

DAIRY WEEK

DAIRY MARKET PRICE COMMENTARY

(Continued from Page A16)

nonfat dry milk, which is easily exported in order to eliminate it weighing on the domestic market, to cheese production. This over-production of cheese has pounded prices even more.

NASS announced that US cold storage holdings of butter on May 31 totalled 43.4 million pounds, down 1.3% from April, but 27.6% more than May 1996.

Natural American cheese holdings totalled 451.4 million pounds, up 4.9% from April and 15.8% more than a year ago. Non-fat dry milk holdings at the end of April total 119 million pounds, 45.1% more than March and 8.2% above a year ago.

According to ERS and AMS, commercial disappearance of dairy products during the first 4 months of 1997 totalled 51.2 billion pounds, 1.4% more than the comparable period a year ago.

Comparing disappearance levels with the same period a year ago, fluid milk products were down 0.7%, non-fat dry milk was down 14% and butter down 5.2%, while American cheese was up 3.5%.

According to ERS, per capita consumption of fluid milk and cream products totalled 224 pounds in 1996, 1 pound more than in 1995. Compared to 1990, consumption is down 10 pounds. Per capita consumption of American cheese totaled 12 pounds, 1.7% more than 1995 and 8.1% more than 1990.

Per capita consumption of other cheese was 15.7 pounds, 1.9% more than 1995 and 16.3% more than 1990.

The USDA's National Agricultural Statistics Service (NASS) will announce the June Basic Formula Price for milk Thursday at 1500 ET. Brokers expect to see a BFP price from 10c lower to 30c higher than

May's \$10.70/cwt BFP.

Also, NASS said it will release the "Cheddar Cheese Prices" report covering the week ending Jun 27 on Thursday at 1500 ET. The inclusion of cheese price data for this period will result in a more representative monthly average cheese price for use under Federal milk orders.

In southern California and many parts of the Northeast, Central, and Southwest regions, farm level milk production was seen declining, NASS said. Cool and wet weather conditions in the Pacific Northwest were boosting milk production there.

Ice cream production is increasing seasonally and absorbing more cream.

Butter churning schedules in most areas were lighter as cream offerings are tighter than in past weeks. Widespread hot weather has caused milk

production to drop which in turn, affects cream availability.

Improving demand for ice cream and other cream-based products also pulls cream away from churns. Demand for butter ranges from slow to fair, the USDA said.

FUTURES AND CASH PRICES CSCE BFP milk futures were lower to steady on heavy stock, but some relief in stocks surplus may curb those losses as hot weather limits supply some.

Jun BFP milk was down 3c at \$10.70/cwt, while Jly fell 5c to \$11.20.

CSCE raw milk futures fell 4c basis Aug, on building inventories. Aug settled at \$13.46 on Tuesday, while Oct was steady at \$13.85.

Nonfat dry milk traded at the CSCE was unchanged on Tuesday. Nonfat dry milk traded for Jly delivery was steady at 105.00c, with Aug at 106.50c.

Cheddar cheese futures were

firmer in the nearby Aug market, while Oct fell. Aug was up 20 points at 124.50c, while Oct fell 200 points to 131.00c on Tuesday.

CSCE raw milk open interest was at 42 lots, unchanged on Tuesday, while cheddar cheese futures were steady at 23 lots, and nonfat dry milk was steady at 70 lots.

CSCE butter futures open interest was unchanged at 187 lots.

BFP milk traded at the CME for Aug delivery was unchanged at \$11.96/cwt.

CME butter futures were all lower. Jly fell 125 points to 109.00c, while Sep fell 150 points to 112.75c on Tuesday.

On Tuesday, CME BFP milk open interest was steady at 7 lots. CME butter futures fell 2 lots at 318 lots.

At the Chicago Mercantile Exchange, all grades of bulk butter are unchanged. Grade AA is still at \$1.1300, Grade A is at \$1.0500, and Grade B is \$1.0500.

CME cash cheese prices are also unchanged with barrels still at \$1.1225, and 40-pound block at \$1.1675.

FEED GRAINS

Normal wheat harvest price pressure continues across the central US. The wheat harvest is expected to dominate Kansas during the Independence Day weekend.

Farther east, Evansville, Ind., merchants said southern Indiana farmers should be 70% complete with the area's harvest by the end of the weekend.

"The farmer's the most optimistic person in the world," a southern Indiana merchant said.

Forecasters again predict severe weather today in the northern Plains and the northern Midwest. Merchants said farmers

in parts of Minnesota are cleaning up after some storms carrying 95-100 mile per hour straight-line winds moved through the state.

The storm system dumped heavy rain on western North Dakota's wheat crop, which was begging for moisture. But

merchants said some of that rain may have occurred too late.

"It helped, but they're still going to have below-average yields," one Minneapolis merchant said. "The crop is beyond redeveloping tillers at this point

Preservation Report Released

YORK (York Co.) — The June 1997 issue of the Farmland Preservation Report, released the results of a survey they conducted over the last month. The survey examined the farmland preservation activity within 150 localities located across the United States.

The survey indicated the nation's newest lineup of the top 10 counties with regards to the number of farmland acres preserved through a purchase of development rights (PDR) program which is administered and at least partly funded at the local level. The lineup revealed the following:

cations for development right's purchase.

Every York County board of commissioners, since the program began, has supported this effort and recognized the vital importance of protecting our agricultural resources. York County has invested approximately \$3 million toward the program, while the state has spent \$16,448,879 to date in York County.

The Farmland Preservation Report is a monthly report owned, written, and edited by Deborah Bowers, Bowers Publishing, 900 La Grange Road, Street, MD 21154, (410) 692-2708.

Rank	County/State	Acres Preserved
#1	Montgomery County/MD	45,775 acres
#2	Carroll County/MD	25,543 acres
#3	Marin County/CA	25,504 acres
#4	Lancaster County/PA	24,232 acres
#5	Harford County/MD	22,500 acres
#6	Sonoma/CA	21,162 acres
#7	Caroline/MD	19,198 acres
#8	Howard/MD	17,473 acres
#9	Baltimore/MD	12,383 acres
#10	York/PA	11,139 acres

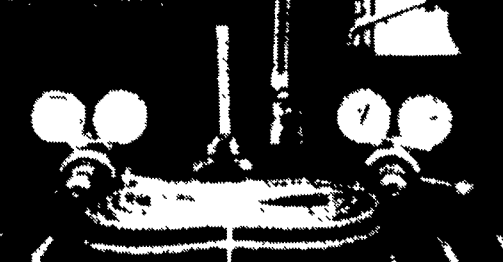
York County's Board of Commissioners assembled their first Ag Preserve Board during the summer of 1989 to begin the work necessary to reduce the trend of alarming farmland loss and ensure that viable agriculture remains in this county. From the Census of Agriculture, between 1987 and 1992 York County lost 26,187 acres of farmland to non-agricultural land uses. York County Ag Preserve Board received authorization from the PA Department of Agriculture in August of 1990 to operate the Conservation Easement Program and evaluate appli-



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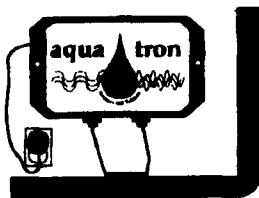
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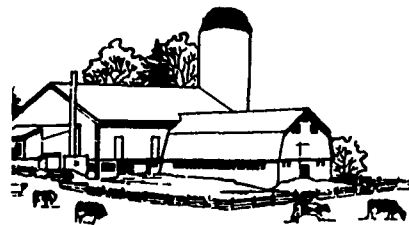
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