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Dairy official sees moderate price rise

ALLENTOWN - Dairy farmers can expect farm milk prices to rise moderately for the next 12 months. The increase is likely to be much less than occurred during the same period a year ago.

Meanwhile, farm costs will follow the general trend of inflation. Consequently, farm milk prices in the Northeast are likely to fall short of rising costs. The basic reason is because the formula for establishing farm milk prices has not shown much increase, says Lehigh Valley Farmers Vice President, John C. York.

The basic formula (Minnesota/Wisconsin price) for the past four months, April through July, has risen by five cents per hundredweight, while in 1979, for the same period, the M/W price increased by 24 cents per hundredweight.

Moreover, the M/W price has not kept pace with the level of support prices, York says.

For example, in April, the M/W price was 39 cents below support prices; May 41 cents below; June, 35 cents below; and July 34 cents below. It is the first time in the past 27 months or a period of about two and a half years that the M/W price has been below the level of support prices.

This situation is likely to continue into the future for another year, he says.

Support prices can be expected to go up about 70 cents to about \$12.75 per hundredweight on October 1. The possibility of the M/W price increasing to equal the level of the support price is not forseen.

In an effort to give dairymen some price guidelines through June 1981, estimates have been computed for the following markets. The estimates are based upon a support price increase in October of this year and no change in support prices on April 1, 1981.

Order 4

Estimated Prices F.O.B. Mkt., 3.5% Fat								
Month 19 8 0	Base	Excess	Blend	Last Year Act. Blend				
July	13.14	11.66	13.12	12.10				
Aug.	13.21	11.95	13.18	12. 38				
Sept.	13.33	12.06	13.26	12.55				
Oct.	13.57	12.16	13.44	12.75				
Nov.	13.72	12.26	13. 59	12.91				
Dec	13.69	12.31	13.56	12.76				
AVG.	13.44	12.07	13.36	12. 58				
1981								
Jan.	13.81	12.31	13.64	12. 84				
Feb.	13.89	12.37	13.67	12.83				
March	13.72	12.31	13.57	12.85				
April	13.71	12.31	13.54	12.82				
Mav	13.70	12.18	13. 48	12. 8 7				

June	13.69	12.29	13.51	12.90	
AVG.	13.75	12.30	13.57	12.85	
		Order 2			
Est	umated P	rices - 201-210 2	Zone (3.5%	(Fat)	
Month			(Last Ye		
1960		Blend	Â	Actual Blend	
July		12. 48		11.60	
August		13.00		12.23	
September		13.19		12.51	
October		13.36		12.64	
November		13.37		12.62	
December		13.09		12.25	
AVG.		13.08	-	12.31	
		1981			
January		13.12	12. 25		
February		13.15		12.24	
March		12.88		12.06	
April		12.67		<u>11.96</u>	
May		12.54		11.90	
June		12.58		11.92	
AVG.		12.82		12.05	

The Order 4 blend does not reflect hauling costs from farm to market which ranges between 35 cents and 75 cents.

The Order 2 blend does not reflect 15 cents permissable hauling deductions by proprietary handlers not hauling and stop charges deducted by cooperatives, nor an increase in hauling or pool credit deductions likely to occur in the near future occasioned by the June, 1900 hearing.





