

PREMIER PRESS

NOVEMBER 2014

Milk Hauling

Here are phone numbers for you in case you need to reach Williams Dairy Trucking:

GEORGIA

Call Rick McKenzie at 912-278-0039

FLORIDA

Call Rick Hedrick at 912-253-0993

There is a 24 hour – 7 day a week dispatch line to call in case of emergencies – 877-367-9167.

Margin Protection

Signup for the new program has been extended until December 5, 2014. Contact your local FSA office for sign up on this new program. This is the only safety net for dairy producers going forward. All the old programs (MILC) have been eliminated. When you sign up, you will have to pay \$100.00 administrative fee. If you miss the sign up this year, then you will not be able to increase your historical production base.

Your choices during enrollment:

1) margin protection between \$4.00 - \$8.00/cwt. \$4.00/cwt is free and has escalating premiums until you max out at \$8.00/cwt margin protection. Coverage is available in \$0.50/cwt increments. 2) Percentage of your milk production base or history that will be covered. You can cover from a low of 25%, all the way up to 90% in increments of 5 percent.

For more information, go to www.futurefordairy.com. There different tools that you can use to from that website to help determine what coverage you may want to have on your dairy.



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2014 Milk Prices - Where Do We Go From Here?

There is a saying that when you are at the top, there is nowhere to go except down. In 2014, we had record high milk prices, so where will we go in 2015? The natural answer would be lower milk prices and at this time, that appears to be correct. Now the next question is how low will they go? That is the million dollar question that everyone is asking and would like an accurate answer to. Taking a look at several key indicators that help predict future milk prices will help shed some light on that question.

Milk production report is a good place to start. Cow numbers and milk/cow are two bits of information to review. Milk per cow is increasing higher than normal for the last several months. Milk per cow increases are running 2.5 – 3.0% over year ago numbers. This usually means favorable weather conditions and cheaper feed (mainly proteins). Normal milk per cow growth should be in the 1.0% area. Cow numbers are higher and the national dairy herd has been growing all year. Currently there are 9,280,000 in the national dairy herd. That is up 0.84% from one year ago. This trend is a little higher than normal. US milk production for October is up 3.76% versus a year ago, which is quite strong. World milk production is also coming on strong. New Zealand and Australia keep growing at their above normal rates. Europe is ending the quota system and most dairy industry analysts project several European countries will push milk production higher (4 – 5% growth). Their intent is to help supply the world market (China). The world milk production pattern appears to on a growth pattern of about 5%.

Another key indicator to review is domestic consumption. Fluid milk sales all year have been down 3.0 – 3.5%. Yogurt sales are up slightly at about 2%. Cheese sales are up at about 2.5 – 3.5%. Butter sales are off slightly at about 0.5%. The overall commercial disappearance is up this year approximately 2.5 – 3.0%. This a good sign.

Exports of dairy products have slowed tremendously in the last couple of months. Record high prices for butter and cheese made it more difficult to sell on the world market. US prices for butter and cheese are well above the world market prices. So when those prices come down, it will then be more attractive to export butter and cheese again. Also the skim milk powder prices in the US are higher than the world market. This again makes it more difficult to export skim milk powder. It appears that world skim milk powder prices will get close to \$1.00 – 1.05/lb. Overall US dairy exports topped out in 2013 at almost 16% of total milk production. 2014 dairy exports are projected to be off less than 1/2% from 2013. 2015 dairy exports is unknown at this time, but it is anticipated being up to 1% lower than 2014.

With US annual milk production projected growth at 2 – 2.5%, milk exports down 1.0%, domestic consumption will need to increase at least 3.3%. If gas prices stay down and the US economy keeps plugging away at the same current rate, it is very likely that the domestic consumption will absorb that the additional milk volume. The world market has enough milk production to satisfy its needs and the US market will have enough milk to correct some of the depleted inventories of butter and cheese. With all the above information, it would appear that prices will be lower in 2015. Class 3 & 4 milk futures currently are showing a decrease of \$6 – 7.00/cwt from 2014. At this time, most dairy industry analysts are showing a decrease of \$5 – 8.00/cwt. At this time, I believe that the milk futures are showing where milk prices will be.

Premier
MILK INC.
Where Premium Quality Comes Standard.



Premier Milk MARKET MINUTE

Commodity Prices	March	April	May	June	July	August	Sept	Oct	Current
Cheese - World Market	\$ 2.3133	\$ 2.2113	\$ 2.0865	\$ 2.1092	\$ 2.0374	\$ 1.8597	\$ 1.8030	\$ 1.8030	\$ 1.7463
Cheese - CME Block	\$ 2.3554	\$ 2.2439	\$ 2.0155	\$ 2.0238	\$ 1.9870	\$ 2.1820	\$ 2.3499	\$ 2.1932	\$ 1.9425
Cheese - CME Barrel	\$ 2.2790	\$ 2.1842	\$ 1.9985	\$ 1.9380	\$ 1.9970	\$ 2.1961	\$ 2.3663	\$ 2.0782	\$ 1.9150
Cheese - NASS	\$ 2.2689	\$ 2.3547	\$ 2.1703	\$ 2.0358	\$ 2.0482	\$ 2.1074	\$ 2.3472	\$ 2.2914	\$ 2.1705
Butter - World Market	\$ 2.1928	\$ 2.0369	\$ 1.9614	\$ 1.9660	\$ 1.8994	\$ 1.6939	\$ 1.5365	\$ 1.4969	\$ 1.4883
Butter - CME Cash	\$ 1.9164	\$ 1.9357	\$ 2.1713	\$ 2.2630	\$ 2.4624	\$ 2.5914	\$ 2.9740	\$ 2.3184	\$ 1.9875
Butter - NASS	\$ 1.8562	\$ 1.9227	\$ 2.0477	\$ 2.1874	\$ 2.3473	\$ 2.5206	\$ 2.8525	\$ 2.5255	\$ 1.9672
NFDM - World Market	\$ 2.1092	\$ 1.9263	\$ 1.8214	\$ 1.7548	\$ 1.7218	\$ 1.4487	\$ 1.2190	\$ 1.1978	\$ 1.1311
NFDM - Central A.O.M.	\$ 2.1088	\$ 2.0340	\$ 1.8600	\$ 1.8163	\$ 1.8198	\$ 1.5775	\$ 1.4891	\$ 1.4293	\$ 1.3438
NFDM - NASS	\$ 2.0897	\$ 2.0191	\$ 1.8768	\$ 1.8633	\$ 1.8617	\$ 1.7887	\$ 1.4718	\$ 1.4900	\$ 1.4633
Whey - Central A.O.M.	\$ 0.6266	\$ 0.6468	\$ 0.6653	\$ 0.6610	\$ 0.6590	\$ 0.6550	\$ 0.6428	\$ 0.6120	\$ 0.5888
Whey - NASS	\$ 0.6554	\$ 0.6774	\$ 0.6745	\$ 0.6789	\$ 0.6890	\$ 0.6880	\$ 0.6725	\$ 0.6525	\$ 0.6454
F. O. 6 Class I @ Tampa	\$ 29.04	\$ 29.05	\$ 29.87	\$ 28.26	\$ 28.42	\$ 29.27	\$ 29.03	\$ 29.59	\$ 29.46
Net Cl. I Prem. @ Tampa	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.09
F.O. 6 Class I Utilization	82.7%	84.3%	86.9%	80.6%	84.7%	84.7%	86.9%	85.5%	
F. O. 6 Blend @ Tampa	\$ 28.19	\$ 28.45	\$ 29.25	\$ 27.53	\$ 27.95	\$ 28.84	\$ 29.29	\$ 28.10	
PMI - Average SCC	290,300	283,318	293,490	325,933	373,786	388,539	394,220	364,646	
PMI - Average SPC	9,377	8,115	7,215	9,824	11,402	13,379	15,001	12,446	
PMI - Average PIC	13,436	11,964	16,514	14,156	19,550	21,137	31,440	29,569	
Premiums Paid - PMI	\$ 0.47	\$ 0.49	\$ 0.53	\$ 0.42	\$ 0.21	\$ 0.17	\$ 0.13	\$ 0.16	

Class III Milk Futures	July	August	Sept	Oct	Current
Nov-14	\$ 19.75	\$ 21.00	\$ 20.96	\$ 21.27	\$ 21.79
Dec-14	\$ 19.35	\$ 19.80	\$ 19.65	\$ 19.00	\$ 18.96
Jan-15	\$ 18.64	\$ 18.60	\$ 18.65	\$ 17.85	\$ 17.65
Feb-15	\$ 18.31	\$ 18.21	\$ 17.70	\$ 17.42	\$ 16.93
Mar-15	\$ 18.16	\$ 18.10	\$ 17.65	\$ 17.07	\$ 16.81
Apr-15	\$ 18.10	\$ 18.04	\$ 17.54	\$ 16.90	\$ 16.82
May-15	\$ 18.09	\$ 18.00	\$ 17.46	\$ 16.90	\$ 16.70
Jun-15	\$ 18.09	\$ 18.05	\$ 17.45	\$ 17.00	\$ 16.72
Jul-15	\$ 18.07	\$ 18.04	\$ 17.73	\$ 17.10	\$ 16.87
Aug-15		\$ 18.00	\$ 17.75	\$ 17.29	\$ 17.05
Sep-15			\$ 17.55	\$ 17.36	\$ 17.30
Oct-15				\$ 17.42	\$ 17.25

Mailbox Price Comparison		
FL	USDA	PMI
Oct-14		\$ 28.59
Sep-14		\$ 29.38
Aug-14		\$ 29.21
Jul-14	\$ 27.40	\$ 27.96
Jun-14	\$ 25.78	\$ 27.28
May-14	\$ 27.41	\$ 29.09
Apr-14	\$ 27.13	\$ 27.91
Mar-14	\$ 27.27	\$ 28.17
Feb-14	\$ 26.77	\$ 26.73
Jan-14	\$ 25.33	\$ 26.01
Dec-13	\$ 24.68	\$ 24.66
Nov-13	\$ 24.57	\$ 24.66

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