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FARM TRENDS

A summary of market
and commodity news
for the past week

by Dick
Wanner

Milk Prices Expected to Soar

A Wall Street Journal report this week painted a glum picture for milk consumers. Even the most optimistic dairy experts, the report says, expect milk supplies to continue dwindling and prices continuing to rise, at least through the first half, and probably throughout 1974. Because of uncertainty about costs, though, the impact of these rising prices on milk checks is unclear.

After an unprecedented string of seven price jumps last year, milk was selling in Chicago last week for \$1.43 a gallon, up 42 percent from \$1.01 a gallon a year ago. Many dairy specialists say the price of a gallon of milk will increase at least another 10 cents by spring, with further increases possible later.

The problem is that supply isn't keeping pace with demand, and many dairymen say the gap will widen.

This national trend runs counter to the Lancaster County picture. DHIA producers last year posted an increase both in cow numbers and in production of both butterfat and milk.

After increasing for three years, national milk production in 1973 dropped 3 percent to an estimated 116.5 billion pounds from 120.3 billion pounds in 1972. This occurred while demand, spurred by stepped-up buying of dairy products as substitutes for high-priced beef, was increasing. Total consumption of milk, including that used to make cheese and other products, rose 1 percent to 117.3 billion pounds from 115.9 billion. Per-capita milk consumption rose for the second consecutive year to an estimated 563 pounds from 561 pounds in 1972. Before 1972, per-capita milk consumption had declined every year since 1955.

Dairymen cut production because of falling profits and, in some cases, heavy losses. While the prices they received for their milk rose more than 30 percent in 1973, their costs rose even more precipitously. Feed prices, accounting for about half of a dairyman's costs, spurted dramatically. When feed prices peaked late last summer, many were more than double year-earlier levels. In August, the milk-feed price ratio, which is the number of pounds of feed equal in value

(Continued on Page 8)

A Lancaster Farming Special Report . . .

Outlook Is Good For Farm Credit

"Good farmers with good credit ratings won't have any trouble getting farm loans. But the interest cost will be higher than last year," we were told this week when we contacted area farm lenders. Credit is tighter than last year but available. You might expect some problems if you're not an established credit customer, or if you're looking for mortgage money. But, if you and your farming program are a good risk, even these problems shouldn't be too tough to overcome.

In our survey, we talked to Carl Brown, manager of the local Federal Land Bank and the Lancaster Production Credit Association, Robert Bucher, manager of Commonwealth National Bank's Agri-Loan operation, George Lewis, vice-president of Farmers First National Bank and president of their newly formed Farmers AgCredit subsidiary, Stanley Musselman, assistant vice-president and agricultural loan officer for National Central Bank, and Merrill L. Mordan, president and agricultural loan officer for National Central Bank of Honeybrook and chairman of the Pennsylvania Bankers Association agricultural committee.

Overall, short term credit - any loan up to two years - is available. Farmers who need loans for seed, fertilizer and other items than can be paid with crop proceeds should have no trouble as long as they stick with a bank that knows them.

Intermediate credit, likewise, should be no problem. Money supplies for loans of two to seven years are probably even more adequate than those for shorter terms.

While the bankers generally agreed that they weren't

overly anxious to tie up their funds in mortgages, they did say they would work with farmers who are seeking mortgages.

Interest rates, we were told, will undoubtedly be higher this year than last, but chances are they won't go much higher. In fact, there seems to be some feeling that the rates may be headed downward, but that semi-prediction is far from a sure thing. If a farmer needs money now, he's better off not waiting for the interest rate to come down, because loans are generally renegotiable. And if he doesn't need money, now's as good a time as ever not to borrow any.

In general, on all kinds of loans, farmers can expect to pay an interest rate of anywhere from 8 to 9.5 percent, with the rate for any loan depending partly on the institution and mostly on the farmer and the purpose of the loan.

George Lewis told us that banks in general are a little shorter of funds than usual, and that the cost of borrowing has gone up. The shortage stems from the general expansionary trend of the economy and depressed stock prices. "When stock prices are down," Lewis explained, "companies stop selling stock to raise capital and borrow instead from banks because it's cheaper for them."

Interest rates have gone up, Lewis explained, because the legal interest rates on savings accounts have risen from a maximum of 5.75 percent last year to a high of 7.25 percent this year. Because the banks pay more for their money, they must charge more interest on the loans they make.

"Money is a little tight, but we will be able to take care of

(Continued On Page 32)

Rufus Martin Is Top DHIA Milk Producer

Rufus G. Martin, Ephrata RD3, was a three-way winner at this year's annual Red Rose Dairy Herd Improvement Association banquet held Tuesday at the Lancaster Farm and Home Center. Martin's Registered Holstein herd topped all other herds in the county both in milk and fat

production. His 25-cow herd put out an average of 18,358 pounds of milk and 683 pounds of fat in the past year.

The next highest herd was owned by J. Z. Nolt, Leola RD1. Nolt's herd, also Registered Holsteins, produced an average of 17,322 milk and 655 fat.

Top prizes in breed categories were based for the first time this year on total milk production rather than butterfat, but there was also a prize awarded to the high fat herd. In addition to his herd award, Rufus Martin picked up the high Holstein herd and the high fat prizes. The high mixed herd was a 33.2-cow herd owned by Jacob S. Diener, Gordonville, RD1. Diener's miscegenistic bovines produced 17,167 pounds of milk and 604 of fat.

The top Brown Swiss herd is owned by J. Rohrer Witmer, Willow Street RD2. The Witmer herd tallied a total of 13,920 milk and 577 fat. The Jersey award went to Robert W. Ulrich & Son, Quarryville RD1, with 10,435 milk and 555 fat. K. D. and Else Linde, Oxford RD1, had the top Guernsey herd, with 11,872 milk and 548 fat.

In its annual report, the local DHIA compared 1973 costs and profits with the same figures for 1972. There were increases in every

(Continued On Page 9)



Robert Kauffman, Red Rose DHIA president.

Planning, Ashlea Top Conservation Agenda

Aaron Stauffer, Ephrata RD1, was reelected chairman of the board of Directors of the Lancaster County Conservation district at the group's regular monthly meeting held recently at the Farm and Home Center. Amos Funk, Millersville RD1, was reelected vice-chairman, Nancy Burkhart was elected secretary-treasurer. Reelected to four-year terms on the board

were J. Everett Kreider, Quarryville RD1, and Robert K. Mowrer, 204 Laneview Dr., Willow Street.

State laws requiring conservation plans for every Pennsylvania farm by 1977 were discussed at the meeting. Area conservationist Orval Bass pointed out that his present staff is totally inadequate to the task of preparing more

(Continued On Page 6)



Here's a shot of those triplet calves we mentioned the other week in Lancaster Farming. The two bulls and

a heifer were born on the Robert Weickel farm in southern Lancaster County.

In This Issue

Markets	2-4
Sale Register	24-26
Farmers Almanac	6
Classified Ads	29-31
Editorials	10
Homestead Notes	18
Home on the Range	22
Farm Calendar	6
Lebanon DHIA	12