



MILK CHECK

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Up And Up
SCRANTON (Lackawanna Co.) — Reflecting the increasing prices in butter, powder and cheese, but especially cheese, the Minnesota-Wisconsin (M-W) Price Series had the highest increase of the year so far, taking a 41-cent leap from \$10.58 in July to \$10.99 in August.

This makes the fourth consecutive month of increases for a total of 97 cents since March. It's still \$2.44 lower than the \$13.43 in July of last year but only 79 cents less than 1989, and 47 cents better than 1988.

It was after July last year that the M-W price began to drop, but this year it's on the way up and if the increases continue, it's expected that we will be passing last year's price by October.

After that a lot depends on what Congress does with a new dairy bill.

21 Cents In 15 Weeks

Much of the credit for increases in the M-W again will have to go to cheese prices that continued their climb after fifteen weeks of increases from May 3 to August 9

for a total-to-date of 21 cents from \$1.05 to \$1.26 with no end in sight.

Just within the last month there were increases of seven cents a pound with leaps as high as five cents in one week.

So far, no one sees any reason for the increases to stop now, as more milk moves from the upper Midwest to the Southeast; production declines continue nationally; and school openings next month put an additional demand on fluid milk.

One uncertainty, in addition to the effect of weather on production, is when the Commodity Credit Corporation (CCC) decides to sell some of its 30 million pounds of cheese that it has in uncommitted inventories.

Secretary of Agriculture Edward Madigan promised to withhold CCC sales until milk prices improved, but he didn't say how much. It's very unlikely that this would happen now, but it is an important reason why cheese prices continue to climb beyond the 110 percent of the support price, which happened last month when CCC stocks could have been

sold.

With cheese plants competing with butter/powder plants for decreasing milk supplies, even butter and powder prices are showing some improvement.

Powder in particular has had price increases in each of the last three months and is now seven cents over the support price at 92 cents a pound.

Butter prices have not shown as much improvement and, while there have been increases the last two months, they were barely enough to bring them up to the support price of 98 cents.

However, during the first week of August, CCC purchases were the lowest in over two years with some handlers canceling their previous offers to sell to the CCC — another sign of tightening supplies and increasing prices.

Farm Prices

Those increasing M-W prices of the last three months are now all moving down to the farm price and showing increases in the uniform or blend price of 20 cents last month and 55 cents this month. That makes the minimum farm price — before premiums — of \$11.59 at the 201-210 mile zone for July milk testing 3.5 percent butterfat.

The big jump was in the Class III price from \$10.47 to \$11.02 or 55 cents. That made up 43 percent of the July pool.

The Class II price was up \$1.11 from \$10.16 to \$11.27, but that was only 18 percent of the milk pooled.

The Class I price was up 19 cents and made up 39 percent of the pool.

With three classes of milk now in all Federal Orders here, there is the opportunity for getting more money for milk going into soft dairy products in Class II.

The difference last month was 25 cents more in Class II over Class III. With the pattern set in recent months there's little doubt of blend prices continuing to rise for the rest of the year.

Premiums

In addition to higher market prices for milk, programs to get higher prices for farmers have proliferated in nearly all of the Northeastern states.

Pennsylvania has had its \$1.05 on Class I Milk for over two years and the Pennsylvania Milk Marketing Board held a hearing this week to consider increases because of drought damage to crops.

Eligible New York farmers recently got a 50-cent premium that reflected a statewide pool. That put a \$13.85 price for June on Class I milk purchased and sold in New York.

The same program will continue in July, but starting August the Rogers-Allen program requiring \$14.50 for Class I milk for one year began.

Premiums will vary from month to month, depending on the difference between the federal or state order prices for Class I milk and the \$14.50 minimum. There were no premiums on Class II and III milk in June and July because the market price increased enough to compensate for the differences between the minimum price and

the market price.

New York handlers are required to report their uses of milk to the state Department of Agriculture and Markets by the 20th of the following month and pay its producers the premium by the 30th of the month.

What we still don't know is how much of the required premium is new money and how much was a drop in the direct premiums paid voluntarily by the handlers.

Another uncertainty is the payment to New York producers whose milk is sold out of state. These are the compensatory payments required of handlers under an amendment to the original law, but are now involved in litigation.

However, it also raises the question of premiums to Pennsylvania producers selling milk to New York handlers and how their premiums may be affected by the New York law.

The difference between the \$13.85 interim Class I price and the Order 2 price was \$1.39 in June, but will drop to \$1.20 in July then back up to \$1.50 in August and down to \$1.09 in September as the \$14.50 Rogers-Allen price becomes effective.

A very different program that Pennsylvania's in that it provides minimum class prices rather than add on premiums, but one that should provide benefits to New York farmers and illustrate the value of producer organizations like RCMA and RCMB.

Recess

With your Congressman home for the summer recess until Sept. 10, you may have an opportunity to talk to him about the dairy provisions of the next farm bill.

However, between the bills that were produced by the agriculture committees of the House and the Senate, plus the two "compromise" bills that were added just before adjournment, it seems that nearly everything that you could think of has been included.

In fact, when they return in September it may look like they're starting all over again, but with much less time to reach a consensus of what to move on to the floor.

It has been suggested that they wait until after the hearings on an alternative pricing system to the M-W and a recommended decision on the national hearings held last year before they decide on the 1992 dairy program.

Whether it's planned that way still may happen, but, in the meantime, the dairy bill is on hold until Sept. 10.

Emergency Program

It appears that some northeastern counties that incurred crop losses due to the weather may have some help on feed purchases through the Emergency Livestock Feed Program this fall and winter.

Just in case your county is included, don't destroy damaged crops or replant those fields before you check with your county ASCS office to make an assessment of the loss.

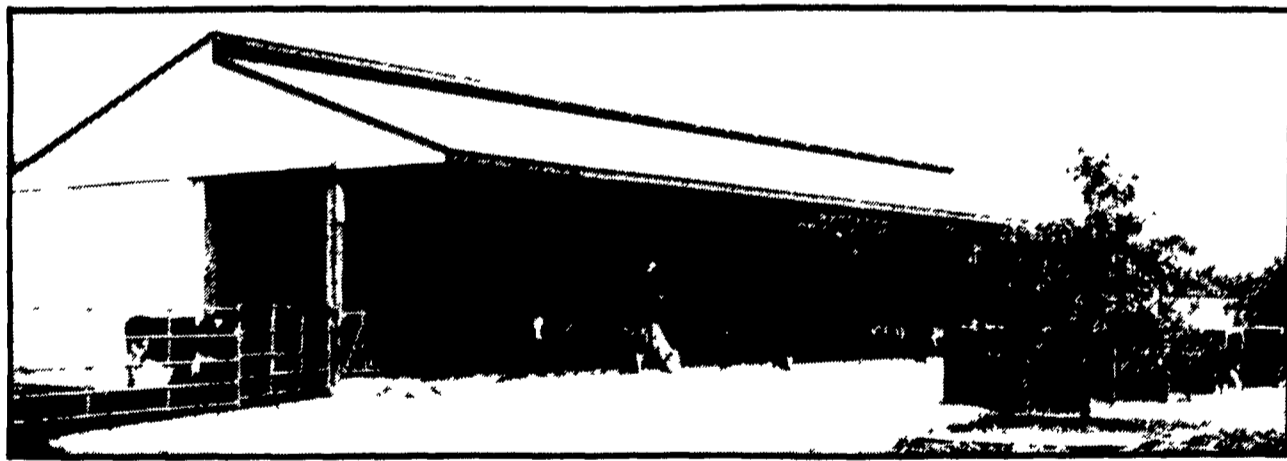
Also, get records on what you have harvested in forage or grain crops this year and how they compare to your normal yields. Also be sure you have filed an AD-1026 form to show you are in compliance with conservation plans from SCS as well as the sodbuster program. Without this you won't be eligible for either the Emergency Livestock Feed Program or the five cent refund on your 1991 milk production if it is lower than 1990.

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