

# PREMIER PRESS

OCTOBER 2012

## Congratulations Dale!

PMI Director and Member Dale McClellan, M&B Dairy of Tampa, is the 2012 Swisher Sweet Southeast Farmer of the Year!

McClellan was named the overall winner during the Willie B. Withers Luncheon held on the opening day of the 2012 Sunbelt Ag Expo.

Congratulations to Dale and his family on this much deserved honor!

## Dairy Grazing Conference

Wednesday, November 7, 2012 at 10 AM. Dairy Grazing Conference, starting at Musgrave Dairy, 880 NW Palmetto Rd, Mayo, FL. Contact Mary Sowerby at [meso@ufl.edu](mailto:meso@ufl.edu) or 386-362-2771.

## Dairy and Feed Outlook

Tuesday, November 13, 2012. Dairy and Feed Outlook, presented by Dr. John Van Sickle. Contact Mary Sowerby at [meso@ufl.edu](mailto:meso@ufl.edu). Details TBA.

## Farm Bill Update

The current Farm Bill expired on September 30, 2012 without a new bill put in place. The farm bills that are implemented, are actually amendments to the Agricultural Act of 1949. So what happens now: the MILC program is done with the farm bill expiring, so there will be no more MILC payments for milk production in September and going forward.

The Dairy Product Price Support Program continues until December 31, 2012. If no new farm bill is passed or Dairy Product Price Support Program is not extended and in place by January 1, 2013, the Agricultural Act of 1949 becomes the rules by which farm programs are administered. Part of this 1949 act is the Milk



## Somatic Cell Counts

As most of you know, our customers want milk that has somatic cell counts that are 400,000 or below. To verify that, the customers are asking Premier Milk Inc. to provide an European Standard of Conformance Certificate to them each month that states we are following the rules set by USDA for milk used to produce products that are exported to the European Union.

Currently the rules state that any producer who is above 400,000 for his first month must file notice with USDA that he/she is above 400,000. Premier Milk is filing this notice to USDA on behalf of the producer. If the producer continues to have somatic cell counts above 400,000 for the next month, nothing has to be done. If this producer continues to have counts above 400,000 for three to four consecutive months, still nothing else has to take place. When the producer is above 400,000 for five consecutive months, the producer must apply for the derogation (waiver) from USDA to continue to ship milk to plants wanting milk with SCC less than 400,000.

Price Support Program (MPSP), which is a mandatory program and it is to provide farmers a parity level of income. National Milk Producers Federation economists have estimated that parity milk prices for August 2012, would be \$51.70/cwt. The MPSP from the 1949 Act, would support milk prices at 75% of parity or \$38.77/cwt. The Secretary of Agriculture would have to buy milk powder, butter and cheese at prices high enough to move milk prices to the \$38.77/cwt level.

Previously Congress would always agree on a new Farm Bill before the current one expired or passed an extension of the current Farm Bill so the industry would not revert back to 1949 law. As most of us now realize that Congress is acting vastly different than

In applying for the derogation, there is a cost of \$125.00, payable to USDA for handling the paperwork associated with the derogation. Premier Milk will file the derogation for the producer and the producer will be responsible for reimbursing PMI for the \$125.00.

If a producer has three or four consecutive months above 400,000 and then goes below 400,000 the next month, then the producer starts at zero again when counting months for applying for the derogation.

Starting in 2013, the five consecutive months needed to apply for the derogation will drop to four consecutive months with somatic cell counts above 400,000, then the producer will have to apply for the derogation and pay the paperwork fee. A notice will still have to be filed when a producer goes above 400,000 for the first month when the count starts over again, but there is no fee at that time.

in the past and who really knows what will happen for sure. The Senate has passed a Farm Bill and the House of Representatives have stated that they will take up the new Farm Bill after the elections in November. They have about five weeks to complete their version of the Farm Bill and reconcile their version with the Senate's version in that time period before the Christmas holidays. The biggest stumbling block with between the House and Senate is the Food Stamp Program. It is possible depending on the election outcome and the debate over Food Stamp Program that this could drag on into next year.

## Premier Milk Inc.

1531 SE 36th Avenue, Suite D  
Ocala, Florida 34471

Phone: (352) 433-2527

Fax: (352) 433-2547

[www.premiermilk.org](http://www.premiermilk.org)

[info@premiermilk.org](mailto:info@premiermilk.org)

*Premier*  
MILK INC.  
*Where Premium Quality Comes Standard.*



# Premier Milk MARKET MINUTE

Commodity Prices	Feb	March	April	May	June	July	August	Sept	Current
Cheese - World Market	\$ 1.8541	\$ 1.7917	\$ 1.6783	\$ 1.6443	\$ 1.6329	\$ 1.6329	\$ 1.6329	\$ 1.7123	\$ 1.7690
Cheese - CME Block	\$ 1.4794	\$ 1.5193	\$ 1.5039	\$ 1.5239	\$ 1.6313	\$ 1.6855	\$ 1.8262	\$ 1.9245	\$ 2.0000
Cheese - CME Barrel	\$ 1.4823	\$ 1.5152	\$ 1.4556	\$ 1.4683	\$ 1.5871	\$ 1.6826	\$ 1.7889	\$ 1.8780	\$ 1.9175
Cheese - NASS	\$ 1.5410	\$ 1.5248	\$ 1.5361	\$ 1.5215	\$ 1.5846	\$ 1.6857	\$ 1.7682	\$ 1.8647	\$ 1.9925
Butter - World Market	\$ 1.8838	\$ 1.7393	\$ 1.5932	\$ 1.4373	\$ 1.4331	\$ 1.4132	\$ 1.4666	\$ 1.6443	\$ 1.6556
Butter - CME Cash	\$ 1.4273	\$ 1.4895	\$ 1.4126	\$ 1.3532	\$ 1.4774	\$ 1.5826	\$ 1.7687	\$ 1.8807	\$ 1.8800
Butter - NASS	\$ 1.4712	\$ 1.4347	\$ 1.4634	\$ 1.3657	\$ 1.3991	\$ 1.5386	\$ 1.6859	\$ 1.8269	\$ 1.9070
NFDM - World Market	\$ 1.4558	\$ 1.3636	\$ 1.2871	\$ 1.2204	\$ 1.2530	\$ 1.2601	\$ 1.3693	\$ 1.5422	\$ 1.5592
NFDM - Central A.O.M.	\$ 1.3863	\$ 1.3213	\$ 1.2338	\$ 1.1700	\$ 1.1950	\$ 1.2338	\$ 1.3650	\$ 1.5325	\$ 1.5500
NFDM - NASS	\$ 1.3792	\$ 1.3310	\$ 1.2514	\$ 1.1551	\$ 1.1023	\$ 1.1744	\$ 1.2543	\$ 1.3768	\$ 1.4409
Whey - Central A.O.M.	\$ 0.7038	\$ 0.6325	\$ 0.5466	\$ 0.4978	\$ 0.4763	\$ 0.4875	\$ 0.5153	\$ 0.5750	\$ 0.5975
Whey - NASS	\$ 0.6400	\$ 0.6107	\$ 0.5921	\$ 0.5389	\$ 0.5013	\$ 0.5023	\$ 0.5352	\$ 0.5846	\$ 0.6110
F. O. 6 Class I @ Tampa	\$ 22.43	\$ 21.70	\$ 21.06	\$ 21.25	\$ 20.64	\$ 20.91	\$ 21.95	\$ 22.99	\$ 24.28
Net Cl. I Prem. @ Tampa	\$ 3.17	\$ 3.17	\$ 3.25	\$ 3.25	\$ 3.25	\$ 3.17	\$ 3.09	\$ 3.17	\$ 3.25
F.O. 6 Class I Utilization	84.5%	86.4%	83.4%	81.8%	81.7%	83.1%	86.7%	85.1%	
F. O. 6 Blend @ Tampa	\$ 21.34	\$ 20.83	\$ 20.31	\$ 19.98	\$ 19.73	\$ 20.20	\$ 21.46	\$ 22.40	
PMI - Average SCC	284,839	280,411	278,818	276,685	302,470	321,028	346,512	317,776	
PMI - Average SPC	10,869	10,816	12,244	15,237	10,214	7,852	9,657	7,550	
PMI - Average PIC	55,100	55,283	65,451	29,944	16,965	16,714	43,054	20,583	
Premiums Paid - PMI	\$ 0.32	\$ 0.32	\$ 0.29	\$ 0.32	\$ 0.43	\$ 0.38	\$ 0.29	\$ 0.37	
PMI Cen FL Price	\$ 21.47	\$ 20.98	\$ 19.80	\$ 19.68	\$ 19.70	\$ 20.46	\$ 21.79	\$ 21.99	

(with rBST-free premium)

Class III Milk Futures	June	July	August	Sept	Current
Oct-12	\$ 17.62	\$ 18.80	\$ 19.76	\$ 20.86	\$ 21.04
Nov-12	\$ 17.32	\$ 18.88	\$ 19.90	\$ 20.83	\$ 20.61
Dec-12	\$ 17.24	\$ 18.87	\$ 19.88	\$ 19.86	\$ 20.62
Jan-13	\$ 17.06	\$ 18.55	\$ 19.77	\$ 19.42	\$ 20.05
Feb-13	\$ 16.66	\$ 18.16	\$ 19.37	\$ 19.11	\$ 19.66
Mar-13	\$ 16.60	\$ 18.10	\$ 19.20	\$ 18.92	\$ 19.28
Apr-13	\$ 16.60	\$ 18.01	\$ 19.12	\$ 18.62	\$ 19.00
May-13	\$ 16.60	\$ 18.06	\$ 18.87	\$ 18.61	\$ 18.72
Jun-13	\$ 16.80	\$ 18.09	\$ 18.65	\$ 18.65	\$ 18.70
Jul-13		\$ 18.09	\$ 18.80	\$ 18.84	\$ 18.60
Aug-13			\$ 18.55	\$ 18.83	\$ 18.69
Sep-13				\$ 18.66	\$ 18.50

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

Mailbox Price Comparison		
FL	USDA	PMI
Sep-12		\$ 21.58
Aug-12		\$ 21.12
Jul-12		\$ 19.98
Jun-12	\$ 18.61	\$ 19.25
May-12	\$ 18.49	\$ 19.22
Apr-12	\$ 18.71	\$ 19.39
Mar-12	\$ 19.54	\$ 20.58
Feb-12	\$ 20.23	\$ 21.05
Jan-12	\$ 22.85	\$ 23.18

Note: USDA's figures include the South Florida prices that are priced at higher levels due to zone adjustments.