

USDA announces official dairy support prices

GREEN BAY, Wis. — The national support price for milk was reduced from \$12.60 to \$12.10 per hundredweight on April 1, according to Secretary of Agriculture John R. Block. He added, however, that the current \$.50 per hundredweight deduction from the proceeds of all milk marketed for commercial use by producers will end on March 31.

"We have determined that the new support price will assure an adequate supply of wholesome milk to meet current needs," Block said. "It is our hope that this adjustment will bring supply and demand into a better balance. At the same time, producers will be relieved of the \$.50 per hundredweight deduction required by the Dairy and Tobacco Adjustment Act of 1983."

The support price is being reduced under provisions of the 1983 Act, which authorizes the Secretary to reduce the support price on April 1 if net price support purchases by the Commodity Credit Corporation (CCC) in the next 12 months are estimated to exceed six billion pounds of milk equivalent.

"Even with the reduced support price, we estimate net price support purchases by CCC for the next 12 months will be 9.1 billion pounds milk equivalent," Block said. "The reduction in the support

price is needed to bring about a reduction in the excessive CCC purchases and costs of the program."

The support price of \$12.10 is for milk with a milkfat content of 3.67 percent—the national average—and compares with \$11.82 per hundredweight for milk with a milkfat content of 3.5 percent.

The \$12.10 support price will remain in effect until September 30, 1985," Block said. "However, the 1983 Act authorizes an additional adjustment in the level of price support on July 1, 1985, depending on estimated price support purchases by CCC for the 12-month period beginning on that date."

The price support program for milk is carried out through CCC purchases of butter, cheese and nonfat dry milk. The CCC purchase prices for these dairy products will be adjusted on April 1 to reflect the lower support price. In calculating the new purchase prices for butter and nonfat dry milk, the reduction in the support price for milk used in making these products is allocated entirely to nonfat dry milk. Also, a single nationwide purchase is established for butter. The purchase prices for cheese will reflect a projected net return for whey solids-not-fat. The differential between the purchase prices for barrel and block cheese

has been increased from 3.0 cents to 4.25 cents per pound.

The manufacturing allowances used to calculate the new purchase

prices are unchanged. CCC-owned dairy products will continue to be offered for sale for unrestricted use at prices about 10 percent

above the newly established purchase prices.

The prices that CCC will pay for dairy products are shown below.

Butter 64- & 68-lb blocks (U S Grade A or higher)
 Nonfat dry milk (spray) 50-lb bags (U S Extra Grade, but not more than 3.5 percent moisture)
 Nonfortified
 Fortified (Vitamins A and D)
 Cheddar Cheese, standard moisture basis 40- & 60-lb blocks, U S Grade A or higher (no vat shall contain more than 38.5 percent moisture)
 500-lb. in fiber barrels, U S Extra Grade (no vat shall contain more than 36.5 percent moisture)

Products Produced before April 1, 1985 and Graded and Offered by April 15, 1985

Products Produced on or after April 1, 1985 or not Graded and Offered prior to April 15, 1985

---Dollars per pound---

1 4625 1/	1 4325 2
0 9100	0 8475
0 9225	0 8575
1 3475	1 2875 3
1 3175	1 2450 3

1/ Purchase price at New York City and Jersey City, Newark and Secaucus, New Jersey. The price of butter located at any other point outside these cities will be the price at New York City minus 80 percent of the lowest domestic railroad through freight rate for frozen butter in effect on October 1 of each marketing year from such other point to New York City. The appropriate freight rate will be calculated on a per pound gross

weight basis for a 60,000-pound carlot. However, the price at any location shall be not less than the purchase price at New York minus 3 cents per pound. In the area consisting of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland and Virginia, CCC will purchase only bulk butter produced in that area; butter

produced in other areas is ineligible for offering to CCC in such States.

2/ Single nationwide price for butter at all locations

3/ The cheese price will be adjusted for moisture content, except that price adjustments for cheese with a moisture content of less than 34 percent will not exceed that for cheese with a moisture content of 34 percent.



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