

PREMIER PRESS

OCTOBER 2013

PMI at #45

Congratulations to the members of Premier Milk Inc. Our cooperative made the list of top 50 dairy coops in the US. Premier came in at #45 with 211 million lbs of milk marketed from 14 members.

Go Gators!

Dale McClellan will be part of the coin toss for the Florida Gator's football game on November 9th. Florida Dairy Farmers worked to get Dale involved because of Dale's award of Southeastern Farmer of Year in 2012. Florida Dairy Farmers will also have a dairy booth outside the stadium to bring more awareness to the benefits of dairy products. Bring your earplugs Dale because that stadium can get loud!

Farm Bill Update

Now that the government is back operating, the Farm Bill debate will resume. The two big items holding up the Farm Bill is the food stamp program and dairy policy. The Senate has passed their version of the Farm Bill and the House of Representatives have passed their version. Now the House and Senate formed a small committee to reconcile the differences in the two Farm Bills, so that one bill will be passed and presented to the President for approval. With some vast differences between the two sides on those two issues, we don't know how long this can take. The old Farm Bill with the MILC program has expired, so there is no Farm Bill in place at this time.



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

Update from PMI Board of Directors

PMI Board of Directors recently met, and many changes took place. Dale McClellan resigned as President, citing his heavy workload at his plant. Klaas Reyneveld was elected President and Dale McClellan as Vice President. Pete Wright resigned from the Board as he sold his farm that was the PMI member. Bruce Hageman was elected as PMI's director for Southern Marketing Agency and Dairy Cooperative Marketing Agency. Klaas Reyneveld was elected as the alternate director for SMA and DCMA.

The Board changed the policy within PMI concerning the milk haulers. Going forward the coop will manage and select the haulers for all producers. The Board also encouraged competitive bidding for our milk hauling.

The Board discussed National Milk Producers Federation FARM Program. Dean Foods, which is our largest customer, they want their milk suppliers to be part of

the FARM program, of which we are. PMI previously did have access to some people who were certified evaluators for the FARM Program. Those people have moved on to different positions and are no longer available. There is a local person in FL who has agreed to become certified and will do our FARM evaluations. Once he has completed the course and is certified, he will make visits to our farms to complete the evaluations.

The Board also approved a second dividend payout for the 2012 members. In June of this year, PMI received a dividend of \$0.17/cwt from Lone Star. At the time only \$0.044/cwt was paid out because of limited cash available to pay that dividend. By year end, PMI will have enough cash on hand to pay out the remaining \$0.126/cwt to the 2012 members. So there will be an extra check arriving in the mail before the end of the year.

Dairy Update

The SMA board of directors voted in September that they wanted their managers to come up with a different complete way of operating the SMA pool in the southeast. After numerous meetings and discussions, the SMA board tentatively approved a revised marketing plan for the southeast region. The entire SMA marketing area will split into three different regional pools. 1) Western Pool which is a line almost straight south to north on the eastern edge of Mississippi and all areas to the west of that line. 2) Appalachian Regional Pool which is Alabama, most of Tennessee and Kentucky, all of North Carolina, Virginia and West Virginia. 3) Southern Pool which is Georgia, South Carolina and Florida.

Since most of PMI's milk is in the Southern Pool, this discussion will pertain to the Southern Pool. Starting with November 1st marketing of milk, the Southern Pool will pool the revenue from plant purchases, which will be paid out according to farm location. They will also pool the hauling cost from farm to plant. This does not include the cost to assemble the milk on a tanker, just the cost to move the milk from the farm to the

plant. They will also pool the balancing of milk supplies within the Southern pool region only.

The Southern Pool will not pool coop costs and will not pool assemble cost of hauling the milk. The reason to pool the hauling cost of farm to plant was to maximize the efficiency of moving the closest milk to the closest plant regardless of who has the supply contract of the plant and whose coop member it is. By not pooling the coop costs, PMI and their producers will come out ahead since PMI is the lowest cost operating coop in SMA. Our operating costs this year are averaging \$0.222/cwt. All other coops costs are running between \$0.33 - \$0.62/cwt. So with all else being equal, our producers should enjoy at least a \$0.10/cwt advantage over other SMA coop members. Based on early evaluations, we are hopeful that we can add at least \$0.50/cwt to our pay prices in Florida.

Premier
MILK INC.
Where Premium Quality Comes Standard.



Premier Milk MARKET MINUTE

Commodity Prices	Feb	March	April	May	June	July	Aug	Sept	Current
Cheese - World Market	\$ 1.8144	\$ 1.9164	\$ 2.0411	\$ 2.0865	\$ 2.0355	\$ 1.9675	\$ 1.9920	\$ 2.0185	\$ 2.0185
Cheese - CME Block	\$ 1.6420	\$ 1.6241	\$ 1.8225	\$ 1.8052	\$ 1.7140	\$ 1.7072	\$ 1.7493	\$ 1.7956	\$ 1.8575
Cheese - CME Barrel	\$ 1.5880	\$ 1.5952	\$ 1.7126	\$ 1.7251	\$ 1.7184	\$ 1.6919	\$ 1.7425	\$ 1.7688	\$ 1.7925
Cheese - NASS	\$ 1.6623	\$ 1.6467	\$ 1.7310	\$ 1.8274	\$ 1.7810	\$ 1.7142	\$ 1.7731	\$ 1.7961	\$ 1.7944
Butter - World Market	\$ 1.8017	\$ 1.9504	\$ 2.2000	\$ 2.1248	\$ 2.1078	\$ 2.1617	\$ 2.1631	\$ 2.1701	\$ 2.1914
Butter - CME Cash	\$ 1.5713	\$ 1.6421	\$ 1.7197	\$ 1.5997	\$ 1.5103	\$ 1.4751	\$ 1.4013	\$ 1.5233	\$ 1.4700
Butter - NASS	\$ 1.5438	\$ 1.6146	\$ 1.6766	\$ 1.6483	\$ 1.5422	\$ 1.4674	\$ 1.4187	\$ 1.4263	\$ 1.5425
NFDM - World Market	\$ 1.6118	\$ 1.6329	\$ 2.1631	\$ 1.9944	\$ 1.9278	\$ 1.9590	\$ 2.0223	\$ 2.0284	\$ 2.0015
NFDM - Central A.O.M.	\$ 1.5505	\$ 1.5200	\$ 1.6228	\$ 1.7091	\$ 1.7091	\$ 1.7556	\$ 1.7850	\$ 1.8300	\$ 1.8340
NFDM - NASS	\$ 1.5559	\$ 1.5208	\$ 1.5312	\$ 1.6374	\$ 1.6878	\$ 1.7272	\$ 1.7706	\$ 1.8085	\$ 1.8284
Whey - Central A.O.M.	\$ 0.6137	\$ 0.5638	\$ 0.5400	\$ 0.5397	\$ 0.5435	\$ 0.5444	\$ 0.5415	\$ 0.5388	\$ 0.5800
Whey - NASS	\$ 0.6393	\$ 0.6048	\$ 0.5741	\$ 0.5765	\$ 0.5738	\$ 0.5804	\$ 0.5778	\$ 0.5791	\$ 0.5802
F. O. 6 Class I @ Tampa	\$ 23.61	\$ 23.20	\$ 23.06	\$ 23.16	\$ 24.33	\$ 24.31	\$ 24.28	\$ 24.56	\$ 24.60
Net Cl. I Prem. @ Tampa	\$ 3.17	\$ 3.17	\$ 3.25	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17
F.O. 6 Class I Utilization	86.3%	85.2%	84.0%	83.8%	82.4%	86.0%	87.9%	86.5%	
F. O. 6 Blend @ Tampa	\$ 22.90	\$ 22.59	\$ 22.50	\$ 22.47	\$ 23.27	\$ 23.44	\$ 23.56	\$ 23.86	
PMI - Average SCC	260,354	238,716	240,765	242,845	274,724	325,716	377,036	387,062	
PMI - Average SPC	5,147	5,150	5,446	4,964	8,281	9,583	11,268	11,065	
PMI - Average PIC	14,848	12,637	8,368	10,612	17,077	11,844	13,966	13,281	
Premiums Paid - PMI	\$ 0.46	\$ 0.51	\$ 0.54	\$ 0.54	\$ 0.49	\$ 0.46	\$ 0.35	\$ 0.33	

Class III Milk Futures	June	July	Aug	Sept	Current
Oct-13	\$ 18.27	\$ 18.69	\$ 18.19	\$ 18.00	\$ 18.24
Nov-13	\$ 18.15	\$ 18.01	\$ 17.53	\$ 17.80	\$ 18.63
Dec-13	\$ 17.85	\$ 17.32	\$ 16.90	\$ 17.16	\$ 17.87
Jan-14	\$ 17.37	\$ 16.64	\$ 16.51	\$ 16.79	\$ 17.09
Feb-14	\$ 17.20	\$ 16.44	\$ 16.41	\$ 16.56	\$ 16.80
Mar-14	\$ 17.10	\$ 16.46	\$ 16.40	\$ 16.58	\$ 16.67
Apr-14	\$ 17.13	\$ 16.46	\$ 16.35	\$ 16.53	\$ 16.58
May-14	\$ 17.15	\$ 16.55	\$ 16.40	\$ 16.57	\$ 16.60
Jun-14	\$ 17.20	\$ 16.93	\$ 16.69	\$ 16.66	\$ 16.87
Jul-14		\$ 17.20	\$ 16.99	\$ 17.03	\$ 17.06
Aug-14			\$ 17.16	\$ 17.08	\$ 17.12
Sep-14				\$ 17.10	\$ 17.09

Mailbox Price Comparison		
FL	USDA	PMI
Sep-13		\$ 22.99
Aug-13		\$ 23.05
Jul-13		\$ 23.05
Jun-13	\$ 22.30	\$ 22.05
May-13	\$ 21.67	\$ 21.43
Apr-13	\$ 21.73	\$ 20.97
Mar-13	\$ 21.96	\$ 20.90
Feb-13	\$ 22.60	\$ 22.40
Jan-13	\$ 23.22	\$ 23.14
Dec-12	\$ 24.04	\$ 24.87
Nov-12	\$ 24.04	\$ 25.16
Oct-12	\$ 23.83	\$ 22.79

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