

MILKLINE

NEWSLETTER

FARM FIRST™
DAIRY COOPERATIVE

HIGHLIGHTS: *From Cow to Curd to Counter* p 2
Milk Supply Update p 3

MDC Submits Testimony p 3
Turn Off Volatility p 4

Milk Means More Featured p 5
Exclusive FarmFirst FMMO Webinar p 6

From Cow to Curd to Counter



For those of us that live in the Midwest, its common knowledge to know what a cheese curd is - and that the squeakier the curd, the better it is. And while appreciation for squeaky curds runs deep, the faces behind who produces them isn't always well known.

A recent campaign collaboration between Culver's and Dairy Farmers of Wisconsin (DFW), the state's dairy checkoff organization, showcased the people that produce the highly acclaimed cheese curds the popular restaurant chain sells across the U.S. The feature for Culver's squeaky, crunchy, melty cheese curds shared the story of how Wisconsin dairy farmers and FarmFirst members, Kyle and Tammy Sikora, are part of getting milk from the cow to the cheese curd to the Culver's retail counter.

Tammy and Kyle are fourth-generation

dairy farmers who along with their four children manage their dairy farm in Stanley, Wis. They ship their milk to LaGrandier's Hillside Dairy, also based in Stanley, who is the sole

supplier of delicious cheese curds to Culver's. Tammy and Kyle purchased their farm together in 2007, the same year they got married, and have enjoyed raising their children on the farm. All four children, including daughters Bailey (age 14), Kendall (age 12), and sons Drew (age 10), and Ty (age 8), help on the farm every day, with responsibilities ranging from feeding calves to helping clean the barn.

To them, it's simply what they do everyday and a livelihood they are passionate about. They are humble people, and don't see themselves as particularly special or unique in any way, so to be selected by Culver's was quite an honor. They are quick to acknowledge that so many farmers are just like them, working hard to produce a high-quality product for so many to enjoy.

"There's farms like this everywhere, every farmer is proud to produce their product and take care of their animals, especially to work with a company like Culver's that is proud of where their milk and cheese curds come from," said Tammy. "We are one of many that could have been featured. Dairy farmers everywhere deserve the recognition."

The Sikora's were first notified that they were being considered for the video feature back in January, with some photos of the farm being taken in

"We are one of many that could have been featured. Dairy farmers everywhere deserve the recognition."

February. In early April, they received the call saying they were selected. The video crew came by early on a Wednesday morning in mid-April, in time to see the milk truck pull in. They followed the Sikora family as they completed chores, including feeding calves and milking cows.

In the video, Tammy says, "We know that it is important to Culver's to understand where their food comes from, and we're proud to be a part of that."

The video concludes with the Sikora family playfully enjoying cheese curds, throwing them up in the air and catching them in their mouth. If the joy of cheese curds and family could ever be captured on film, it was in this moment.

"They made a fantastic video. We appreciate that its about a real farm, a real product and a real family," said Tammy. "It's nice to know where your milk goes beyond the cheese factory, and to see people consuming your product."

Even knowing full well that Culver's is a national brand, they didn't anticipate

Continued on Page 2...

Dedicated to serving and representing you, our family farm members, FarmFirst Dairy Cooperative represents farms in Wisconsin, Minnesota, South Dakota, Michigan, Iowa, Illinois and Indiana through policy advocacy, dairy marketing services, laboratory testing opportunities and industry promotion.

BOARD OF DIRECTORS

President: John Rettler Neosho, Wis. 920-625-3237

Vice-President: Steve Brock Daggett, Mich. 906-290-1917

Secretary: Kathy Bauer Faribault, Minn. 507-332-2870

Treasurer: Bob Dietzel East Dubuque, Ill. 563-543-2368

Young Cooperator Rep: Travis Clark Eldorado, Wis. 608-516-8789

Wayne Gajewski - Athens, Wis. 715-370-5078

Stephanie Hughes - Pittsville, Wis. 715-307-1520

Richard Meyer - Unity, Wis. 715-223-2058

Dan Vandertie - Brussels, Wis. 920-493-7564

Brian Wozniak - Stanley, Wis. 715-230-9426

MEMBER SERVICES FIELD STAFF

Bob Hodgson - Dyersville, Iowa. 608-642-2859

Betty Lund - Mondovi, Wis. 715-491-9119

Rick Wolfe - Aniwa, Wis. 715-581-4321

Pat Yeagle - Winslow, Ill. 815-291-4581

Dan Zeleske - Fond du Lac, Wis. 920-323-7079

MILK MARKETING FIELD STAFF

Jeff Bradley - Columbus, Wis. 608-516-3624

Cheryl Zablocki-Wagner - Seymour, Wis. 920-901-2173

MAILING ADDRESS

P.O. Box 14380 Madison, WI 53708-0380

MADISON OFFICE

4001 Nakoosa Trail, Suite 100 Madison, WI 53714 (608) 244-3373

visit us on FarmFirstDairyCooperative.com

Like us on Facebook at www.facebook.com/FarmFirstDairyCooperative

From Cow to Curd to Counter

Continued from Page 1



Tammy and Kyle Sikora sharing their farm story.

that hundreds of thousands of people would view the video. That's when it really hit home how far and wide the cheese that gets made from their milk goes.

"It is nice in a thankless job to be thanked," Kyle shared. Culver's takes that to the next level with

their Thank You Farmers campaign that started in 2013. However, it seems that since Culver's began in 1984 that they've always believed in the importance of supporting farmers.

"It's a really good feeling to be involved in a project like this - recognizing dairy farmers - because everybody likes cheese curds and we're really proud of the fact that they do a great job of promoting dairy in general. In all their commercials, they pride family and pride local. It's pretty neat that something from our little farm gets shipped all around the country," said Kyle.

And while a Wisconsin dairy farmer might not seem like a local connection to someone enjoying cheese curds in Florida, the reputation of quality and the connection to a family business resonates with consumers everywhere. The video focuses on the three elements Sikora's outline as part of their success in making quality milk: "Quality feed, consistency, and treating our cows like family. The higher quality the milk, the higher quality the cheese curds are."



The day also proved to be a learning experience for the Sikora's, as the four children were able to witness a video crew up close, and their daughter was able to ask first-hand more about photography, something she has a growing interest in. It also served as a gentle reminder to them how there's so many people (camera crew) that don't know very much about farming if they don't come from a farming background.

Overall, the campaign will feature several farmer profiles besides the 'Curd to Counter' video, and include ads live across social media and pop-up activations at various locations. You can find this video at Culvers.com under the stories tab.

The collaboration between Culver's and the DFW with an innovative marketing effort is another example of building trust with consumers and ultimately, increases consumption of cheese, something all dairy farmers want to see.



Kyle and his oldest daughter Bailey laughing and enjoying Culver's cheese curds.

Like Kyle said, "Nobody eats a cheese curd with a frown."

Article by Julie Sweney, FarmFirst Dairy Cooperative

U.S. Milk Supply: Where Does the Industry Go From Here?

Guest Feature by Katie Burgess, Risk Management Director at Ever.Ag

Reflecting on the first half of 2022, limited supply drove prices in a way markets haven't seen in years. With data in hand through May, U.S. milk output declined 0.9% year-to-date, the weakest start since 2001. When looking at individual months, January through May ranked in the bottom 10% over the past 20 years. Cow numbers fell by more than 100,000 head year-over-year in May, the biggest deficit since 2010.

Less milk is pushing prices higher. Class III and Class IV milk topped \$25 per hundredweight for the first time ever. Chicago Mercantile Exchange (CME) spot butter hit the \$3 mark for the first time since 2015. Nonfat dry milk values rose to eight-year highs.

But what does the second half of 2022 have in store? How quickly can the U.S. flip from supply deficit to surplus?

Even with elevated costs, higher milk prices are lifting on-farm margins to the highest levels since 2014 in many regions, particularly among producers not subject to spot feed prices. History tells us that dairy producers can quickly hit the gas. When on-farm margins top \$4 per hundredweight via the Ever.Ag margin model — a level reached during the first half of 2022 — year-over-year milk production expands by an average of 2.3% over the following three months, compared to just 1.3% growth for all other periods.

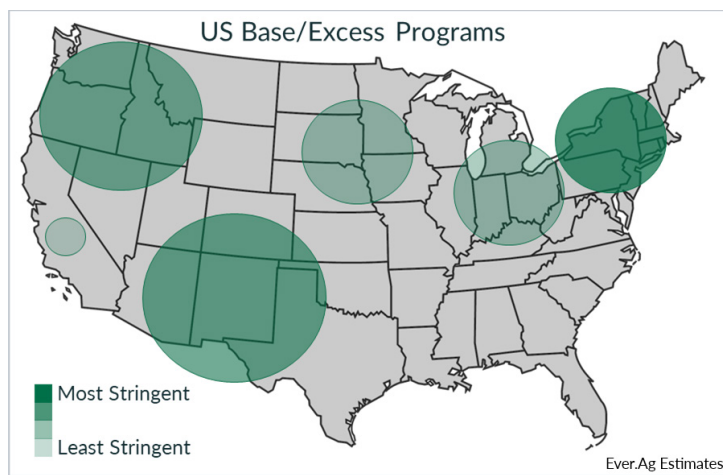
While data suggests a surge of milk is possible during the second half of 2022, several factors could prevent history from repeating itself.

First, costs are uncertain (and are not evenly distributed geographically). Feed prices will likely remain volatile through the summer until the size of the grain crop is known. Between the beginning of June and the time of publication in mid-July, December corn and soybean meal futures traded across a wide range, amounting to a \$1.60-per-hundredweight shift in terms of feed costs. And in a world where on-farm margins averaged \$1.70 over the past five years, \$1.60 could be the difference between profitability or not for many producers. In some spots, like drought-stricken California, the situation is even more extreme, with limited water availability and alfalfa prices setting new all-time highs.

Dairy producers are also contending with general inflation, paying higher prices for labor, supplies and nearly everything else. Plus, the price to build a new dairy is skyrocketing. Contacts cite costs to build a new 6,000-cow dairy are up by more than 50% over the past five years. These higher costs — along with rising interest rates — will likely make producers think twice before adding more cows.

On top of the cost uncertainty, there are a few other hindrances.

Base/excess plan programs implemented by handlers are penalizing producers for exceeding milk production thresholds. While each program is a little different in terms of penalties and enforcement, they are typically based on historical output and



effectively limit output growth. As such, we believe the historical milk production increase of +2% typically seen after periods of strong on-farm margins will likely remain out of reach for the second half.

And, even if producers have a market for expanded output, it may be hard to find new cows. Dairy heifer costs are at multiyear highs due to limited availability. Over the past few years, more dairy producers have bred lower-tier cows to beef while only raising the dairy heifers they needed to replenish the herd. As such, the number of heifers expected to enter the milking herd in 2022 dipped to the lowest level since 2005.

Despite the challenges, we believe milk supplies will look better in the second half of the year. In fact, it's nearly guaranteed, based on easier year-over-year comparisons. Even if cow numbers hold steady at May's total of 9.405 million head, by October the herd will be in positive year-over-year territory. What's more, we believe that we will add some cows in the months ahead.

Contacts are already reporting loosening milk supplies. Stronger flows are reflected in the data as well, with USDA reporting that for the first full week of July, spot milk prices dropped to the lowest level in nearly a year.

Our milk production forecast for the second half points to milk supply returning to positive territory by August and topping +1.0% by year-end. That's an improvement over the numbers posted earlier this year but still not a glut of milk by any extent. Our belief is that improved supply means that the price peaks for the year are behind us, though they will likely remain elevated compared to historic norms. 📈



Katie Burgess is director of risk management at Ever.Ag, a brokerage firm that specializes in dairy product price risk management. This article originally appeared in the July 15 edition of *Cheese Market News*®. The views expressed by guest columnists are their own opinions and do not necessarily reflect those of the cooperative.

FarmFirst, Midwest Dairy Coalition Submits Testimony to House Ag Committee



With discussions underway regarding the 2023 Farm Bill, FarmFirst and the other dairy cooperative members of the Midwest Dairy Coalition (MDC) submitted comments to the House Agriculture

Committee on June 22 during a hearing for committee members to learn more about and deliberate on potential reforms to existing legislation.


In the comments submitted by the MDC, emphasis was placed on the Dairy Margin Coverage (DMC) program, which has proven to be a very important risk management tool for dairy farmers. The voluntary program gives participating dairy farmers the ability to manage risks associated with changes in the margin between milk prices and feed costs. The program was established in the 2018 Farm Bill as a successor program to the inadequate Margin Protection Program (MPP). In the 2023 Farm Bill, the DMC should be continued with the following updates:

- The 5-million-pound annual production threshold (about 200 cows) between Tier I premiums and the higher Tier II premiums should be updated to 8 million pounds (about 320 cows). Doing so reflects the growth in average dairy herd size since the 2018 Farm Bill. The average dairy cow annually produces about 25,000 pounds.
- The production history used under the current program

is based on a dairy farmer's highest production from 2011, 2012 or 2013. As part of the Consolidated Appropriations Act of 2019, Congress established a parallel program called the Supplemental DMC Program to allow smaller-scale dairy farmers (under 5 million pounds of production history) to receive a supplemental DMC payment based on their 2019 production history. The updated production history concept of the Supplemental DMC Program should be merged into the base DMC Program to allow dairy farmers with 8 million pounds of production or less to update their production history to 2022 levels for future DMC payments.

- The Committee should also consider increasing the top DMC margin level from \$9.50 to \$10.00 per hundredweight, to partially reflect the increased costs of nonfeed inputs used by dairy farmers. Variable feed costs are already captured in the base margin calculation formula of the DMC.

In addition to its comments related to the Dairy Title of the Farm Bill, the MDC pointed out its policy positions on a wide array of other federal issues affecting dairy farmers that do not necessarily fall within the jurisdiction of the House Agriculture Committee. The MDC thought it important for the Committee to better understand the cross section of issues including federal milk marketing order modernization, dairy labeling, trade issues, ocean shipping reform, ag labor policy and the role of dairy in the national school lunch program that affect dairy farmers and their cooperatives.

To view the entire statement submitted by Midwest Dairy Coalition, please visit www.FarmFirstDairyCooperative.com and select 'News' to find the full statement. 

JUNE 2022

	UPPER MIDWEST	CENTRAL	MIDEAST
Order Name and Number	Order 30	Order 32	Order 33
Producer Milk (lbs.)	2,487,563,133	1,290,603,505	1,319,548,561
Producer Price Differential @ base zone	\$ 0.30	\$ 1.04	\$ 1.45
Statistical Uniform Price/cwt @ 3.5% BF*	\$ 24.63	\$ 25.37	\$ 25.78
Class I Price/cwt	\$ 27.67	\$ 27.87	\$ 27.87
Class II Price/cwt	\$ 26.65	\$ 26.65	\$ 26.65
Class III Price/cwt	\$ 24.33	\$ 24.33	\$ 24.33
Class IV Price/cwt	\$ 25.83	\$ 25.83	\$ 25.83
Component Prices & Test Avg. % aves			
Butterfat/lb.	\$ 3.3323 3.95%	3.89%	3.86%
Protein/lb.	\$ 3.4173 3.12%	3.16%	3.10%
Other Solids/lb.	\$ 0.42950 5.80%	5.81%	5.79%
SCC Adjust Rate/1000	\$ 0.00117		
Producer Milk Classified %			
Class I	6.60%	26.19%	34.90%
Class II	1.20%	6.91%	9.00%
Class III	91.60%	54.22%	52.20%
Class IV	0.60%	12.68%	3.90%
	100.00%	100.00%	100.00%

Turn Off the Volatility of the Milk Market



Don't let the recent drop in Milk push you away from developing a solid marketing plan.

It's impossible to predict the markets, and a big swing in milk prices can have a huge impact on your dairy. Therefore, it's vitally

important to manage margins and price risk.

Uncertainty creates anxiety. When that uncertainty is about your farm's income and ultimately your future and livelihood, that anxiety can be overwhelming.

Working with an expert on building a risk management plan will reduce that anxiety, since it removes the volatility of the markets from your milkcheck. With a plan in place, you know your bottom-line milk price, and still can reap the benefit of any high milk prices yet to come.

Calling to ask questions requires no commitment. Call me at 715-456-5607 to ask your questions today. There is no such thing as a dumb question, and my team travels all over

Risk Management Pricing Breakdown

At a quick glance, we are looking at February milk currently. December is trading at \$19.65 and I estimate the cost to be around \$.45 cwt.

For those of you with earlier months to cover, here is the pricing breakdown:

- September Milk \$20.41 Cost with \$1.00 Deductible \$.29
- October Milk \$20.90 Cost with \$1.00 Deductible \$.32
- December Milk 20.50 Cost with \$1.00 Deductible \$.36

the Midwest if you'd like us to stop on by to chat in person. We're passionate about providing risk management plans that work for you, the farmer, that ultimately help protect your livelihood. 🐄



ARM
Services LLC



Featuring Your Dairy Checkoff United Dairy Industry of Michigan- Serving FarmFirst Members Across the State of Michigan

In an effort to share and promote the success of our partners in dairy checkoff, we are featuring the work and accomplishments of all the dairy checkoff organizations in our membership newsletter.

MILK MEANS MORE

United Dairy Industry of Michigan

We focus on the areas of the state where consumers are, focusing on those who don't have a connection to dairy and may have the most questions. Consumer events are part of the overall strategy of reaching consumers, and especially where dairy is not expected. With each new event, it's our goal to provide a space for those a-ha moments— consumers want to know more than ever before about how the food they put in their bodies is produced, and how nutritious, wholesome foods like dairy, can fit into their lifestyle. Plus, giving out samples is a tangible reminder of how good an icy cold bottle of chocolate milk tastes! We also do spontaneous events that we term "surprise and delights". Whether it is distributing milk samples to parents and kids at a local park, purchasing lattes made with real milk at a busy coffee shop, or taking photos with our cow mascot Mootilda at an ice cream parlor— these small acts create connection—people always remember how you made them feel. And "surprise and delights" are our thank you to consumers for choosing dairy.

These events build on consumer trust for dairy and being in spaces where the people are gives a friendly face and a personal connection to milk. Ultimately, this gets them thinking about adding more milk to the cart during their next grocery stop.

We are a member of our farmers' team, just like their employees, veterinarian and nutritionist. The UDIM team is working across the state to build trust and increase dairy sales through channels where consumers are, using messages that resonate with those consumers. From providing dairy curriculum to teachers; to working with food service directors to ensure milk is kept cold in the cafeteria and other dairy foods are introduced to students; to sharing dairy farmers story through social and traditional media; to choosing partners who have the same values as our farmers to extend the dairy message to their constituents; to encouraging consumers to donate milk to food pantries in their area. We also have resources for dairy farmers to help them create a crisis plan or on-farm help during a crisis, and dairy nutrition resources that can be shared at community events. Your UDIM team has built a foundation of strong dairy promotion programs and will continue to build on these in the future. 🐄



*Sign Up for FarmFirst's Webinar on
Federal Marketing Order Reform*

Exclusive Federal Order Webinar for FarmFirst Members on August 11



What: NMPF Federal Order Modernization Webinar

When: Thursday, August 11 from 12 noon to 1:00 p.m. (CST)

How do I Register?: Visit this link: <https://bit.ly/FarmFirstFMMO>

The National Milk Producers Federation has prepared and is sponsoring a customized one-hour Zoom webinar for FarmFirst Dairy Cooperative members to help members better understand the modernization issues under consideration by the NMPF. The webinar will review the process for updating Federal Orders and there will be a discussion on the issues being examined by the NMPF Federal Order Task Force, of which FarmFirst General Manager Jeff Lyon is a member. There will be an opportunity for questions from participants.

In early 2022, the NMPF created a Federal Order Task Force to evaluate, study several federal order issues related to but not limited to make allowances, the Class I mover, milk composition, and dairy products and product specifications (price discovery, block/barrel spread). All these issues will be part of the discussion during the webinar.

There is no cost to participate in the webinar. Register today at <https://bit.ly/FarmFirstFMMO>.