World Milk Output Up in '74

By Foreign Commodity Analysis

USDA

World Supplies of cow's milk - recovering after a growth pause in 1973 - are rising to more-thanadequate levels in 1974, signaling an oversupply of dairy products in some areas and increasing pressure to export.

Global milk output is slated to rise about 2 percent this year to total some 772 billion pounds, owing largely to two key situations: A recovery of New Zealands' production and exports, and a continuing expansion of milk output in the European Community. At the same time, a turnaround in the U.S. dairy situation from deficit to surplus has limited U.S. imports of dairy products this year.

In New Zealand, which accounts for about a third of total world dairy exports, milk production could rise by as much as 10 percent this year to 1.3 billion pounds. Australia, however, is still suffering the aftereffects of flood and drought that shortened Oceania's supplies last season, so that milk outturn could dip by 3 per-Further, cent. rationalization scheme eliminating Government subsidies to dairy producers is restricting output.

The larger supplies in Oceania - world's most consistent exporter of manufactured dairy products - will increase pressures on importing countries, including the United States, to accept more dairy products.

The European Community - historically surplus in dairy products - continued to increase milk outpout during 1974, possibly to a total of 218 billion pounds, compared with 212 billion in 1973. Although dry weather reduced output in both the United Kingdom and Ireland, a rise of 4 percent is likely in Belgium and France, 2 percent in West Germany, and 7 percent in the Netherlands. (See Foreign Agriculture, Nov. 11, 1974.)

Milk cow numbers are also building in the EC, except in the United Kingdom, as

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slaughter cattle will incomes of consumers. strengthen. A 5 percent increase in the average EC milk support price was will depend heavily on the agreed upon in October, effect of weather conditions increasing returns from on pastures and feed crops, dairy farming.

range from \$9.50 per hun- prices of milk and other dred pounds of milk dairy products are ardelivered to plants in West tificially maintained in most Germany to \$7.22 in the countries to protect farmer United Kingdom and incomes, market conditions Ireland, averaging \$8.10 are secondary to governthroughout the EC. At the ment policy in their effect on start of the 1974-75 milk prices. marketing year last April, EC milk support prices continue in 1975, further averaged \$7.34 per hundred prices rises are likely, so \$6.74.

products are accumulating, weather is generally good. although EC officials report they have not yet reached trend in world milk output unwieldy levels. As of was temporarily in-September 1974, EC dairy terrupted, as unfavorable product stocks were (in 1,000 weather reduced pasture metric tons, previous year in and feed crop outturns in parentheses): Butter 341 many developed countries. (421), cheese 237 (232), and As a result, milk yields per

tight supply situation for buildups continued, dairy products - which however, with dairy cow resulted in sharply higher numbers in reporting imports in 1973 and early countries increasing by 1974 - has reversed itself. In about 1.5 percent over the recent months, the Com- previous year's level. The modity Credit Corporation result of these opposing has again been buying forces was a gain in milk domestically produced dairy products under the price percent, compared with support program. Storage nearly 2.5 percent in 1972. stocks increased sharply last spring and summer and are numbers that occurred last well above year-earlier year promises to continue, levels.

This situation is a result of the combined effects of a gain in milk yields and a falloff in consumption. U.S. milk production during July, August, and September 1974 moved ahead of the same months a year earlier for the first time since September 1972. Increased yields per cow more than offset the 2 percent decline in U.S. cow numbers. Despite an expected yearend downturn in milk output triggered by rocketing feed prices, U.S. milk production is likely to be only .1 percent below 1973's 115.6 billion pounds.

U.S. consumption of fluid milk products in January-July 1974, however, skidded almost 5 percent below last

in hopes that prices for higher prices and falling real

The continuing growth of world milk supplies in 1975 as well as prevailing meat The new price supports and cattle prices. Since

With inflation expected to pounds, up from a previous that the historical upward 6.74. trend in world milk
As a result, EC in- production of between 1-2 tervention stocks of percent annually is likely to manufactured dairy continue, provided that

Last year, the growth nonfat dry milk 250 (168). cow declined for the first In the United States, the time in many years. Herd prodution of nearly 1.5

> The rise in dairy cow keeping milk supplies at a high level. In the Soviet Union and Europe, dairy cow numbers at the beginning of 1974 were over 2 percent higher than those of the previous year. The growth in

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The same of the sa

tiularly rapid in Poland and the European Community notably Ireland, the Netherlands, and France.

The depressing effect of higher feed-grain prices on milk production has principally affected producers in the United States, Canada, and, to some extent, the United Kingdom. In most other countries, including most of Europe, the amounts of grain concentrates fed are small, while virtually none are fed in New Zealand and Australia. These countries depend more on roughage, such as pasture (mostly grass), hay, and silage, for dairy cattle feeding.

The recent falloff in cattle prices is stimulating milk production, in the short term at least, since profits are down from marketing culled cows. In the longer run, lower beef prices, combined with high prices of feed and fertilizer, may encourage calf slaughter - bolstering output of veal, but reducing the numbers of mature dualpurpose cows for meat and milk.

Seasonal increases in the world prices of most dairy products were beginning to be felt in late 1974. This reflected normal production declines on Northern Hemisphere farms and sales of manufactured dairy products from ample stocks. On an annual basis, cheese consumption is continuing to grow, following trends of the past several years. Also, butter consumption, which

cow numbers was par- has been on the downtrend, tries outside of the Comcompetitive with margarine.

Support prices for milk and products climbed in most countries during 1974 and are likely to rise even further next year, reflecting the desire to maintain farm incomes and production in the face of continuing in-

flation. In the United States, price support for manufacturing grade milk is \$6.57 per hundred pounds for the marketing year that began on April 1, 1974, up from \$5.61. On August 1, the Canadian support price for manufacturing grade, plus earned subsidies was boosted to C\$9.41 from C\$8.50.

Canada estimates that milk production this year will edge up by almost 1 percent from the 16.9 billion pounds of 1973. This level of output assures plentiful supplies of nonfat dry milk for export and for contribution to the World Food Program.

Mexico - North America's third largest milk producer expects to boost production by about 1 percent in 1974 to 12.5 billion pounds.

In South America, most reporting countries show little change in milk output from last year, with the exception of Argentina, where milk production could climb 9 percent from almost 6 billion pounds last year.

In West European coun- porations since 1910

may recover temporarily as munity, few changes in higher prices of vegetable output are reported, with a oils make butter more decline in milk production in Sweden about offset by an increase in Greece.

> As a group, the East European countries and the Soviet Union are expected to produce about 285 billion pounds of milk in 1974 almost 3 percent more than last year, when output advanced 4 percent over 1972's. In the Soviet Union, milk production is slated to rise 4 percent over last year's to 200 billion pounds, following a 5 percent increase the preceding year. Soviet milk output is now approaching the EC level, and considerably exceeds U.S. milk output.

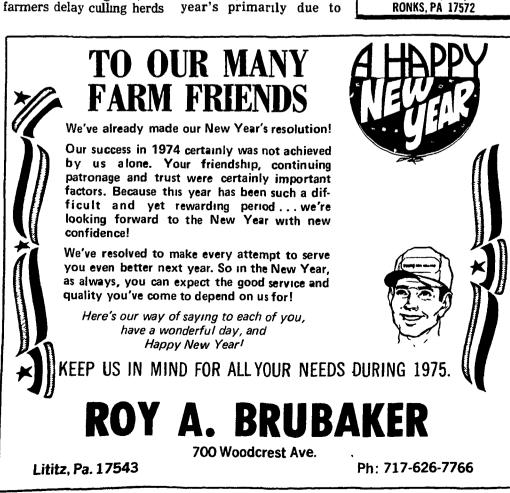
> In Japan, a previous uptrend in milk production leveled off in 1973, and output is expected to decline in 1974. Falling cow numbers and the rise in feed prices make a recovery unlikely.

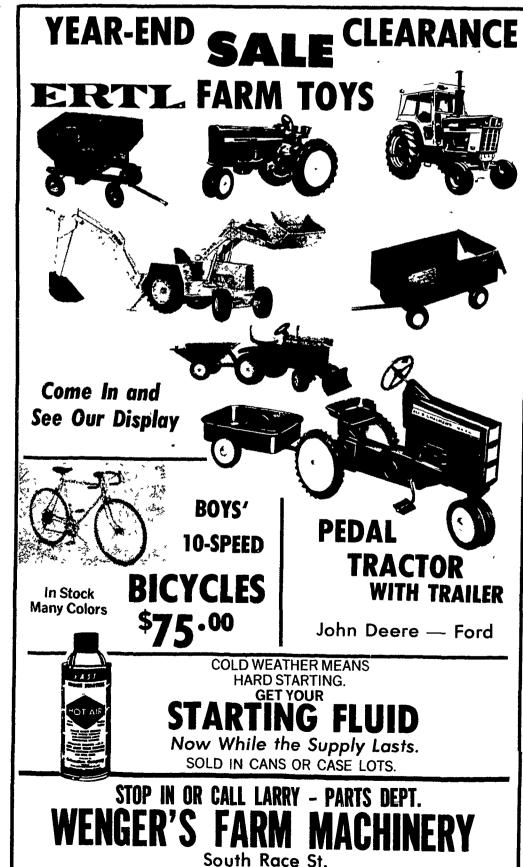
> > Constitution

New Hampshire became the ninth state to ratify the new Con stitution of the United State, on June 21, 1788 Legislators voted 57 to 47 in favor of the pact which became the basis for a new and stronger federal government

Iran

The Iranian government passed law in March of 1951 which has significantly altered the course of that nation's history They nationalized their oil industry, thus confiscating vast British holdings in Iran Iran's oil fields had been leased and tapped by British cor-





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