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THE DAIRY SITUATION

(Issued Monthly)

The most serious and widespread drought in 40 years has resulted in exceptionally poor pastures, and prospects for a short crop of hay and small grains and short supplies of hay for the 1934-35 feeding season. In the upper Mississippi Valley there was relative little rain in the early spring and May was exceptionally dry. During the first 11 days of June, however, rainfall in the North Central States has been more nearly normal. The corn crop has not been seriously harmed, but production will depend on rainfall during the remainder of the growing season.

Prior to June 1 the drought had been most serious in the West North Central States, milk production per cow in this region on June 1 was about 17 percent less than a year earlier, and total milk production in the United States was about 5 percent less than on June 1, 1933.

Widespread drought, pastures very poor

In 19 states, including all states from Ohio to Nevada, the condition of pastures and hay on June 1 was the lowest on record. The condition of pastures for the United States as a whole, was the lowest for the month on record. The West North Central States showed the lowest condition of pastures, 30.7 percent of normal, compared with 82.3 percent in 1933 which was about average. Pastures in the East North Central States were also very poor. The highest condition of pastures on June 1, was in the North Atlantic, Western, and South Central States, but even in these States the condition on June 1 was decidedly below average.

Dairy pastures condition, June 1, 1920-1929
 average and 1932-1934

Region	Condition of dairy pastures June 1 percentage of normal			
	1920- 1929 av.	1932	1933	1934
	Percent	Percent	Percent	Percent
United States	84.7	78.3	82.5	53.3
North Atlantic States	85.7	76.8	85.5	67.1
East North Central States	84.4	77.1	87.7	47.3
West North Central States	82.9	80.7	82.3	30.7
South Atlantic States	82.6	77.1	79.8	74.0
South Central States	86.3	72.4	79.2	67.9
Western States	87.4	85.3	71.1	69.7

While the drought has been most serious in the Dakotas and parts of Minnesota and Wisconsin, practically all of the upper Mississippi Valley has been affected and also an area extending east into New York and southwest into Texas.

may result in considerable liquidation. Because of the low culling in the past few years, a relatively large number of cows could be culled from herds without greatly affecting production.

April production less than a year earlier

The total production of manufactured dairy products in April on a milk equivalent basis was 3.1 percent less than a year earlier. This was a smaller percentage decline than in the earlier months of the year. With the serious drought and short feed supplies the outlook is for light production for some time.

Prices up

With butter production being curtailed because of the drought, butter prices rose at a season of the year when prices usually decline. The price of 92 score butter at New York in May was 24.5 cents, 0.8 cents higher in April. The index number of butter prices which is adjusted for seasonal variation, rose from 79 in April to 86 in May. Prices during the first half of June have continued at about the same level.

Cheese prices have also increased.

Even though butter prices have been relatively strong the margin between domestic and foreign prices is still decidedly less than the tariff. On June 7 the price of 92 score butter at New York was 24.9 or 7.3 cents higher than the price of New Zealand butter in London. With the present tariff rate of 14 cents, domestic prices could rise somewhat above 30 cents before imports are probable.

Trade output down

In April trade output of butter was about 1 percent less than a year earlier, and trade output of cheese 8.5 percent less. On a milk equivalent basis trade output was down, about 5 percent.

With higher retail prices however, the estimated consumer expenditures for both butter and cheese in April was larger than a year earlier.

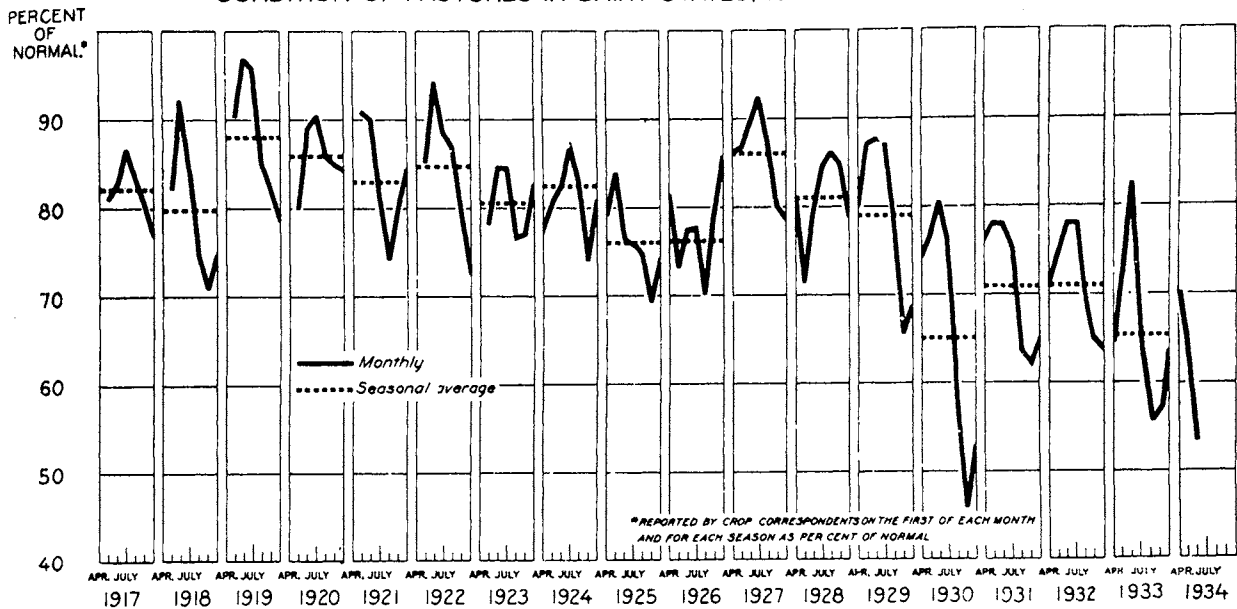
Storage stocks, butter low, cheese high

Cold storage stocks of butter on June 1 of 27,100,000 pounds were 8,000,000 pounds less than a year earlier and the smallest for June 1 since 1933. The into-storage movement in May of 15,300,000 pounds was only a little over half as great as in 1933, and also less than the 5-year average of 22,500,000 pounds.

In contrast with the relatively small stocks of butter, stocks of American cheese on June 1 of 57,800,000 pounds were the largest on record for that date and compare with the 5-year average of 46,500,000 pounds.

Stocks of butter and cheese on June 1 combined on a milk equivalent basis were the same as a year earlier.

CONDITION OF PASTURES IN DAIRY STATES, 1917-1934 SEASONS



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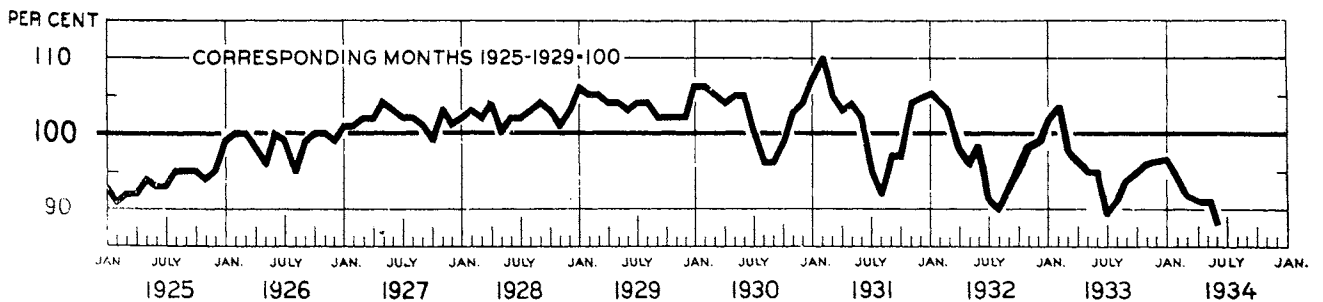
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FIGURE 1 - THE CONDITION OF PASTURES ON JUNE 1 AT 53 PERCENT OF NORMAL WAS THE LOWEST EVER REPORTED FOR THAT DATE.

MILK PRODUCTION PER COW IN HERD FIRST OF MONTH

(BASED ON REPORTS OF CROP CORRESPONDENTS)

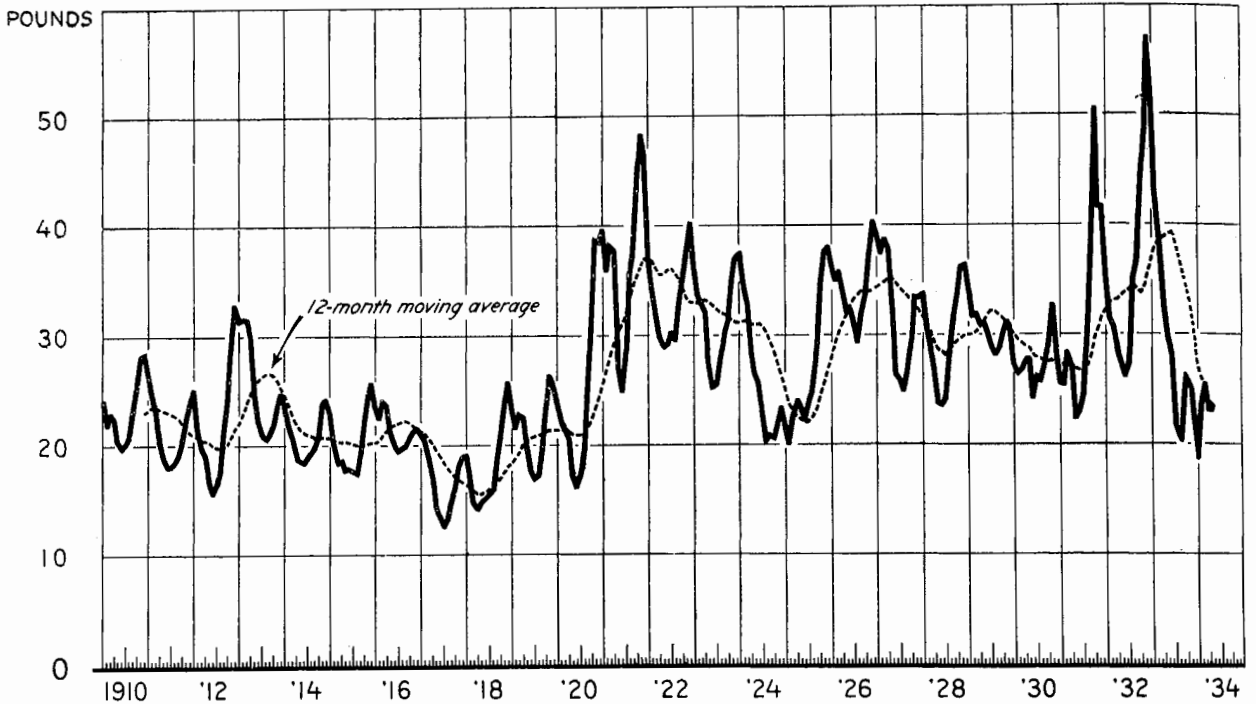


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FIGURE 2 - MILK PRODUCTION PER COW ON JUNE 1, 1934 WAS THE LOWEST EVER REPORTED FOR THAT DATE AND 11.5 PERCENT LESS THAN THE 1925 TO 1929 AVERAGE FOR JUNE 1.

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

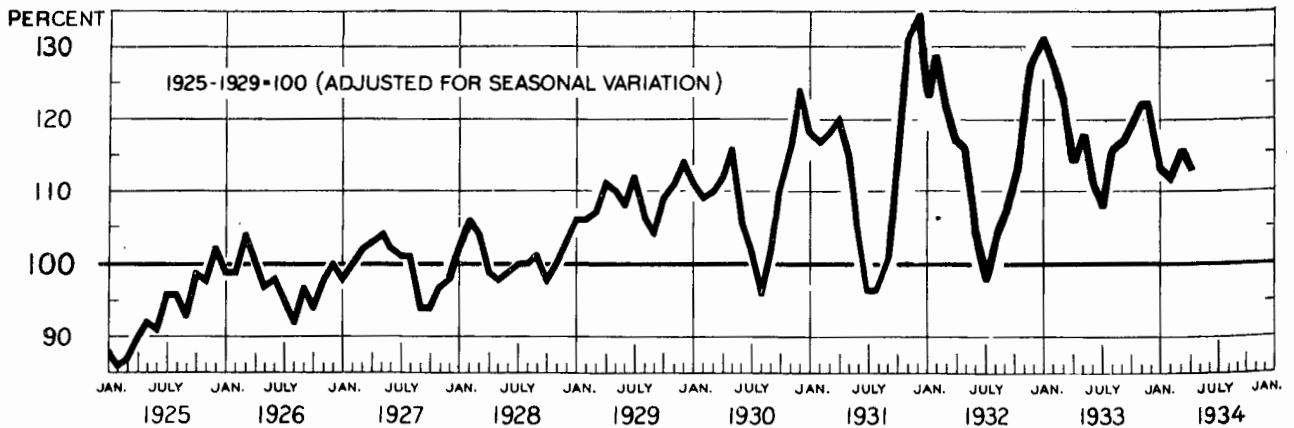


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FIGURE 3 - PRICES OF BUTTERFAT ARE RELATIVELY LOW IN RELATION TO FEED GRAINS.

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



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FIGURE 4 - TOTAL PRODUCTION OF MANUFACTURED DAIRY PRODUCTS IN APRIL ON A MILK EQUIVALENT BASIS WAS THE SMALLEST FOR THE MONTH SINCE 1930.

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

Year and month	Milk production per cow per day, 1st. of month	Percent of cows milked 1st. of month	Dairy pastures condition 1st. of month	Factory production of dairy products 2/				Oleomargarine production equivalent	
	Pounds	Percent	Percent	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	
1933									
Apr.	13.32	68.3	64.6	138.0	40.7	4.6	179.1	3,709	20.2
May	14.39	71.5	71.8	187.2	56.8	6.5	213.9	4,984	19.7
June	16.57	74.6	82.5	200.7	64.4	5.1	220.5	5,355	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						
June	15.36	73.4	53.3						
Index numbers adjusted for seasonal variation(1925-1929=100)									
1933									
Apr.	96	102	80	115	115	28	146	116	87
May	95	101	88	116	115	34	142	118	92
June	95	100	97	111	112	30	127	111	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	90	99	81						
June	88	99	63						

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.

Table 2.-Prices of feed and dairy products, April 1933-May 1934

Year and month	Index numbers				Prices paid				Wholesale prices				Index
	Farm price Aug. 1909- July 1914 = 100	By-product feeds	New York dairy ration 1913-1914 = 100	Farm price per ton	For milk per 100 pounds	Butter per 92-score	Cheese per pound	Condensed milk per can	Evaporated milk per case	Manufactured dairy products			
1933													
Apr.:	53	59	43	59	21	16.5	.81	1.47	20.7	9.5	4.93	2.21	68
May:	62	63	58	67	23	20.2	.93	1.45	22.5	11.6	4.93	2.47	75
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	1.00	1.81	24.5	11.4			
Index numbers, adjusted for seasonal variation (pre-war=100)													
1933													
Apr.:	53	60	43	59	73	63	57	82	70	73	109	66	71
May:	62	65	58	66	79	80	69	84	79	85	109	74	80
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	83		85	74	104	86	83			

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.

