

FUTURES MARKETS

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million head, 57,000 head more than a year ago and 4,000 head more than a month ago.

So where is all this extra milk coming from? Surprisingly, just about everywhere. In the west, milk production is up as follows: California (4.5 percent), Idaho (12.7 percent), and New Mexico (11.5 percent). In the Cornbelt, Indiana was up a whopping 13.3 percent. In the Appalachian region Kentucky was up 4.0 percent and Virginia was up 4.9 percent. In the Northeast, Pennsylvania was up 4.2 percent and Vermont was up 4.3 percent.

The outlook for milk prices will continue to remain bearish (pessimistic) until the number of cows on farms, and the milk supply, begins to decline. The market will be looking for growth rates in the 2-2.5 percent rate.

In the second market report, USDA reported Thursday that stocks of American cheese as of March 31, 2000 were 530.2 million pounds, up 13.4 percent from a year ago. And stocks of total cheese were 727.3 million pounds, up 12.7 percent. Cheese stocks continue to grow month-over-month and year-over-year.

Butter stocks also grew in March from the month before, totaling 97.2 million pounds. But that's 10.4 percent below a year ago. Sales of butter must have been very good the first quarter of 2000.

I re-estimated my forecast of milk prices for the remainder of 2000. Those forecasts are in tables 2-4 below. I have reduced the peak Class III price from over \$13 per cwt to just over \$12.50 per cwt in September and October. My 2000 forecast for the average Class III price will be just \$10.90 per cwt, compared to \$12.43 the year before.

I would not be surprised if my forecast for the second half of the year were particularly regarding cheese prices and the Class III price. I would expect higher prices if 1) the economy continues to improve, 2) cow numbers begin to level off and decline, and 3) the summer heat and dry weather slows the growth in the milk supply.

For more information on market and federal order data, see my Penn State Dairy Outlook website at: <http://www.aers.psu.edu/dairyoutlook/>.

Table 4 Class Price Forecasts under Order Reform, CWT Prices at 3.5 Percent Butterfat

	Class I Base Price		Class II		Class III		Class IIIa/IV	
	1999	2000	1999	2000	1999	2000	1999	2000
Jan	16.84	10.90	17.14	11.43	16.27	10.05	13.12	10.73
Feb	17.34	10.71	17.64	11.51	10.27	9.54	12.78	10.80
Mar	16.27	10.84	16.57	11.71	11.62	9.54	12.36	11.00
Apr 1/	10.27	10.93	10.57	12.16	11.81	9.45	11.06	11.44
May 1/	11.62	11.48	11.92	12.13	11.26	9.66	11.62	11.42
Jun 1/	11.81	11.42	12.11	12.12	11.42	10.44	13.29	11.42
Jul 1/	11.26	11.42	11.56	12.12	13.59	11.47	12.37	11.42
Aug 1/	11.42	11.47	11.72	12.12	15.79	12.27	12.62	11.42
Sep 1/	13.59	12.02	13.89	12.12	16.26	12.54	12.37	11.42
Oct 1/	15.79	12.54	16.09	12.12	11.49	12.54	11.78	11.42
Nov 1/	16.26	12.54	16.56	11.69	9.79	11.81	11.57	10.99
Dec 1/	11.49	12.06	11.79	11.26	9.63	11.46	10.69	10.56
Yr. Avg.	13.66	11.53	13.96	11.87	12.43	10.90	12.14	11.17

1/ Forecasts

Forecasts provided by Ken Bailey, Penn State University, April 21, 2000

New Mid-Mount Loader For TL Tractors

NEW HOLLAND (Lancaster Co.) - A New Holland TL tractor (56 to 82 PTO hp) with a Model 52LA loader is an ideal combination for loader work. Short cycle times and a 76-degree dump angle and maximum lift height of more than 11 feet helps make quick work of big jobs.

The Model 52LA fits all New Holland TL tractors. A TL tractor can be equipped with optional dedicated mid-mount remotes and four-way joystick to simplify loader work and leave the rear remotes free to handle

other functions such as baling, rear blading, or mowing. With the optional mid-mount remotes, the loader can be attached or removed in just minutes.

The 52LA loader features a low, narrow profile for outstanding visibility and excellent fit to the tractor. The mid-mount design allows full turning, even if the tractor is equipped with fenders. The mid-mount design also improves serviceability by eliminating the need for bulky bracing at the front of the tractor. Optional

mechanical self-leveling reduces spills and optional four-bar linkage allows a bucket rollback of up to 40 degrees.

The 52LA loader is engineered with the same mounting plate used in New Holland skid-steer loaders, making many skid-steer attachments interchangeable. A full range of attachments is available specifically for these loaders, including pin-on or optional quick-attach buckets, bale spear and pallet forks.

Farm Groups Comment On USDA Meat Price Reporting

WASHINGTON—While farm groups praised it, the nation's biggest meat packers blasted the USDA's proposal for mandatory livestock price reporting saying it would be too costly.

The criticism from privately-owned Cargill Inc. and Kraft Foods, a unit of Philip Morris Co., were among the hundreds of comments in letters submitted to the USDA as it considers launching the new twice-daily reporting of prices paid to farmers and ranchers.

Small and medium-sized livestock farmers support the USDA's proposal, saying the consolidation within the livestock processing industry made it harder to gauge commodity

prices.

The proposed rule came at the request of Congress after family farm groups complained they did not receive fair market prices because large companies dominate U.S. meat packing purchases. The USDA is expected to take several months to review the suggestions and criticisms before finalising a price reporting plan.


Four U.S. companies slaughter 80 percent of all fed cattle, 55 percent of all hogs and 80 percent of all lambs, according to the USDA.

The American Farm Bureau praised the proposal for taking a major step toward providing producers with useful information.



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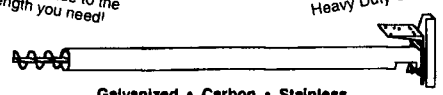
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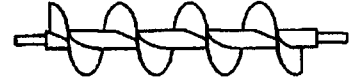

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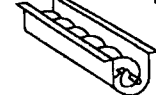
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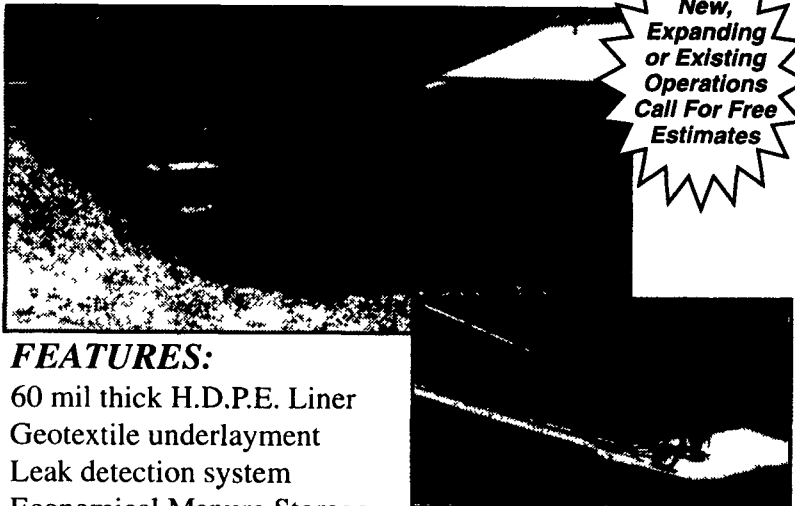
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