

# Pa. Cattlemen Encouraged To Attend 2003 Field Day

ELIZABETHTOWN (Lancaster Co.) — Cyagra/Em Tran, located here is this year's host for the Pennsylvania Cattleman's Association and Pennsylvania Angus Breeders Association's 2003 Field Day.

The Field Day draws registered and commercial cattle producers from Pennsylvania and neighboring states.

The 2003 Field Day will be July 19 and provide producers with the opportunity to learn

more about Cyagra/Em Tran, educational seminars, commercial exhibits with the latest products and services to enhance the bottom line, and a chance for producers to visit the Em Tran facility.

With a focus on the producer, there will be a set of seminars focusing on key issues of beef production to be given at 9:30 a.m. and 1:30 p.m.

The Reproductive Technologies Session will discuss embryo

transfer and how to capitalize on the available technologies; improving heat detection by using Heat Watch, AI Enhancers, and the new synchronization tool CIDR; and genetic preservation. Cyagra staff will walk through the steps of how cloning is performed and how breeders are using this technology.

The Marketing and Management Session will focus on three different areas such as the Branded Beef program, selecting genetics for a grassland management program, and utilizing by-products in a nutrition program.

The Pennsylvania Department

of Environmental Protection (DEP) will be on hand to talk to visitors about the Stream Bank Fencing Project recently completed at Em Tran. Visitors can learn about the values of stream bank fencing and related programs offered by DEP.

Lunch will be served at the Field Day beginning at noon, followed by the official welcome by Alejandro Cantarelli, CEO of Cyagra, Inc.

The keynote speaker is Don Coover of SEK Genetics. Coover will be talking about cloning from a marketer and breeder perspective. Coover will share his experiences with cloning and

thoughts on the future application of this genetic tool.

The field day will conclude with a visit to Dwight Hess's Feed Lot located near Cyagra/Em Tran.

For more information on the 2003 Field Day, visit the Pennsylvania Cattleman's homepage at [www.pacattle.org](http://www.pacattle.org) or the Cyagra/Em Tran homepages at [www.emtran.com](http://www.emtran.com) or [www.cyagra.com](http://www.cyagra.com).

For questions, contact the Pennsylvania Cattleman's Association at (814) 238-5888; the Pennsylvania Angus Breeders, Barb Weaver at (717) 354-7477; or Steve Mower at Cyagra/Em Tran at (717) 367-5420.

## Milk Prices Improve

Ken Bailey  
Penn State  
Professor Of  
Agricultural Economics,  
Dairy Marketing And Policy  
July 1, 2003

• Cheese gains \$0.10/pound in one day.

• Class III futures top \$13/CWT.

• New Penn State study on imports released.

Finally, there is some good news for hard working dairy farm families. The price of cheese and Class III futures in Chicago has shown some real strength. Blocks closed at \$1.4150 per pound on the Chicago Mercantile Exchange on July 1. There were 23 bids to sell cheese before two loads were sold. Barrel cheese closed at \$1.39 per pound the same day.

Strength in the cheese price will result in real gains in farm-gate milk prices. The July Class III futures price settled at \$11.70 per CWT on July 1. So farmers will likely see actual Class III prices rise almost \$2 per CWT from June to July. Remember, the milk check you receive on July 15 will still reflect the low June prices. Class III futures are expected to peak at \$13.19 per CWT by September.

So why are milk prices rising? Well, this was a big surprise to me, but I can take a stab at it. First, USDA's Milk Production report clearly showed that milk cows and productivity were declining. It wasn't much, but the direction was clear. Second, traders in Chicago likely woke up one day and realized it was July and that the weather would soon be getting hot. That makes for less components and lower cheese and butter production. So processors wanted to avoid potentially higher future prices.

Again, a good risk management strategy would be for dairy producers to consider locking in a portion of their summer and fall milk production at these favorable prices. I would look at say 20-30 percent of milk marketings for August through December. If prices get much higher, you'll make money on both the portion you locked in and on the portion you gambled with.

In other news, I just released a Penn State study on dairy imports. I did a lot of calculations and made a bunch of assumptions. The bottom line is I accounted for the impact of imports on supply and demand.

The study shows that imports were significant over the period 1997-2002, particularly imports that contained protein. Protein imports rose 30 percent over this time period. Buy itself this figure is meaningless. What is more significant is that protein imports accounted for 6.5-8 percent of domestic protein consumption. That is above the 5 percent market access figure I had expected from our WTO trade agreement.

Imports, however, did not explain all of the volatility in milk prices. The fundamental problem in the U.S. is that domestic use has been surprisingly flat over the period 1997-2002. Domestic use for protein and other dairy solids rose an average 0.9 and 0.5 percent per year, respectively. That's not much. It was better for milkfat, which increased an average 1.6 percent a year. But milk production rose an average 1.5 percent a year.

Where did this difference go? Well, to Uncle Sam. Excess protein and other dairy solids increasingly went into government storage programs under the Dairy Price Support Program. As of this writing, there are 1.33 billion pounds of nonfat dry milk in government storage.

This study confirms two things. First, imports are significant and should be monitored by the U.S. dairy industry. This study proposes a method of how to do this. This is particularly important as we negotiate the Doha Round of the WTO and discuss a bilateral free trade agreement with Australia. Second, we cannot continue to operate the Dairy Price Support Program as we are doing. Building more dairy farms and bigger dryers is simply not sustainable unless there is a growing commercial market for these dairy solids.

The U.S. dairy industry has in effect surrendered a small but growing portion of the U.S. protein market to importers who are willing to sell food processors a high quality protein product (with no lactose) in the form of MPC and casein. These products are not made here in the U.S. because it is easier (less risky) for U.S. processors to simply make nonfat dry milk and sell it to USDA. Instead of processing a product nobody wants, we should focus instead on developing a domestic processing industry for these protein products here in the U.S. That will involve changing the way we support family farms.

## Study Looks At Ag Contributions To Ohio Economy

COLUMBUS, Ohio — Ohio's food and agriculture-related cluster contributed \$79.6 billion to the state's economic output in 2000, according to a recent Ohio State University research report. The food and ag-related cluster also provided 15 percent of Ohio's employment and 9 percent of total Ohio income.

Contributions for the report are based on the "Food and Related Agricultural Cluster." The cluster consists of five categories: farm inputs and machinery; farming; processing; food and forestry wholesale/retail; and food services. The report highlights these areas and tracks the output of each industry throughout the complex economy.

The dollar amounts of the ag cluster change each year, but the percentage of contribution to the state's economy changes very slowly, said Tom Sporleder, an agricultural economist and the report's researcher. This is because the Ohio Food model (OH-FOOD) is based on structural underlying relationships in the economy, he said.

Ohio's gross state product

(GSP) is a frequently used measure of economic activity, said Sporleder, who also is a professor and farm income enhancement endowed chair in the Department of Agricultural, Environmental, and Development Economics. The food and ag cluster contributed \$36.5 billion, or 10 percent, to Ohio's gross state product for 2000.

"GSP looks solely at the end product when all the value has been added," Sporleder said. "It is a common metric used for measuring economic activity."

The new report indicated a growth in nursery and horticulture industries and a decrease in livestock production. These changes illustrate the urban trends common to Ohio, Sporleder said.

The nursery and horticulture industry now accounts for about 42 percent of ag production, contributing about \$1 billion to the gross state product. This is compared to 23 percent of ag production in 1995.

The entire food and agriculture complex accounted for over 1 million jobs in Ohio in 2000, or

about one of every seven jobs. Employment within the cluster comes primarily from the food services sector and the food and forestry wholesale/retail sector. These sectors employed just under 720,000 Ohioans in 2000. This accounts for 79 percent of those employed by the ag cluster and 10 percent of Ohio's overall employment.

Significant employment is expected from these areas, Sporleder said. Food services and food and forestry sales sectors are labor-intensive, dealing more with final consumers and services.

"The food and ag-related cluster contributes roughly \$1 in every \$10 of the gross state product, which is a substantial contribution," Sporleder said. "It also contributes 15 percent of the total employment—essentially one out of every seven jobs. This shows that the food and agriculture-related cluster continues to be a vital and vibrant part of the state's economy. The results also show that the food processing sector continues to play an important role in Ohio's economy."

## Animal Health Funding Benefits

WASHINGTON, D.C. — Provisions in the FY03 supplemental military spending bill approved recently will enhance homeland security efforts and provide desperately-needed funding for improvements to the U.S. animal health infrastructure, according to the National Cattlemen's Beef Association (NCBA).

The provision allocates \$110 million for the National Animal Disease Center (NADC), National Veterinary Services Laboratory (NVSL), and Center for Veterinary Biologics in Ames, Iowa. The measure passed in the Senate April 11, and in the House April 12.

"The NADC and NVSL lead valuable research efforts and monitor for animal diseases.



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