

# Milk Market News

## Up And Up And Up

SCRANTON (Lackawanna Co.)— Most forecasters of milk prices have stopped forecasting and started guessing at how high the Minnesota-Wisconsin Price Series will go this fall. Every prediction so far has been surpassed not by small amounts but gigantic increases. The M-W started up in April with increases of three to 21 cents a month but since July it has been 43 to 73 cents a month and in October it was a new record increase of 77 cents to \$13.87 with no end in sight. That makes a total of \$2.89 higher than the March M-W; \$1.99 higher than last year and \$3.52 above the support price for manufacturing grade milk. All of these are new records exceeding most of the old ones made in 1984 during the Milk Diversion Program.

The reasons for the record highs are just more of the same. Lower milk production and increases in cheese and powder prices that you have had since March only higher than you have ever seen before. It seemed that block cheese prices had peaked at \$1.51 when they stayed there through most of October but started increasing again near the end of the month to \$1.55 on the National Cheese

## Exchange.

At the same time prices at Wisconsin Assembly Points were between \$1.56 and \$1.63 so it looks like cheese is still on the way up. That's surprising as we get this close to the holidays when cheese prices start falling off after inventories have been built up.

Powder prices on the other hand, are competing in international markets and nothing has happened yet to indicate they have peaked either. In fact, they took a bigger jump in October than they did in September rising to \$1.34 for a total increase of 55 cents since March along with a 42 cent increase for cheese during that time.

## Happy Thanksgiving

All of these record high prices for powder and cheese percolate down through Federal Milk Marketing orders and end up on your milk check to give you your second consecutive month with a record high blend or uniform price of \$14.67 paid by Order 2 handlers. That's 67 cents higher than last month and \$2.27 higher than last year. The Class I price at \$14.92 broke the record set back in January 1985 and the Class II price at \$13.93 was the third consecutive month of new record

## highs.

With the M-W price going up so rapidly and a two month lag on the Class I price, your Class II price for September was only seven cents below your blend price for August. For September there's only 99 cents difference between Class I and Class II prices. The Louisville Plan payback for October was 44 cents or one cent less than September so all of that 67-cent increase for the month came from higher Class prices in the market.

All of these prices are the minimums that regulated Order 2 handlers must pay to producers and don't include the premiums that all producers are now receiving not only from the disaster assistance payment of \$1.05 required by the Pennsylvania Milk Marketing Board on Class I milk but additional premiums paid by handlers through RCMA or otherwise to get a supply of milk.

Rising prices of powder and cheese raise the minimum prices handlers must pay but lower production in the milk shed gets those over order premiums now. Milk production in Pennsylvania and New York has been lower than last year for the last five months. In all of the Federal Orders in the northeast it is the lowest since 1980.

The Market Administrator in Order 2 has issued a call order of 25 percent for November reflecting the tight supply situation there. No one knows how long this will

last with milk price - feed price ratios improving monthly but it will not continue for long. So, get it while you can and save as much as you are able for the day when powder and cheese prices go down; milk supplies increase and over order premiums will only be possible through a cooperative. Meanwhile have a happy Thanksgiving for what you're getting

now with lower production and higher prices.

## Production Quotas

One of the main reasons for the record high powder prices was the production quotas put on European dairymen to get rid of their surpluses which had been dumped on international markets at low prices with the help of export sub-

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## Chester County Extension Elects Board Members



Linda Hicks and George Wickersham Jr. were elected to the Chester County Extension board last week at the annual meeting. Hicks will complete the final year of a board member who moved out of the area. Wickersham will serve a three-year term as will Angeles Porrata, who was unable to attend the meeting.

## Pennsylvania Livestock Dealer Charged

WASHINGTON, DC — Richard J. Burgess, a livestock dealer in Meshoppen, Pa., has been charged by the U.S. Department of Agriculture with issuing insufficient funds checks. The checks have since been made good.

The USDA complaint further alleges that Burgess' current liabilities exceeded his current assets, and that he failed to pay promptly for livestock purchases.

Burgess buys and sells calves in northeastern Pennsylvania, northwestern New Jersey and south central New York.

A USDA official said that dealers are required under the Packers and Stockyards (P&S) Act to pay for livestock by the close of the next business day following purchase.

Calvin W. Watkins, acting administrator of USDA's Packers and Stockyards Administration, said Burgess has a right to a hearing on the charges filed by USDA under authority of the Packers and Stockyards (P&S) Act. If the charges are proven, he will be placed under a cease and desist order, similar to a permanent injunction. He could also be suspended from business and ordered to pay a civil penalty.

The P&S Act is an antitrust, fair trade practice, and payment protection law. It is designed to assure free and open competition and to prevent unfair and deceptive practices in the marketing of

livestock, meat and poultry.



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- ★ I'm getting more roughage into my cows - David Stoltzfus
- ★ I switched from a 7 lb. to a 3 lb. scoop because of feeding less grain - John Kauffman
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