

# M-W means...?

ROSEMONT, Ill — Each industry seems to have idiomatic terms that mystify outsiders. The dairy industry is no exception, but it has one variation. Even insiders get confused by parity, milk classifications, minimum price support, federal order markets and the M-W price series, to name a few.

M-W means what? It means the Minnesota-Wisconsin (M-W) price series. First adopted in the Chicago Federal Milk Order in September 1961, M-W reflects the prices paid to Minnesota and Wisconsin farmers for manufacturing grade milk. These two states were selected because they are the major producers of manufacturing grade milk (9.9 billion of the 19.1 billion pounds manufacturing milk marketed in 1980).

A recent UDIA bulletin points out that two grades of milk are produced on U.S. dairy farms. Grade A is produced under higher farm sanitation standards than Grade B. Only Grade A milk may be sold as a fluid beverage, but either Grade A or B may be used to manufacture cheese, butter and nonfat dry milk.

Class I milk (milk used as fluid)

prices, under the federal milk marketing order program are set at a fixed differential in each market above the prices paid for Grade B milk in the Minnesota-Wisconsin (M-W) area.

Prices paid by milk companies to dairy farmers for milk to be bottled increase as the distance increases from Minnesota and Wisconsin. These states are the nation's center of milk surplus relative to local demand. Milk can be shipped anywhere from Minnesota or Wisconsin by paying transportation costs. Class I price (fluid milk) throughout the country generally approximate the M-W Class I prices, plus transportation and the differential.

How is the milk price for a given month determined?

The basic formula price for a given month is the M-W manufacturing milk price that reflects supply and demand conditions in the entire dairy industry. Producers of Grade A milk are paid a higher price because it costs more to produce. The formula provides for a two-month lag. So the May M-W price plus the Class I price differential (amount above the manufacturing milk price level) determines the Class I

price for milk in July 1981.

For example, the M-W price in May was \$12.61 per hundredweight. The Chicago Regional Market Order differential was \$1.26. Therefore, the price of Class I milk in July in the Chicago Order will be a minimum of \$13.87 per hundredweight.

Why is M-W important?

The M-W price series is used to set most milk prices throughout the United States. It also mirrors manufacturing grade prices outside Minnesota and Wisconsin. In fact, the reported M-W Price Series closely approximates the final, actual prices paid for manufacturing grade milk in the U.S.

The Class I price differential under the federal order program promotes market security and stability in the U.S. milk market. But when set too high, the differential promotes production of Grade A milk beyond that needed for the fluid market.

The amount of the differential is based on transportation costs and other factors including an incentive to maintain adequate supplies of fluid milk. When the differential is higher than justified by such costs, Grade B producers are encouraged to convert to

Grade A production, especially if they have already incurred many of the costs of doing so, such as the installation of bulk handling systems. Grade B producers install such equipment to increase their marketing efficiency. However the added Grade A production is not needed for fluid use and most is diverted to

manufacturing uses.

The M-W series has worked efficiently in the past and will continue to stabilize the U.S. milk market until the percentage of Grade B milk in Minnesota and Wisconsin is too low to be a viable economic factor. Then a new system will be needed.

## Allentown Fair operates in black

ALLENTOWN — The Allentown Fair, showcase of the Lehigh County Agricultural Society, did an about-face when it showed a modest profit on its 1981 exposition after several years of financial reverses.

Commenting on the \$26,712 profit recorded in the annual LCAS report, Edward Charles, executive committee chairman, said, "We now seem to have the proper formula for running a solvent operation."

Comparing the 1981 profit to last year's fair loss of \$60,532, Charles said, "The most important thing is that we had a very successful fair this year."

The fair turnaround was the brightest spot in a much brighter picture for the society's over-all operation, the report says. Other areas of the society's operation recorded deficits resulting in a net loss for 1981 of \$35,407 for the society. Last year's over-all net loss was \$128,458.

"Although there was a slight increase in attendance, the larger crowds alone did not account for the financial turnaround, Charles said. "The main reasons were the curtailment of expenses, a much more efficient operation and an excellent job done by the entire staff."

# 15% PRICE ROLLOVER IN DECEMBER

Plus Waiver or 13.9% APR Financing



Forget any reasons you may have for not buying a big new 2-wheel drive tractor right now. Massey-Ferguson has rolled back prices to us in December by 15% on every new Massey 2000 Series tractor on our lot. This means some of the biggest savings we've ever been able to offer to you!

Don't wait. Come in and buy now because these savings apply only to new equipment purchased in December — just in time for year-end tax credits too.

### Choice of financing

If you buy now and qualify for financing through Massey-Ferguson, we'll make your deal even sweeter with a waiver of finance

charges, 13.9% annual percentage rate financing for two years. It's your choice. See us now for all the details.

### Waiver dates:

Tractors/implements	March 1 1982
Industrial machines	May 1 1982
Hay tools	August 1 1982
Grain combines	September 1 1982
Com/bean combines	

### Used equipment savings too.

Waiver of finance charges and 13.9% financing options are also available to qualified buyers through MF on used machinery and equipment on our lot.

**Hurry! These price rollback savings are good only during December 1981.**

## EXAMPLES OF ROLLOVER PRICES:

<b>205-4 20 H.P. TRACTOR</b>	<b>230 DIESEL 34 H.P.</b>
List Price \$6,910.00	List Price \$11,237.30
15% Roll Back \$1036.50	15% Roll Back \$1,685.60
<b>Roll Back Price \$5,873.50</b>	<b>Roll Back Price \$9,551.70</b>
<b>265 DIESEL MULTIPOWER, 60 H.P.</b>	<b>2675 DIESEL, 100 HP</b>
List Price \$19,421.90	List Price \$37,784.00
15% Roll Back \$2,913.29	15% Roll Back \$5,667.60
<b>Roll Back Price \$16,508.61</b>	<b>Roll Back Price \$32,116.40</b>

Plus...Trade In or Straight Sale Discount  
Plus...Waiver of 13.9% APR Financing

**LEBANON VALLEY IMPLEMENT CO. INC.**  
Richland, PA Ph: 717-866-7518



Now more than ever, Massey makes sense.

While some companies look for ways to build bins cheaper, we find ways to build bins better. Bins that will last longer, look nicer and protect grain better.

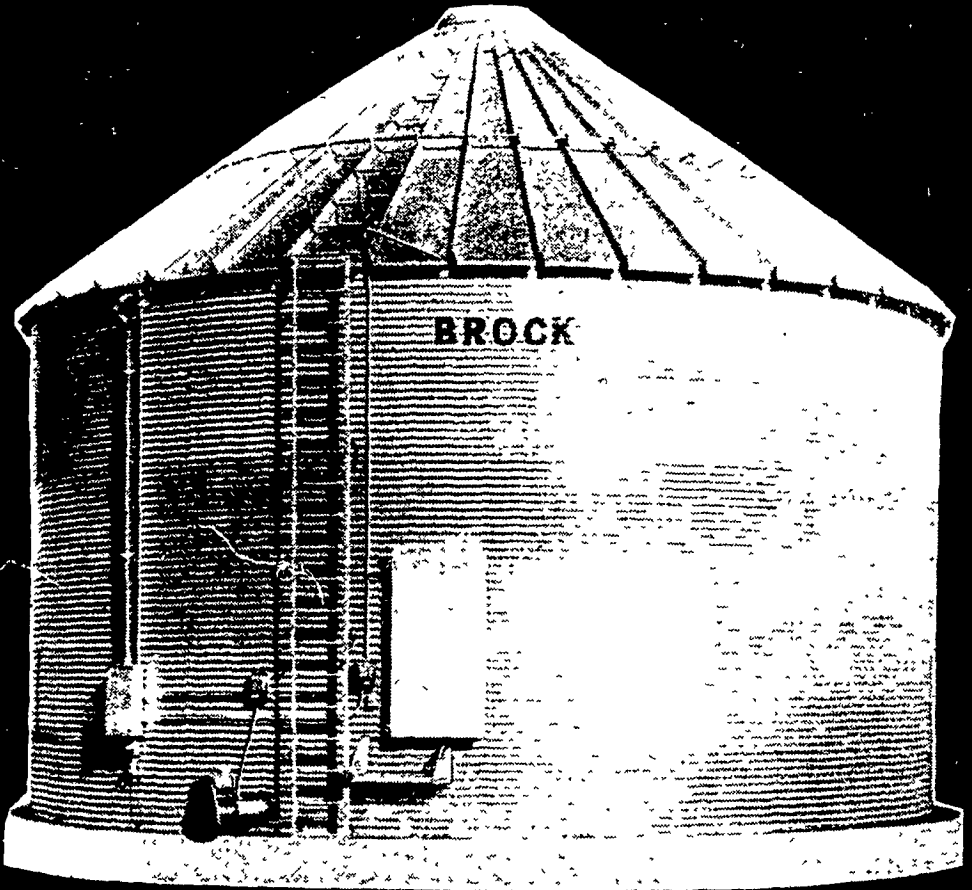
That's why we use only prime high-tensile steel. And precision form and punch each piece.

No, we won't cut corners. Because in the long run, cutting corners would just cost you more money.

For more information about all our money-saving design features, just write for a copy of our latest catalog.

**BROCK**  
Hershey Equipment Company, Inc.

There are 10 ways we could cut our price. Any one of them will cost you.



- Reduce the 40-inch fill hole width to 24 inches.
- Eliminate the exclusive fill hole collar seal.
- Eliminate the circle of safety steps.
- Eliminate the adjustable roof stiffener ring.
- Eliminate 3-inch high roof ribs.
- Make the roof pitch less than 35 degrees.
- Eliminate the safety handrail by the manhole.
- Eliminate the tab between each rafter.
- Switch to a lighter gauge steel sidewall.
- Use lower grade bin bolts and washers.

**H**  
**HERSHEY EQUIPMENT COMPANY, INC.**

SYCAMORE IND. PARK  
255 PLANE TREE DRIVE  
LANCASTER, PA. 17603  
(717) 393-5807

Route 30 West  
at the Centerville Exit

Designers of Quality Systems for Poultry, Swine and Grain Handling.