

Weekly Dairy Market Outlook

(Continued from Page A16)

You will recall that USDA just announced changes in the formulas used to compute milk prices. These formulas determine component prices based on wholesale commodity prices. For June, the prices for commodities were: butter \$1.0797 per pound; nonfat dry milk \$0.8040 per pound; cheese \$1.1464 per pound, and dry whey \$0.1396 per pound. These commodity prices are then used with the formulas to determine component values for butterfat, protein, and other solids. The June component values showed up on producer milk checks in July. We all know what butterfat and protein are. Other dairy solids consist mainly of lactose and some minerals.

The new formula for "other solids" is pretty simple. Take the price of dry whey and subtract \$0.159 per pound. This is the "make allowance." It covers the cost of processing dry whey. Then multiply the resulting figure by 1.03, or the yield factor. You should come up with a figure of -\$0.02 per pound, exactly what is on your milk check.

There are two reasons why this figure is negative. First, the make allowance and yield factor were slightly lowered in the new for-

mulas. Second, the price of dry whey plummeted from \$0.268 per pound at the latter half of 2001 to a low of \$0.14 per pound in recent weeks. So the market value of dry whey exceeds the cost of processing it. If we did not change the other solids formula, the price of this component would have been -\$0.0004 per pound, still negative.

The more important dollar figures on the milk check are what producers get for butterfat and protein. The price of butterfat for June was \$1.1576 per pound. By my calculations, had we kept the old formulas, producers would have received two cents more per pound for butterfat. The protein price for June was \$1.9434 per pound. I computed that this price was over eight cents per pound higher due to the new formulas.

My conclusion is that producers are receiving more for protein and slightly less for butterfat and other solids. As long as dry whey prices remain low, the price for the other solids component on the milk check will be negative. Producers can offset this slight deduction by producing more protein or butterfat. As far as the formula change is concerned, most dairy producers are probably better off with the change.

NFU Airs Frustration On COOL Ruling

WASHINGTON, D.C. — National Farmers Union expressed its dismay at the U.S. House of Representatives' recent narrow defeat of legislation to uphold mandatory country-of-origin meat labeling.

The House rejected by a 15-vote margin an amendment to the fiscal year 2004 agriculture appropriations bill that Reps. Dennis Rehberg, R-Mont., and Darlene Hooley, D-Ore., introduced to protect implementation funding for mandatory country-of-origin labeling for beef, pork, lamb and fish. Without the amendment, the House bill essentially prevents the U.S. Department of Agriculture from implementing meat labeling by the September 2004 deadline.

"National Farmers Union, and the farmers and ranchers we represent, are disappointed by the House decision; however, this vote could have easily gone the other way," said NFU President Dave Frederickson. "Less than a majority of House members voted to block the funding for country-of-origin labeling, and 33 members had not made it back from their districts to vote."

"The Rehberg-Hooley amendment came close to winning despite the active opposition of the House majority leadership, President Bush, Agriculture Secretary Veneman and the giant meatpackers," said Frederickson. "They may have won this round, but our fight to protect this beneficial law is far from over."

Sign-Up For New Crop Disaster Program 2003

LANCASTER (Lancaster Co.) — Sign-up for the Crop Disaster Program (CDP) for the 2001 or 2002 crop is now underway. The closing date for sign-up will be announced at a later date, but producers will be given ample opportunity to complete the process.

Payments for CDP are authorized by the Agricultural Assistance Act of 2003, signed into law on Feb. 20, to provide some \$2 billion in aid for producers suffering from natural disasters. The CDP has no funding limitation, but each producer is limited to \$80,000.

Under CDP, producers will be reimbursed for qualifying crop production and quality losses to

crops for either the 2001 or 2002 crops. Payments will be issued for losses exceeding 35% of expected production at:

- 50 percent of the established price for crops that were covered by crop insurance;
- 50 percent of the established price for crops for which crop insurance was not available; and
- 45 percent of the established price to producers for crops that could have been insured but were not.

The statute requires 2001 and 2002 crop disaster payments for production and quality losses to be calculated by the same formula and loss thresholds used for the 2000 crop disaster program. This means the prices used to cal-

culate disaster payments for crops insured under the Federal Crop Insurance Program will be the Actual Production History (APH) prices. For crops not insured, five-year average market prices will be used.

The statute also requires the 2001 or 2002 crop disaster payments be reduced if the sum of: the disaster payment; the net crop insurance indemnity; and the value of the crop that was not lost, exceeds 95 percent of what the value of the crop would have been in the absence of a loss. Payments will be made to producers shortly after sign-up begins.

For more information about CDP and other disaster assistance, contact your county FSA office.

State Farm Bureau Urges More Affordable Telecommunications For Agriculture

STATE COLLEGE (Centre Co.) — Citing growing technology needs on farms ranging from satellite communications to global positions systems (GPS) that monitor field crop production, the Pennsylvania Farm Bureau has called for passage of legislation to make telecommunications systems more available and affordable in rural areas.

The need was described by Caresa Crone, a Farm Bureau leader and Northumberland County pork producer, during a public forum convened in State College, Monday, by Pennsylvania House Consumer Affairs Chairman Raymond Bunt, (R 147th Dist.).

"Unfortunately, many of rural Pennsylvania's communities are not provided affordable access to today's telecommunications infrastructure," Crone said. "Although the use of satellite services on our farm has been helpful, it continues to be very expensive. Other services would provide us even greater efficiency in our production practices, but the cost

can't be justified."

Crone cautioned that rural businesses and communities will lag behind suburban and urban areas in economic development unless measures are taken to provide greater access to telecommunications technology.

Speaking on behalf of the Pennsylvania Farm Bureau, Crone called for passage of House Bill 1669, which is sponsored by Rep. Brett Feese (R-Lycoming). The legislation would strengthen local telephone competition for affordable rates and motivate telecommunication companies to more rapidly extend systems to rural areas. The measure would also establish a

telecommunications fund for grants to local communities and provide for automatic enrollment in "Lifeline", ensuring access to life-saving phone services throughout Pennsylvania for low-income residents.

"We believe that passage of House Bill 1669 will significantly increase the chances that Pennsylvania's rural businesses, schools, hospitals and homes will not be left behind in today's information age," Crone concluded.

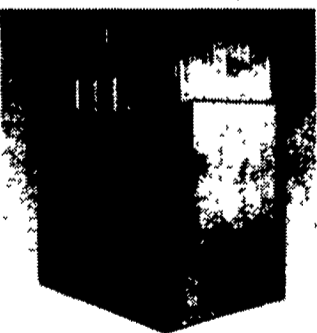
Crone and her husband Richard, with other family members, operate Pine Hurst Acres, a 2,500 acre livestock and grain farm near Danville.

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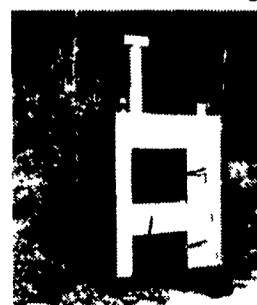


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