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Powder sales drive dairy exports

By CAROL RYAN DUMAS
Capital Press

U.S. dairy exports were up 12 percent in volume and 3 percent in value in August compared with a year earlier, with suppliers shipping nearly 190,000 metric tons of milk powders, cheese, butterfat, whey products and lactose.

Those exports were equivalent to 16.8 percent of U.S. milk production in August, according to the latest report by U.S. Dairy Export Council.

January through August exports totaled $3.82 billion, up 4 percent from a year earlier on a volume increase of 17 percent.

But retaliatory tariffs seem to be taking a toll on cheese exports to Mexico and powder, whey and cheese exports to China.

Shipments to Mexico in August totaled $126.4 million, up 13 percent year over year — led by a 64 percent increase in powder exports. But cheese exports to the country were down 21 percent, contributing to the 7 percent decline in total U.S. cheese exports.

The decline in exports to China is more drastic than the decline in cheese to Mexico. At $34.3 million, U.S. dairy exports to China in August fell 33 percent year over year. Exports were down 31 percent for milk powders, 26 percent for whey products and 40 percent for cheese, USDEC reported.

Cheese exports were also dinged by a 40 percent decline in shipments to Canada and the lowest shipments to South Korea in seven months, despite a 33 percent increase to Central America and the highest shipments to Australia in nine months.

Total exports of nonfat dry milk and skim milk powders jumped 26 percent in August, driven by the large shipments to Mexico and a 35 percent increase to Southeast Asia — both of which offset the decline to China as well as a 96 percent decrease to Pakistan and a 76 percent decrease to Japan.

Despite China's decline in whey purchases, year-over-year exports of whey products increased 2 percent in August — aided by a 40 percent increase in shipments to Southeast Asia.

Lactose exports also made gains, up 16 percent in August, with a 24 percent increase in shipments to China and a 59 percent increase in shipments to New Zealand.

Looking ahead, Alan Levitt, USDEC analysts, said a three-year trend in international dairy trade has played out in a tactical buying cycle of about six months of good orders followed by about three months of lighter orders.

If the pattern continues, markets should see good orders over the next few months before buyers pull back again, he said in USDEC's exporter blog in late September.

"Of course, this pattern will take place under a backdrop of record New Zealand milk production, resilient European supply and uncertain China demand," he said.

U.S. dairy exports, August

Product	Exports (Metric tons) Aug. 2017	Aug. 2018	Percent change
NDM/SMP†	49,384	62,313	26%
Whole milk powder*	2,741	2,815	3
Total cheese	30,233	28,171	-7
Butterfat	2,651	4,146	56
Total whey	47,929	48.982	2
Lactose	29,985	34,787	16
Milk protein concentrate	1,565	3,041	94
Aggregate	179,250	189,897	12
Milk/cream (liters)	10,150	10,152	—
Total value** ($ millions)	$468.9	$480.9	3

* USDA data adjusted to reflect shipments to Mexico misclassified as WMP.
† Nonfat dry milk/skim milk powder ** Total value does not include fluid milk.

Sources: USDEC; U.S. Census Bureau Capital Press graphics

Survey rates consumer understanding of dairy alternatives

By CAROL RYAN DUMAS
Capital Press

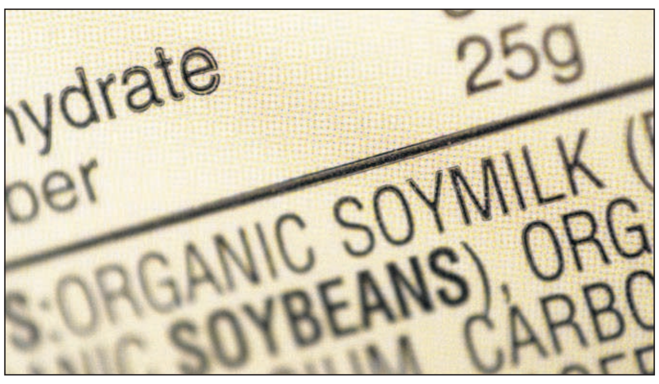
A survey commissioned by the International Food Information Council finds the majority of U.S. consumers are not confused by dairy nomenclature used for plant-based alternatives.

With and without looking at labels, less than 1 in 10 people surveyed believe that coconut, soy, almond, cashew and rice milks contain cow's milk.

Conversely, a large majority — more than 3 in 5 — of respondents understand there is cow's milk in whole, chocolate, nonfat and skim milks.

"A significant majority of people understand correctly which products contain and which do not contain milk from cows when shopping for various types of products labeled using the word 'milk,'" IFIC stated.

Only 48 percent of respondents not looking at labels believe lactose-free milk contains cow's milk, and only 62 percent looking at labels believe it does.



Associated Press File

A survey has found that consumers are not confused about use of the term "milk" on non-dairy drinks, but the dairy industry points out that they are nutritionally different from cow's milk.

National Milk Producers Federation — which has urged the Food and Drug Administration to enforce its own standards when it comes to dairy alternatives using dairy terminology — thinks the survey misses the mark.

"This survey does nothing to address the underlying concern we have expressed — and importantly, that the FDA itself has raised," Chris Galen, NMPF senior vice president of member services and strategic initiatives, said.

That concern is whether consumers understand the nutritional inconsistencies between real milk and the imitators, and how the plant foods are frequently deficient in many nutrients offered by milk, he said.

FDA began a public comment period earlier this month to gauge consumers' understanding of dairy alternatives to guide the agency's labeling policies.

FDA Commissioner Scott Gottlieb said the agency has concerns the labeling of those products might lead consumers to believe they have the same key nutritional attributes as dairy products.

Capital Press contacted IFIC for comment on why the survey was done and why consumers weren't asked about their understanding of nutritional equivalency.

Alexandra Lewin-Zwerdling, IFIC vice president of research, said IFIC knew FDA would be considering these types of issues and was also aware of some gaps in consumer research on this.

"This survey was just a few questions with a focus on consumer understanding of ingredients in these products. But we agree, these types of questions would be helpful to better understand how consumers perceive their nutrient profiles," she said.

The survey also asked about consumer purchases in the three months before the survey.

When asked to choose all that applied, 45 percent said they purchased 2 percent milk, 38 percent bought whole milk; 30 percent bought almond milk; 29 percent bought chocolate milk; 19 percent bought 1 percent milk; 16 percent each bought skim milk and soy milk; 9 percent bought lactose-free milk, 7 percent bought cashew milk; 6 percent bought other nut milks; 2 percent bought other grain milks; and 4 percent bought none of the products.

Dairy summit to focus on sustainability

By CAROL RYAN DUMAS
Capital Press

Leaders in California's dairy industry will explore new ways to drive progress in environmental sustainability and develop new revenue streams at the inaugural California Dairy Sustainability Summit.

The summit is set for Nov. 27 and 28 at the Sacramento Convention Center.

It will provide the dairy industry with one-stop access to the information, technology, and services that can support their efforts to meet environmental standards and improve upon existing models for sustainable operations, organizers said in a press release.

The two-day event will showcase California's innovative and sustainable dairy farm practices, while highlighting cost-effective ways to meet ongoing challenges. A key focus will be developing partnerships and strategies to further improve the economic sustainability of the state's family dairy farms.

"In good times, and even now with difficult market conditions, our farmers continue to improve by supporting research and adopting new technologies," Charles "Chuck" Ahlem, a dairy farmer in Hilmar and a board member for three of the hosting organizations, said.

The summit will help develop strong partnerships and solutions that are good for the environment and can help sustain family farms, he said.

The summit will include numerous educational workshops and provide an opportunity for farmers to see cutting-edge technology that can help them comply with methane emission challenges, water regulations and rising labor and energy costs.

Registration is $50 for dairy owners and employees, $150 for government and nonprofit participants and $400 for industry and trade associations.

For more information, visit: www.CADairySummit.com

Dairy Markets
Lee Mielke

Still more weakness in dairy markets

By LEE MIELKE
For the Capital Press

Most cash dairy prices headed south last week. The Cheddar blocks gained 3 cents Monday but reversed and closed Friday at $1.61 per pound, down 4 cents on the week and 9 cents below a year ago. The barrels finished at $1.36, down three-quarters and 31 3/4-cents below a year ago.

The blocks were unchanged Monday while the barrels rolled 2 1/4-cents lower. Tuesday saw the blocks pick up a penny, hitting $1.62, as traders weighed the morning's GDT and anticipated Friday afternoon's September Milk Production report. The barrels inched back a half-cent, to $1.3325, widening the spread to 28 3/4-cents.

Specialty cheese-making is nearing its peak ahead of the fall and winter holiday season, reports Dairy Market News. Pizza cheese sales are steady to higher, after some pizza cheese plant managers reported a slight demand lull in late September and early October. The exorbitant price spread "has contacts questioning how things will fall in order for prices to find their more typical alignment."

Western cheese-makers are busy. While bottling and other processed dairy goods are pulling milk away from the vat, many cheese facilities are still running at or near full schedules. Inventories are heavy, but not necessarily burdensome.

Cash butter also started last week jumping 3 cents but it was downhill from there, closing Friday at $2.25 per pound, 4 cents lower on the week and 12 1/2-cents below a year ago, with 25 carloads trading places, versus 50 the previous week.

Monday's butter jumped 4 cents, then gave back 2 cents, slipping to $2.27.