

PREMIER PRESS

APRIL 2013

Grade A Regulatory Limit Set

The National Conference of Interstate Milk Shipments met last week in Indianapolis, IN. One of the proposals discussed at this conference was to lower the Grade A limit for somatic cells from the current level of 750,000 to 400,000 over a two year period. That proposal failed and the current Grade A regulatory limit for somatic cells in milk will continue to be 750,000. The European Union will still enforce their limit of somatic cells at 400,000 for any dairy product imported into Europe. So any dairy manufacturer who exports dairy products to Europe will need to verify back to the producer level that their milk or cream supplies are 400,000 or less. USDA will also audit producer payroll records to verify the milk supplies are 400,000 or less.

MILC Payments

MILC program is part of the government sequestration that is occurring now. There is a 30 day Congressional notification period that must pass. After 30 days, FSA intends to resume making these program payments. The question is when did the 30 day Congressional notification period start? Direct payments would have been subject to the 5.1% sequester regardless of any additional action by the Secretary. The goal of further reducing the direct payments program is to avoid having to ask producers who had already received disaster, SURE, NAP and MILC payments to repay some of those funds. In summary, MILC payments will be coming late spring to early summer and potentially at a reduced rate. MILC rates: Feb - \$0.55/cwt; Mar - \$0.77/cwt; and Apr - \$0.35/cwt. May - Sept are \$0.00/cwt. March through September are estimates.



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Annual Meeting Recap

Premier Milk Inc held its annual meeting on Monday, April 8th. We had a very good turnout with most of membership in attendance. Our members and guests enjoyed a lunch catered by Dixie Grill from Live Oak, FL. Our audited financial statements were available for the members to take home with them to review them later.

One of Premier Milk's bylaws was changed so that when a current director resigns and leaves their seat before their term is expired, a special membership meeting will be called and the members will elect a new director.

Also at this meeting three directors were elected to the board. John Ball, Klaas Reyneveld and Greg Barrington were elected by the membership and will join Pete Wright and Dale McClellan as directors for Premier Milk. These members were elected as directors to represent the membership in overseeing the running of this coop.

If you have any questions or concerns concerning any issue about Premier Milk do hesitate to contact one or more of the directors. Of course you can always contact your general manager as well.

Board Meeting Recap

The Premier Milk Board of Directors met in Gainesville on April 24th. Here are some of the highlights of the meeting:

- 1) Election of officers - Dale McClellan as President; John Ball as Vice President, Grace Reyneveld as Secretary, and Tom Pittman as Treasurer. John Ball was selected as an alternate director to represent Premier Milk on the SMA and DCMA boards. Pete Wright is the primary director for those two boards.
- 2) The board approved a dividend of \$0.04141/cwt for this year. If you are a member who is fully paid up in their equity with Premier Milk, you will receive that full dividend in cash and if you are not fully paid up, then you will receive 20% in cash and the remaining 80% will go towards building your equity. The milk volume is based on your 2012 milk shipments to Premier Milk.
- 3) The board is in support of some proposed changes in the SMA programs. The proposed changes are in hauling rates, quality programs, base/excess plan and fall incentive program. More information will come later if and when SMA approves the changes.
- 4) Discussion centered on milk price comparisons and where prices are headed in the future. Pay

prices were lower than expected in March for two main reasons: a) amount of surplus milk that SMA is handling and b) increased cost of moving milk to market after DFA left SMA. Prices for April and May milk production are expected to be similar to March's price and after that it is expected to see some larger increases, based on current commodity prices for butter, powder and cheese. SMA's milk surplus will shrink down in June through July and we will have more competitive milk prices as that time and going forward.

5) Sample movements to lab. It appears that more samples than normal have not been making to the lab for testing for reasons not fully known. The problem has grown worse in the last 60 days. We are working with Bulls Eye Transportation in the Mayo, FL area to ensure that samples are shipped over night by Fed Ex to lab, five days each week. If we do not see improvements in the next week, additional measures will be taken to determine where the corrections need to be made.

Premier
MILK INC.
Where Premium Quality Comes Standard.



Premier Milk MARKET MINUTE

Commodity Prices	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	Current
Cheese - World Market	\$ 1.6329	\$ 1.7123	\$ 1.7804	\$ 1.7917	\$ 1.7690	\$ 1.8144	\$ 1.8144	\$ 1.9164	\$ 2.0865
Cheese - CME Block	\$ 1.8262	\$ 1.9245	\$ 2.0757	\$ 1.9073	\$ 1.7448	\$ 1.6965	\$ 1.6420	\$ 1.6241	\$ 1.8600
Cheese - CME Barrel	\$ 1.7889	\$ 1.8780	\$ 2.0240	\$ 1.8403	\$ 1.6634	\$ 1.6388	\$ 1.5880	\$ 1.5952	\$ 1.6900
Cheese - NASS	\$ 1.7682	\$ 1.8647	\$ 2.0479	\$ 2.0146	\$ 1.7925	\$ 1.7485	\$ 1.6623	\$ 1.6467	\$ 1.7562
Butter - World Market	\$ 1.4666	\$ 1.6443	\$ 1.6755	\$ 1.7336	\$ 1.7548	\$ 1.7733	\$ 1.8017	\$ 1.9504	\$ 2.2339
Butter - CME Cash	\$ 1.7687	\$ 1.8807	\$ 1.9086	\$ 1.7910	\$ 1.5590	\$ 1.4933	\$ 1.5713	\$ 1.6421	\$ 1.6900
Butter - NASS	\$ 1.6859	\$ 1.8269	\$ 1.9168	\$ 1.8410	\$ 1.5981	\$ 1.5601	\$ 1.5438	\$ 1.6146	\$ 1.6948
NFDM - World Market	\$ 1.3693	\$ 1.5422	\$ 1.5691	\$ 1.5457	\$ 1.5649	\$ 1.5862	\$ 1.6118	\$ 1.6329	\$ 2.1517
NFDM - Central A.O.M.	\$ 1.3650	\$ 1.5325	\$ 1.5419	\$ 1.5475	\$ 1.5735	\$ 1.5700	\$ 1.5505	\$ 1.5200	\$ 1.6600
NFDM - NASS	\$ 1.2543	\$ 1.3768	\$ 1.4636	\$ 1.5143	\$ 1.5384	\$ 1.5601	\$ 1.5559	\$ 1.5208	\$ 1.5480
Whey - Central A.O.M.	\$ 0.5153	\$ 0.5750	\$ 0.6000	\$ 0.6233	\$ 0.6453	\$ 0.6344	\$ 0.6137	\$ 0.5638	\$ 0.5425
Whey - NASS	\$ 0.5352	\$ 0.5846	\$ 0.6205	\$ 0.6480	\$ 0.6610	\$ 0.6503	\$ 0.6393	\$ 0.6048	\$ 0.5766
F. O. 6 Class I @ Tampa	\$ 21.95	\$ 22.99	\$ 24.28	\$ 26.10	\$ 26.79	\$ 24.37	\$ 23.61	\$ 23.20	\$ 23.06
Net Cl. I Prem. @ Tampa	\$ 3.09	\$ 3.17	\$ 3.25	\$ 3.25	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.25
F.O. 6 Class I Utilization	86.7%	85.1%	86.2%	87.7%	81.9%	86.0%	86.3%	85.2%	
F. O. 6 Blend @ Tampa	\$ 21.46	\$ 22.40	\$ 23.70	\$ 25.12	\$ 24.90	\$ 23.32	\$ 22.90	\$ 22.59	
PMI - Average SCC	346,512	317,776	290,472	247,080	258,572	260,793	260,354	238,716	
PMI - Average SPC	9,657	7,550	9,333	29,787	11,468	6,606	5,147	5,150	
PMI - Average PIC	43,054	20,583	36,851	217,864	140,283	12,262	14,848	12,637	
Premiums Paid - PMI	\$ 0.29	\$ 0.37	\$ 0.32	\$ 0.33	\$ 0.45	\$ 0.50	\$ 0.46	\$ 0.51	
PMI Cen FL Price	\$ 21.79	\$ 21.99	\$ 23.40	\$ 25.37	\$ 24.95	\$ 23.20	\$ 22.47	\$ 21.25	

(with rBST-free premium)

Class III Milk Futures	Dec	Jan	Feb	March	Current
Apr-13	\$ 18.30	\$ 17.10	\$ 17.19	\$ 17.26	\$ 17.60
May-13	\$ 18.35	\$ 17.59	\$ 17.49	\$ 18.34	\$ 18.63
Jun-13	\$ 18.57	\$ 18.08	\$ 17.78	\$ 18.95	\$ 19.05
Jul-13	\$ 18.55	\$ 18.30	\$ 18.18	\$ 19.16	\$ 19.25
Aug-13	\$ 18.61	\$ 18.47	\$ 18.40	\$ 19.13	\$ 19.28
Sep-13	\$ 18.52	\$ 18.54	\$ 18.44	\$ 19.10	\$ 19.18
Oct-13	\$ 18.39	\$ 18.40	\$ 18.30	\$ 18.90	\$ 18.90
Nov-13	\$ 18.30	\$ 18.18	\$ 18.01	\$ 18.63	\$ 18.58
Dec-13	\$ 18.10	\$ 18.10	\$ 17.91	\$ 18.26	\$ 18.19
Jan-14		\$ 17.95	\$ 17.80	\$ 17.87	\$ 17.73
Feb-14			\$ 17.58	\$ 17.65	\$ 17.55
Mar-14				\$ 17.40	\$ 17.45

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

Mailbox Price Comparison		
FL	USDA	PMI
Mar-13		\$ 20.90
Feb-13		\$ 22.40
Jan-13	\$ 23.22	\$ 23.14
Dec-12	\$ 24.04	\$ 24.87
Nov-12	\$ 24.04	\$ 25.16
Oct-12	\$ 23.83	\$ 22.79
Sep-12	\$ 22.39	\$ 21.58
Aug-12	\$ 21.41	\$ 21.12
Jul-12	\$ 19.60	\$ 19.98

Note: USDA's figures include the South Florida prices that are priced at higher levels due to zone adjustments.