

# Will declining milk production head off support cuts?

SYRACUSE, N.Y. — If milk production continues to decline at its present rate, Chester W. Smith, acting Northeast Dairy Cooperative Federation, Inc. (NEDCO) economist, predict supply levels will be low enough to head off two 50-cents cuts in dairy support scheduled for next April and July.

Smith said this could be the best news yet for dairymen who have been, up to now, suffering financially from overpopulation.

Crediting the governments' Dairy Diversion Program for the good news, Smith said that production has turned around

dramatically in the Federal Order 2 market since last March.

He explained that in August, 1983, milk production was 7.8 percent above August of 1982. However, Smith pointed out that production has been steadily declining since July of 1983.

By July 1984, production was 4.7 percent below a year earlier, he said, the turning point from plus to minus came in March, 1984, two months after the Diversion Program took effect. (See accompanying chart.)

According to the NEDCO economist, Order 2 fluid milk sales this July were up over 1 percent

from last year and averaged nearly 1 percent on the plus side for the first seven months of 1984.

The Class II (milk-made products) price has improved 24 cents per hundredweight from January to July, compared with last year, he said.

Smith contends this is the result of declining milk production and increased demand for milk and dairy products nationally.

"These trends have resulted in a sharp drop in surplus butter, cheese and nonfat dry milk being sold to the government", he said.

He explained that the milk equivalent of such sales from

October 1, 1983 through August 31, 1984 was 10 billion pounds, but that this was 34 percent less than the previous year.

"Sales to the government for the week of August 18 this year were 76 percent under last year", said Smith.

He added, "if this low volume of surplus continues for the rest of this year, the annual level of dairy surplus in prospect for next year will be less than 5 billion pounds of milk equivalent".

This would provide the Secretary of Agriculture with a basis for not cutting the dairy price support level any further, said Smith.

Present legislation calls for a cut of 50 cents in the support price on April 1, 1985, if Commodity Credit Corporation (CCC) purchases of dairy products are estimated to exceed 6 billion pounds of milk

equivalent during the following year. Another 50 cents per hundredweight is scheduled for July 1, 1985, if the estimate exceeds 5 billion pounds.

Smith said the USDA is now forecasting 1984 milk production at 135.5 billion pounds, down 5.5 billion from the record 140 billion pound milk flow in 1983.

"It looks like the Diversion Program is working to bring supply in balance with demand", he said. "The cost of price support will be down at least \$1 billion, compared with \$2.4 billion last year."

Smith feels that even though this year has forced much belt-tightening among dairymen, the improved supply-demand outlook points to a more favorable climate for drafting reasonable dairy provisions in the 1985 Farm Bill.

## INSURANCE WITH ASSURANCE FOR FARMERS

ESTATE PLANNING  
MAJOR MEDICAL  
HOSPITALIZATION  
GROUP INSURANCE



Call Your  
BMA  
Representative  
for more  
information

- MORTGAGE PROTECTION
- DISABILITY INCOME
- PENSION PLANS
- LIFE INSURANCE



Steward Pillow



Grady Jarrard



Dave Hamaker



Richard Murphy



**BUSINESS MEN'S ASSURANCE**  
1301 N. Hamilton Street, Suite 108  
Richmond, VA 23230  
(804)355-7447  
Bob Wehking, Manager

Serving more than 50,000 agri-producers  
**SALES CAREER OPPORTUNITIES AVAILABLE**  
Write or Contact in Confidence - Bob Wehking at the above address

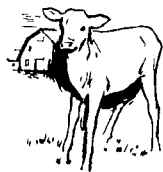
### PRODUCER RECEIPTS OF MILK - ORDER 2

	1982-83	1983-84	Change	%
	Million	Pounds		
July	923	995	+72	+6.5
Aug	899	958	+69	+7.8
Sept	867	920	+53	+6.1
Oct	888	935	+47	+5.3
Nov	855	895	+40	+4.7
Dec	922	957	+35	+3.8
Jan	955	976	+21	+2.2
Feb	884	896	+12	+1.4
March	1017	1012	-5	-0.5
Apr	1014	984	-20	-0.2
May	1075	1048	-27	-2.5
June	1038	996	-42	-4.0
July	995	950	-45	-4.6

## MARX BROS. MEATS, INC.



Purveyors of American  
Veal & East Coast Lamb  
Established 1895



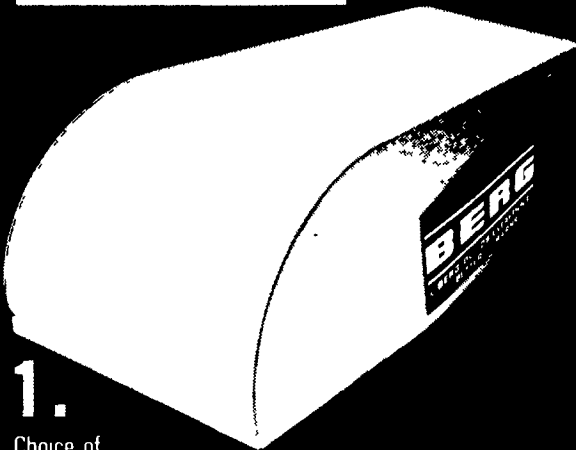
We Encourage and Purchase 10 Week Old Calves At The Same Price Levels As 14 & 16 Week Old Calves. Of Course, We Also Purchase 14 & 16 Week Old Calves.

**CALL US FOR MORE INFORMATION ON THIS PROGRAM**

**(201) 747-0296**

We Share Trucking Cost With Farmer

**BERG** ...your **BEST BUY** barn cleaner...and here's why!



**1.** Choice of three drive units let you match power to your needs.

**2.** Solid construction throughout, plus superior strength in every part, gives your Berg Barn Cleaner its extra margin of performance.

**BERG**  
BUILDS EVERYTHING  
BETTER FOR BARNS

**3.** Forged alloy, hook link gutter chain pulls your heaviest manure loads and is practically impervious to corrosion and wear. No pins, rivets or bolts to rust, bind or break. Send coupon for all the facts!

**BERG EQUIPMENT COMPANY**  
Marshfield, Wisconsin 54449

Please rush complete information on Berg Barn Cleaners to:

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Telephone (\_\_\_\_) \_\_\_\_\_  Student

Also send:

- Manure Conveyors
- Cow Stalls
- Ventilation
- Automated Feeding

