

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

DS-36

August 27, 1934

THE DAIRY SITUATION

(Issued Monthly)

The effect of the drought in reducing feed production is the principal factor in the dairy situation. Milk production per cow is the lowest on record, and production of manufactured dairy products is low. Short harvests in 1934 indicate short supplies of feed during the coming winter and relatively light production of milk and dairy products. It seems probable that there will be more than the usual seasonal rise in prices of dairy products from mid-summer to the winter peak. The into-storage movement has been light and stocks are much smaller than a year ago. Consumption, however, has been larger than in 1933.

Milk production per cow 12 percent less than 1925-1929 average

On August 1 milk production per cow was 13.23 pounds (reported by crop correspondents). This was about 3 percent less than the low production a year earlier and 12 percent less than the 1925 to 1929 average for August 1. The total number of milk cows on farms is about the same as a year ago, so that total milk production on farms August 1 was probably 3 to 4 percent less than at the same time in 1933. Low production is in prospect for the coming months.

Pastures poor

The condition of dairy pastures on August 1 was 43.8 percent of normal (as reported by crop correspondents) compared with the previous low of 55.7 percent on August 1, 1933. The 10-year average for August 1 is 76.4 percent of normal. In many areas, pastures are furnishing little, if any, feed, and it has been necessary to use feed that would ordinarily be saved for the coming winter.

Price of butterfat low in relation to feed

In mid-July the farm price of butterfat was 22.1 cents per pound. The farm price of feed grains combined in the proportions usually fed to cows on farms where grown was about \$1.13 per hundred pounds. One pound of butterfat was equivalent in price to 19.6 pounds of feed grains. This was the lowest for the month since 1920. For the 12 months ending with July the farm price of butterfat was equivalent on the average to 22.5 pounds of feed grains, compared with the 1925-1929 average of 30.7 pounds.

The short harvest of feed grains in 1934 indicates that butterfat prices will probably continue relatively low in relation to grains throughout the coming winter. Short supplies of grain and low prices of butterfat in relation to grain will tend to curtail production.

Production of manufactured dairy products low

The production of the principal manufactured dairy products in June was 8.8 percent less than a year earlier and the lowest for the month since 1928. The increase in production from May to June was only 5.2 percent, compared with the usual seasonal increase of about 14 percent. The index number of the volume of production (1925-1929 = 100) declined from 111 in May to 103 in June.

Creamery butter production in June was 10.5 percent less than a year earlier and showed the largest decrease of any of the manufactured products. In the West North Central States the decline amounted to 11.1 percent and in the East North Central States 11.7 percent. The only groups of states in which production was greater than a year earlier were the Middle Atlantic and Pacific Coast States.

Trade output

Production of butter and cheese in June was light, but trade output or estimated consumption was larger than a year earlier, the movement into-storage being relatively small. Trade output of butter in June was 5.2 percent larger than in June 1933. This change in trade output together with the higher retail price indicate that consumer expenditures for butter in June were about 13 percent larger than in the same month of 1933.

The increase of 2.9 percent in trade output of cheese and 2 percent increase in retail prices indicated an increase of about 5 percent in consumer expenditures for cheese compared with June 1933.

Prices up

The price of 92 score butter at New York in July averaged 24.5 cents, the same as in July 1933. During August, however, prices have increased rapidly and the price in mid-August reached 28.5 cents.

The price of cheese on the Wisconsin Cheese Exchange (twins) averaged 10.6 cents in July, nearly 2 cents lower than in June. With the effect of the drought continuing, however, prices rose sharply in August.

Butter stocks low, cheese stocks high

Cold storage holdings of creamery butter on August 1 were 109,700,000 pounds, 42,200,000 pounds less than a year earlier and the smallest for August 1 since 1923. The into-storage movement in July of 38,600,000 pounds was decidedly less than in 1933 but about the same as the 1929-1933 average for July.

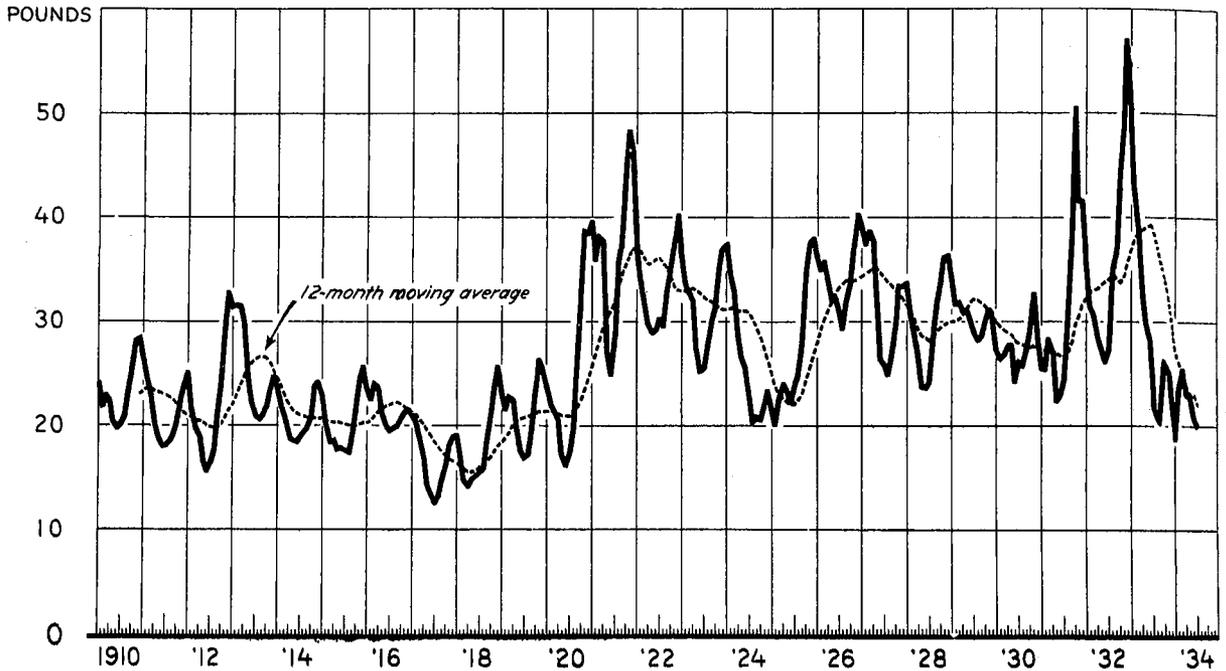
Stocks of American cheese on August 1 were 97,000,000 pounds, about 14,000,000 pounds larger than a year earlier, and the largest on record for that date.

Though butter stocks are about 42,000,000 pounds less than a year earlier, it must be remembered that last season the Government purchased some 50,000,000 pounds of butter for distribution to the needy unemployed. No definite statement has been made concerning plans for the coming season.

Foreign butter prices up, margin still less than tariff

On August 16 the price of 92 score butter at New York was 28.5 cents. On the same date the price of butter in Copenhagen was the equivalent of 18.1 cents or 10.4 cents less than New York. The price of New Zealand butter in London at 18.3 cents was also about 10 cents under New York. The present tariff is 14 cents per pound.

**POUNDS OF FEED GRAIN ONE POUND OF BUTTERFAT WILL BUY
(BASED ON FARM PRICES) U.S. AVERAGE**

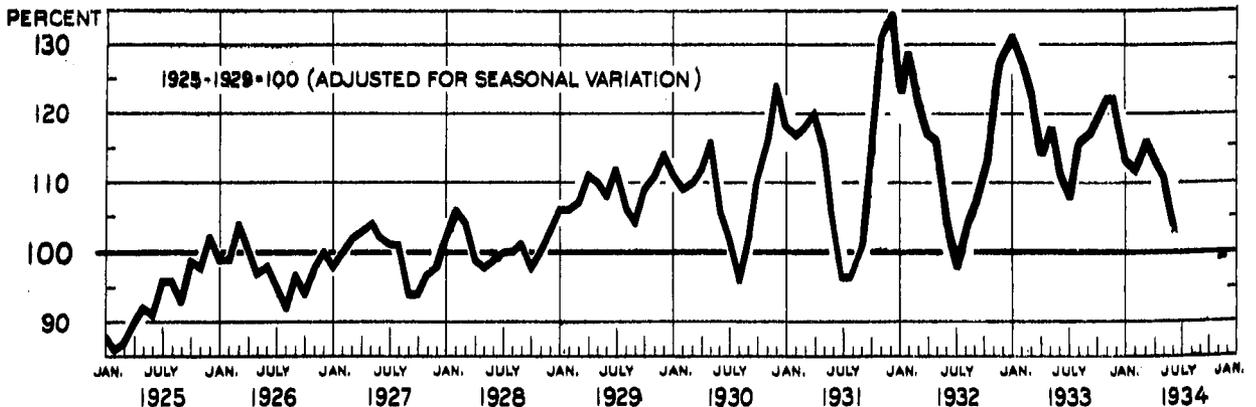


U.S. DEPARTMENT OF AGRICULTURE

NEG. 26855 BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 3 - THE FARM PRICE OF BUTTERFAT IS LOW IN RELATION TO FEED GRAINS. WITH SHORT CROPS THIS PRICE RELATIONSHIP WILL PROBABLY CONTINUE FOR SOMETIME.

**INDEX NUMBERS OF VOLUME OF MILK USED IN FACTORY
PRODUCTION OF DAIRY PRODUCTS
(CREAMERY BUTTER, CHEESE, CONDENSED AND EVAPORATED CASE GOODS)**



U.S. DEPARTMENT OF AGRICULTURE

NEG. 88881 BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 4 - IN JUNE THE PRODUCTION OF MANUFACTURED DAIRY PRODUCTS WAS THE LOWEST FOR THE MONTH SINCE 1928.

Table 1.- Production of dairy products, June 1933 - August 1934

Year and month	Milk production per cow per day, 1st. of month	Percent- age of cows milked 1st. of month	Dairy pastures: condi- tion 1st. of month	Factory production of dairy products 2/	Cream- ery butter	Cheese	Con- densed milk 3/	Evapo- rated milk 3/	Total milk equiva- lent	Oleo- garine pro- duc- tion
	Pounds	Percent	Percent	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
1933 -:										
June	16.57	74.6	82.5	203.2	67.6	5.1	220.5	5,439	15.2	
July	15.29	75.6	63.5	177.6	57.8	4.8	179.7	4,714	18.2	
Aug.	13.67	73.9	55.7	166.9	49.9	4.1	149.8	4,342	20.3	
Sept.:	12.74	71.7	57.3	138.8	43.3	3.4	126.1	3,633	21.2	
Oct.:	11.98	69.3	63.7	129.7	36.5	4.0	109.8	3,339	23.5	
Nov.:	11.48	68.1		112.4	24.4	3.9	73.0	2,774	23.8	
Dec.:	11.21	66.5		111.8	25.7	4.4	85.0	2,801	21.3	
1934 -:										
Jan.:	11.46	65.8		112.4	28.4	4.8	99.1	2,874	17.3	
Feb.:	11.61	64.5		106.4	29.0	4.3	100.3	2,755	21.4	
Mar.:	11.96	65.5		122.7	37.5	6.0	131.7	3,256	23.6	
Apr.:	12.65	67.3	70.1	133.2	44.9	6.0	152.4	3,595	18.2	
May:	13.75	70.3	66.0	174.7	61.8	5.3	188.7	4,713	18.1	
June:	15.36	73.4	53.3	181.8	66.5	5.8	210.8	4,959	14.0	
July:	14.98	75.2	51.5							
Aug.:	13.23	74.0	43.8							
Index numbers adjusted for seasonal variation (1925-1929=100)										
1933 -:										
June	95	100	97	112	118	30	127	113	80	
July	89	100	75	106	112	38	129	108	100	
Aug.	91	100	70	115	113	37	136	116	101	
Sept.:	94	101	73	117	112	32	137	117	92	
Oct.:	95	101	81	124	103	35	119	119	89	
Nov.:	96	102		130	96	37	107	122	91	
Dec.:	96	102		124	112	38	117	122	79	
1934 -:										
Jan.:	97	102		113	118	39	116	113	70	
Feb.:	94	101		112	118	40	119	112	88	
Mar.:	92	101		113	124	43	129	116	94	
Apr.:	91	100	86	111	126	37	124	113	78	
May:	91	99	81	109	125	28	125	111	85	
June:	88	99	63	100	116	34	121	103	74	
July:	87	99	61							
Aug.:	88	100	55							

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, unskinned.

Table 2.-Prices of feed and dairy products, June 1933-July 1934

Year and month	Index numbers				Prices paid: Wholesale prices								Index
	Farm price Aug. 1909- July 1914 = 100	By pro-duct feeds:ra-	New York dairy:ra-	Farm price per pound	for milk per 100 pounds by	But-ter per pound	Cheese: per pound	Con-:den-:sed milk	Eva-:pora-:ted milk	manu-:fac-:tured dairy			

	Index numbers				Dolls	Cents	Dolls	Dolls	Cents	Cents	Dolls	Dolls	
1933-:													
June:	64	65	60	70	24	19.7	1.00	1.49	22.8	12.0	4.93	2.51	76
July:	76	71	90	97	30	23.0	1.07	1.57	24.5	12.0	4.94	2.53	80
Aug.:	72	72	77	93	29	18.4	1.10	1.67	21.3	11.0	4.94	2.54	72
Sept:	70	76	75	81	27	19.6	1.07	1.72	23.6	10.5	4.94	2.55	77
Oct.:	70	78	64	77	26	20.1	1.10	1.77	24.0	10.5	4.94	2.57	78
Nov.:	71	78	68	78	26	20.4	1.08	1.79	23.6	10.5	4.95	2.56	77
Dec.:	68	76	69	73	26	18.0	1.00	1.80	20.1	9.3	4.95	2.55	68
1934-:													
Jan.:	70	73	72	79	27	16.1	.97	1.81	19.9	9.6	4.95	2.56	68
Feb.:	76	77	75	84		21.6	1.10	1.80	25.4	12.6	4.90	2.57	83
Mar.:	76	79	76	90		23.5	1.11	1.79	25.4	13.2	4.88	2.54	83
Apr.:	74	76	75	88		21.0	1.02	1.81	23.7	11.0	4.88	2.56	78
May :	74	76	77	85		21.5	1.06	1.81	24.5	11.4	4.70	2.54	80
June:	77	76	89	98		22.2	1.09	1.82	24.9	12.5	4.74	2.54	82
July:	80	77	94	104		22.1	1.07	1.86	24.5	10.6			

Index numbers, adjusted for seasonal variation (pre-war=100)

	Index numbers				Prices paid: Wholesale prices								Index
1933-:													
June:	64	68	57	72	85	81	76	87	80	88	109	76	81
July:	76	75	86	98	108	94	81	91	86	91	108	75	86
Aug.:	72	75	72	94	98	76	78	95	74	78	109	76	76
Sept:	70	78	72	83	89	77	75	96	77	72	109	75	77
Oct.:	70	77	65	79	89	76	74	97	76	68	107	75	76
Nov.:	71	75	72	77	92	73	72	97	71	69	108	76	72
Dec.:	69	72	73	70	90	63	65	97	60	61	108	75	63
1934-:													
Jan.:	70	70	76	77	92	58	63	97	64	61	108	75	66
Feb.:	76	75	77	83		81	73	98	81	85	107	76	82
Mar.:	76	77	76	91		86	76	99	80	94	107	76	82
Apr.:	73	77	75	88		80	72	101	79	84	108	77	80
May :	74	78	77	84		85	79	104	86	83	104	76	85
June:	77	79	85	101		91	83	106	88	91	105	77	87
July:	80	81	90	105		90	81	108	86	81			

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 car lots) as published in Farm Economics by Cornell University.
 3/ In March 1931 the 48-can cases changed from 16-ounce cans to 14-1/2 ounce cans.

