



The Milk Check

TOM JURCHAK
County Agent

OUT WITH A BANG

You certainly slammed the door on 1980 with a bang when you increased your December shipments of milk to Order 2 handlers by four percent over November and settled for ten cents less than your milk check

You got a better deal when compared to December, 1979. In December 1980 you produced five per cent more milk than a year ago and got a price ten percent higher

That's what makes it tough to sell supply management to producers. But these averages don't work the same in all herds.

It was a good deal if the extra five percent didn't cost much more to produce than the other ninety-five. It's called diminishing returns

every dairyman has to know where it is for his own herd.

Efficient milk production is still the way to profits and they aren't guaranteed for everyone even if you have a built in inflation fighter in the price support program.

One thing you can count on is that your price has passed its peak for this winter. If you aren't making ends meet now, you better plan some belt tightening for 1981

CLOSER LOOK

Let's take a closer look and see how the members stack up for December.

The uniform price in Order 2 was \$13.44 — ten cents less than November but \$1.19 more than a year ago.

You shipped over a million pounds a day more than last month, but you sold only

about 200,000 pounds a day more for Class I use. This dropped your utilization 1.3 percent to 45.9 which, in my book, is a record low for December in Order 2.

In addition to a lower Class I utilization for the month, you also had to pay back from the Louisville Plan which was worth over 28 cents a hundred in November.

On the plus side you had higher class prices than in November thanks to the price support program.

In fact, you had a whopping 35 cent jump in the Class I price of \$14.67 that tracts directly back to the October 1 increase in the Minnesota-Wisconsin price that ushered in the new marketing year for the Commodity Credit Corporation

You also had a nine cent increase in the Class II price from last month — thanks again to the CCC. That nine cent increase in the Class II price to \$12.67 is expected to be typical of what you might expect in the M-W in the months ahead

So don't look for more 35 cent giant steps before April. Be prepared for only those nine cent baby steps.

CLOSE TO THE CEILING

The fact is that butter, powder and cheese prices aren't all that far away from their support prices right now. Those support prices are the ceiling of what CCC can pay to remove those products from the market.

The support prices are \$1.49 a pound for butter; 94 cents for powder and \$1.395 for cheese. December mid-month averages at Chicago were \$1.477 for butter (only 13 cents below support); 936 cents for powder (off only four tenths of a cent) and \$1.40 for cheese (a half cent over support).

So it appears that even nine cent increases in the M-W may look good compared to what you get until April 1 when the support price may be adjusted with the Parity Index

Of course, the other half of the story is that the average price for manufacturing grade milk in December was only \$12.38 instead of the support price of \$12.80 that it's supposed to be. That's 42 cents less than the M-W price which determines your class prices in Federal Orders.

In other words, the December M-W was \$12.61.

But it might have been around \$13.00 if the CCC purchases had moved the manufacturing grade price up closer to the support level of \$12.80.

The reason for the difference, as I have said before, is the rapidly increasing supply of milk coming off your farms and a defect in determining the CCC purchase prices of butter, powder and cheese made from \$12.80 milk that doesn't allow enough margin for the cost of manufacturing the products.

What it all boils down to is you're getting a support price closer to 75 percent of parity than the 80 percent we keep talking about. While farm organizations and legislators talk about maintaining the 80 percent minimum beyond September of this year, other changes will have to be made in the program before you get it.

However, you'll still have to defend the spending of \$1.5 billion or more to get it next year. That may be the hardest part after two years of record high production.

MORE OF THE SAME
Looking ahead into the

new year the crystal ball shows more of the same — but not quite as much.

You'll continue to have increases in production but instead of the four percent you had last year it will probably be around two percent. With a record high of 128 billion pounds in 1980 even a two per cent increase gives you back to back records in production.

Production per cow went up three percent in 1980. It will be more like two percent in 1981.

Feed prices will go up faster than milk prices — as they did the last half of 1980 — so you will tend to use less.

Cow numbers will continue to increase because you kept a lot of heifers last year and beef prices aren't getting many cows out of the barn.

You took in over \$16 billion last year. That should go up nearly 15 percent in 1981 but your bank account won't look quite as good.

Still, dairying is one of the most profitable farm enterprises and things will have to get a lot worse before many producers cut back but even that could happen in 1981.

Bucks County to talk pond management

KING OF PRUSSIA — The Bucks County Extension Service will be sponsoring a Pond Management Meeting on Thursday, February 19, 1981 at the Holiday Inn, King of Prussia, 9 a.m. to 4:30 p.m.

Program topics include pond construction and maintenance, fish pond management, aquatic weed identification, aquatic herbicide application permits; aquatic herbicides,

discussion periods; and aquatic pest update training.

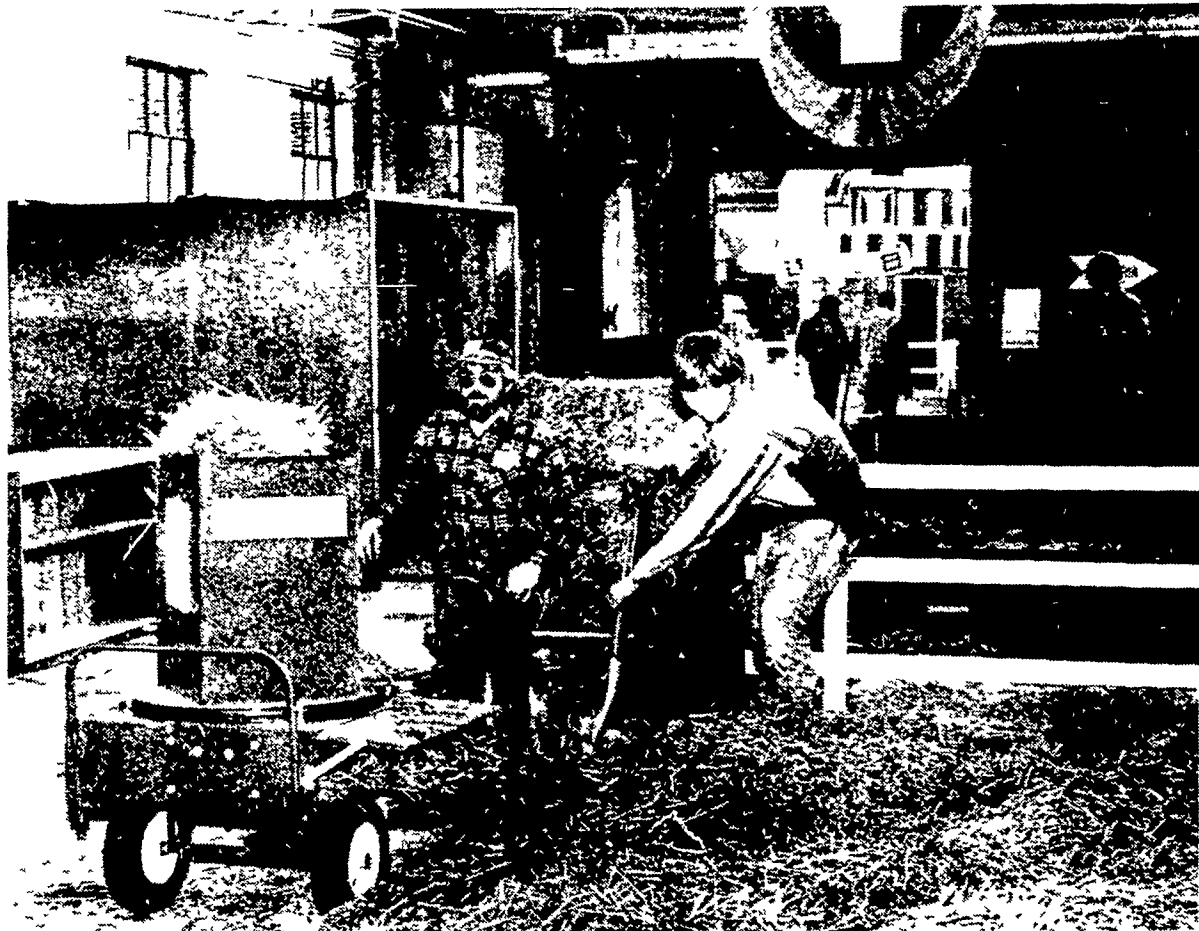
This meeting will serve to update private pesticide applicators and commercial applicators in Category 9 - Aquatic Pests. Bring your license to the meeting.

If you would like to register, please contact Scott Guiser, County Agent, Bucks County Cooperative Extension Service, Neshaminy Manor Center, Doylestown, PA 18901, 215/343-2800.

The cost of the program is \$5.

This meeting is similar to the one held in Berks County in June of 1980

MILK



GIVE YOUR COWS AT HOME A FLUFFY BED LIKE THE FARM SHOW CATTLE HAD IN HARRISBURG

To help livestock exhibitors get ready for the show, U S Farm Systems of Pennsylvania donated the services of a tough-built, red bedding chopper in the barns of the Pennsylvania Farm Show complex, this week. Tim Pierce, who operated the gas engine chopper was a popular fellow for several days before the show. Livestock exhibitors lined up to have the working red chopper come to their stalls to turn bales of straw into fluffy, soft, short-cut bedding worthy of the prize show animals to be stabled there for a week.

As you know, the Farm Show is a fun time to show off prize animals and red bedding choppers. But the real test comes back on the farm, 365 days a year with cows and bedding choppers that never get to the show. That's where the tough-built, red bedding chopper really shows off. Back on the farm. Working day in and day out.

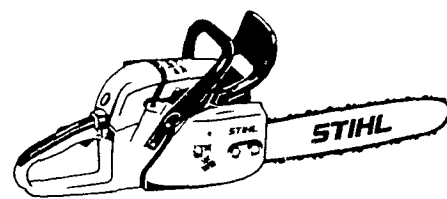
For the farmer, no more straw chunks to shade by hand. No more sawdust to shovel. Sawdust that probably holds mastitis bacteria

under your cows. Just throw a bale of straw, corn stalks or old hay into the red bedding chopper and quietly blow fluffy, liquid-absorbent bedding under your cows as you move the chopper down the row of tie or free stalls.

Give your cows at home a fluffy bed. You don't need to tell 'em you got the idea from the comfortable prize cows and the working red bedding chopper showing off in Harrisburg. Write or call today.

U S Farm Systems of Pennsylvania
4070 Blue Ball Road
Nottingham, PA 19362
Phone: (301) 398-2948

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