

## More milk, less consumption weigh heavy on prices

LANCASTER — Milk production is expected to continue rising in 1981, following a 3.5 percent gain this year to a record 128 billion pounds.

With little change in fluid sales expected, milk available for manufacturing will also increase. Even with more favorable demand conditions, USDA purchases of dairy products under the price support program will continue heavy during most of 1981.

The dairy herd increased in size this summer and fall culling rates have been low and a relatively large number of heifers have been retained for replacements because of favorable economic conditions for dairying. However, favorable relative to other farm enterprises and off-farm employment opportunities.

Milk cow numbers are expected to remain slightly above year-earlier levels through most of 1981.

Output per cow has also increased, up an average of about three percent for all of 1980. Gains in output per cow are expected to moderate in 1981.

Feeder prices sharply above a year earlier will more than offset increases in milk prices, and milk-feed price relationships in 1981 will not be as favorable as they have been in recent years.

This will likely slow gains in concentrate feeding rates which could hold gains in output per cow to about two percent.

Therefore, 1981 milk production gains should be up one to three percent — the second record production year in a row.

Commercial stocks of butter and cheese are adequate for trade needs, and with the large supply of milk for manufacturing it is likely that wholesale butter and cheese prices this winter will remain near the support purchase price.

However, these prices will advance next spring because of the April 1, 1981 mandated increase in milk support prices. Increases in farm milk and retail dairy product prices will follow.

Wholesale prices of dairy products advanced 2.3 percent from August to October and were 9.3 percent above a year ago during October. Retail dairy product prices during October were 9.1 percent above a year earlier, while the all-food retail price index was up 10.2 percent.

For 1981, retail dairy prices are expected to be up 10 to 12 percent while the all-food retail index is forecast to average 10 to 15 percent higher.

The manufacturing grade

milk price in November, at \$12.90 per 100 pounds, was 10 percent above year-ago levels. For all of 1980, the manufacturing grade milk price will likely average \$12.05 — up 8.6 percent from 1979. Meanwhile, the all-milk price for November, at \$14.00 per 100 pounds, was about 8.5 percent above last year.

The all-milk price will likely average near \$13.04 for the entire year — up 8.7 percent from 1979. In 1981, farm milk prices will be affected by the April 1 support price increase, the established support level for October 1, and supply and demand. The all-milk price for next year will likely be up 10 to 12 percent.

Given the expected milk production and price ranges for 1981, total cash receipts may rise 11 to 15 percent from the \$16.3 billion expected for 1980.

Production of manufactured dairy products used 8.5 percent (850 million pounds) more milk during Sep-

tember-October than in 1979. Butter production expanded by a fifth while output of both American cheese and other-than-American varieties was 7.4 percent above year-earlier levels.

On the strength of September sales, commercial disappearance of milk and dairy products during the July-September quarter was unchanged from a year ago. However, preliminary data indicate that use during October was down 2.4 percent — with butter off 12 percent and American cheese down 5.5 percent, while other-than-American cheese use was up 10.6 percent.

Industry holdings of dairy products on November 1 were generally below year-earlier levels.

However, commercial stocks of butter were up a tenth.

On November 1, commercial stocks of milkfat and solids-not-fat were down 2 percent and 10 percent, respectively.

Meanwhile, on December 1, Commodity Credit Corporation uncommitted inventories of butter were 274 million pounds, compared with 145 million last year. American cheese inventories, at 184 million pounds, were up sharply from the 20 million pounds of year ago.

For the first 10 months of 1980, U.S. dairy product imports, on a milk equivalent basis, were 1.5 billion pounds, nine percent below a year ago. However, these imports picked up substantially during September-October. Of quota import items, cheese, chocolate crumb, and dried buttermilk and whey were up sharply in September-October, while butter, ice cream, and frozen cream were lower.

World milk production for 1981 will likely be slightly larger than 1980. Stocks of dairy products will increase since world wide production may grow more than consumption.

## Federal indemnities cut for illegal product use

WASHINGTON, DC — The U.S. Department of Agriculture will no longer pay indemnities for destruction of diseases livestock or poultry when infection results from the knowing use of an illegal product or potential disease carrying agent.

Products and agents such as vaccines, semen, embryo transplants, and other potential disease carriers are illegal when imported or used in violation of federal-state quarantine laws.

According to C.G. Mason of USDA's Animal and Plant Health Inspection Service, USDA has cooperated with states to control and eradicate communicable livestock and poultry diseases since 1884. This includes paying indemnities to farmers and ranchers when infected or exposed animals and materials are destroyed as a means of eradicating a disease outbreak, he said.

"We will continue to pay such indemnities — but not to persons who knowingly

use an illegal product or vector," Mason said.

Although vaccines are usually thought of in positive terms, Mason said, under certain circumstances their use may cause infection or result in animals becoming disease carriers. "Semen, for example, is a known vector for about 35 diseases including foot-and-mouth disease and hog cholera, he said.

The new rule took effect on December 31. The public has a 60 day period to comment. Remarks and suggestions should be sent to the Deputy Director, USDA, APHIS, Federal Building, Rm. 748, Hyattsville, Md. 20782.

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## Jersey

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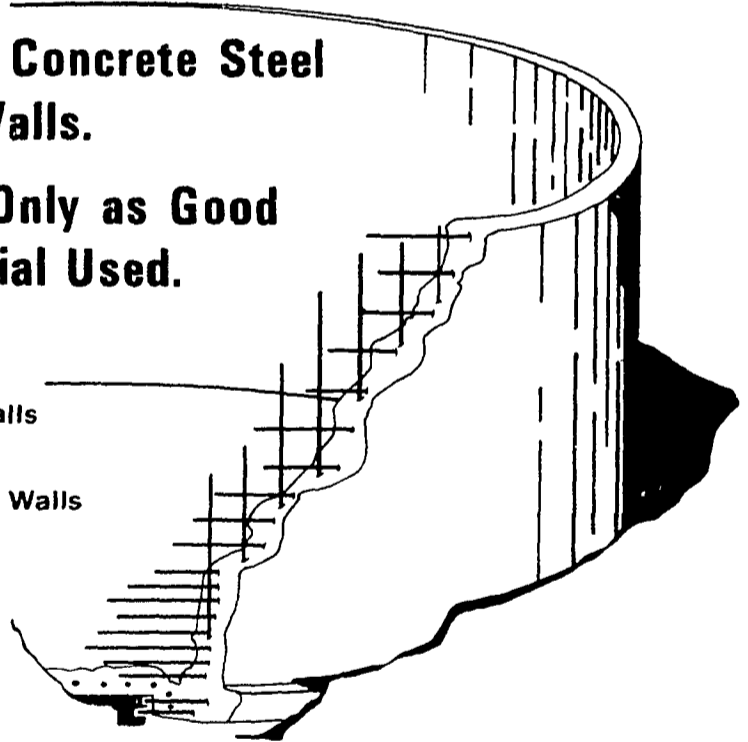
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| <p><b>Sr Yearling Heifer</b><br/>1 Patricia A Jenkins 2 Steve March<br/><b>Youth Class Sr Yr Heifer</b><br/>1 Patricia A Jenkins 2 Steve March<br/><b>Jr Champion Female</b><br/>1 Emmett &amp; Mrs Rhein<br/><b>Youth Class Jr Champion</b><br/>1 Karen Hobough<br/><b>Reserve Champion Female</b><br/>1 Patricia A Jenkins<br/><b>Youth Class Reserve Jr Champion</b><br/>1 Carol Hobough<br/><b>3 or 4 Dry Cow</b><br/>1 Marilyn Deaven Fredericksburg 2 Thomas M Galloway Bechtelsville 3 Craig A Rhein Pine Grove 4 5 Timothy B Donough<br/><b>Youth Class 3 or 4 Dry Cow</b><br/>1 Marilyn Deaven 2 Thomas M Galloway<br/><b>5 or Over Dry Cow</b><br/>1 Emmett &amp; Mrs Rhein 2 Mike Welsh Esb Berlin<br/><b>Youth Class 5 or Over Dry Cow</b><br/>1 Mike Welsh<br/><b>2 and Under 3 Heifer</b><br/>1 4 Emmett &amp; Mrs Rhein 2 Marilyn Deaven 3 Thomas M Galloway 5 Karen Hobough<br/><b>Youth Class 2 to 3 Yr Cow</b><br/>1 Karen Hobough 2 Thomas M Galloway<br/><b>3 and Under 4 Cow</b><br/>1 Emmett &amp; Mrs Rhein 2 3 Elizabeth G Wollaston 4 Timothy B Donough 5 Marlin Deaven Fredericksburg<br/><b>Youth Class 3 to 4 Yr Cow</b><br/>1 2 Elizabeth G Wollaston 3 Timothy B Donough 4 Marlin Deaven</p> | <p><b>4 and Under 5 Cows</b><br/>1 Emmett &amp; Mrs Rhein 2 Bruce R Rhein Pine Grove 3 Paul R Donough Chambersburg<br/><b>Youth Class 4 to 5 Yr Cow</b><br/>1 Bruce R Rhein<br/><b>5 and Over Cow</b><br/>1 Patricia A Jenkins 2 Bruce R Rhein 3 Terry Lee Rhein Pine Grove 4 Timothy B Donough<br/><b>Youth Class 5 and Over Cow</b><br/>1 Patricia A Jenkins 2 Bruce R Rhein 3 Timothy B Donough<br/><b>Championship Udder</b><br/>1 Emmett &amp; Mrs Rhein<br/><b>Sr Female Champion</b><br/>1 Emmett &amp; Mrs Rhein<br/><b>Youth Class Sr Champion</b><br/>1 Patricia A Jenkins<br/><b>Sr Female Reserve Champion</b><br/>1 Patricia A Jenkins<br/><b>Youth Class Reserve Sr Champion</b><br/>1 Bruce R Rhein<br/><b>Female Grand Champion</b><br/>1 Emmett &amp; Mrs Rhein<br/><b>Female Reserve Grand Champion</b><br/>1 Patricia A Jenkins<br/><b>Youth Class Champion</b><br/>1 Patricia A Jenkins<br/><b>Youth Class Reserve Champion</b><br/>1 Bruce R Rhein<br/><b>Premier Breeder</b><br/>1 Emmett &amp; Mrs Rhein<br/><b>Premier Exhibitor</b><br/>1 Emmett &amp; Mrs Rhein<br/><b>Exhibitor Herd</b><br/>1 Craig A Rhein 2 Patricia A Jenkins 3 Thomas M Galloway 4 Marlin Deaven</p> |
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