY: A-Frame cheese presses and horizontal 2 row and single row. Call **Ullmer's Dairy Equipment** at (920) 822-8266.

WANTED TO BUY: Westfalia or Alfa-Laval separators. Large or small. Old or new. Top dollar paid. Call **Great Lakes Separators** at (920) 863-3306 or e-mail drlambert@dialez.net.

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8 oz. Chunks
IWS Slices
8 oz & 2 lb. Shreds
American Slices
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Blocks, Prints
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Swiss
Baby Swiss
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ken@wisconsinsfinest.com
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4. Walls, Flooring

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EPOXY OR FIBERGLASS floors, walls, tank-linings, and tile grouting. Installed by **M&W Protective Coating Co. LLC**. Call (715) 234-2251

5. Real Estate

BUSINESS FOR SALE: Cheese cutting and wrapping facility. Turnkey operation. Ready for production. Includes cold storage area, retail store and semi loading dock. Near tourist attractions. Interested parties please send replies to **Box J-1030, c/o Cheese Reporter**, 2810 Crossroads Drive, Suite 3000, Madison, WI 53718

6. Real Estate Wanted

Looking to buy a dairy operation? Call 608-246-8430 for information.

7. Help Wanted

WANTED: An Entrepreneur with experience, a passion for cows, cheese making and hard work. Entrepreneur would work into ownership of an established dairy farm and cheese business for retiring owner. If this is something you would like to pursue, please email: cow1969@hotmail.com

FREE 3 MONTH SUBSCRIPTION: Have you been recently downsized and looking to stay in the dairy industry? Contact Cheese Reporter at info@cheesereporter.com for a free three month subscription. Or call Cheese Reporter at 608-246-8430 to request your subscription. Stay in touch with current open positions by visiting www.cheesereporter.com/helpwanted.htm.

8. Positions Wanted

PROMOTE YOURSELF - By contacting Tom Sloan & Associates. Job enhancement thru results oriented professionals. We place cheese makers, production, technical, maintenance, engineering and sales management people. Contact Dairy Specialist David Sloan, Tom Sloan or Terri Sherman. **Tom Sloan & Associates, Inc.** PO Box 50, Watertown, WI 53094. Call: (920) 261-8890 or FAX: (920) 261-6357; or email: tsloan@tsloan.com.

10. Dairy Products For Sale

DAIRY PRODUCTS MARKETING: Cheese sales specialists in all types of cheese. Visit our **NEW** website: www.dairyproductsmarketing.com and call (920) 921-9449

12. Warehousing Facilities

REFRIGERATED WAREHOUSING AVAILABLE: Cooler-Frozen Dry. Located off major 4-lane highway. Flexible shipping, receiving hours. Contact: **Mid-Wisconsin Warehousing**, Beaver Dam, WI; (800) 336-7249 Ext. 140, Willie. Or cell phone: (920) 948-4741.

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Dairyfood USA, Inc. Sales & Marketing Manager

Dairyfood USA, Inc., a SQF certified market leader in specialty cheese production for over 60 years is seeking a Sales/Marketing Manager for its Eastern Region responsible to develop strategy and to organize and execute a dynamic marketing and sales program serving diversified markets such as Food Service, Private Label, Grocery, Snack Companies and Retail.

Develops and manages Broker network. Develops and executes general sales promotion and advertising strategy. Coordinates and directs meetings, conferences and convention programs to achieve maximum direct product exposure and promote sales. Represents Company at regional and national trade shows.

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For confidential consideration, please forward resume to:

Peggy White
Human Resources Manager
Dairyfood USA, Inc.
pwhite@dairyfoodusa.com



Quality Assurance Manager

Arthur Schuman, a fourth generation family owned operation, is the largest cheese importing company in the U.S. with facilities in Fairfield, NJ; Turtle Lake, WI; Elgin, IL; Green Bay, WI; and Vernon, CA. We have an immediate opening for a Quality Assurance Manager in our Fairfield location.

The candidate should have a technical background in food technology, dairy science, or microbiology with a related undergraduate degree. The position requires a detail orientation, the ability to balance multiple priorities and a sense of urgency for problem solving. A minimum of five years of quality and production management experience in the food industry, preferably in the cheese industry, is required including knowledge of HACCP, laboratory testing methods, SQF and Six Sigma.

The QA Manager will work with the Plant Manager and Director of Food Quality and Corporate Safety. He/she will also be responsible for the successful functioning of critical control systems with the plant.

Qualified candidates should send their resumes to:

ARTHUR SCHUMAN

40 New Dutch Lane, Fairfield, NJ 07004
Fax: (973) 227-1525
E-Mail: olopez@arthurschuman.com
www.arthurschuman.com

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Class Milk & Component Prices

June 2011 with comparisons to June 2010

Class III - Cheese Milk Price		2010	2011
PRICE (per hundredweight)		\$13.62	\$19.11
SKIM PRICE (per hundredweight)		\$7.68	\$11.21
Class II - Soft Dairy Products		2010	2011
PRICE (per hundredweight)		\$16.01	\$21.37
BUTTERFAT PRICE (per pound)		\$1.7304	\$2.3772
Class IV - Butter, MP		2010	2011
PRICE (per hundredweight)		\$15.45	\$21.05
SKIM MILK PRICE (per hundredweight)		\$9.76	\$13.22
BUTTERFAT PRICE (per pound)		\$1.7234	\$2.3702
NONFAT SOLIDS PRICE (per pound)		\$1.0843	\$1.4694
PROTEIN PRICE (per pound)		\$2.2040	\$2.9807
OTHER SOLIDS PRICE (per pound)		\$0.1748	\$0.3339
SOMATIC CELL ADJUSTMENT RATE (per 1,000 scc)		\$0.00072	\$0.00095
Product Price Averages		2010	2011
Cheese, US 40-block, NASS		\$1.4475	\$1.8999
Butter, CME		\$1.5946	\$2.1287
Nonfat Dry Milk		\$1.2631	\$1.6520
Dry Whey		\$0.3688	\$0.5233

HISTORICAL MILK PRICES - CLASS III

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
'00	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
'01	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80
'02	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
'03	9.78	9.66	9.11	9.73	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
'04	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14
'05	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37
'06	13.39	12.20	11.11	10.93	10.83	11.29	10.92	11.06	12.29	12.32	12.84	13.47
'07	13.56	14.18	15.09	16.09	17.60	20.17	21.38	19.83	20.07	18.70	19.22	20.60
'08	19.32	17.03	18.00	16.76	18.18	20.25	18.24	17.32	16.82	17.06	15.51	15.28
'09	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98
'10	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26	16.94	15.44	13.83
'11	13.48	17.00	19.40	16.87	16.52	19.11						

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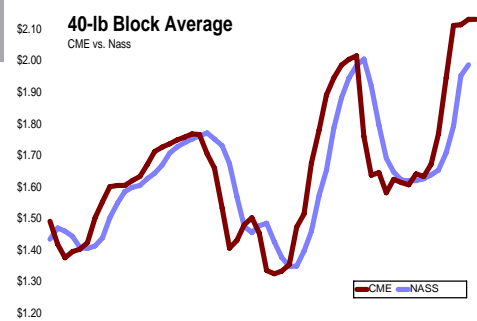
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DAIRY PRODUCT PRICES

July 1—NASS,USDA. Prices included are provided each week by manufacturers. Prices collected are for the (wholesale) point of sale for natural, unaged Cheddar; boxes of butter meeting USDA standards; Extra Grade edible dry whey; and Extra Grade and USPH Grade A nonfortified NFD. A transaction is complete when the product is "shipped out" and title transfers. *Revised



Style and Region	WEEK ENDING			
	June 25	June 18	June 11	June 4
40-Pound Blocks				
Average Price	Dollars/Pound			
MN/WI	2.0660	2.0862	1.9010	1.8008
Other States	1.9790	1.9413	1.7802	1.6944
US	1.9861	1.9514	1.7904	1.7065
Sales Volume	Pounds			
MN/WI	955,400	759,728	989,799	1,099,371
Other States	10,711,340	10,085,963	10,664,282	8,508,963
US	11,666,740	10,845,691	11,654,081	9,526,833
500-Pound Barrels				
Average Price	Dollars/Pound			
MN/WI	2.1924	2.1193	1.9814	1.8637
Other States	2.1373	2.0746	1.9284	1.8397
US	2.1608	2.0959	1.9511	1.8500
Price Adj. to 38% Moisture	Dollars/Pounds			
MN/WI	2.0912	2.0247	1.8910	1.7762
Other States	2.0159	1.9632	1.8309	1.7479
US	2.0478	1.9924	1.8565	1.7600
Sales Volume	Pounds			
MN/WI	3,650,209	4,310,687	4,142,752	3,610,111
Other States	4,915,170	4,730,395	5,544,909	4,841,646
US	8,565,379	9,041,082	9,687,661	8,451,757
Moisture Content	Percent			
MN/WI	35.00	35.10	35.04	34.95
Other States	34.27	34.48	34.70	34.74
US	34.58	34.78	34.84	34.83
Butter				
Average Price	Dollars/Pound			
US	2.1272	2.1188	2.1453	2.1244
Sales Volume	Pounds			
US	2,398,402	3,672,709	3,381,902	3,746,610
Nonfat Dry Milk				
Average Price	Dollars/Pound			
US	1.6629	1.6535*	1.6523*	1.6381
Sales Volume	Pounds			
US	16,374,071	15,432,346*	19,500,138*	14,831,362
Dry Whey Prices				
Average Price	Dollars/Pounds			
US	0.5306	0.5256	0.5227	0.5156
Sales Volume	Pounds			
US	6,407,431	7,993,234*	9,259,643	7,739,009

DAIRY FUTURES PRICES

SETTLING PRICE							*Cash Settled	
Date	Month	Class III*	Class IV*	Dry Whey*	NDM*	Butter*	Cheese*	
6-24	June 11	19.23	20.90	52.550	162.000	212.500	1.9060	
6-27	June 11	19.23	20.76	53.000	162.000	212.500	1.9060	
6-28	June 11	19.23	20.76	53.000	162.000	212.500	1.9060	
6-29	June 11	19.23	20.76	52.500	162.000	212.000	1.9060	
6-30	June 11	19.23	20.76	52.500	163.000	212.000	1.9060	
6-24	July 11	20.28	20.54	54.975	162.000	207.000	2.0110	
6-27	July 11	20.35	20.49	54.975	162.000	206.000	2.0200	
6-28	July 11	20.40	20.49	54.975	162.000	206.000	2.0200	
6-29	July 11	20.49	20.49	54.975	162.000	206.000	2.0250	
6-30	July 11	20.52	20.49	54.975	162.000	206.000	2.0290	
6-24	August 11	19.16	19.89	53.000	155.000	204.000	1.8940	
6-27	August 11	19.22	19.73	53.350	155.500	201.250	1.9000	
6-28	August 11	19.39	19.73	53.500	155.500	203.000	1.9220	
6-29	August 11	19.39	19.73	53.775	155.500	207.000	1.9120	
6-30	August 11	19.07	19.85	53.100	156.000	205.025	1.8990	
6-24	September 11	18.30	19.24	50.750	147.000	203.000	1.8270	
6-27	September 11	18.55	19.10	50.250	146.000	201.000	1.8500	
6-28	September 11	18.70	19.10	50.750	146.000	203.000	1.8700	
6-29	September 11	18.74	19.10	52.500	146.500	205.000	1.8700	
6-30	September 11	18.44	19.10	51.750	145.025	206.000	1.8460	
6-24	October 11	17.58	18.90	47.000	145.000	202.000	1.7790	
6-27	October 11	17.75	18.66	46.250	143.500	200.500	1.7830	
6-28	October 11	17.90	18.75	47.000	144.000	201.500	1.8100	
6-29	October 11	18.07	18.85	48.975	144.975	203.000	1.8130	
6-30	October 11	17.83	18.85	47.400	143.025	205.000	1.8040	
6-24	November 11	17.14	18.84	47.000	143.500	202.000	1.7300	
6-27	November 11	17.10	18.65	47.000	142.500	200.000	1.7300	
6-28	November 11	17.20	18.65	46.700	143.000	202.000	1.7350	
6-29	November 11	17.35	18.70	47.000	143.000	204.000	1.7450	
6-30	November 11	17.15	18.75	45.150	141.000	207.000	1.7450	
6-24	December 11	16.80	18.59	47.000	142.000	200.975	1.7120	
6-27	December 11	16.72	18.34	47.000	141.500	197.000	1.7050	
6-28	December 11	16.73	18.35	47.000	142.000	199.000	1.7100	
6-29	December 11	16.89	18.65	46.000	142.000	200.000	1.7150	
6-30	December 11	16.69	18.40	45.500	140.025	200.000	1.7040	
6-24	January 12	16.46	17.70	47.875	142.000	191.000	1.7080	
6-27	January 12	16.52	17.70	45.000	142.000	191.000	1.7080	
6-28	January 12	16.56	17.70	45.000	142.000	191.000	1.7080	
6-29	January 12	16.51	17.70	44.000	142.000	191.000	1.7080	
6-30	January 12	16.34	17.70	44.000	142.000	191.000	1.6920	
6-24	February 12	16.30	17.50	44.000	136.500	177.000	1.6920	
6-27	February 12	16.38	17.06	44.000	136.500	177.000	1.6920	
6-28	February 12	16.38	17.06	43.025	136.500	177.000	1.6920	
6-29	February 12	16.32	17.06	43.600	136.500	177.000	1.6920	
6-30	February 12	16.27	17.06	43.025	136.500	182.000	1.6920	
6-24	March 12	16.30	17.50	45.000	135.000	174.500	1.6920	
6-27	March 12	16.36	17.00	44.000	135.000	174.500	1.6920	
6-28	March 12	16.30	17.00	44.000	135.000	174.500	1.6920	
6-29	March 12	16.28	17.00	43.375	135.000	174.500	1.6920	
6-30	March 12	16.20	17.00	43.050	135.000	175.000	1.6920	
6-24	April 12	16.17	16.00	42.000	121.000	167.000	1.6830	
6-27	April 12	16.19	15.50	42.000	121.000	167.000	1.6830	
6-28	April 12	16.22	15.50	42.000	121.000	167.000	1.6830	
6-29	April 12	16.16	15.50	42.000	121.000	167.000	1.6830	
6-30	April 12	16.11	15.75	42.000	121.000	172.000	1.6830	
Open Interest - June 30		37,322	4,220	1,595	2,152	4,133	2,350	

DAIRY PRODUCT MARKETS

AS REPORTED BY THE US DEPARTMENT OF AGRICULTURE

WHOLESALE CHEESE MARKETS

NATIONAL - JUNE 24: The cheese market is about steady. Some packagers and processors have been using overtime to fill holiday orders (often process) or to build finished product inventory due to reduced holiday week schedules. A few operations note heavier shipments this week as a result. Many buyers are building inventory ahead of the higher monthly averages expected on July shipments. It appears the recent "problem cheese" from a large operation has been replaced, though current natural American offerings remain limited. Between slower summer pizza sales and current prices, Mozzarella interest is lighter seasonally. Cheese production is near peak levels though trending lower as summer weather impacts milk receipts seasonally. Cheese yields are also steady to lower.

NORTHEAST - JUNE 29: Cheese production is declining as cheese makers have adequate inventories and are scaling back production. Cream cheese production is the exception to the trend with active production and building inventories. The continued higher CME Group cheese prices remain a concern among some cheese makers that the higher prices will cause a decline in domestic demand. Export demand for cheese continues to be good.

Wholesale prices, delivered, dollars per/lb:

Cheddar 40-lb blocks:	\$2.4475 - \$2.7225	Process 5-lb sliced:	\$2.1775 - \$2.4875
Muenster:	\$2.4675 - \$2.6725	Swiss Cuts 10-14 lbs:	\$3.3875 - \$3.7100

MIDWEST AREA - JUNE 29: The cheese market is relatively steady, with some short term nervousness about current cheese prices. Extra loads of natural American varieties are starting to be offered to customers, though seemingly not in large quantities. Extra Mozzarella was cleared at a discount to the current market as pizza sales normally slow in summer without the current "high" cash prices. Most packagers and processors will be down at least one day for the holiday observance, reducing bulk cheese needs. Some operations have been running overtime in recent weeks to build finished product inventory or to replace cheese affected by the recent plant production issue. The big question for the industry is how will new orders be in July from buyers using monthly average based prices? A few operations are looking ahead to likely tighter fall cheese supplies and are reviewing their "working inventory" needs before school milk needs reduce manufacturing milk supplies. Cheese production is easing seasonally although some extra milk and/or condensed skim may be available over the long holiday weekend as some operations rearrange/reduce operating schedules. Components are easing seasonally so cheese yields are slipping.

Wholesale prices delivered, dollars per/lb:

Brick/Muenster 5# Loaf:	\$2.6300 - \$2.6400	Process 5# Loaf:	\$2.4300 - \$2.6200
Monterey Jack 10#:	\$2.5800 - \$2.8650	Cheddar 40# Block:	\$2.4700 - \$2.8650
Mozzarella 5-6# (LMPS):	\$2.4725 - \$2.9650	Blue 5# Loaf:	\$2.9575 - \$3.3500
		Grade A Swiss 6-9#:	\$2.7900 - \$3.3300

WEST - JUNE 29: Barrels are firming over the last week as the block market is steady over the same period. Blocks have not changed in the last eight trading sessions. Sales activity was light with no sales reported for barrels and only one sale of blocks for the week. Western wholesale cheese prices are uneven. The market tone is good overall with sales reported to be steady for most varieties. Demand for some pizza varieties is seasonally slower and some production is being curtailed. Export demand has slowed as the price has increased except for those that qualify for CWT assistance. Milk supplies for manufacturing are nearing or past the peak in many areas. Some increased interest is being shown for buyers using monthly basing averages before the end of the month. Stocks of cheese are adequate for current demand.

Wholesale prices delivered, dollars per/lb:

Cheddar 40# Block:	\$2.2600 - \$2.6125	Process 5# Loaf:	\$2.1950 - \$2.4525
Monterey Jack 10#:	\$2.4500 - \$2.6100	Cheddar 10# Cuts:	\$2.4400 - \$2.6600
		Grade A Swiss Cuts 6 - 9#:	\$2.9650 - \$3.3950

FOREIGN -TYPE CHEESE - JUNE 29: The weekly average block cheese price increased, causing wholesale prices to increase \$.0175 for all domestic varieties. Prices for Swiss cuts were unchanged. Prices for most imported varieties moved higher due to the continuing weak US dollar when compared to the euro. Cheese importers are preparing for August 1, when they will be required to pay the dairy import assessment, a fee equivalent to 7.5 cents per hundredweight of milk solids for imported products.

Wholesale selling prices, delivered, dollars per/lb:

	Imported	Domestic
Blue:	\$2.6400-5.0400	\$2.5875-4.0750
Gorgonzola:	\$3.6900-6.3900	\$3.0900-3.3500
Parmesan (Italy):	0	\$3.7100-4.1200
Provolone (Italy)	\$3.4400-6.3900	\$2.6300-2.7875
Romano (Cows Milk):	0	\$3.7775-5.9200
Sardo Romano (Argentine):	\$2.8500-3.9800	0
Reggianito (Argentine):	\$3.2900-4.2400	0
Jarlsberg (Brand):	\$2.9500-4.9900	0
Swiss Cuts Switzerland:	0	\$3.4800-3.8025
Swiss Cuts Finnish:	\$2.5900-2.8500	0

OCEANIA CHEDDAR & BUTTER MARKETS

CHEDDAR CHEESE - JUNE 23: Oceania cheese markets are generally steady, although prices have fluctuated higher and lower within the reported range. Cheese production is at seasonally low levels, thus needs are basically being filled from previous production. Although the new milk production season has not resumed, cheese manufacturers and handlers are stating that sales negotiations for the new season are occurring. Early reports indicate that buyer interest appears to be in line with projections and volumes are comparable with recent needs.

39% MAXIMUM MOISTURE: 4,400 - 4,500

BUTTER - JUNE 23: Oceania butter markets are generally steady, although prices dipped slightly on both ends of the reported range. Although new butter sales are limited, ongoing prices are predominately near the upper end of the reported range. Churning activity is seasonally low as the milk production season enters into the winter months.

82% BUTTERFAT: 4,400 - 5,050

MILK EQUIVALENT, MILKFAT & SKIM SOLIDS

	Milkfat* Basis	Skim** Solids	Comparable period in 2010	Milkfat* Basis	Skim** Solids
Week of June 27 - July 1, 2011	0.0	0.0	0.0	0.0
Cumulative since Oct. 1, 2010	0.0	0.0	0.0	1.5
Cumulative Jan. 1 - July 1, 2011	0.0	0.0	0.0	0.0

WHOLESALE BUTTER MARKETS

NATIONAL - JUNE 24: The butter price held steady at \$2.1400 for seven consecutive trading sessions, but started to weaken at mid-week and settled at \$2.0600 by Friday. Traders and handlers have mixed opinions on what is occurring and are unsure what is in store for trading in the near future. Churning activity across the country remains active, although lighter as increasing cream volumes are clearing through Class II operations, especially ice cream. Butter producers are often churning to fill current needs and remaining cautious about butter inventory enhancement. In many instances, butter producers remain cautious with their inventory management strategies with inventory levels often lighter than desired. Although the cash price is significantly higher than usual for this time of year, sales have been good. Buyers are cautious, but continue to buy.

NORTHEAST - JUNE 29: After a series of price declines, the butter price held steady Tuesday and closed at \$2.0200. Prior to Tuesday's trading, butter prices declined a total of 12 cents in the previous four trading sessions. Butter production has increased as demand for cream has eased as some manufacturers using cream began to lower their production schedules ahead of the holiday weekend, which channels more cream to churns. The plant that recently experienced an electrical fire has returned to near full production. The additional churning schedules will expand existing inventories. Cream multiples range from 132-142, but discounts below the range may occur over the long holiday weekend. Private label and food service butter demand is steady and export interest remains good. Prices for bulk butter range from 6-8 cents over the market, with various time frames and averages used.

CENTRAL - JUNE 29: In most instances, producers are becoming more comfortable with the weakness as the upcoming holiday nears. Most producers are anticipating that cream supplies will be more available to them at that time as most Class II cream operations will be running at greatly reduced production schedules or completely shut down. This will allow butter producers time to generate stocks to fill current needs and also additional volumes for inventory at lower values. Up to this time, producers have been very cautious with their inventory management strategies. Often, inventory levels are at much lower levels than are typical for this time of the summer. Orders for this week prior to the holiday are lighter as most holiday orders have been placed and delivered before now. Orders that are occurring are for last minute fill-in needs. Butter producers and handlers are anticipating orders will be slow in developing early next week as most buyers return to work on Tuesday.

WEST - JUNE 29: The western market is unsettled as buyers and sellers attempt to determine the best strategies. The holiday weekend will see increased churning as cream is available and various Class II manufacturers are closed for part of the holiday. Increased milk volumes are turning to Class IV use as cheese plants are slowing production schedules. Buying interest is increased with the lower prices. Many end users continue to buy for current needs. Retail sales are good with club stores experiencing increased demand. Foodservice sales are flat in many cases. Overall inventories are well below typical levels for this time of year. Buyers are caught trying to determine price and supply levels for butter into the end of the year.

DRY MILK PRICES - JUNE 27 - JULY 1

Nonfat Dry Milk:

Central & East	
Low/Med. Heat:	1.6400(NC) - 1.7300(NC)
Mostly:	1.6600(NC) - 1.7000(NC)
High Heat:	1.7300(NC) - 1.7800(-2)

Western

Low/Med. Heat:	1.6100(NC) - 1.7125(NC)
Mostly:	1.6200(NC) - 1.6550(NC)
High Heat:	1.6750(NC) - 1.8300(NC)

Whole Milk:

National:	1.9400(NC) - 2.0600(NC)
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Buttermilk Powder:

Central & East:	1.5000 (NC)- 1.6300(NC)
West:	1.4800 (NC) -1.5400(NC)
Mostly:	1.4800 (NC) - 1.5175 (NC)

California Weighted Average NFD:

Week Ending:	Price:	Total Sales:	Sales to CCC:
June 24	\$1.6068	12,997,272	0
June 17	\$1.6033	10,388,936	0

DRY WHEY - NORTHEAST & WEST

NORTHEAST - JUNE 23: The dry whey price held steady this week in light trading. Supplies continue to be very tight. Cheese production declines, due to lower milk intakes, resulted in marginal declines in dry whey production. Resale prices declined, ranging from \$.62 - \$.64. Virtually zero supplies are available on the spot market with those buyers looking for additional product having to opt for resale opportunities or look outside the region. Solid domestic demand from ice cream makers and bakeries along with good export interest and tight supplies provides the dry whey market with a firm undertone. Central dry whey prices are unchanged to slightly higher as prices on various indices adjusted higher.

WEST - JUNE 23: Western whey prices are firm to higher. The range was higher on reported export sales. The mostly price series was also higher. Spot sales of whey are scarce as supplies remain tight. Most production is tied to contract fulfillment. Contract prices are firm due to strength in various price indices. Alternate whey protein products are competing with dry whey production and limiting supplies. Domestic demand is reported to be good with spot loads hard to find and priced higher through mostly resale channels. Some cheese plants are slowing production as warm weather is beginning to reduce milk production and lowering milk solids. This is serving to further tighten whey supplies.

ORGANIC DAIRY MARKET - FLUID MILK

ORGANIC DAIRY FLUID MILK - JUNE 17: Total organic milk product sales for April 2011, 170 million pounds, were up 19.9% from April 2010 sales. Organic whole milk sales for April 2011, 41 million pounds, were up 23.0% compared with April 2010. This contrasts with a 2.3% April 2011 decline for total fluid milk products adjusted (which includes organic and non-organic) compared with one year ago. National organic grain and feedstuff prices were mostly higher with good demand for feed corn, moderate to good demand for feed barley, and light to moderate demand for all other grains. Offerings of grain this period were light as corn supplies continue to dwindle. Upper Midwest organic feed grade corn was higher, with good demand and dwindling supplies. Flooding and cool temperatures continue to hamper conventional crop production in the Upper Midwest and worry many organic farmers, as organic crops are generally planted later in the season. Planting remains underway in the eastern Cornbelt and moisture concerns and wet conditions continue to plague some organic farming operations, as do high corn prices.

WEEKLY COLD STORAGE HOLDINGS

SELECTED STORAGE CENTERS IN 1,000 POUNDS - INCLUDING GOVERNMENT STOCKS

DATE	BUTTER	CHEESE
6/27/11	9,131	128,785
6/01/11	8,187	124,401
Change	944	4,384
Percent Change	12	4

CASH PRICES - JUNE 27 - JULY 1, 2011 - CME

Visit www.cheesereporter.com for daily prices

	CHEDDAR BARRELS	40-LB. BLOCKS	AA BUTTER	GRADE A NFDM	EXTRA GRADE NFDM
MONDAY June 27	\$2.0775 (NC)	\$2.1300 (NC)	\$2.0200 (-4)	\$1.6250 (NC)	\$1.6100 (NC)
TUESDAY June 28	\$2.0775 (NC)	\$2.1300 (NC)	\$2.0200 (NC)	\$1.6250 (NC)	\$1.6100 (NC)
WEDNESDAY June 29	\$2.0875 (+1)	\$2.1300 (NC)	\$2.0300 (+1)	\$1.6250 (NC)	\$1.6100 (NC)
THURSDAY June 30	\$2.0875 (NC)	\$2.1300 (NC)	\$2.0400 (+1)	\$1.6250 (NC)	\$1.6100 (NC)
FRIDAY July 1	\$2.0975 (+1)	\$2.1250 (-½)	\$2.0400 (NC)	\$1.6250 (NC)	\$1.6100 (NC)
Week's AVG Change	\$2.0855 (+0.0160)	\$2.1290 (-0.0010)	\$2.0300 (-0.0710)	\$1.6250 (NC)	\$1.6100 (NC)
Last Week's AVG	\$2.0695	\$2.1300	\$2.1010	\$1.6250	\$1.6100
2010 AVG Same Week	\$1.3910	\$1.4210	\$1.7380	\$1.2360	\$1.2450

DIRECTLY FROM THE CME FLOOR - RICE DAIRY

Cheese prices remained steady heading into the end of the week with only slight upticks seen on light volume. Starting the week out blocks saw a single load trade at unchanged followed up with a couple loads offered at that price going out. Futures reacted with some strength up front along with weakness in the backs. Tuesday's session was a quick open and close with no price action or trading seen. Despite the lack of activity though Class III found support with futures rallying roughly 15 points across the board.



The middle of the week saw the first kind of price activity with buyers showing interest in the barrel market. An unfilled bid took the market a penny higher with no markets / trades seen in the block market. Similar to the day before futures again responded with some buy side support in the balance of the 2011 curve (roughly 10 higher across the board). Thursday's session saw a steady bid in the block get posted with no offer or trade seen (nothing in the barrel). Aside from July the entire futures curve dipped to about 20 lower on the day with strong volume seen in the 3rd quarter.

Rounding out the week blocks traded a single load at a ½ cent lower on the day. On the flip side the barrel market rallied a penny on an unfilled bid. Futures broke by about 10 – 15 points on average across July – December.

www.ricedairy.com

WHEY MARKETS - JUNE 27 - JULY 1, 2011

FOR THE PERIOD JUNE 27 - JULY 1, 2011

Whey Protein Concentrate—Central and West:
Edible 34% Protein: 1.5000(NC) – 1.6400(-8¼) Mostly: 1.5400(NC) – 1.5900(NC)

Dry Whey—Central (Edible):
Nonhygroscopic: .4800(NC) – .5900(+3) Mostly: .5000(-1) – .5400(+1)

Dry Whey—West (Edible):
Nonhygroscopic: .5200(+1) – .6100(NC) Mostly: .5400(+¼) – .5725(+½)

Dry Whey—Northeast: .5250(+½) — .5450(+½)

Lactose—Central and West:
Edible: .3600(NC) – .6500(-1) Mostly: .4300(NC) – .5100(NC)

Casein: Rennet: \$4.7600(NC) – \$5.1400(NC) Acid: \$4.7000(NC) - \$5.1200(NC)

Animal Feed Whey—Central: Milk Replacer: .3800(NC) – .5600(+4½)

Visit www.cheesereporter.com for weekly prices

HISTORICAL MONTHLY AVERAGE BLOCK PRICES

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
00	1.1285	1.1090	1.1139	1.1032	1.0950	1.2050	1.2345	1.2460	1.2953	1.0463	1.0588	1.1233
'01	1.0912	1.2184	1.3161	1.4180	1.6023	1.6599	1.6699	1.7126	1.7174	1.3346	1.2668	1.2567
'02	1.3242	1.2076	1.2113	1.2448	1.2009	1.1299	1.0889	1.1575	1.2041	1.1950	1.0891	1.1322
'03	1.1507	1.0920	1.0817	1.1225	1.1421	1.1864	1.5123	1.6000	1.6000	1.5876	1.3932	1.3383
'04	1.3062	1.3958	1.8197	2.1687	1.9925	1.7105	1.4486	1.5734	1.5702	1.5170	1.6960	1.5923
'05	1.6269	1.4929	1.5317	1.5413	1.4774	1.5065	1.5035	1.4249	1.5639	1.4470	1.3756	1.4224
'06	1.3335	1.1989	1.1638	1.1651	1.8155	1.1924	1.1630	1.2354	1.2933	1.2347	1.3745	1.3223
'07	1.3180	1.3408	1.3823	1.4628	1.7211	2.0100	1.9138	1.9554	1.9929	1.8957	2.0926	2.0083
'08	1.8257	2.0023	1.8234	1.8826	2.0976	2.0350	1.9673	1.7398	1.8762	1.7963	1.7099	1.5132
'09	1.0833	1.2171	1.2455	1.2045	1.1394	1.1353	1.1516	1.3471	1.3294	1.4709	1.5788	1.6503
'10	1.4536	1.4526	1.2976	1.4182	1.4420	1.3961	1.5549	1.6367	1.7374	1.7246	1.4619	1.3807
'11	1.5140	1.9017	1.8125	1.6036	1.6858	2.0995						

General Mills Completes Acquisition Of 51% Of Yoplait; Plans Are To Grow, Expand Yoplait As A Strong Global Brand

Paris, France—General Mills today announced the completion of its acquisition of a 51 percent controlling interest in Yoplait SAS and a 50 percent interest in a related entity that holds the worldwide Yoplait brands, from PAI Partners and Sodiaal in a transaction valued at approximately US\$1.2 billion.

The remaining ownership stakes in both entities will continue to be held by Sodiaal, France's leading dairy cooperative.

Headquartered in Boulogne-Billancourt, France, Yoplait is the second-largest brand in the global yogurt market. The business will be governed by a supervisory board with representation from General Mills and Sodiaal.

Chris O'Leary, General Mills' executive vice president and chief operating officer, international, will have management oversight responsibility for General Mills, with Lucien Fa continuing as Yoplait's executive chairman.

General Mills has licensed the Yoplait brand from Yoplait since 1977, and operates the Yoplait business in the US.

Yoplait products are currently available in more than 70 countries around the world.

Yoplait has direct operations in countries such as France, the United Kingdom and Canada, and a network of 26 Yoplait licensees around the world.

Yoplait employs approximately 1,900 people worldwide, and reported revenues of 724 million euros (approximately US\$1 billion) for its fiscal year ended June 30, 2010.

"With operations in more than 100 markets, General Mills is in a strong position to leverage its global assets and infrastructure to grow Yoplait around the world," O'Leary commented. "The strength of the Yoplait brand, combined with our category knowledge and innovation capabilities, puts us in a position to be a leader in the global yogurt category."

"We are excited to continue our partnership with Sodiaal and to work with the talented team operating the Yoplait business," O'Leary added.

"This agreement builds upon the long and very successful relationship between Yoplait, General Mills and Sodiaal," said Francois Ichès, Sodiaal chairman. "Sodiaal and General Mills are focused on continuing to grow and expand Yoplait as a strong, global brand." r

Producer Of Chobani Yogurt Acquires Australian Dairy Product Manufacturer

Norwich, NY—Agro Farma, which produces Chobani brand Greek yogurt, on Thursday announced its acquisition of Bead Foods Pty Ltd, an Australian manufacturer and distributor of a range of dairy products, including the Gippsland Dairy brand.

Established in 2001, Bead Foods produces a variety of dairy products, including yogurts and specialty cream products, out of its Dandenong, Victoria production facility, which are distributed to retail outlets throughout Australia and select

South East Asian markets. The company's brands include Gippsland Dairy and Rowena.

In 2010, the Australian yogurt category was valued at over AUS\$937 million, an increase of 7.6 percent over 2009, based on data from Retail Media's MediaWorld's annual report.

Together, Agro Farma and Bead Foods plan to further increase their share of this expanding market by growing Gippsland Dairy into one of Australia's most successful yogurt brands. Agro Farma also plans to incorporate its "Nothing but Good" philosophy — which includes supporting local farmers, job creation, and community outreach — into Bead Foods' business model. r

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