

Milk Market News

BY TOM JURCHAK
Lackawanna Co. Agent

SCRANTON — As expected, following the 50 cent cut in the support price, butter and cheese prices fell down to support levels and pulled the manufacturing grade milk price with them. The Minnesota-Wisconsin Price Series fell like a rock in February to \$10.60 or 31 cents less than last month. That makes the M-W just 74 cents lower in only three months and heading for the support price of \$10.33 by May. That would be a total drop of \$1.00 in prices in six months.

In Order 2 the Class II price for February took the full impact of the 30 cent drop to \$10.62 but Class I prices lost only 23 cents to \$13.67 for the month. This made the blend price \$11.80 for February. That was 23 less than January and 63 cents less than last February. Forecasters have set the blend price down to \$10.60 in May. This would mean an additional drop of \$1.20 and the reason many producers are looking to over order pricing for help.

Where It Comes From
All the numbers for 1987 are in

and the final revisions have been made to go into the record. Milk production was pegged at 142.5 billion pounds which was only 0.6 percent below 1986. Cow numbers were down 4.4 percent to 10.3 million partly as a result of the Dairy Termination Program. That was 479,000 cows that didn't produce 6.6 billion pounds of milk that would have doubled Commodity Credit Corporation purchases last year. So where did the milk come from? It wasn't from herd expansion so it had to be from increased production per cow and that's what the figures show.

While cow numbers were down four percent, production per cow was up four percent or 526 pounds to 13,786 pounds per cow. Higher production per cow has been happening ever since the first ones landed with the colonists at Jamestown but at an increasing rate. From 1980 to 1986 the yearly increase averaged 228 pounds per cow and now it's 526 pounds or more than double the average of the last six years. This is what reduced the effect of the Dairy Termination Program that removed the 12 billion pounds of milk it was designed for but producers made

up for it in increased production per cow.

That's why you got another 50 cent cut in the support price on January 1 and why you can expect another next January unless some disaster changes the price of feed. Total purchases by CCC last year were the equivalent of 6.7 billion pounds of milk or 4.8 percent of all the milk you produced. If production per cow continues to increase at the present rate CCC purchases will be even higher in 1988. In fact, predictions for 1988 have already been revised three times since December and the latest one is over seven billion pounds. But that's not the end.

Total cumulative purchases by CCC from January 1 to March 4 were 3.2 billion pounds of milk

equivalent or 41 percent higher than the same period last year. That 3.2 billion is nearly two thirds of the way toward the five billion pounds for the year that will trigger another 50 cent support price cut next January. Is it any wonder that CCC is already figuring what they'll have to pay for butter, powder and cheese when the support price drops to \$10.10 next year? And why some forecasters are predicting that the Minnesota-Wisconsin Price series will fall below the \$10.33 support price this spring? It has only 27 cents more to go in the next three months and it dropped 74 cents in the last three months. Even 75 cents in premiums won't be enough to make up for the price drop just in the last year with prices the lowest in nine years.

Where It Goes To

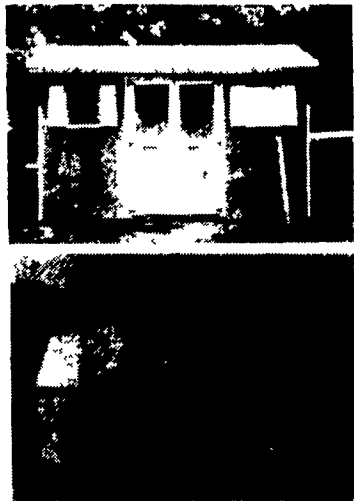
The most disturbing part of last year's numbers was a revision in commercial sales. We've come to

expect an increase of three percent a year as a result of the promotion progress and the fact that dairy products are still a bargain among food costs. However, when you add up all the milk production; subtract the CCC purchases and changes in storage stocks you increased commercial sales only 1.3 percent last year.

That followed a revised figure of 2.1 percent increase in 1986 over 1985. The big gainer was still cheese but you also had slight increases in fluid milk and ice cream while butter and powder lost some sales. The dairy industry has been cautioned about expecting too much for too long in expanding commercial sales and perhaps it has happened. You certainly can't survive if prices keep falling and perhaps you've reached the point where lower prices and advertising have done all they can in increasing consumption. The well known
(Turn to Page E13)

STORAGE BARN & GAZEBOS

Custom Made To Order



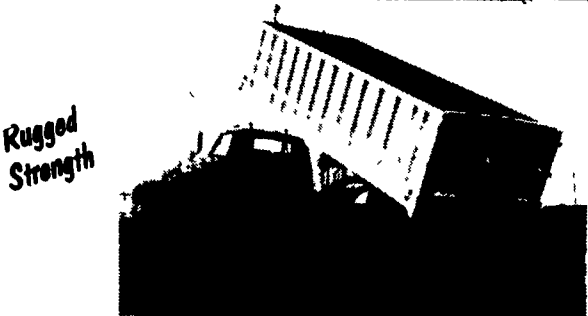
If You're Looking For Quality At A Good Price, Contact

B & B STRUCTURES

DELIVERY AVAILABLE

Henry K. Blank
RD 1, Bird-In-Hand, PA 17505
(717) 656-0783
Dealer Inquiries Invited

ALUMINUM GRAIN BODIES & ALUMINUM REPAIRS by



Rugged Strength

Dependable Performance

These ultra-light bodies are designed for strength through engineering, not strength with bulk. For example a 16' grain body with tailgate and 48" sides weighs only 1490 lbs. complete. We'll build you any length or any side height up to 60"

Also available

- ★ Double swinging hay hauling tailgate
- ★ Barn door type tailgate
- ★ Slide out cattle chutes
- ★ Diamond Flooring
- ★ Pull out panel tailgates
- ★ Any size grain chute

HEWEY WELDING

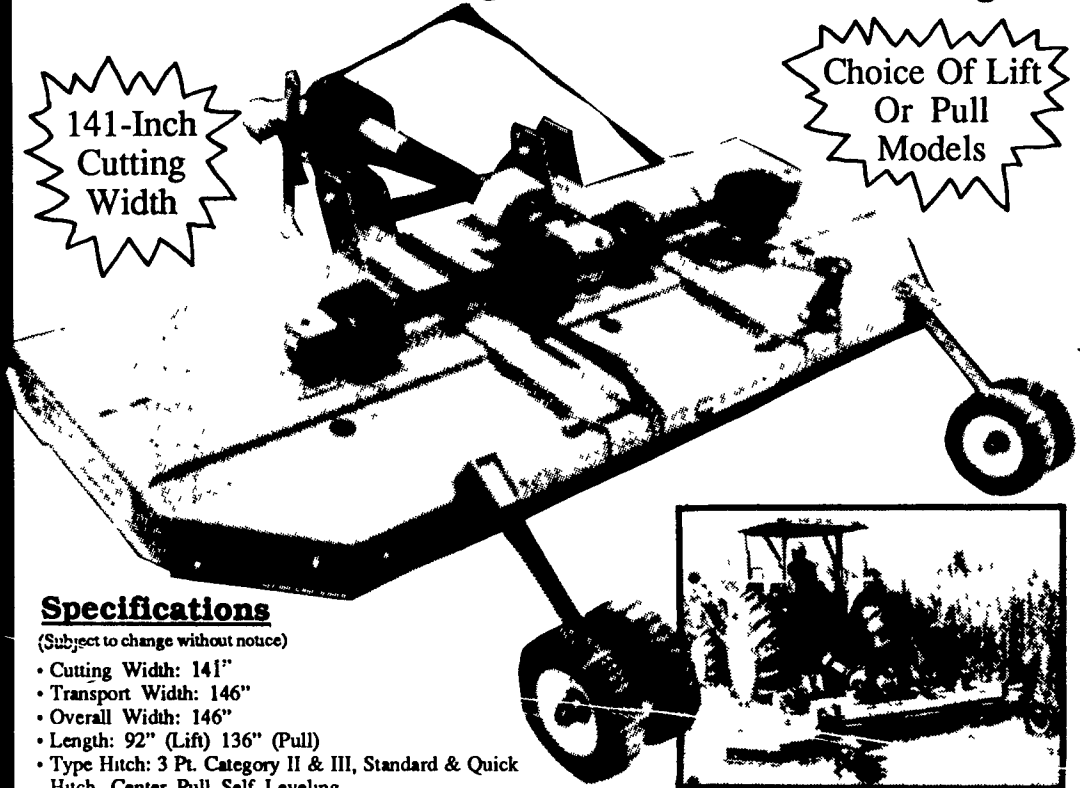
Box 2312, RD 4 Lebanon, PA 17042
(717) 867-5222

BUSH HOG

2512 SERIES

ROTARY CUTTERS

The Economical Way To Cut Set-Aside Acreage



141-Inch Cutting Width

Choice Of Lift Or Pull Models

Specifications

(Subject to change without notice)

- Cutting Width: 141"
- Transport Width: 146"
- Overall Width: 146"
- Length: 92" (Lift) 136" (Pull)
- Type Hitch: 3 Pt. Category II & III, Standard & Quick Hitch, Center Pull Self Leveling
- Cutting Capacity: 1"
- Cutting Height: 2" to 11 1/2"
- Height Adjustment: Manual or Hydraulic
- Deck Thickness: 11 gauge
- Bands: 8" deep with 10 gauge formed reinforcing plate
- Recommended Min. Tractor Horsepower: 50 (Pull) 60 (Lift)
- Driveshaft: ASAE Cat. V
- Gearbox: 3 (one main & two outside) 540 RPM & 1000 RPM

- Driveline Protection: Slip Clutch
- Wheels: Laminated/Single 360° Castor (Pull and Lift) Dual Castor (Pull Only)
- Blade Holders: 11 gauge oval pans
- Blades: 3/4" x 4" Corner Uplift
- Blade Tip Speed: 14,400 ft./min. at 540 RPM 16,300 ft./min. at 1000 RPM
- Weight: Approx. 1600 lbs. to 1750 lbs., depending upon model

AFFORDABLE, CLEAN CUTTING AND DURABLE... YOUR BEST CHOICE IN ROTARY CUTTERS FOR SET-ASIDE ACREAGE OR PASTURE RENOVATION.

SEE YOUR LOCAL BUSH HOG DEALER

BINKLEY & HURST BROS. INC. Litz, PA 717-626-4705	LEHIGH AG EQUIPMENT Allentown, PA 215-398-2553	NICHOLS FARM EQUIP. Bloomsburg, PA 717-784-7731	STRALEY FARM SUPPLY INC. Dover, PA 717-292-4443
FARMERSVILLE EQUIPMENT, INC. Ephrata, PA 717-354-2150	MARSHALL MACHINERY INC. Honesdale, PA 717-729-7117	PEOPLES SALES & SERVICE Oakland Mills, PA 717-463-2735	TRACTOR PARTS CO. Bloomsburg, PA 717-784-0250
GEORGE N. GROSS, INC. Dover, PA 717-292-1673	MILLER SALES & SERVICE INC. Stewartstown, PA 717-993-2732	PETERMAN FARM EQUIPMENT, INC. Carlisle, PA 717-249-5338	UMBERGER'S OF FONTANA Lebanon, PA 717-867-5161
A.L. HERR & BROS. Quarryville, PA 717-786-3521	KELLER'S FARM MACHINERY, INC. Quakertown, PA 215-536-4046	STANLEY'S FARM SERVICE Klingerstown, PA 717-648-2088	C.J. WONSIDLER BROS. Quakertown, PA 215-536-1935
	NEUHAUS'ES INC. Glen Rock, PA 717-428-1954	STOLTZFUS FARM SERVICE Cochranville, PA 215-593-2407	