

*What's AHEAD for*

# Minnesota Farmers

**DAIRY**

AGRICULTURAL EXTENSION SERVICE

UNIVERSITY OF MINNESOTA

INSTITUTE OF AGRICULTURE

**AT A GLANCE:** Total milk production in the U. S. in 1959 will probably show a slight reduction for the second year in a row. Prospects are for continued improvement in the dairy production-consumption balance in the year ahead.

**SITUATION****OUTLOOK**

Total U. S. milk production on farms, after establishing five consecutive records from 1953 to 1957, declined slightly in 1958. Production in 1958 was 125.2 billion lbs., a decline of 0.7 billion lbs. from 1957.

**United States**

Year	Milk production on farms		Production per cow		No. of milk cows in June	
	Total	Change from previous year	Total	Change from previous year	Total	Change from previous year
1953	120.2	+ 4.8	5,542	+ 3.1	21.7	+ 1.9
1954	122.1	+ 1.6	5,657	+ 2.1	21.6	- 0.5
1955	123.1	+ 0.8	5,810	+ 2.7	21.2	- 1.8
1956	125.5	+ 1.9	6,004	+ 3.3	20.9	- 1.4
1957	125.9	+ 0.3	6,160	+ 2.6	20.5	- 1.9
1958	125.2	- 0.6	6,330	+ 2.8	19.8	- 3.4
1959					19.3	- 2.5

New production records from 1953 to 1957 were reached with declining cow numbers through increased production per cow. Between June 1953 and 1958 the number of milk cows declined from 21.7 to 19.8 million head. The rate at which this reduction took place varied from .5% between 1953 and 1954 to 3.4% between 1957 and 1958.

For a number of years the decline in cow numbers has been more than offset by increased production per cow. However, this was not true between 1957 and 1958. During this period production per cow increased by 2.8% while cow numbers declined by 3.4%.

The accelerated decline in cow numbers between 1957 and 1958 probably resulted from comparatively high hog and cattle prices. This encouraged a reduction in the number of herds and heavier than usual culling of

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## SITUATION

## OUTLOOK

existing herds. The comparatively high rate of decline during the 1958-59 period was very likely a continuation of this adjustment.

Per capita consumption of dairy products, measured on a milk fat basis, is about 15% below the peak levels of the early 1930's. The decline in the use of butter from the early 1930's by nearly 10 lbs. per person reduced butter consumption to about 8.5 lbs. per person in recent years. To some degree the decline in the demand for milkfat has been offset by an increased demand for the solids-not-fat component of milk in a number of individual dairy products. The total intake per person of these different items has risen to around 48 lbs. in the last few years, 10 lbs. more, or 25% larger, than in the 1930's. However, there has been a shift in the use of nonfat milk from feed for farm animals to commercial markets for human food. For a number of years, excess of supply over demand remained greater for milk solids-not-fat than for milkfat at prevailing price-support levels.

For the 8 months, January-August 1959, milk production totaled 87.2 billion lbs., a reduction of about 1% from a year earlier. During June and July production was 2% under that of a year earlier. The reduced production so far this year appears to be due to (1) farmers changing their freshenings and management practices to obtain greater milk production during the fall and early winter months, (2) unfavorable pasture conditions in parts of the Northeast and North Central states, and (3) a continued fairly substantial reduction in cow numbers.

Increased consumption of fluid milk and ice cream in the face of slightly reduced total milk production has resulted in a decline in the production of butter and cheese. For the first half of 1959 butter production was 5% below a year earlier, American cheese was down 2%, and nonfat dry milk down 1%.

The volume of dairy products sold to the government under the price support program has shown considerable seasonal decline. Little or no sales of butter are being made to CCC; however, cheese sales are continuing above a year earlier and sales of nonfat dry milk are at about the same level. Butter prices, currently about 5 cents above support levels, have advanced a little over a cent per lb. at wholesale from spring and early summer levels, but only very slight advances have occurred so far for a few other dairy products.

For the longer term period ahead, it appears that average production per cow may continue to increase as it has in the past for a considerable period of time. This fact, coupled with the prospect for lower hog and cattle prices, makes it very likely that milk production will increase for a number of years since lower meat animal prices are likely to slow the rapid decline in cow numbers of the past 2 years.

Milk production in the first 8 months of 1959 was about 800 million lbs. below 1958. But with large supplies of both feed concentrates and roughages available it can be expected that at least a part of this reduction may be offset during the remainder of the year. Total milk production for the year, however, should not exceed production in 1958.

The improved production-consumption balance achieved in 1958 and again in 1959 reveals itself primarily as reduced government purchases of dairy products. For the remainder of 1959 and well into 1960, prices during the off-flush months may show some continued strengthening.

Increases in annual milk production in the future should mean that prices received by farmers for milk used for manufacturing purposes will remain close to support levels.