

PREMIER PRESS

JULY 2016



Premier Milk Inc.

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Welcome Back

In the seven months since our last newsletter, we have been working on many changes to help get things better communicated to you. Getting up-to-date information on our website, settlement statement on the website, and texts to you when tests are running out of line are just a few of the items we are working on.

As always, if there are other items that you would like to see on the website, please let us know.

Sales Tax Exemption in Florida

The state of Florida's new budget that went into effect on July 1st. It granted sales tax exemption on parts and repair of farm equipment.

Going forward, you should not be charged any sales tax for any repairs and parts for equipment used on your farms. We will have informational forms on the website to answer your questions on this issue.

Important Contact Info

North & South Florida Milk Hauling

Rick Hedrick: 912-253-0993

Georgia and Florida Panhandle Milk Hauling

Kevin Mann: 877-367-9167

Milk Quality Assistance

David Sumrall: 352-283-5780

Milk Hauling Changes

At the last PMI Board of Directors meeting, the board discussed milk hauling charges to members. The main point from the board was that each producer should pay his own hauling costs to the market and receive that market price. As a result of their decision, we are changing our hauling program immediately. Along with the hauling changes, all members base milk price will be based on Central FL milk price. The old milk hauling program was based on Southern Marketing Agency's (SMA) policies for distributing money back out the coops. SMA no longer exists.

Here is summary of the new program: Assembly fees - 47,000 lbs per pickup and larger will be \$0.35/cwt. 46,999 lbs per pickup and less will have an assembly fee of \$0.55/cwt. Those weights are determined by taking the monthly milk lbs and dividing by 10. If you are a full load producer, and the hauler uses some of your milk to top off loads, you will not be penalized at the higher rate. Also the full load sizes changed from 44,000

lbs to 47,000 lbs as that is Williams Dairy Trucking's target for minimum load size. They top off loads to get to the higher weights.

Mileage rate to market is based on the remaining costs of what Williams charges less the assembly fee. For example, if Williams is charging \$1.55/cwt to move milk to Orlando for the full load producer, the assembly fee is \$0.35/cwt and the mileage rate will be \$1.20/cwt. The mileage rate is the cost to move milk from your farm to the Orlando market.

Because of the increased hauling rates, your base milk price will increase. For June milk production, we subsidized the milk hauling \$1.22/cwt, so we can move that amount to your milk price. Since SMA is no longer in existence, the board felt that this was the best and fairest way to distribute the proceeds to the members. If you have any questions concerning this issue do not hesitate to call Tom Pittman.

Dairy Commodity and Milk Prices

Commodity cheese prices have been moving in \$1.55 - 1.75/lb range from the winter into the summer so far. These cheese prices are the main driver in setting your milk prices this year because skim milk powder prices have fallen close to \$1.00 /lb from a year ago. Currently, cheese prices are not projected to move much higher as we move into the fall. California milk production has not fallen as much as what some industry analysts had projected. The California drought is worse than ever and shows no signs of changing soon. Most industry analysts expected the milk production to fall in California by 5% or more. To date, the milk production in CA has only fallen about 2.5%. 2.5% of CA milk production is equal

to about 1/2 of Florida's milk production. Also on the national scene, milk production is still growing at a little over 1% yet. What CA is losing, the rest of the country is making up for now. The current projection for milk prices through the rest of this year is for flat to small increases through year end - unless CA falls off more, then we might have an opportunity for more increases.

Premier
MILK INC.
Where Premium Quality Comes Standard.



Premier Milk MARKET MINUTE

Commodity Prices	Dec	January	February	March	April	May	June	July	Current
Cheese - World Market	\$ 1.6900	\$ 1.6783	\$ 1.6783	\$ 1.6216	\$ 1.5876	\$ 1.5762	\$ 1.5365		\$ 1.4628
Cheese - CME Block	\$ 1.5938	\$ 1.5218	\$ 1.5382	\$ 1.5549	\$ 1.5890	\$ 1.6308	\$ 1.7052		\$ 1.6150
Cheese - CME Barrel	\$ 1.5305	\$ 1.4995	\$ 1.4849	\$ 1.5290	\$ 1.6135	\$ 1.6250	\$ 1.6690		\$ 1.5950
Cheese - NASS	\$ 1.7362	\$ 1.5807	\$ 1.5446	\$ 1.5750	\$ 1.6122	\$ 1.6557	\$ 1.7222		\$ 1.7000
Butter - World Market	\$ 1.5380	\$ 1.5579	\$ 1.6698	\$ 1.6547	\$ 1.5139	\$ 1.4770	\$ 1.4231		\$ 1.4090
Butter - CME Cash	\$ 1.7633	\$ 1.5714	\$ 1.7293	\$ 1.7166	\$ 1.7937	\$ 1.9309	\$ 1.9065		\$ 1.8400
Butter - NASS	\$ 1.9049	\$ 1.5633	\$ 1.6823	\$ 1.6945	\$ 1.7355	\$ 1.8725	\$ 1.9065		\$ 1.9353
NFDM - World Market	\$ 1.0645	\$ 1.0306	\$ 1.1283	\$ 1.1668	\$ 1.0234	\$ 0.9497	\$ 0.9171		\$ 0.8788
NFDM - Central A.O.M.	\$ 1.1575	\$ 1.0358	\$ 1.0750	\$ 1.0788	\$ 1.0059	\$ 0.9735	\$ 0.9414		\$ 0.8700
NFDM - NASS	\$ 1.2554	\$ 1.0202	\$ 1.0308	\$ 1.0217	\$ 0.9684	\$ 0.9464	\$ 0.9283		\$ 0.8621
Whey - Central A.O.M.	\$ 0.5690	\$ 0.5305	\$ 0.4782	\$ 0.4416	\$ 0.4251	\$ 0.4129	\$ 0.3773		\$ 0.3425
Whey - NASS	\$ 0.5871	\$ 0.5875	\$ 0.5169	\$ 0.4824	\$ 0.4610	\$ 0.4450	\$ 0.4245		\$ 0.4041
F. O. 6 Class I @ Tampa	\$ 27.93	\$ 23.98	\$ 21.64	\$ 20.96	\$ 20.90	\$ 21.23	\$ 21.54	\$ 21.93	
Net Cl. I Prem. @ Tampa	\$ 3.09	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
F.O. 6 Class I Utilization	84.7%	86.2%	84.8%	82.7%	83.3%	83.0%	84.0%		
F. O. 6 Blend @ Tampa	\$ 26.45	\$ 22.21	\$ 220.84	\$ 19.93	\$ 19.98	\$ 20.36	\$ 20.62		
PMI - Average SCC	324,799	336,000	311,000	316,000	314,000	255,000	327,000		
PMI - Average SPC	9,908	9,872	10,125	12,541	13,521	12,682	10,051		
PMI - Average PIC	35,332	36,320	31,514	33,215	32,637	29,203	22,893		
Premiums Paid - PMI	\$ 0.24	\$ 0.20	\$ 0.26	\$ 0.24	\$ 0.22	\$ 0.32	\$ 0.29		

Class III Milk Futures	March	April	May	June	Current
Jul-15	\$ 16.53	\$ 16.45	\$ 17.42	\$ 16.11	\$ 16.35
Aug-15	\$ 17.06	\$ 16.72	\$ 17.42	\$ 16.50	\$ 16.09
Sep-15	\$ 17.34	\$ 17.10	\$ 17.56	\$ 16.61	\$ 16.07
Oct-15	\$ 17.47	\$ 17.21	\$ 17.56	\$ 16.70	\$ 16.17
Nov-15	\$ 17.45	\$ 17.26	\$ 17.51	\$ 16.81	\$ 16.19
Dec-15	\$ 17.35	\$ 17.26	\$ 17.31	\$ 16.81	\$ 16.20
Jan-16	\$ 17.00	\$ 16.96	\$ 16.84	\$ 16.50	\$ 16.00
Feb-16	\$ 16.95	\$ 16.94	\$ 16.86	\$ 16.43	\$ 15.95
Mar-16		\$ 16.83	\$ 16.89	\$ 16.48	\$ 15.85
Apr-16		\$ 16.68	\$ 16.86	\$ 16.46	\$ 15.76
May-16				\$ 16.53	\$ 15.90
Jun-16					\$ 16.15

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

Mailbox Price Comparison		
FL	USDA	PMI
Jun-15		\$ 17.47
May-15		\$ 17.95
Apr-15		\$ 17.55
Mar-15	\$ 17.98	\$ 17.42
Feb-15	\$ 19.55	\$ 17.95
Jan-15	\$ 21.33	\$ 21.11
Dec-14	\$ 25.98	\$ 27.24
Nov-14	\$ 26.43	\$ 27.44
Oct-14	\$ 28.10	\$ 28.59
Sep-14	\$ 29.25	\$ 29.38
Aug-14	\$ 28.67	\$ 29.21
Jul-14	\$ 27.40	\$ 27.96