

# Kirkland Gives 1987 Dairy Outlook

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## MILK PRICES Minnesota-Wisconsin Milk Price

With CCC purchases at very low levels during the spring flush months and continuing on through July, M-W prices began to increase in June 1987. The M-W price has been above 1986 levels throughout the first half of 1987 despite a 25-cent cut in the support price in January. The M-W price should continue to increase throughout the rest of 1987 even though another 25-cent reduction in the support price is scheduled in October. The currently strong commercial market has pushed butter prices on the Chicago market above CCC purchase levels and increases in cheese prices on the Chicago market have pushed block and barrel prices to with 1/2 and 1-cent of the CCC purchase price, respectively, as of July 1987. As supplies began to tighten further in the last half of 1987 (as traditionally occurs), the M-W should increase but may not reach the levels during the last months in 1987 as it did during the same period in 1986. The M-W should average between \$11.15 and \$11.35 for 1987 depending on the degree of increase in the fall and winter months of 1987.

## Federal Order Prices

The Class I price in Order #2 should average about 1% to 3% higher, around \$13.80 to \$13.90, for 1987. The average Class II price is expected to be from 0.5% to 1% higher, or from \$11.20 to \$11.35, in 1987. The average blend price in 1987 should be from 1% to 2% higher and range from \$12.15 to \$12.30. Some factors contributing to this slightly higher blend price are decreased total milk marketings, from 5% to 6.5% lower, and slightly higher Class I sales, about 0.1% higher in 1987.

The Order #4 average Class I price is expected to be from 1.5% to 3% higher, from \$14.35 to

\$14.50, in 1987. Class II prices should average between \$11.30 to \$11.40, 0.3% to 0.9% higher than in 1986. As a result of these slightly higher prices and higher Class I sales, from 1.5% to 2.5%, whose effects are offset somewhat by slightly higher, from 0.5% to 1.5%, total marketings, blend prices should be from 1.5% to 2% higher in 1987 and should range from \$12.80 to \$12.90.

The average Class I price in Order #36 is expected to range between \$13.30 and \$13.40 in 1987, from 0.5% to 1.5% higher than in 1986. Class II prices in 1987 should average between \$11.30 and \$11.40, from 0.1% to 0.5% higher than in 1986. Slightly lower, from 1% to 2%, total marketings and slightly higher, from 0.2% to 0.7%, Class I sales should result in blend prices for Order #36 that range from \$12.30 to \$12.45, from 0.5% to 1% higher than in 1986.

## Average Pennsylvania Wholesale Milk Price

With the Regional Cooperative Marketing Agency (RCMA) now bargaining for higher Class I prices in the Northeast, dairy farmers who are members of RCMA could see a bonus in their monthly milk check in the fall and winter of 1987. No one can predict how successful RCMA will be in achieving higher prices for dairy farmers. However, with supplies already tightening up in July, over-order prices are more likely to be effectively achieved for Northeastern farmers than in any time in the past. A meeting to discuss the possibility of activating a "call order" is scheduled in September by the Market Administrator of Federal Order #2. This is an indication that milk supplies for some plants in Order #2 may be tightening up enough to call in milk from Order pool plants.

As the M-W, and Federal Order blend prices are expected to increase during the last half of 1987, the average Pennsylvania

wholesale milk price will increase as well. The 1987 average wholesale milk price should range between \$12.75 and \$12.90, 0.5% to 1.7% higher than in 1986. Any over-order price received by RCMA members will push these levels higher.

## CCC Purchases

CCC purchases for the first half of 1987 were 4.3 billion pounds and were around 50% lower than in 1986. For the first three weeks in

July, CCC purchases were running around 70% lower than in July 1986. CCC purchases could decline even further as the milk supply is expected to really tighten up in the fall and winter if production continues to decline and commercial consumption continues to increase at the same rate. USDA projections for 1987 CCC purchases have been revised to 5.3 billion pounds M.E. If CCC purchases hold the current percentage

decline from last years levels throughout the remainder of 1987, CCC purchases may be even lower than 5.3 billion pounds. In fact, CCC purchases would be about 4.8 billion pounds if the same percentage decrease now occurring in July occurs in the rest of the year. Look for CCC purchases to be around 5.0, maybe a little less and maybe a little more, but should not reach the currently projected level of 5.3 billion pounds.

## Calcium Linked To Lower Blood Pressure

PORTLAND, Oregon — The National Dairy Board Institute for Nutrition and Cardiovascular Research officially opened at Oregon Health Sciences University (OHSU) today. The event is the culmination of a relationship which began in 1980 with dairy farmer support of several calcium/hypertension projects.

Coupled with the opening was the announcement of two separate studies directed by David McCarron, M.D., co-head of OHSU's division of Nephrology and Hypertension and now director of the Research Institute. Both studies, one still underway and one completed, show a favorable connection between calcium intake and reduced hypertension.

In the clinical trial underway, the effects of dietary calcium supplementation were compared with that of calcium tablets. In the study of normal and hypertensive men and women (average age 45), both dietary and supplemental calcium were shown to lower blood pressure in a portion of the study population. In addition, dietary calcium

tended to reduce blood pressure more than supplemental calcium in the females.

"These findings suggest that the tendency of women to consume less dietary calcium may be a factor in increases in blood pressure observed in women as they age," explained Dr. McCarron.

In the other trial, older individuals (average age 60 years) were treated for up to one year with 1000 mg of additional calcium daily. The added calcium intake was able to maintain a reduction in blood pressure for 48 weeks in a percentage of the participants. Compared to a placebo, the reduction achieved was 8mmHg in their systolic pressures and a 5mmHg in their diastolic blood pressures. At the end of the 12-month trial, their average blood pressure was 135/81 mmHg, a value within the normal range (140/90 mmHg).

"The support of this type of research has tremendous impact on the health of the American public and on the future of the dairy industry," according to Joseph Westwater, CEO of the National

Dairy Board.

Westwater went on to say that the investment of dairy farmers across America in the Board has made it possible to establish the Research Institute at OHSU, "marking a major milestone for the industry."

The new Institute, also supported by the National Institutes for Health and the U.S. Department of Agriculture, furthers the National Dairy Board's reputation as an innovator in nutrition and biomedical research. The Dairy Board commitment over the next three years will total \$4 million.

"The funding of the Institute will enable dairy nutrition research to be more targeted and more cost-effective," said Ardath DeWall, chairperson of the nutrition research and education committee of the National Dairy Board. "And, that translates to more timely access to scientific data that can favorably affect the marketing and promotion of dairy products."

The national Dairy Board was established by Act of Congress in 1983.

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