

PREMIER PRESS

JANUARY 2013

New Payroll System

Lone Star Milk Producers, which was hired by Premier Milk to do the producer payroll for Premier Milk, has installed a new payroll system on January 1. As most of you know that when you install a new system there are a few glitches to work out. Currently they are working to get those squared away. The one thing that many of you have noticed is that the milk weights and manifest numbers are not in with the quality information as they were in the past. They are working to correct the issue. We are working with Lone Star to make sure that your milk checks are timely and accurate.

If you have any concerns about inaccuracies on your milk check, please check your milk check statement first and don't rely on the quality page for your weights until we get through this first month. The milk check information will look almost identical to what we had before. If you do have a specific concern you can contact Tom Pittman.

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



MILC is Back

The extension of the 2008 Farm Bill put into place by the US Congress, brings back the MILC program. MILC program will run through August 31, 2013. The Farm Bill extension provides for retroactive payments for the Sept - Dec 2012 time period. The same rules apply as before, such as the limit of 2.985 million lbs of annual milk production per farm.

Currently USDA officials are working on the details and signup timelines and will have an announcement soon for the 2012 - 2013 MILC signup periods. USDA has stated they are committed to making the process farmer friendly. Please stay in contact with your local FSA office as the industry expects the rules to be finalized by the end of January.

Hay Production at Record Low

Hay stocks on farms as of Dec. 1, 2012, fell to 76.55 million tons, a decline of 15.6% from December 2011 stocks, according to USDA's Crop Production report, released Jan 11th. December hay stocks are the lowest since 1957. USDA's Crop Production Annual Summary, also released Friday, showed 56.26 million hay acres of all varieties were harvested in 2012. While that's slightly higher than the 55.65 million hay acres harvested in 2011, both years represent the two lowest harvested hay acreage figures since USDA began keeping records in 1919. Due to widespread drought, hay production in 2012 was a record low 119.9 million tons, 8.6% lower than 2011 output.

Moreover, while hay acreage of all varieties was slightly higher than last year, harvested alfalfa hay acreage fell to a new low of 17.29 million acres, a decline of 10% from 2011 levels. The drought also reduced the quality of these scarce supplies. Subfreezing temperatures in the central

MILC Payment Rates:

Oct 12 - \$0.00 - \$0.02/cwt
Nov 12 - \$0.00/cwt
Dec 12 - \$0.00/cwt
Jan 13 - \$0.00 - \$0.19/cwt
Feb 13 - \$0.25 - \$0.62/cwt
Mar 13 - \$0.35 - \$0.43/cwt
Apr 13 - \$0.25 - \$0.38/cwt
May 13 - \$0.20 - \$0.33/cwt
Jun 13 - \$0.23 - \$0.29/cwt
Jul 13 - \$0.00 - \$0.22/cwt
Aug 13 - \$0.00 - \$0.08/cwt
Sep 13 - \$0.00/cwt

These are estimates and they will be updated monthly.

United States threaten to damage the current crop, which is largely unprotected by snow cover. Meanwhile, lingering drought in the U.S. plains is limiting grazing, forcing livestock producers to feed more harvested forage, including alfalfa.

Given tight stocks, low acreage and firm demand, alfalfa hay prices will likely remain strong for some time. Dairy producers depend on quality alfalfa in feed rations to promote milk production. Currently, milk production per cow is impressively strong, resulting in heavy milk flows despite a reduced milk herd. To the extent that scarcity and price diminish dairy producers' ability to feed high-quality alfalfa, milk production could suffer. *Source: Daily Dairy Repo*

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

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Where Premium Quality Comes Standard.



Premier Milk MARKET MINUTE

Commodity Prices	May	June	July	Aug	Sept	Oct	Nov	Dec	Current
Cheese - World Market	\$ 1.6443	\$ 1.6329	\$ 1.6329	\$ 1.6329	\$ 1.7123	\$ 1.7804	\$ 1.7917	\$ 1.7690	\$ 1.8144
Cheese - CME Block	\$ 1.5239	\$ 1.6313	\$ 1.6855	\$ 1.8262	\$ 1.9245	\$ 2.0757	\$ 1.9073	\$ 1.7448	\$ 1.6875
Cheese - CME Barrel	\$ 1.4683	\$ 1.5871	\$ 1.6826	\$ 1.7889	\$ 1.8780	\$ 2.0240	\$ 1.8403	\$ 1.6634	\$ 1.6375
Cheese - NASS	\$ 1.5215	\$ 1.5846	\$ 1.6857	\$ 1.7682	\$ 1.8647	\$ 2.0479	\$ 2.0146	\$ 1.7925	\$ 1.7613
Butter - World Market	\$ 1.4373	\$ 1.4331	\$ 1.4132	\$ 1.4666	\$ 1.6443	\$ 1.6755	\$ 1.7336	\$ 1.7548	\$ 1.7998
Butter - CME Cash	\$ 1.3532	\$ 1.4774	\$ 1.5826	\$ 1.7687	\$ 1.8807	\$ 1.9086	\$ 1.7910	\$ 1.5590	\$ 1.5050
Butter - NASS	\$ 1.3657	\$ 1.3991	\$ 1.5386	\$ 1.6859	\$ 1.8269	\$ 1.9168	\$ 1.8410	\$ 1.5981	\$ 1.5229
NFDM - World Market	\$ 1.2204	\$ 1.2530	\$ 1.2601	\$ 1.3693	\$ 1.5422	\$ 1.5691	\$ 1.5457	\$ 1.5649	\$ 1.6017
NFDM - Central A.O.M.	\$ 1.1700	\$ 1.1950	\$ 1.2338	\$ 1.3650	\$ 1.5325	\$ 1.5419	\$ 1.5475	\$ 1.5735	\$ 1.5650
NFDM - NASS	\$ 1.1551	\$ 1.1023	\$ 1.1744	\$ 1.2543	\$ 1.3768	\$ 1.4636	\$ 1.5143	\$ 1.5384	\$ 1.5482
Whey - Central A.O.M.	\$ 0.4978	\$ 0.4763	\$ 0.4875	\$ 0.5153	\$ 0.5750	\$ 0.6000	\$ 0.6233	\$ 0.6453	\$ 0.6250
Whey - NASS	\$ 0.5389	\$ 0.5013	\$ 0.5023	\$ 0.5352	\$ 0.5846	\$ 0.6205	\$ 0.6480	\$ 0.6610	\$ 0.6566
F. O. 6 Class I @ Tampa	\$ 21.25	\$ 20.64	\$ 20.91	\$ 21.95	\$ 22.99	\$ 24.28	\$ 26.10	\$ 26.79	\$ 24.37
Net Cl. I Prem. @ Tampa	\$ 3.25	\$ 3.25	\$ 3.17	\$ 3.09	\$ 3.17	\$ 3.25	\$ 3.25	\$ 3.17	\$ 3.17
F.O. 6 Class I Utilization	81.8%	81.7%	83.1%	86.7%	85.1%	86.2%	87.7%	81.9%	
F. O. 6 Blend @ Tampa	\$ 19.98	\$ 19.73	\$ 20.20	\$ 21.46	\$ 22.40	\$ 23.70	\$ 25.12	\$ 24.90	
PMI - Average SCC	276,685	302,470	321,028	346,512	317,776	290,472	247,080	258,572	
PMI - Average SPC	15,237	10,214	7,852	9,657	7,550	9,333	29,787	11,468	
PMI - Average PIC	29,944	16,965	16,714	43,054	20,583	36,851	217,864	140,283	
Premiums Paid - PMI	\$ 0.32	\$ 0.43	\$ 0.38	\$ 0.29	\$ 0.37	\$ 0.32	\$ 0.33	\$ 0.45	
PMI Cen FL Price	\$ 19.68	\$ 19.70	\$ 20.46	\$ 21.79	\$ 21.99	\$ 23.40	\$ 25.37	\$ 24.95	

(with rBST-free premium)

Class III Milk Futures	Sept	Oct	Nov	Dec	Current
Jan-13	\$ 19.42	\$ 19.43	\$ 18.79	\$ 17.91	\$ 18.13
Feb-13	\$ 19.11	\$ 19.04	\$ 18.76	\$ 18.32	\$ 17.38
Mar-13	\$ 18.92	\$ 18.85	\$ 18.78	\$ 18.19	\$ 17.30
Apr-13	\$ 18.62	\$ 18.81	\$ 18.75	\$ 18.30	\$ 17.65
May-13	\$ 18.61	\$ 18.74	\$ 18.70	\$ 18.35	\$ 18.30
Jun-13	\$ 18.65	\$ 18.62	\$ 18.65	\$ 18.57	\$ 18.47
Jul-13	\$ 18.84	\$ 18.62	\$ 18.67	\$ 18.55	\$ 18.65
Aug-13	\$ 18.83	\$ 18.60	\$ 18.55	\$ 18.61	\$ 18.70
Sep-13	\$ 18.66	\$ 18.53	\$ 18.46	\$ 18.52	\$ 18.58
Oct-13		\$ 18.41	\$ 18.34	\$ 18.39	\$ 18.45
Nov-13			\$ 18.10	\$ 18.30	\$ 18.26
Dec-13				\$ 18.10	\$ 18.18

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

Mailbox Price Comparison		
FL	USDA	PMI
Dec-12		\$ 24.87
Nov-12		\$ 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
Jun-12	\$ 18.61	\$ 19.25
May-12	\$ 18.49	\$ 19.22
Apr-12	\$ 18.71	\$ 19.39

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