

# PREMIER PRESS

JUNE 2011



## CWT Program

The Cooperatives Working Together™ (CWT) committee voted last week to continue to support the CWT program for another two years, starting January '12 and running through December '13 once the 70% level participation level is reached. Currently 68% of the nation's milk supply has pledged to support the program. When the 70% level is attained, CWT will collect \$0.02/cwt from producers to fund the program. The CWT program will only use the money to help export dairy products out of the country. The herd retirement program has been retired and no longer will be used. Approximately 15% of the US milk production is being exported as butter, powder or cheese. By supporting export programs, CWT will help keep milk prices higher and dairy producers in business. PMI's Board of Directors voted last fall to support CWT and pay the \$0.02/cwt once the 70% level is attained.

## PMI Field Services

PMI's Board of Directors has entered into a working agreement with Rick Hedrick to provide field services and assist with procurement work for the benefit of PMI and its members. Rick will be contacting PMI members in the near future and will work with them on quality issues and FARM program compliance. Rick will also engage in recruiting producers to join PMI. Welcome Rick aboard!

## Efficiency is Money

During the past two years that Premier Milk has operated, PMI members have built up over \$600,000 in member equity. The cooperative has no debt. PMI was founded on the concept of maximizing returns to member producers, and its founding members looked for ways to stay true to that principle. To do so the decision was made to outsource every service possible and to affiliate with others who have a proven expertise in our areas of need. For example, PMI owns no "bricks and mortar", and outsources all its administrative and managerial needs, including its general manager who reports to and serves at the pleasure of the PMI board of directors. Other services, such as milk accounting, and producer payroll are also outsourced. Member milk is transported by contract carriers as opposed to the cooperative having a huge investment in tractors and trailers. As a result, PMI has no direct employees or the expenses that go along with them. This allows PMI to focus on returning more money to our producers and growing our cooperative. Obviously, since there is no debt, PMI does not have to take money from producers for repayment of loans. This again keeps more money going to the produc-

## Bulk Milk Testing

Consolidated Lab Services (CLS) located in Knoxville, TN is the lab that performs the official tests on milk produced by Premier Milk, Inc. members. CLS operates seven days a week and receives samples seven days a week. Samples are received at the lab either by carrier routes or FedEx overnight shipments. In the case of PMI producers who reside in Southeast Georgia, those samples move via carrier to the lab every three days, regardless of the weekend. PMI producers, who reside in FL and other parts of GA, have their samples shipped over night to CLS from one of three shipping points.

When the milk hauler comes to your farm, the hauler will use the unique UPC bar code stickers that specifically identify your bulk tank sample, and

attach a sticker to each sample vial and to the manifest as well. This way each sample can be matched to a shipment for test results. Milk haulers will always have a cooler with ice with them and the sample vials after being filled, are immediately stored in that cooler. The milk haulers will move the samples to one of the three shipping points. Each shipping point has an industrial type refrigerator for sample storage until samples are packed for shipment.

PMI prefers to operate by paying out all revenue, with a planned target of a net profit of zero at year's end. Since the cooperative has no profit, no taxes are paid. Since members would have to pay a tax bill for the cooperative if one existed, our philosophy is to pass the cash on to the membership as it is created. PMI believes its greatest value to its membership is to remain focused on maximizing returns to those members.

Next year at this time, PMI's current members will have \$1 million in producer equity, still with no debt. Some of the founding producers will be fully paid up on their equity account and will be able to eliminate the equity deduction from their milk check and receive the full dividend in cash instead of applying it to their equity account. Based 2010 results, a PMI producer fully paid up on their equity in the coop would have received an additional \$0.37/cwt in cash for their entire 2010 annual milk production. Members of PMI are enjoying higher pay prices and receiving dividend checks, and can rest in the knowledge that PMI was founded and structured with the "long haul" in mind.

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

## 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 MARKET MINUTE

Commodity Prices	October	Nov.	Dec	Jan	Feb	Mar	April	May	Current
Cheese - World Market	\$ 1.8489	\$ 1.8937	\$ 1.8937	\$ 1.9845	\$ 2.0070	\$ 2.0034	\$ 2.0071	\$ 2.0412	\$ 2.0525
Cheese - CME Block	\$ 1.7246	\$ 1.4619	\$ 1.3825	\$ 1.5140	\$ 1.9064	\$ 1.8125	\$ 1.6033	\$ 1.6856	\$ 2.1100
Cheese - CME Barrel	\$ 1.7119	\$ 1.4520	\$ 1.3768	\$ 1.4868	\$ 1.8680	\$ 1.8049	\$ 1.5750	\$ 1.6902	\$ 2.0700
Cheese - NASS	\$ 1.7666	\$ 1.6152	\$ 1.4606	\$ 1.4076	\$ 1.7449	\$ 1.9722	\$ 1.6983	\$ 1.6534	\$ 1.7492
Butter - World Market	\$ 2.1933	\$ 2.1957	\$ 2.1376	\$ 2.1702	\$ 2.3686	\$ 2.3973	\$ 2.3672	\$ 2.4026	\$ 2.4438
Butter - CME Cash	\$ 2.1895	\$ 1.9595	\$ 1.6310	\$ 2.0345	\$ 2.0610	\$ 2.0863	\$ 1.9958	\$ 2.0724	\$ 2.1400
Butter - NASS	\$ 2.1893	\$ 2.0230	\$ 1.6539	\$ 1.8428	\$ 2.0680	\$ 2.0591	\$ 1.9975	\$ 2.0292	\$ 2.1124
NFDM - World Market	\$ 1.4081	\$ 1.3324	\$ 1.3580	\$ 1.5309	\$ 1.7931	\$ 1.7415	\$ 1.6443	\$ 1.6429	\$ 1.7293
NFDM - Central A.O.M.	\$ 1.2450	\$ 1.2350	\$ 1.2625	\$ 1.4038	\$ 1.5663	\$ 1.6225	\$ 1.5880	\$ 1.6450	\$ 1.6775
NFDM - NASS	\$ 1.1674	\$ 1.1953	\$ 1.1848	\$ 1.2530	\$ 1.3728	\$ 1.4945	\$ 1.5680	\$ 1.6120	\$ 1.6381
Whey - Central A.O.M.	\$ 0.3519	\$ 0.3550	\$ 0.3575	\$ 0.3800	\$ 0.3900	\$ 0.4113	\$ 0.4513	\$ 0.4894	\$ 0.5050
Whey - NASS	\$ 0.3676	\$ 0.3736	\$ 0.3789	\$ 0.3935	\$ 0.4234	\$ 0.4578	\$ 0.4808	\$ 0.4929	\$ 0.5156
F. O. 6 Class I @ Tampa	\$ 21.98	\$ 22.64	\$ 22.36	\$ 20.60	\$ 21.29	\$ 23.63	\$ 24.83	\$ 25.15	\$ 25.72
Net Cl. I Prem. @ Tampa	\$ 3.04	\$ 3.04	\$ 3.12	\$ 2.93	\$ 3.01	\$ 3.01	\$ 3.17	\$ 3.17	\$ 3.25
F.O. 6 Class I Utilization	85.6%	86.6%	85.7%	83.9%	84.2%	82.4%	83.2%	80.0%	
F. O. 6 Blend @ Tampa	\$ 21.46	\$ 21.61	\$ 20.69	\$ 20.32	\$ 21.38	\$ 22.88	\$ 23.88	\$ 24.18	
PMI - Average SCC	230,461	225,325	217,235	215,135	209,751	214,008	228,420	223,166	
PMI - Average SPC	9,077	8,272	5,984	8,494	10,269	6,383	8,299	8,771	
PMI - Average PIC	9,972	21,863	17,180	16,906	58,834	38,112	25,388	14,550	
Premiums Paid - PMI	\$ 0.48	\$ 0.42	\$ 0.49	\$ 0.51	\$ 0.34	\$ 0.51	\$ 0.48	\$ 0.52	
PMI Cen FL Price (with rBST-free premium)	\$ 22.33	\$ 22.34	\$ 21.40	\$ 20.68	\$ 21.78	\$ 23.07	\$ 23.58	\$ 23.60	

Price Forecasts	June	July	August	Sept	Oct	Nov	Dec
PMI Cen FL Price (with rBST-free premium)	\$ 25.00	\$ 25.50	\$ 25.15	\$ 24.74	\$ 24.17	\$ 23.96	\$ 22.92

Class III Milk Futures	Jan	Feb	Mar	April	May	Current
<b>Jun-11</b>	\$ 15.00	\$ 16.74	\$ 16.95	\$ 16.86	\$ 18.75	\$ 19.14
<b>Jul-11</b>	\$ 15.45	\$ 16.70	\$ 16.97	\$ 17.40	\$ 19.69	\$ 19.73
<b>Aug-11</b>	\$ 15.56	\$ 16.70	\$ 17.03	\$ 17.70	\$ 19.22	\$ 18.82
<b>Sep-11</b>	\$ 15.66	\$ 16.74	\$ 17.04	\$ 17.78	\$ 19.04	\$ 18.48
<b>Oct-11</b>	\$ 15.73	\$ 16.66	\$ 16.94	\$ 17.44	\$ 18.40	\$ 17.87
<b>Nov-11</b>	\$ 15.66	\$ 16.46	\$ 16.79	\$ 16.87	\$ 18.05	\$ 17.70
<b>Dec-11</b>	\$ 15.55	\$ 16.48	\$ 16.60	\$ 16.77	\$ 17.50	\$ 17.65
<b>Jan-12</b>		\$ 15.73	\$ 16.08	\$ 16.23	\$ 17.10	\$ 17.18
<b>Feb-12</b>			\$ 15.95	\$ 16.05	\$ 16.60	\$ 16.63
<b>Mar-12</b>				\$ 15.89	\$ 16.50	\$ 16.57
<b>Apr-12</b>					\$ 16.45	\$ 16.50
<b>May-12</b>					\$ 16.35	\$ 16.33

MILC Projections	
<b>Jan-11</b>	\$ -
<b>Feb-11</b>	\$ -
<b>Mar-11</b>	\$ -
<b>Apr-11</b>	\$ -
<b>May-11</b>	\$ -
<b>Jun-11</b>	\$ -
<b>Jul-11</b>	\$ -
<b>Aug-11</b>	\$ -
<b>Sep-11</b>	\$ -
<b>Oct-11</b>	\$ -
<b>Nov-11</b>	\$ -
<b>Dec-11</b>	\$ -

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

## Bulk Milk Testing (continued from front page)

When the samples are received at CLS, the bar codes on the sample vials are scanned to document the time received at the lab. The temperature of the ice water in the cooler is taken to verify that the samples are good. The samples are stored in coolers until they are prepped for testing. When the samples are tested, the bar codes are scanned and the time and date are documented as to when the tests are actually run. Each sample that is received is tested for butterfat, protein, skim solids, somatic cells, freezing point, and milk urea nitrogen (MUN). Starting June 1, 2011, Standard Plate counts (SPC) and Preliminary Incubation counts (PIC) will be run on every sample that is 1 – 2 days old. Prior to that, SPC's and PIC's were run once per week when the samples were 1 – 2 days old. With this change, PMI producers will see more monthly results for SPC's and PIC's.