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THE DAIRY SITUATION

The outstanding development in the dairy situation during the last month has been the effect of the drought in curtailing production, and the resulting rise in prices. The light into-storage movement during the early part of the season and the recent curtailment in production resulted in storage holdings of butter and cheese on August 1, being the smallest for that date in several years.

PRODUCTION, MAY, 1930-AUGUST, 1931

Year and month	Milk production per cow per day, 1st of month	Percentage of cows milked 1st of month	Dairy pastures condition 1st of month 1/	Factory production of dairy products: Creamery butter	Cheese	Condensed milk 2/	Evaporated milk 2/	Total milk equivalent	Oleomargarine production
	Pounds	Per cent	Per cent	Mil. pounds	Mil. pounds	Mil. pounds	Mil. pounds	Mil. pounds	Mil. pounds
1930									
May	15.92	72.4	76.6	181.6	62.6	9.3	175.3	4,845	23.5
June	18.18	75.8	80.5	187.5	68.8	10.1	184.0	5,053	21.2
July	17.31	77.3	76.0	167.5	59.3	9.3	148.1	4,456	20.0
Aug.	14.40	74.5	58.2	133.6	41.1	7.0	117.8	3,492	22.1
Sept.	13.00	71.8	45.8	119.4	36.1	5.8	97.5	3,095	27.0
Oct.	12.51	70.1	52.8	117.4	28.2	9.2	100.5	2,989	30.9
Nov.	12.31	68.4	-	98.1	25.6	8.0	90.0	2,532	28.6
Dec.	12.12	67.0	-	106.2	26.6	8.8	98.3	2,732	28.0
1931									
Jan.	12.72	66.9	-	112.8	27.5	8.9	102.7	2,890	24.6
Feb.	13.57	66.7	-	105.2	26.4	9.9	107.1	2,730	19.3
Mar.	13.75	66.2	-	123.0	34.4	10.5	126.2	3,226	20.0
Apr.	14.43	68.9	75.9	140.7	40.5	8.3	138.1	3,681	18.9
May	15.84	72.3	77.5	174.8	52.6	8.6	172.8	4,596	14.1
June	17.63	75.8	77.9	188.0	64.5	6.8	166.4	4,975	
July	16.48	76.4	74.9	158.1	53.0	8.0	122.0	4,135	
Aug.	13.92	74.3	64.2						
	Index numbers, adjusted for seasonal variation (1925-1929 = 100)								
1930			(3/)						
May	105	102	94	113	127	49	116	114	110
June	105	102	95	104	120	58	106	105	112
July	100	102	90	100	115	72	106	102	110
Aug.	96	101	73	92	93	64	107	93	110
Sept.	96	101	59	100	93	54	103	100	118
Oct.	99	102	67	112	80	81	109	106	118
Nov.	103	102	-	113	101	75	132	112	110
Dec.	104	102	-	118	116	75	136	119	104
1931									
Jan.	107	103	-	113	114	72	120	114	99
Feb.	110	104	-	111	108	93	127	111	79
Mar.	105	102	-	114	114	75	123	114	80
Apr.	103	102	94	117	114	50	113	115	81
May	104	102	95	109	100	45	114	109	66
June	102	102	92	104	112	40	96	103	
July	96	101	88	94	103	62	87	95	
Aug.	92	101	80						

1/ Percentage of normal. 2/ Case goods. Data for 1931 as reported by firms reporting to the Bureau of Agricultural Economics. 3/ Corresponding months, 1920-1929 = 100.

Drought reduces production

The estimated volume of milk used in the production of creamery butter, cheese, condensed case and evaporated case goods during July amounted to 4,135 million pounds, about 7 per cent less than in July 1930. Creamery butter production was 5.6 per cent less than in the previous July, cheese 10.7 per cent, condensed case 14.1 per cent, and evaporated case 17.6 per cent was less than in July 1930. The estimated milk equivalent of the July production of manufactured dairy products was 17 per cent less than in June. This was considerably more than the usual seasonal decrease, as the total milk equivalent in July is usually about 9 per cent less than in June. Thus the index number of the volume of milk used in the production of manufactured dairy products (which is adjusted for seasonal variation) declined from 103 in June to 95 in July. At 95 the index is the lowest since the drought last summer and compares with 119 in December 1930 when production was unusually heavy for that season of the year. From June to July the index number of creamery butter production declined 10 points, cheese and evaporated case declined 9 points while the index number of condensed case production increased 22 points.

Production of oleomargarine during the first 5 months of 1931 of 96.8 million pounds was 28 per cent less than for the same months of 1930 and the smallest since 1925.

Weekly reports on butter production during August indicated that butter production in the Middle West was even less than the low production of a year ago, while on the Pacific coast, production was slightly more than in 1930.

Reports from milk dealers covering purchases from nearly 165,000 producers indicated that the average daily purchases per producer during June were 2.2 per cent larger than a year ago as compared with an increase of 1.3 per cent in May, 6.5 per cent in April, and 4.8 per cent in March. The increases over a year ago appear to be decreasing. During June the greatest increases over 1930 were in the eastern fluid milk territory. In many of the mid-western fluid milk sections, however, purchases per producer during June were lower than a year ago. The decline for Detroit was 16.7 per cent.

Milk production per cow (in herds belonging to crop correspondents) on August 1 of 13.92 pounds was 3.3 per cent less than the light production of a year ago and nearly 8 per cent less than the 5-year average for August 1 (1925-1929). In those sections where the 1930 drought was most serious, milk production per cow on August 1, 1931, was somewhat larger than a year ago but in the North Central States production per cow was less than on August 1, 1930, and the lowest for August 1 since the data have been collected (1925 to date).

The condition of dairy pastures on August 1 was reported as 64 per cent of normal as compared with 58 last year and a 10-year average (1920-1929) of 80. The decline in condition from July 1 to August 1 was about 2¼ times as great as the usual seasonal decline. The poor condition of pastures and the low prices of dairy products which has tended to restrict feeding were important in curtailing the production per cow.

The percentage of the cows milked was about the same as last year and the 5-year average as of August 1.

Farm prices of dairy products higher than other farm products

The decline in general commodity prices during the last 2 years has been especially severe in the case of farm products. On August 15 the index number of prices paid producers for farm products was 75 as compared with 108 a year ago and 143 two years ago. The index number of the farm price of dairy products on August 15 (adjusted for seasonal variation) was 91 as compared with 63 for feed grains and 62 for wholesale prices of by-product feeds. Farm prices of dairy products are low, but are relatively high as compared with the general level of farm prices, and farm prices of feed grains. While there have been reductions in basic prices for fluid milk, the declines have not been as great as in the case of butterfat and this has tended to keep the index of the prices of dairy products at a relatively high level. On August 15 the farm price of butterfat of 23.9 cents was 11.3 cents or about one-third less than a year ago. The price of butterfat however was relatively high as compared with corn, oats and wheat. During July the average price paid by condensaries for milk was only $1.02 per hundred as compared with $1.54 a year ago.

During the last 2 months there has been an upward trend in the wholesale prices of butter and cheese, because of the effect of the drought in curtailing production. The price of 92 score butter at New York rose from about 22.5 cents for the week ended June 20 to an average of 28.1 cents for the month of August. Cheese prices on Wisconsin Cheese Exchange rose from a low point of 10 cents a pound during the first part of May to 13¾ cents on August 28. The index number of the price of 92 score butter at New York rose from 82 in June to 98 in August. At 98 the index was the highest since November 1930.

The declines in wholesale prices of dairy products has been reflected to a considerable extent in retail prices. During the past year the retail price of milk declined 14 per cent, butter 27 per cent, cheese 24 per cent, and evaporated milk 8 per cent. The retail prices of dairy products reported by the Bureau of Labor Statistics, as of July 15, milk 12.1 cents per quart, butter 31.8 cents per pound, cheese 26.2 cents per pound, and evaporated milk 9.2 cents per can were slightly higher than in June. June prices, however, were the lowest during the post-war period; the retail price of butter on June 15 was 10 per cent less than pre-war.

Even with these declines in retail prices the trade output of butter during July was only 1.0 per cent larger than a year ago, cheese 3.1 per cent larger, while the trade output of condensed milk was 12.0 per cent less and evaporated milk 0.9 per cent less.

Stocks of dairy products are decidedly lower than a year ago

On August 1 the cold storage holdings of creamery butter were about 30 million pounds or 14 per cent less than a year ago and the smallest for August 1 since 1925. Cheese stocks were about 20 million pounds or 23 per cent less than on August 1, 1930, and the smallest since 1927. Stocks of condensed case in manufacturers hands were the smallest for August 1 since 1923, while stocks of evaporated case were about 6 per cent larger than a year ago. With the general decline in butter and cheese prices during the last 2 years, considerable amounts of butter and cheese were moved out-of-storage when prices were lower than during the into-storage season. This has been a factor in causing the relatively light into-storage movement this season.

The total milk equivalent of the principal dairy products in storage on August 1 (butter, American cheese, condensed case and evaporated case) was 3,764 million pounds or 18 per cent less than on August 1, 1930.

Prices of feed and dairy products

Year and month	Index numbers: Farm price Aug. 1909-July 1914 = 100: All commodities	Dairy products	Feed grains	By-product feeds 1913-14 = 100 1/	New York dairy ration per ton 2/	Farm price of butter fat	Prices paid for milk per 100 lbs. by Consumers	Distributors for fluid use	Wholesale prices: Butter per lb. score N.Y.	Cheese per lb American twins	Condensed milk per case Wisconsin	Evaporated milk per case, U.S. average 3/	Index mfgd. dairy prod. 1910-1914=100
					Dolls	Cents	Dolls	Dolls	Cents	Cents	Dolls	Dolls	
1930													
May	124	123	112	126	38	36.5	1.67	2.63	34.8	16.8	6.18	3.73	114
June	123	118	112	118	36	31.6	1.58	2.57	32.9	15.1	6.09	3.60	108
July	111	115	104	110	35	31.6	1.54	2.60	35.2	14.3	5.91	3.60	113
Aug.	108	117	119	123	39	35.2	1.61	2.60	38.9	15.6	6.14	3.62	123
Sept.	111	123	121	114	38	37.7	1.72	2.73	39.8	17.0	6.14	3.62	126
Oct.	106	125	110	104	34	37.0	1.75	2.69	40.0	16.2	6.13	3.62	126
Nov.	103	124	92	98	33	35.3	1.67	2.69	36.1	16.0	6.34	3.62	116
Dec.	97	117	91	93	32	30.6	1.56	2.59	32.2	15.0	6.15	3.58	106
1931													
Jan.	94	107	87	88	32	26.2	1.42	2.46	28.5	14.0	6.03	3.38	96
Feb.	90	101	83	85	31	25.0	1.35	2.38	28.4	13.4	5.61	3.24	94
Mar.	91	101	82	93	31	27.5	1.27	2.33	28.9	13.0	5.86	3.18	95
Apr.	91	99	82	94	30	26.4	1.21	2.25	26.1	12.1	5.72	3.16	88
May	86	91	79	80	28	21.2	1.12	2.14	23.7	10.4	5.74	3.03	80
June	80	86	75	73		20.5	1.04	2.16	23.3	10.8	5.73	3.00	79
July	79	85	73	67		21.1	1.02	2.13	25.0	11.5	5.39	2.85	83
Aug.	75	87	67	61		23.9			28.1	13.0			
	Index numbers, adjusted for seasonal variation (Pre-war=100)												
1930													
May	123	127	112	124	133	145	124	152	122	123	136	112	121
June	122	123	107	121	128	129	121	150	116	110	134	108	115
July	111	122	99	112	124	129	116	151	124	108	130	107	120
Aug.	108	122	112	125	130	144	115	147	135	110	135	108	129
Sept.	111	126	117	117	124	149	120	153	130	117	135	107	126
Oct.	107	123	111	107	119	140	118	147	126	105	133	106	121
Nov.	104	120	97	95	116	127	111	146	108	103	138	107	109
Dec.	98	111	97	90	111	107	101	139	96	99	134	105	98
1931													
Jan.	94	103	91	85	108	95	92	132	92	90	131	99	94
Feb.	90	98	85	84	103	94	90	130	91	90	123	96	93
Mar.	91	99	82	94	106	101	86	129	91	92	129	95	93
Apr.	90	100	82	94	106	100	85	126	88	93	126	95	90
May	86	94	79	79	97	84	83	123	83	76	127	91	85
June	80	90	71	75		84	79	126	82	78	126	91	84
July	79	90	70	68		86	77	124	88	88	118	85	87
Aug.	75	91	63	62		98			93	92			

1/ Index number of by-product feeds is based on wholesale prices at primary markets.
2/ Wholesale price per ton of dairy ration at Utica, New York, (in carlots) as published in Farm Economics by Cornell University.
3/ In March, 1931, the 48-can cases changed from 16-ounce cans to 14½ ounce cans.

Retail price and stocks of dairy products

Year and month	Retail prices (Bureau of Labor Statistics) Index numbers 1913 = 100: All foods	Dairy products	Milk per qt.	Butter per lb.	Cheese per lb.	Evaporated milk per can	Stocks, first of month: Cold storage: Cream, 40 per cent, 40-qt. cans 1/	Butter	American cheese	Manufacturers': Condensed milk, case goods	Evaporated milk, case goods	Total milk equivalent 2/
			Cents	Cents	Cents	Cents	Thousands	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.
1930												
May	150	137	14.0	46.3	35.8	10.2		22.9	39.3	20.6	162.2	1,277
June	148	134	14.0	43.3	34.9	10.1	219	50.5	49.2	30.1	199.3	2,052
July	144	134	14.0	43.7	34.3	10.0	349	106.7	70.2	35.4	227.2	3,521
Aug.	144	137	14.0	47.4	33.9	10.0	372	145.1	88.7	35.0	258.8	4,580
Sept.	146	139	14.0	48.7	34.2	10.0	336	143.1	87.2	30.9	245.0	4,484
Oct.	144	138	14.0	47.8	34.2	9.9	294	131.5	85.1	27.3	218.5	4,153
Nov.	141	135	14.0	45.4	33.8	9.9	299	109.6	78.9	24.6	224.5	3,640
Dec.	137	130	13.5	42.5	33.2	9.9	249	88.0	71.1	20.7	211.8	3,071
1931												
Jan.	133	124	13.3	37.7	32.1	9.8	216	63.4	63.3	17.8	202.1	2,448
Feb.	127	120	13.0	36.3	31.2	9.6	182	46.8	54.5	13.9	157.2	1,904
Mar.	126	120	12.9	37.3	30.3	9.5	143	30.7	48.0	13.1	136.7	1,453
Apr.	124	116	12.6	35.2	29.3	9.4	120	18.0	41.8	13.2	150.9	1,158
May	121	110	12.3	31.2	27.4	9.1	146	17.2	40.5	12.4	177.8	1,185
June	118	108	12.0	30.9	26.5	9.2	220	35.2	42.5	19.9	230.7	1,714
July	119	110	12.1	31.8	26.2	9.2	265	89.2	58.1	24.0	275.3	3,112
Aug.							220	115.2	68.5	24.1	275.9	3,764
	Index numbers, adjusted for seasonal variations, 1910-1914 = 100						Index numbers, corresponding months, 1925-1929 = 100					
1930												
May	157	145	164	133	162	128		321	118	125	164	173
June	154	143	164	127	158	126		222	130	117	154	172
July	149	143	164	127	156	126		133	132	97	129	131
Aug.	149	145	162	136	154	126		110	123	90	131	114
Sept.	150	144	161	136	153	125		97	110	80	122	102
Oct.	147	142	159	130	152	123		99	110	79	115	101
Nov.	143	137	159	120	149	122		98	108	81	127	103
Dec.	138	130	153	110	145	122		109	108	80	135	111
1931												
Jan.	136	126	152	101	140	121		131	114	93	172	130
Feb.	132	123	149	98	137	118		150	115	86	161	138
Mar.	133	123	149	99	134	118		172	118	93	161	145
Apr.	130	122	146	98	131	117		212	118	100	182	155
May	127	117	143	90	124	113		241	122	75	180	161
June	123	115	141	90	120	115		155	112	77	178	143
July	124	117	142	92	119	116		111	107	66	157	116
Aug.								88	95	62	140	94

1/ Includes 20 per cent cream converted to 40 per cent basis.
2/ Not including cream.