

MILK MARKET NEWS

NATIONAL OUTLOOK

Retail prices gain slowly

The slowing rate of gain in milk prices at the farm during January — July and stable wholesale prices of dairy products since last fall were reflected in a slowdown of year-to-year retail price increases for milk and dairy products.

The July Bureau of Labor Statistics retail price index for dairy products was up only 6.8 percent from a year ago.

This compares with a gain of 10.1 percent in the first quarter of this year and 8.2-percent rise in the second quarter.

The retail price reported by BLS for a half-gallon of whole milk was \$1.118, up 5 percent from a year ago but down 1/2 cent from March.

The butter price, \$1.992 a pound, was 7 percent above last year but was also down from March.

The average retail price for ice cream in July was \$2.024 a half-gallon, up 10.5 percent from last year but the price was unchanged since April.

With milk and dairy products likely to be in ample supply, year-to-year retail price gains this fall can be expected to be relatively small.

For 1981, retail dairy prices are expected to average about 8 percent higher, near the increase expected in the all-food price index.

Consumers spend more in 1980

Consumers spent \$36.7 billion for milk and dairy products during 1980, up 12.9 percent from 1979.

This compares with a 10.9-percent increase in expenditures for all foods.

With consumption of dairy products in 1980 unchanged from 1979, all of the increases was due to higher retail prices.

In 1980, dairy farmers received about \$16.6 billion dollars for the milk they've marketed, about 45 percent of the consumer's food dollar spent on dairy products — nearly unchanged from the year before.

In 1980, wages rose about 8.7 percent while retail prices of dairy products increased 9.8 percent. As a result, the average wage earner had to work longer to earn the money to purchase dairy products.

For example, it took 15.5 minutes to earn the money to buy a pound of butter in 1980, up from 15.1 minutes in 1979.

Similar increases in the required time worked to purchase fresh whole milk, American cheese, ice cream and evaporated milk were also noted.

Federal Order No. 2 New York-New Jersey Milk Marketing Area Uniform price increases 15 cents

Dairy farmers who supplied milk plants regulated under the New York-New Jersey marketing orders during September will be paid on the basis of a uniform price of \$13.83 per hundredweight (29.7 cents per quart).

Market Administrator Thomas A. Wilson also stated that the uniform farm price per hundredweight was \$13.68 in August 1981 and \$13.31 in September 1980.

The seasonal incentive fund returned a total of \$3,848,826.38 or \$.450 per hundredweight to the dairy farmers' uniform price for September. This fund was generated by reducing the uniform price paid to producers during the high production spring months.

A total of 17,910 dairy farmers supplied the New York-New Jersey Milk Marketing Area with 856,217,803 pounds of milk during September 1981. This was an increase of 3.8 percent (about 31 million pounds) from last year.

The gross value to dairy farmers for milk deliveries was \$119,866,113.70. This included differentials required to be paid to dairy farmers but not voluntary premiums or deductions authorized by the farmer.

Handlers utilized 384,852,559 pounds of milk for Class I, 44.9 percent of the total. The milk is used for fluid milk products such as homogenized, flavored, low test and skim milks. For September 1981, handlers paid \$14.78 per hundredweight (31.8 cents per quart) for Class I milk compared with \$13.98 a year ago.

The balance, 55.1 percent, was used to manufacture Class II products including butter, cheese, ice cream and yogurt. For this milk, handlers paid \$12.52 per hundredweight.

The uniform price is based on milk containing 3.5 percent butterfat. For September 1981, a differential of 17.1 cents was applied to the price for each one-tenth of one percent that the milk tested above or below the 3.5 percent standard.

All prices quoted are for bulk tank milk received within the 201-210 mile zone from New York City.

Federal Order No. 4 Mid-Atlantic Marketing Area BASE MILK PRICE \$13.99 FOR SEPTEMBER

Middle Atlantic Order Market Administrator Joseph D. Shune announced a September 1981 base milk price of \$13.99 per hun-

dredweight and an excess milk price of \$12.41.

The September weighted average price was \$13.98 and the butterfat differential for the month was 17.1 cents. The base milk price was up 14 cents from August, while the weighted average price increased 13 cents.

The September base price was 52 cents higher than last year. The advertising withholding rate, which is deducted from the base and excess milk price and not the weighted average price, was 13 cents a hundredweight and the amount withheld totaled \$612,508.93.

The gross value of producer milk during September was \$65.6 million compared to \$62.3 million a year ago.

Shune said that producer milk receipts totaled 471.2 million pounds during September, a drop

of 1.6 percent from August, but up 7.7 million pounds or 1.7 percent from a year ago. This was, however, the smallest year-to-year increase since January 1980.

Class I producer milk totaled 237.5 million pounds and accounted for 50.41 percent of total receipts. A year ago Class I producer milk totaled 255.4 million pounds and represented 55.11 percent of total milk receipts.

Base milk accounted for 91.44 percent of total monthly production. There were 7,245 producers supplying pool handlers during the month, a decline of 75 from the previous month.

The average daily delivery per producer was 2,168 pounds in September, a drop of 13 pounds from August, but 59 pounds or 2.8 percent above last September. The average butterfat test of producer milk was 3.57 percent compared to

3.49 in August and 3.53 last September. A total of 66 handlers were included in the September pool, 5 more than in August.

Middle Atlantic order pool handlers reported Class I in-area milk disposition of 202.8 million pounds during September, a drop of 3.3 percent from a year earlier, after adjustment to eliminate variation due to calendar composition.

State production increases

Milk production in Pennsylvania during September 1981 totaled 728 million pounds, up four percent from a year earlier according to the Pennsylvania Crop Reporting Service.

The number of milk cows in the Commonwealth during September averaged 714,000 head, the same as a year ago. Milk production per

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