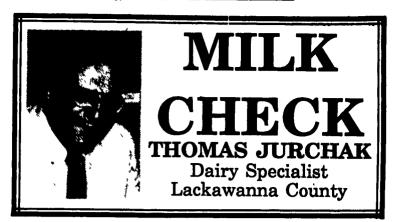
ASA-Lanicaster Fainlung, Saidurday, October 16, 1993



SCRANTON (Lackawanna Co.) — After the free fall in cheese prices reported here last month when the block price fell 18 cents in 11 weeks, they were hitting the ground shortly thereafter.

However, when they hit they bounced higher and faster than anyone can remember.

In three weeks from August 27 to Sept. 10 they recovered 14 of the 18 cents they lost in the previous 11 weeks. Barrel prices jumped 13 cents in one week for something of a record in recent history.

Cheese prices were expected to increase this fall but no one expected so much so soon.

Storage stocks for July were still higher than a year ago with cheddar up 6 percent and American up 9 percent. July's national milk production was up 1 percent over last year, but Wisconsin's production has been down 2 percent since June.

In addition, fluid milk shipments from Wisconsin to Southern markets are picking up seasonally now with 43 loads moving in that direction the first week of September.

Nothing has happened to change the milk powder markets and even subsidized export sales under the Dairy Export Incentive Program have been little help.

Double Dip

As part of the 18-cent drop in cheese prices the Minnesota-Wisconsin Price Series fell another 25 cents to \$11.17 in August nearly matching the low for the year (so far) of \$11.02 in March.

Usually you have only one low price in the M-W per year but this time you'll have two. After falling for three months from January to March the M-W price rose to its peak (so far) of \$12.52 in May and now has fallen again to \$11.17 in August.

So, in addition to having a double dip on the low side you may end up with twin peaks on the high side — all in one year.

That was a drop of \$1.35 in the M-W since May but the 14-cent increase in the cheese price could translate into a \$1.40 increase in the M-W putting it back where it was in May.

How Come

Reasons for the volatility in cheese prices are now mainly speculative, which means your reasons are as good as anybody's but for an industry that has been used to stable prices in the past this may be a sign of things to come.

When milk and dairy product prices were supported by government they didn't change very much. Dealers of dairy products didn't have to worry about supplies because the government usually had some to sell and would pay the storage costs.

Now handlers have to guess what future supplies will be for their products and gamble on prices.

The uncertainty of how milk production will be affected by forage supplies and feed prices is an important part of the gamble. Perhaps they overreacted this time, but it's a new ball game for them as well as the producer. What Next Because the cheese price increases came early in September, they will help to increase the M-W price this month especially if they stay up. If they don't, you may have to look hard for changes on your milk checks. At best, however, even if the M-W starts up this month, it will be Thanksgiving before you see the money. Christmas will look a lot better. The blend prices to producers for August dropped 52 cents in Order 2; 60 cents in Order 36 and the weighted average in Order 4 was down 99 cents below your July prices. It will take a few months to turn the losses of the last two months into plusses on your checks, but cheese prices can do it if they just stay put where processors and producers can plan ahcad.

Hall Leads National FFA Winners

UNIVERSITY PARK (Centre Co.) — A faculty member in Penn State's College of Agricultural Sciences recently led 29 high school students on a tour of Europe. The students were recipients of national FFA agricultural proficiency awards.

Dr. David Hall, assistant professor of agricultural and extension education, was an assistant leader of the European travel seminar, sponsored by the National FFA Foundation. FFA members can receive agricultural proficiency awards at the local, state, regional, and national levels for exceptional accomplishments in working toward careers in agriculture. The program includes 29 award areas, ranging from agricultural electrification to wildlife management.

The tour included visits to agricultural production, processing, marketing, and educational facilities in Germany, Austria, the Czech Republic, the Slovak Republic, and the United Kingdom. Students stayed with host families in eastern Germany.

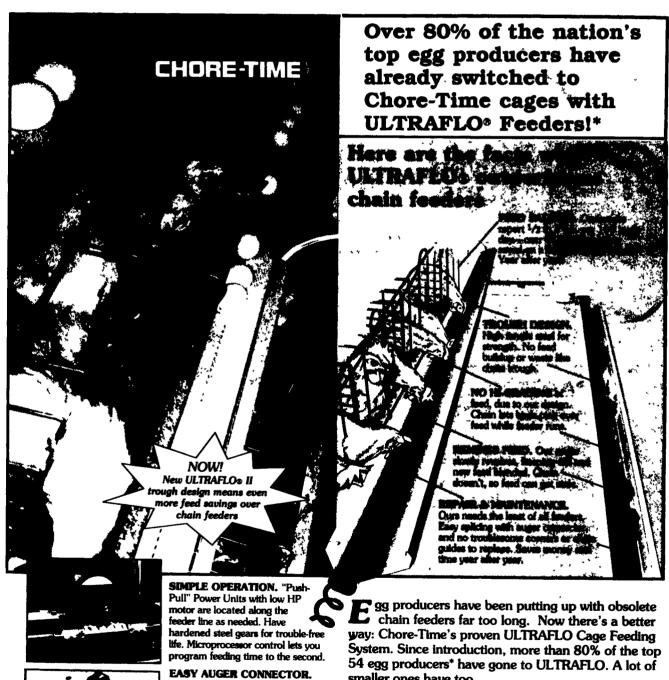
Hall helped prepare students for the traveling seminar. He also provided slides for student presentations and authored a summary entitled "1993 Proficiency Travel Seminar Highlights."

Hall serves as secretary of the Pennsylvania FFA board of directors, eastern region teacher educator consultant to the National FFA board of directors, and vice president of the National FFA Foundation board of trustees.

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