

**Lowest in Minnesota, highest in Florida**

# Milk production costs tallied

WASHINGTON, D.C. - Milk cost farmers an average of \$6.74 total direct costs per hundredweight to produce in 1974, provided that homegrown feed is valued at its cost of production. By valuing homegrown feed at the average prices received by farmers for feed, however, direct costs rose to \$7.61, according to a report prepared by the U.S.

Department of Agriculture for the U.S. Senate Committee on Agriculture and Forestry.

These estimates are based on actual costs reported by approximately 1,600 dairy farmers in 24 milk producing areas. The farmers were surveyed by USDA's Statistical Report Service in compliance with a 1973 law requiring USDA to determine annual production

costs for major farm commodities.

Feed was the largest direct cost component, averaging \$3.57 per hundredweight with homegrown feed valued at cost of production and \$4.42 when valued at prices received by farmers. Labor, valued at \$1.23 per hundredweight, was the second largest cost factor, with \$1.04 of this component for unpaid family labor.

In addition to direct production costs, the study estimated the cost of overhead and an imputed management charge to total \$1.32 per hundredweight. All costs except those for land thus averaged \$8.06 per hundredweight with homegrown feed valued at cost of production and \$8.95 pricing homegrown feed at market value. Surveyed farmers received an average of \$8.39 per hundredweight

for milk in 1974, compared with the 48-State average of \$8.32 for all milk sold to plants and dealers.

Production costs (with homegrown feed valued at cost of production) rose by \$0.99 when a land charge was based on land at its current value for agricultural use and by \$0.52 when based on the land's acquisition value.

In other words, by either valuation these costs added up to more than the surveyed farmer received for his milk, on average, in 1974 after allowing for overhead and management expenses. However, actual production costs varied widely among the 24 areas, reflecting differences in milk output

per cow, crop yields, and land values. With homegrown feed valued at cost of production; these production costs ranged from \$5.54 per hundredweight in a Minnesota subregion to \$9.23 in Florida. This compares with a range of \$6.41 per hundredweight in the Minnesota-South Dakota subregion to \$9.24 in Florida when all homegrown feed is valued at average prices received by farmers.

Copies of "Costs of Producing Milk in the United States, 1974," are available upon requests from the Superintendent of Documents, Government Printing Office, Stock No. 052-070-03491-2, for \$0.95.

## Favorable milk prices foreseen

WASHINGTON, D.C. - Expanding demand kept dairy markets tight this spring, despite substantial increases in milk production. Wholesale butter and cheese prices strengthened as milk production began to crest seasonally. By early July, wholesale butter prices were up 11 cents per pound from early May and American cheese prices were up about two cents. The relatively tight supply-demand situation suggests fairly substantial June-December seasonal price rises. But the higher milk production probably will forestall a repeat of last year's very sharp price advances.

Milk production per cow was up more than four per cent in May, the strongest year-to-year rise since September 1969. Favorable milk-feed price relationships have led to heavier feeding of concentrates and resultant boosts in milk output per cow.

Gains in milk production resulted in substantially more milk available for manufacturing than a year ago during April-May. This increase went into products other than butter. Total cheese output continued to boom and was up almost a fifth to record levels. Butter and nonfat dry milk production was well below last year in April-May as butter-powder operations were at a disadvantage in competing for milk supplies.

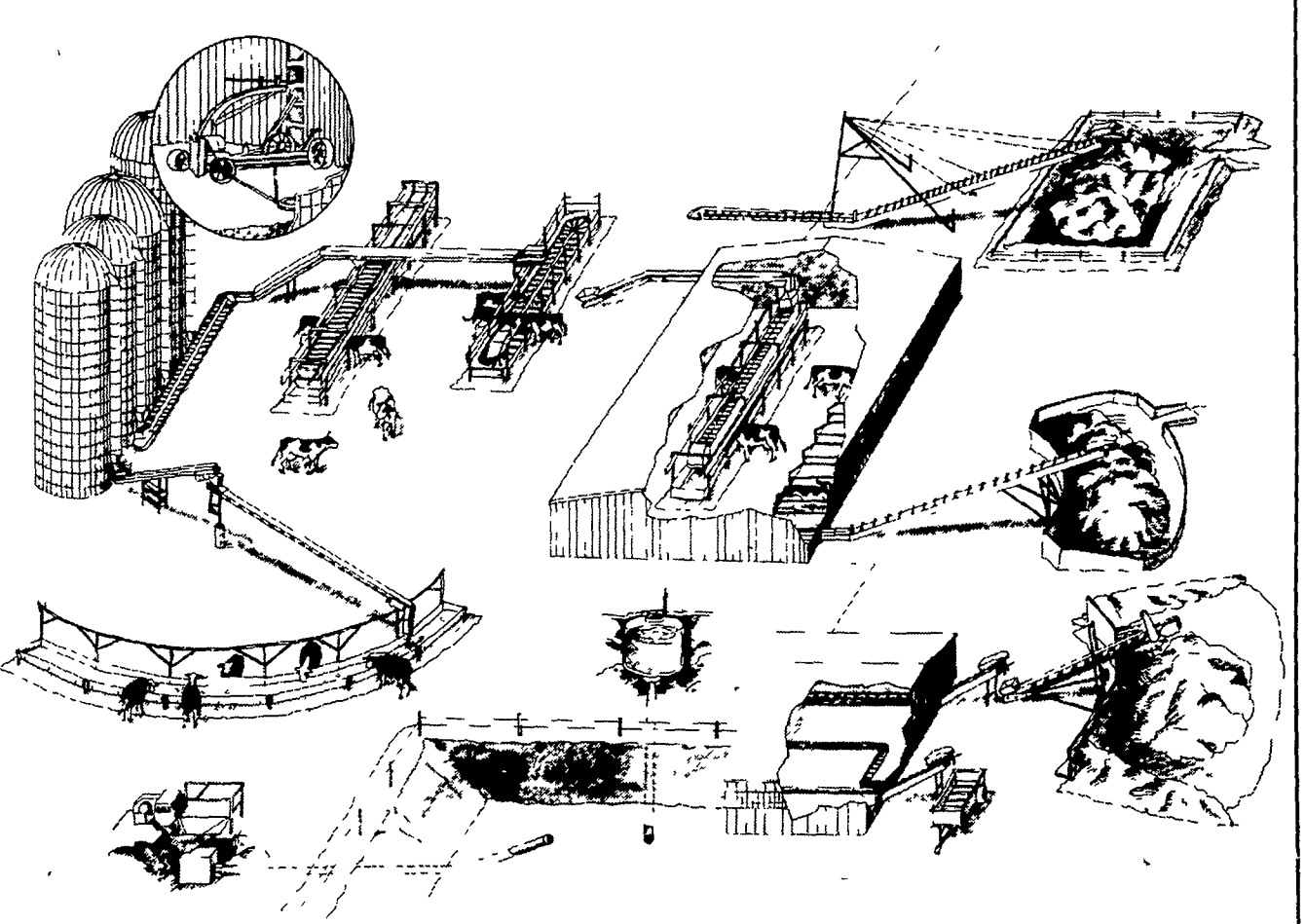
Despite higher retail dairy prices, sales of milk in all dairy products this spring were 2 1/2 per cent larger than last year. Cheese sales, bolstered by improving consumer incomes, were very strong but slight gains in fluid sales and respectable butter sales were also important. Dairy sales may remain brisk during the rest of 1976.

### Plowing contest set

YORK — The York County plowing contest will be held this coming Tuesday at the Joe Stump farm, York R10, beginning at 11 a.m. Also on the agenda, are a pig roast, a garden tractor pull, hay ride, and the celebration of the centennial year of York, New Salem.

While the plowing contest is mostly of the tractor variety, there is a division for mules.

Read the Farm Women Calendar.



- |                               |                            |   |                              |
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