

The Milk Check

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County Agent



Screeching Halt

You can't be sure yet whether it was a screeching halt or just a breath-catching pause, but when the Minnesota-Wisconsin price was announced for October it was the same \$12.64 that it was in September. The screeching halt feeling comes from the increases of eight cents in July; 13 cents in August; and 34 cents in September, for a total of 55 cents in three months. Then, all of a sudden, nothing.

Butter prices had shown the most activity, increasing 15 cents a

pound since April but cheese was also up eight cents during the same period. Now butter prices are stalled at \$1.58 and the Commodity Credit Corporation started buying again last week. Cheese prices have dropped a little in October, but the reflection of all this in Class prices in Federal Orders is that Class II prices in Order 2 will peak in September and October at \$12.70, and Class I prices at \$14.89 in November and December.

This is an important development because, in my opinion, much of the improvement in milk

marketing in the last five months has come from a demand pull at the wholesale level in manufactured dairy products, and if this demand has dried up, it will seriously affect farm prices this winter. If, on the other hand, it has only stalled temporarily, for whatever reason, and will return again after the holidays, then we can count on a more permanent improvement in dairy product consumption and sales.

It would also help if we knew how much of the 2.8 percent drop in production from January to September was due to the Milk Diversion Program and how much was a cutting back because of poor milk price/feed price ratios. The USDA is now saying that the drop in production was overestimated because of a drop in milk going to market. The lower supply coming to market this year has been due partly to farmers holding back some of their production at the farm rather than shipping it. This would be from herds in the diversion program that meet their contracts by cutting back on the amount of milk they market rather than what they produce. The milk held back at the farm could be used for feeding calves or other livestock, but USDA feels that this was important enough to change their production estimates from 2.8 percent to only 1.2 percent below last year.

If that's true, then a loss in demand would have a more serious effect on the marketing situation in the first quarter of next year, which will be the last quarter of the diversion program. There are some producer organizations, however, that want to start a new diversion program for six to nine months in April. But this may just delay a more lasting adjustment in the supply-demand situation until next winter and even more uncertain economic conditions of milk prices and feed prices. The problem is that no one knows for sure what the effect of ending a diversion program will be (because we never had one before), so we almost have to try it to find out.

However, it doesn't mean we can't come back to it later if it is needed. In fact, proposals for the 1985 farm bill may include such a provision since some organizations have already requested it.

In the Meantime

Even though we can't be certain of the future into the new year, we can at least look for farm prices in the last quarter that will be higher

than last year. For the first nine months of this year, your Order 2 blend price averaged 34 cents less than last year with gaps in some months last spring of up to 50 cents less. Finally, in September you pulled about even with last year, and for October at \$13.83 you're nine cents ahead of a year ago for the first time since February 1983. Much of it was due to the \$12.70 you got for Class II milk, but you also got a 13 cent increase for Class I. But equally important was a 2.9 percent increase in Class I utilization.

Production for October in Order 2 was 42 million pounds less (that's 4.5 percent) than last October. In addition, your Class I sales were up 21 million pounds more (that's over 5 per cent) than last year. If production stays under last year, as it has since March in Order 2, and you have a Class I price of \$14.89, the highest since June 1981, locked in for November and December, you should continue your increases over last year.

However, this only indicates an improving supply-demand situation within Order 2 that hopefully will continue, but the prices you are getting are still not enough to make up for your contributions to the Milk Diversion

Program. If you include the 50 cent assessment, then the blend price in Order 2 was 99 cents under last year in April, and in October it was down to 41 cents under last year. That's why, in spite of all the talk about improving market conditions from decreasing supplies and increasing demand, you're still having a tougher time paying your bills than you did last year.

But, as Yogi Berra would say, "it ain't over 'til it's over," and there are still some cards left to play in this hand that can make things better before next spring. Hopefully, the \$140 million that you're putting in dairy advertising will begin to catch fire this winter to increase consumption commercially. And, if this can be helped by cuts in the dairy products giveaway program that provided 316 million pounds of cheese and 100 million pounds of butter free of charge between January and August of this year, there is hope for a turn around based on something more permanent and predictable than a paid diversion regardless of who pays for it. I believe all dairymen would be happier to receive their increases from the market rather than swap assessments among themselves.

Atlantic acquires 3 bulls

LANCASTER—Atlantic Breeders Cooperative recently selected three promising Holstein bulls for the stud's young sire proving program. These new additions join over 250 other top-pedigreed bulls currently in the program at the Lancaster facilities.

Thomas Dum, Jr. and Thomas Dum III of Landisburg are the breeders of 15H603 Dumbelle Sweepstakes-ET, a Glendell Arlinda Chief son. Sweepstakes is out of an EX-2E Elevation with lifetime credits over 155,000 pounds of milk and 6,500 pounds of butterfat.

Joseph Wivell of Columbia sends a son of Marshfield Elevation Tony to the program. Donegal-Creek Defender-ET, coded 15H593 Defender, is out of a VG-87 Rocket dam with a July 1984 cow index of +652M +21F. Her lactation credits include 4-1Y 365D 24,365M 4.0% 972F.

William and Carolyn Pettit of Vincentown, N.J. are the breeders of 15H588 Peticote Jetson Gem-ET, a son of Browncroft Jetson. The maternal side of this pedigree

shows a VG-88 Pete daughter with a July 1984 cow index of +768M +26F. Her production credits include 3-0Y 365D 27,650M 3.9% 1,070F.

Operations Director Harry Roth points out that these bulls will be randomly mated by artificial insemination to approximately 600 cows on official test in the herds of Atlantic members. Upon entering the milking strings in these herds, their daughters will be evaluated for production and overall body conformation. The satisfactory results of these evaluations will bring the bulls into the active lineup at the stud.



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SATURDAY, DEC. 1, 1984
9:00 A.M.

FURNITURE — 6 Bootjack plank bottom chairs and a rocker to match; a good poster rope bed with blanket roll on bottom of bed; oak double bed; wicker chairs; 6 leg walnut extension table with 9 boards; 3 pressed back chairs; high back oak arm chair; slat back rocker; splint seat and back rocker; stick chair; oak stand; candle stand; old dovetailed painted blanket chest; wooden cabinet; mahogany bed complete; Larkin rocker; metal bed complete; cedar chest; G.E. double door refrigerator; very nice Majestic cook stove; Frigidaire 30" electric stove; recliner; sofa bed; butcher table; 12 folding chairs; rollaway; step stool; oak secretary; 2-Maytag washers; couch; G.E. 12 cu. ft. chest deepfreeze; Coldspot 9 cu. ft. chest deepfreeze; etc.

MISCELLANEOUS — Folding screen; table and floor lights; kerosene lights; Aladin light; 10x15 rug; throw rugs; rainbow carpet; 9x12 rug and mat; cradle; playpen; tubs; trunk; meat bench; benches; crates; canners; green jars; dishes; 35 dinner plates; canning jars; ladle; peck & 1/2 peck measure; chamber pot; Rainbow sweeper; etc.

OUTSIDE ITEMS — Buggy carriage in mint condition; a market or dayton buggy or wagon, excellent condition; Agway sprayer, 22 gal. tank, Briggs-Stratton engine like new; weeder; hay tedder; 24 tooth wood frame harrow; New Idea 9 ft. Haybine; 60 tooth spike harrow; Farmall H tractor with good rubber; 5 wheel Farm Hand hay rake; 8 ft. Oliver disk harrow; 9 ft. Laytar way Chiesel plow; 6 ton rubber tired wagon with flat bed; 12 H.P. Massey-Ferguson tractor with 42" mower, snow blade, and one bottom plow; rotary lawn mower; lawn spreader; Springfield rototiller; 2 wheel dump trailer; power hack saw; 10" Craftsman table saw; Fairbanks platform scales; 2 electric fencers; 2 1/2" drive air impact wrenches; 7 1/2" Skill saw; 4 hog feeders; cornsheller; 3 shovel plow; scoring out plow; vice; step ladders; 2 feed chests; 2 can't hooks; electric drill; brace & bits; bag wagon; chicken crates; log chains; hand and garden tools; stillards; trussells; block & tackle; walnut lumber; single trees; 3 sets of work harness; 2 sets of buggy harness; horse collars; bridles; check lines; English saddle; rosetts; shafts; old buggy jack; hog trough; wood wheelbarrow; etc.

AUCTIONEER NOTE — I will start sale with Outside Items.

Lunch Stand Reserved
Inspection Sale Day
TERMS: CASH

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