803

805

104

Ava 10

Geno

137

Donald B

51

20

636

Blossom

Melvin R Eby

Annie

Dale Weiler

Susie 12

Marvin S Nolt

Harold G Shelly

RH

RH

GrH

GrH

RH

RH

RH

GrH

GrH

GrH

GrH

RH

RH

RH

GrH

Trimble

JS Smucker & Sons Farm

E Richard Bruckhart

Hawthorne Brothers

Wayne & Joanne Erb

2-1

2-1

4-11

5-2

4-8

5-3

7-10

5-4

3-0

3-4

4-10

6-4

7-7

4-1

4-11

295

305

305

305

305

305

305

305

305

305

305

305

305

305

19.858

19,871

26,374

24,761

19,913

16,771

18,765

22,425

22,277

21,830

21,050

21,829

17,853

24,444

20,970

4.1

4.0

3.1

3.3

4.9

4.4

3.7

3.6

3.6

3.9

3.8

4.6

3.3

3.9

833

810

832

827

832

831

832

831

805

805

830

829

825

823

823

Calvin D Beiler

Lollipo

Bertha

Richard G

Bambi

142

Cinder

Reba

Penn Hill Farm

John Z Weaver

Emanuel S Esh

Dennis R Bender

Kenneth R Weaver

Buttercup RH

Harlan W Hoover

Luke É Martin

John E Coleman Jr

LeRoy M Stoltzfus

GrH

RH

GrH

RH

RBrSw

Wenger

GrH

GrH

GrH

GrH

RH

Pleasant Pequea Farm

2-11

3-2

5-8

4-4

9-6

4-1

3-3

9-2

6-2

5-2

5-6

7-5

305

290

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300

257

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Milk Market News

SCRANTON (Lack. Co.) — August 15, 1989 - If we had a Spring flush this year it was a short one and all the signs of lower milk supplies and higher prices are popping up all over the country. Nationally, milk production pulled up even with a year ago in May and June after increases of two and three percent since January. However, pockets of lower production have appeared in strategic areas in recent months where they affect milk prices the most. Minnesota and Wisconsin never really got started this year and are now falling two and three percent behind. As a result the Minnesota-Wisconsin Price Series has advanced 78 cents in four months making a giant leap of 43 cents in July to \$11.76 which is \$1.24 higher than last year. That \$11.76 is also the highest M - W for July since 1984 when the Milk Diversion Program was on. Milk price is the most important sign to producers of lower supplies but a lot of things were happening to indicate a tighter marketing situation.

Beauty

Lapp Valley

Esther

Firebrd

Robert E Kulp

Doris

83

John Zook

Hazel

Rene

53

Pat

Stinnie

Rowill Farm

Timothy Kurtz

Samuel F Long

Ralph Petersheim

Verna 31 GrH

Jonas E Stoltzfus

GrH

Farm

RH

RH

RH

RH

GrH

RH

GrH

RH

GrR&W 6-4

Karl W Herr (Red & White)

4-2

2-11

3-8

4-4

5-1

8-6

4-10

10-1

7-11

5-3

6-7

5-11

3-10

292

305

305

305

305

305

299

305

305

305

305

305

305

305

27,602

22,258

23,877

22,389

23.102

18,442

24,894

22,226

26,554

25,289

25,054

23,160

18,407

22,091

3.0

3.8

3.4

3.6

3.6

4.3

3.4

3.8

3.2

3.3

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853

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816

852

800

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851

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821

844

At the National Cheese Exchange block prices advanced to over \$1.43 a pound and we haven't seen that since the M - W made its record high of \$12.72 in November 1984. Even butter prices which had been on the skids all year, suddenly showed signs of life and made it up to \$1.33 after a three-cent increase in late July. It doesn't sound like much but with the July 1 decrease in the support price all laid on butter, it was enough to allow the Commodity Credit Corporation to sell 6.6 mil-

lion pounds on the commercial market at 110 percent of the support price. Since CCC has not purchased any powder or cheese for months and is now selling butter, the net removals for the second week of August were a negative 4.3 million pounds of milk equivalent compared to 33 million pounds a year ago. That's a drop of 37.3 million pounds of milk a week. Another sign of lower supplies is the increase in spot milk shipments to the South. During the second week of August, 121 loads made the trip from Wisconsin and that was the largest number since September 1988 and the schools haven't opened yet. Finally, it may not be the most important sign but I think it's significant that the Market Administrator in Order 68 had to issue a call order for Class I milk of 22 percent in July and August to get enough milk for fluid use in that market. This is not unusual in Eastern markets and it may happen this Fall but Order 68 is the Upper Midwest market in the heart of America's dairyland and I thought that was unusual.

Milk Check

The sign of improving market conditions that producers understand best are the numbers on their milk check and this month you got it. In Order 2 the Uniform or blend price for July milk went to \$12,38 for a jump of 76 cents over June and \$1.07 better than last July. In fact it was the best price for July since 1984, that magic year of the Milk Diversion Program when farm milk prices set their record highs. That \$1.07 increase over

last year was real but of the 76 cents over June, 40 cents of that was your Louisville Plan payment in June which was the last for the year. For August milk you start getting your pay back. The big bang came from a 57-cent jump in the Class II price from that July M W. Over 60 percent of the milk in Order 2 in July went to Class II use and the M-W affects that immediately. The 43-cent increase from the M - W in Class I won't come to you until September. However, because the total milk shipped to Order 2 handlers was the lowest for July since 1980 your Class I utilization is up sooner than usual this year. Add to this a 21-cent increase in Class I prices next month plus a 36-cent pay back from the Louisville Plan you could be looking at another 60-cent jump for August. In fact it would take only a 80-cent increase to equal last year's high of \$13.18 in November.

Class II Premium

At their July meeting the RCMA directors appointed a task force to examine dairy marketing conditions in the Northeast and report back to the Board with their recommendations in August. As a result, RCMA will start a 25-cent premium on Class II milk in September in Federal Orders 1 and 2. This will be in addition to a 65-cent premium on Class I milk in the same markets from September to December. Another important change to be made at that time will be to withhold premiums from members shipping to handlers who don't cooperate with RCMA in providing marketing information and premium money so

the over order funds can be distributed equitably to the producers. The idea is to get producers involved in getting handlers to participate in RCMA efforts to provide the highest premiums that market conditions permit for all produc-

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Another important change at RCMA is the resignation of Ed Anna, the manager, who served effectively in organizing RCMA to a membership of 22,000 producers and negotiating premiums with handlers who have paid a total of \$66 million through RCMA to dairymen since September 1987. More importantly, those RCMA premiums generated additional premiums to non-members in amounts that may never be calculated and may not even be known to some producers. Some of those additional premiums were even used to discourage dairymen from joining RCMA far, effectively prevented the cooperative from achieving its full potential. Replacing Ed Anna will be Carmen Ross who, up until his retirement in June, was on the Market Administrator's staff in Order 2.

Outlook Uncertain

Even with rapidly increasing milk prices during the Spring months; even with all the signs of increasing demand and shorter supplies and even with disaster assistance programs passed by Congress and being considered in Pennsylvania, few people are predicting any more than a short term to the present situation. A great deal of how much these price increases benefit you will depend on your own farm situation and how much of a disaster you suffered. Some relief will be available soon from prices and/or programs but, just as was predicted last winter when prices were falling, it won't last long. Prices are only a part of the equation in determining profits. In spite of Federal Orders and price support programs competitiveness in milk production is just as intense as in any farm enterprise and periods of high prices should be viewed as opportunities to improve management skills to endure or survive the periods of low prices. Some forecasters are already predicting annual milk production at 150 billion pounds next year but let's make the most of the present situation before worrying about that.

4.0

4.1

4.1

4.3

3.4

3.9

4.3

3.5

4.1

3.3

4.1

4.4

3.8

19,248

19,218

18,633

23,599

20,593

18,375

22,458

19,326

23,850

19,239

17,927

20,571

806

806

805

805

804

804

804

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802

801

801

801

Prepared by Thomas Jurchak Co. Extension Agent Lackawanna Coop. Ext.

