

PREMIER PRESS

Premier Milk Inc.
1531 SE 36th Avenue, Suite D
Ocala, FL 34471
Phone: (352) 433-2527
Fax: (352) 433-2547

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Dairy Margin Coverage. Producers can now sign up for the Dairy Margin Coverage program. Signup began June 17th at your local FSA offices. Producers are encouraged to sign up for this program, at least for first 5 million lbs of annual milk production at the \$9.50/cwt level. Payments will be made for the first 4 months of 2019. Here are the payment levels that will be paid out to dairy producers: January - \$1.79/cwt, February - \$1.59/cwt, March - \$0.84/cwt and April - \$0.68/cwt. Feed supplies could be tight this year causing feed prices to dramatically increase. So there could more payouts as we go through the year besides the months already outlined above. For producers who produce more than 5 million lbs annually, sign up only the first 5 million lbs of annual production. Producers can also sign up for the Dairy Revenue Program to help hedge their milk price.

Dairy Revenue Program. This will work for all producers regardless of size. There is a strong correlation between your mailbox price and the Class I mover. The Class I mover formula changed in May 2019. The old Class I mover was the higher of Class III or Class IV milk price. Now the Class I mover is calculated by taking the average of Class III and Class IV prices and then adding \$0.74/cwt and that is the Class I mover and will be going forward. So if you want to protect your mailbox price and revenue using the Dairy Revenue program, it would be best to use 50% Class III and 50% Class IV as your hedge price. In looking at the Class III and Class IV prices for 1st quarter of 2020, Class III is \$16.46 and Class IV is \$17.26. The average of the two prices is \$16.86 and now add \$0.74 and the average Class I mover for Q1 is \$17.60. Now for most producers, the difference between their mailbox price and Class I mover is approximately \$2.50/cwt. So add the \$2.50 to the \$17.60 and that comes to \$20.10/cwt mailbox price. Now you do have to add in cost of doing this and you cannot hedge 100%, but you can get close to having an effective \$19.00 plus per cwt locked in for a mailbox price for Q1 of 2020. Remember, this is the program that will give you a floor and allow you to gain market upside if it occurs. If you want a more specific number for your difference between the Class I mover and your mailbox price, contact Tom Pittman and he can give you your past history of that difference. If you want some estimated quotes on the Dairy Revenue program, you can contact Grace Reyneveld at 386-466-6551.

Milk Production. In March of this year, milk production decline 0.4% compared to one year ago. This is the first decline in milk production in 6 years. There are 9.344 million cows in the milking herd, down 86,000 cows from a year ago. Milk per cow continues to increase at 0.5%. In April, milk production climbed 0.1% compared to April of 2018. Again cow numbers are down again compared to year ago, with milking herd at 9.328 million cows. In May, milk production was down 0.4% compared to May of 2018. There are 89,000 fewer cows in May 2019, compared to May 2018, with the milk herd total at 9.333 million cows. I believe that this trend will continue throughout most of this year. With the large number of sell outs occurring across the country, cow numbers will stay down. Depending on quality of feed harvested because of the very wet spring and summer so far, milk per cow gains maybe smaller as we go into next year. Overall milk production is finally declining and that will help boost milk prices for the rest of this year and going into next year.

Contact Information

Kevan McDonald contact information: cell phone number is 478-733-0858. His email address is kevanmcdonald61@gmail.com. He is here to assist you, call him if you need help.

Southeast Milk contact information: For producers in North Florida and Southern GA, call the SMI Belleview dispatch at 800-598-7806. For producers in Myakka City area, either call John Criss at 863-781-4763 or the Okeechobee Dispatch at 800-598-6533. Please contact them for when your production changes and changes to your scheduled pickups.

Premier
MILK INC.
Where Premium Quality Comes Standard.

Commodity Prices	October	November	December	January	February	March	April	May	Current
Cheese - World Market	\$ 1.5867	\$ 1.5177	\$ 1.4919	\$ 1.5803	\$ 1.6601	\$ 1.8180	\$ 1.9414	\$ 2.0997	\$ 1.8370
Cheese - CME Block	\$ 1.5874	\$ 1.3951	\$ 1.3764	\$ 1.4087	\$ 1.5589	\$ 1.5908	\$ 1.6619	\$ 1.6799	\$ 1.7825
Cheese - CME Barrel	\$ 1.3152	\$ 1.3100	\$ 1.2829	\$ 1.2379	\$ 1.3867	\$ 1.4910	\$ 1.5953	\$ 1.6278	\$ 1.6050
Cheese - NASS	\$ 1.5686	\$ 1.4463	\$ 1.3742	\$ 1.3868	\$ 1.3940	\$ 1.5383	\$ 1.6468	\$ 1.6974	\$ 1.6811
Butter - World Market	\$ 2.1949	\$ 2.0591	\$ 2.0146	\$ 2.1035	\$ 2.1410	\$ 2.1954	\$ 2.3371	\$ 2.2984	\$ 2.1689
Butter - CME Cash	\$ 2.2600	\$ 2.2448	\$ 2.2071	\$ 2.2481	\$ 2.2659	\$ 2.2773	\$ 2.2635	\$ 2.3366	\$ 2.3650
Butter - NASS	\$ 2.2814	\$ 2.2677	\$ 1.2425	\$ 2.2343	\$ 2.2644	\$ 2.2740	\$ 2.2669	\$ 2.2952	\$ 2.3488
NFDM - World Market	\$ 0.8709	\$ 0.8750	\$ 0.9138	\$ 1.0378	\$ 1.1036	\$ 1.0854	\$ 1.0732	\$ 1.0943	\$ 1.0801
NFDM - Central A.O.M.	\$ 0.9000	\$ 0.9012	\$ 0.9196	\$ 1.0075	\$ 0.9967	\$ 0.9849	\$ 0.9899	\$ 1.0361	\$ 1.0525
NFDM - NASS	\$ 0.8739	\$ 0.8860	\$ 0.9020	\$ 0.9513	\$ 0.9800	\$ 0.9589	\$ 0.9641	\$ 1.0149	\$ 1.0377
Whey - Central A.O.M.	\$ 0.4473	\$ 0.4550	\$ 0.4550	\$ 0.4640	\$ 0.4416	\$ 0.4163	\$ 0.3922	\$ 0.3651	\$ 0.3550
Whey - NASS	\$ 0.4470	\$ 0.4626	\$ 0.4685	\$ 0.4805	\$ 0.4545	\$ 0.4127	\$ 0.3923	\$ 0.3784	\$ 0.3667
F. O. 6 Class I @ Tampa	\$ 21.73	\$ 20.92	\$ 20.45	\$ 20.52	\$ 20.70	\$ 21.38	\$ 21.16	\$ 21.82	\$ 22.47
Net Cl. I Prem. @ Tampa	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
F.O. 6 Class I Utilization	84.2%	85.4%	81.3%	86.0%	84.3%	81.9%	85.4%	85.7%	
F. O. 6 Blend @ Tampa	\$ 20.87	\$ 20.12	\$ 19.47	\$ 19.78	\$ 19.96	\$ 20.41	\$ 20.46	\$ 21.13	
PMI - Average SCC	409,733	376,227	353,486	333,081	344,229	347,329	327,494	334,079	
PMI - Average SPC	8,255	9,577	5,572	7,047	10,060	8,688	5,860	7,903	
PMI - Average PIC	11,182	22,455	11,501	16,428	70,114	49,677	17,899	24,971	
Premiums Paid - PMI	\$ 0.28	\$ 0.35	\$ 0.43	\$ 0.37	\$ 0.29	\$ 0.31	\$ 0.42	\$ 0.31	
PMI Cen FL Price	\$ 19.53	\$ 18.89	\$ 18.18	\$ 18.96	\$ 19.28	\$ 19.71	\$ 19.53	\$ 20.24	

Price Forecasts	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
PMI Cen FL Price <i>(with rBST-free premium)</i>	\$ 20.89	\$ 20.30	\$ 20.20	\$ 20.15	\$ 21.33	\$ 21.87	\$ 22.02

	Class III Milk Futures			Class IV Milk Futures		
	April	May	Current	April	May	Current
Jun-19	\$ 16.21	\$ 16.20	\$ 16.28	\$ 16.68	\$ 16.88	\$ 16.80
Jul-19	\$ 16.37	\$ 16.63	\$ 16.89	\$ 17.01	\$ 17.02	\$ 17.19
Aug-19	\$ 16.66	\$ 16.95	\$ 17.17	\$ 17.15	\$ 17.24	\$ 17.32
Sep-19	\$ 16.84	\$ 17.22	\$ 17.44	\$ 17.28	\$ 17.48	\$ 17.57
Oct-19	\$ 16.81	\$ 17.18	\$ 17.51	\$ 17.33	\$ 17.51	\$ 17.63
Nov-19	\$ 16.72	\$ 17.05	\$ 17.35	\$ 17.30	\$ 17.48	\$ 17.62
Dec-19	\$ 16.49	\$ 16.74	\$ 16.93	\$ 17.19	\$ 17.28	\$ 17.46
Jan-20	\$ 16.23	\$ 16.39	\$ 16.46	\$ 16.96	\$ 17.16	\$ 17.25
Feb-20	\$ 16.00	\$ 16.32	\$ 16.46	\$ 17.00	\$ 17.15	\$ 17.21
Mar-20	\$ 16.20	\$ 6.30	\$ 16.45	\$ 17.00	\$ 17.32	\$ 17.33
Apr-20	\$ 16.31	\$ 16.35	\$ 16.44	\$ 17.10	\$ 17.32	\$ 17.36
May-20		\$ 16.46	\$ 16.56		\$ 17.45	\$ 17.50

Mailbox Price Comparison		
FL	USDA	PMI
May-19		\$ 18.71
Apr-19		\$ 18.19
Mar-19		\$ 18.23
Feb-19	\$ 18.58	\$ 17.96
Jan-19	\$ 18.31	\$ 17.85
Dec-18	\$ 17.90	\$ 17.91
Nov-18	\$ 18.87	\$ 18.58
Oct-18	\$ 19.03	\$ 19.12
Sep-18	\$ 18.16	\$ 17.75
Aug-18	\$ 17.72	\$ 16.97
Jul-18	\$ 18.07	\$ 17.79
Jun-18	\$ 17.97	\$ 17.91