

MILK MARKET NEWS

Federal Order No. 2 New York-New Jersey Area

Where did promotion dollars go?

According to a recent Order 2 bulletin, \$6.2 million was spent under the Dairy Promotion Order and its companion programs for all New York State producers including those who market milk in the Niagra Frontier and Rochester state order areas and in out-of-state Federal order areas.

Of that amount, about \$4.3 million was used in the New York-New Jersey Milk Marketing Area, an increase of nearly 1/2 million dollars in expenditures over the 1979-80 marketing year.

Additional income was generated for these expenditures as a result of the higher rate of assessment which became effective January 1, 1981.

The ADA spent most of the money. The largest single expenditure was for media advertising and sales promotion under contracts with the American Dairy

Association and Dairy Council of New York, Inc.

Of the \$2.1 million spent for these activities, more than 90 percent was spent to promote the sale of fluid milk products. The remaining advertising dollars were used to promote the sale of natural cheese in a major national campaign in cooperation with dairy farmers and cheese manufacturers throughout the country.

Television was the medium most used in campaign (\$1.6 million worth of TV time) followed by radio (\$0.3 million). The remaining funds were spent for point-of-sale promotion and special promotional events.

...and of course there are the administration costs

It cost \$101,420 to administer the Dairy Promotion Order for the 1980-81 year. The reduction of \$28,000 from the previous year's expenses was due to lower personnel costs and the fact that there were no hearing expenses such as were incurred during 1979-80.

Administration costs — which

include the expenses of the Advisory Board, the expenses incurred in auditing and the clerical costs associated with program administration — amounted to 23 percent of the total expenses for the year.

By way of comparison, they were 3.3 percent of the total in the 1979-80 year and 2.5 percent in the 1978-79 year.

Federal Order No. 4 Middle Atlantic Marketing Area

Save pennies....temporarily

Market Administrator Joseph Shine recently announced that the

2 1/2 cent per hundredweight administrative assessment will be waived on milk handled during the months of October and November 1981. The assessment will be reinstated effective with December 1981 milk deliveries.

National Outlook Dip in farm prices straightens

Prices received by dairy farmers for milk declined seasonally from January to July and then increased slightly in August.

This follows the normal seasonal butterfat content pattern — the fat test falls from January to July and

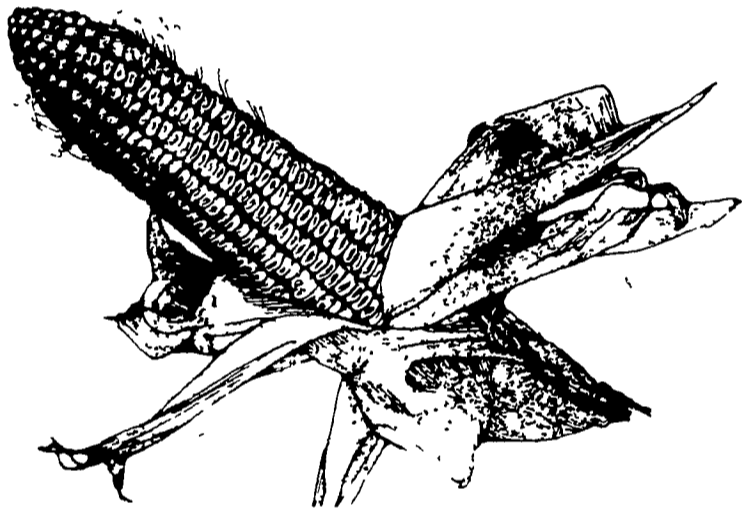
then increases until December.

In August, farmers received an average of \$12.50 per hundredweight, for manufacturing grade milk, 70 cents or 6 percent higher than a year earlier and 50 cents below January.

However, after adjusting for the butterfat test, the Grade B milk price was nearly unchanged from January — down only 2 cents. The adjusted August price was 33 cents below the established support level of \$13.10 per hundredweight for milk testing 3.67 percent fat.

This shortfall, which has existed

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