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THE DAIRY SITUATION

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Production of butter and manufactured dairy products in September reached a new high for the month. Even though fall production has been large the outlook is for light production during the winter months. The number of milk cows has declined, feed supplies are short, and prices of dairy products low in relation to feed. The low prices of butter in foreign markets have tended to prevent a marked rise in domestic prices. In recent weeks, however, butter prices in England have increased, thus raising the level to which domestic prices could go before attracting imports.

Manufactured production in September reaches a new high

Total production of the principal manufactured dairy products in September was 3 percent larger than the preceding high for the month in 1933. September production was about 13 percent less than August compared with the usual seasonal decline of about 17 percent.

September production of creamery butter was up 1.3 percent from the preceding year, cheese 8.8 percent and evaporated milk (case goods) 12.9 percent, and condensed milk (case goods) 20.1 percent.

In the East North Central States butter production in September was unusually heavy, being 18.6 percent larger than in September 1933, in the West North Central States production was 2.7 percent less than a year earlier, while in the South Central States there was a decrease of 10.6 percent, and in the Western and Pacific Coast States the decrease was about 17 percent. Production of butter is less than a year ago in the sections most seriously affected by the drought.

Weekly reports show decline in production in recent weeks

Production of butter is reported weekly by the American Association of Creamery Butter Manufacturers for a group of their plants. Land of Lakes, Inc., reports weekly production for a group of plants, and the United States Department of Agriculture reports production for a group of Pacific Coast plants.

The changes in production from the corresponding week of the preceding year are shown in the following table:

Percentage change in production of butter for three different groups of plants

Week ended	Percentage change from same week of preceding year		
	American Association of Creamery Butter Manufacturers	Land of Lakes	United States Department of Agriculture for Pacific Coast
	Percent	Percent	Percent
1934 -			
Aug. 4	- 14.79	+ .23	- 13.60
11	- 11.71	+ .72	- 13.79
18	- 15.68	- 3.21	- 6.75
25	- 12.42	+ 2.87	- 18.84
Sept. 1	- 8.11	+ 9.95	- 21.41
Average	- 12.54	+ 2.11	- 14.88
Sept. 8	- 7.27	+ 12.26	- 22.46
15	- 3.53	+ 12.65	- 20.82
22	- 1.94	+ 7.68	- 21.14
29	+ 1.03	+ 2.96	- 15.90
Average	- 2.93	+ 8.89	- 20.08
Oct. 6	+ 1.00	- 4.18	- 15.87
13	- 0.83	- 9.32	- 18.85
20	- 3.88	- 13.96	- 19.52
27	+ 0.15	- 15.81	- 18.92
Average	- 0.89	- 10.82	- 18.29
Nov. 3	- 4.61	- 15.36	- 21.18

For the 4 weeks ended with September 29, the American Association reports of production averaged 2.9 percent less than a year earlier, and the weekly reports for the Pacific Coast averaged 20.1 percent less. Land of Lakes, however, showed an increase of 8.9 percent. In October, Land of Lakes showed a sharp decline in production compared with 1933. For the week ended November 3 reports by each of the three agencies indicated lower production than a year earlier. In many sections pastures during the fall have been the best of the year. During the feeding period, however, production will probably average relatively low.

Feed grains about half a crop

Production of corn according to the preliminary report of November 1, is 55 percent as great as the 1927 to 1931 average. Oats, barley, and grain sorghums are less than half the average. Total production of all feed grains amounted to about 51,300,000 tons in 1934, only 52 percent of the 5-year average. Both tame and wild hay crops are short. Many animals will go through the winter on extremely short rations.

With the short supplies of feed, the weather during the winter months will probably be unusually important.

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Total production of feed grains and hay, 1933, 1934, and
1927-1931 average

Commodity	Unit	Average	1933	1934	Percentage
		1927-1931			of
		Million	Million	Million	Percent
Corn	bushels	2,516	2,344	1,372	55
Oats	"	1,187	732	546	46
Barley	"	270	157	122	45
Grain sorghums ...	"	94.0	87.9	39.2	42
Total feed grains:	tons	98.6	83.6	51.3	52
Hay (all tame) ...	"	72.3	66.0	52.4	72
Hay (wild)	"	11.4	8.6	5.3	46

Butterfat prices low in relation to feed grains

The price of 92-score butter at New York rose from 26.0 cents in early October to 29.0 cents per pound in early November. The price in October of 26.9 cents was 1.1 cents higher than in September and 2.9 cents higher than in October 1933. This increase from September to October was about the same as the usual seasonal increase.

The farm price of butterfat in mid-October of 24.3 cents was 4.2 cents or 21 percent higher than a year earlier. During the past year, however, the farm price of feed grains rose 93 percent. In October the farm price of butterfat was equivalent to the price of 16.5 pounds of feed grains, the lowest for the month since 1917. Low prices of butterfat in relation to feed grains if continued will tend to curtail production.

Total milk production down

Milk production per cow on November 1 of 11.56 pounds (as reported by crop correspondents) was 0.7 percent higher than the low production a year earlier, but about 3.5 percent below the 1925-1929 average for that date. In the most severe drought area milk production per cow is low. The mild fall weather, however, and the culling of low producing cows from herds, have resulted in some increase in milk production per cow for the country as a whole. Grain feeding is light.

The number of milk cows on farms is probably 3 to 4 percent less than a year ago, so that total milk production on November 1 was 2 to 3 percent less than on November 1, 1933.

Crop correspondents reported milking 69.3 percent of the cows in their herds on November 1, compared with 68.1 percent a year earlier.

Foreign butter prices up

With prospects for light production of butter during the winter months, and stocks decidedly lower than a year ago, it would seem that decidedly higher prices were in prospect. One of the factors tending to limit the rise is the low level of prices in foreign markets. On November 1 the margin between

New Zealand butter in London and 92-score butter at New York was 13 cents, nearly as much as the tariff. During the first week in November, however, the price of New Zealand butter in London increased, and thus increased the height to which domestic prices could go before attracting imports.

The following table shows the prices of butter in Denmark and London in the foreign currencies, the equivalent price in cents per pound converted at the current rate of exchange, and the margin between prices in New York and London.

Foreign and domestic prices of butter October 1933 - November 1934

Year and month	Prices in foreign markets <u>1/</u>						92- score butter at New York <u>4/</u>	Margin of New York butter over New Zealand butter in London
	In foreign currency			In American currency <u>2/</u>				
	London			London				
	Copen- hagen per 100 kilos	Danish butter per cwt. <u>3/</u>	New Zealand butter per cwt. <u>3/</u>	Copen- hagen per lb.	Danish per lb.	New Zealand per lb.		
	Kroner	Shillings	Shillings	Cents	Cents	Cents	Cents	Cents
1933 -								
Oct.	191.8	112.2	97.6	18.1	23.3	20.3	24.0	3.7
Nov.	201.2	117.2	81.9	21.1	26.8	18.8	23.6	4.8
Dec.	184.0	109.0	68.6	19.0	24.9	15.7	20.1	4.4
1934 -								
Jan.	139.8	89.4	66.4	14.3	20.1	14.9	19.9	5.0
Feb.	144.8	91.6	69.6	14.7	20.6	15.6	25.4	9.8
Mar.	145.0	93.2	71.8	14.9	21.2	16.3	25.4	9.1
Apr.	124.9	83.2	70.9	13.0	19.1	16.3	23.7	7.4
May	131.8	85.2	76.2	13.6	19.4	17.4	24.5	7.1
June	134.0	86.0	77.9	13.7	19.4	17.6	24.9	7.3
July	139.5	88.5	74.8	14.2	19.9	16.8	24.5	7.7
Aug.	177.6	106.3	60.1	18.2	24.0	18.1	27.4	9.3
Sept.	180.0	106.2	74.5	18.2	23.7	16.6	25.8	9.2
Oct.	189.0	111.4	68.2	18.9	24.6	15.1	26.9	11.8
Nov. 1:	218.0	124.0	72.0	22.0	27.6	16.0	29.0	13.0
8:	218.0	124.0	77.0	22.1	27.6	17.2	29.0	11.8

1/ Monthly foreign prices average of quotations for one day each week.

2/ Converted at current rates of exchange.

3/ English hundredweight of 112 pounds.

4/ Monthly prices are the average of daily quotations.

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Imports of butter low

In 1932 and 1933 imports of butter into the United States were very low, and in 1934 imports have also been low. If domestic prices should increase relative to foreign prices imports would probably increase.

Imports of butter into the United States, 1925-1929 average, 1931, 1932, 1933, and 1934

Period	1925-1929 average	1931	1932	1933	1934
	Pounds	Pounds	Pounds	Pounds	Pounds
Jan.	1,161,753	110,318	122,965	101,732	51,982
Feb.	580,619	97,109	138,670	93,470	46,190
Mar.	1,004,289	99,919	81,108	109,392	29,329
Apr.	783,483	95,934	173,143	123,081	47,153
May	251,925	166,791	78,667	131,104	53,146
June	285,348	159,453	91,486	104,326	57,114
July	270,776	82,395	41,139	95,660	69,251
Aug.	230,412	61,425	45,273	114,092	82,730
Sept.	215,552	76,471	29,694	37,415	98,249
Oct.	243,394	386,615	41,004	20,284	
Nov.	318,017	133,923	66,766	30,540	
Dec.	872,550	205,418	101,494	60,710	
Total	6,226,618	1,881,771	1,014,409	1,021,806	
Jan. - Sept. : incl.	4,792,157	955,815	902,145	910,272	535,144

Estimated consumer expenditures up

Trade output of butter in September was 2.3 percent less than in September 1933. Retail prices of butter, however, were 16 percent higher, indicating that consumer expenditures for butter were 14 percent larger than in September 1933. Estimated consumer expenditures for cheese in September showed an increase of 16 percent from the corresponding month of 1933. Trade output was up 12.4 percent and retail prices up 3.4 percent.

Butter stocks down, cheese up

Cold storage holdings of butter on November 1 of 111,000,000 pounds were 49,000,000 pounds less than a year earlier, but about average for that date. Stocks of American cheese of 102,900,000 were about 7,000,000 pounds larger than in 1933, but 23,000,000 pounds above the 5-year average.

Production of dairy products, September 1933 - November 1934

Year and month	Milk production per cow per day, 1st of month	Percent-: age of cows milked 1st of month	Dairy pastures: condition 1st of month	Creamery butter	Factory production of dairy products 2/	Condensed milk 3/	Evapo-: rated milk 3/	Total milk equivalent	Oleo-: garine production
	Pounds	Percent	Percent	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
1933									
Sept.	12.74	71.7	57.3	140.0	47.1	3.4	129.4	3,703	21.2
Oct.	11.98	69.3	63.7	130.5	41.4	3.9	113.3	3,411	23.5
Nov.	11.48	68.1		115.2	31.1	3.9	73.6	2,901	23.8
Dec.	11.21	66.5		116.4	33.8	4.4	84.8	2,978	21.3
1934									
Jan.	11.46	65.8		113.3	28.0	4.7	98.7	2,887	17.3
Feb.	11.61	64.5		106.8	30.6	4.2	100.2	2,779	21.4
Mar.	11.96	65.5		123.8	39.1	6.4	127.1	3,283	23.6
Apr.	12.65	67.3	70.1	133.6	46.9	5.9	149.9	3,618	18.2
May	13.75	70.3	66.0	174.6	60.1	5.2	188.1	4,693	18.1
June	15.36	73.4	53.3	180.7	68.8	5.8	210.5	4,959	14.0
July	14.98	75.2	51.5	172.3	62.7	5.7	189.6	4,676	16.3
Aug.	13.23	74.0	43.8	162.6	57.9	6.3	175.1	4,392	22.0
Sept.	12.80	72.6	47.0	141.8	51.2	4.1	146.1	3,820	26.7
Oct.	12.09	70.9	59.2						
Nov.	11.56	69.3							
Index numbers adjusted for seasonal variation (1925-1929 = 100)									
1933									
Sept.	94	101	73	118	122	32	140	119	92
Oct.	95	101	81	124	117	34	123	121	89
Nov.	96	102		133	122	37	108	128	91
Dec.	96	102		129	146	38	117	129	79
1934									
Jan.	97	102		114	116	39	115	114	70
Feb.	94	101		112	125	40	119	113	88
Mar.	92	101		114	129	46	124	116	94
Apr.	91	100	86	111	132	56	122	113	78
May	91	99	91	108	122	28	125	111	85
June	88	99	63	100	120	34	121	103	74
July	87	99	61	103	122	44	136	107	90
Aug.	88	100	55	112	131	56	159	117	110
Sept.	94	102	60	119	132	38	159	123	116
Oct.	96	103	75						
Nov.	96	103							

1/ Percentage of normal, except in the case of index numbers for which the corresponding months, 1920-1929 = 100.

2/ The production of cheese; condensed and evaporated case goods here given, has been revised on the basis of the final figures for 1931 production.

3/ Case goods, unskimmed.

Prices of feed and dairy products, September 1933 - October 1934

Year and month	Index numbers				Prices paid				Wholesale prices				Index	
	Farm price				By-product feeds	New York dairy ration per ton	Farm price per pound of but-ter fat	for milk per 100 pounds by Dis-tribu-tors for fluid use	But-ter per pound	Cheese per pound	Con-dens-ed milk per case U.S. aver-age	Evap-orated milk per case U.S. aver-age		manu-fac-tured dairy prod-ucts 1910-1914 = 100
	All com-modi-ties	Dairy prod-ucts	Feed grains	1913-1914 = 100										
						Dolls.	Cents	Dolls.	Dolls.	Cents	Cents	Dolls.	Dolls.	
1933														
Sept.	80	89	74	81	27	19.6	1.07	1.72	23.6	10.5	4.94	2.55	77	
Oct.	78	91	64	77	26	20.1	1.10	1.77	24.0	10.5	4.94	2.57	78	
Nov.	80	92	68	78	26	20.4	1.08	1.79	23.6	10.5	4.95	2.56	77	
Dec.	78	88	70	73	26	18.0	1.00	1.80	20.1	9.3	4.95	2.55	68	
1934														
Jan.	77	84	73	79	27	16.1	.97	1.81	19.9	9.6	4.95	2.56	68	
Feb.	83	92	76	84	28	21.6	1.10	1.80	25.4	12.6	4.90	2.57	83	
Mar.	84	95	77	90	28	23.5	1.11	1.79	25.4	13.2	4.88	2.54	83	
Apr.	82	91	76	88	27	21.0	1.02	1.81	23.7	11.0	4.88	2.56	78	
May	82	91	77	85	27	21.5	1.06	1.81	24.5	11.4	4.70	2.54	80	
June	86	93	90	98	30	22.2	1.09	1.82	24.9	12.5	4.74	2.54	82	
July	87	94	94	104		22.1	1.09	1.86	24.5	10.6	4.73	2.53	79	
Aug.	96	97	112	121		24.3	1.21	1.91	27.4	12.1	4.73	2.53	87	
Sept.	103	99	123	120		24.0	1.17	1.97	25.8	11.6	4.73	2.54	83	
Oct.	100	100	123	118		24.3		2.02	26.9	11.4				
	Index numbers, adjusted for seasonal variation (pre-war = 100)													
1933														
Sept.	80	91	73	83	89	77	75	96	77	72	109	75	77	
Oct.	78	90	65	79	89	76	74	97	76	68	107	75	76	
Nov.	80	89	72	77	92	73	72	97	71	69	108	76	72	
Dec.	77	85	75	70	90	63	65	97	60	61	108	75	63	
1934														
Jan.	77	81	76	77	92	58	63	97	64	61	108	75	66	
Feb.	84	90	78	83	94	81	73	98	81	85	107	76	82	
Mar.	86	93	76	91	98	86	76	99	80	94	107	76	82	
Apr.	83	91	75	88	94	80	72	101	79	84	108	77	80	
May	81	94	76	84	93	85	79	104	86	83	104	76	85	
June	84	97	85	101	105	91	83	106	88	91	105	77	87	
July	87	98	90	105		90	82	108	86	81	104	75	84	
Aug.	95	108	107	124		100	87	108	95	85	104	75	91	
Sept.	103	101	121	123		95	82	110	84	79	104	75	83	
Oct.	100	99	125	123		92		110	85	74				

Index number of by-product feeds is based on wholesale prices at primary markets. Wholesale price per ton of dairy ration at Utica, New York, (in car lots) as published in Farm Economics by Cornell University. In March 1931 the 48-can cases changed from 16-ounce cans to 14-ounce cans.

Retail prices and stocks of dairy products, September 1933 - November 1934

Year and month	Retail prices (Bureau of Labor Statistics)						Stocks, first of month					Total milk equivalent <u>3/</u>
	Index numbers 1913 = 100		Milk per quart	Butter per pound	Cheese per ton	Evaporated milk per can <u>1/</u>	Cold storage		Manufacturers'		Evaporated milk case goods	
	All foods	Dairy products					Butter	American cheese	Condensed milk case goods	Evaporated milk case goods		
		Cents	Cents	Cents	Cents	Thou- sand's	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	
1933-:												
Sept.:	107	98	11.0	28.0	23.5	6.8	186	175.5	94.4	16.4	177.5	5,056
Oct.:	107	98	11.1	28.2	23.3	6.8	200	174.7	99.3	14.7	208.5	5,153
Nov.:	107	99	11.1	28.4	23.0	6.8	218	160.5	95.8	13.2	234.7	4,873
Dec.:	105	97	11.2	26.0	22.6	6.8	201	138.2	85.1	10.8	225.0	4,272
1934-:												
Jan.:	105	96	11.1	25.7	22.2	6.8	174	111.2	77.8	9.1	210.4	3,597
Feb.:	108	102	11.4	30.6	23.6	6.8	140	76.0	65.5	6.4	167.1	2,632
Mar.:	108	102	11.1	31.3	24.2	6.8	104	36.9	54.9	4.8	112.9	1,582
Apr.:	107	99	11.1	29.0	23.8	6.8	82	15.4	49.9	4.9	99.2	1,050
May:	108	100	11.1	29.6	23.3	6.8	98	11.8	32.2	5.9	117.1	1,041
June:	109	101	11.2	30.2	23.6	6.8	122	27.2	58.1	9.2	151.7	1,505
July:	110	101	11.2	30.3	23.6	6.7	177	70.1	79.9	13.9	153.1	2,640
Aug.:	114	104	11.4	32.9	24.0	6.8	175	103.7	97.0	17.2	205.5	3,761
Sept.:	117	105	11.6	32.6	24.3	6.8	152	120.5	103.8	17.4	187.9	3,976
Oct.:							145	125.0	108.6	15.9	175.1	4,132
Nov.:							134	111.0	102.9			
	Index numbers, adjusted for seasonal variations, 1910-1914 = 100						Index numbers, corresponding months, 1925-1929 = 100					
1933-:												
Sept.:	110	102	127	78	105	85	119	116	42	89	114	
Oct.:	109	101	127	77	103	85	130	125	43	110	125	
Nov.:	108	100	127	75	101	85	144	126	43	132	137	
Dec.:	106	97	127	67	99	85	171	125	42	143	154	
1934-:												
Jan.:	107	98	127	69	97	83	229	136	48	179	190	
Feb.:	112	105	130	83	103	85	243	134	40	172	189	
Mar.:	114	104	123	83	107	85	206	131	34	133	156	
Apr.:	113	104	129	80	107	85	190	135	37	120	138	
May:	113	106	129	85	105	85	166	151	36	118	136	
June:	113	108	131	88	107	85	120	148	36	117	124	
July:	114	108	131	88	107	85	87	145	38	87	97	
Aug.:	118	111	132	94	109	85	83	131	44	104	94	
Sept.:	120	110	134	91	109	85	82	127	45	84	90	
Oct.:							93	136	46	92	100	
Nov.:							99	136				

1/ Prior to 1932 the prices were for 15 - 16 ounce cans, in 1932 prices were for 14½ ounce cans.
2/ Includes 20 percent cream converted to 40 percent basis. 3/ Not including cream.