The Milk Check

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The uniform price to producers shipping milk to Order 2 handlers in September was $13.83 a hundred for 3.5 test milk at the 201-210 mile zone. That was an improvement of 15 cents a hundred over last month and 52 cents better than September of last year. Ten cents of that improvement over last month came from your Louisville Plan pay back.

In August it was 35 cents and in September, 45 cents a hundred. The other nickel came from an improvement in your Class I utilization from 39.9 percent to 49.9 percent. A jump of 10 percent was due to an increase of 11 percent in Class I sales from 11.5 million pounds a day in August to 12.8 million in September. You also dropped production slightly in September by about 420,000 pounds a day under August.

That big jump of 11 percent in Class I sales was the first increase you've shown in fluid milk since March but still slightly below the 13 million pounds a day you were selling last September.

The changes in hauling charges in Order 2 that started September 1st are already showing their effect through recaptured sales from other nearby Federal Orders.

Your best month in Order 2 in Class I sales in recent years was January 1979 when you sold 13.6 million pounds a day and you're not too far from that already.

UNIMPROVEMENTS

The jump in your Class I utilization was the one bright spot in Order 2 last month. After that there wasn't any improvement. Even that increase of 11 percent in fluid sales should have earned you more than five cent increase in price (after allowing for the Louisville Plan pay back) but your Class prices dropped since last month from $14.84 to $14.78 on Class I and from $12.57 to $12.52 on Class II.

This was a reflection of the falling Minnesota-Wisconsin price since March. On top of that you had the highest production in 19 years in Order 2 for September.

Stripping away all the Louisville Plan payments—what you put in last Spring and what you're getting back in the Fall — the milk price is lower now then it was last January. The 52 cents over the price of last September is an increase of less than four percent and you know how far that goes with double digit inflation.

It gets harder and harder to find good news to talk about in the milk business. It appears that it will continue to get worse before it gets better and it won't get better until dairy farmers bring production down to the level where they have control of the market.

Some people say that will take two or three years but I'm not so sure. You won't do it voluntarily so it will only happen with dramatic changes in feed prices, beef prices, crop failure or increased demand through advertising and promotion. Any or all of these things could happen at anytime — or never.

NEW YEAR

The new marketing year for the dairy price support program started October 1st and with it a new support price of $13.18 up 38 cents to reflect a 75 percent parity price required by the old legislation because no changes were made by Congress.

The Commodity Credit Corporation was doing business as usual buying more butter the first week of the new year than it had in the last two months. Buying it, of course, at the new support of $1.53 — up four cents from last year. The new support price for powder will be up 2.5 cents to 96.5 cents and cheese increased 3.75 cents to $1.4325 a pound for 40 pound blocks.

It isn't likely that this will have a great impact on the Minnesota-Wisconsin price because the manufacturing grade milk price, on the average, has been lagging by 46 cents a hundred behind the M-W but hopefully there will be some increase in October and November.

By then the Congress may have agreed on some new legislation that will probably drop the support price back to $12.80 where it was last year.

FARMER FRIENDS

Whatever happens in Congress before a new farm bill is finally passed dairy farmers should know that they have some strong friends in the House.

This is where the Livestock, Dairy and Poultry Subcommittee decided to challenge the administration proposal for dairy price supports and won the approval of the entire House by a vote of 400 to 14 on what is called the Bedell amendment which included other commodity price support programs in addition to milk.

The administration and the Senate wanted to leave the support price at $12.80 for another year then go to 70 percent of parity after that if the CCC didn't have to spend more than $750 million. If costs went over that the support price could be dropped below 70 per cent. In 1980 CCC spent $1.2 billion so you can guess it would go over $750 million even in 1982.

The Bedell amendment also left the $12.80 price for another year then raised it to 72.5 per cent in 1982 and 75 per cent after that, to 1985 unless government purchases exceeded 3.5 billion pounds of milk equivalent.

Then it would drop the price to 70 per cent of parity. You could still end up with 70 per cent of parity but you would have another year to make some changes in production. The 3.5 billion pounds of milk equivalent isn't much compared to 8.8 billion that CCC bought in 1980 but it would be more helpful, I believe, to have your trigger on a milk equivalent basis than on a dollar basis because as prices increase the dollar figure represents a smaller and smaller volume of milk.

Anyway, I thought you should know that the House is opposing the administration farm bill and trying to get you something a little better. It also means that it will be some time before a farm bill gets through Congress and unless they pass a separate bill reducing the support price to $12.80 while they make up their minds you can go on "enjoying" 75 per cent of parity for an extra couple of months.

Md. releases new tobacco variety

COLLEGE PARK, Md. — After 18 years of genetic development and testing, the University of Maryland Agricultural Experiment Station and U.S. Department of Agriculture have released a new tobacco variety for farmers that promises high disease resistance.

The new variety—Maryland 341—is the second variety released by MAES and USDA in recent years that has proven to be highly resistant to the volatile tobacco disease "Wildfire," according to Marvin K. Aycock Jr., a professor of agronomy for the University and research scientist for MAES at its experimental farm in Upper Marlboro, Md.

In addition, Maryland 341 meets high quality and yield criteria established by MAES and USDA, said Aycock.

Tobacco companies interested in Maryland 341—most of which are European—have found the variety acceptable for two quality tests: smoke and aroma.

MAES and USDA unveiled the new variety at the University of Maryland's Tobacco Research Farm field day last Wednesday.

There, more than 600 Maryland tobacco growers and other industry-related officials saw an assortment of tobacco research projects conducted by the Agricultural Experiment Station.

Projects on display included a study of the effects of air pollution on early tobacco growth; a comparison study of leaf harvesting (priming) with conventional stalk cutting; ongoing studies of tobacco diseases such as Wildfire, Anthracnose and Blue Mold; a summary of four years of "topping" studies; and, herbicide testing.