

PREMIER PRESS

DECEMBER 2011



Forecast of Ag Commodities

Corn prices in 2012 likely will fall below record levels reached this year, but remain historically high, as U.S. farmers boost plantings and slow global economic growth leads to weaker demand for many agricultural commodities, according to experts with Rabobank Group. Corn is expected to average \$6.10 a bushel during the first quarter of 2012 and \$6.45 during the second quarter, down from an estimated average of \$6.20 in the current quarter, based on "spot" cash market prices. Chicago corn futures hit an all-time high of \$7.99 $\frac{3}{4}$ in June, but have fallen 27 percent since then. More likely, according to Rabobank's "base case," is that corn holds above \$6 most of the year as ethanol production hits record highs and China imports more of the grain. The bank predicts corn at an average of \$6.20 during the second half of 2012. "Fundamentals show oil prices to be a key driver of future corn prices," Rabobank said.

The cattle markets is expected to continue its strong performance because of tight animal inventories. Rabobank did not mention anything about the dairy markets.

Managing SCC Levels

Monthly testing of individual cows is a great way to manage for and maintain low somatic cell (SCC) levels. Lower SCC's means more milk from healthier cows and higher quality premiums! Sample and test every cow by utilizing Southeast DHIA Services. Contact them by phone at 352-392-5592 or by email at dhia58@gmail.com.

Somatic Cell Standards

Effective January 1, 2012 the US dairy industry will begin the transition to an on-farm milk sampling program that verifies somatic cell count compliance with European Union regulations. After March 31, 2012 all shipments of dairy products requiring a European Union (EU) certificate must comply. United States Department of Agriculture (USDA) through Agricultural Marketing Services (AMS) announced these rule changes late November and will monitor going forward.

If a dairy producer ships milk to a processor who in turn, exports to the EU, that producer will need to comply with the EU's somatic cell standard of 400,000 or less. Previously the processor could co-mingle the milk supply so that the net result was a blended somatic cell count of less than 400,000. Going forward each and every farm will have to comply with the standard. A rolling three month geometric mean will be established for each farm that ships milk to a processor who exports dairy products to the EU. The January - March time period will be used to es-

tablish the rolling three month geometric mean, which involves three steps:

1. Determine the farm's somatic cell count for each of the prior two months and the current month.
2. Multiply together the three months somatic cell count.
3. Compute the cube root of the result of step 2 to obtain geometric mean. Round the result to the nearest thousand.

When a farm's rolling average exceeds 400,000, the processor must notify the AMS and take appropriate measures to bring the farm into compliance. If a farm exceeds 400,000 for three consecutive months after the AMS has been notified, the processor could suspend the pickup from that farm or segregate that farm's milk from milk used to manufacture the dairy products exported.

What does this mean to Premier Milk producers? This ruling affects mainly the manufacturing plants that make butter, milk powders and cheeses. Almost 100% of our milk sales go into fluid milk plants where milk is consumed locally so the effect would be minimal. The main concern for PMI members is that this may help push the industry in adjusting the legal limit from 750,000 to 400,000 sooner. Also any surplus milk or milk rejected at fluid milk plants maybe harder to dispose of because the manufacturing plants will want the milk to be 400,000 or less and if it is not less than 400,000 the price could be further discounted.

Southern Dairy Conference

The 38th Annual Southern Dairy Conference will be held January 24-25, 2012 at the Embassy Suites near the Atlanta airport in Atlanta, GA. This conference is put together by the agricultural universities in the Southeast and includes program topics related to milk marketing, animal health, grazing systems and also includes a panel of young dairy producers. For more information you can go online to www.southerndairyconference.com, or contact Carla Wood at 706-583-0347.

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Premier Milk MARKET MINUTE

Commodity Prices	April	May	June	July	August	Sept	Oct	Nov	Current
Cheese - World Market	\$ 2.0071	\$ 2.0412	\$ 2.0355	\$ 2.0236	\$ 1.9978	\$ 1.9448	\$ 1.8456	\$ 1.7889	\$ 1.7860
Cheese - CME Block	\$ 1.6033	\$ 1.6856	\$ 2.0975	\$ 2.1150	\$ 1.9725	\$ 1.7561	\$ 1.7231	\$ 1.8716	\$ 1.5875
Cheese - CME Barrel	\$ 1.5750	\$ 1.6902	\$ 2.0483	\$ 2.1124	\$ 1.9571	\$ 1.7010	\$ 1.7189	\$ 1.8963	\$ 1.5400
Cheese - NASS	\$ 1.6983	\$ 1.6534	\$ 1.8999	\$ 2.1243	\$ 2.1402	\$ 1.8592	\$ 1.7471	\$ 1.8415	\$ 1.9117
Butter - World Market	\$ 2.3672	\$ 2.4026	\$ 2.4366	\$ 2.4154	\$ 2.3417	\$ 2.1914	\$ 2.1574	\$ 1.9901	\$ 1.9306
Butter - CME Cash	\$ 1.9958	\$ 2.0724	\$ 2.1077	\$ 2.0443	\$ 2.0884	\$ 1.8724	\$ 1.8295	\$ 1.7351	\$ 1.5900
Butter - NASS	\$ 1.9975	\$ 2.0292	\$ 2.1287	\$ 2.0304	\$ 2.0695	\$ 1.9886	\$ 1.7893	\$ 1.7824	\$ 1.6284
NFDM - World Market	\$ 1.6443	\$ 1.6429	\$ 1.7000	\$ 1.6364	\$ 1.5713	\$ 1.4941	\$ 1.5267	\$ 1.4940	\$ 1.4713
NFDM - Central A.O.M.	\$ 1.5880	\$ 1.6450	\$ 1.6781	\$ 1.6610	\$ 1.5863	\$ 1.5388	\$ 1.4900	\$ 1.4713	\$ 1.4450
NFDM - NASS	\$ 1.5680	\$ 1.6120	\$ 1.6520	\$ 1.6159	\$ 1.5739	\$ 1.5439	\$ 1.5109	\$ 1.4522	\$ 1.4422
Whey - Central A.O.M.	\$ 0.4513	\$ 0.4894	\$ 0.5050	\$ 0.5290	\$ 0.5488	\$ 0.5744	\$ 0.6050	\$ 0.6206	\$ 0.6350
Whey - NASS	\$ 0.4808	\$ 0.4929	\$ 0.5233	\$ 0.5494	\$ 0.5691	\$ 0.5926	\$ 0.6152	\$ 0.6380	\$ 0.6470
F. O. 6 Class I @ Tampa	\$ 24.83	\$ 25.15	\$ 25.72	\$ 26.43	\$ 26.83	\$ 27.18	\$ 24.96	\$ 23.85	\$ 23.87
Net Cl. I Prem. @ Tampa	\$ 3.17	\$ 3.17	\$ 3.25	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17
F.O. 6 Class I Utilization	83.2%	80.0%	82.4%	84.8%	86.7%	87.5%	85.9%	85.3%	
F. O. 6 Blend @ Tampa	\$ 23.88	\$ 24.18	\$ 25.04	\$ 25.44	\$ 26.18	\$ 26.17	\$ 23.77	\$ 23.15	
PMI - Average SCC	228,420	223,166	254,403	291,897	315,910	312,544	285,330	278,990	
PMI - Average SPC	8,299	8,771	15,273	17,889	13,391	10,722	10,289	8,331	
PMI - Average PIC	25,388	14,550	15,834	23,607	15,581	13,795	14,799	13,716	
Premiums Paid - PMI	\$ 0.48	\$ 0.52	\$ 0.49	\$ 0.39	\$ 0.40	\$ 0.43	\$ 0.47	\$ 0.50	
PMI Cen FL Price	\$ 23.58	\$ 23.60	\$ 25.39	\$ 25.87	\$ 26.89	\$ 26.79	\$ 24.34	\$ 23.88	

(with rBST-free premium)

Price Forecasts	Dec	Jan	Feb	Mar	Apr	May	June	July	August
PMI Cen FL Price	\$ 23.41	\$ 22.16	\$ 22.24	\$ 21.41	\$ 20.87	\$ 20.43	\$ 21.58	\$ 21.40	\$ 21.69

(with rBST-free premium)

Class III Milk Futures	July	August	Sept	Oct	Nov	Current
Dec-11	\$ 17.71	\$ 18.01	\$ 16.30	\$ 17.47	\$ 18.43	\$ 18.57
Jan-12	\$ 17.21	\$ 17.35	\$ 16.30	\$ 16.84	\$ 17.19	\$ 16.58
Feb-12	\$ 16.96	\$ 17.03	\$ 16.19	\$ 16.44	\$ 16.90	\$ 16.93
Mar-12	\$ 16.90	\$ 17.04	\$ 16.24	\$ 16.48	\$ 16.93	\$ 17.04
Apr-12	\$ 16.89	\$ 16.93	\$ 16.15	\$ 16.45	\$ 16.85	\$ 16.99
May-12	\$ 16.85	\$ 16.92	\$ 16.31	\$ 16.50	\$ 16.85	\$ 16.90
Jun-12	\$ 16.87	\$ 16.99	\$ 16.59	\$ 16.49	\$ 16.84	\$ 17.01
Jul-12	\$ 16.97	\$ 17.10	\$ 16.89	\$ 16.72	\$ 17.07	\$ 17.14
Aug-12		\$ 17.08	\$ 17.04	\$ 16.86	\$ 17.10	\$ 17.21
Sep-12			\$ 17.12	\$ 16.98	\$ 17.03	\$ 17.17
Oct-12				\$ 16.81	\$ 16.92	\$ 17.05
Nov-12					16.94	\$ 16.94

MILC Projections	
Oct-11	\$ -
Nov-11	\$ -
Dec-11	\$ -
Jan-12	\$ -
Feb-12	\$ -
Mar-12	\$ -
Apr-12	\$ -
May-12	\$ 0.01
Jun-12	\$ -
Jul-12	\$ -
Aug-12	\$ -
Sep-12	\$ -

Note: Class III milk futures prices are quoted at the close on the last day of the month.