

PREMIER PRESS

AUGUST 2012

Come Enjoy BBQ!

Dale McClellan, owner of M&B Dairy is hosting the 30th Annual Citrus County Economic Development Council BBQ at his farm. Dale has secured a really outstanding performer and band, Adam Tucker and he performs a Tim McGraw tribute. This beautiful location backs up to a small lake, but provides plenty of room to spread out, chow down on great barbecue prepared by the Citrus County Agricultural Alliance, enjoy libations at the open bar, and kick up your heels with great live music. Here are the details:

**Thursday, September 20, 2012
6:00pm - 10:00pm**

**M&B Dairy
8760 S. Lecanto Hwy
Lecanto, FL 34461**

Cost: \$25.00 per person

Tickets: For reservations, contact Dale at 813-309-2193, the Chamber office at 352-795-3149, or by e-mail at: reception@citruscountychamber.com.

Milk Quality Contacts

Here is a list of people and/or companies that can help you troubleshoot and resolve milk quality issues on your farm.

Dairy Performance Solutions - David Sumrall
352 - 283 - 5780
www.dairyperformancesolutions.com

Dairy Cheq - Kristy Campbell
865 - 604 - 0605
www.dairycheq.com

SMI - Tommy Lynn
352 - 572 - 2773

UF - Dept of Large Animal Clinic - Dr. Fiona Maunsell
352 - 294 - 4077
maunsellf@ufl.edu



Premier Milk Inc.

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

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Poor Profitability Shrinks Dairy Herd

Dairy cow slaughter posted a year-to-date high of 60,300 head for the week ending July 21. While this is not the highest weekly slaughter for the year, it is significantly higher than previous year's by nearly 10,000 head and greater than 2009.

USDA's estimated July 2012 milk-feed price ratio of 1.29 is the lowest in history. The milk-feed price ratio represents the number of pounds of dairy feed that one pound of milk can buy. Since April 2012, the ratio has been less than the June 2009 ratio of 1.47, which was arguably the bleakest period of dairy profitability until now. The 2009 dairy farm profitability crisis was driven by plummeting milk prices in the wake of rising global milk production. For example, the all-milk price used to calculate the June 2009 milk-feed ratio was \$11.30, and corn,

soybean, and alfalfa prices were \$4.03/bu., \$11.40/bu., and \$128/ton, respectively.

In contrast, the 2012 dairy farm profitability crisis is driven by rapidly rising feed costs despite higher-than-average milk prices. The all-milk price used to calculate the July 2012 milk-feed ratio was \$16.60 and corn, soybean, and alfalfa prices were \$7.36/bu., \$15.60/bu., and \$198/ton, respectively.

The U.S. dairy herd peaked at 9.334 million head in December 2008 and declined in every subsequent month until December 2009. In 2012, the U.S. dairy herd peaked at 9.271 million head in April and then declined by 9,000 head in May and 19,000 in June. The recent accelerated rate of slaughter suggests that the U.S. dairy herd could drop by an additional 20,000 head in July 2012.

Source: Daily Dairy Report

Corn Crop Concerns

Despite record-large acreage, this year's corn crop is 13% smaller than last year's, according to USDA's monthly World Agricultural Supply and Demand Estimates (WASDE).

USDA projects farmers will abandon 9 million corn acres and harvest 10.8 billion bushels of corn, the smallest crop in six years. USDA estimates a corn yield of 123.4 bushels per acre, the lowest national average yield since 1995-96. The drought-reduced crop leaves ending stocks at 650 million bushels, only 5.8% of annual demand, the smallest stocks-to-use ratio since 1995-96. End users will have to ration demand.

U.S. corn exports will likely slow, but importers are hard-pressed to find plentiful substitutes. While many are calling for the EPA to waive the ethanol mandate, this would have little or no effect on ethanol demand. Gasoline futures are just shy of \$3/gal., and ethanol is trading around \$2.60.

Unless that relationship changes, refiners will continue to blend ethanol.

Livestock industries have been weakened after several years of adverse weather and poor margins. Dairy producers are financially weak after 2009 erased equity that had taken years to build. But deferred live cattle and milk futures have risen along with feed prices, and many producers can earn a profit even with \$8 corn. Higher feed prices, or lower beef and dairy prices, are needed to encourage further rationing of corn. USDA acknowledged as much by raising its corn price forecast from July's \$5.40 to \$6.40/bu. to \$7.50 to \$8.90/bu.

Source: Daily Dairy Report

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Premier Milk MARKET MINUTE

Commodity Prices	Dec	Jan	Feb	March	April	May	June	July	Current
Cheese - World Market	\$ 1.7889	\$ 1.8654	\$ 1.8541	\$ 1.7917	\$ 1.6783	\$ 1.6443	\$ 1.6329	\$ 1.6329	\$ 1.6103
Cheese - CME Block	\$ 1.6198	\$ 1.5559	\$ 1.4794	\$ 1.5193	\$ 1.5039	\$ 1.5239	\$ 1.6313	\$ 1.6855	\$ 1.8525
Cheese - CME Barrel	\$ 1.5850	\$ 1.5415	\$ 1.4823	\$ 1.5152	\$ 1.4556	\$ 1.4683	\$ 1.5871	\$ 1.6826	\$ 1.8125
Cheese - NASS	\$ 1.8070	\$ 1.6097	\$ 1.5410	\$ 1.5248	\$ 1.5361	\$ 1.5215	\$ 1.5846	\$ 1.6857	\$ 1.7305
Butter - World Market	\$ 1.9193	\$ 1.9051	\$ 1.8838	\$ 1.7393	\$ 1.5932	\$ 1.4373	\$ 1.4331	\$ 1.4132	\$ 1.4005
Butter - CME Cash	\$ 1.6128	\$ 1.5830	\$ 1.4273	\$ 1.4895	\$ 1.4126	\$ 1.3532	\$ 1.4774	\$ 1.5826	\$ 1.7750
Butter - NASS	\$ 1.6119	\$ 1.5900	\$ 1.4712	\$ 1.4347	\$ 1.4634	\$ 1.3657	\$ 1.3991	\$ 1.5386	\$ 1.6311
NFDM - World Market	\$ 1.4716	\$ 1.4671	\$ 1.4558	\$ 1.3636	\$ 1.2871	\$ 1.2204	\$ 1.2530	\$ 1.2601	\$ 1.2814
NFDM - Central A.O.M.	\$ 1.4519	\$ 1.4325	\$ 1.3863	\$ 1.3213	\$ 1.2338	\$ 1.1700	\$ 1.1950	\$ 1.2338	\$ 1.3675
NFDM - NASS	\$ 1.4201	\$ 1.3942	\$ 1.3792	\$ 1.3310	\$ 1.2514	\$ 1.1551	\$ 1.1023	\$ 1.1744	\$ 1.2144
Whey - Central A.O.M.	\$ 0.6394	\$ 0.7050	\$ 0.7038	\$ 0.6325	\$ 0.5466	\$ 0.4978	\$ 0.4763	\$ 0.4875	\$ 0.5125
Whey - NASS	\$ 0.6538	\$ 0.6876	\$ 0.6400	\$ 0.6107	\$ 0.5921	\$ 0.5389	\$ 0.5013	\$ 0.5023	\$ 0.5197
F. O. 6 Class I @ Tampa	\$ 23.87	\$ 24.20	\$ 22.43	\$ 21.70	\$ 21.06	\$ 21.25	\$ 20.64	\$ 20.91	\$ 21.95
Net Cl. I Prem. @ Tampa	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.25	\$ 3.25	\$ 3.25	\$ 3.17	\$ 3.09
F.O. 6 Class I Utilization	87.0%	84.5%	84.5%	86.4%	83.4%	81.8%	81.7%	83.1%	
F. O. 6 Blend @ Tampa	\$ 22.79	\$ 23.11	\$ 21.34	\$ 20.83	\$ 20.31	\$ 19.98	\$ 19.73	\$ 20.20	
PMI - Average SCC	282,718	302,284	284,839	280,411	278,818	276,685	302,470	321,028	
PMI - Average SPC	11,211	14,652	10,869	10,816	12,244	15,237	10,214	7,852	
PMI - Average PIC	38,844	60,723	55,100	55,283	65,451	29,944	16,965	16,714	
Premiums Paid - PMI	\$ 0.33	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.29	\$ 0.32	\$ 0.43	\$ 0.38	
PMI Cen FL Price	\$ 23.53	\$ 23.61	\$ 21.47	\$ 20.98	\$ 19.80	\$ 19.68	\$ 19.70	\$ 20.46	

(with rBST-free premium)

Class III Milk Futures	Mar	Apr	May	June	July	Current
Aug-12	\$ 16.37	\$ 15.60	\$ 16.09	\$ 17.62	\$ 17.08	\$ 17.60
Sep-12	\$ 16.50	\$ 15.96	\$ 16.10	\$ 17.73	\$ 18.32	\$ 18.70
Oct-12	\$ 16.50	\$ 15.98	\$ 16.16	\$ 17.62	\$ 18.80	\$ 19.20
Nov-12	\$ 16.46	\$ 15.84	\$ 16.00	\$ 17.32	\$ 18.88	\$ 19.13
Dec-12	\$ 16.45	\$ 15.70	\$ 16.00	\$ 17.24	\$ 18.87	\$ 19.10
Jan-13	\$ 16.20	\$ 15.58	\$ 15.99	\$ 17.06	\$ 18.55	\$ 18.97
Feb-13	\$ 16.04	\$ 15.45	\$ 15.65	\$ 16.66	\$ 18.16	\$ 18.67
Mar-13	\$ 16.29	\$ 15.71	\$ 15.71	\$ 16.60	\$ 18.10	\$ 18.56
Apr-13		\$ 15.71	\$ 15.88	\$ 16.60	\$ 18.01	\$ 18.61
May-13			\$ 16.19	\$ 16.60	\$ 18.06	\$ 18.65
Jun-13				\$ 16.80	\$ 18.09	\$ 18.60
Jul-13					\$ 18.09	\$ 18.60

MILC Projections	
Oct-11	\$ -
Nov-11	\$ -
Dec-11	\$ -
Jan-12	\$ -
Feb-12	\$ 0.39
Mar-12	\$ 0.83
Apr-12	\$ 1.21
May-12	\$ 1.22
Jun-12	\$ 1.37
Jul-12	\$ 1.74
Aug-12	\$ 1.48
Sep-12	\$ -

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