

PREMIER PRESS

JULY 2014

Florida Dairy Business Conference

August 6 from 10 am to 5 pm at the Marion County Extension Auditorium in Ocala, FL. Information will be presented about latest Washington dairy related policies, new Margin Protection Program, old LGM-Dairy program, milk, soybean and corn market updates.

Dr. Joe Outlaw from Texas A&M will explain the new Margin Protection Program, Dr. John Van Sickle will provide updates on the corn, soybean, and milk markets as well as cover the LGM Dairy Program. A third speaker will give their predictions in milk prices.

Leaving Lone Star

In May, at the PMI Board of Directors meeting, the Premier Milk board gave notice to leave Lone Star Milk Producers as an affiliate member. The notice was given to Lone Star on June 1st and Premier Milk will be a stand-alone coop on December 1, 2014.

Premier Milk will still be part of Southern Marketing Agency (SMA), which is the agency that markets our milk and returns the revenues to us. SMA made changes to how it marketed milk and distributed proceeds to its members in Nov. 2013; and the changes had a positive effect on our pay prices. The board felt it was important to continue to work with other cooperatives in SMA to secure the best possible prices for its members.



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

Margin Protection Program Update

USDA is currently writing the rules for the new dairy program passed by Congress in the 2014 Farm Bill. It is estimated that they will be done writing the rules by late summer. Signups will most likely take place this fall, with implementation by late this year. This is an entirely new program designed specifically for dairy. The program is set up to protect your margin. Margin is defined by Income less Feed Costs. Since this is a national program, nationwide numbers will be used in the calculations and determining one margin. Once USDA has determined what fac-

tors will be used in the calculations, then you will be able to see how this can work for you. Meanwhile, you can work with your accountants to determine what your past and current margin is (Income less feed costs) on a per hundredweight basis. If you sign up for the program, you will automatically be enrolled for the \$4.00/cwt level. You can purchase higher coverage levels up to \$8.00/cwt. When USDA finishes with the rules, Premier Milk will have a membership meeting to discuss this whole program with you, so you can make the best decision for your operation.

Sustainability

Over the last several years, several members of the dairy industry have been working on sustainability. Dean Foods and other manufacturers and some their customers have been going back to their supply chains and are asking about their ability to develop sustainability and stewardship programs. These companies want to know are we being kind to our livestock, are friendly to the environment, and are we trying to conserve resources. As a result of these questions, US Center

of Dairy Innovation has developed some guidelines as to what sustainability is and what it entails.

The PMI board of directors has secured guidance in getting a program developed for Premier Milk and its members. The board felt that we would rather show our customers what we are doing rather than have them dictate to us what they want done. This will also encompass the FARM program as well. Some of the items that will be included are the FARM Program with annual evaluations, Milk and Dairy Beef Drug Residue Prevention Program, monthly quality reviews, truck driver monitoring program, product traceability, and environmental programs that deal with stewardship and the environment. It is the hope of the board that this program be implemented in early 2015. More discussion on this topic will occur at the fall area meeting.

Thank You Dale McClellan

Dale has recently resigned from the board of directors and as Vice President of Premier Milk Inc. Dale has been on the board since the beginning and we will miss participation and experience. Dale's plant has been experiencing growth and he wants to focus his efforts with his business. Thank you for all of your help and knowledge in guiding Premier Milk.

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	\$ 2.0525	\$ 2.1886	\$ 2.2226	\$ 2.3020	\$ 2.3133	\$ 2.2113	\$ 2.0865	\$ 2.1092	\$ 2.0638
Cheese - CME Block	\$ 1.8478	\$ 1.9393	\$ 2.2214	\$ 2.1946	\$ 2.3554	\$ 2.2439	\$ 2.0155	\$ 2.0238	\$ 1.9975
Cheese - CME Barrel	\$ 1.7833	\$ 1.8651	\$ 2.1727	\$ 2.1757	\$ 2.2790	\$ 2.1842	\$ 1.9985	\$ 1.9380	\$ 2.0050
Cheese - NASS	\$ 1.8612	\$ 1.8761	\$ 2.0838	\$ 2.2864	\$ 2.2689	\$ 2.3547	\$ 2.1703	\$ 2.0358	\$ 2.0596
Butter - World Market	\$ 2.1432	\$ 2.2439	\$ 2.2519	\$ 2.2396	\$ 2.1928	\$ 2.0369	\$ 1.9614	\$ 1.9660	\$ 1.9221
Butter - CME Cash	\$ 1.6126	\$ 1.5963	\$ 1.7756	\$ 1.8047	\$ 1.9164	\$ 1.9357	\$ 2.1713	\$ 2.2630	\$ 2.3750
Butter - NASS	\$ 1.5205	\$ 1.6308	\$ 1.6475	\$ 1.8320	\$ 1.8562	\$ 1.9227	\$ 2.0477	\$ 2.1874	\$ 2.2823
NFDM - World Market	\$ 2.0213	\$ 2.0809	\$ 2.1451	\$ 2.1843	\$ 2.1092	\$ 1.9263	\$ 1.8214	\$ 1.7548	\$ 1.7605
NFDM - Central A.O.M.	\$ 1.9300	\$ 2.0225	\$ 2.0780	\$ 2.0916	\$ 2.1088	\$ 2.0340	\$ 1.8600	\$ 1.8163	\$ 1.8350
NFDM - NASS	\$ 1.8892	\$ 1.9537	\$ 2.0335	\$ 2.0783	\$ 2.0897	\$ 2.0191	\$ 1.8768	\$ 1.8633	\$ 1.8585
Whey - Central A.O.M.	\$ 0.5450	\$ 0.5547	\$ 0.5745	\$ 0.6044	\$ 0.6266	\$ 0.6468	\$ 0.6653	\$ 0.6610	\$ 0.6575
Whey - NASS	\$ 0.5831	\$ 0.5706	\$ 0.6025	\$ 0.6314	\$ 0.6554	\$ 0.6774	\$ 0.6745	\$ 0.6789	\$ 0.6942
F. O. 6 Class I @ Tampa	\$ 25.60	\$ 25.77	\$ 26.88	\$ 27.42	\$ 29.04	\$ 29.05	\$ 29.87	\$ 28.26	\$ 28.42
Net Cl. I Prem. @ Tampa	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17
F.O. 6 Class I Utilization	87.4%	84.0%	85.0%	84.4%	82.7%	84.3%	86.9%	80.6%	
F. O. 6 Blend @ Tampa	\$ 24.92	\$ 25.28	\$ 26.18	\$ 27.24	\$ 28.19	\$ 28.45	\$ 29.25	\$ 27.53	
PMI - Average SCC	301,012	260,905	295,303	303,830	290,300	283,318	293,490	325,933	
PMI - Average SPC	7,306	7,395	9,363	8,442	9,377	8,115	7,215	9,824	
PMI - Average PIC	10,276	12,220	11,776	15,036	13,436	11,964	16,514	14,156	
Premiums Paid - PMI	\$ 0.49	\$ 0.51	\$ 0.50	\$ 0.39	\$ 0.47	\$ 0.49	\$ 0.53	\$ 0.42	

Class III Milk Futures	March	April	May	June	Current
Jul-14	\$ 20.30	\$ 20.55	\$ 20.62	\$ 21.25	\$ 21.47
Aug-14	\$ 20.01	\$ 20.00	\$ 20.30	\$ 21.18	\$ 21.00
Sep-14	\$ 19.68	\$ 19.89	\$ 20.34	\$ 21.12	\$ 20.14
Oct-14	\$ 19.25	\$ 19.49	\$ 19.98	\$ 20.95	\$ 19.99
Nov-14	\$ 18.84	\$ 18.95	\$ 19.52	\$ 20.51	\$ 19.50
Dec-14	\$ 18.56	\$ 18.65	\$ 19.01	\$ 20.05	\$ 19.25
Jan-15	\$ 18.30	\$ 18.21	\$ 18.50	\$ 19.40	\$ 18.61
Feb-15	\$ 18.08	\$ 18.10	\$ 18.26	\$ 18.75	\$ 18.17
Mar-15	\$ 17.83	\$ 18.00	\$ 18.20	\$ 18.59	\$ 18.10
Apr-15		\$ 17.99	\$ 18.20	\$ 18.57	\$ 18.01
May-15			\$ 18.24	\$ 18.37	\$ 18.05
Jun-15				\$ 18.00	\$ 18.05

Mailbox Price Comparison		
FL	USDA	PMI
Jun-14		\$ 27.28
May-14		\$ 29.09
Apr-14		\$ 27.91
Mar-14		\$ 28.17
Feb-14	\$ 26.77	\$ 26.73
Jan-14	\$ 25.33	\$ 26.01
Dec-13	\$ 24.68	\$ 24.66
Nov-13	\$ 24.57	\$ 24.66
Oct-13	\$ 23.89	\$ 23.21
Sep-13	\$ 23.40	\$ 22.99
Aug-13	\$ 23.39	\$ 23.05
Jul-13	\$ 22.86	\$ 23.05

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