

PREMIER PRESS

AUGUST 2010

Healthy, Hunger-Free Kids Act of 2010

Last week, the US Senate approved the Healthy, Hunger-Free Kids Act of 2010. This bill:

- 1) Increases access and makes it easier to participate in the school feeding programs;
- 2) Expands the National School Lunch and School Breakfast programs;
- 3) Requires the Secretary of Agriculture to establish national nutrition standards that are consistent with Dietary Guidelines for Americans for all foods sold on school campuses throughout the day; and,
- 4) Offers a financial incentive in the form of increased federal reimbursement rate for schools that adopt the new nutrition standards.

Chocolate milk and other flavored milks could come under attack and be removed from schools, depending on how far the Secretary of Agriculture is willing to go or is pushed by other interest groups. National Milk Producers Federation and IDFA (processor group) will be communicating with the Secretary to help make sure that chocolate and other flavored milks stay in the schools.



Premier Milk Inc.

1531 SE 36th Avenue, Suite D
Ocala, Florida 34471

Phone: (352) 433-2527

Fax: (352) 433-2547

www.premiermilk.org

info@premiermilk.org

The Mandatory Price Reporting Act of 2010

The House Ag Committee recently approved legislation that addresses the mandatory dairy price reporting system. USDA was to implement mandatory dairy price reporting as a result of the 2008 Farm Bill. However the 2008 Farm Bill never provided any funding to get this done. This bill, HR5852, The Mandatory Price Reporting Act of 2010, forces USDA to fund the electronic system to collect data that is currently being surveyed. Here are the main details as related to dairy: 1) Amends Section

273 of the Agriculture Marketing Act of 1946 to require the Secretary of Agriculture to establish an electronic reporting system for dairy. 2) Directs the Secretary to publish the information gathered through the electronic reporting system by 3:00 PM (ET) each Wednesday. 3) Requires the Secretary to implement the electronic reporting system for dairy not later than one year following the enactment of this law. The Senate Ag Committee is working on similar language in their bill.

European Union Reform SCC Regulations

US government staff met with European Union (EU) authorities in early July to discuss the EU's new somatic cell count certification requirements. Previously, when US companies

exported dairy products to Europe, if the entire milk shed had a weighted average SCC of 400,000 or less, then those dairy products would be allowed into Europe. Their new regulations will require all individual farms in that milk shed to have a somatic cell count of 400,000 or less. This change in regulation is scheduled to take effect on December 1, 2010. One issue that has come forward is how many different ways the EU countries are helping their producers stay under 400,000 legal limit. US officials do not want US dairy producers to be held at a higher standard than EU dairy producers. This is a significant change and is causing US officials to reconsider the US legal limit of 750,000 for Grade A. At this time there are no proposed changes in US, and it would take 2 - 3 years to get a change like this implemented.

CME Cash Butter Prices Rising

The Chicago Mercantile Exchange (CME) cash butter prices keep moving higher. Butter production for the first half of 2010 is down 6.2% and commercial disappearance of butter in May was 2.4% higher than year ago figures. As a result, June butter inventories are almost 25% lower than they were one year ago. Now add in a world butter market that is tight and suddenly butter is short throughout the supply chain. Butter prices are moving to levels not seen since 2004, when CME butter prices peaked over \$2.20/lb. It is not anticipated that those levels will be reached this year, however butter prices will remain high through most of the rest of this year and could potentially remain through the first part of next year. With CME butter at \$2.00/lb, a herd of cows with 3.60% butterfat test will earn at least \$0.20/cwt more than a herd with a 3.50% butterfat.

Premier
MILK INC.
Where Premium Quality Comes Standard.



Premier Milk MARKET MINUTE

Commodity Prices	Jan.	Feb.	Mar.	Apr.	May	June	July	August	Current
Cheese - World Market	\$ 1.9051	\$ 1.8201	\$ 1.7237	\$ 1.7804	\$ 1.8257	\$ 1.7900	\$ 1.7922		\$ 1.7690
Cheese - CME Block	\$ 1.4530	\$ 1.4526	\$ 1.2976	\$ 1.4114	\$ 1.4420	\$ 1.3941	\$ 1.5549		\$ 1.6200
Cheese - CME Barrel	\$ 1.4684	\$ 1.4182	\$ 1.2782	\$ 1.3808	\$ 1.4195	\$ 1.3647	\$ 1.5161		\$ 1.5850
Cheese - NASS	\$ 1.5374	\$ 1.5110	\$ 1.3632	\$ 1.3827	\$ 1.4257	\$ 1.4475	\$ 1.4567		\$ 1.5957
Butter - World Market	\$ 1.8584	\$ 1.7123	\$ 1.7336	\$ 1.7984	\$ 1.9732	\$ 1.9363	\$ 1.9850		\$ 2.0185
Butter - CME Cash	\$ 1.3950	\$ 1.3561	\$ 1.4641	\$ 1.5382	\$ 1.5896	\$ 1.6380	\$ 1.7787		\$ 1.9175
Butter - NASS	\$ 1.3610	\$ 1.3609	\$ 1.4388	\$ 1.4770	\$ 1.5801	\$ 1.5946	\$ 1.7375		\$ 1.8025
NFDM - World Market	\$ 1.3523	\$ 1.2418	\$ 1.2772	\$ 1.4459	\$ 1.5055	\$ 1.3863	\$ 1.3796		\$ 1.3552
NFDM - Central A.O.M.	\$ 1.3669	\$ 1.2056	\$ 1.1075	\$ 1.2163	\$ 1.3175	\$ 1.3150	\$ 1.2563		\$ 1.2125
NFDM - NASS	\$ 1.1929	\$ 1.0812	\$ 1.0454	\$ 1.1208	\$ 1.2520	\$ 1.2631	\$ 1.2277		\$ 1.1766
Whey - Central A.O.M.	\$ 0.3763	\$ 0.3781	\$ 0.3725	\$ 0.3472	\$ 0.3450	\$ 0.3450	\$ 0.3425		\$ 0.3450
Whey - NASS	\$ 0.3880	\$ 0.3925	\$ 0.3761	\$ 0.3643	\$ 0.3645	\$ 0.3688	\$ 0.3641		\$ 0.3590
F. O. 6 Class I @ Tampa	\$ 20.43	\$ 20.24	\$ 19.74	\$ 18.62	\$ 19.20	\$ 20.68	\$ 21.06	\$ 21.17	
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	87.7%	85.5%	87.8%	87.1%	88.7%	83.7%	89.5%		
F. O. 6 Blend @ Tampa	\$ 19.42	\$ 19.65	\$ 19.13	\$ 18.20	\$ 18.73	\$ 19.85	\$ 20.87		
PMI - Average SCC	221,509	231,576	251,511	250,795	268,735	304,914	314,049		
PMI - Average SPC	8,500	9,033	8,484	7,255	10,528	12,465	11,759		
PMI - Average PIC	26,879	33,500	16,240	12,552	11,854	28,363	11,358		
Premiums Paid - PMI	\$ 0.36	\$ 0.48	\$ 0.49	\$ 0.49	\$ 0.40	\$ 0.31	\$ 0.42		
PMI Cen FL Price	\$ 20.47	\$ 20.58	\$ 19.95	\$ 18.90	\$ 19.08	\$ 20.64	\$ 21.59		

(Includes rBST-free premiums)

	August	Sept	Oct	Nov	Dec	Jan	Feb
PMI Cen FL Price	\$ 21.52	\$ 21.45	\$ 21.61	\$ 21.31	\$ 20.95	\$ 20.44	\$ 20.21

(Includes rBST-free premiums)

	Jan.	Feb.	Mar.	Apr.	May	June	July	Current
Aug-10	\$ 15.50	\$ 14.65	\$ 14.83	\$ 15.05	\$ 14.00	\$ 14.13	\$ 14.94	\$ 15.05
Sep-10	\$ 15.78	\$ 14.84	\$ 15.14	\$ 15.15	\$ 14.49	\$ 14.76	\$ 15.40	\$ 15.39
Oct-10	\$ 15.71	\$ 14.90	\$ 15.05	\$ 15.04	\$ 14.57	\$ 14.78	\$ 15.08	\$ 15.02
Nov-10	\$ 15.55	\$ 14.80	\$ 14.91	\$ 15.00	\$ 14.55	\$ 14.65	\$ 14.86	\$ 14.71
Dec-10	\$ 15.56	\$ 14.75	\$ 14.63	\$ 14.80	\$ 14.61	\$ 14.55	\$ 14.74	\$ 14.58
Jan-11		\$ 14.70	\$ 14.47	\$ 14.58	\$ 14.58	\$ 14.45	\$ 14.43	\$ 14.20
Feb-11			\$ 14.37	\$ 14.50	\$ 14.60	\$ 14.42	\$ 14.30	\$ 14.10
Mar-11				\$ 14.65	\$ 14.70	\$ 14.42	\$ 14.37	\$ 14.09
Apr-11				\$ 14.56	\$ 14.61	\$ 14.26	\$ 14.42	\$ 14.15
May-11					\$ 14.53	\$ 14.37	\$ 14.52	\$ 14.20
Jun-11							\$ 14.49	\$ 14.24
Jul-11							\$ 14.55	\$ 14.50

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