

The Milk Check

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County Agent



The Big Five-O

This year marks the 50th anniversary of June Dairy Month making it the longest, continuing, most recognized farm commodity promotion program we have, with the possible exception of Easter eggs.

Seriously, it's unmatched in its recognition by consumers and the media as well as its support by producers that has been helped in recent years by some federal legislation. That legislation included a 15 cent per hundred weight contribution from each producer starting in May 1984 and more recently a grant of \$100 million to establish a National Dairy Research Institute for new product and market development that has yet to be started.

The producer contributions since 1984 have tripled the amount of money going into dairy product promotion and a referendum of producers has indicated their approval to continue the 15 cent contribution into the indefinite future.

The legislation requiring the 15 cent contribution allowed 10 cents of that to be diverted to state and local programs so there's no doubt that with all the organizations now engaged in dairy promotion, consumers are seeing and hearing

a lot more about dairy products than ever before. Economic analyses of the impact of all these promotion dollars on producer income are already started but results are further in the future. What you will learn from the analyses is the kind of dairy product promotion that provides the best returns.

The one thing you should celebrate on the 50th anniversary is the record high increases in dairy product sales in the last three years while you were having record high production. When nothing seemed to be going right for producers faced only with a Dairy Termination Program or lower prices the outstanding bright spot for the future is the seven percent increase in commercial sales in the last two years.

If that doesn't sound like much consider that commercial sales in 1983 were 122 billion pounds of milk equivalent and in two years they were up to over 131 billion pounds - an increase of nine billion.

If you can increase another five billion pounds this year on the demand side and take away another nine billion pounds on the supply side with the Dairy Termination Program you will certainly increase your milk price enough to cover your 15 cent

contribution. Now that dairy product consumption is on the increase, what was criticized earlier as a "milk tax" is now considered a contribution to good marketing by most producers and by many as money in the bank that will return good profits in the future.

So, until we know otherwise, producers can take credit for the turn around in commercial sales that had been slipping through most of the 50 years we were celebrating June Dairy Month but now seem to be making up for lost time.

However, you'll have to admit that helping these increasing sales was the competitive retail prices for dairy producers in recent years making them a real bargain in the food basket along with increasing disposable consumer income. The best hope for increasing dairy product consumption is their improving image to the consumer as healthful products rather than providing nothing more than fat and cholesterol.

The changing image is part of the promotion program, certainly, but changing dietary trends are also working in your favor. Just don't worry about the seemingly contradictory tastes with consumers going for low-fat milk to cut calories and the increasing sales of high quality (and high-fat) ice cream. Even butter is making a come back with the help of rising incomes; the appeal of gourmet cooking and a \$12 million promotion effort by national and local organizations.

So, look at the bright side of the dairy industry - the improving image and increasing consumption of dairy products - on this 50th anniversary of June Dairy Month that today, looks healthy enough to survive another 50 years, at least.

Class I Differentials

The dairy provisions of the Farm

Security Act of 1985 weren't all bad as some press and producers would have you believe even before all the programs that it provided get started. There's a lot more to the farm bill than the Dairy Termination Program and increases in the Class I differential in 35 Federal Milk Marketing Orders which started with May milk deliveries to regulated handlers. Increases varied from eight cents in the Upper Midwest Order to \$1.03 in the Southeastern Florida Order.

Here in Order 2 you got 30 cents. That means that the Class I price for May in Order 2 will be \$13.57 instead of the \$13.27 you would have had without the 30 cent increase.

Ordinarily, Congress doesn't get into changing Federal Orders but even when they do the changes still have to be approved in a referendum of producers. In this case it was no problem because the producers were literally voting themselves an increase in price but even so not everyone was happy.

Producers in the Lake States were mad because they felt they were cheated and should have had more. Nothing pleases everyone and some Federal Order changes written into the Farm Security Act such as market service payments will produce even more heat but that's another story.

Order 2 Prices

Uniform price for May milk deliveries to Order 2 handlers was \$11.25, the lowest since 1979. Part

of the problem was the production of 1,124 million pounds of milk in the pool which was the highest for May in 20 years. That's an increase of more than 11 percent over last May. The \$11.25 was only six cents less than April but 53 cents less than last May.

This year you had assessments of 40 cents for the Dairy Termination Program and 12 cents for Gramm-Rudman but you also had an increase in the Class I differential that I explained earlier. However, that 30 cent increase in the Class I price shrunk to 10 cents on the uniform price because with that high production your Class I utilization dropped to 34.8 percent.

You also had a 10 cent increase in your Louisville Plan pay out for May. Because the Minnesota-Wisconsin Price Series has changed only eight cents since February your Class prices stayed about the same except for that 30 cent increase in the Class I differential.

What's hurting now are those assessments that are largely to blame for the 53 cent drop from last year. For whatever it's worth, the M-W won't go any lower this year because at \$10.98 it's already 33 cents below the support price. Seasonal drops in milk production, even without the sales of fluid milk to schools this summer, should keep it from falling further.

Then we wait for the expected 30 cent increase after all those first period Dairy Termination Program cows go to market.

Natural cheese may be stored in the refrigerator for several weeks at 35° to 40°F. Whenever possible, it should be kept in its

original wrapping. Waxed paper, transparent wrap, aluminum foil and plastic bags are also good coverings for cheese.

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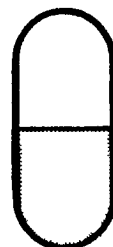
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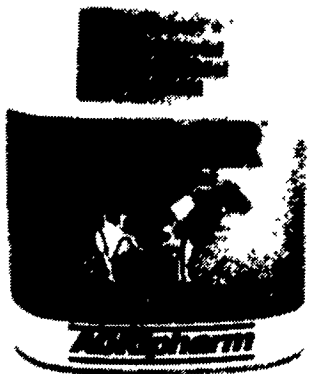


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