

# PREMIER PRESS

DECEMBER 2012

## Georgia Dairy Conference

2013 Georgia Dairy Conference will be held on Monday, January 14<sup>th</sup> - Wednesday, January 16<sup>th</sup> at the Savannah Riverfront Marriott in Savannah, GA.

To reserve a room please call the hotel directly at (912) 233-7722. For more information please contact GA Milk Producers at (706)310-0020.

## 38th Annual Southern Dairy Conference

The 38<sup>th</sup> Annual Southern Dairy Conference will be held from Tuesday, January 22<sup>nd</sup> through Wednesday, January 23<sup>rd</sup> at the Embassy Suites Airport - Atlanta, Georgia.

Registration can be found at [www.areg.caes.uga.edu](http://www.areg.caes.uga.edu), or you can call (706) 583-0347. Lodging is available at a reduced rate by contacting the hotel directly at (404) 477-6600 and mention the Southern Dairy Conference when making the reservation.

## Bulls Eye Transportation Contact List

Ricky Rowell  
Office: (912) 367-5700  
Cell: (912) 278-1182

Michael Brown  
Office: (940) 378-2568 ext 274  
Cell: (940) 229-2709

Doyle Dean - Driver  
(912) 339-2721

Art Davis - Driver  
(912) 278-8675



## Milk and Feed Price Review

Cheese prices reached their peak at the end of October at \$2.12/lb, now has retreated to \$1.725/lb, almost a \$0.40/cwt drop. Dairy producers selling their milk into cheese production will experience almost \$4.00/cwt drop in their milk prices from October to their December milk production. If that is the situation, then dairy producers in Idaho, New Mexico and California, will be experience severe negative margins for December and forward. This will force further herd sellouts and farm liquidations in those regions.

With high feed prices and lack of forage availability, US herd will continue to shrink and milk production will continue to contract, leaving the possibility of higher milk prices in late spring. Most expert predictions are indicating an increasing milk price in April - June period.

For dairy producers in the southeast, there is a two month lag in milk prices as compared to dairy producers who live in high cheese production areas. In the Southeast, milk prices will peak out for December milk production and will start to decline, with the price bottoming out in March.

### FDA Registration?

Dairy producers in several states have received letters from a company identified as FDA Registrar Corporation, Hampton, VA, offering to complete a US Food & Drug Administration (FDA) food facility registration for \$195.00. Dairy farms are not required to register with FDA as a food facility. The FDA's Registration of Food Facilities Final Rule, 21 CFR 1.225 - 1.243, requires owners and operators of all domestic and foreign facilities that manufacture, process, pack, or hold food that will be consumed in the United States to register with US FDA. Dairy farmers are exempt from this registration process. If dairy producers receive this letter, they should destroy the letter and take no action.

## Premier Milk Inc.

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

Phone: (352) 433-2527

Fax: (352) 433-2547

[www.premiermilk.org](http://www.premiermilk.org)

[info@premiermilk.org](mailto:info@premiermilk.org)

Dairy slaughter numbers continue to run over 6% higher than a year ago and the dairy herd has been contracting each month since the peak in April 2012. Since that time 84,000 has been removed from the US dairy herd and the current dairy herd size is at 9.187 million cows. With milk prices moving down and high feed prices continuing, it is expected that the dairy herd will continue to shrink and potentially get down to 9.1 million cows.

Feed prices will continue to be higher than normal. Corn prices are expected to moderate very little until later 2013, depending on the 2013 crop. Right now, China has had record corn crop production and South America is looking to keep their corn acres up. If South America has a good growing season, we could see some additional downward pressure on the US market.

One other market factor is the US exports of corn are down due to concerns about the quality of this year's corn crop (aflatoxins). Soybeans have become the crop of choice due more availability and less quality concerns. There have been some downward price movements, but prices will still be up in the \$14-15/bushel area. Hay prices will remain high until next year's crop starts to be harvested in June/July, and then it will depend on if the US drought has continued to get worse or better.

Of course the one other factor is the Farm Bill. If Congress cannot get their work and get a Farm Bill in place, milk prices will rise dramatically over the next two - three months. Most industry personnel believe that Congress won't let that happen, but this is not an ordinary Congress and they have other burning issues to resolve. So it is a wait-and-see situation with them.

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# Premier Milk MARKET MINUTE

Commodity Prices	April	May	June	July	August	Sept	Oct	Nov	Current
Cheese - World Market	\$ 1.6783	\$ 1.6443	\$ 1.6329	\$ 1.6329	\$ 1.6329	\$ 1.7123	\$ 1.7804	\$ 1.7917	\$ 1.8144
Cheese - CME Block	\$ 1.5039	\$ 1.5239	\$ 1.6313	\$ 1.6855	\$ 1.8262	\$ 1.9245	\$ 2.0757	\$ 1.9073	\$ 1.7250
Cheese - CME Barrel	\$ 1.4556	\$ 1.4683	\$ 1.5871	\$ 1.6826	\$ 1.7889	\$ 1.8780	\$ 2.0240	\$ 1.8403	\$ 1.6250
Cheese - NASS	\$ 1.5361	\$ 1.5215	\$ 1.5846	\$ 1.6857	\$ 1.7682	\$ 1.8647	\$ 2.0479	\$ 2.0146	\$ 1.8517
Butter - World Market	\$ 1.5932	\$ 1.4373	\$ 1.4331	\$ 1.4132	\$ 1.4666	\$ 1.6443	\$ 1.6755	\$ 1.7336	\$ 1.7520
Butter - CME Cash	\$ 1.4126	\$ 1.3532	\$ 1.4774	\$ 1.5826	\$ 1.7687	\$ 1.8807	\$ 1.9086	\$ 1.7910	\$ 1.5950
Butter - NASS	\$ 1.4634	\$ 1.3657	\$ 1.3991	\$ 1.5386	\$ 1.6859	\$ 1.8269	\$ 1.9168	\$ 1.8410	\$ 1.6351
NFDM - World Market	\$ 1.2871	\$ 1.2204	\$ 1.2530	\$ 1.2601	\$ 1.3693	\$ 1.5422	\$ 1.5691	\$ 1.5457	\$ 1.5649
NFDM - Central A.O.M.	\$ 1.2338	\$ 1.1700	\$ 1.1950	\$ 1.2338	\$ 1.3650	\$ 1.5325	\$ 1.5419	\$ 1.5475	\$ 1.5650
NFDM - NASS	\$ 1.2514	\$ 1.1551	\$ 1.1023	\$ 1.1744	\$ 1.2543	\$ 1.3768	\$ 1.4636	\$ 1.5143	\$ 1.5436
Whey - Central A.O.M.	\$ 0.5466	\$ 0.4978	\$ 0.4763	\$ 0.4875	\$ 0.5153	\$ 0.5750	\$ 0.6000	\$ 0.6233	\$ 0.6413
Whey - NASS	\$ 0.5921	\$ 0.5389	\$ 0.5013	\$ 0.5023	\$ 0.5352	\$ 0.5846	\$ 0.6205	\$ 0.6480	\$ 0.6632
F. O. 6 Class I @ Tampa	\$ 21.06	\$ 21.25	\$ 20.64	\$ 20.91	\$ 21.95	\$ 22.99	\$ 24.28	\$ 26.10	\$ 26.79
Net Cl. I Prem. @ Tampa	\$ 3.25	\$ 3.25	\$ 3.25	\$ 3.17	\$ 3.09	\$ 3.17	\$ 3.25	\$ 3.25	\$ 3.17
F.O. 6 Class I Utilization	83.4%	81.8%	81.7%	83.1%	86.7%	85.1%	86.2%	87.7%	
F. O. 6 Blend @ Tampa	\$ 20.31	\$ 19.98	\$ 19.73	\$ 20.20	\$ 21.46	\$ 22.40	\$ 23.70	\$ 25.12	
PMI - Average SCC	278,818	276,685	302,470	321,028	346,512	317,776	290,472	247,080	
PMI - Average SPC	12,244	15,237	10,214	7,852	9,657	7,550	9,333	29,787	
PMI - Average PIC	65,451	29,944	16,965	16,714	43,054	20,583	36,851	217,864	
Premiums Paid - PMI	\$ 0.29	\$ 0.32	\$ 0.43	\$ 0.38	\$ 0.29	\$ 0.37	\$ 0.32	\$ 0.33	
PMI Cen FL Price	\$ 19.80	\$ 19.68	\$ 19.70	\$ 20.46	\$ 21.79	\$ 21.99	\$ 23.40	\$ 25.37	

(with rBST-free premium)

Class III Milk Futures	August	Sept	Oct	Nov	Current
<b>Dec-12</b>	\$ 19.88	\$ 19.86	\$ 20.16	\$ 18.74	\$ 18.59
<b>Jan-13</b>	\$ 19.77	\$ 19.42	\$ 19.43	\$ 18.79	\$ 17.60
<b>Feb-13</b>	\$ 19.37	\$ 19.11	\$ 19.04	\$ 18.76	\$ 17.90
<b>Mar-13</b>	\$ 19.20	\$ 18.92	\$ 18.85	\$ 18.78	\$ 18.19
<b>Apr-13</b>	\$ 19.12	\$ 18.62	\$ 18.81	\$ 18.75	\$ 18.48
<b>May-13</b>	\$ 18.87	\$ 18.61	\$ 18.74	\$ 18.70	\$ 18.60
<b>Jun-13</b>	\$ 18.65	\$ 18.65	\$ 18.62	\$ 18.65	\$ 18.59
<b>Jul-13</b>	\$ 18.80	\$ 18.84	\$ 18.62	\$ 18.67	\$ 18.63
<b>Aug-13</b>	\$ 18.55	\$ 18.83	\$ 18.60	\$ 18.55	\$ 18.61
<b>Sept-13</b>		\$ 18.66	\$ 18.53	\$ 18.46	\$ 18.56
<b>Oct-13</b>			\$ 18.41	\$ 18.34	\$ 18.35
<b>Nov-13</b>				\$ 18.10	\$ 18.23

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

Mailbox Price Comparison		
FL	USDA	PMI
Nov-12		\$ 25.16
Oct-12		\$ 22.79
Sep-12	\$ 22.39	\$ 21.58
Aug-12	\$ 21.41	\$ 21.12
Jul-12	\$ 19.60	\$ 19.98
Jun-12	\$ 18.61	\$ 19.25
May-12	\$ 18.49	\$ 19.22
Apr-12	\$ 18.71	\$ 19.39
Mar-12	\$ 19.54	\$ 20.58

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