

# Diversified Idaho dairy brings local foods home

By BRAD CARLSON  
Capital Press

Yes, that was a milk-delivery truck you saw driving down the street.

Idaho Falls-based Reed's Dairy Inc. owns a sizable dairy and production plant, retail stores on the state's east and west sides, and a fleet of delivery trucks. President Alan Reed said it all aims to conveniently put local foods into customers' hands.

"Look at farmers' markets and how they are growing," Reed said. "We are a farmers' market on wheels bringing it right to their home. People are wanting fresh food from the place it's grown or produced."

Reed's Dairy grew revenue by about 12.5 percent during each of the last three years after retooling to turn around lower sales, he said. Factors driving recently higher sales include growing interest in food produced locally, busy lifestyles that prompt households to order home delivery of milk and various other food items sourced from nearby, and ice cream.

"People just seem to be coming around to desiring a nice home-style ice cream," Reed said.



Courtesy of Alan Reed

Dairyman Alan Reed continues to expand his retail and delivery operation in the Boise area of Idaho.

Ice cream sales powered much of the company's growth, particularly in the past two years, he said. The treat is a big draw at the Idaho Falls dairy and in the Boise area, where Reed plans to open a second store this fall and where the company drove around delivering free ice cream as part of an industry promotion led by the Dairy West organization July 26.

"We are really happy with how that has taken off," Reed said.

As the company started adding local food items for home delivery — from meats and eggs to hummus and cof-

fee — it found that some originated in the Idaho Falls area and even more around Boise on the state's west side.

"I'm not sure we can make it just delivering milk. We've got to have other products to help," Reed said.

The business has added six new products for home delivery since January and is to the point that customers can get about 90 percent of the groceries they need by having it brought to the doorstep, he said.

"We are really family-oriented, and so our customers tend to be families," Reed said. Families are fundamental to

ongoing viability in home delivery and in the stores, which offer brand familiarity in a homey atmosphere.

The business also sells to some grocery and convenience stores as well as other ice cream shops.

Reed's Dairy chose southwest Boise for its second Boise-area store, in addition to the shop in north Meridian, mainly based on customer feedback, Reed said. "We just have a lot of people asking for our ice cream in the Boise area, and that seemed to be a popular spot where we had a lot of requests," he said.

He is a second-generation dairyman. The business dates from 1955. Its dairy has about 180 milking cows out of a total herd that numbers around 250 including replacements. A production plant, upgraded in the past year, pasteurizes and bottles milk, and produces cheese. Retail shops operate at the dairy in Idaho Falls, in nearby Ammon and for the past year in Meridian. He employs nearly 30 full-time workers and more than 100 part-time.

"We have to put out a really good product," Reed said. "We just have to really take care of our customers like they are part of our family."

## Tariffs taking toll on markets

By CAROL RYAN DUMAS  
Capital Press

Milk production has slowed in the U.S., but retaliatory tariffs by China and Mexico are weighing heavily on dairy prices.

Milk production in June grew 1.2 percent year over year. Normally if exports hold up, that amount of growth would be bullish for prices, Bob Cropp, dairy economist with the University of Wisconsin, said in the latest Dairy Situation and Outlook podcast.

In addition, milk production only increased 0.9 percent in May and 0.4 percent in April, he said.

Nevertheless, cash prices for barrel cheese have fallen 20 some cents since early June and cash butter prices have dropped 15 cents.

"It appears that maybe both domestic buyers and international buyers backed off some. Even though these retaliatory tariffs did not take place until early July, I think they were anticipating this is going to have an impact on exports," he said.

In May, Cropp forecast Class III milk prices would be in the high \$15s per hundredweight in July, high \$16s later in the year and maybe even \$17. But it looks like July prices are going to drop to \$14.20 to

\$14.25, he said.

"So the markets are reacting to this," even though April saw record exports and May saw the third-highest exports, he said.

Cheese exports dropped about 15 percent in May, however, with cheese exports to Mexico down about 35 percent. And there's word some cheese companies have had orders canceled or not renewed, he said.

"So it's starting to have an impact," he said.

"I think a lot of these things are starting to have an impact," Mark Stephenson, a fellow University of Wisconsin economist, said.

Lenders are indicating it's getting tough out there in dairy land. The mailbox price for Michigan dairy producers in May was below \$14 a hundredweight, he said.

Tariffs vary, but putting a 25 percent tariff on cheeses raises the price 40 cents per pound, the economists said.

"That's really taking us out of competitive range in a number of countries. So to be competitive, prices have to fall considerably or we have to find new export opportunities where we don't have tariffs," Stephenson said.

"It's just not going to be an easy thing to do; it's going to be costly," he said.

# Dairy group wants immediate labeling enforcement

By CAROL RYAN DUMAS  
Capital Press

National Milk Producers Federation is pleased FDA has finally recognized the need to increase its scrutiny of companies using dairy terminology in labeling plant-based products imitating dairy. But it doesn't like the agency's announced timeline of a year to start enforcing its labeling laws.

At an FDA hearing on July 27 focused on modernizing food standards of identity, NMPF argued the agency should first start enforcing existing standards on products whose labels are false and misleading.

"For far too long, standardized dairy terms have been co-opted by the marketers of fake milk and other alternative products," Tom Balmer NMPF executive vice

president, said in testimony.

Imposters, such as almond milk, soy cheese and rice yogurt, bask in dairy's halo by using familiar terms to invoke positive traits — including the significant levels of various nutrients typically associated with real dairy foods, he said.

"This is a marketing gimmick, and a clever one," he said.

Such products not only

lack ingredients specified by standards, they frequently fall short in expected sensory characteristics and are nearly always less nutritious, he said.

"They are marketed and merchandized to resemble real milk and dairy products in all ways possible, and many consumers don't realize that they're being shortchanged," he said.

Over the last 20 years, NMPF and its members have

made repeated requests for FDA to take enforcement action on misbranded imitation dairy products, with FDA continually claiming the issue is not an agency priority, NMPF has stated.

"It seems inconsistent to talk about modernizing standards to improve nutrition and assure accurate information to consumers when FDA has been allowing nutritionally inferior products to use stan-

dardized terms like 'milk' for so long," Balmer said.

"So instead of continuing to look the other way, let's start by enforcing current standards of identity and then talk about potential improvements," he said.

In a statement to the press that morning, FDA Commissioner Scott Gottlieb said FDA intends to look at the issue in relation to public health consequences.

# Markets looking at the thermometer

By LEE MIELKE  
For the Capital Press

Cash dairy prices climbed last week, as did temperatures, particularly in the West, and wildfires are burning in California and elsewhere.

CME block Cheddar closed Friday at \$1.52 per pound, unchanged on the week but 23 1/2-cents below a year ago. The Cheddar barrels, after closing the previous week at \$1.27, also finished Friday at \$1.52, but that after an impressive 25 cent gain on the week, though still 3 1/2-cents below a year ago.

Twelve cars of block exchanged hands on the week at the CME and 62 of barrel.

The blocks were unchanged Monday but the barrels rolled off a cliff, plunging 11 1/2-cents, as uncertainty

Dairy Markets  
Lee Mielke



remains in the minds of traders. Tuesday's block price was down 2 cents, to \$1.50, while the barrels inched up a quarter-cent to \$1.4075, 9 1/4-cents below the blocks. Traders awaited Thursday afternoon's June Dairy Products report.

FC Stone reports that "Replacements seem to be plentiful out there to keep our cow numbers up at the moment. The semi-annual cattle report showed milk replacement heifers at 4.2 million head, slightly above estimates but in line with year-ago levels."

**'Rattled markets'**

Some Midwestern cheese

producers suggest that "slowing sales are an indication of rattled markets," according to Dairy Market News, and buyers are taking the bare minimum, waiting out fluctuating markets. Milk supplies for Class III vary widely. Some cheese producers report ample supplies locally, while others are seeing thinning supplies and a number say they are not interested in spot milk regardless of the offer. Milk component levels are falling as well due to the heat, especially in California.

Western cheese manufacturers report that sales are back up, while others are not receiving as many requests as they were a few weeks ago. According to them, both domestic and international sales have slowed somewhat. The alteration of some of U.S. trade agreements re-

mains a concern for many players, especially now that other countries are forging solid trade agreements with some of the main competitors of the U.S.

Cheese production is active despite a drop in milk volumes. Inventories are plentiful and outpace demand but, as pizza season approaches and educational institutions begin to reopen, processors hope domestic sales will "reboot."

Cash butter closed Friday at \$2.2625 per pound, up 1 1/4-cents on the week but 45 3/4-cents below a year ago, with 22 cars trading spaces on the week.

Monday's butter inched a quarter-cent higher, then added 4 1/2-cents Tuesday, jumping to \$2.31 per pound, the highest CME price in six weeks.



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