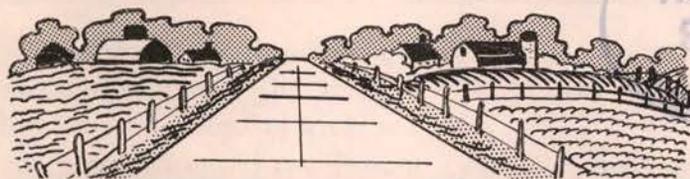


What's **AHEAD** *for*
Minnesota Farmers



DAIRY

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AT A GLANCE: Total U. S. milk production is running about one percent over last year. Prospects are for a continued expansion in the year ahead.

SITUATION

OUTLOOK

Total U. S. milk production on farms declined in 1958 and again in 1959 after reaching a record high of 125.9 billion pounds in 1957.

The number of milk cows in the United States has declined each year since 1944, except for a brief period in the early 1950's. This decline has paralleled the decline in demand per person, on the one hand, and a rising production of milk per cow on the other.

United States

Year	Milk production on farms		Production per cow		No. of milk cows in June	
	Total	Change from	Total	Change from	Total	Change from
		previous year		Previous year		previous year
	billion	percent	lbs.	percent	million	percent
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	124.9	- 0.8	6,316	+ 2.5	19.8	- 3.4
1959	124.4	- 0.4	6,438	+ 1.9	19.3	- 2.5
1960					19.2	- 0.9

From 1953 to 1957 the decline in the number of milk cows was more than offset by increased production per cow so that total production increased each year. From 1957 to 1959, however, cow numbers decreased at a faster rate than production per cow increased so that total milk production fell.

There apparently is a close relationship between the rate of decline in cow numbers and beef cattle prices. Comparatively high beef prices have been associated with a rapid decline in cow numbers while low beef prices have been associated with a slower rate of decline.

During the early part of this year butterfat prices compared to beef prices were more favorable to butterfat than was

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SITUATION

Increased production per cow has been possible because of more general use of superior sires, better herd management based on a wider use of production records and better feeding.

The population of the U. S. has been increasing at a rate of about 1.7 percent per year. However, the demand for dairy products has not kept pace with population increases. Per person consumption of all dairy products combined on a milkfat basis will be at a new record low of about 670 pounds in 1960. During 1947-49 per capita consumption was 742 pounds and the pre-W.W. II average was 803 pounds. To some degree the decline in the demand for products containing a high proportion of milkfat has been offset by an increase in the demand for the solids-not-fat component of milk in a number of dairy products. Consumption of milk solids-not-fat in all dairy products will be at a postwar high in 1960. 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 has been greater for milk solids-not-fat than for milkfat at prevailing price support levels.

For the first eight months of 1960, milk production totaled 88 billion pounds, an increase of about one percent over a year earlier. During the first six months, use of milk in all manufactured dairy products was in excess of that a year earlier, except for evaporated milk. The two major items, butter and cheese, have taken a greater quantity of milk in each month than a year earlier.

Sales of butter to CCC during the period April-August 1960 totaled 81.9 million pounds compared with 76.4 million pounds for the same period a year earlier. By the first of August butter sales to CCC practically ceased, as it did a year earlier. At the end of June, total storage stocks of butter were 163 million pounds compared with 138 million a year earlier.

Deliveries of nonfat dry milk to the USDA since April have been about the same as a year earlier. During the marketing year April 1959-March 1960, total contracts for delivery of nonfat dry milk to CCC were the second highest on record.

OUTLOOK

the case in 1959. From April through July the price relationship was more favorable to butterfat than it was in the two previous years. The relationship between prices of milk and feed have favored heavy feeding for the last several years.

The prospect for generally lower beef prices and abundant feed supplies in the future favor continued increase in milk production for the remainder of 1960 and well into 1961.

Prices paid for milk by creameries in Minnesota have averaged somewhat higher so far this year than for the same period in 1959. For the remainder of the year, prices are quite likely to strengthen much as they did last year.

The outlook seems to indicate that production will continue to increase in 1961 so that prices should be at about 1960 levels.

Martin K. Christiansen
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