

PREMIER PRESS

NOVEMBER 2010

EPA Approves Increased Ethanol Blend in Gasoline

Last month, EPA partially approved an increase in allowable percentage of ethanol in gasoline. Previously the blend rate was 10% and it has been increased to 15%. This increase to 15% is for certain vehicles that were made in 2008 and newer. Because of this increase and a reduction in the corn yield, feed prices have skyrocketed in the last two months. It appears the feed prices will stay high well into 2011.

Update on FARM Program

Premier Milk will have a person trained by mid-December to do evaluations that are part of the FARM program. The evaluators will be documenting practices and procedures on each of our member farms. These on-farm evaluations will be done once every three years. These evaluations are not a pass/fail situation. Once the evaluation is complete on the farm, the information is entered into a secure database, where the producer and their cooperative can see the information. From this database, random third party evaluations will be selected. The purpose for the third party evaluation is to verify that the original evaluator is doing their job. If there are further questions, please contact Tom Pittman.



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CWT Program Changes Focus to Exports

The membership of Cooperative Working Together (CWT) has approved several changes to the CWT program. Going forward CWT will use their monies in export assistance of dairy products and will suspend all herd retirement programs. There were a total of ten herd retirements and there will be no more. In addition, CWT fees have been lowered from \$0.10 per

hundredweight to \$0.02 per hundredweight. It is the goal of CWT to get at least 75% of the milk in the country signed up and contributing to CWT. They are asking for a two-year commitment of \$0.02 per hundredweight from all dairy producers and cooperatives. Premier Milk has not been a member of CWT previously.

NMPF Requesting Lower SCC Limits in Grade A

National Milk Producers Federation (NMPF) delegates passed a resolution requesting the 2011 National Conference of Interstate Milk Shipments (NCIMS) to lower the legal somatic cell count (SCC) limit to 400,000 over a period of three years. The resolution is to reduce the legal limit as follows:

600,000 starting January 1, 2012

500,000 starting January 1, 2013

400,000 starting January 1, 2014

The resolution provides for the continuation of current regulatory enforcement of a warning notice when two of the last four SCC tests results exceed the limit and suspension when three of the last five SCC test results exceed the limit.

This resolution is what NMPF would like to see adopted. NCIMS could choose to adopt this resolution or do something different. NCIMS is the governing body that sets the limits for Grade-A milk.

NMPF Requesting Lower SCC Limits in Grade A

With the mid-term elections over and the House of Representatives now controlled by the Republican party, a new chairman for House Ag Committee will be selected. Collin Peterson (D-MN) was the House Ag Committee Chairman. Being from a major dairy state, it was a benefit to have Rep. Peterson in that position. The new chairman for the House Ag Committee is expected to be Frank Lucas (R-OK). Rep. Lucas is not as familiar with dairy issues and will need to be educated as the new Farm Bill may be drafted in the next two years. Rep. Peterson is expected to become the Ranking Minority Member of the committee.

In the Senate, Sen. Debbie Stabenow (MI) is expected to be chosen as the Chair of the Senate Agriculture Committee, with the loss of current Chair Blanche Lincoln (AR). Sen. Lincoln was the only member of the Senate Agriculture Committee to lose her seat.

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Premier Milk MARKET MINUTE

Commodity Prices	Mar.	Apr.	May	June	July	August	Sept.	October	Current
Cheese - World Market	\$ 1.8201	\$ 1.7237	\$ 1.7804	\$ 1.8257	\$ 1.7900	\$ 1.7922	\$ 1.8030	\$ 1.8489	\$ 1.8824
Cheese - CME Block	\$ 1.4526	\$ 1.2976	\$ 1.4114	\$ 1.4420	\$ 1.3941	\$ 1.5549	\$ 1.7374	\$ 1.7246	\$ 1.4100
Cheese - CME Barrel	\$ 1.4182	\$ 1.2782	\$ 1.3808	\$ 1.4195	\$ 1.3647	\$ 1.5161	\$ 1.7114	\$ 1.7119	\$ 1.3700
Cheese - NASS	\$ 1.5110	\$ 1.3632	\$ 1.3827	\$ 1.4257	\$ 1.4475	\$ 1.4567	\$ 1.7016	\$ 1.7666	\$ 1.7424
Butter - World Market	\$ 1.7123	\$ 1.7336	\$ 1.7984	\$ 1.9732	\$ 1.9363	\$ 1.9850	\$ 2.0922	\$ 2.1933	\$ 2.1603
Butter - CME Cash	\$ 1.3561	\$ 1.4641	\$ 1.5382	\$ 1.5896	\$ 1.6380	\$ 1.7787	\$ 2.2262	\$ 2.1895	\$ 1.9900
Butter - NASS	\$ 1.3609	\$ 1.4388	\$ 1.4770	\$ 1.5801	\$ 1.5946	\$ 1.7375	\$ 2.1570	\$ 2.1893	\$ 2.1286
NFDM - World Market	\$ 1.2418	\$ 1.2772	\$ 1.4459	\$ 1.5055	\$ 1.3863	\$ 1.3796	\$ 1.4374	\$ 1.4081	\$ 1.3353
NFDM - Central A.O.M.	\$ 1.2056	\$ 1.1075	\$ 1.2163	\$ 1.3175	\$ 1.3150	\$ 1.2563	\$ 1.2325	\$ 1.2450	\$ 1.2350
NFDM - NASS	\$ 1.0812	\$ 1.0454	\$ 1.1208	\$ 1.2520	\$ 1.2631	\$ 1.2277	\$ 1.1383	\$ 1.1674	\$ 1.1888
Whey - Central A.O.M.	\$ 0.3781	\$ 0.3725	\$ 0.3472	\$ 0.3450	\$ 0.3450	\$ 0.3425	\$ 0.3444	\$ 0.3519	\$ 0.3550
Whey - NASS	\$ 0.3925	\$ 0.3761	\$ 0.3643	\$ 0.3645	\$ 0.3688	\$ 0.3641	\$ 0.3615	\$ 0.3676	\$ 0.3719
F. O. 6 Class I @ Tampa	\$ 19.74	\$ 18.62	\$ 19.20	\$ 20.68	\$ 21.06	\$ 21.17	\$ 20.90	\$ 21.98	\$ 22.64
Net Cl. I Prem. @ Tampa	\$ 3.69	\$ 3.69	\$ 3.69	\$ 3.69	\$ 3.69	\$ 3.69	\$ 3.69	\$ 3.69	\$ 3.69
F.O. 6 Class I Utilization	87.8%	87.1%	88.7%	83.7%	89.5%	86.6%	87.9%	85.6%	
F. O. 6 Blend @ Tampa	\$ 19.13	\$ 18.20	\$ 18.73	\$ 19.85	\$ 20.87	\$ 20.74	\$ 21.04	\$ 21.46	
PMI - Average SCC	251,511	250,795	268,735	304,914	314,049	313,372	280,257	230,461	
PMI - Average SPC	8,484	7,255	10,528	12,465	11,759	9,843	9,206	9,077	
PMI - Average PIC	16,240	12,552	11,854	28,363	11,358	9,676	15,202	9,972	
Premiums Paid - PMI	\$ 0.49	\$ 0.49	\$ 0.40	\$ 0.31	\$ 0.42	\$ 0.38	\$ 0.45	\$ 0.48	
PMI Cen FL Price	\$ 19.95	\$ 18.90	\$ 19.08	\$ 20.64	\$ 21.59	\$ 21.78	\$ 21.91	\$ 22.33	

(with rBST-free premium)

Price Forecasts	Nov	Dec	Jan	Feb	Mar	April	May	June
PMI Cen FL Price	\$ 22.67	\$ 22.25	\$ 21.01	\$ 20.47	\$ 20.02	\$ 19.70	\$ 19.88	\$ 19.93

(with rBST-free premium)

Class III Milk Futures	June	July	August	Sept.	October	Current
Nov-10	\$ 14.65	\$ 14.86	\$ 15.07	\$ 15.92	\$ 15.65	\$ 15.43
Dec-10	\$ 14.55	\$ 14.74	\$ 14.65	\$ 15.05	\$ 14.32	\$ 13.27
Jan-11	\$ 14.45	\$ 14.43	\$ 14.17	\$ 14.38	\$ 13.86	\$ 13.38
Feb-11	\$ 14.42	\$ 14.30	\$ 14.00	\$ 13.86	\$ 13.92	\$ 13.53
Mar-11	\$ 14.42	\$ 14.37	\$ 14.00	\$ 13.79	\$ 14.08	\$ 13.74
Apr-11	\$ 14.26	\$ 14.42	\$ 13.98	\$ 13.84	\$ 14.12	\$ 13.99
May-11	\$ 14.37	\$ 14.52	\$ 14.10	\$ 13.94	\$ 14.04	\$ 14.08
Jun-11		\$ 14.49	\$ 14.10	\$ 14.02	\$ 14.25	\$ 14.30
Jul-11		\$ 14.55	\$ 14.10	\$ 14.47	\$ 14.71	\$ 14.95
Aug-11			\$ 14.40	\$ 14.87	\$ 15.00	\$ 15.15
Sep-11				\$ 15.05	\$ 15.46	\$ 15.33
Oct-11					\$ 15.46	\$ 15.45

MILC Projections	
Nov-10	\$ -
Dec-10	\$ -
Jan-11	\$ 0.13
Feb-11	\$ 0.46
Mar-11	\$ 0.59
Apr-11	\$ 0.66
May-11	\$ 0.71
Jun-11	\$ 0.74
Jul-11	\$ 0.89
Aug-11	\$ 0.60
Sep-11	\$ 0.39
Oct-11	\$ 0.16

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