

PREMIER PRESS

JULY 2012

Congratulations Dale McClellan and Family!

Congratulations to Dale McClellan and his family for winning the 2012 Swisher Sweets/Sunbelt Ag Expo Florida Farmer of the Year. Dale and his family own and operate a dairy farm and produces hay, corn and oats to the feed the herd. They also operate a state-of-the-art dairy processing and packaging facility that serves institutional customers. Dale serves on numerous boards including the PMI board of directors. He will now compete against nine other state winners for the prestigious Southeastern Farmer of the Year award that will be announced in the fall.

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

Phone: (352) 433-2527

Fax: (352) 433-2547

www.premiermilk.org

info@premiermilk.org

US Dairy Herd Size and Milk Production

The nation's milk-cow herd shrank by 19,000 head in June to 9.241 million cows, according to USDA's Milk Production report. This was on top of a decline of 14,000 cows in May 2012. Before the back-to-back declines, the milk herd had increased every month since September 2010. It appears that herd contraction in May was concentrated in the western states.

Since May, Arizona saw its herd fall by 6,000 head, a decline of 3%. New Mexico's herd contracted by 5,000 head and Washington's shrank 4,000. All other states reported a change of 1,000 or fewer cows.

Milk production in June 2012 totaled 16.67 billion pounds, 0.9% higher than the previous June. This is the smallest year-over-year increase in monthly production since July 2011.

With production growth slowing, and, more importantly, a significant decline in milk cow numbers, this report is certainly supportive to milk prices. However, with a considerable weather premium already built into the milk futures market, a strong U.S. dollar, and ample production overseas, the market will have to find a balance. The cost of milk production in the United States is rising quickly, and if the price of milk cannot keep up, further herd contractions are likely.

Farm Bill Update

The US Senate voted 64-35 last month in favor of the 2012 Farm Bill. To pass, the bill needs approval from the House Agricultural Committee and the full House of Representatives in addition to reconciliation between the differing House and Senate versions. If passed, the bill would replace Milk Income Loss Contract (MILC) payments, the Dairy Product Price Support Program and the Dairy Export Incentive Program with margin insurance based on national average feed costs and subsidized for the first 4 million lbs. of annual milk production.

The House version calculates feed costs with a slightly different formula, increasing the likelihood for margin payments under that version. Dairy producers opting into margin insurance would be subject to milk production restrictions in periods of very low margins in order to reduce supply.

An amendment to the Senate bill proposes reform to federal milk marketing orders and eliminates the use of end product pricing for Class III milk. The House Agricultural Committee is still working on the House version. This bill is expected to be completed before the end of September.

Powder Exports Jump

U.S. exports of nonfat dry milk/skim milk powder (NDM/SMP) topped 100 million pounds in May 2012. This is the highest monthly NDM/SMP export volume since October 2010's 108.9 million pounds and the fourth time that monthly NDM/SMP exports have exceeded 100 million pounds. Granted, NDM/SMP prices averaged near \$1.10/lb. in the West, the lowest price level since early 2010.

Mexico is the largest market for U.S.-produced NDM/SMP, accounting for 44% of exports in May 2012 and 42% of year-to-date exports. Mexico imported 43.8 million pounds of NDM/SMP in May 2012, followed by the Philippines at a distant second with 9.1 million pounds and Vietnam with 7.9 million pounds. U.S. exporters have worked diligently to maintain key markets in the face of rising global production. As a result, NDM/SMP stocks, while higher than the prior year, are being held with confidence.

Premier
MILK INC.
Where Premium Quality Comes Standard.



Premier Milk MARKET MINUTE

Commodity Prices	Nov	Dec	Jan	Feb	March	April	May	June	Current
Cheese - World Market	\$ 1.7889	\$ 1.7889	\$ 1.8654	\$ 1.8541	\$ 1.7917	\$ 1.6783	\$ 1.6443	\$ 1.6329	\$ 1.6329
Cheese - CME Block	\$ 1.8716	\$ 1.6198	\$ 1.5559	\$ 1.4794	\$ 1.5193	\$ 1.5039	\$ 1.5239	\$ 1.6313	\$ 1.7175
Cheese - CME Barrel	\$ 1.8963	\$ 1.5850	\$ 1.5415	\$ 1.4823	\$ 1.5152	\$ 1.4556	\$ 1.4683	\$ 1.5871	\$ 1.6950
Cheese - NASS	\$ 1.8415	\$ 1.8070	\$ 1.6097	\$ 1.5410	\$ 1.5248	\$ 1.5361	\$ 1.5215	\$ 1.5846	\$ 1.6835
Butter - World Market	\$ 1.9901	\$ 1.9193	\$ 1.9051	\$ 1.8838	\$ 1.7393	\$ 1.5932	\$ 1.4373	\$ 1.4331	\$ 1.3863
Butter - CME Cash	\$ 1.7351	\$ 1.6128	\$ 1.5830	\$ 1.4273	\$ 1.4895	\$ 1.4126	\$ 1.3532	\$ 1.4774	\$ 1.5850
Butter - NASS	\$ 1.7824	\$ 1.6119	\$ 1.5900	\$ 1.4712	\$ 1.4347	\$ 1.4634	\$ 1.3657	\$ 1.3991	\$ 1.6444
NFDM - World Market	\$ 1.4940	\$ 1.4716	\$ 1.4671	\$ 1.4558	\$ 1.3636	\$ 1.2871	\$ 1.2204	\$ 1.2530	\$ 1.2389
NFDM - Central A.O.M.	\$ 1.4713	\$ 1.4519	\$ 1.4325	\$ 1.3863	\$ 1.3213	\$ 1.2338	\$ 1.1700	\$ 1.1950	\$ 1.2550
NFDM - NASS	\$ 1.4522	\$ 1.4201	\$ 1.3942	\$ 1.3792	\$ 1.3310	\$ 1.2514	\$ 1.1551	\$ 1.1023	\$ 1.1575
Whey - Central A.O.M.	\$ 0.6206	\$ 0.6394	\$ 0.7050	\$ 0.7038	\$ 0.6325	\$ 0.5466	\$ 0.4978	\$ 0.4763	\$ 0.4900
Whey - NASS	\$ 0.6380	\$ 0.6538	\$ 0.6876	\$ 0.6400	\$ 0.6107	\$ 0.5921	\$ 0.5389	\$ 0.5013	\$ 0.4959
F. O. 6 Class I @ Tampa	\$ 23.85	\$ 23.87	\$ 24.20	\$ 22.43	\$ 21.70	\$ 21.06	\$ 21.25	\$ 20.64	\$ 21.95
Net Cl. I Prem. @ Tampa	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.25	\$ 3.25	\$ 3.17	\$ 3.09
F.O. 6 Class I Utilization	85.3%	87.0%	84.5%	84.5%	86.4%	83.4%	81.8%	81.7%	
F. O. 6 Blend @ Tampa	\$ 23.15	\$ 22.79	\$ 23.11	\$ 21.34	\$ 20.83	\$ 20.31	\$ 19.98	\$ 19.73	
PMI - Average SCC	278,990	282,718	302,284	284,839	280,411	278,818	276,685	302,470	
PMI - Average SPC	8,331	11,211	14,652	10,869	10,816	12,244	15,237	10,214	
PMI - Average PIC	13,716	38,844	60,723	55,100	55,283	65,451	29,944	16,965	
Premiums Paid - PMI	\$ 0.50	\$ 0.33	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.29	\$ 0.32	\$ 0.43	
PMI Cen FL Price	\$ 23.88	\$ 23.53	\$ 23.61	\$ 21.47	\$ 20.98	\$ 19.80	\$ 19.68	\$ 19.70	

(with rBST-free premium)

Class III Milk Futures	Feb	Mar	Apr	May	June	Current
Jul-12	\$ 16.10	\$ 15.70	\$ 15.18	\$ 16.33	\$ 16.87	\$ 16.71
Aug-12	\$ 16.25	\$ 16.37	\$ 15.60	\$ 16.09	\$ 17.62	\$ 17.81
Sep-12	\$ 16.34	\$ 16.50	\$ 15.96	\$ 16.10	\$ 17.73	\$ 18.90
Oct-12	\$ 16.34	\$ 16.50	\$ 15.98	\$ 16.16	\$ 17.62	\$ 18.82
Nov-12	\$ 16.24	\$ 16.46	\$ 15.84	\$ 16.00	\$ 17.32	\$ 18.78
Dec-12	\$ 16.18	\$ 16.45	\$ 15.70	\$ 16.00	\$ 17.24	\$ 18.73
Jan-13	\$ 16.00	\$ 16.20	\$ 15.58	\$ 15.99	\$ 17.06	\$ 18.65
Feb-13	\$ 15.96	\$ 16.04	\$ 15.45	\$ 15.65	\$ 16.66	\$ 18.30
Mar-13		\$ 16.29	\$ 15.71	\$ 15.71	\$ 16.60	\$ 18.10
Apr-13			\$ 15.71	\$ 15.88	\$ 16.60	\$ 18.05
May-13				\$ 16.19	\$ 16.60	\$ 18.05
Jun-13					\$ 16.80	\$ 18.14

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	\$ 1.30
Jul-12	\$ 1.41
Aug-12	\$ 0.92
Sep-12	\$ -

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