

The Milk Check

TOM JURCHAK
County Agent



Bids are in on herd buyout

Best estimates indicate that nearly 12 percent of Pennsylvania's 14,000 commercial dairy farms have submitted bids for the Dairy Termination Program starting April 1 and lasting through September 1992.

Applications varied widely between counties in this area going all the way from 20 percent in Lackawanna and Wyoming down to 13 percent in Bradford and Susquehanna according to County Extension Agent estimates.

However, bids varied even more widely than the number of participants across the state ranging

from \$5.00 to over \$150 per hundredweight. In spite of what you may have heard, no one knows as of this writing, what the cut off bid will be but it's fairly certain from the range in bids that many may have called but fewer will be chosen.

It may be that some producers viewed this more as a crap shoot than a diversion program but if some feel they need over \$100 a hundred to leave dairying things are extremely good or bad on some farms.

Of course, this small sampling

tells us nothing much about the success of the program because we don't know how many bids will be accepted or, more importantly, how much milk will be diverted.

We won't have that information until March 28 when ASCS in Washington sends the contracts to the county offices and they notify the farmers. In the meantime, it's a real guessing game that anyone can play not only on how many farmers have applied nationally but what proportion will be accepted and finally how much milk will be diverted.

When Congress passed the Farm Security Act of 1985 they set a goal of 12 billion pounds of milk to be diverted by the Dairy Termination Program. You're producing now at the rate of about 12.2 billion pounds a month or 146 billion a year. The next 50-cent cut in the support price hinges on diverting 12 billion pounds through the Dairy Termination Program or cutting government purchases to 5 billion pounds of milk equivalent.

Right now it doesn't seem like either one will happen but keep your eyes on Washington because whether or not you get the 12 billion pounds diverted will depend largely on how much money ASCS can spend on the program. The 40 cent assessment starting in April

and the 25 cents starting in January may not be enough to cover the costs of 12 billion pounds at the bid prices we see so far.

Amendments

Many expected the Farm Security Act to be amended but few guessed that it would happen so soon. Just two months later Congress passed the "Food Security Improvements Act of 1986" and sent it to the White House for the President's signature today.

It includes many changes one of which was to assess farmers up to 12 cents a hundred on all their milk shipped between April and September of this year. This in addition to the 40 cent assessment also starting April 1 for the Dairy Termination Program.

It may be hard to believe but the 12 cent assessment was a blessing to dairy farmers compared to what the Commodity Credit Corporation did to satisfy the Gramm-Rudman bill. To get the 4.3 percent cut required by Gramm-Rudman the CCC had announced cuts in the purchase prices of butter, powder and cheese starting March 1 that would have amounted to a 55 cent cut in the support price and it saved dairy farmers at least \$300 million this year.

If all this changing on dairy products and price support wasn't bad enough to disrupt sales the CCC ran out of money to buy anything after March 4 and Congress didn't pass a supplemental appropriation bill for \$5 billion until this week. And all of this is happening to create uncertainties in the market at a time approaching the annual spring flush when we need everything running smoothly to maintain as much balance as possible.

CCC Purchases

The numbers have been officially released by ASCS on Commodity Credit Corporation purchases of dairy products during calendar 1985. In total it was 13.2 billion pounds of milk equivalent purchased as butter powder and cheese with a little evaporated milk and infant formula.

The 13.2 billion pounds compares to 8.6 billion last year for an increase of 53 percent. These purchases represented 9.4 percent of all the milk marketed in 1985 and in 1984 it was 6.6 percent.

Purchases of butter, powder and cheese totaled nearly 2 billion pounds. Of that 629 million pounds was cheese, including 33 million pounds of mozzarella; 334 million pounds of butter and 940 million pounds of nonfat dry milk powder.

So you can see that with purchases of over 13 billion pounds of milk equivalent last year and a target of 2.5 billion pounds before we can get an increase in the support price we have a long way to go in reducing production or increasing demand.

Good News

The brightest spot in the whole dairy industry is the growing increase in commercial sales. The figures just released for last year indicate an increase of 3.7 percent in 1985 over 1984 which showed an increase of 3.2 percent over 1983. If those numbers seem small look at it this way.

Commercial sales in 1983 were just over 122 billion pounds and in just two years they are now over 131 billion pounds an increase of 9 billion pounds. Another four or five billion pound increase this year could get you up to 135 billion pounds. If you can get production down to 140 billion you'll be within spitting distance of that magic 5 billion pounds sold to CCC that means no more cuts in the support price, according to the Farm Security Act.

More and more that 15 cent deduction for advertising and promotions begins to look like money in the bank in the near future.

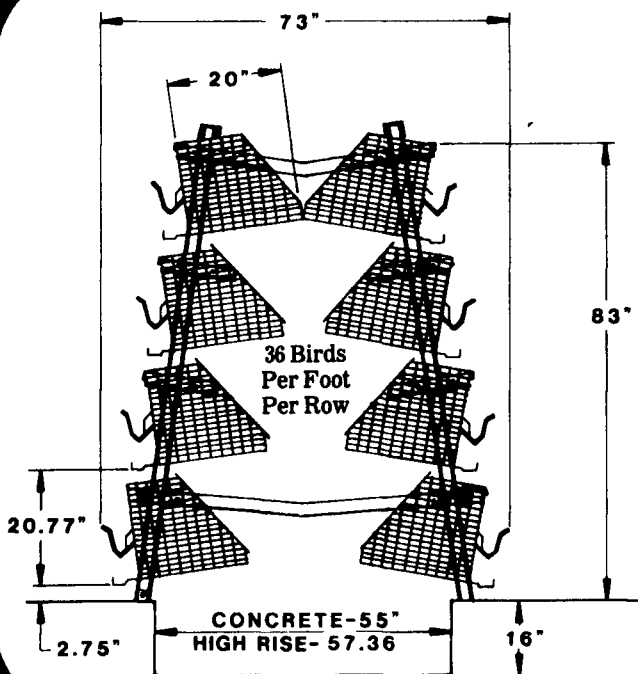
Order 2 Prices

You didn't set any production records in Order 2 in February but your blend price of \$11.84 was still the lowest since 1979. The Minnesota-Wisconsin price dropped eight cents from January to \$11.04 and your blend price went right along with it. Eight cents under last month adds up to \$1.29 under last February with nothing but more cuts in sight.

Earlier I mentioned the cuts in the purchase prices of butter, powder and cheese for March that is to be replaced by an assessment of up to 12 cents in April on top of a 40 cent assessment for the Dairy Termination Program. All that adds up to prices this spring about \$1.65 less than last year. If the Farm Security Act doesn't get you Gramm-Rudman will.

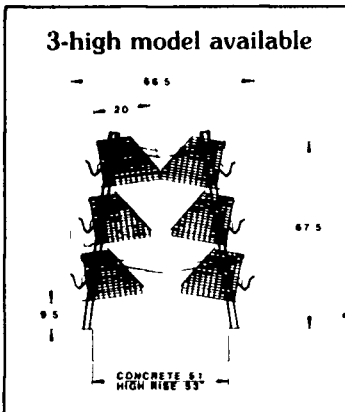
NEW from CHORE-TIME

20" deep SSS curtain back cage layer system



- Ideal for new construction or modernizing older cage houses
- Boosts density of old stair step houses by up to 125% or more
- Boosts density of old 3-high houses by up to 33% or more
- Famous Galv-A-Weld cage construction with 10-year pro-rated warranty

3-high model available



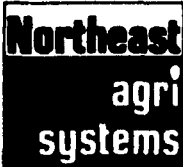
Get The Only New Technology Available For Cage Systems

Chore-Time's new 20" deep SSS 4-high system puts 33% more birds into the same row lengths as old style 3-high systems - without dropping boards and without a need for greater building width. That means at 6 birds per 16"x20" cage (53.3 square inches) a 52'x536' building can house over 108,000 birds.

But, just as important, with this Chore-Time system you also don't have to sacrifice the features and benefits you've come to expect from Chore-Time: single file egg belt, our all galvanized, SOFT TOUCH® II egg collection, a gentle cage floor slope to prevent checks and cracks...rugged A-frame cage support and legs every 4 feet to protect against cage sag and trough

wear and Galv-A-Weld (welded black then galvanized) cage construction for long, trouble-free life... a choice of feeding systems to help you take control of feed costs: Meal Master Feedkar (traveling feed hopper), M.T. (rotating Flex Auger), and NEW Ultraflex (80 ft. per minute circulating Flex Auger).

And, with Chore-Time feeding systems you can take full advantage of the new production-boosting, feed-saving MEAL-TIME® feeding method developed by Chore-Time. Our feeding systems are designed to minimize waste and provide each bird with fresh, Un-Picked-Over feed.



NORTHEAST AGRI SYSTEMS, INC.

P.O. Box 187
Fitchville, CT 06334
Phone: (203) 642-7529

Local Representative
DAVID NEWMAN
(717) 299-9905



Our New Warehouse Is Now Under Construction At
FLYWAY BUSINESS PARK, Located By The LANCASTER AIRPORT

Pole Buildings by NEWLAND BUILDINGS

Custom Built, Quality Material, Any Size...
24x40 erected, includes doors.

Only \$3999.00
For More Information On This And Other Buildings,
Phone

1-800-331-2392 1-215-775-8636