

# The Milk Check

**TOM JURCHAK**  
County Agent



**Bingo**

As predicted two months ago, shippers to Order 2 handlers broke through the billion pound barrier in May for the first time since 1970.

You sent 1.03 billion pounds to market for a daily average of 33.2 million pounds per day which was an increase of 700,000 pounds per day over April and 1.2 million pounds a day over last May. Your Class I sales dropped 2.4 per cent to 12.2 million pounds a day — the lowest since last August when there were no school sales. That left you with a Class I utilization of 36.7 per cent — the lowest since June, 1956.

Total production in Order 2 was up 3.75 per cent over last year. But that's still below the national average and only about half the increase of seven percent for Pennsylvania in April.

Because May is usually the peak production month for Order 2, you can figure you've also reached the peak of marketing pressures to find a home for all the milk. It may also be some consolation to those 400 producers in Order 2 who had to find new markets back in March and April that they have survived another spring flush. But it must have left a lot of grey hair for many.

There was still a lot of extra

marketing costs for milk that had to be sold outside the area. And everyone pays for that either directly or indirectly. Some of the more direct costs reported were as high as \$2 a hundred on surplus milk paid by producers in Federal Orders with a base-excess seasonal incentive where production increases by individual shippers are quickly identified.

Here in Order 2, you can think the co-ops for the increased processing capacity that reduced the direct costs to producers far below what they might have been in a billion pound flush.

However, there seems to be no end in sight. And already some of them are looking ahead to further expansion to meet their members' needs for marketing their milk in the future.

**Seasonal Decline**

Milk prices in the spring are expected to go down. But the Order 2 blend in May dropped 17 cents from April, and April was 20 cents under March. These are high compared to the two to six cent drops between April and May of the last four years, but just one more indication of the changing demand-supply picture and so much more milk being produced for processing.

The result is a blend price for

May in Order 2 of \$12.83 compared to \$13 for April. The Minnesota-Wisconsin price for 3.5 milk dropped three cents in May to \$12.61 giving you a Class II price for Order 2 of \$12.49 that was six cents less than April. There was an additional ten cents a hundred deducted this month for the Louisville Plan which makes it 40 cents for May and June.

The Class I price was only a penny better than April. So, with your low 36.7 per cent fluid milk sales, it all adds up to 17 cents less than April.

However, you should still have more money to spend from May's milk than you did for April's production. While you're blend price dropped 1.3 percent, your production went up 2.2 percent.

This means that in spite of the lower price there was still about \$4 million more in the pool in May than there was in March because of the higher production. That averages out to about \$225 per producer.

Maybe that wasn't enough to pay for the production increase and maybe you never saw it in your bank balance, but it was out there for you if you were at least as efficient as the average producer in the pool.

**June Dairy Month**

Everyone has heard the argument that the answer to our present supply-demand imbalance in the dairy industry is not in producing less but in selling more. Perhaps that ought to be the producer theme for June Dairy Month because there is certainly room for selling more.

According to the Milk Promotion Services of New England, the U.S. ranks sixteenth among 29 nations in the per capita expenditures for promotion of milk and dairy products. We spend only 26.8 cents per person compared to Finland at \$1.69 per person. That may be part

of the reason why they sell 60 gallons of fluid milk a year per person and we sell only 30 gallons.

If we reach agreement that we should be selling more, then the question comes up of who should pay for it. Right now there's a big difference between what individual farmers contribute. And those inequities should be considered.

Demanding voluntary contributions is fine, but the record shows that many benefit more than they contribute. Then if we figure out a way so everyone is paying

their fair share, how do we decide how much is enough? Then, who gets it? Then, how do we spend it?

The stonewalling can go on indefinitely if we let it because we'll never figure out a system that keeps everyone happy. Somehow producers will have to compromise on a system that provides the greatest benefits for the greatest number and go with it.

We're the center of attention around the world for our ability to produce milk, but perhaps we can learn from others how to sell it.

## Penn Ag talks Sept. 15-17

EPHRATA — The 103rd annual convention of PennAg Industries Association will be held Sept. 15 to 17 at the Buck Hill Inn, Buck Hill Falls, Pa.

The program for the state-wide trade association of agribusiness firms will include both educational and recreational activities for members and guests. Included in the three-day event will be a reception and banquet to be held

the night of Sept. 15, an "Old Dusties" Golf Tournament set for the afternoon of the 16th, which will follow a morning of educational meetings, and the annual meeting and luncheon set for the 17th. Both educational and commercial exhibits will be part of the convention display.

For more information about the convention, or for reservations, call PennAg at 717-733-2238.



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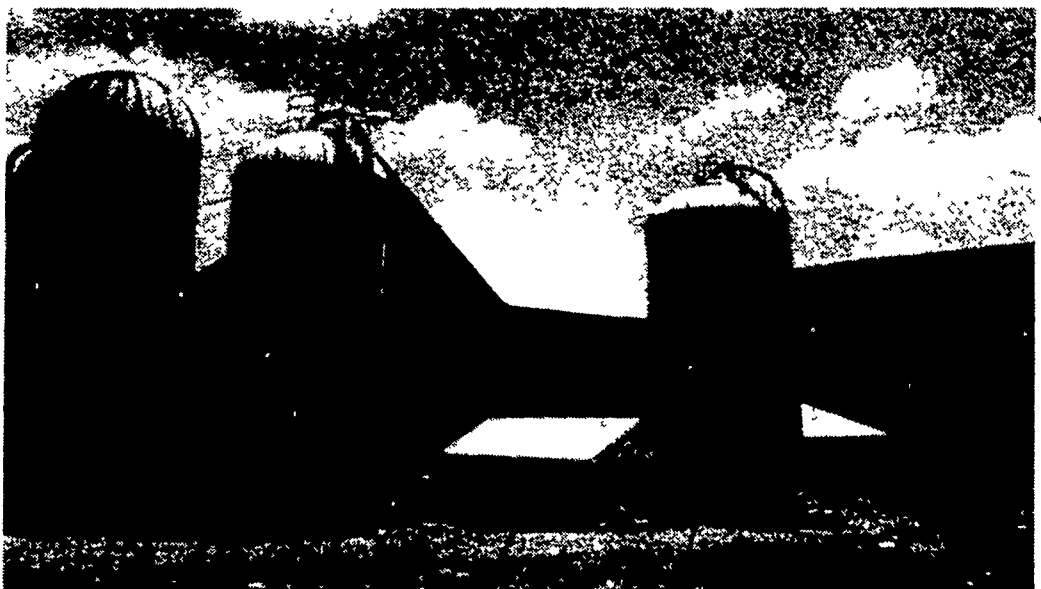
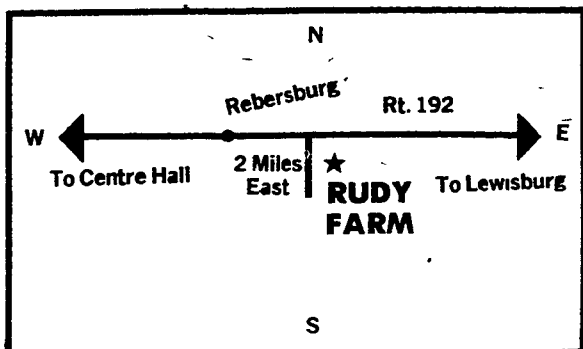
Sealstor Area Representative Ray Witmer and Management Personnel will be on hand to discuss the advantages of Sealstor Structures and Laidig Unloaders.

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