



# Cheese Market News®

## Block cheese hits record high, butter price surges at the CME

By Alyssa Mitchell

**MADISON, Wis.**—Current tightness in the Cheddar spot market is leading to record-high prices at the Chicago Mercantile Exchange (CME), but analysts are dubious this price is well-supported for the long term.

CME block Cheddar reached a record high of \$2.5525 per pound today, and the barrel price also surpassed \$2 last week, settling at \$2.36 today.

“It didn’t make any sense when we went down to \$1, and this doesn’t make sense, either,” says Sara Dorland, managing partner with Ceres Dairy Risk Management LLC, Seattle. “Somewhere in between lies the truth.”

Dorland notes while the market currently is tight, it likely will not last, and CME futures prices do not reflect \$2 cheese prices in the coming months.

“In April, a sub-\$1 cheese price was the concern. Now, just 6-7 weeks later, major retailers are having trouble keeping the shelves stocked, and some parts of foodservice are seeing record

sales,” says Dave Kurzawski, senior broker with INTL FCStone, Chicago. “I don’t know where the top will be, but markets tend to top when there is no product and it never looks like it will come down again. We have that scenario today, so a top is imminent.”

The market is experiencing the biggest short squeeze that has ever been seen, says Lucas Fuess, director of dairy market intelligence, HighGround Dairy, Chicago. “

“After the most stark and immediate collapse in short-term demand on record at the beginning of the pandemic stay-at-home orders across the country, the industry had a choice with the massive amounts of milk that were being dumped: either export or cut back milk production. Both were done,” he says.

Fuess adds that in the weeks following those decisions, the combination of stronger-than-expected retail demand, foodservice sector re-stocking — with much larger orders than expected — the export business taking volume away from domestic demand and the

stimulus coming from the federal government through the food box program have caused this squeeze.

“It is difficult to make a determination of how high this market can go,” Fuess says. “One thing is for certain: As long as there remains a shortage of (older) CME-eligible cheese, prices will maintain strength. However, HighGround cautions that the price decline once cheese is available could be just as swift.”

Kurzawski adds “it was a fight to get cheese sold in April and now it’s a fight to get cheese bought. That story is probably coming to an end here in June.”

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## U.S. cheese production drops to 1.07 billion pounds in April

**WASHINGTON** — U.S. cheese production in April totaled 1.067 billion pounds, down 1.7% from April 2019’s 1.085 billion pounds, according to data released this week by USDA’s National Agricultural Statistics Service (NASS). (All figures are rounded. Please see CMN’s Dairy Production chart on page 10.) April’s total also was down 5.1% from March’s 1.124 billion pounds or down 1.9% on an average daily basis.

Italian-type cheese production in April totaled 451.7 million pounds, down 5% from April 2019. Production of Mozzarella, the largest component of Italian-type cheese production, totaled 352.5 million pounds in April, down 5.4% from a year earlier.

American-type cheese production in April totaled 446.0 million

pounds, up 3.6% from April 2019. Production of Cheddar, the largest component of American-type cheese, totaled 330.4 million pounds in April, up 7.8% from April last year.

Wisconsin was the leading cheese-producing state with 266.9 million pounds produced in April, down 4.6% from the previous year. California followed with 200.8 million pounds of cheese produced in April, down 5.4% from April 2019.

U.S. production of butter totaled 215.7 million pounds in April, up 25.1% from April 2019 and up 10.1% from March, or up 13.8% on an average daily basis. California led the nation in butter production with 61.7 million pounds in April, up 13% from a year earlier. CMN

### FROM COW TO CURD:

A LOOK ACROSS THE NATION

ARKANSAS AND MISSOURI

## Missouri, Arkansas look to provide dairy during pandemic

*Editor’s note: In our series, “From Cow to Curd: A Look Across the Nation,” Cheese Market News takes a look at the cheese and dairy industry across the United States. Each month we examine a different state or region, looking at key facts and evaluating areas of growth, challenges and recent innovations. This month we are pleased to introduce our latest states — Missouri and Arkansas.*

By Rena Archwamety

**MADISON, Wis.** — As the nation begins to move into the first phases of reopening, dairy groups and businesses in Missouri and Arkansas have been working to provide farmers, communities and customers with resources and products.

“It has been very challenging,” says Reagan Bluel, regional dairy specialist, University of Missouri Extension. “We did dump milk

down here in Southwest Missouri but have since found a solid home for the milk. It’s been challenging, and a recent topic of many calls.”

The Missouri Dairy Product Association’s annual Spring Meeting was canceled due to the COVID-19 pandemic, though the association remained active in serving the industry.

“Since the Missouri Dairy Products Association (MDPA) represents dairy processors, distributors and allied trades, we continue to promote harmonious relations between the several branches of the dairy industry, to cooperate with public officials and others interested in the welfare of the general public and to advance Missouri’s dairy industry,” says Mike Dorrian, MDPA president and Kansas City division sales manager at Hiland Dairy.

Arkansas cheese and specialty grocery shop Sweet Freedom Cheese moved its pairing class

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### MISSOURI

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online and created a “Pantry Staple Box” available for pickup or curbside delivery.

“Our staples box has been successful, especially as people had trouble getting bread and milk,” says Jessica Keahey, owner, Sweet Freedom Cheese. “It always contains cheese, butter, milk and bread, and then something fun, an accompaniment to go with the items.”

#### • Missouri dairy

Missouri’s dairy industry is an important part of the state’s economy, with 43 Grade A and manufacturing grade dairy processing plants, 540 Grade A dairy farms and about 200 manufacturing grade herds, according to the Missouri Department of Agriculture and University of Missouri Extension.

“Missouri’s dairy industry contributes significantly to the state’s economy,” Dorrian says. “Missouri has a rich history as a major milk-producing state and continues to be a

major employer.”

Missouri has a competitive edge for producers in that land prices are very affordable, making cash flow easier even during periods of low milk prices, Bluel says. Many of the dairies are concentrated in the Southwest region of the state, where there are a number of grazing herds, though the humidity in this area can be challenging.

The University of Missouri Extension offers two dairy specialists to help connect dairy farmers with available resources at the state and federal level. Additionally, Missouri

Dairy, a producer-driven organization dedicated to lobbying and education, reorganized under its new identity this past year. On the manufacturing side, MDPA represents dairy processors, distributors and allied trades within Missouri to promote the interests of the state’s dairy industry.

Bluel notes the vast majority of Missouri’s milk is in the Dairy Farmers of America (DFA) co-op, though some also belongs to Prairie Farms and the smaller Central Equity co-op.

“Something noteworthy is our

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## NEWS / BUSINESS

### Senators introduce Food Supply Protection Act to lessen strain on farmers and food banks

WASHINGTON—U.S. Sen. Debbie Stabenow, D-Mich., ranking member of the Senate Agriculture Committee, last week introduced legislation to help protect the food supply after the COVID-19 crisis has put an unprecedented strain on farmers, workers, food banks and families.

“The COVID-19 crisis has tested the strength of our nation’s food supply chain, creating a ripple effect that’s harming our families, farmers and workers,” Stabenow says. “This bill will help strengthen our food supply by redirecting food to families and helping farmers and processors retool their operations.”

The shift in demand from restaurants and foodservice to retail and food donations has caused bottlenecks in the supply chain. Meanwhile, outbreaks of COVID-19 in food processing plants have sickened thousands of workers

and slowed production across the country. Farmers have struggled to sell their crops, and some have had no choice but to dispose of food. At the same time, the price of groceries is rising, and food banks and other human service organizations are experiencing exceptionally high demand.

In addition to advocating for worker protections and increased nutrition assistance benefits, Stabenow says she authored the Food Supply Protection Act to help fill the gaps in the broken food supply chain, reduce food waste and help farmers, workers, processors, food banks and families in need.

The Food Supply Protection Act will:

- Support food banks and nonprofits to help increase their capacity and address growing demand. The bill will provide infrastructure grants that can be used for additional cold storage and

refrigeration, transportation, personal protective equipment, rental costs and additional use of commercial and community infrastructure.

- Strengthen food partnerships to prevent food waste and feed families. Through grants and reimbursements, the bill will support new partnerships to make purchases of excess food and increase donations to food banks, schools and nonprofits. These partnerships will promote innovative collaborations with chefs and restaurants and focus on the needs and creative solutions in local communities. They will allow for a diverse variety of purchases and include many areas and products left out of USDA’s current food box program to ensure more people in need and agricultural producers of all sizes and types can access support.

- Protect workers and retool small and medium-sized food processors.

Through grants, loans and loan guarantees, the bill will support upgrading machinery, temporary cold storage, purchasing personal protective equipment and test kits, and cleaning. This funding will assist farmers and small and medium-sized food processors in protecting their workers and help them cater to new markets so they can continue operations and alleviate bottlenecks in the supply chain.

In addition to Stabenow, the bill is co-sponsored by Sens. Patrick Leahy, D-Vt., Sherrod Brown, D-Ohio, Amy Klobuchar, D-Minn., Michael Bennet, D-Colo., Kirsten Gillibrand, D-N.Y., Robert Casey, D-Pa., Tina Smith, D-Minn., Dick Durbin, D-Ill., and Charles Schumer, D-N.Y.

Stabenow says the legislation is supported by more than 40 food and agricultural organizations, including Feeding America, National Farmers Union, the National Council of Farmer Cooperatives, the National Milk Producers Association (NMPF), United Fresh, United Farm Workers Foundation and more.

“Dairy farmers and manufacturers continue to endure significant headwinds on account of the COVID-19 pandemic, and American households across the country are facing massive economic pain and uncertainty,” says Jim Mulhern, president and CEO, NMPF. “We thank Sen. Stabenow for writing the Food Supply Protection Act to provide critical funding to enhance dairy and other food donations to food insecure populations and to fortify the food and ag supply chain by helping to meet critical resource needs.”

FarmFirst Dairy Cooperative this week also issued a statement in support of the legislation.

“As we have said before, supporting U.S. farmers ultimately supports the entire food chain, and we applaud Sen. Stabenow’s efforts to support and strengthen the U.S.’s food supply in light of COVID-19,” says Jeff Lyon, general manager, FarmFirst Dairy Cooperative. CMN

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### ARKANSAS

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population centers,” Bluel says, pointing to Branson, Springfield, Kansas City and the St. Louis metro area. “Recently there’s been quite a bit of appetite for locally-produced cheese and fluid milk. Small-scale processors have been fairly successful in the merging of rural-urban interface.”

There are plenty of large processors in the state. Aurora Organic Dairy built a new plant in 2019 near Columbia, Missouri. Belfonte Ice Cream is manufactured in Missouri, and DFA, Schreiber Foods and Blue Bell Creameries also have plants in the state.

Prairie Farms and Hiland Dairy are the two largest processors in the state. Hiland Dairy, which began in Springfield, Missouri, in 1938, now is a joint venture between DFA and Prairie Farms. Hiland operates 16 plants and

50 distribution centers across a 10-state area, including two Hiland plants in Missouri. Additionally, Prairie Farms operates three of its own plants in the state.

#### • Arkansas dairy

Hiland Dairy also is a major milk processor in Arkansas, with plants in Fayetteville, Fort Smith and Little Rock.

Unlike Missouri, Arkansas has a much smaller dairy industry and very little cheese production. According to the Arkansas Farm Bureau, there are 32 licensed dairy herds, and more than 10% of all milk production is devoted to making ice cream. USDA reported an average of 5,000 milk cows in Arkansas in 2019, producing an average of 13,400 pounds of milk per cow — one of the lowest in the nation.

“Arkansas is not a cheesemaking state. We don’t have the historical background of strong dairy or cheesemaking,” Keahey says.

“White River Creamery is the only

licensed goat dairy in Arkansas,” she adds. “Two others have popped up in the last couple of years, which are hyper-local. One cow’s milk on the Eastern side, and the other sheep’s milk on the Eastern side.”

Keahey opened her shop, Sweet Freedom Cheese, in 2018 in Bentonville, Arkansas, in the Northwest part of the state. She offers specialty imported and domestic cheeses, including cheese from several regional cheesemakers, such as Green Dirt Farm and Edgewood Creamery in Missouri, Boxcar Cheese in North Carolina, Capriole in Indiana and Sequatchie Cove in Tennessee.

“We’re Arkansas’ only cut-to-order shop,” Keahey says. “When I was getting into the idea of opening a specialty cheese shop, there was virtually nothing in the area. Regional grocery stores were carrying some cheese, but not cut-to-order, specialty and artisanal. We’re able to bring some of that variety that has been lacking.”

Keahey, who has an educational background in engineering, started out training to be a cheesemaker, traveling around the country to take classes. However, finding distribution networks, resources and equipment scarce in her state, she decided to sell cheese instead.

She does still draw on her training in cheesemaking to offer popular Cheese 101 and Mozzarella-making classes, which go into the chemistry and history of different styles. She also partners with wine shops, microbreweries and a nearby culinary college for classes, tastings and pairings. She hopes to serve as a local resource for others who might be interested in cheesemaking.

“We’re kind of coming into our own now, being able to take on new programming, partnerships and different things,” Keahey says. “One of our mongers is going to the culinary college and excited about cheesemaking. It’s been fun to foster that in the region.” CMN

## NEWS / BUSINESS

### Tillamook dedicates \$4 million to COVID-19 relief efforts for employees, communities

**TILLAMOOK, Ore.** — Tillamook County Creamery Association (TCCA) recently announced that its farmer-owners have committed \$4 million to a COVID-19 relief plan to help its employees, the communities where the association operates and industry partners respond to and recover from burdens created by the COVID-19 pandemic.

TCCA will focus most of its relief efforts in the rural Oregon communities where the association operates production facilities and where many TCCA employees work and live in Tillamook and Morrow counties. Key elements of TCCA’s relief efforts include expanding sick leave and benefits, creating a special resilience fund for team members experiencing substantial financial distress, doubling paid volunteer hours for employees and establishing a new employee donation matching program.

TCCA also is increasing the scale of direct-to-community product donations and expanding community enrichment funding to support nonprofits severely impacted by the pandemic.

At the outset, this includes immediate donations to several organizations including:

- \$200,000 to the Oregon Food Bank to address food insecurity statewide; \$100,000 to the Oregon Community Foundation to support its relief efforts in communities across the state;
- \$20,000 to Tillamook County Action Resource Enterprises Inc. to help with rental, energy and other emergency services for low- to middle-

income families in Tillamook County who have been laid off or lost wages as a result of the COVID-19 crisis;

- \$15,000 to the Tillamook County Wellness program to help fund a new Youth Outdoor Recreation Coordinator;

- \$10,000 to Tillamook Early Learning Center to help keep one of the childcare facilities in Tillamook

afloat and offer scholarships to families returning to care once they reopen; and

- \$5,000 to the Oregon State University Foundation to fund scholarships for students studying agriculture.

The association also is earmarking another \$500,000 to create or invest in programs that aid business revitalization efforts in Tillamook and Morrow counties and support the communities’

small businesses as they recover from the impacts of COVID-19.

While most of its relief efforts will focus on hometown support, TCCA also is planning to support its retail, restaurant and foodservice partners nationwide. Those efforts will include financial and product donations to support COVID-19 response efforts in the weeks and months ahead. CMN



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