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Dairy

Chobani to expand Idaho operations

By CAROL RYAN DUMAS
Capital Press

Greek yogurt maker Chobani announced a major expansion to its Twin Falls facility Thursday, stating it will expand production capabilities to meet demand for new and existing products.

The nearly \$100 million initiative includes purchasing and converting three production lines for "Flip" products — the company's fastest-growing yogurt line — and purchasing a new production line and a new bulk production line for foodservice opportunities to drive further growth in schools, hotels, airlines and restaurants.

The expansion also includes the purchase of new equipment for new product categories, such as dips and yogurt drinks, and the launch of products to new international markets — including Mexico and Puerto Rico this summer.

An expansion is underway on the east side of the existing facility, and the company plans to break ground on a global research and development center and a separate office building later this year.

"Building the largest yogurt manufacturing plant in the world and expanding it three years later is a really proud moment for us and an example of how right it was to pick Idaho as our second



Submitted photo

Chobani's yogurt plant in Twin Falls, Idaho. On March 17 the company announced a \$100 million expansion to the facility.

home," Chobani Chairman and CEO Hamdi Ulukaya, said in Thursday's press release.

The company's success in Idaho and New York is an example of the power and strength of U.S. manufacturing and a signal of the momentum of the food movement Chobani started aimed at "better food for more people," he said.

Chobani began operations in Twin Falls in December 2012 with a nearly 1 million-square-foot plant — the largest yogurt manufacturing facility in the world

— at an initial investment of more than \$450 million.

The company's presence in Idaho has served as a catalyst for new jobs and expanded food processing in the region, according to state and local officials.

"The kind of success that Chobani is experiencing in the Magic Valley is setting a great example of regional collaboration between employers and community leaders throughout Idaho," Gov. Butch Otter said in a statement about the expansion.

"And it has economic-de-

velopment leaders all over America standing up and taking notice of what Idaho has to offer," he said.

In addition to expansion plans in Twin Falls, the company is also exploring plans to expand its original plant in New Berlin, N.Y. The company also operates a Greek yogurt plant in South Victoria, Australia.

The company said it receives up to 4 million pounds of fresh milk daily from local farms in New York and Idaho and employs more than 2,000 people worldwide.

USDA predicts lean years ahead for dairy

By CAROL RYAN DUMAS
Capital Press

U.S. dairymen have watched their profit margins fade along with the record-high milk prices of 2014, and it doesn't appear there'll be relief anytime soon.

USDA Economic Research Service is projecting lean times ahead and a downward trend in milk prices until 2019 in its agricultural projections for the next decade.

The nationwide January all-milk price was down almost \$8 per hundredweight from an average near \$24 in 2014. At \$16.10, the January all-milk price was almost \$3 per hundredweight above operating cost but nearly \$6 below total cost of production.

The average all-milk price is projected at \$16.40 per hundredweight in 2016, continuing downward to \$16.15 by 2018 as lower feed costs encourage increased production.

While U.S. cow numbers are projected to decrease by about 5,000 head in 2016 and then hold steady through 2020, output per cow is expected to increase through the projection period — rising 4,525 pounds per cow by 2025.

Continued technological and genetic developments as well as efficiency gains resulting from consolidation in the sector will support continued increases in per-cow production, ERS reported.

Increasing milk prices after 2018 — which are projected to rise faster than the general inflation rate, largely on the strength of export gains — and only moderate increases in feed costs are expected to provide economic incentive for continued expansion after the lean years.

The agency also expects domestic dairy demand to grow at a strong pace, with commercial use rising faster



Don Jenkins/Capital Press

Dairy cows stand in a barn in northwestern Washington. USDA Economic Research Service is projecting lean times ahead and a downward trend in milk prices until 2019 in its agricultural projections for the next decade.

than the growth in U.S. population over the next decade.

Greater consumption of prepared foods and increased eating away from home will drive cheese demand, and butter demand is expected to grow — partly due to the phase-out of trans fats. The per-capita decline in domestic fluid-milk consumption, however, is expected to continue.

In addition to overall strong domestic demand, the agency is projecting better demand abroad.

U.S. dairy exports are projected to recover and expand over the next decade after declining 3.6 billion pounds in 2015. That decline was mostly due to lower demand from China and greater competition from the EU as a result of the Russian trade ban, ERS reported.

Exports of products high in nonfat milk solids, such as nonfat dry milk, will lead the recovery and expansion. Production increases in other major dairy exporting countries are expected to lag global import demand, and U.S. exports are projected to reach record levels, rising to 13.6 billion pounds by 2025.

CME dairy prices see ups and downs; milk output up

By LEE MIELKE
For the Capital Press

Dairy Markets

Lee Mielke



CME cash prices saw some ups and downs in the St. Patrick's Day Week as traders anticipated Friday afternoon's February Milk Production report.

Cheddar block cheese closed Friday morning at \$1.49 per pound, down a penny on the week and a nickel below a year ago. The barrels lost 5 cents, then jumped 8 cents Friday and closed at \$1.50, up 3 cents on the week and 2 cents below a year ago. Only one car of block was sold on the week at the CME and four of barrel.

The blocks were unchanged Monday as traders awaited Tuesday afternoon's February Cold Storage report, and they were unchanged Tuesday. The barrels slipped three-quarters Monday and lost 2 1/4 cents Tuesday, dipping to \$1.47.

Dairy Market News reports that Midwest cheese makers are seeing plenty of milk and many are near full capacity. Some spot milk loads are available at \$1.50 to \$3.00 un-

der Class but "domestic retail cheese demand continues to be a good draw. Sales into food service and mozzarella for pizza have also been respectable."

Western cheese output remains steady to higher as milk intakes increase seasonally. "Demand is still good from food service and retail but club stores and other large retailers have slowed cheese orders somewhat and are taking a wait-and-see approach to the market," according to DMN.

Cash butter dipped to \$1.9250 per pound last Tuesday, the lowest price since July, 2015, then rebounded some, and closed Friday at \$1.95, down 3 3/4-cents on the week but still 27 cents above a year ago, with eight cars exchanging hands on the week.

The Monday butter market was unchanged but it inched up three-quarters Tuesday, to \$1.9575, with 10 cars trading

hands and a bid at that price going unfilled.

Butter production is active throughout the Central region, according to DMN. Spot cream offers are readily available and interest is steady to light, with inventories "steady to building," while Western butter makers are seeing some of the seasonal demand ebb.

Cash Grade A nonfat dry milk closed the week at 73 cents per pound, down 4 cents and 25 1/2-cents below a year ago. Thirteen cars were traded on the week.

The cash price inched up a half-cent Monday and a quarter-cent Tuesday, to 73 3/4-cents per pound.

Milk output up

U.S. milk production in February in the top 23 states totaled 15.8 billion pounds, up 4.6 percent from February 2015, according to preliminary data in USDA's latest Milk Production report. But, when adjusting for the additional day due to leap year, output was up just 1 percent, though that was more than

many expected and the largest percent gain since August 2015.

Output in the 50 states totaled 16.9 billion pounds, also up 1 percent from 2015, factoring in leap day. Revisions lowered the original 23-state January estimate by 13 million pounds, to 16.6 billion, up just 0.2 percent from 2015.

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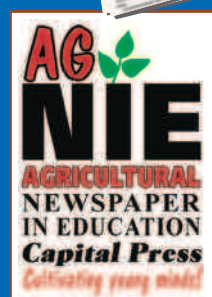
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