

May Milk Marketing News

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SAME SONG

You are probably getting tired of hearing the bad news but your Minnesota-Wisconsin (M-W) Price Series dropped another 15 cents to \$10.66 per hundredweight (cwt.). The average butterfat content of that milk was 3.71 percent compared to 3.74 the previous month. When it is standardized to 3.5 percent butterfat you get a Basic Uniform Price of \$10.33 per cwt. You are now down to the support price for milk at 3.5 percent butterfat. How long can you hang on at these prices?

Milk producers in Order 4 will get \$13.36 per cwt. for Class I milk in the month of June. Order 2 shippers will get \$12.88 per cwt. for Class I milk. The weighted average for April milk in Order 4 was \$11.85 per cwt. compared to a blend price of \$10.92 in Order 2. Even if the M-W price stays the same, Order 2 shippers will be getting even less because of the

Louisville Plan take out will be 40 cents in May and June. The only salvation will be the premiums the RCMA and MACMMA will pay their members for Class I milk. They are attempting to offset as much of the gap between present and last year's producer milk prices as possible. To be effective they need all the members they can get.

Milk production in Order 4 decreased another 1.6 percent of 9 million pounds from the same month a year ago. Class I utilization was 2.5 million less than a year earlier but the percentage was up by .3 percent due to the decrease in production.

SOLUTIONS

The National Milk Producers Federation (NMPF) is working on a lobbying effort to head off a further cut in federal milk price support next January. The NMPF is urging all dairy producers to contact their senators and House members to bring pressure on Sec-

retary Richard Lyng to start a new dairy herd buyout or a diversion program this year. Lyng has been steadfast against reviewing either program.

James Camerlo, president of the NMPF stated that milk producers want a program of about half the size of the Dairy Termination Program (DTP) that ended last year. The federation estimates indicate that a limited DTP of about 4 or 5 billion pounds would cost the government the same as buying dairy products which in 1989 will be around the 8 billion pound level. Last year's program removed 12 billion pounds.

Some of the other solutions to the price cut dilemma would include other ideas in addition to voluntary supply management, with or without the producers financing it.

Another possibility is for the government to spend more money and buy more dairy products to feed to the needy. This could be

charged to welfare programs. Of these, the NMPF leans toward the voluntary supply management program because it could be implemented by the Secretary of Agriculture under the present Farm Bill. Other approaches will require an Act of Congress and there is considerable reluctance to make changes that would add to budget costs.

The National Commission on Dairy Policy recommended a "two-tier" pricing program or a DTP if support price changes don't bring production into line with consumption.

FEDER ORDERS

Though there will probably be very little change in national dairy programs this summer, Tom Jurchak tells us that we'll see plenty of action in our local Federal Milk Marketing Order. Dates, places and times are being set for hearing proposals to amend Federal Orders 1, 2 and 4.

One of the top items will offset producers in the Order 1 (New England) and Order 2 (New York-New Jersey). In this case the proposal is to replace the Louisville

Plan with a Base-Excess Plan similar to the one in Order 4.

In addition, there is a proposal to change the transportation differentials in Order 2. Another proposal provides for three classes of milk in all three orders. Tom feels the above mentioned proposals are most likely to be heard but in addition, others may be considered such as: twice-a-month payments to producers, uniform fluid milk definitions and increasing the handlers assessments from four to five cents to cover the costs administering the order.

These three orders cover an area from Maine to Maryland. Order 2 would like to merge the three into one, but the other two were not interested.

Federal Orders are written to regulate handlers selling milk in a specified area. The responsibility to hold the hearings and write the decisions is under an administrative law judge. Changes cannot take place until voted on by affected producers in a referendum. Interestingly, they will be voting for the Federal Order with

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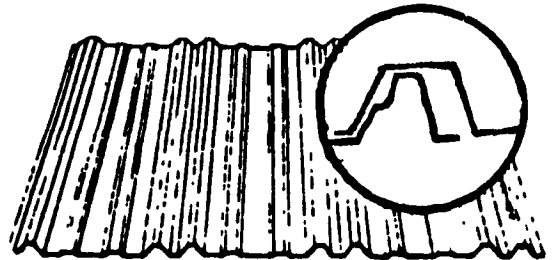
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