

PREMIER PRESS

JANUARY 2016

PMI Annual Meeting

The 7th Annual Meeting for Premier Milk is scheduled for Monday, February 29, 2016. It will be held at the 4th District Community Center, 1 ½ miles west of Branford on Hwy 27.

The meeting will begin at 10:30 am. Lunch will be provided and catered by Dixie Grill from Live Oak. Please RSVP to Tom or Marta in the office at 352-433-2527.

Southern Dairy Conference

42 Annual Southern Dairy Conference will be held on March 8 & 9, 2016 at the Embassy Suites at the Atlanta Airport.

For a list of speakers and more information go to www.southerndairyconference.com.

Important Contact Info

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Global Milk Production

Europe · European milk production continued to expand with October output increasing by 5% over 2014. Though November data has not yet been released, early indications suggest little slowing in growth – particularly considering weak year-over-year comparisons after the pull-back in production ahead of quota removal. · Since the beginning of the year, European milk output has grown by nearly 2%, or 4,800 million pounds. Much of the supply growth came from Northwest Europe. More specifically, output in Germany increased by more than 860 million pounds, while production in Ireland and the Netherlands each grew by more than 1,200 million pounds from a year ago. Increased milk production in these three regions combined translated into a 142 million pound gain in SMP output – the rough equivalent of New Zealand's third quarter 2015 exports.

New Zealand · New Zealand milk production slipped by roughly 3% in October year-over-year, driven by fewer milking cows and reduced reliance on output-boosting supplementary feed. Though November data is not yet available, early reports suggest output was again down between 3 and 4% compared to year-ago levels. · El Niño continues to threaten soil moisture and pasture growth rates. Though regular rainfall thus far has helped conditions, increased dependence on pasture puts milk output at greater risk if soils do begin to dry. In addition, the combination of re-

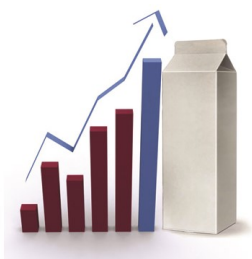
duced pasture availability and tight farm margins may lead to early dry offs and higher cull rates. Both could further impact the outlook for late season milk output. · Would a 5% (2.6 billion pounds) decline in New Zealand milk production this season be enough to rebalance global supply? The short answer: probably not. The headlines surrounding such a decline could create an emotional response from buyers and plausibly help clean up some of the excess. However, the math suggests a 5% decrease might not move the needle much so long as Europe is pumping up production.

United States · Despite continued regional discrepancies in milk flows, US milk production increased 0.6% year-over-year in November. Though cow numbers have fallen from their May 2015 peak, November production growth was primarily driven by a 29,000 head increase in the milking herd from a year ago. · Following recent erosion in dairy commodity futures markets, the estimated average US farm margin fell to around \$1.00 for the first quarter of 2016 – the lowest margins since 2013. Even so, milk production is expected to grow by roughly 1% in the first quarter.

Summary: Strong increase from Europe will keep US dairy commodity prices from big increases. The forecast on the other side of the page reflects the current thinking of where prices will go and also includes the CME futures prices for Class III and IV milk. Overall 2016 will be worse than 2015. *Some of this article was reprinted from Blimling Research Report.*

For your information: Forecasted prices are at 3.5%. If your butterfat test is higher than that, your milk price will increase. Based on current butter market, if your butterfat is 3.6%, you can estimate that your milk price will be \$0.22/cwt. If your butterfat is 3.7%, then your milk price will be \$0.44/cwt.

Premier
MILK INC.
Where Premium Quality Comes Standard.



Premier Milk MARKET MINUTE

Commodity Prices	May	June	July	August	Sept	Oct	Nov	Dec	Current
Cheese - World Market	\$ 1.5762	\$ 1.5365	\$ 1.4572	\$ 1.3409	\$ 1.3608	\$ 1.4363	\$ 1.4402	\$ 1.4288	\$ 1.3438
Cheese - CME Block	\$ 1.6308	\$ 1.7052	\$ 1.6659	\$ 1.7111	\$ 1.6605	\$ 1.6674	\$ 1.6176	\$ 1.4616	\$ 1.4600
Cheese - CME Barrel	\$ 1.6250	\$ 1.6690	\$ 1.6313	\$ 1.6689	\$ 1.5840	\$ 1.6074	\$ 1.5305	\$ 1.4638	\$ 1.4300
Cheese - NASS	\$ 1.6557	\$ 1.7222	\$ 1.6997	\$ 1.7386	\$ 1.7145	\$ 1.6790	\$ 1.6503	\$ 1.5719	\$ 1.5251
Butter - World Market	\$ 1.4770	\$ 1.4231	\$ 1.3778	\$ 1.2375	\$ 1.3041	\$ 1.4042	\$ 1.3636	\$ 1.3976	\$ 1.3600
Butter - CME Cash	\$ 1.9309	\$ 1.9065	\$ 1.9056	\$ 2.1542	\$ 2.6690	\$ 2.4754	\$ 2.8779	\$ 2.3318	\$ 2.2000
Butter - NASS	\$ 1.8725	\$ 1.9065	\$ 1.9159	\$ 2.0438	\$ 2.4449	\$ 2.5734	\$ 2.7999	\$ 2.5709	\$ 2.0427
NFDM - World Market	\$ 0.9497	\$ 0.9171	\$ 0.8477	\$ 0.7612	\$ 0.8448	\$ 0.9242	\$ 0.8788	\$ 0.8391	\$ 0.8080
NFDM - Central A.O.M.	\$ 0.9735	\$ 0.9414	\$ 0.8583	\$ 0.7817	\$ 0.8769	\$ 0.8790	\$ 0.8724	\$ 0.8541	\$ 0.8150
NFDM - NASS	\$ 0.9464	\$ 0.9283	\$ 0.8366	\$ 0.7443	\$ 0.8007	\$ 0.8951	\$ 0.8372	\$ 0.7893	\$ 0.7857
Whey - Central A.O.M.	\$ 0.4129	\$ 0.3773	\$ 0.3364	\$ 0.2462	\$ 0.2044	\$ 0.2045	\$ 0.2105	\$ 0.2128	\$ 0.2225
Whey - NASS	\$ 0.4450	\$ 0.4245	\$ 0.3937	\$ 0.3108	\$ 0.2442	\$ 0.2309	\$ 0.2341	\$ 0.2336	\$ 0.2351
F. O. 6 Class I @ Tampa	\$ 21.23	\$ 21.54	\$ 21.93	\$ 21.68	\$ 21.74	\$ 21.24	\$ 21.88	\$ 22.11	\$ 21.44
Net Cl. I Prem. @ Tampa	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
F.O. 6 Class I Utilization	83.0%	84.0%	86.8%	83.0%	85.5%	87.0%	83.9%	85.2%	
F. O. 6 Blend @ Tampa	\$ 20.36	\$ 20.62	\$ 21.05	\$ 20.62	\$ 21.66	\$ 20.89	\$ 21.59	\$ 20.99	
PMI - Average SCC	255,000	327,000	370,000	404,000	401,000	368,000	354,000	343,000	
PMI - Average SPC	12,682	10,051	20,965	13,200	8,000	5,800	8,500	13,580	
PMI - Average PIC	29,203	22,893	25,224	20,030	21,200	15,100	11,580	16,680	
Premiums Paid - PMI	\$ 0.32	\$ 0.29	\$ 0.21	\$ 0.14	\$ 0.15	\$ 0.28	\$ 0.34	\$ 0.30	

Class III Milk Futures	Sept	Oct	Nov	Dec	Current
Jan-16	\$ 15.58	\$ 15.39	\$ 14.40	\$ 13.56	\$ 13.72
Feb-16	\$ 15.61	\$ 15.63	\$ 14.69	\$ 13.75	\$ 13.84
Mar-16	\$ 15.78	\$ 15.84	\$ 15.06	\$ 14.18	\$ 13.78
Apr-16	\$ 15.79	\$ 16.00	\$ 15.28	\$ 14.54	\$ 13.84
May-16	\$ 15.95	\$ 16.26	\$ 15.55	\$ 14.85	\$ 14.16
Jun-16	\$ 16.25	\$ 16.52	\$ 15.85	\$ 15.20	\$ 14.52
Jul-16	\$ 16.45	\$ 16.83	\$ 16.17	\$ 15.65	\$ 14.89
Aug-16	\$ 16.47	\$ 16.97	\$ 16.40	\$ 16.11	\$ 15.36
Sep-16	\$ 16.44	\$ 16.97	\$ 16.57	\$ 16.35	\$ 15.64
Oct-16		\$ 16.97	\$ 16.45	\$ 16.40	\$ 15.80
Nov-16			\$ 16.35	\$ 16.29	\$ 15.79
Dec-16				\$ 16.21	\$ 15.73

Mailbox Price Comparison		
FL	USDA	PMI
Dec-15		\$ 19.49
Nov-15		\$ 20.30
Oct-15	\$ 19.76	\$ 19.57
Sep-15	\$ 20.19	\$ 20.08
Aug-15	\$ 19.11	\$ 19.03
Jul-15	\$ 18.96	\$ 19.26
Jun-15	\$ 18.21	\$ 17.47
May-15	\$ 17.77	\$ 17.95
Apr-15	\$ 17.77	\$ 17.55
Mar-15	\$ 17.98	\$ 17.42
Feb-15	\$ 19.55	\$ 17.95
Jan-15	\$ 21.33	\$ 21.11

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