Milk Market Outlook Predicted

BY HELEN KELCHNER Columbia Co. Correspondent

HUMMELS WHARF (Snyder) - Dairy Day at Hummels Wharf in January offered some encouraging statistics and some cautions to over 100 dairymen from Montour, Northumberland, Snyder and Union counties.

The good news is that milk production per cow is on the rise while herd numbers are down. New York, Vermont and Pennsylvania had the largest herd reduction in the country.

At the same time, unpredictable weather such as the 1988 drought could cut deeply into the overall good news of high production which came as a direct result of improved nutrition.

This is northing dairymen did not already know, but the facts flashed on a screen comparing past with present shows Pennsylvania farmers where they need improvement. And if the 1988 dry spell repeats itself a milking herd could be maintained with less desirable nutrition until an acceptable growing season returns.

Lackawanna County Agent, Tom Jurchak, outlined the milk marketing situation. By the end of 1988 give-away programs had used up all surpluses of cheese, butter and powder, or about \$5 billion worth as recorded in the year of 1987. In butter alone, this amounted to 10 billion pounds. With this surplus deleted from America's cupboards by way of the give-away program, it's expected there will be more demand for these items from grocers' shelves.

With the end of surpluses, most dairy prices went up, with the exception of butter which remained at the government support price. The time is approaching where the gap between supply and demand is narrowing.

Jurchak stressed the value of putting effort into premiums over market price of milk. With careful management in this area, profits could be enhanced, especially if demand outlook continues on an upward swing.

The federal government won't pour any more money into disaster relief. However, if there is a need, individuals should contact state agencies.

Statistics also showed that because of labor efficiency on the farm, milk output per man hour has increased. Producers should examine present labor costs in their operation which could be trimmed.

In production comparison, the Pacific states are having the greatest gain. Production percentage of population runs: Northeast, 86%, Pacific, 111%, Lake States, 373%, New York, 108%, and Pennsylvania, 142%.

bers will go down 1%. Government purchases are unlikely to change through 1990.

Jurchak concluded his talk by stating that barring any real disaster, premiums are still the best bet for dairymen profits.

The next speaker dovetailed Jurchak's information with suggestions on where to cut corners and where NOT to cut corners. Dr. Michael Hutjens, Dairy Specialist of University of Illinois, outlined Grain Feeding Today.

Hutjens cautioned dairymen on four areas where grain and forage feeding should NOT be cut: when the move lowers profits, affects herd health, causes long-term risk and lower efficiency.

One example of long-term risk was the improper feeding of a heifer which in a developing stage may be caused irreversible damage resulting in poor production and poor offspring. A heifer costs \$1200 to the milking stage. That cost can only be recovered if she results in a good producing cow.

Areas where cost can be cut are

uses of generic feed such as the bi- and this covers anything from vitproducts of oats which are also becoming a highly popular breakfast food in a fight of cholesterol. Bi-products of beets and the use of corn stalks are both acceptable feed stretchers when supply of conventional feed is limited.

He also pointed out what many farmers might overlook -- cut down on waste. This may happen in a number of ways. For example, the method of feeding such as computer feeders where a collar activates the feed supply. Or more feed may be given in relation to the cow's production. Or, on the other hand, the computer may not be programmed to add feed during a cow's crucial production period when weight is lost. Other waste may be eliminated by more careful feeding methods. For instance, round bales of hay which are put out for "at will" feeding results in waste that cannot be reclaimed. Hay is tramped into dirt or contributes to overeating.

Excessive use of anything that goes into the cow is wasted profits amins to forage. Carefully match the cow's weight and production to her intake. \$1 a day savings amounts to a \$30 profit on the monthly account sheet.

Hutjens suggested that dairymen evaluate any area of running the operation where cost can be cut. Is it feed? Is it electricity? Is it labor? Small items that are taken for granted as routine and "we always did it that way" can be costing you money.

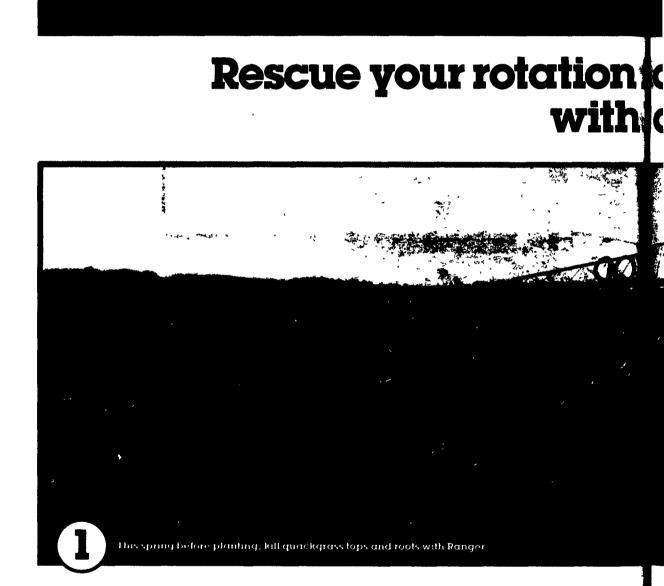
How do you approach feeding strategies with limited forages and high peak prices, especially as a result of the recent drought? Don't be locked into one supplier. Explore good buys. Optimize feed costs - simply put - buy the feed that makes the most milk for the least money. And, last, maintain product yield. Good cows make money, others should be culled.

Hutjens also pointed out that care should be taken when cutting costs so that to save \$30, you may lose \$70 down the road in production.

Buffers are good, but only in the amount and kind that gives a return of \$4 for every \$1 spent. If a supplement costs 8¢ a day, but is of doubtful value or is covered by some other portion of the nutrition plan, it's 8¢ a day wasted -- not much, but over a period of time it amounts to a bite out of profits. Dairymen should figure that feeding amounts from 40% to 50% of cost for producing milk.

Another area where profits can be gained is careful attention to peak location. It should be around day 60. For each extra pound of milk at that peak, 200 to 225 pound of milk is realized. When peak has been reached, everything possible should be done to maintain the curve of that peak for as long as possible. That means, grain feeding, good forage quality, substantial dry matter intake along with niacin, buffers and protein. The cow should be eating 4% of her body weight per day. Most important, her body weight should be maintained.

To those farmers who complain



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Although the Pacific states are not at the top of the percentage table, they lead the nation in production and can do it more cheaply.

For instance, California spends \$11.40 per hundred weight on production while Pennsylvania has a \$14.41 cost. The national average is \$12.98. Therefore, government purchases are made from California where price is more attractive. It is this discrepancy in production that Penn State has concerned itself with and is working on closing the gap.

What can milk producers look for in 1989? The milk price will probably increase by 25¢. Production and commercial vales will both increase about 1% and cow numMore and more Northeastern farmers are using Ranger[•] rather than high rates of atrazine for quackgrass control.

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