

PREMIER PRESS

MARCH 2012

PMI's 3rd Annual Meeting

Premier Milk Inc's 3rd Annual Meeting will be on Tuesday, April 3, 2012 starting at 10:30 a.m. and will conclude with lunch. The meeting will be held at the Best Western Gateway Grand Hotel in Gainesville, which is at Exit 390 just off I-75. This is your time to ask questions and learn more about your cooperative, milk marketing, and an opportunity to give your input to the coop.

Please RSVP before March 29 to: Tom Pittman at 352-433-2527 or at tpittman@premiermilk.org.

Milk Production Report

USDA released the February "Milk Production" report showing 50-state milk production at 16.28 billion lbs., up 4.3% (adjusted for Leap Day) from a year earlier. 50-state cow numbers increased 9,000 head from last month and stand at 9.25 million head, up almost 1.0% vs. last year. Production-per-cow averaged 60.7 lbs. per day in February, up 1.9 lbs., or 3.3% greater than last year.

Atypically mild winter weather conditions across most of the United States facilitated strong year-over-year production gains. States posting the strongest gains vs. the prior year (adjusted for Leap Day) in milk production include: Utah 8.5%, Colorado 8.3%, Arizona 8.0%, California 7.1%, Indiana 6.2% and Michigan 5.7%. February's increase marks the 25th month in a row that milk production has grown on a year-over-year basis.



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US Dairy Farms Disappearing

Since 1992, dairy farms numbers have decreased from 131,509 to 51,481, which is a 61% decrease in farm numbers.

In the Southeast during that same time period, dairy farms numbers dropped from 12,057 to 3,475, which is a 71% drop in farm numbers. While the farm numbers dropped, cow population also decreased, from 1,253,000 cows to 589,000 cows, which is a 51% decrease. The average herd size in the Southeast increased from 104 cows to 163 cows per herd.

As compared to the other regions of the country, the Midwest lost 64% of their herds, now at 28,525; and only 21% of their cows, which is at 3,226,000 cows. Their herd size grew from 51 cows per herd to 113 cows per herd.

The Northeast lost 49% of the dairy herds, currently at 15,175 and 21% of their cows, which is at 1,439,000 cows.

The West also lost a large percentage of their dairy farms - 55%, which now is left with 4,306 dairy farms. The West gained in cow num-

bers, currently at 3,943,000 cows, up 57%. Herd size increased dramatically in the West as well, herd size went from an average of 263 cows to 916 cows per herd.

Within the Southeast and comparing 2010 to 2011, 155 dairy farms quit, with slightly more than half coming from Kentucky and Tennessee. In Florida, Georgia, and North Carolina, the dairy farm numbers stayed the same. The other states in the Southeast had dairy farm losses between 5 - 15 farms in the last year. On a percentage basis, 4.3% of the farms in the Southeast quit last year. This is compared to the Midwest where 4.5% of the dairy farms quit, Northeast where 0.7% of the dairy farms quit, and West with 1.3% quitting there.

Going forward, dairy farm numbers will continue to decrease and herd size per farm will continue to increase. More farm losses will come in the Midwest and Northeast where the herd sizes are the smallest and the farm numbers are the greatest. *Source: Hoard's Dairyman*

USDA Warns of Fraudulent Letters

USDA officials learned on March 16 that fraudulent letters are being sent by FAX to individuals and businesses in at least four states.

The letters purportedly come from a USDA procurement officer and seek personal information. These letters are false and in no case should a recipient respond with personal and financial information.

The fraudulent letters bear USDA's logo and seal and are signed by an individual identified as "Frank Rutenberg" using a title of "Senior Pro-

urement Officer". Letters have been received by FAX in Alabama, Nebraska, Pennsylvania and Wisconsin, but may have also been sent to other states. Recipients should not respond and should not supply the requested information. USDA is investigating this matter through the Office of the Inspector General.

If you suspect you have received such a letter or have questions please contact USDA at:

procurement.policy@dm.usda.gov or call 202-720-9448.

CWT Exports - With over 70% of the milk supply signed up to contribute to the CWT, cheese and butter exports for the first two months of this year are up 76% and 100% respectively. Both cheese and butter production are up this year and the need to clear more the dairy products into the export market is vital to help bring milk prices back up. It is expected that exports will continue to grow.

Premier
MILK INC.
Where Premium Quality Comes Standard.



Premier Milk MARKET MINUTE

Commodity Prices	July	August	Sept	Oct	Nov	Dec	Jan	Feb	Current
Cheese - World Market	\$ 2.0236	\$ 1.9978	\$ 1.9448	\$ 1.8456	\$ 1.7889	\$ 1.7889	\$ 1.8654	\$ 1.8541	\$ 1.7917
Cheese - CME Block	\$ 2.1150	\$ 1.9725	\$ 1.7561	\$ 1.7231	\$ 1.8716	\$ 1.6198	\$ 1.5559	\$ 1.4794	\$ 1.5075
Cheese - CME Barrel	\$ 2.1124	\$ 1.9571	\$ 1.7010	\$ 1.7189	\$ 1.8963	\$ 1.5850	\$ 1.5415	\$ 1.4823	\$ 1.5525
Cheese - NASS	\$ 2.1243	\$ 2.1402	\$ 1.8592	\$ 1.7471	\$ 1.8415	\$ 1.8070	\$ 1.6097	\$ 1.5410	\$ 1.5120
Butter - World Market	\$ 2.4154	\$ 2.3417	\$ 2.1914	\$ 2.1574	\$ 1.9901	\$ 1.9193	\$ 1.9051	\$ 1.8838	\$ 1.8002
Butter - CME Cash	\$ 2.0443	\$ 2.0884	\$ 1.8724	\$ 1.8295	\$ 1.7351	\$ 1.6128	\$ 1.5830	\$ 1.4273	\$ 1.5075
Butter - NASS	\$ 2.0304	\$ 2.0695	\$ 1.9886	\$ 1.7893	\$ 1.7824	\$ 1.6119	\$ 1.5900	\$ 1.4712	\$ 1.4242
NFDM - World Market	\$ 1.6364	\$ 1.5713	\$ 1.4941	\$ 1.5267	\$ 1.4940	\$ 1.4716	\$ 1.4671	\$ 1.4558	\$ 1.4231
NFDM - Central A.O.M.	\$ 1.6610	\$ 1.5863	\$ 1.5388	\$ 1.4900	\$ 1.4713	\$ 1.4519	\$ 1.4325	\$ 1.3863	\$ 1.3400
NFDM - NASS	\$ 1.6159	\$ 1.5739	\$ 1.5439	\$ 1.5109	\$ 1.4522	\$ 1.4201	\$ 1.3942	\$ 1.3792	\$ 1.3647
Whey - Central A.O.M.	\$ 0.5290	\$ 0.5488	\$ 0.5744	\$ 0.6050	\$ 0.6206	\$ 0.6394	\$ 0.7050	\$ 0.7038	\$ 0.6375
Whey - NASS	\$ 0.5494	\$ 0.5691	\$ 0.5926	\$ 0.6152	\$ 0.6380	\$ 0.6538	\$ 0.6876	\$ 0.6400	\$ 0.6059
F. O. 6 Class I @ Tampa	\$ 26.43	\$ 26.83	\$ 27.18	\$ 24.96	\$ 23.85	\$ 23.87	\$ 24.20	\$ 22.43	\$ 21.70
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	84.8%	86.7%	87.5%	85.9%	85.3%	87.0%	84.5%	84.5%	
F. O. 6 Blend @ Tampa	\$ 25.44	\$ 26.18	\$ 26.17	\$ 23.77	\$ 23.15	\$ 22.79	\$ 23.11	\$ 21.34	
PMI - Average SCC	291,897	315,910	312,544	285,330	278,990	282,718	302,284	284,839	
PMI - Average SPC	17,889	13,391	10,722	10,289	8,331	11,211	14,652	10,869	
PMI - Average PIC	23,607	15,581	13,795	14,799	13,716	38,844	60,723	56,011	
Premiums Paid - PMI	\$ 0.39	\$ 0.40	\$ 0.43	\$ 0.47	\$ 0.50	\$ 0.33	\$ 0.32	\$ 0.31	
PMI Cen FL Price	\$ 25.87	\$ 26.89	\$ 26.79	\$ 24.34	\$ 23.88	\$ 23.53	\$ 23.61	\$ 21.47	

(with rBST-free premium)

Price Forecasts	Mar	Apr	May	June	July	August	Sept	Oct	Nov
PMI Cen FL Price	\$ 20.95	\$ 19.83	\$ 19.67	\$ 20.44	\$ 20.50	\$ 20.83	\$ 21.14	\$ 21.33	\$ 21.35

(with rBST-free premium)

Class III Milk Futures	Oct	Nov	Dec	Jan	Feb	Current
Mar-12	\$ 16.48	\$ 16.93	\$ 17.46	\$ 16.56	\$ 15.54	\$ 15.50
Apr-12	\$ 16.45	\$ 16.85	\$ 17.36	\$ 16.50	\$ 15.49	\$ 15.68
May-12	\$ 16.50	\$ 16.85	\$ 17.25	\$ 16.57	\$ 15.40	\$ 15.35
Jun-12	\$ 16.49	\$ 16.84	\$ 17.12	\$ 16.83	\$ 15.72	\$ 15.76
Jul-12	\$ 16.72	\$ 17.07	\$ 17.24	\$ 17.12	\$ 16.10	\$ 16.32
Aug-12	\$ 16.86	\$ 17.10	\$ 17.30	\$ 17.15	\$ 16.25	\$ 16.66
Sep-12	\$ 16.98	\$ 17.03	\$ 17.32	\$ 17.20	\$ 16.34	\$ 16.78
Oct-12	\$ 16.81	\$ 16.92	\$ 17.07	\$ 17.09	\$ 16.34	\$ 16.71
Nov-12		16.94	\$ 16.99	\$ 16.96	\$ 16.24	\$ 16.45
Dec-12			\$ 17.05	\$ 16.98	\$ 16.18	\$ 16.40
Jan-13				\$ 16.75	\$ 16.00	\$ 16.06
Feb-13					\$ 15.96	\$ 16.05

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