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Dairy

U.S. dairy exports up in volume in June

By CAROL RYAN DUMAS
Capital Press

U.S. dairy export volumes increased 5 percent in June year over year, led by record shipments of whey protein concentrate.

Shipments of milk powders, cheese, butterfat, whey and lactose totaled 161,882 metric tons, equivalent to 14.9 percent of U.S. milk production in June, according to the U.S. Dairy Export Council.

Those exports included 27,926 metric tons of WPC, up 52 percent over June 2015. Total whey exports were up 25 percent to 47,479 tons, with a 13 percent boost in whey protein isolate and a 2 percent decline in dry whey.

About half of the WPC exports went to China, which bought a record amount in

June, said Alan Levitt, USDEC vice president of communications and market analysis.

“China is always by far our largest customer for WPC, but (its) month-to-month purchases fluctuate,” he said.

The country’s large June purchase could be a matter of inventory management, he said.

USDA also reported a huge jump in exports of whole milk powder in June, with volumes more than tripling year over year. USDEC, however, thinks those exports were overstated. Nearly all of that volume was reportedly sold to Mexico, but Mexican import data doesn’t corroborate it.

USDEC is checking into it, but it was probably skim milk powder misclassified as

U.S. dairy exports, June

Product	Exports (Metric tons)		Percent change
	June 2015	June 2016	
NDM/SMP†	46,703	42,569	-9%
Whole milk powder*	2,856	9,311	226
Total cheese	26,119	23,041	-12
Butterfat	1,470	992	-33
Total whey	38,012	47,479	25
Lactose	33,133	31,141	-6
Milk protein concentrate	2,106	1,689	-20
Food preps	4,488	5,660	26
Aggregate	154,887	161,882	5
Fluid milk (liters)	7,694	5,849	-24
Total value** (\$ millions)	\$450.9	\$370.9	-18

*USDEC believes USDA’s volume is overstated, misclassified.
† Nonfat dry milk/skim milk powder ** Total value includes fluid milk.
Sources: USDA; USDEC
Capital Press graphics

whole milk powder, Levitt said.

U.S. dairy exports as a whole have been fairly steady for the past year, but volumes

are lower compared with two years ago, he said.

They are also lower year over year in the first six months of 2016. January to

June dairy exports were down 7 percent, with nonfat dry milk and skim milk powder off 11 percent, cheese off 20 percent and milk protein concentrate off 36 percent. Total whey shipments were down 3 percent and butterfat was down 1 percent.

“Exports are not off the table, but they’ve shifted into low gear. It’s more of a buyer’s market than a seller’s market,” Levitt said.

With lots of available product and plenty of competition, buyers are not as aggressive. The market is oversupplied, so they can pick and choose, he said.

The sizable premium on U.S. cheese and butter compared with the world market isn’t helping U.S. exports. The U.S. price for block cheese is 50 cents a pound higher than

the Oceana price, and the price for butter is about \$1 a pound higher, he said.

Those U.S. prices have been higher than world prices for almost two years and have been attributed to strong domestic demand and tight supplies, he said.

The higher prices are hard to understand, however, given the huge cheese and butter inventories in the U.S. and ample production, he said.

Looking ahead, the U.S. isn’t going to become any more competitive in world markets and the EU and New Zealand have become more aggressive, he said.

“I think world markets are going to be fairly depressed in the next nine to 12 months. I don’t think export volumes are going to improve any time soon,” he said.

Wash. dairy commission hires general manager

Board promotes communications director

By DON JENKINS
Capital Press

The new general manager of the Washington Dairy Products Commission says he will raise the farmer-funded organization’s profile.

“A lot of people don’t even know we exist,” said Scott Kinney. “Farmers say, ‘We’re paying assessments, what do we get?’”

Kinney had been interim manager since his predecessor, Janet Leister, retired in May. The commission named him permanently to the position last week. He was hired a year ago as the commission’s communications director.

Kinney’s background includes growing up on his family’s corn and soybean farm in Iowa. Previously, he was a spokesman for the Washington State Lottery and Pierce County Community Connections, a county social services agency.

“I am confident that Scott’s farming background and professional experience will help move the commission in a new direction as we share the story of dairy farming in Washington state,” the commission’s chairwoman, Chehalis dairy farmer Michelle Schilter, said in a written statement.

Kinney takes over a state agency that has 16 employees and a \$7.7 million budget for the fiscal year that began July 1.

It also has an expanded mandate.

The lawyer in the state Attorney General’s Office in 2014 advised the commission that its legal authority was limited to promoting and conducting research on products derived from milk. The state Department of Agriculture noted disapprovingly last year that the commission was funding



Courtesy of Washington Dairy Products Commission
Scott Kinney recently was named general manager of the Washington Dairy Products Commission.

research into manure management.

The Legislature this year, however, passed a bill authorizing the commission to fund that research and educate the public about the “economic uses of nutrients produced by dairy farms.”

Kinney said he wants to highlight how farms turn manure into useful products, such as fertilizer or electricity.

“We really want to get it out there: Farmers are environmental stewards,” he said. “You see how communities are building up. We have farmland being developed into condominiums. We need to show that farmers are doing everything they can do to be good neighbors.”

Washington dairies are under scrutiny. The state Department of Ecology plans to issue new manure-handling rules by the end of the year that could apply to hundreds of dairies.

Kinney said the commission will seek to enhance the image of dairies in the marketplace. “Consumers are the new regulators, if you will,” he said.

Dairies are assessed 15

cents per 100 pounds of milk to support the dairy checkoff program. The state commission receives 10 cents, while the national organization, Dairy Management Inc., receives 5 cents.

The state commission’s advertising plans include continuing to sponsor high school sports and conduct promotions with the Seattle Seahawks and Seattle Mariners.

“For me, it’s about the emotional connections,” Kinney said. “Dairy is part of a healthy diet. Athletes can get recharged and refreshed.”

Kinney’s salary has yet to be set. According to Office of Financial Management records, Leister’s most recent salary was \$6,488 a month.

Dairy prices ride roller coaster

By LEE MIELKE
For the Capital Press

Roller coasters are fun rides at the fair, but not on the farm. CME cash cheese prices ended six consecutive weeks of climb the second week of August.

The Cheddar blocks, which climbed the previous Friday to \$1.8150 per pound, closed the following Friday at \$1.78, down 3 1/2-cents on the week but 8 3/4-cents above a year ago.

The Cheddar barrels, which hit \$1.88 the previous Friday, closed the following week at \$1.8650, down 1 1/2-cents on the week, 16 3/4-cents above a year ago, and 8 1/2-cents above the blocks. Six cars of block

Dairy Markets
Lee Mielke



traded hands on the week at the CME and none of barrel.

Cheese was unchanged Monday and Tuesday as traders absorbed Tuesday’s Global Dairy Trade auction and anticipated Friday’s July Milk Production report.

Dairy Market News reports that Midwest milk production continues to fall and cheese manufacturers are adjusting production schedules accordingly.”

National Milk called on Agriculture Secretary Tom Vilsack to “help dairy farmers enduring

the lowest milk prices since the Great Recession of 2009” by providing “a measure of relief by purchasing at least \$100 million worth of cheese products for donation to the needy, a measure that would help both farmers and food insecure Americans who patronize food banks.”

It remains to be seen whether in this very political year the administration will approve the request. Dairy farmers have surely had a rough time of late but, as the Aug. 15 Daily Dairy Report points out, “August Class III futures settled at \$17.00, higher than in any month since late 2014. Every Class III contract on the board, which stretches to July 2018, stands at \$16 per cwt. or higher.”

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2. Implement a pro-rata across-the-board reduction in the acceptance of member milk for processing until the milk supply is balanced with profitable domestic market demand, which provides a price greater than the member dairy farmer’s average cost to make the milk.
3. Do not own, operate or be involved with any processing facility, make any dairy product or chase any dairy market that will not pay a price greater than the member dairy farmer’s average cost to make the milk.
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Nobody has an inherent right to profitably sell anything! That right must be earned in the market place by balancing supply with profitable demand. Presently, the US dairy farmer has not earned this right, but could do so by implementing NDPO’s suggestions to better manage their milk and their co-ops. We cannot do anything about the past BUT, we CAN do something about our future. Running a co-op is not a spectator sport. It’s your future – make it a good one.

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