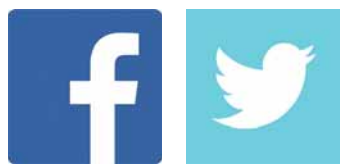


# CHEESE MARKET NEWS®

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



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## Robust demand for cheese, butter expected through fall

By Alyssa Mitchell

**MADISON, Wis.** — U.S. demand for cheese and butter is strong, and market analysts expect seasonal demand to support prices through the fall.

“Demand for American cheese and most other varieties is very strong,” says Robert Wellington, senior vice president of economics, communications and legislative affairs for Agri-Mark Inc., Andover, Massachusetts. “Cheesemakers are holding on to their lower-cost blocks in anticipation of continued strong demand into the autumn.”

USDA's Dairy Market News says industry contacts anticipate demand for Mozzarella

will continue to grow as football season kicks off and pizza orders pick up.

Meanwhile, cheese curd sales remain strong in the Midwest region as fair season is underway, Dairy Market News says.

Cheddar barrels at the Chicago Mercantile Exchange (CME) settled at \$1.88 per pound to close out the week of Aug. 5 and held there this week until dropping 1 1/2 cents today to \$1.865. CME Cheddar blocks — in the lower \$1.70s at the end of July — crept up to \$1.815 per pound to end last week but this week pulled back from the \$1.80 level to settle at \$1.78 today.

“Strange things can happen to the cheese market in summertime,” says a “Dairy and Grain Report” released Aug. 5 by Blimling and Associates, Madison, Wisconsin. “It’s a generic assessment but may best synthesize commentary around the rally.”

Blimling notes hot weather has crimped milk production in the Upper Midwest, presumably cutting down on fresh cheese supply.

“While multiple contacts say that product is available, it is not necessarily fresh, and young Cheddar is what matters

in Chicago,” Blimling says. “At some level, higher prices will coax additional supply, curb demand or both.”

Still, with higher stocks numbers, it’s hard to reconcile what’s going on with cheese prices at the CME, says Andrew M. Novakovic, E.V. Baker Professor of Agricultural Economics at Cornell University.

As Cheddar prices moved into the \$1.80s last week — their highest level in 20 months — analysts ponder the possibility of \$2 cheese.

“I would say it isn’t off the table,” says Sara Dorland, managing partner with Ceres Dairy Risk Management LLC, Seattle. “Structurally, we have to shift product mix and get younger cheese, and that takes time.”

Dorland explains that while U.S. cheese stocks are high, it could be that stocks reflect large quantities of dairy products that are not eligible for trade at the CME. While stocks reports reflect quantities of cheese less than 30 days of age, the United States likely has a greater amount of cheese intended for aging programs. Meanwhile, only cheese less than 30 days old can be traded at the CME, suggesting it is possible the United States has considerable

amounts of aged cheese on hand but potentially less cheese eligible for trading, she says.

Phil Plourd, president of Blimling and Associates, agrees.

“You can have a billion pounds of cheese in warehouses, but that cheese can’t necessarily come to the exchange,” he says.

While Plourd also agrees you can “never say never” regarding \$2 cheese, given overarching fundamentals, it would be tough to sustain, he says.

Wellington agrees. He says if cheese prices reach the \$2 level, they would be short-lived and likely free up some cheese to push prices down.

He adds market fundamentals also do not support higher butter prices, but neither did they point to \$3 fall butter in 2015.

“Based on autumn price movements in the past two years, I would not be surprised to see butter prices rise again,” but they may fall faster than in recent years, Wellington says.

CME butter has been steady above \$2 per pound since early April and for most of the year. Butter averaged \$2.218 per pound last week, and this week

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◆ **U.S., Mexico dairy leaders sign memorandum to support, promote trade.**

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◆ **Guest column: ‘Have we overshot fair market value?’**

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◆ **Retail WATCH Exclusive: Grillies caters to American market.**

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◆ **Stakeholders urge USDA to provide additional producer support.**

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## Schuman Cheese launches new True Cheese trust mark

**FAIRFIELD, N.J.** — Following news reports of fraud and adulteration in some sectors of Italian cheese, one cheese company is launching the industry’s first trust mark, True Cheese.

Schuman Cheese, a leading importer and producer of domestic Italian cheeses based in Fairfield, New Jersey, says apart from the seal and related testing of items displaying the mark, there’s no real way for consumers to self-determine exactly how a cheese is made or if excessive fillers might be included in the package.

According to Schuman Cheese, of the approximately 463 million pounds of domestically-produced varieties of hard Italian cheeses sold in the United States each year, more than 90 million pounds — mostly in grated and dehydrated forms sold in canisters — are adulterated. These adulterated cheeses can contain unwarranted levels of starches, fillers and even vegetable oil-based processed cheese.

Schuman Cheese has been working to bring the issue to light in the cheese sector. In a recent consumer survey conducted by the company, Schuman Cheese found that 95 percent of those surveyed had concerns about the issue of adulteration, and 78 percent indicated companies should not be able to label their product as “real” when it includes excessive fillers, and another 61 percent said they would not purchase fraudulent cheeses. (See “Italian cheese marketing fraud spotlighted by U.S. stakeholders” in the Sept. 4, 2015, issue of Cheese Market News.)

Last fall, Schuman Cheese unveiled the True Cheese seal design and TrueCheese.com, an informational website designed to help consumers and industry stakeholders better understand the reasons and facts behind adulteration.

Now, Schuman Cheese is adding the True Cheese trust mark to its cheeses and snacks sold in supermarket and mass retail channels. The on-package seal is intended to verify product quality and manufacturing integrity. Newly-labeled products already are appearing in some

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## Emmi Roth USA’s Druart named Wis. Grand Master

**WEST ALLIS, Wis.** — Marc Druart, cheesemaker and senior director of research and development at Emmi Roth USA, was named the 2016 Grand Master Cheese Maker during the Blue Ribbon Cheese & Butter Auction Aug. 11 at the Wisconsin State Fair Park. Druart earned the title with his Roth Private Reserve, the first place entry in the Smear Ripened Cheese Class.

Each blue-ribbon entry from the Wisconsin State Fair Cheese & Butter Contest sold during the event, which raised \$36,245 for student scholarships and dairy promotions at the Wisconsin State Fair.

Chr. Hansen of Milwaukee purchased 18 pounds of Druart’s award-winning Roth Private Reserve for \$85 a pound for a total of \$1,530.

Other auction results include:

**Mild Cheddar:** Dan Stearns, Agropur, Weyauwega, made the 40 pounds of Mild Cheddar purchased by Masters Gallery Foods, Plymouth,

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## ADPI releases dairy utilization, trends survey

**ELMHURST, Ill.** — The American Dairy Products Institute (ADPI) recently released the results of its annual “Dairy Products Utilization and Production Trends” survey, a full-color reference tool that contains industrywide data collected on the commercial uses of dry and condensed milks, whey products and lactose ingredients.

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# NEWS/BUSINESS



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for \$40 per pound for a total of \$1,600.

**Swiss Styles:** Joey Jaeggi, Chalet Cheese Co-op, Monroe, made the 40 pounds of Baby Swiss purchased by Berenz Packaging, Menomonee Falls, for \$25 per pound for a total of \$1,000.

**Flavored Soft Cheese:** Steve Buholzer, Klondike Cheese Co., Monroe, made the 10 pounds of Mediterranean Feta purchased by Wells Fargo, Milwaukee, for \$42.50 per pound for a total of \$425.

**Flavored Goat Milk Cheese:** Team Woolwich, Saputo Specialty Cheese, Richfield, made the 10 pounds of Cranberry Cinnamon Goat Cheese purchased by Wisconsin Aging & Grading Cheese, Kaukauna, for \$40 per pound for a total of \$400.

**Smoked Cheese:** Maple Leaf Cheesemakers Team, Maple Leaf Cheese, Monroe, made the 12 pounds of Smoked Gouda purchased by Beer Capitol, Sussex, for \$50 per pound for a total of \$600.

**Pasteurized Process Cheese, Cheese Food, Cheese Spread:** Team AMPI, Associated Milk Producers Inc., Portage, made the 10 pounds of Pasteurized Process American purchased by Wisconsin Aging & Grading Cheese, Kaukauna, for \$30 per pound for a total of \$300.

**Open Class for Hard Cheese:** Mike Matucheski, Sartori Co., Antigo, made the 20 pounds of Bella Vitano Gold purchased by Saz's, Milwaukee, for \$110 per pound for a total of \$2,200.

**Flavored Havarti:** Ron Bechtolt, Klondike Cheese Co., Monroe, made the 10 pounds of Dill Havarti purchased by Nelson-Jameson, Marshfield, for \$40 per pound for a total of \$400.

**String Cheese:** Burnett Dairy Team, Burnett Dairy Co-op, Grantsburg, made the 10 pounds of String Cheese purchased by Nelson-Jameson, Marshfield, for \$150 per pound for a total of \$1,500.

**Flavored Semi-Soft Cheese:** John (Randy) Pitman, Mill Creek Cheese, Arena, made the 10 pounds of Caraway Brick purchased by Chr. Hansen, Milwaukee, for \$10 per pound for a total of \$100.

**Blue Veined Cheese:** Team Salemville, Saputo Specialty Cheese, Richfield, made the 12 pounds of Salemville Reserve Blue purchased by John Yingling, Mequon, for \$50 per pound for a total of \$600.

**Reduced Fat or Lite Cheese:** Team Clayton, Foremost Farms USA, Clayton, made the 10 pounds of Reduced Fat Provolone purchased by WE Energies, Milwaukee, for \$40 per pound for a total of \$400.

**Brick, Muenster:** Dave Buholzer, Klondike Cheese Co., Monroe, made the 10 pounds of Brick purchased by Nelson-Jameson, Marshfield, for \$70 per pound for a total of \$700.

**Open Class for Soft & Spreadable Cheese:** Lactalis American Group, Belmont, made the 10 pounds of Triple Cream Brie purchased by the Wisconsin State Fair Park Board, West Allis, for \$75 per pound for a total of \$750.

**Colby, Monterey Jack:** Team Alto, Saputo Specialty Cheese, Richfield, made the 40 pounds of Colby Jack purchased by WE Energies, Milwaukee, for \$45 per pound for a total of \$1,800.

**Natural Goat Milk Cheese:** Clock Shadow Creamery Team, Clock Shadow Creamery, Milwaukee, made the 10 pounds of Chèvre purchased by Metcalfe's Market, Madison, for \$95 per pound for a total of \$950.

**Mozzarella:** Pat Doell, Agropur, Luxembourg, made the 13 pounds of Low Moisture, Part-Skim Mozzarella purchased by Ebert Enterprises, Algoma, for \$230 per pound for a total of \$2,990.

**Latin American Cheese:** Dennis Schliem, Zimmerman Cheese, South Wayne, made the 12 pounds of Queso Para Fundir purchased by Wells Fargo, Milwaukee, for \$40 per pound for a total of \$480.

**Open Class for Semi-Soft Cheese:** Maple Leaf Cheesemakers Team, Maple Leaf Cheese, Monroe, made the 12 pounds of Fontina purchased by Beer Capitol, Sussex, for \$60 per pound for a total of \$720.

**Aged Cheddar:** Luke Kopecky, Land O'Lakes, Kiel, made the 40 pounds of Aged Cheddar purchased by Masters Gallery Foods, Plymouth, for \$125 per pound for a total of \$5,000.

**Cold Pack Cheese, Cheese Food:** Team Pine River, Pine River Pre-Pack, Newton, made the 10 pounds of Swiss & Almond Cold Pack purchased by Saputo Specialty Cheese, Richfield, for \$180 per pound for a total of \$1,800.

**Feta:** Steve Webster, Klondike Cheese Co., Monroe, made the 10 pounds of Feta in Brine purchased by DSM Food Specialties, Waukesha, for \$100 per pound for a total of \$1,000.

**Flavored Pepper Cheese:** John (Randy) Pitman, Mill Creek Cheese, Arena, made the 10 pounds of Chili Pepper Muenster purchased by John Yingling, Mequon, for \$110 per pound for a total of \$1,110.

**Flavored Hard Cheese:** Team Henning, Saputo Specialty Cheese, Richfield, made the 40 pounds of Blueberry Cobbler Cheddar purchased by Wisconsin Aging & Grading Cheese, Kaukauna, for \$15 per pound for a total of \$600.

**Sheep & Mixed Milk Cheese:** Mike Matucheski, Sartori Co., Antigo, made the 20 pounds of Pastoral Blend purchased by West Allis Cheese & Sausage Shoppe, West Allis, for \$105 per pound for a total of \$2,100.

**Havarti:** Dave Buholzer, Klondike Cheese Co., Monroe, made the 10 pounds of Havarti purchased by West Allis Cheese & Sausage Shoppe, West Allis, for \$380 per pound for a total of \$3,800.

**Butter:** Foremost Farms 3rd Shift, Foremost Farms USA, Baraboo, made the 10 pounds of Salted Butter purchased by Nelson-Jameson, Marshfield, for \$140 per pound for a total of \$1,400. CMN

## TRUST

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stores and will be phased in as customer orders are filled.

The first quality seal of its kind in the cheese business, the move follows similar initiatives for olive oil, honey and fresh fish. The True Cheese label will mean the verified product is made only with milk, cultures, salt and enzymes, is aged as required, and that any use of an anti-caking ingredient is at or below industry-accepted levels and properly labeled.

Schuman Cheese also has announced a product testing agreement with Covance Food Solutions — a wholly-owned subsidiary of Laboratory Corp. of America Holdings — to independently test True Cheese-labeled products. Periodic testing of randomly-selected products taken from retail locations will be performed at Covance's laboratory in Madison, Wisconsin.

Neal Schuman, third-generation CEO of family-owned Schuman Cheese, notes some ingredient labels show telltale signs of adulteration, such as low protein levels, indicating a likelihood that excessive non-cheese fillers have been used. However, for the most part, lab tests are required to verify the truth, he adds.

"We guarantee that all of our products are properly labeled and produced in accordance with the strictest regulations," Schuman says. "Our partnership with Covance provides us with an objective, third-party verification of that promise. Our goal is to assure consumers that they're getting real Parmesan, Asiago and Romano cheeses when they buy cheeses with the True Cheese trust mark. We would be happy to work with other companies to continue this effort more broadly." CMN

## EVENTS

### Northeast Dairy Convention to be held Sept. 18-20

**POCONO MANOR, Pa.** — The 2016 Northeast Dairy Convention will take place Sept. 18-20 at the Kalahari Resort in Pocono Manor, Pennsylvania.

Speakers at the event will include keynote Connie Tipton, president and CEO of the International Dairy Foods Association, Mark Litchfield, director of Dairy Separation GEA North America, Anna Thalacker-Mercer, assistant professor in the division of nutritional sciences at Cornell University, and John Chrisman, vice president of processor relations at American Dairy Association Northeast.

Registration is due by Sept. 16. Hotel reservations must be made with the Kalahari Resort by Aug. 29.

For questions, contact Earl Fink at 717-238-1738. CMN

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