



**MILK
CHECK**
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New Year - New Prices
SCRANTON (Lackawanna Co.) — Nearly all forecasters are predicting lower milk prices in 1993, but so far the market seems to be struggling to hang on to 1992, reluctant to let go because it's not sure what's ahead.

Will things be as bad as the worst predictions or better than the best?

As we reported last month, cheese prices slumped 4 cents on

Dec. 4 to \$1.20 for blocks, but then held right in there for five weeks before losing only 1 cent on Jan. 8.

Barrels fell 3 cents to \$1.14, but more was expected. Even that sale of 98,000 pounds of cheese to the Commodity Credit Corporation (CCC) we reported was cancelled by the Western processor who offered it.

Powder prices began to show some new strength from increased export demands and even butter

markets tightened, replacing fluid cream for some processors.

And there certainly was no shortage of milk supplies.

With many fluid plants shut down over Christmas and New Year, making two back to back long weekends, milk was traveling from Florida and the Northeast all the way to Wisconsin to find a processing plant to take it.

But it wasn't just the holidays. You're on a roll of seven consecutive months of production increases over the previous year with no end in sight without some natural disaster.

If the snow storms in the Mid West and the floods in California will make a difference, it hasn't shown up yet.

On The Other Hand

But you didn't have to look far for the falling milk prices that will show up on your milk check as predicted.

The Minnesota-Wisconsin Price Series took its worst shot since last February, falling 50

cents in December to \$11.34. That's still 36 cents better than the \$10.98 low of last March, but 76 cents less than last December.

That makes for a total drop in price of \$1.25 in the M-W from \$12.59 in July. However, it is still less than the \$2 drop in price you might expect with cheese prices falling 20 cents since July 31.

It means there's more of a drop to come, but predictions have softened as to when and how much.

The "how much" comes from Bob Yonkers at Penn State who said in December to expect a \$2 drop on the M-W, down to \$10.40. The "when" was predicted for March or April.

That \$2 drop on the M-W just matches the 20-cent drop in cheese prices, and, if the dairy product prices hold, he would be right on target.

Looking Ahead

There are a number of things working in your favor now, plus a number of uncertainties. Some of those uncertainties will make a

difference.

How's that for waffling?

The uncertainties are administrative decisions from USDA. The question is, which administration will make them.

The decisions which must be made concern the make-allowance on butter, powder and cheese in California. The West Coast processors are now allowed to make more of those products than producers in other areas, and it gives those California processors an advantage on sales to CCC.

There's also uncertainty as to what will be used as the replacement for the M-W price in calculating class prices that handlers pay under federal orders.

Then there is the tilt in butter and powder support prices, a tilt that would raise powder and lower butter and may drop the butterfat differential down to close to 6 cents.

And even though the sale of cheddar cheese to CCC was

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