UTLOOK 1968
rogram: Annual National Agricultural Conference
ovember 13 to 16, 1967
. S. Department of Agriculture
/ashington, D. C.

9:00 REGISTRATION: USDA South Building, 5th Wing Lobby, Independence Avenue, S. W.

THE SITUATION AND OUTLOOK FOR 1968

Thomas Jefferson Memorial Auditorium
USDA South Building

M. L. Upchurch, Administrator,
Economic Research Service, USDA, Chairman

9:30 OPENING OF CONFERENCE--Raymond C. Scott, Assistant Administrator, Federal Extension Service, USDA

9:40 Orville L. Freeman, Secretary of Agriculture

10:00 NATIONAL ECONOMIC SITUATION AND OUTLOOK FOR 1968
John W. Kendrick, Professor, George Washington University Total Investment Project

10:30 INTERMISSION

10:45 AGRICULTURAL SITUATION AND OUTLOOK FOR 1968--Rex F. Daly, Chairman, Outlook and Situation Board, ERS, USDA

11:15 PANEL DISCUSSION--M. L. Upchurch, USDA, Moderator
John W. Kendrick, George Washington University
Rex F. Daly, USDA
Francis A. Kutish, Staff Economists Group, USDA
James H. Knowles, Director of Research, Congressional Joint Economic Committee
Hyman J. Lewis, Chief, Division of Economic Studies, Bureau of Labor Statistics, U.S. Department of Labor
Louis J. Paradiso, Associate Director, Office of Business Economics, U.S. Department of Commerce

FOREIGN TRADE SITUATION AND OUTLOOK

Thomas Jefferson Memorial Auditorium
USDA South Building

George L. Mehren, Assistant Secretary, USDA, Chairman

2:00 A NEW LOOK AT THE WORLD FOOD SITUATION--Martin E. Abel, Deputy Assistant Secretary, USDA

2:30 A LOOK AHEAD AT TRADE POLICY--Howard L. Worthington, Deputy Assistant Administrator, Foreign Agricultural Service, USDA

3:00 INTERMISSION

3:10 THE COMMODITY TRADE OUTLOOK--Raymond A. Ioanes, Administrator, Foreign Agricultural Service, USDA

3:40 PANEL DISCUSSION--George L. Mehren, USDA, Moderator
Martin E. Abel, USDA
Howard L. Worthington, USDA
Raymond A. Ioanes, USDA
Robert L. Tontz, Chief, Trade Statistics and Analysis Branch, Foreign Development and Trade Division, ERS, USDA
Frank R. Ellis, Director, Food for Freedom Service, Office of War on Hunger, Agency for International Development, U.S. Department of State

STRUCTURE OF AGRICULTURE

Thomas Jefferson Memorial Auditorium
USDA South Building

Walter W. Wilcox, Director,
Agricultural Economics, USDA, Chairman

9:00 FARMING AND THE RURAL SCENE--CHANGES IN ORGANIZATION, OPPORTUNITIES, AND PROBLEMS--M. L. Upchurch, Administrator, Economic Research Service, USDA

9:30 CHANGING MARKETING ACTIVITIES AND ORGANIZATIONS
Winn F. Finner, Associate Administrator, Consumer and Marketing Service, USDA

10:00 INTERMISSION

10:15 PEOPLE IN CHANGING RURAL AMERICA--WHAT IS AHEAD?
Max F. Jordan, Head, Poverty Analysis Group, ERS, USDA

10:45 PANEL DISCUSSION--Walter W. Wilcox, USDA, Moderator
M. L. Upchurch, USDA
Winn F. Finner, USDA
Max F. Jordan, USDA
Margaret C. Browne, Director, Division of Home Economics, FES, USDA
James G. Maddox, Professor of Economics, North Carolina State University

FEED, LIVESTOCK, AND MEAT

Thomas Jefferson Memorial Auditorium

Homer S. Porteus, Marketing Economist, Div. of Marketing & Utilization Sciences, FES, USDA, Chairman

1:30 OUTLOOK STATEMENT--Malcolm Clough, Head, Feed Section, Economic & Statistical Analysis Div., ERS, USDA

2:00 PANEL DISCUSSION--Homer S. Porteus, FES, Moderator; Malcolm Clough, ERS; Charles Burkhead, Agricultural Estimates Div., SRS; Francis Kutish, Staff Economists Group; Donald Novotny, Grain & Feed Div., FAS; and Roland Stelzer, Policy & Program Appraisal Div., ASCS

2:50 INTERMISSION

3:10 OUTLOOK STATEMENT--A. Donald Seaborg, Acting Head, Livestock Section, Economic & Statistical Analysis Div., ERS, USDA

3:40 PANEL DISCUSSION--Homer S. Porteus, FES, Moderator; A. Donald Seaborg, ERS; Robert Christensen, Agricultural Estimates Div., SRS; James Hartman, Livestock & Meat Products Div., FAS; and Michael Newborg, Livestock Division, C & MS

DAIRY

Thomas Jefferson Memorial Auditorium

Fred C. Webster, Dairy Marketing Economist,
University of Vermont, Chairman

9:15 OUTLOOK STATEMENT--Anthony G. Mathis, Head, Dairy Section, Economic & Statistical Analysis Division, ERS, USDA

9:45 to 10:40 PANEL DISCUSSION--F. C. Webster, U. of Vt., Moderator; A. G. Mathis, ERS; Gordon G. Butler, Agricultural Estimates Div., SRS; A. R. DeFelice, Ass't. Administrator, International Trade, FAS; Harlan Emery, Livestock & Dairy Policy Staff, ASCS; R. W. March, Dairy Div., C & MS; and W. B. Sundquist, Farm Production Economics Div., ERS

POULTRY AND EGGS

Thomas Jefferson Memorial Auditorium

Richard G. Ford, Extension Economist, Div. of Marketing & Utilization Sciences, FES, USDA, Chairman

10:50 OUTLOOK STATEMENT--Opie C. Hester, Head, Poultry Section, Economic & Statistical Analysis Division, ERS, USDA

11:10 to 12:15 PANEL DISCUSSION--R. G. Ford, FES, Moderator; O. C. Hester, ERS: Jerry Cox, Extension Poultry Marketing Specialist, U. of Georgia; Gene Futrell, Extension Economist, Iowa State U.; G. Alvin Carpenter, Extension Economist, U. of California at Berkeley

VEGETABLES AND POTATOES

Room 3056, South Building

Ernest J. Holcomb, Chief, Vegetable Branch,
Fruit & Vegetable Div., C & MS, USDA, Chairman

1:30 OUTLOOK STATEMENT--Donald S. Kuryloski, Head, Vegetable Section, Economic & Statistical Analysis Div., ERS, USDA

1:45 to 2:30 PANEL DISCUSSION--E. J. Holcomb, C & MS, Moderator; D. S. Kuryloski, ERS; and William J. Cremins, Fruit & Vegetable Div., FAS

SUGAR

Room 3115, South Building

Tom O. Murphy, Director, Sugar Policy Staff,
ASCS, USDA, Chairman

1:30 to 2:30 PANEL DISCUSSION--T. O. Murphy, ASCS, Moderator; John I. Kross, Sugar & Tropical Products Div., FAS; Roy Ballinger, Marketing Economics Div., ERS; and Fred Gray, Economic & Statistical Analysis Div., ERS

FRUITS AND TREE NUTS

Room 3056, South Building

John Porter, Economist, Div. of Marketing
& Utilization Sciences, FES, USDA, Chairman

3:00 OUTLOOK STATEMENT--Charles R. Brader, Head, Fruit Section, Economic & Statistical Analysis Division, ERS, USDA

3:20 to 4:15 PANEL DISCUSSION--Gilbert E. Sindelar, Fruit & Vegetable Div., FAS; Malvin E. McGaha, Fruit & Vegetable Div., C & MS; and John E. Clayton, Transportation & Facilities Research Div., ARS.

COTTON

Conference Room B-1048, Museum of History and Technology

Edgemond P. Callahan, Economist, Div. of Agricultural
Science, Technology & Management, FES, USDA, Chairman

2:45 OUTLOOK STATEMENT--James R. Donald, Head, Cotton & Other Fibers Section, Economic & Statistical Analysis Div., ERS, USDA

3:00 to 4:15 PANEL DISCUSSION--E. P. Callahan, FES, Moderator; J. R. Donald, ERS; Charles H. Barber, Cotton Div., FAS; William C. Hinson, Agricultural Estimates Div., SRS; Joseph A. Moss, Cotton Policy Staff, ASCS; and Stanley C. Rademaker, Cotton Div., C & MS

FATS, OILS, AND OILSEEDS

Museum of History and Technology Auditorium

John R. Paulling, Coordinator, Plant Science Program, Div. of Agr. Science, Technology & Management, FES, USDA, Chairman

9:15 OUTLOOK STATEMENT--George W. Kromer, Head, Fats & Oils Section, Economic & Statistical Analysis Div., ERS, USDA

9:35 to 10:40 PANEL DISCUSSION--J. R. Paulling, FES, Moderator; G. W. Kromer, ERS; F. A. Kutish, Staff Economists Group; J. E. Thigpen, Oilseed & Peanut Policy Staff, ASCS; and H. V. Robinson, Fats & Oils Div., FAS

FOREST PRODUCTS

Room 3115, South Building

Paul O. Mohn, Economist, Div. of Marketing & Utilization Sciences, FES, USDA, Chairman

9:15 to 10:40 OUTLOOK STATEMENT--Dwight Hair, Economist, Div. of Forest Economics & Marketing Research, FS, USDA, followed by open discussion

WHEAT

Museum of History and Technology Auditorium

Buel F. Lanpher, Coordinator, Farm Management, Div. of Agr. Science, Technology & Management, FES, USDA, Chairman

10:50 OUTLOOK STATEMENT--William R. Askew, Head, Food Grains Section, Economic & Statistical Analysis Div., ERS, USDA

11:20 to 12:30 PANEL DISCUSSION--B. F. Lanpher, FES, Moderator; W. R. Askew, ERS; V. R. McMinimy, Staff Economists Group; C. V. Jean, Grain & Feed Div., FAS; and J. E. Evans, Commodity Operations, ASCS

TOBACCO

Room 3056, South Building

Claude G. Turner, Director, Tobacco Policy Staff, ASCS, Chairman

10:50 OUTLOOK STATEMENT--S. M. Sackrin, Acting Head, Tobacco & Specialty Crops Section, Economic & Statistical Analysis Div., ERS, USDA

11:20 to 12:30 PANEL DISCUSSION--C. G. Turner, ASCS, Moderator; S. M. Sackrin, ERS; S. E. Wrather, Tobacco Div., C & MS; H. C. Kiger, Tobacco Div., FAS; E. L. Moore, Crops Research Div., ARS; and J. W. H. Brown, Marketing Economics Div., ERS

FOOD

Conference Room B-1048, Museum of History and Technology
Constitution Avenue between 12th and 14th

Faith Clark, Director,
Consumer and Food Economics Research Division,
Agricultural Research Service, USDA, Chairman

1:30 OUTLOOK FOR SUPPLIES AND PRICES OF FOOD--Stephen J. Hiemstra, Head, Food Consumption and Utilization Section, Economic and Statistical Analysis Division, ERS, USDA

2:15 FOOD EXPENDITURES AWAY FROM HOME--Corrine LeBovit, Food Economist, Economic and Statistical Analysis Division, ERS, USDA

3:00 INTERMISSION

3:30 PRACTICES IN THE USE OF HOMEFREEZERS--Ruth Redstrom, Food Economist, Consumer and Food Economics Research Division, ARS, USDA

4:15 HOUSEHOLD USE OF CONVENIENCE FOODS--Gordon Bivens, Consumption Economist, Consumer and Food Economics Research Division, ARS, USDA

FAMILY INCOME AND EXPENDITURES

Conference Room B-1048, Museum of History and Technology
Constitution Avenue between 12th and 14th

Jean L. Pennock, Chief, Family Economics Branch,
Consumer and Food Economics Research Division,
Agricultural Research Service, USDA, Chairman

9:00 TRENDS IN RETAIL PRICES--James C. Daugherty, Chief, Retail Prices Branch, Division of Consumer Prices and Price Indexes, Bureau of Labor Statistics

9:45 THE FEDERAL MEDICARE PROGRAM--John Noble, Special Assistant to the Director, Bureau of Health Insurance, Social Security Administration

10:30 INTERMISSION

10:45 NEW BLS STANDARD BUDGETS AND LIVING COST INDEXES Helen Lamale, Chief, Division of Living Conditions Studies, Bureau of Labor Statistics

11:30 INCOME NEEDED FOR EQUIVALENT LEVELS OF LIVING FOR FARM AND URBAN FAMILIES--Carol Jaeger, Statistician, Consumer and Food Economics Research Division, ARS, USDA

CONSUMER PROTECTION

Auditorium, Museum of History and Technology
Constitution Avenue between 12th and 14th

Gordon Bivens, Consumption Economist,
Consumer and Food Economics Research Division,
Agricultural Research Service, USDA, Chairman

1:30 NEW DEVELOPMENTS IN CONSUMER PROTECTION--
Kate Stahl, Coordinator of Consumer Services, Food and Drug Administration
Gale P. Gotschall, Assistant General Counsel for Federal-State Cooperation, Federal Trade Commission
Albert B. Kelley, Director, Office of Public Affairs, Federal Highway Administration, Department of Transportation
Robert J. Anderson, Associate Administrator, ARS, USDA
Robert K. Somers, Deputy Administrator, C & MS, USDA

3:15 INTERMISSION

3:30 A STATE PROGRAM OF CONSUMER PROTECTION--
Faith Prior, Family Economist, University of Vermont

4:00 PANEL DISCUSSION: IMPLICATIONS FOR THE FAMILY
Gordon Bivens, USDA, Moderator
Kate Stahl, Food and Drug Administration
Gale P. Gotschall, Federal Trade Commission
Albert B. Kelley, Department of Transportation
Robert J. Anderson, USDA
Robert K. Somers, USDA
Faith Prior, University of Vermont

COMMUNITY FACILITIES

Conference Room B-1048, Museum of History and Technology
Constitution Avenue between 12th and 14th

Helen Turner, Assistant Director,
Division of Home Economics,
Federal Extension Service, USDA, Chairman

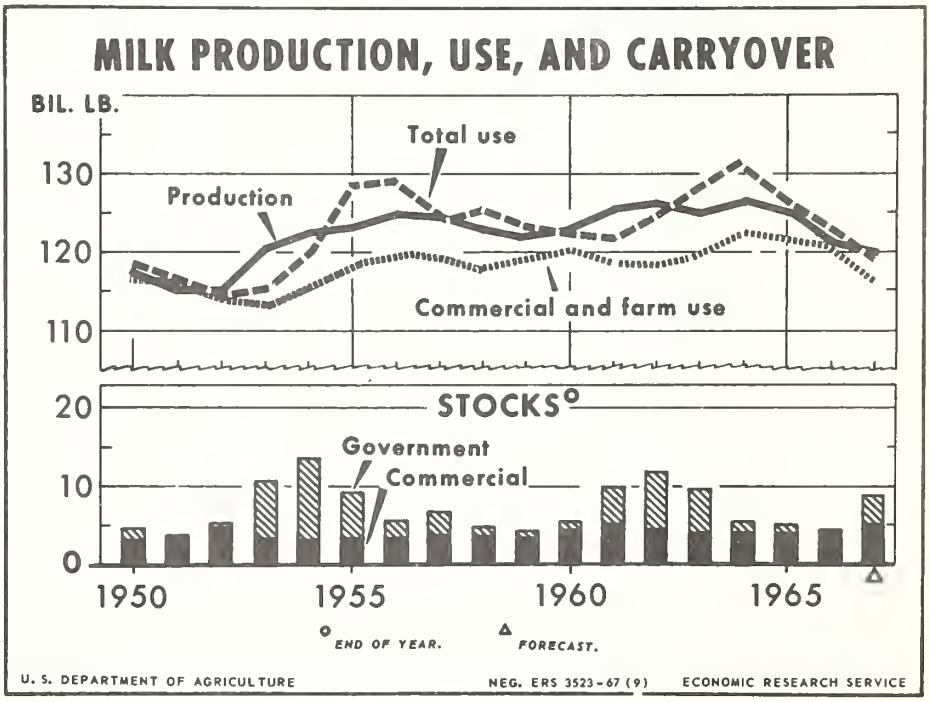
9:00 RURAL HEALTH CARE FACILITIES--Harald M. Graning, Assistant Surgeon General, Public Health Service, Department of Health, Education and Welfare

68 OUTLOOK ISSUE

DAIRY SITUATION

DS-318 For A.M. Release, November 6, 196

U.S. milk output in 1967 may total slightly less than the 120.2 billion pounds in 1966. Commercial and farm use likely will be down about 5 billion pounds (milk equivalent) from the 1966 level. However, increased USDA donations of dairy products for domestic programs have risen, so total use likely will decline only about 3 billion pounds. Stocks of dairy products at the end of 1967 are estimated at over 8 billion pounds (milk equivalent), sharply above year-earlier levels. Milk production in 1968 is forecast about the same as this year. Total use of milk may increase next year, as commercial sales and USDA donations of dairy products both are expected to rise.



IN THIS ISSUE

Published five times a year by
ECONOMIC RESEARCH SERVICE • U.S. DEPARTMENT OF AGRICULTURE

U. S. Dairy Situation at a Glance

Item	Unit or base period	1965	1966				1967			
		Sept.	July	Aug.	Sept.	Year	June	July	Aug.	Sept.
Milk production:										
Milk on farms	Mil. lb.	9,272	10,350	9,763	9,263	120,230	11,146	10,311	9,757	9,173
Average milk per cow	Lb.	628	736	696	663	8,513	821	761	722	680
Prices received by farmers:										
All milk, wholesale, 100 pounds	Dol.	4.43	4.72	5.01	5.28	4.81	4.68	4.80	4.98	5.20
Percentage of parity 1/	Pct.	76	87	88	87	84	88	86	86	84
Milkfat in cream, pound	Ct.	62.1	69.1	71.6	73.4	67.0	65.3	65.7	65.8	65.9
Percentage of parity	Pct.	75	80	83	87	79	77	77	77	77
Manufacturing grade milk, 100 pounds	Dol.	3.42	4.04	4.25	4.40	3.97	3.95	3.94	3.99	4.05
Parity equivalent	Dol.	4.35	4.51	4.52	4.55	4.50	4.66	4.69	4.66	4.68
Fat content	Pct.	3.80	3.58	3.65	3.74	3.69	3.60	3.60	3.64	3.73
Minnesota-Wisconsin (3.5% fat test)	Dol.	3.29	4.05	4.26	4.34	3.92	3.96	3.95	3.97	3.97
Milk eligible for fluid market, 100 pounds	Dol.	4.85	5.06	5.36	5.65	5.18	5.06	5.22	5.42	5.67
Price ratios and dairy ration values:										
Milk-feed	Lb.	1.46	1.49	1.56	1.62	1.53	1.44	1.49	1.59	1.67
Manufacturing grade milk-hog	Lb.	.15	.17	.17	.20	.18	.19	.18	.20	.21
Manufacturing grade milk-beef cattle	Lb.	.17	.18	.19	.20	.18	.17	.17	.17	.18
Value of concentrate ration fed milk cows 2/	Dol.	3.02	3.15	3.20	3.24	3.05	3.23	3.21	3.13	3.10
Farm cash receipts from dairy products	Mil. dol.	393	464	465	463	5,502	497	474	466	459
Production of factory products:										
Creamery butter	Mil. lb.	73.4	83.1	76.5	68.7	1,112.0	129.5	104.9	86.2	75.3
American cheese, whole milk	Mil. lb.	81.8	113.5	104.2	93.4	1,220.6	137.4	120.6	108.6	90.8
Cheese, other than American	Mil. lb.	46.4	51.3	50.8	48.0	635.0	54.6	51.9	50.8	50.0
Evaporated and condensed, unskimmed, cs. goods	Mil. lb.	141.7	167.5	172.5	145.6	1,824.7	179.5	159.9	145.2	118.8
Dry whole milk	Mil. lb.	5.8	7.1	7.3	6.8	94.4	7.2	8.2	5.1	4.7
Frozen products 3/	Mil. gal.	93.7	118.0	112.9	92.2	1,040.1	114.1	113.6	115.3	91.5
Creamed cottage cheese	Mil. lb.	67.3	71.4	69.5	66.4	829.7	75.2	72.1	72.5	67.0
Total whole milk equivalent 4/	Mil. lb.	4,027	5,099	4,716	4,101	56,398	6,379	5,599	4,984	
Nonfat dry milk, human use	Mil. lb.	100.3	131.8	112.6	88.5	1,595.1	202.4	157.5	130.1	100.3
Wholesale prices:										
Paid by fluid milk distributors, 100 pounds	Dol.	5.49	5.77	5.99	6.13	5.82	6.16	6.16	6.18	6.28
Butter, 92-score, Chicago, pound	Ct.	62.2	71.2	73.0	74.9	66.6	66.5	66.5	67.1	67.1
Cheese, American Cheddars, f.o.b. Wisconsin assembling points, pound	Ct.	37.8	46.9	49.4	49.4	45.9	44.9	44.8	44.9	44.9
Evaporated milk, case	Dol.	6.11	6.78	6.93	7.07	6.73	7.05	7.05	7.05	7.06
Dry whole milk, pound	Ct.	34.5	42.5	42.6	45.0	39.9	38.3	39.0	40.3	39.7
Nonfat dry milk, pound	Ct.	14.8	19.5	20.3	20.6	18.2	19.9	19.9	19.8	19.9
Dairy products and ice cream index (BLS)	1957-59=100	109.1	120.4	124.0	124.2	118.5	122.2	122.0		
Retail prices (BLS): 5/										
Milk, fresh, delivered, half-gallon	Ct.	52.7	55.4	56.8	57.1	55.5	57.2	57.2	57.5	58.0
Milk, fresh, grocery, half-gallon	Ct.	47.4	49.6	51.1	51.4	49.8	51.5	51.3	51.5	51.9
Evaporated milk, 14½-ounce can	Ct.	15.2	15.9	16.2	16.4	16.0	16.9	16.8	16.8	16.8
Cheese, American, processed, sliced, ½-lb. pkg.	Ct.	37.7	41.8	43.2	44.1	42.2	43.8	43.4	43.3	43.2
Butter, pound	Ct.	75.7	80.9	86.3	88.1	82.2	84.1	82.6	82.6	83.3
Ice cream, half-gallon	Ct.	79.0	79.2	82.9	83.8	80.6	83.1	81.1	80.8	80.7
Dairy products index	1957-59=100	105.3	111.0	114.8	116.0	111.8	116.3	116.4	116.6	117.3
All foods index	1957-59=100	109.7	114.3	115.8	115.6	114.2	115.1	116.0	116.6	115.9
Margarine, colored, pound	Ct.	27.9	28.5	28.7	29.1	28.7	28.8	28.0	27.9	28.0
Stocks, end of month:										
Creamery butter	Mil. lb.	161.1	92.2	85.9	68.4	---	191.6	228.5	233.2	211.4
Cheese, total, natural	Mil. lb.	386.6	391.3	402.5	398.4	---	442.7	457.1	450.8	438.9
Fluid cream 6/	Mil. lb.	11.7	21.9	20.3	18.6	---	19.9	18.4	18.0	14.8
Evaporated milk	Mil. lb.	228.2	223.4	217.2	245.1	---	228.6	266.8	281.8	292.2
Condensed milk (case and bulk)	Mil. lb.	8.2	8.1	8.9	7.3	---	13.6	16.4	15.1	11.9
Dry whole milk	Mil. lb.	6.0	8.8	8.2	7.9	---	9.4	10.2	8.6	7.4
Total, whole milk equivalent	Mil. lb.	7,789	6,481	6,416	6,042	---	9,106	10,109	10,157	9,543
Nonfat dry milk	Mil. lb.	262.5	143.6	130.8	119.1	---	192.4	256.0	275.9	266.7
Civilian disappearance:										
Creamery butter	Mil. lb.	90.7	74.8	78.8	83.4	1,082	86.1	66.2	79.5	
Cheese, whole milk and part skim	Mil. lb.	157.5	150.8	151.1	153.2	1,891	178.5	160.7	167.5	
Evaporated milk	Mil. lb.	124.9	129.2	138.2	91.2	1,479	108.6	103.3	112.3	
Nonfat dry milk	Mil. lb.	61.3	97.1	94.6	80.5	1,146	108.9	62.5	89.9	
State and Federal marketing areas:										
Daily average sales:										
Whole milk	Mil. lb.	92.9	83.8	84.3	93.0	89.9	83.3	80.0		
Milk and cream mixture	Thou. lb.	1,176	1,134	1,136	1,154	1,167	1,135	1,097		
Fluid cream	Thou. lb.	675	652	656	656	709	683	625		
Skim milk items	Thou. lb.	10,952	11,674	11,651	12,326	11,831	13,376	12,852		
Daily average receipts of milk:										
From producer	Mil. lb.	130.1	132.6	129.2	131.4	142.7	149.7	135.3	130.6	
Per producer	Lb.	897	963	943	949	996	1,154	1,048	1,011	
Number of producers and producer-handlers	Thou.	145	138	137	138	143	130	129	129	

1/ Seasonally adjusted price as percentage of parity price. 2/ Milk and cream selling areas, per 100 pounds. 3/ Ice cream, ice milk, and sherbet. 4/ Includes manufactured products for which current monthly series are available. 5/ Beginning January 1964, BLS revised the consumer price index (CPI) and retail price series. See DS-303, page 31. 6/ Includes plastic on a fluid cream basis.

THE DAIRY SITUATION

Approved by the Outlook and Situation Board, October 27, 1967

CONTENTS

SUMMARY

Milk production in 1968 is likely to total near the 119.5-120 billion pounds in prospect for 1967. January-September 1967 output was 0.2 percent below production for the same period of 1966.

Milk cow numbers in 1967 are averaging about 4 percent below last year, compared with a decline of nearly 6 percent in 1966. Output per cow for 1967 may approximate 8,810 pounds, up about 3½ percent from 1966.

Milk cow numbers may continue to decline in 1968 at about the same rate as in 1967. A continued firm beef-cattle market and favorable off-farm opportunities will encourage cow culling and sale of dairy herds. Although milk cow numbers are declining, gains in output per cow are expected to maintain 1968 total milk production near the 1967 level. Feed supplies are large, and feed prices will average below those of recent years. The resulting high milk-feed price ratio may lead to increased feeding and help bring about average or better gains in output per cow in 1968.

Prices farmers receive for milk are running slightly below peak levels of a year ago. But for all of 1967, the price of milk

may average about $5.00 per 100 pounds, compared with $4.81 in 1966.

Price supports of $4.00 per 100 pounds for manufacturing milk and 68 cents per pound for butterfat are in effect through March 31, 1968. USDA will announce support levels for the 1968/69 marketing year before April 1.

If current price support and Federal Milk Marketing Order price levels continue next year, prices farmers receive for milk in 1968 are likely to average near those of 1967.

This means cash receipts from dairying likely would change little since 1968 marketings are expected to average near 1967 levels. Cash receipts from farm sales of milk and cream in 1967 will be a record of about $5.8 billion, up from $5.5 billion in 1966. This year's increase is due chiefly to higher prices. Farm marketings of milk and cream are changing little from a year earlier.

Commercial disappearance of milk in all products is falling this year about 5 billion pounds milk equivalent (fat solids basis) from the 1966 level of 115 billion. The January-September decline from a year earlier was about 5 percent. However, commercial disappearance in 1968 may resume the upward trend of past years, since population and personal incomes are rising and retail dairy prices are expected to change little from 1967 levels.

Domestic use of milk in 1967--including CCC donations and farm household use of home-produced milk as well as commercial disappearance--is expected to fall about $2\frac{1}{2}$ billion pounds from the 119.4 billion consumed in 1966, half the drop in commercial disappearance. Increased CCC donations of butter, cheese, and nonfat dry milk have partially offset reduced sales and lower farm use of home-produced milk. Donations of government-purchased products for use in welfare and school lunch programs about tripled this year from last year's low levels.

In 1968, prospective increases in sales and larger CCC donations likely will increase domestic use of milk.

CCC purchases in 1967 are expected to remove over 7 billion pounds milk equivalent from the market, up sharply from the 0.6 billion removed in 1966. CCC purchases likely will amount to about 6 percent of the milkfat and 8 percent of the milk solids-not-fat marketed by farmers.

U. S. exports of dairy products declined sharply in 1967 and likely will continue at low levels next year. This year's dairy product imports, coming mostly in the first half, are expected to be near the 2.8 billion pounds imported in 1966. New quotas, effective July 1, are sharply limiting dairy imports to about 1 billion pounds milk equivalent annually.

Stocks of dairy products are expected to total more than 8 billion pounds milk equivalent at the end of 1967, compared with 4.8 billion pounds in 1966, because of increased government holdings.

SITUATION AND OUTLOOK

PRODUCTION

Milk Production Slightly Under 1966 Levels

September milk production was 9.2 billion pounds, 1 percent below September 1966. Among regions, only the South Atlantic States reported a gain from a year earlier. However, among major producing States, milk production was 3 percent above a year earlier in New York and about the same in Wisconsin and California.

September output per cow was 680 pounds, up 2.6 percent from a year earlier and a record for the month. This compares with an increase of 5.6 percent in September 1966. Gains this September ranged from 5.7 percent in the South Atlantic States to 1.4 percent in the Western Region. Output per cow was a record high for September in 45 States.

January-September milk output totaled 92.2 billion pounds, just under the 92.4 billion of a year earlier. For the 9 months, milk production increased slightly in the

East North Central, South Atlantic, South Central, and Western regions, but was down 3 percent in the North Atlantic region and slightly in the West North Central States. Wisconsin's 3.7 percent output gain brought the East North Central region's 9-month production above a year earlier, but production in other East North Central States was down (table 1).

After the first quarter of 1967, U. S. milk production in each quarter remained just under year earlier levels. For the 4th quarter, the gap may widen slightly with smaller year-to-year gains in output per cow.

1968 Milk Output May Change Little

U. S. milk production in 1968 may total close to the 119.5-120 billion pounds expected for 1967, the lowest since 1952. Average gains in output per cow are expected to approximate the 3½ percent increase likely in 1967. But milk cow numbers will continue downward probably at the 3-4 percent rate of 1967 and offset productivity gains. Although the cow number decline is about two-thirds that of 1966, it exceeds the 2.2 percent downtrend since 1950 and the 3.3 percent average annual decline since 1960. If the livestock market strengthens, farmers may cull in 1968 at a rate heavier than the 1960-66 average. Improved dairy prices in 1966 and 1967 have lifted gross cash receipts from dairying to record levels and may slow the decline in number of milk herds from high rates of recent years (table 2).

Since 1960, milk output per cow has gained an average of 3½ percent per year. This uptrend is expected to continue in 1968 near the average rate, particularly in view of this year's large feed supplies and lower feed prices, which should encourage heavy grain and concentrate feeding.

Milk production per cow for 1967 is expected to average about 8,810 pounds, up about 3½ percent from 1966, about the same as the average annual gain since 1960. The indicated increase is well above the 209 pound gain from 1965 to 1966. Output per cow for the first 9 months of 1967 was 4 percent above a year earlier but only 2.6 percent higher in September.

Milk production levelled in 1967 after declining close to 7 billion pounds between 1964 to 1966. Steady milk production in 1967 was associated with sharp advances in milk prices from a year earlier beginning in mid-1966 through the first half of 1967. The rise brought dairy prices into a more favorable relationship compared with alternative enterprises than they had been for some time. The end of the 5-year drought in the Northeastern States and the improved 1966/67 fall-winter feed situation in North Central States also helped to stabilize milk production this year. However, throughout 1967, prices for cull dairy cows remained at comparatively high levels. The manufacturing milk-beef cattle price ratio was higher in early 1967 than a year earlier, but turned downward in mid-year. In coming months, it may stay lower than the same period a year earlier, because beef-cattle prices are expected to strengthen in 1968 and milk prices may stay near 1967 levels. In September, the manufacturing milk-beef price ratio was 10 percent under a year earlier. These price relationships suggest the likelihood of a continued high rate of herd culling in 1968. The number of replacement heifers available for 1968 appears too small to bring about a slowdown from the 1967 rate of decline in cow numbers.

Prices for canner and cutter cows in Chicago averaged about 3 percent below year earlier levels during January-September. However, the expected firm beef market indicates that prices for slaughter cows in 1968 may be somewhat above 1967 levels.

The number of farmers keeping milk cows will continue to decline in 1968. The rate of decline will depend in part on opportunities for off-farm employment and income opportunitites in farm enterprises alternative to dairying. Moreover, relatively large capital requirements for beginning dairy farmers and high labor costs are contributing to the decline in dairy herds.

Feed Prices Lower

Larger supplies of feed grains, together with ample supplies of soybean meal, indicate that feed prices will be lower in

Table 1.--Production of milk on farms, United States, 1966 and January-September 1966 and 1967 1/

State	1966	January-September		January-September 1967 compared with 1966	
		1966	1967	Actual change	Percentage change
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Pct.
Maine	638	493	467	-26	-5.3
New Hampshire	382	292	286	-6	-2.1
Vermont	1,967	1,513	1,464	-49	-3.2
Massachusetts	756	576	560	-16	-2.8
Rhode Island	95	73.1	66.5	-6.6	-9.0
Connecticut	706	534	523	-11	-2.1
New York	10,580	8,146	7,939	-207	-2.5
New Jersey	999	766	710	-56	-7.3
Pennsylvania	7,087	5,421	5,319	-102	-1.9
Ohio	4,937	3,784	3,693	-91	-2.4
Indiana	2,769	2,132	2,048	-84	-3.9
Illinois	3,587	2,793	2,688	-105	-3.8
Michigan	5,179	3,959	3,732	-227	-5.7
Wisconsin	18,199	13,988	14,512	+524	+3.7
Minnesota	10,028	7,874	7,958	+84	+1.2
Iowa	5,624	4,364	4,378	+14	+.3
Missouri	3,123	2,434	2,380	-54	-2.2
North Dakota	1,335	1,079	1,014	-65	-6.0
South Dakota	1,527	1,209	1,202	-7	-.6
Nebraska	1,723	1,338	1,240	-98	-7.3
Kansas	1,703	1,289	1,297	+8	+.6
Delaware	149	113.0	109.3	-3.7	-3.3
Maryland	1,544	1,165	1,163	-2	-.2
Virginia	1,795	1,361	1,380	+19	+1.4
West Virginia	476	363	363	0	0
North Carolina	1,497	1,121	1,148	+27	+2.4
South Carolina	513	387	395	+8	+2.1
Georgia	1,000	744	775	+31	+4.2
Florida	1,441	1,077	1,160	+83	+7.7
Kentucky	2,590	2,025	1,998	-27	-1.3
Tennessee	2,163	1,664	1,658	-6	-.4
Alabama	834	622	625	+3	+.5
Mississippi	1,106	843	847	+4	+.5
Arkansas	704	546	538	-8	-1.5
Louisiana	1,011	747	775	+28	+3.7
Oklahoma	1,300	990	995	+5	+.5
Texas	3,007	2,285	2,346	+61	+2.7
Montana	360	281	269	-12	-4.3
Idaho	1,432	1,102	1,110	+8	+.7
Wyoming	167	129.5	123.2	-6.3	-4.9
Colorado	821	621	636	+15	+2.4
New Mexico	294	220	233	+13	+5.9
Arizona	539	405	406	+1	+.2
Utah	736	560	568	+8	+1.4
Nevada	134	102.2	101.8	-.4	-.4
Washington	1,956	1,492	1,503	+11	+.7
Oregon	978	764	773	+9	+1.2
California	8,569	6,466	6,610	+144	+2.2
Alaska	19.0	14.5	14.1	-.4	-3.0
Hawaii	151	115.2	110.8	-4.4	-3.8
United States	120,230	92,374	92,210	-164	-.2

1/ Preliminary.

Table 2.--Milk production and factors affecting supply, United States, 1950-67 1/

Year	Milk cattle on farms January 1			Milk cows on farms, average during year	Milk production per cow	Total milk production	Prices received by farmers, 1957-59=100	
	Cows and heifers 2 years old and over	Heifers 1-2 years	Heifers calves under 1 year				Dairy products	All farm products
	Thou.	Thou.	Thou.	Thou.	Lb.	Mil. lb.		
1950	23,853	5,394	6,208	21,994	5,314	116,602	97	107
1951	23,568	5,493	6,337	21,505	5,333	114,681	112	125
1952	23,060	5,694	6,481	21,338	5,374	114,671	118	119
1953	23,549	5,893	6,479	21,691	5,542	120,221	104	105
1954	23,896	5,873	6,392	21,581	5,657	122,094	96	102
1955	23,462	5,786	6,094	21,044	5,842	122,945	96	96
1956	22,912	5,407	5,890	20,501	6,090	124,860	99	95
1957	22,325	5,267	5,699	19,774	6,303	124,628	101	97
1958	21,265	5,126	5,571	18,711	6,585	123,220	99	104
1959	20,132	5,050	5,526	17,901	6,815	121,989	100	100
1960	19,527	5,079	5,575	17,515	7,029	123,109	101	99
1961	19,271	5,016	5,446	17,243	7,290	125,707	101	99
1962	18,963	4,887	5,264	16,842	7,496	126,251	99	101
1963	18,379	4,708	4,935	16,260	7,700	125,202	99	100
1964	17,647	4,395	4,692	15,677	8,099	126,967	100	98
1965	16,981	4,149	4,420	14,954	8,304	124,173	102	103
1966 2/	15,987	3,860	4,151	14,123	8,513	120,230	114	110
1967 3/	15,201	3,619	4,059	13,600	8,810	119,800	118	104

Year	Average prices received by farmers					Parity prices 4/		
	All milk wholesale, per cwt.	Milk eligible for fluid market, per cwt.	Milk of manufacturing grade, per cwt.	Milkfat in cream, per lb.	Milk retail, per qt.	All milk wholesale, per cwt.	Milkfat in cream, per lb.	Equivalent for manufacturing milk, per cwt.
	Dol.	Dol.	Dol.	Ct.	Ct.	Dol.	Ct.	Dol.
1950	3.89	4.36	3.16	62.0	18.5	4.32	69.2	3.82
1951	4.58	5.02	3.85	71.2	19.9	4.76	76.2	4.21
1952	4.85	5.31	4.06	75.0	20.8	4.84	76.9	4.28
1953	4.32	4.82	3.48	66.5	20.8	4.72	75.0	4.18
1954	3.97	4.45	3.14	58.7	20.6	4.75	75.0	4.20
1955	4.01	4.50	3.15	57.8	20.7	4.71	74.1	3.94
1956	4.14	4.64	3.25	59.4	21.0	4.62	72.2	3.85
1957	4.21	4.75	3.27	60.6	21.3	4.81	73.8	3.95
1958	4.13	4.66	3.15	59.3	21.3	5.02	75.4	4.08
1959	4.16	4.67	3.17	60.1	21.5	4.95	73.6	3.97
1960	4.21	4.69	3.25	60.5	21.7	5.01	74.1	4.01
1961	4.22	4.65	3.36	61.5	21.7	5.13	74.9	4.09
1962	4.09	4.54	3.20	59.4	21.9	5.25	76.2	4.15
1963	4.10	4.53	3.21	59.5	22.2	5.33	77.2	4.18
1964	4.15	4.58	3.26	60.2	22.3	5.38	77.3	4.20
1965	4.23	4.63	3.34	61.1	22.3	5.53	79.2	4.31
1966 2/	4.81	5.18	3.97	67.0	23.2	5.73	82.1	4.47
1967 3/	5.00	5.40	4.10	66.0	24.0	5.88	84.0	4.62

1/ Includes available data for Alaska and Hawaii beginning 1960.
2/ Preliminary.
3/ Estimated.
4/ At beginning of marketing year.

1967/68 than a year earlier, especially during fall and winter. The value of concentrate rations fed to milk cows has been below a year earlier since August, after averaging 6 percent higher during January-July 1967. In October, the value of dairy rations averaged about 5 percent below October 1966 (table 3).

The total supply of all feed concentrates for 1967/68 (October 1-September 30 feeding year) is estimated at 249 million tons, based on October indications. This is 6 percent above a year earlier and a little above the 1961-65 average. Feed grain production, at a record 176 million tons, more than offset a 5 million ton decrease in carryover. October feed grain prices were 15 percent below a year earlier and probably will continue below a year earlier during this fall and winter.

The record soybean crop in prospect for this year will provide larger supplies of soybean meal in 1967/68. Prices for soybean meal at Decatur in October averaged about $10 a ton below October 1966. The larger supply of soybean meal is expected to result in moderately lower meal prices through the first half of the 1967/68 feeding year.

The milk-feed price ratio has been at record levels during January-October 1967. Even with milk prices running below a year earlier, the milk-feed price ratio in November-December is expected to continue at record levels, because of lower feed prices. In October, the milk-feed price ratio averaged 4 percent above October 1966. For all of 1967, this price ratio also likely will average some 3 percent above 1966. In 1968, milk-feed price ratios are expected to continue relatively high.

Based on October 1 crop prospects, hay production for 1967 is estimated at 125 million tons, 3 percent above last year and 4 percent above average. However, the quality of first cutting hay was below normal in many of the northern dairy areas, due to poor drying weather this summer. New York crop reporters indicated that the quality of hay harvested in 1967 was 74 percent of normal, compared with the 88 percent average for 1962-66. Apparently, conditions were improved for second and third hay cuttings, and corn silage appears to be of adequate quality. Nationally, farmers paid $32.60 per ton for baled alfalfa hay in October--a decrease of $1.40 per ton below October 1966. Prices of other types of hay also were down from a year earlier.

Grain and other concentrates fed milk cows averaged 9 pounds per head on October 1 in herds kept by reporters. This was an increase of 3 percent from a year earlier, and 25 percent above the 1961-65 average for that date.

PRICES AND INCOME

Milk Prices Exceed 1948 Peak

Prices farmers receive for milk sold to plants and dealers in 1967 are expected to average about $5.00 per 100 pounds, compared with $4.81 in 1966. The previous high was $4.88 in 1948 (table 2). For January-October 1967, the price of wholesale milk averaged $4.96 per 100 pounds, 23 cents or 5 percent above a year earlier. After gaining 8 percent during the first 7 months of this year, milk prices dipped below year earlier levels in August-October. The October price of all wholesale milk was $5.31 per 100 pounds, 8 cents below last October (table 4). Lower prices for manufacturing grade milk and reduced use of milk for bottling have lowered the average price of milk slightly from year earlier levels since August.

Higher price support levels sustained first half milk prices above year earlier levels. The tight supply-demand situation for milk in 1966, which caused farm prices to rise sharply above support levels, moderated in 1967, as reduced commercial takings and higher first half imports resulted in substantial market removals of dairy products by USDA.

Fourth quarter prices farmers receive are advancing about 5 percent from third quarter prices, less than the usual 9 percent. This year the elimination of seasonal Class I price differentials in Federal order markets has lessened the seasonal movement of prices. However, other major causes of seasonal price increases in fall months, which continued to operate, are

Table 3.--Dairy: Feed costs, milk cow and other livestock prices, milk-livestock price ratios, and feed consumed, United States, 1950-67

Year	Dairy ration cost		Milk cow cost		Livestock prices and milk-livestock price ratios			
	Value per 100 pounds	Milk-feed price ratio	Price received per head	Milk required to buy a cow	Beef-cattle price per 100 pounds	Manufacturing milk-beef	Hog price per 100 pounds	Manufacturing milk-hog
	Dol.	Lb.	Dol.	Cwt.	Dol.	Lb.	Dol.	Lb.
1950	3.08	1.24	198	51	23.30	0.14	18.00	0.18
1951	3.52	1.29	247	54	28.70	.13	20.00	.19
1952	3.75	1.28	243	50	24.30	.17	17.80	.22
1953	3.43	1.25	177	41	16.30	.21	21.40	.16
1954	3.30	1.19	149	38	16.00	.20	21.60	.15
1955	3.10	1.28	146	36	15.60	.20	15.00	.21
1956	3.00	1.36	153	37	14.90	.22	14.40	.23
1957	3.00	1.39	166	39	17.20	.19	17.80	.18
1958	2.89	1.41	209	51	21.90	.15	19.60	.16
1959	2.89	1.43	233	56	22.60	.14	14.10	.23
1960	2.88	1.45	223	53	20.40	.16	15.30	.21
1961	2.89	1.45	224	53	20.20	.17	16.60	.20
1962	2.92	1.40	221	54	21.30	.15	16.30	.20
1963	3.01	1.36	215	52	19.90	.16	14.90	.22
1964	3.01	1.38	209	50	18.00	.18	14.80	.22
1965	3.02	1.40	212	50	19.90	.17	20.60	.17
1966 1/	3.14	1.53	246	51	22.20	.18	22.80	.18
1967 2/	3.20	1.54	260	52	22.33	.18	19.41	.21

Year	Grain and other concentrates fed to milk cows			Dairy pastures, feed condition for season, as percent of normal	Alfalfa, hay prices		Quantity fed per cow, winter feeding period ending in May 3/		
	Total fed	Per cow	Per 100 pounds of milk produced 4/		Received by farmers per ton	Paid by farmers per ton	Hay	Silage	Total hay equivalent
	Thou. tons	Lb.	Lb.	Pct.	Dol.	Dol.	Tons	Tons	Tons
1950	18,516	1,629	30.6	83	23.10	30.90	2.2	1.7	2.9
1951	17,418	1,605	29.9	86	25.50	34.10	2.2	1.6	2.9
1952	17,527	1,628	30.3	80	26.30	37.70	2.3	1.8	2.9
1953	18,519	1,676	30.7	75	22.70	35.50	2.2	1.9	2.9
1954	18,721	1,659	30.0	75	23.00	34.40	2.2	2.1	2.9
1955	18,664	1,758	30.1	76	22.00	33.70	2.2	2.2	3.0
1956	19,098	1,825	30.2	75	21.90	32.50	2.3	2.4	3.1
1957	19,946	1,945	31.2	83	18.60	31.50	2.2	2.3	3.0
1958	19,809	2,003	31.4	86	18.60	29.50	2.4	2.5	3.2
1959	19,803	2,050	31.6	81	21.70	29.80	2.3	2.5	3.2
1960	19,821	2,259	32.2	84	21.00	31.60	2.5	2.7	3.4
1961	20,916	2,404	33.2	83	21.00	30.90	2.5	2.6	3.4
1962	21,617	2,533	34.3	80	21.40	30.60	2.5	2.8	3.4
1963	21,858	2,646	35.1	76	23.50	32.90	2.4	2.8	3.4
1964	22,464	2,800	35.9	75	24.00	32.60	2.4	3.1	3.5
1965	22,827	2,953	36.7	79	24.00	33.00	2.4	3.2	3.5
1966 1/	22,569	3,200	37.8	78	24.00	33.40	2.3	3.3	3.4
1967	5/22,780	5/3,350	5/38.7	5/80	2/24.29	2/34.08	1/2.4	1/3.5	1/3.5

1/ Preliminary. 2/ Ten-month simple average. 3/ In herds kept by dairy reporters. 4/ On farms where milk or cream was sold. 5/ Estimated.

Table 4.--Milk, wholesale all: Average price received by farmers per 100 pounds, by regions, 1950-67

Year and month	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific	United States 1/
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
1950	4.98	4.21	3.40	3.38	5.09	4.02	4.89	3.78	4.05	3.89
1955	5.14	4.32	3.49	3.41	5.28	4.11	5.16	4.08	4.19	4.01
1956	5.17	4.42	3.69	3.47	5.35	4.21	5.26	4.21	4.41	4.14
1957	5.44	4.76	3.69	3.46	5.44	4.19	5.18	4.25	4.50	4.21
1958	5.27	4.74	3.57	3.36	5.50	4.22	5.14	4.18	4.39	4.13
1959	5.46	4.77	3.60	3.38	5.47	4.30	5.02	4.15	4.46	4.16
1960	5.39	4.65	3.77	3.42	5.48	4.38	5.04	4.13	4.44	4.21
1961	5.16	4.56	3.84	3.53	5.41	4.34	5.00	4.20	4.45	4.22
1962	5.10	4.45	3.68	3.40	5.37	4.25	4.81	4.14	4.39	4.09
1963	5.13	4.45	3.68	3.39	5.40	4.32	4.95	4.18	4.35	4.10
1964	5.17	4.52	3.73	3.44	5.48	4.42	5.03	4.23	4.43	4.15
1965	5.15	4.57	3.83	3.53	5.53	4.47	5.02	4.28	4.48	4.23
1966 2/	5.73	5.07	4.53	4.11	5.94	5.11	5.73	4.83	4.77	4.81
1966 2/										
January	5.61	4.89	4.17	3.76	5.85	5.11	5.54	4.68	4.76	4.58
February	5.63	4.90	4.26	3.79	5.91	5.11	5.59	4.67	4.70	4.60
March	5.60	4.83	4.28	3.81	5.79	4.95	5.48	4.64	4.60	4.57
April	5.27	4.68	4.20	3.81	5.66	4.69	5.27	4.54	4.48	4.46
May	4.96	4.49	4.14	3.80	5.48	4.55	5.21	4.40	4.41	4.36
June	4.95	4.51	4.16	3.83	5.47	4.54	5.21	4.38	4.46	4.37
July	5.67	5.03	4.44	4.18	5.73	4.79	5.67	4.65	4.63	4.72
August	5.86	5.35	4.78	4.41	5.92	5.04	5.85	4.90	4.86	5.01
September	6.28	5.56	5.02	4.63	6.24	5.46	6.18	5.21	5.06	5.28
October	6.51	5.73	5.09	4.64	6.39	5.73	6.35	5.35	5.08	5.39
November	6.51	5.72	5.08	4.59	6.44	5.82	6.34	5.34	5.12	5.37
December	6.33	5.54	4.98	4.51	6.46	5.80	6.26	5.32	5.18	5.28
1967 2/										
January	6.02	5.46	4.86	4.40	6.42	5.62	6.21	5.31	5.14	5.15
February	5.96	5.36	4.78	4.34	6.39	5.48	6.12	5.18	5.00	5.06
March	5.75	5.25	4.70	4.27	6.24	5.26	5.72	4.98	4.91	4.95
April	5.39	4.97	4.56	4.16	5.97	4.89	5.53	4.86	4.79	4.77
May	5.35	4.87	4.55	4.16	5.99	4.87	5.56	4.82	4.72	4.74
June	5.23	4.86	4.44	4.11	5.93	4.84	5.51	4.73	4.76	4.68
July	5.71	5.30	4.50	4.12	5.93	4.84	5.56	4.76	4.74	4.80
August	6.16	5.64	4.63	4.19	6.00	5.04	5.68	4.89	4.80	4.98
September	6.34	5.82	4.87	4.35	6.22	5.38	6.14	5.06	4.88	5.20
October	6.37	5.86	4.95	4.44	6.39	5.67	6.29	5.21	5.00	5.31

1/ Includes Alaska and Hawaii beginning 1961. 2/ Preliminary.

the increased proportion of milk supplies going into the higher-valued bottling uses and the seasonally higher milkfat content.

For 1967, manufacturing grade milk prices likely will average about $4.10 per 100 pounds, up from $3.97 in 1966. Adjusted to the 3.7 percent average annual milkfat test, manufacturing grade milk prices have been near the $4.00 support price since last spring. The adjusted price for October was $4.04 per 100 pounds. Excess supplies of milk in 1968 are likely to continue to hold manufacturing grade prices near the support level.

Class I prices this year likely will be up around 5 percent from 1966; prices for milk eligible for fluid use probably will gain somewhat less.

Milkfat prices farmers receive may average lower than the 67.0 cents in 1966, because butter has been in excess supply during 1967.

1968 Prospects: Little Change

In 1968, prices farmers receive for milk and butterfat likely will average near the 1967 level, if the dairy support and Federal order programs continue about as they are now. Even with reduced dairy imports next year, prospective supplies appear more than adequate to meet the commercial market's requirements for milk and dairy products. Therefore, USDA likely will remove substantial amounts of dairy products from the market under the price support program in the first half of 1968. Consequently, manufacturing grade milk prices are expected to continue near the support level during that time.

In prospect are rises in the parity index and in the 10-year moving average of manufacturing grade milk prices now used to calculate dairy support levels. These changes may increase the legal maximum support level (90 percent of parity) for manufacturing milk, by about 20 cents above the current maximum of $4.16 per 100 pounds for the 1967/68 marketing year. USDA will announce actual support levels for the 1968/69 marketing year before April 1, 1968.

Cash Receipts Rising

Cash receipts from farm marketings of milk and cream are expected to approximate $5.8 billion in 1967, up about 5 percent from last year's record $5.5 billion level (table 5). Farm production expenses also are expected to be higher this year than last, and net incomes of dairy producers may be little above those of 1966.

For January-September, 1967, cash receipts from dairy marketings totaled $4.4 billion, about 7 percent above the same months of 1966. The increase was due chiefly to a 6 percent average increase in prices received by farmers, as milk marketings for this period were close to those of a year earlier. Cash receipts during October-December of this year are projected below a year earlier, due to lower prices for milk.

Dairy farmers probably will market about 114.8 billion pounds of milk this year, about the same as in 1966 (table 5). Marketings are being maintained this year, even with slightly lower production, because of the continued decline in milk used on farms where produced. Whole milk marketings this year may increase by almost 1 billion pounds, while marketings of farm separated cream and milk retailed by farmers continue to decline.

Average returns per 100 pounds of milk marketed in all forms likely will be slightly above $5.00, compared with last year's $4.81. The slight rise in marketings and little change in milk prices in prospect for 1968 point to cash receipts from dairying around this year's level, if programs continue about as they are now and average crop and pasture conditions prevail.

Wholesale Dairy Product Prices Near Support Level

Wholesale prices of dairy products have been at or near the support purchase prices during most of this year. Wholesale butter prices moved above the support purchase level in late August, and reached 67.5 cents per pound (Grade A at Chicago) in early October, but since then declined to 66.4 cents, about the support purchase

Table 5 .--Milk marketings by farmers, income and utilization, United States, 1950-67 1/

Year	Used on farms where produced	Milk marketed by farmers				Cash receipts from milk marketed by farmers			
		Sold to plants and dealers		Retailed by farmers as milk and cream	Total	Milk sold to plants and dealers	Cream sold to plants and dealers	Retailed by farmers	Total
		As whole milk	As farm separated cream						
	Bil. lb.	Bil. lb.	Bil. lb.	Bil. lb.	Bil. lb.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
1950	18.3	74.2	20.2	3.9	98.3	2.9	0.5	0.3	3.7
1951	17.9	74.5	18.5	3.7	96.7	3.4	.5	.3	4.3
1952	17.0	77.3	16.9	3.5	97.7	3.8	.5	.3	4.6
1953	16.1	84.6	16.3	3.2	104.1	3.7	.4	.3	4.4
1954	15.4	87.9	15.9	2.9	106.7	3.5	.3	.3	4.1
1955	14.6	91.0	14.7	2.7	108.3	3.6	.3	.3	4.2
1956	13.6	95.5	13.3	2.4	111.2	4.0	.3	.2	4.5
1957	12.4	98.3	11.7	2.3	112.2	4.1	.3	.2	4.6
1958	11.1	99.6	10.3	2.2	112.1	4.1	.2	.2	4.6
1959	10.0	100.8	9.1	2.1	112.0	4.2	.2	.2	4.6
1960	9.2	103.9	7.9	2.1	114.0	4.4	.2	.2	4.8
1961	8.4	108.4	6.9	2.1	117.3	4.6	.2	.2	4.9
1962	7.7	110.7	5.9	2.0	118.6	4.5	.1	.2	4.9
1963	7.1	111.2	5.1	1.9	118.1	4.6	.1	.2	4.9
1964	6.5	114.2	4.4	1.9	120.5	4.7	.1	.2	5.0
1965	6.0	112.7	3.6	1.8	118.2	4.8	.1	.2	5.0
1966 2/	5.5	110.0	3.0	1.7	114.7	5.3	.1	.2	5.5
1967 3/	5.0	110.8	2.2	1.7	114.8	5.5	.1	.2	5.8

Year	Utilization of milk supply 4/								
	Fluid	Creamery butter, net	Cheese: American	Cheese: Other	Evaporated, condensed, and dry whole milk	Frozen dairy products, net	Other factory products	Total factory products	Miscellaneous 5/
	Bil. lb.	Bil. lb.	Bil. lb.	Bil. lb.	Bil. lb.	Bil. lb.	Bil. lb.	Bil. lb.	Bil. lb.
1950	42.4	27.8	9.0	2.9	7.9	6.9	0.7	55.2	0.7
1951	43.9	24.1	8.8	2.8	8.0	7.0	.9	51.6	1.4
1952	45.1	23.8	8.6	3.1	7.6	7.5	1.0	51.6	1.1
1953	45.9	28.5	10.2	3.1	7.0	7.8	1.0	57.6	.4
1954	47.5	29.3	10.5	3.3	6.8	7.7	1.1	58.7	.5
1955	49.1	28.0	10.1	3.5	7.1	8.2	1.2	58.0	1.2
1956	50.7	28.7	9.9	3.8	7.2	8.5	1.3	59.4	1.1
1957	51.8	29.0	10.0	3.5	7.0	8.6	1.2	59.2	1.3
1958	52.1	29.7	9.5	3.2	6.3	8.8	1.3	58.9	1.1
1959	52.4	28.7	9.2	3.4	6.4	9.4	1.4	58.4	1.2
1960	53.0	29.4	9.7	3.7	6.2	9.5	1.4	59.8	1.2
1961	52.6	31.8	11.2	3.7	6.0	9.6	1.3	63.6	1.2
1962	53.3	33.1	10.7	3.7	5.7	9.7	1.4	64.1	1.2
1963	54.3	30.7	10.9	3.9	5.6	9.9	1.5	62.7	1.3
1964	54.9	31.3	11.5	4.2	5.7	10.3	1.7	64.5	1.1
1965	55.4	28.5	11.5	4.3	5.3	10.6	1.6	61.8	1.2
1966 2/	55.6	23.7	12.2	4.5	5.3	10.5	1.6	57.9	2.6
1967 3/	54.5	26.4	12.7	4.4	4.8	10.5	1.6	60.5	1.3

1/ Includes available data for Alaska and Hawaii beginning 1960, totals may not add due to rounding. 2/ Preliminary. 3/ Estimated. 4/ Total supply includes milk marketed by farmers, net imports of ingredients such as frozen cream and butterfat-sugar mixtures, and net change in storage cream. 5/ Residual, including miscellaneous minor uses and any inaccuracies of independently determined use items.

price. American cheese prices (Cheddars at Wisconsin Assembly points) were steady from March through October 26 at about 44.9 cents per pound.

Nonfat dry milk prices averaged 19.8 cents per pound in September, near the 19.6 cent support purchase price.

Prospective supplies of most dairy products in 1968 appear ample to meet commercial demand, even with reduced dairy imports. Therefore, the wholesale prices of butter, cheese, and nonfat dry milk likely will continue near the support purchase prices during the first half of 1968.

Retail Dairy Price Increases Slacken

This year's gain in retail dairy prices from a year earlier has slowed steadily as the year progressed. Compared with a year earlier, prices were up 8 percent in the first quarter and 2½ percent in the third quarter of 1967.

The September retail price index for dairy products was 117.3 (1957-59=100), about 1.1 percent above last September, compared with the 10 percent September 1965 to 1966 increase. The retail price index of all foods in September was 115.9 about the same as a year earlier. For all of 1967, the retail dairy product price index will likely average about 4 percent above the 1966 level, compared with last year's 6½ percent gain from 1965. Year to year increases in retail dairy prices in the last half of 1966 and the first half of 1967 were the largest gains since the Korean conflict (table 6).

For 1968, retail prices of dairy products likely will change little from those of 1967, if there is no significant change in the dairy support and Federal Order programs.

Charges for marketing dairy products are averaging about 4 percent above 1966, as measured by the spread between retail costs and farm value of the farm food "market basket". Farmers received an average of about 47 cents of every dollar consumers spent for dairy products in the first 9 months of 1967, about the same as a year earlier.

UTILIZATION

Utilization of Milk in Various Products

In 1967, the market supply of milk available for processing and manufacture is expected to remain about the same as the 116.1 billion pounds in 1966. The market supply includes milk marketed by farmers, net imports of ingredients such as frozen cream and butterfat-sugar mixtures, and the net change in storage cream. Market supplies will likely decline slightly in 1968 due to reduced imports of butterfat-sugar mixtures.

An estimated 47 percent of milk marketed by farmers in 1967 will be used in fluid milk products. Fluid utilization is down from 1966 due to a drop in fluid milk product sales and little change in farm marketings of milk and cream.

This year all manufactured dairy products are expected to use the equivalent of 60.5 billion pounds of milk, compared with 57.9 billion pounds in 1966 (table 5).

Butter and American cheese are both using more milk in 1967, but the production of other types of cheese, evaporated milk, condensed milk, and dry whole milk are expected to be down this year. Paralleling the increase in butter production, 1967 nonfat dry milk output likely will be up from 1966.

Ice cream and other frozen desserts may use about 10½ billion pounds of milk in 1967, about the same as in 1966. Approximately 15 percent of the milk used in processing ice cream and other frozen desserts is expected to come from imports of butterfat-sugar mixtures in 1967. With imports of butterfat-sugar mixtures reduced by the recent quota action, a larger portion of 1968 milk marketings by farmers will be used in frozen desserts than in 1966 and 1967.

In 1968, about the same proportion of milk marketings will likely move into fluid uses as in 1967. Manufactured dairy products may use a smaller quantity of milk

Table 6 .--Factors influencing and indicative of the demand for milk and dairy products, United States, 1950-67 1/

Year	Total population July 1 (including Armed Forces overseas)	Total civilian employment	BLS consumer price index 1957-59=100	Per capita disposable income		Civilian per capita disappearance			
				Actual	Deflated by consumer price index	Milk equivalent		Milk solids	
						Fat solids basis	Calcium content basis	Milk fat	Solids-not-fat
	Million	Million		Dollars	Dollars	Pounds	Pounds	Pounds	Pounds
1950	151.7	58.9	83.8	1,364	1,628	740	507	29.3	43.6
1951	154.3	60.0	90.5	1,468	1,622	712	507	28.1	43.5
1952	157.0	60.3	92.5	1,518	1,641	698	520	27.2	44.1
1953	159.6	61.2	93.2	1,582	1,697	689	510	26.7	43.5
1954	162.4	60.1	93.6	1,585	1,693	697	514	27.0	43.8
1955	165.3	62.2	93.3	1,666	1,786	706	525	27.2	44.5
1956	168.2	63.8	94.7	1,743	1,841	702	525	26.9	44.6
1957	171.3	64.1	98.0	1,801	1,838	687	518	26.1	44.3
1958	174.1	63.0	100.7	1,831	1,818	682	514	25.7	43.7
1959	177.1	64.6	101.5	1,905	1,877	667	514	25.1	43.7
1960	180.7	65.8	103.1	1,937	1,879	653	512	24.5	43.2
1961	183.8	65.7	104.2	1,983	1,903	641	505	24.0	42.6
1962	186.7	66.7	105.4	2,064	1,958	641	505	23.9	42.4
1963	189.4	67.8	106.7	2,136	2,002	631	505	23.4	41.6
1964	192.1	69.3	108.1	2,281	2,110	631	512	23.3	41.5
1965	194.6	71.1	109.9	2,426	2,207	618	510	22.9	41.2
1966	196.9	72.9	113.1	2,584	2,285	604	507	22.2	40.7
1967 2/	199.1	74.3	116.1	2,732	2,353	584	503	21.5	39.8

Year	Average retail prices, BLS index, 1957-59=100								Per capita margarine consumption
	All foods	Dairy products	Fluid milk, grocery	Butter	Cheese, American, process	Ice cream	Evaporated milk	Margarine, colored	
									Pounds
1950	85.8	84.7	81.8	96.7	88.6	---	84.4	104.8	6.1
1951	95.4	94.5	90.7	108.5	100.9	101.1	96.1	117.4	6.6
1952	97.1	98.5	95.2	113.3	103.7	101.8	99.5	99.9	7.9
1953	95.6	96.8	94.1	105.3	103.4	101.0	97.4	100.4	8.1
1954	95.4	93.7	92.1	96.5	98.7	99.2	92.5	101.3	8.5
1955	94.0	93.6	92.3	94.5	98.7	97.5	91.1	98.2	8.2
1956	94.7	96.0	95.1	96.7	99.1	97.3	94.0	99.0	8.2
1957	97.8	98.8	98.4	99.6	99.9	99.3	97.5	102.7	8.6
1958	101.9	100.3	100.3	99.5	100.1	100.2	100.9	100.8	9.0
1959	100.3	101.0	101.3	101.0	100.0	100.4	101.6	96.3	9.2
1960	101.4	103.2	103.7	100.5	103.9	99.7	105.3	92.9	9.4
1961	102.6	104.7	104.0	102.6	110.4	99.5	106.1	99.0	9.4
1962	103.6	104.1	103.5	101.1	109.8	98.8	104.2	98.4	9.3
1963	105.1	103.8	103.0	101.0	110.4	98.1	103.1	95.4	9.6
1964	106.4	104.7	103.3	102.0	113.4	96.2	102.9	95.4	9.7
1965	108.8	105.0	102.8	103.6	116.6	94.4	105.3	101.9	9.9
1966	114.2	111.8	109.4	112.8	130.6	96.6	110.6	104.5	10.5
1967 3/	114.9	116.3	113.1	115.7	136.4	99.2	117.4	105.1	4/10.8

1/ Includes available data for Alaska and Hawaii, beginning 1960. 2/ Estimated, as of late October. 3/ Nine-month average. 4/ Estimated annual average.

than this year, but with smaller imports of butterfat-sugar mixtures, most will come from domestically produced milk.

Domestic Dairy Product Sales May Recover in 1968

In 1968, rising population and consumer incomes, and retail dairy prices near 1967 levels, point to some increases in milk and dairy product sales from 1967 low levels. However, the level of dairy prices has encouraged the use of lower-cost substitutes for dairy products. Examples are coffee whiteners, imitation milk, mellorine, and margarine.

In 1967, domestic sales of milk in all dairy products combined are expected to fall some 5 billion pounds milk equivalent from the 115 billion in 1966. This compares with the gain of about 1.2 billion pounds in 1966, and annual average gains of about 1 percent since 1961. In the first 9 months this year, commercial disappearance was down 5 percent from a year earlier (table 7). The rate of decline may slacken in the last quarter, because most wholesale and retail dairy prices probably will be about the same as year-earlier levels, after being sharply higher from mid-1966 to mid-1967.

The 1967 decrease in sales volume has been most marked for fluid whole milk, butter, nonfat dry milk, canned milk, and cream.

For the first 7 months of 1967, fluid whole milk sales in 75 comparable Federal and State markets were down 3 percent from a year earlier and cream and cream mixtures were down about $5\frac{1}{2}$ percent (table 8).

Domestic butter sales declined 13 percent from 1960 to 1966, an annual rate of 2 percent. Present indications are that the 1967 drop may be near 10 percent. The 1967 drop in butter sales followed an average retail price rise from a year earlier of 13 percent in the last half of 1966 and 8 percent in the first half of 1967. However, starting in August, retail butter prices declined below 1966 levels.

Domestic nonfat dry milk sales in 1966 were up 9 percent from 1965 but only 2 percent from 1960. The sharp 1966 gain occurred in a tight-supply demand situation with manufacturers' prices up from a year earlier by 24 percent. Increased commercial disappearance may have occurred because of smaller supplies of solids-not-fat from other sources, and commercial users' stock-piling during the period of rising prices.

In the first half of 1967, nonfat dry milk prices continued at 23 percent above a year earlier, but by August, were running under the same month of 1966. In the first 8 months of 1967, commercial disappearance of nonfat dry milk was down 17 percent from the same period in 1966. This situation likely was a response to a continued high level of price, increased use of solids-not-fat from fluid skim and condensed milk, and the development and greater use of blends of other products as substitutes for nonfat dry milk as an ingredient in other products.

Evaporated milk sales declined an average 5 percent from 1960 to 1966 and prospects are for a larger drop this year.

Sales of low-fat fluid products are increasing--up 12 percent for January-July. Sales of low-fat frozen products, and cheese other than American are also up. American cheese sales, up some 10 percent last year, likely will not gain in 1967. Larger CCC donations to school lunch and welfare programs may have lowered these sales.

Consumption of milk in all products is falling less this year than sales. The reason is that CCC donations for use in domestic programs are rising to around $3\frac{1}{2}$ billion pounds milk equivalent from the low 1.1 billion in 1966. Domestic civilian use of milk in all products is estimated at about 114.4 billion pounds, about 2 percent lower than in 1966 (table 9). Total civilian consumption of both American and other cheese rose; that of most other major products declined (table 10).

Per capita consumption of milk in all products (milk equivalent, fat solids basis) likely will be about 584 pounds, down about

Table 7 .--Commercial disappearance: Total milk, January-September, 1964-67

Item	1964	1965	1966	1967 1/	Change 1965	Change 1966	Change 1967
	Bil. lb.	Bil. lb.	Bil. lb.	Bil. lb.	Pct.	Pct.	Pct.
Production	97.7	96.3	92.4	92.2	-1.4	-4.1	-0.2
Farm use	4.9	4.5	4.2	3.8	-8.2	-6.7	-9.5
Marketings	92.8	91.8	88.2	88.4	-1.1	-3.9	+.2
Beginning commercial stocks (Jan. 1)	4.1	4.3	3.9	4.8	+4.9	-9.3	+23.1
Imports	.6	.6	2.1	2.6	0	+250.0	+23.8
Total supplies	97.5	96.7	94.2	95.8	-.8	-2.6	+1.7
Ending commercial stocks (Sept. 30)	4.9	5.3	6.0	5.5	+8.2	+13.2	-8.3
Net removals (CCC & PIK)	7.2	6.3	.2	6.9	-12.5	-96.8	2/
Com'l.disappearance	85.4	85.1	88.0	83.4	-.4	+3.4	-5.2

1/ Partly estimated. 2/ 1967 level $34\frac{1}{2}$ times that of 1966.

Table 8 .--Fluid milk products: Average daily sales in State and Federal marketing areas, 1966-67 1/

Year and month	Whole milk		Skim milk items		Milk & cream mixtures		Fluid cream products		Total fluid items	
	Current month	Change from year earlier	Current month	Change from year earlier	Current month	Change from year earlier	Current month	Change from year earlier	Current month	Change from year earlier
	Mil. lb.	Pct.	Mil. lb.	Pct.	Mil. lb.	Pct.	Mil. lb.	Pct.	Mil. lb.	Pct.
1966										
Jan.	94.3	1.3	11.4	9.4	1.2	-1.6	0.7	-2.6	91.7	2.3
Feb.	95.7	2.0	11.9	9.9	1.2	-1.5	.7	-1.1	93.6	3.1
Mar.	95.9	.4	12.1	8.5	1.2	-3.0	.7	-2.9	94.0	1.4
Apr.	94.1	.7	12.4	12.8	1.3	0	.8	0	93.4	2.6
May	89.7	.8	11.8	11.3	1.2	.5	.7	-1.9	88.0	2.6
June	85.4	-.7	12.0	12.3	1.2	-2.3	.7	-4.8	84.4	1.4
July	83.8	-2.3	11.7	9.2	1.1	-7.1	.7	-9.0	82.7	-1.0
Jan.-July	91.3	.4	11.9	10.4	1.2	-2.1	.7	-3.3	89.7	1.8
Aug.	84.3	1.8	11.7	14.6	1.1	-.1	.7	-.1	83.0	4.0
Sept.	93.0	.1	12.3	12.5	1.2	-1.9	.7	-2.9	91.0	1.4
Oct.	91.9	-1.7	12.2	10.8	1.1	-4.6	.6	-7.3	90.3	-.2
Nov.	91.4	-2.6	12.5	12.1	1.1	-5.6	.8	-6.9	91.1	-.5
Dec.	90.6	-1.8	12.5	13.8	1.2	-3.8	1.0	-2.2	91.1	.4
Jan.-Dec.	89.9	-.2	11.8	11.7	1.2	-4.2	.7	-3.8	90.2	1.5
1967										
Jan.	92.1	-2.3	12.9	12.9	1.1	-5.9	.6	-3.8	91.6	-.1
Feb.	93.5	-2.3	13.5	13.4	1.2	-5.2	.7	-4.2	93.6	.1
Mar.	92.6	-3.4	13.7	12.6	1.2	-4.9	.7	1.8	92.9	-.7
Apr.	89.6	-4.8	13.3	7.5	1.1	-10.6	.7	-13.4	89.8	-3.8
May	89.3	-.5	13.4	14.0	1.2	-3.3	.7	-2.7	89.6	1.9
June	83.3	-2.5	13.4	11.9	1.1	-4.6	.7	-4.9	84.6	.2
July	80.0	-4.5	12.9	10.1	1.1	-3.3	.6	-4.2	81.2	-1.8
Jan.-July	88.6	-2.8	13.3	11.9	1.1	-5.3	.7	-5.5	89.0	-.6
Aug. 2/	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	83.6	-2.0

1/ For comparable markets in each category and month. 2/ Preliminary.

Table 9 .--Milk equivalent: Domestic civilian disappearance, commercial and noncommercial sources, total and per capita, United States, 1947-67

Year	Civilian disappearance					Total military utilization 2/	Consumption excluding donations from CCC supplies		
	Consumed on farms 1/	CCC supplies of butter and cheese to civilian channels	National School Lunch and Special Milk Programs	Commercial sources	All sources		Civilian	Military	Total
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1947	16,255	25	432	92,855	109,567	1,355	109,542	1,344	110,886
1948	15,442	124	461	88,917	104,944	1,900	104,820	1,900	106,720
1949	14,677	253	553	92,869	108,352	1,369	108,099	1,369	109,468
1950	14,250	1,271	623	94,964	111,108	1,766	109,837	1,766	111,603
1951	13,890	167	677	92,805	107,539	3,363	107,372	3,363	110,735
1952	13,119	137	753	92,961	106,970	3,102	106,833	3,102	109,935
1953	12,280	1,324	795	93,035	107,434	2,943	106,110	2,943	109,053
1954	11,598	2,454	915	95,979	110,946	3,213	108,492	3,081	111,573
1955	11,359	3,102	1,394	98,697	114,552	3,329	111,450	2,627	114,077
1956	10,508	3,340	1,743	100,554	116,145	3,123	112,805	2,635	115,440
1957	9,431	2,224	1,917	102,077	115,649	2,775	113,425	2,333	115,758
1958	8,380	4,040	2,113	102,352	116,885	2,610	112,845	2,114	114,959
1959	7,378	2,840	2,284	103,949	116,451	2,574	113,611	2,064	115,675
1960	6,610	2,040	2,455	105,259	116,364	2,532	114,324	2,228	116,552
1961	5,950	3,385	2,602	104,191	116,128	2,472	112,743	2,111	114,854
1962	5,334	4,848	2,755	104,839	117,776	2,969	112,928	2,344	115,272
1963	4,813	4,929	2,902	105,239	117,883	2,964	112,954	2,415	115,369
1964	4,337	5,206	3,031	107,008	119,582	3,007	114,376	2,525	116,901
1965	3,915	3,593	3,215	107,964	118,687	2,819	115,094	2,387	117,481
1966 3/	3,522	1,136	3,373	109,025	117,056	2,376	115,920	2,376	118,296
1967 4/	3,100	3,680	3,534	104,060	114,374	2,391	111,107	2,391	113,498

	Per capita civilian disappearance 5/					Civilian consumption excluding donations from CCC supplies
	Consumed on farms 1/	CCC supplies of butter and cheese to civilian channels	National School Lunch and Special Milk Programs	Commercial sources	All sources	
	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.
1947	114	6/	3	651	768	768
1948	106	1	3	612	723	722
1949	99	2	4	629	734	732
1950	95	8	4	632	740	732
1951	92	1	4	615	712	714
1952	86	1	5	606	698	699
1953	79	8	5	596	689	682
1954	73	15	6	603	697	701
1955	70	19	9	608	706	686
1956	64	20	11	608	702	698
1957	56	13	11	606	687	687
1958	49	24	12	597	682	656
1959	42	16	13	596	667	649
1960	37	11	14	591	653	654
1961	33	19	14	575	641	634
1962	29	26	15	570	641	627
1963	26	26	16	564	631	618
1964	23	27	16	565	631	617
1965	20	19	17	563	618	612
1966 3/	18	6	17	563	604	610
1967 4/	16	19	18	532	584	580

1/ Milk and butter consumed in households on milk-producing farms, 1947-54, 1955 to date, includes a small amount of farm-churned butter sold. 2/ Includes any quantities used by military in civilian feeding programs abroad. 3/ Preliminary. 4/ Estimated. 5/ Aggregate in esch category divided by total civilian population. 6/ Less than 0.5 pound.

Table 10.--Dairy products: Supply and utilization, 1947-49 and 1957-59 averages, calendar years, 1955-67

Year	Supply				Utilization							Stocks at end of year
	Stocks at beginning of year	Production	Imports	Total supply	Exports and shipments 1/		Domestic use				Total use	
					Commercial	USDA	Military	Civilian		Animal feed		
								USDA donations	Commercial sources			
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
	Butter 2/											
1947-49	26	1,611	1	1,638	10	---	32	2	1,531	---	1,575	63
1957-59	61	1,477	2	1,540	8	19	52	102	1,296	---	1,477	63
1955	379	1,545	1	1,925	8	216	77	110	1,351	---	1,762	163
1956	163	1,553	3	1,719	24	160	70	113	1,327	---	1,694	25
1957	25	1,533	3	1,561	6	7	55	64	1,342	---	1,474	87
1958	87	1,486	2	1,575	8	30	51	128	1,289	---	1,506	69
1959	69	1,411	2	1,482	10	19	51	114	1,257	---	1,451	31
1960	31	1,436	3	1,470	8	2	50	83	1,250	---	1,393	77
1961	77	1,536	2	1,615	7	2	46	148	1,187	---	1,390	225
1962	225	1,579	2	1,806	14	28	64	161	1,180	---	1,447	359
1963	359	1,454	2	1,815	73	128	64	169	1,110	---	1,544	271
1964	271	1,469	2	1,742	136	172	66	180	1,117	---	1,671	71
1965	71	1,346	2	1,419	56	19	60	130	1,102	---	1,367	52
1966 3/	52	1,128	2	1,182	15	4	33	51	1,047	---	1,150	32
1967 4/	32	1,250	2	1,284	6	2	25	130	947	---	1,104	180
	American cheese											
1947-49	118	911	1	1,030	102	15	11	10	750	---	888	142
1957-59	342	986	4	1,331	8	112	10	90	814	---	1,034	297
1955	519	1,005	3	1,527	7	143	15	88	782	---	1,035	492
1956	492	994	3	1,489	12	165	14	104	793	---	1,088	401
1957	401	1,026	2	1,429	14	165	10	95	769	---	1,053	376
1958	376	983	4	1,363	4	159	11	134	806	---	1,114	249
1959	249	948	5	1,202	6	12	10	41	867	---	936	266
1960	266	1,003	7	1,276	9	2	8	27	938	---	984	292
1961	292	1,156	17	1,465	11	1	6	23	1,004	---	1,045	420
1962	420	1,102	14	1,536	9	19	9	144	969	---	1,150	386
1963	386	1,115	18	1,519	12	33	10	130	1,012	---	1,197	322
1964	322	1,164	13	1,499	15	9	11	133	1,035	---	1,203	296
1965	296	1,166	16	1,478	14	5	11	80	1,098	---	1,208	270
1966 3/	270	1,229	50	1,549	14	1	11	5	1,196	---	1,227	322
1967 4/	322	1,280	62	1,664	18	1	15	90	1,190	---	1,314	350
	Nonfat dry milk											
1947-49	52	765	3	820	45	81	102	6	455	---	689	131
1957-59	222	1,686	2	1,910	114	575	3	122	852	37	1,703	207
1955	324	1,366	2	1,692	24	510	4	84	805	15	1,442	250
1956	250	1,490	1	1,741	143	511	4	91	773	18	1,540	201
1957	201	1,624	2	1,827	192	493	3	97	798	21	1,604	223
1958	223	1,710	2	1,935	81	609	3	135	818	46	1,692	243
1959	243	1,723	2	1,968	68	624	3	133	941	43	1,812	156
1960	156	1,819	1	1,976	93	381	1	107	999	12	1,593	383
1961	383	2,020	2	2,405	116	645	6	171	957	23	1,918	487
1962	487	2,230	1	2,718	187	713	4	179	940	20	2,043	675
1963	675	2,106	2	2,783	373	772	2	165	922	62	2,296	487
1964	487	2,177	2	2,666	744	593	3	153	966	33	2,492	174
1965	174	1,989	1	2,164	375	512	8	146	923	46	2,010	154
1966 3/	154	1,595	3	1,752	104	306	19	127	1,019	58	1,633	119
1967 4/	119	1,740	1	1,860	22	400	30	140	978	60	1,630	230

Continued-

Table 10.--Dairy products: Supply and utilization, 1947-49 and 1957-59 averages, calendar years, 1955-67 - continued

Year	Supply				Utilization					
	Stocks at beginning of year	Production	Imports	Total supply	Exports and shipments 1/		Domestic use		Total use	Stocks at end of year
					Commercial	USDA	Military	Civilian		
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
	Cheese other than American									
1947-49	24	249	21	294	9	---	1	264	274	20
1957-59	39	411	53	503	3	---	1	460	464	39
1955	30	362	49	441	2	---	1	411	414	27
1956	27	394	51	472	4	---	2	426	432	40
1957	40	381	49	470	2	---	1	433	436	34
1958	34	416	52	502	3	---	1	454	458	44
1959	44	435	59	538	3	---	1	496	500	38
1960	38	475	56	569	3	---	1	524	528	41
1961	41	479	59	579	3	---	6	517	526	53
1962	53	490	64	607	1	---	5	563	569	38
1963	38	517	65	620	1	---	3	577	581	39
1964	39	559	65	663	1	---	6	614	621	42
1965	42	589	63	694	3	---	5	648	656	38
1966 3/	38	627	85	750	3	---	7	690	700	50
1967 4/	50	615	110	775	3	---	7	715	725	50
	Evaporated and condensed milk									
1947-49	264	3,497	---	3,761	410	66	79	2,916	3,471	290
1957-59	222	2,789	---	3,011	118	79	49	2,544	2,790	221
1955	214	2,922	---	3,136	199	---	86	2,626	2,911	225
1956	225	2,953	---	3,178	132	115	66	2,626	2,939	239
1957	239	2,873	---	3,112	96	139	56	2,592	2,883	229
1958	229	2,751	---	2,980	141	54	48	2,538	2,781	199
1959	199	2,743	---	2,942	118	44	43	2,501	2,706	236
1960	236	2,666	---	2,902	138	42	47	2,447	2,674	228
1961	228	2,631	---	2,859	133	47	49	2,399	2,628	231
1962	231	2,409	---	2,640	106	51	47	2,289	2,493	147
1963	147	2,369	1	2,517	80	87	41	2,170	2,378	139
1964	139	2,395	1	2,535	91	63	31	2,157	2,342	193
1965	193	2,178	2	2,373	71	68	52	2,040	2,231	142
1966 3/	142	2,185	4	2,331	116	75	63	1,871	2,125	206
1967 4/	206	1,970	8	2,184	110	60	75	1,727	1,972	212
	Dry whole milk									
1947-49	18	154	---	172	95	8	6	48	157	15
1957-59	8	94	---	102	47	1	2	45	95	7
1955	8	108	---	116	62	---	5	40	107	9
1956	9	110	---	119	55	1	3	49	108	11
1957	11	103	---	114	61	3	4	37	105	9
1958	9	88	---	97	40	1	2	48	91	6
1959	6	90	---	96	40	---	1	49	90	6
1960	6	98	---	104	40	---	2	55	97	7
1961	7	82	---	89	29	---	3	50	82	7
1962	7	86	---	93	23	3	1	61	88	5
1963	5	91	---	96	31	11	1	48	91	5
1964	5	88	---	93	24	1	---	61	86	7
1965	7	89	---	96	26	4	2	59	91	5
1966 3/	5	94	---	99	23	4	1	64	92	7
1967 4/	7	85	---	92	19	3	4	58	84	8

1/ Beginning 1955, USDA consists of exports under P.L. 480 and AID programs; all other, whether or not Government-assisted are listed as commercial. 2/ Includes farm butter. 3/ Preliminary. 4/ Estimated.

3 percent from the 604 pounds in 1966. This compares with about a 1 percent average annual decline for 1960 to 1966. About half this year's decline is in fluid milk and cream. Expected increases in domestic sales of milk in 1968, together with rising CCC donations of dairy products, may maintain per capita consumption.

U. S. Dairy Stocks Above 1966 Levels

Storage stocks of dairy products on October 1 were estimated at 9.5 billion pounds milk equivalent, up about 3.5 billion pounds from a year earlier (table 11). The rise has come about from the increase in USDA stocks of butter and cheese to the equivalent of 4.1 billion pounds of milk, from negligible year-end holdings in 1966. Commercial stocks of dairy products were about 5.5 billion pounds milk equivalent, down from 6 billion a year earlier.

It is likely that commercial requirements and program needs will pull year-end holdings of dairy products down to around 8 billion pounds milk equivalent. Prospects indicate little change next year in marketings, a decline in imports, somewhat higher commercial disappearance, and larger CCC program utilization of dairy products. These conditions may bring 1968 year-end stocks below the 1967 figure.

Most of the increase from a year earlier in dairy product stocks is due to large CCC stocks of butter on October 1, compared with none a year earlier. Commercial holdings of butter were down about 40 percent to 38 million pounds. Production levels in 1967 are high relative to demand. This makes it possible for distributors to carry lower stocks than in 1966.

Commercial holdings of natural American cheese were 346 million pounds, about the same as a year earlier. CCC stocks are 37 million pounds, compared with none a year earlier.

Stocks of cheese other than American, totalled 55 million pounds on October 1, compared with 51 million a year ago. Year-end stocks likely will be near last year's 50 million pounds.

Nonfat dry milk stocks on October 1, were 267 million pounds, including 136 million pounds in manufacturer's stocks. Manufacturers were holding about 15 percent more nonfat dry milk than a year earlier, while government stocks of 131 million pounds compared with less than 1 million pounds on October 1, 1966. During the seasonally low production period this fall, nonfat dry milk stocks likely will fall somewhat, but at year-end they are expected to be nearly double the 119 million pounds at the end of 1966.

Evaporated and condensed milk stocks have been substantially above a year earlier throughout 1967 and on October 1, were repectively 292 million pounds, up 19 percent from a year earlier, and 12 million pounds, up about 63 percent. Stocks of both of these products are likely to move closer to year earlier levels by the end of this year.

Price Support Purchases Near 5-Year Average

In calendar year 1967, CCC is likely to remove from the domestic market, butter, cheese, and nonfat dry milk equivalent to more than 7 billion pounds of milk (fat solids basis), near the 8 billion pound 1961-65 average. This year's removals compare with only 0.6 billion pounds in 1966.

Because of lower imports and an expected small rise in commercial disappearance, CCC removals in 1968 are expected to be less than in 1967.

Government purchases started to increase from low levels in October 1966, although milk production was near year earlier relatively low levels. However, commercial sales lagged and imports rose, bringing about a sharp expansion in USDA dairy product purchases. In the first quarter of 1967, removals were equivalent to 2.2 billion pounds of milk, up from 0.2 billion a year earlier and 0.4 billion in 4th quarter 1966. By the end of September 1967, CCC removals reached 6.9 billion pounds, compared with 0.2 billion a year earlier.

In the year ending June 30, 1967,

Table 11.--Stocks of dairy products, United States, end of year or month, 1960-67

Year or month	Commercial Stocks					Government Stocks			Total milk equivalent 2/
	Butter	American cheese	Other cheese	Evaporated milk	Nonfat dry milk	Butter 1/	American cheese	Nonfat dry milk	
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1960	21.2	291.4	40.6	221.0	103.1	55.6	0.6	279.8	5,392
1961	19.5	366.4	53.0	225.1	132.5	205.3	53.5	354.9	9,902
1962	31.2	307.1	37.8	141.4	99.0	328.2	79.1	576.0	12,166
1963	32.1	282.7	39.1	131.7	81.5	239.0	39.1	404.6	9,691
1964	37.1	271.9	42.3	185.3	108.8	33.8	24.4	65.5	5,294
1965	27.1	270.2	37.6	134.8	58.2	25.0	.3	96.2	4,458
1966	30.2	322.1	50.4	192.9	118.9	2.1	.2	---	4,858
1966									
March	21.2	235.1	40.3	40.2	47.5	4.3	.3	20.6	3,410
June	84.0	320.8	48.5	205.8	139.8	1.8	.3	8.3	6,107
September	67.6	346.8	51.3	245.1	119.1	.9	.3	.7	6,042
December	30.2	322.1	50.4	192.9	118.9	2.1	.2	---	4,858
1967 3/									
March	25.9	314.6	49.4	81.9	99.6	50.3	3.4	.1	5,523
June	45.0	374.8	53.7	228.6	157.6	146.7	14.2	34.7	9,106
September	38.3	346.5	55.1	292.2	266.7	173.1	37.3	130.7	9,543

1/ Includes butter equivalent of butteroil and ghee, 1962-67. 2/ Includes manufactured products for which current monthly series are available (excludes nonfat dry milk). 3/ Preliminary.

Table 12.--Dairy products: Exports and imports, United States, 1965-67

Commodity	Exports				Imports			
	1965	1966	January-August		1965	1966	January-August	
			1966	1967			1966	1967
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Butter 1/	65.8	13.7	11.8	2.4	2.2	2.2	1.9	1.6
Cheese	6.8	6.0	4.0	4.1	79.3	135.5	74.2	114.9
Condensed milk	65.8	94.3	62.6	22.0	1.8	2.7	1.3	3.8
Dry whole milk	18.6	15.6	12.0	8.3	---	2/	2/	---
Evaporated milk	24.7	38.4	26.1	23.9	2/	.6	.2	.8
Fresh cream	---	---	---	---	12.6	15.0	10.9	9.5
Milk and cream 3/	9.0	9.8	6.6	7.3	---	---	---	---
Nonfat dry milk	863.4	387.7	336.2	310.7	1.4	2.8	1.2	.3
Casein	3.3	3.6	2.3	3.4	91.8	107.9	75.2	64.5
Butterfat-sugar mixtures 4/	---	---	---	---	3.4	105.6	97.3	99.4

1/ Includes butter equivalent of butteroil and anhydrous milkfat. 2/ Less than 50,000 pounds. 3/ Mostly whole milk. 4/ Less than 45 percent milkfat.

net USDA expenditures for price support and related programs (excluding the Special Milk Program) totalled $299 million. This is up from the $54 million in 1965/66 because of larger purchases and higher support purchase prices.

This year through September, USDA purchased (delivery basis) 254 million pounds of butter compared with 7 million in the same period of 1966. Purchases in September totalled only 1.5 million pounds. Butter removals already total more than 10 times the 23 million pounds of 1966.

Through September this year, CCC purchased 148 million pounds of American cheese, compared with none in 1966. Cheese scheduled for delivery in the last quarter will be seasonally low but already exceeds the 13 million of a year earlier. For all of 1967, American cheese purchases (delivery basis) may approximate 180 million pounds.

CCC purchases of nonfat dry milk through September totalled 568 million pounds this year. This is about double the 286 million pounds of a year earlier. Prospects for all of 1967 are for CCC nonfat dry milk removals to total over 700 million pounds, compared with last year's 366 million.

In October this year, USDA began buying nonfat dry milk in 50 pound bags under an open offer at 19.85 cents per pound. This is $\frac{1}{4}$ cent higher than the 19.6 cents per pound purchase price for nonfat dry milk in 100-pound bags. CCC is considering discontinuing purchases of nonfat dry milk in 100-pound bags beginning April 1, 1968.

CCC Expands Dairy Utilization Program

In 1967, USDA is expected to distribute butter and cheese equivalent to over $3\frac{1}{2}$ billion pounds of milk for use in School Lunch and Welfare Programs. This compares with about 1.1 billion pounds in 1966. Distribution of butter and cheese through the School Lunch Program had stopped in 1966 when CCC supplies ran out. USDA resumed distribution of butter and cheese through the School Lunch Program last October with butter and cheese purchased under Section 709 authority at market prices, and has continued distribution with supplies purchased at support price levels.

Although USDA made butter available to schools in the fall of 1966, the rate at which the School Lunch Program could take it was lower than in the peak donation years. USDA requires schools to make butter or margarine availabe on menus to be eligible to receive school lunch act funds. However, after March of 1966, USDA had no butter supplies availabe for distribution. During this time, this requirement had to be met from locally procured butter or margarine. Since mid-1967, distribution of butter through the School Lunch Program has increased. In 1968, it may come close to the high rates of previous years.

In July this year, USDA resumed distribution of butter to needy families and charitable institutions. In former years, these outlets have used as much as 80-90 million pounds annually. Because butter has been available less than a full year and because the operation of the Food Stamp plan has reduced the number of people eligible for direct distribution, use of butter for welfare distribution will be lower than in many earlier years.

In 1967, about 25 million pounds of margarine were distributed to needy persons and institutions. However, margarine purchases for welfare distribution were discontinued early in March when CCC butter supplies became sufficiently large for both School Lunch and Welfare use.

Exports of CCC butter and cheese have been negligible this year. However, foreign nonfat dry milk donations have been maintained at about 1966 rates and the rate is expected to increase in future months. Mounting CCC stocks of nonfat dry milk are making more nonfat dry milk available for overseas shipment. Prospects are that exports under Title I and government-to-government sales may increase in coming months. Nearly all the nonfat dry milk donated abroad in 1967 has been fortified with vitamins. Only regular nonfat dry milk has been used in domestic programs.

In addition to use of nonfat dry milk in foreign outlets, USDA purchased 297 million pounds of blended food products (CSM)--containing gelatinized cornmeal, soyflour, 5 percent nonfat dry milk, and vitamins and minerals--this year through October 13, for overseas donation through voluntary agencies and the Agency for International Development Programs (AID). A total of 332 million pounds has been purchased since CSM purchases started.

Federal Order Developments

A recommended decision for the Central Arizona market, issued in October, proposes that fluid milk products with added vegetable fat be defined as "fluid milk product" under the order and that the skim milk therein be classified as Class I milk. This is the first attempt by Federal milk marketing orders to deal with the classification of imitation or filled milk fluid products. Interested parties have been asked for exceptions and comments.

Central Arizona handlers processed and distributed 1,185 thousand pounds of Class I milk products containing vegetable fat in August 1967, nearly three times the 438 thousand pounds distributed in October 1966. As a percentage of total Class I sales by handlers, the volume of imitation milk distributed increased from 1.3 percent in October 1966 to 3.8 percent in August 1967.

A new Minnesota-North Dakota order became partially effective October 1 and will become fully effective November 1. The marketing area of this order covers a 41-county area--22 counties in Minnesota, 16 in North Dakota, and 3 in South Dakota--in which some 600,000 people live. There are now 74 Federal milk orders in effect.

Producers in the Massachusetts-Rhode Island market have approved an amended order which expands the marketing area to include five additional counties and several more adjoining towns, all in southern New Hampshire, and the remaining unregulated portion of Essex County, Massachusetts. The amended order will be effective December 1. A final decision on another issue considered at the hearing, amending the order farm location differentials, was deferred pending the outcome of court proceedings on their legality.

A hearing has been announced for the New York-New Jersey, Massachusetts-Rhode Island, and Connecticut Federal order markets to consider proposals for a common Class I price.

In 52 Federal Order markets, producers were obtaining Class I prices above the Federal Order minimum prices in October of this year, compared with 32 in August of this year, and about 22 last October. In most of these markets, producer organizations have negotiated these higher prices with milk handlers. The negotiated Class I prices in October ranged from 5 cents to $1.50 per 100 pounds above the minimum Federal Order Class I prices. In early September, producer cooperatives obtained premiums up to 50 cents per 100 pounds above the Federal Order Class I price in a number of markets in Texas, Oklahoma, Arkansas, Indiana, Tennessee, Wisconsin, Kansas, Illinois, and Missouri.

EXPORTS AND IMPORTS

U. S. Dairy Exports Down in 1967

U. S. exports of dairy products, including shipments under Government programs, are expected to total about 0.5 billion pounds milk equivalent in 1967, down from about 0.8 billion pounds in 1966. Evaporated milk exports may exceed those of 1966 and nonfat dry milk exports may be up slightly. Exports of butter, condensed milk, and dry whole milk are down from a year earlier (table 12). These quantities do not include the approximately 0.5 billion pounds milk equivalent shipped off shore to U. S. territories and islands.

During January-August, except for shipments of nonfat dry milk under the Food for Peace Program, practically no exports were made from CCC stocks of dairy products. The CCC export sales and Payment in Kind programs both were suspended in early 1966. Government-to-government sales of nonfat dry milk were sharply reduced in 1966 because U. S. supplies were low. Non-

fat dry milk exports have been primarily for donation and sale under Food for Peace Programs. For all of 1967, these exports likely will approximate 400 million pounds, just above the 391 million of 1966.

Condensed milk exports under Title I of P. L. 480 were substantial in 1966, but relatively small in the first 3 quarters of this year. However, a new contract has been negotiated for delivery in the last quarter of 1967 which may bring 1967 exports of condensed milk to about 4/5 of last year's 80 million pounds.

In 1967, off shore shipments to U. S. territories and islands totalled almost a half billion pounds milk equivalent and were nearly as large as commercial exports. These shipments of American cheese and evaporated milk exceeded exports, but shipments of nonfat dry milk were only about a tenth as large. Commercial sales of U. S. dairy products in these territories and islands have slowly trended upward over the past 5 years from about a quarter billion pounds milk equivalent in 1961. Competition from foreign suppliers has been reported during 1967. It may increase in the future.

Second Half Dairy Imports Drop Sharply

The new dairy import quotas proclaimed by the President on June 30, dropped July and August dairy imports to about 0.1 billion pounds milk equivalent from about 0.7 billion pounds a year earlier. These figures do not include quantities of butterfat-sugar mixtures and "other American" types of cheese which were in transit or in the United States but not officially entered on June 30th.

The new quotas became effective July 1 and are expected to limit imports to about 1 billion pounds milk equivalent per calendar year. For the last half of 1967, the quota was set at half the caler dar year rate.

In the first half of 1967, dairy product imports amounted to 2.2 billion pounds milk equivalent, up 60 percent from a year earlier. But, because of the new quotas, imports for the year as a whole likely will total only a little above the 2.8 billion pounds milk equivalent entered in 1966. The total figure will depend on how completely exporting countries fill their import quotas. At the end of August, Australia had an unfilled quota of about a million pounds of butterfat-sugar mixtures remaining for the last half of 1967.

Similarily, New Zealand had about 6 million pounds of frozen cream quota remaining for calendar 1967. Imports of Cheddar and other American type cheese under the quota may start arriving in early November. During 1966, imports of Italian type cheese fell about 30 percent below the quota. This year, receipts again may be less than the quota because of high prices in Argentina and Italy and the lack of aged grating cheese for export in Argentina.

Milk Production Continues to Rise in Major Exporting Countries

Milk production in European countries continues to rise. Preliminary estimates indicate France's output will be up around 4-5 percent, and substantial gains are in prospect for the Netherlands and West Germany. At the end of September, butter stocks in the EEC countries (excluding Italy) were estimated at 527 million pounds, approximately 13 percent above a year earlier; those in other major West European dairy countries were estimated to be about 254 million pounds, up 8 percent. The 1966/67 production season in New Zealand ended in May, with dairy production at a record level for the fifth consecutive season. However, June-May butter production was only slightly above a year earlier and cheese production was up about 3 percent. On the other hand, output of nonfat dry milk rose 75 percent to about 250 million pounds in 1966/67. Australia production has recovered from relatively low levels caused by droughts in the last couple years.

Continued subsidized exports of butter and other high-fat products originating in continental Europe are causing problems to other countries. Exports of butteroil to the United Kingdom rose from about 9 million pounds in 1965/66 to over 44 million in the year ending March 21, 1967. Heavily subsidized French, Dutch, and West

German butter was being offered in world markets at rates sharply below New Zealand prices. West Germany and the Netherlands increased their export subsidies on butter this past summer in order to enable exporters to lower prices.

Skim milk powder production in the EEC rose 24 percent in 1966 and is rising substantially again this year. European skim milk powder in other years had been largely absorbed internally for livestock feed and human food. It was recently reported that substantial tonnages of West European skim milk powder are being offered for sale in Asia, Africa, Caribbean , and South American markets. Free at border price in Holland for nonfat dry milk has been under 12 cents per pound since late September.

The Annual National Agricultural Outlook Conference will be held November 13-16, 1967, in the U.S. Department of Agriculture at Washington, D.C. The Dairy Session is scheduled for 9:15-10:40 a.m., November 15, 1967.

The Dairy Situation is published in March, May, July, September and November.

The next issue is scheduled for release March 1968.

Table 13.--Milk solids in all dairy products: Production and disposition, 1947-67 1/

Year	Production 2/	Sold by farmers	Civilian disposition: Consumed on farms where produced 3/	Civilian disposition: National School Lunch and Special Milk Programs 4/	Civilian disposition: USDA donations 5/	Civilian disposition: Other	Civilian disposition: Total	Per capita
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Lb.
	Milkfat							
1947	4,691	3,788	645	16	1	3,711	4,373	30.7
1948	4,518	3,666	613	18	4	3,553	4,188	28.8
1949	4,631	3,823	581	21	9	3,687	4,298	29.1
1950	4,646	3,857	564	23	49	3,772	4,408	29.3
1951	4,529	3,771	569	25	5	3,640	4,239	28.1
1952	4,492	3,785	532	28	4	3,611	4,175	27.2
1953	4,667	4,003	495	29	51	3,590	4,165	26.7
1954	4,725	4,095	465	33	94	3,700	4,292	27.0
1955	4,730	4,141	436	51	117	3,799	4,403	27.2
1956	4,773	4,235	401	63	126	3,851	4,441	26.9
1957	4,744	4,267	359	69	83	3,886	4,397	26.1
1958	4,658	4,230	317	76	147	3,873	4,413	25.7
1959	4,588	4,204	277	82	106	3,912	4,377	25.1
1960	4,628	4,278	249	88	76	3,956	4,369	24.5
1961	4,715	4,395	223	92	128	3,908	4,351	24.0
1962	4,718	4,431	199	98	177	3,918	4,392	23.9
1963	4,649	4,380	179	103	179	3,911	4,372	23.4
1964	4,699	4,455	160	107	189	3,960	4,416	23.3
1965	4,597	4,370	145	113	132	3,995	4,385	22.9
1966 6/	4,432	4,231	130	119	43	4,017	4,309	22.2
1967 7/	4,420	4,249	118	124	135	3,832	4,209	21.5
	Milk solids-not-fat							
1947	10,311	6,773	1,419	39	2	4,814	6,274	44.0
1948	9,923	6,598	1,348	41	13	4,754	6,156	42.4
1949	10,214	6,944	1,281	50	13	4,899	6,243	42.3
1950	10,240	7,000	1,244	54	35	5,216	6,549	43.6
1951	10,044	6,984	1,263	58	20	5,227	6,568	43.5
1952	10,011	7,178	1,188	67	23	5,483	6,761	44.1
1953	10,473	7,769	1,110	68	21	5,587	6,786	43.5
1954	10,627	8,028	1,046	79	64	5,780	6,969	43.8
1955	10,672	8,253	986	120	108	6,008	7,222	44.5
1956	10,825	8,608	911	150	120	6,196	7,377	44.6
1957	10,793	8,811	817	164	124	6,355	7,460	44.3
1958	10,659	8,893	725	181	171	6,418	7,495	43.7
1959	10,540	8,967	637	196	141	6,652	7,626	43.7
1960	10,637	9,228	571	210	112	6,805	7,698	43.2
1961	10,861	9,599	514	222	172	6,811	7,719	42.6
1962	10,895	9,773	460	236	217	6,880	7,793	42.4
1963	10,792	9,792	415	248	200	6,904	7,767	41.6
1964	10,945	10,041	374	259	190	7,037	7,860	41.5
1965	10,704	9,905	337	275	166	7,128	7,906	41.2
1966 6/	10,352	9,649	303	288	124	7,173	7,888	40.7
1967 7/	10,315	9,744	276	302	164	7,047	7,789	39.8

1/ 1947-55 includes allowance for milkfat and solids-not-fat in off-farm production. 2/ Quantities produced and used, estimated by applying the percentage of milkfat and solids-not-fat in each product to the amount of product. 3/ Fluid milk and cream and farm-churned butter. 4/ Fluid whole milk. 5/ Butter, cheese, and nonfat dry milk from CCC stocks. 6/ Preliminary. 7/ Estimated.

Table 14.--Fluid milk products: Domestic consumption, (milk equivalent), 1947-67

Year	Civilian					Military	Total domestic
	Used on farms where produced 1/	USDA School Program		Commercial sources	Total		
		School Lunch	Special Milk				
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
1947	12,348	432	---	39,820	52,600	400	53,000
1948	11,505	461	---	39,634	51,600	400	52,000
1949	10,927	553	---	40,420	51,900	400	52,300
1950	10,508	623	---	41,169	52,300	600	52,900
1951	10,238	677	---	41,885	52,800	1,300	54,100
1952	9,836	753	---	43,011	53,600	1,300	54,900
1953	9,202	795	---	43,903	53,900	1,200	55,100
1954	8,674	866	49	45,411	55,000	1,200	56,200
1955	8,214	909	485	46,592	56,200	1,100	57,300
1956	7,694	895	848	47,863	57,300	1,100	58,400
1957	7,003	936	981	48,780	57,700	1,100	58,800
1958	6,393	1,007	1,106	48,994	57,500	1,000	58,500
1959	5,776	1,071	1,213	49,140	57,200	1,000	58,200
1960	5,273	1,155	1,300	49,572	57,300	1,000	58,300
1961	4,835	1,231	1,371	48,963	56,400	1,000	57,400
1962	4,419	1,305	1,450	49,426	56,600	1,100	57,700
1963	4,070	1,374	1,528	50,328	57,300	1,100	58,400
1964	3,742	1,451	1,580	50,727	57,500	1,100	58,600
1965	3,443	1,600	1,615	51,142	57,800	1,000	58,800
1966 2/	3,160	1,680	1,693	51,167	57,700	1,100	58,800
1967 3/	2,900	1,760	1,774	49,766	56,200	1,200	57,400

1/ Includes off-farm production, 1947-55.
2/ Preliminary.
3/ Forecast.

Table 15.--Farms reporting milk cows, by size of herd, 1959 and 1964

State and Region	1-9 cows		10-19 cows		20-29 cows		30-49 cows		50-99 cows		100+ cows		Total	
	1959	1964	1959	1964	1959	1964	1959	1964	1959	1964	1959	1964	1959	1964
	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number
Maine	5,885	3,336	1,333	537	1,056	570	685	658	170	288	26	25	9,155	5,414
N.H.	1,896	1,174	740	329	496	327	374	392	158	163	14	25	3,678	2,410
Vt.	2,361	1,352	1,993	814	2,059	1,311	2,431	2,181	959	1,196	126	140	9,929	6,994
Mass.	1,828	863	846	392	716	478	749	619	325	348	63	80	4,527	2,780
R.I.	173	116	110	37	120	52	90	93	62	50	9	11	564	359
Conn.	1,664	1,030	478	178	646	318	863	577	407	414	32	74	4,090	2,591
N.E.	13,807	7,871	5,500	2,287	5,093	3,056	5,192	4,520	2,081	2,459	270	355	31,943	20,548
N.Y.	14,928	8,903	11,160	5,486	11,751	7,973	11,613	11,577	3,760	5,049	363	576	53,575	39,564
N.J.	1,657	716	305	154	645	276	1,174	793	569	590	97	101	4,447	2,630
Pa.	27,830	17,056	13,613	7,604	11,031	8,593	6,209	7,590	1,394	1,963	79	175	60,156	42,981
M.A.	44,415	26,675	25,078	13,244	23,427	16,842	18,996	19,960	5,723	7,602	539	852	118,178	85,175
Ohio	42,448	21,339	14,473	8,159	6,351	4,946	2,950	4,151	753	1,190	40	111	67,015	39,896
Ind.	34,530	14,546	9,273	5,162	3,570	2,820	1,785	2,405	299	730	25	57	49,482	25,720
Ill.	38,695	15,886	9,418	4,912	5,309	3,770	3,582	3,967	584	1,029	56	64	57,644	29,628
Mich.	26,908	13,403	13,937	7,986	6,856	5,591	3,388	4,679	634	1,371	51	146	51,774	33,176
Wis.	17,677	11,644	34,810	20,706	33,089	26,092	16,952	22,641	2,065	4,096	100	228	104,693	85,407
E.N.C.	160,258	76,818	81,911	46,925	55,175	43,219	28,657	37,843	4,335	8,416	272	606	330,608	213,827
Minn.	35,451	18,477	35,851	24,338	15,337	17,230	5,020	8,980	598	1,214	49	64	92,306	70,303
Iowa	61,761	30,636	22,453	15,334	7,347	8,344	2,580	4,439	336	859	30	61	94,507	59,673
Mo.	75,557	42,052	13,820	8,482	4,338	3,602	2,061	2,387	457	785	63	90	96,296	57,398
N. Dak.	19,466	11,530	8,943	6,847	1,585	1,986	403	762	79	187	8	17	30,484	21,329
S. Dak.	22,712	12,532	7,580	5,130	1,249	2,212	394	1,027	104	268	5	23	32,044	21,192
Nebr.	39,918	20,634	7,542	5,399	1,401	1,725	670	986	180	328	8	47	49,719	29,119
Kansas	38,142	18,762	6,255	3,552	2,077	1,511	1,427	1,501	279	598	23	66	48,203	25,990
W.N.C.	293,007	154,623	102,444	69,082	33,334	36,610	12,555	20,082	2,033	4,239	186	368	443,559	285,004
Del.	906	386	396	116	253	111	209	159	85	86	5	7	1,854	865
Md.	5,941	2,952	1,285	603	1,476	802	1,748	1,439	770	993	103	151	11,323	6,940
Va.	51,141	31,918	2,955	1,903	1,122	751	1,474	1,094	843	817	167	210	57,702	36,693
W.Va.	27,496	17,104	1,301	678	673	424	464	371	100	170	7	25	30,041	18,772
N.C.	68,894	38,523	1,641	837	1,142	761	1,175	1,005	430	661	63	131	73,345	41,918
S.C.	24,106	10,648	323	171	363	116	437	279	337	292	92	151	25,658	11,657
Ga.	40,641	20,578	320	175	368	155	945	450	717	728	186	251	43,177	22,337
Fla.	8,016		23		20		73		223		462		8,817	
S.A.	227,141		8,244		5,417		6,525		3,505		1,085		251,917	
Ky.	77,856	46,089	8,495	7,622	2,751	2,644	1,246	1,698	363	559	22	77	90,733	58,689
Tenn.	76,555	43,364	7,129	5,281	2,128	1,733	1,570	1,515	664	869	91	169	88,137	52,931
Ala.	55,666	30,312	487	382	373	138	464	264	374	438	225	311	57,589	31,845
Miss.	61,343	33,267	2,492	1,469	1,367	631	1,351	1,049	838	944	149	207	67,540	37,567
E.S.C.	271,420	153,032	18,603	14,754	6,619	5,146	4,631	4,526	2,239	2,810	487	764	303,999	181,032
Ark.	40,469	23,161	2,864	1,405	875	653	821	589	181	334	39	56	45,249	26,198
La.	37,586	21,904	267	97	670	253	1,122	812	656	1,031	98	235	40,399	24,332
Okla.	36,736	19,332	2,931	1,166	1,600	778	1,308	1,075	482	658	76	111	43,133	23,120
Tex.	78,370		1,152		1,130		2,489		2,014		526		85,681	
W.S.C.	193,161		7,214		4,275		5,740		3,333		739		214,462	
Mont.	13,178	9,205	887	490	303	202	302	240	173	142	17	23	14,860	10,302
Idaho	13,861	8,254	4,627	2,729	1,689	1,318	949	1,009	266	366	31	72	21,423	13,748
Wyo.	4,921	3,310	330	194	203	102	90	120	35	66	1	14	5,580	3,806
Colo.	13,093	7,702	1,060	418	616	246	843	484	377	419	62	112	16,051	9,381
N. Mex.	5,349	3,125	149	46	76	24	138	63	110	110	32	76	5,854	3,444
Ariz.	1,742	1,150	23	4	27	3	73	17	156	67	126	152	2,147	1,393
Utah	7,077	4,316	1,236	659	636	410	656	492	286	304	14	54	9,905	6,235
Nev.	955	636	32	15	26	12	56	25	57	57	15	33	1,141	778
MOUNT.	60,176	37,698	8,344	4,555	3,576	2,317	3,107	2,450	1,460	1,531	298	536	76,961	49,087
Wash.	18,216	10,498	1,595	647	1,793	772	1,639	1,344	700	860	119	224	24,062	14,345
Oreg.	16,242	10,511	1,448	730	914	507	843	670	557	519	77	139	20,081	13,076
Calif.	11,958		1,314		1,196		1,430		1,974		2,479		20,351	
PAC.	46,416		4,357		3,903		3,912		3,231		2,675		64,494	
Alaska	56	69	25	6	19	10	15	18	10	19	1	1	126	123
Hawaii	438	129	20	4	11	5	8	6	19	13	42	43	538	200
U.S.	1,310,295		261,740		140,849		89,338		27,969		6,594		1,836,785	
47-State Total	1,211,951	664,430	259,251	159,385	138,503	113,288	85,346	98,692	23,758	34,238	3,127	5,216	1,721,936	1,075,249

Table 16.--Commercial dairy farms, by size of milk cow herd, 1959 and 1964

State and Region	1-9 cows		10-19 cows		20-29 cows		30-49 cows		50-99 cows		100+ cows		total	
	1959	1964	1959	1964	1959	1964	1959	1964	1959	1964	1959	1964	1959	1964
	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number
Maine	300	130	1,148	461	946	508	633	610	153	263	25	24	3,205	1,996
N.H.	147	79	667	314	470	316	344	380	151	156	14	25	1,793	1,270
Vt.	450	156	1,836	773	2,025	1,293	2,420	2,169	947	1,185	125	140	7,803	5,716
Mass.	230	87	771	370	700	467	716	603	317	336	58	73	2,792	1,936
R.I.	30	7	110	32	115	50	90	91	62	49	8	10	415	239
Conn.	95	47	451	169	605	309	832	566	391	401	27	69	2,401	1,561
N.E.	1,252	506	4,983	2,119	4,861	2,943	5,035	4,419	2,021	2,390	257	341	18,409	12,718
N.Y.	1,895	889	9,962	5,067	11,467	7,812	11,419	11,427	3,686	4,965	349	560	38,778	30,720
N.J.	75	28	260	140	625	256	1,136	775	541	577	92	92	2,729	1,868
Pa.	2,346	1,583	11,484	6,916	10,446	8,319	5,944	7,416	1,346	1,900	60	156	31,626	26,290
M.A.	4,316	2,500	21,706	12,123	22,538	16,387	18,499	19,618	5,573	7,442	501	808	73,133	58,878
Ohio	4,020	2,488	9,090	5,688	5,503	4,324	2,668	3,857	701	1,118	28	96	22,010	17,571
Ind.	2,340	1,392	4,185	2,757	2,521	1,963	1,467	1,986	244	654	14	46	10,771	8,798
Ill.	950	485	3,130	1,819	3,530	2,393	2,975	3,234	512	921	50	54	11,147	8,906
Mich.	4,161	2,535	10,352	6,397	6,138	5,115	3,196	4,445	605	1,319	46	135	24,498	19,946
Wis.	5,046	3,010	30,746	18,555	31,623	25,197	16,373	22,137	1,939	3,973	85	216	85,812	73,088
E.N.C.	16,517	9,910	57,503	35,216	49,315	38,992	26,679	35,659	4,001	7,985	223	547	154,238	128,309
Minn.	5,332	3,256	20,718	15,378	12,045	14,194	4,238	8,108	524	1,115	41	60	42,898	42,111
Iowa	1,525	829	4,595	3,815	3,186	4,282	1,682	3,108	266	716	19	50	11,273	12,800
Mo.	3,655	2,651	7,006	5,508	3,464	3,073	1,833	2,203	423	750	52	81	16,433	14,266
N.Dak.	422	230	1,121	847	477	678	183	470	57	156	7	16	2,267	2,397
S.Dak.	459	193	1,272	1,194	537	1,301	225	805	82	224	5	21	2,580	3,738
Nebr.	377	261	715	1,001	611	899	481	766	140	292	6	40	2,330	3,259
Kans.	666	494	1,729	1,302	1,291	1,033	1,201	1,324	258	570	20	59	5,165	4,782
W.N.C	12,436	7,914	37,156	29,045	21,611	25,460	9,843	16,784	1,750	3,823	150	327	82,946	83,353
Del.	45	43	225	92	201	97	175	132	77	72	5	6	728	442
Md.	215	128	985	518	1,345	747	1,659	1,373	756	960	90	143	5,050	3,869
Va.	1,426	1,343	1,422	1,345	996	671	1,400	1,038	817	791	160	202	6,221	5,390
W.Va.	546	415	960	566	615	406	442	355	90	159	7	23	2,660	1,924
N.C.	700	570	1,160	600	1,062	692	1,068	948	417	627	60	124	4,467	3,561
S.C.	140	104	182	126	330	103	400	257	313	266	82	129	1,447	985
Ga.	115	77	173	112	313	132	865	408	663	675	173	231	2,302	1,635
Fla.	5		8		20		60		212		458		763	
S.A.	3,192		5,115		4,882		6,069		3,345		1,035		23,638	
Ky.	2,220	2,038	2,732	3,911	1,831	1,944	1,012	1,444	300	486	14	63	8,109	9,886
Tenn.	2,561	2,758	3,246	3,531	1,692	1,503	1,394	1,397	592	817	82	156	9,567	9,982
Ala.	266	165	209	216	270	115	390	231	328	388	202	284	1,665	1,399
Miss.	990	582	1,252	867	1,079	540	1,220	971	795	880	127	184	5,463	4,024
E.S.C.	6,037	5,363	7,439	8,525	4,872	4,102	4,016	4,043	2,015	2,571	425	687	24,804	25,291
Ark.	1,036	544	1,491	1,015	721	555	771	528	172	314	35	50	4,226	3,006
La.	50	43	181	78	605	242	1,075	794	635	1,004	78	216	2,624	2,377
Okla.	569	287	1,097	645	1,261	653	1,188	1,027	452	639	69	102	4,636	3,353
Tex.	283		413		969		2,336		1,952		483		6,436	
W.S.C.	1,938		3,182		3,556		5,370		3,211		665		17,922	
Mont.	160	95	265	123	225	131	267	196	155	132	13	20	1,085	697
Idaho	1,063	711	2,256	1,526	1,211	985	721	849	217	332	28	64	5,496	4,467
Wyo.	64	45	91	77	147	79	72	110	31	61	1	14	406	386
Colo.	186	86	363	140	445	189	715	440	340	397	56	109	2,105	1,361
N.Mex.	29	18	63	15	55	19	118	58	98	105	30	71	393	286
Ariz.	5	9	5	3	17	3	72	16	151	60	110	140	360	231
Utah	403	336	824	491	543	375	613	481	257	288	11	49	2,651	2,020
Nev.	15	2	10	7	15	9	60	23	46	55	14	32	160	128
MOUNT.	1,925	1,302	3,877	2,382	2,658	1,790	2,638	2,173	1,295	1,430	263	499	12,656	9,576
Wash.	538	332	1,279	520	1,684	747	1,574	1,324	681	848	110	211	5,866	3,982
Oreg.	416	397	816	498	752	447	814	639	529	508	72	13[illegible]	3,399	2,624
Calif.	415		892		1,045		1,284		1,901		2,411		7,948	
PAC.	1,369		2,987		3,481		3,672		3,111		2,593		17,213	
Alaska	4	10	24	4	19	10	15	17	9	19	1	1	72	61
Hawaii	1	1	3	2	4	3	7	6	14	11	39	41	68	64
U.S.	48,987		143,975		117,797		81,843		26,345		6,152		425,099	
47-State total	48,284	31,789	142,662	95,531	115,763	95,179	78,163	91,542	22,280	32,534	2,800	4,823	409,952	351,398

CONSUMPTION PATTERNS FOR DAIRY PRODUCTS IN 1965, WITH CHANGES FROM 1948 AND 1955 1/

Preliminary data from the nationwide food consumption survey made in 1965/66 by the Agricultural Research Service are now available for dairy products and other foods. 2/ In this survey, about 7,500 households of 1 or more members throughout the United States were interviewed during the spring (April, May, and June) of 1965. Additional surveys were made in 3 other seasons (summer 1965, fall 1965, and winter 1966). Only data from the spring 1965 survey are now available. Householders were asked to report quantities of all foods used at home and expenditures for purchased items used during the 7 days preceding the interview. Home-produced food and food received as gifts and as pay were valued at average prices paid for similar items by other households in the same area and urbanization.

These data give a picture of the consumption patterns for dairy products in the United States by levels of family income, by regions (Northeast, North Central, South, and West), and by urbanizations (urban, rural nonfarm, and rural farm). Similar surveys were made in 1936, 1942, 1948 (only in urban areas), and in 1955. Comparing the results of the later surveys will indicate changes in dairy product consumption patterns in recent years.

Value of Consumption

In the spring of 1965, the households surveyed used an average of about $28 worth of food at home each week. 3/ Of the food dollar, about 14 cents went for dairy products. About 34 cents of the food dollar went for meats, poultry, and fish (the only food group to exceed dairy products).

During a week in the spring of 1965, U. S. households surveyed used dairy products from all sources--purchased, home-produced, and federally donated--valued at $3.93 (table 17). Fresh fluid milk represented over half of the value of dairy products consumed. Cheese accounted for 16 percent of the value of dairy products consumed; ice cream and other frozen desserts, 13 percent; and butter, about 8 percent.

From 1955 to 1965, the value of dairy products consumed in households declined, both in total and as a proportion of all food consumed. Households used dairy products valued at $3.93 during a week in the spring of 1965, compared with $4.25 per week during the spring of 1955 During this period, the value of all food used by households increased 14 percent. Therefore, as a proportion of the value of all foods, dairy products declined from 17.4 percent in 1955 to 14.1 percent in 1965. In the spring of 1948, dairy products had been about 18.8 percent of the value of all foods used by urban households. 4/

From 1955 to 1965, a declining proportion of the dairy product dollar went for fluid whole milk, evaporated milk, butter, and cream items. 5/

1/ Prepared by Robert R. Miller, ESAD, Economic Research Service.

2/ USDA, Food Consumption of Households in the United States, Spring 1965, A Preliminary Report, Agricultural Research Service, ARS 62-16, August 1967.

3/ Excludes expenditures for alcoholic beverages.

4/ The 1948 data are not directly comparable with the 1955 and 1965 data because the 1948 information is only for urban households of 2 or more persons. In urban households, 16.7 percent of the value of all foods went for dairy products in 1955 and 13.8 percent in 1965.

5/ In the preliminary report on the 1965 Household Food Consumption survey, only skim milk is shown separately from total fresh fluid milk. The remainder of the total would be mostly whole milk.

Table 17.--Value of dairy products and all foods used in households from all sources in a week, spring (April-June), United States, 1955 and 1965

Item	Average value per household		Average value as a percentage of: All foods value		Average value as a percentage of: All dairy products value	
	1955	1965	1955	1965	1955	1965
	Dol.	Dol.	Pct.	Pct.	Pct.	Pct.
Fresh fluid milk	2.34	2.09	9.6	7.5	55.0	53.2
Skim 1/	.05	.14	.2	.5	1.2	3.6
Other fluid 2/	2.29	1.95	9.4	7.0	53.8	49.6
Cream 3/	.20	.16	.8	.6	4.7	4.1
Frozen desserts 4/	.54	.51	2.2	1.8	12.7	13.0
Evaporated milk	.15	.10	.6	.4	3.5	2.5
Nonfat dry milk	.02	.05	.1	.2	.5	1.3
Total cheese	.51	.62	2.1	2.2	12.0	15.8
Cottage	.12	.15	.5	.5	2.8	3.8
All other	.39	.47	1.6	1.7	9.2	12.0
Butter	.45	.30	1.8	1.1	10.6	7.6
Other dairy products 5/	.04	.10	.2	.4	1.0	2.5
Value of dairy products 6/	4.25	3.93	17.4	14.1	100.0	100.0
Value of non-dairy products	20.18	23.91	82.6	85.9		
Value of all foods used 7/	24.43	27.84	100.0	100.0		

1/ Skim and lowfat milk. 2/ Whole milk, chocolate, and buttermilk. 3/ Includes half and half. 4/ Includes ice milk and sherbet. 5/ Includes cheese spreads. 6/ May not add due to rounding. 7/ Excludes expenditures for alcoholic beverages.

Household Food Consumption Survey, 1955 and 1965.

Table 18.--Selected dairy products and margarine: Per capita weekly consumption in households from all sources, spring (April-June), United States, 1948, 1955, and 1965

Item	Unit	1948	1955		1965	Percentage change, all households, 1955 to 1965
		Urban households	Urban	All households	All households	
Fresh fluid milk	Quarts	3.11	3.21	3.30	2.71	-17.9
Skim 1/	do.	.02	.10	.09	.19	+111.1
Other fluid 2/	do.	3.09	3.11	3.21	2.52	-21.5
Cream 3/	do.	.07	.06	.06	.04	-33.3
Frozen desserts 4/	do.	.20	.36	.33	.41	+24.2
Evaporated milk	Pounds	.45	.26	.29	.19	-34.5
Nonfat dry milk	do.	5/	.01	.02	.04	+100.0
Total cheese	do.	.28	.34	.32	.35	+9.4
Cottage	do.	.10	.15	.13	.15	+15.4
All other 6/	do.	.18	.19	.19	.20	+5.3
Butter	do.	.22	.22	.20	.13	-35.0
Margarine	do.	.18	.20	.20	.24	+20.0

1/ Skim and lowfat milk.
2/ Whole milk, chocolate, and buttermilk.
3/ Includes half and half.
4/ Includes ice milk and sherbet.
5/ Less than 0.005 pound.
6/ Includes cheese spreads.

Household Food Consumption Survey, 1948, 1955, and 1965.

On the other hand, more of the money value of dairy products was accounted for by fluid skim milk, nonfat dry milk (directly used in the household), and cheese. The value of frozen desserts declined slightly, but they represented a larger proportion of the dairy product dollar in 1965 than in 1955.

Quantities Consumed Per Person

The quantities of individual dairy products consumed in households from all sources--purchased, home-produced, and donated--during a week in the spring of 1948, 1955, and 1965, are summarized in table 18. These data show a general downward trend in the per capita consumption of the higher-fat dairy products, and an increase in the lower-fat items. Changes were greater from 1955 to 1965 than in the earlier years. From 1948 to 1965, per capita consumption of fluid whole milk, cream, evaporated milk, and butter declined, while fluid skim milk, nonfat dry milk, total frozen desserts, cottage cheese, and all other cheese increased.

Among dairy products, nonfat dry milk and fluid skim milk registered the sharpest gains. The per capita consumption of all table fats (butter and margarine) remained fairly stable from 1948 to 1965. While butter use fell, margarine consumption increased sharply.

Consumption by Regions

As in the past, the per capita consumption of many dairy products in 1965 was lower in the South than in other regions (table 19). Persons in the South used less fluid milk, cream, cheese, and butter. But they consumed more nonfat dry milk and evaporated milk than people in other areas. These differences were generally associated with lower per capita incomes in the South, but problems of storage, transportation, and availability may also be factors in these consumption patterns. Lower prices for nonfat dry milk and evaporated milk and the longer keeping quality of evaporated milk likely contributed to higher use of these products in the South. Frozen desserts were an exception to the South's generally lower dairy consumption. However, in 1965, per capita consumption of frozen desserts was highest in the North Central region. The Northeast and North Central regions used more fluid milk and butter per person than other areas. Persons in the West used the most fluid skim milk, cottage cheese, and cream.

Generally, the 1955 to 1965 changes in per capita consumption of various dairy products were similar nationally and in each of the 4 Census regions used in summarizing the survey--Northeast, North Central, South, and West. In all regions, use per person of fluid whole milk, evaporated milk, and butter declined. The decline in fluid whole milk was sharpest in the Western region. Butter use fell the most in the North Central region--from aabout 0.4 pound per person weekly in 1955 to less than 0.2 pound in 1965. This was equivalent to an annual drop of about 1 pound per person in the 10 year period.

Per capita cosumption of fluid skim milk, nonfat dry milk, total cheese, and frozen desserts increased in all regions. Use of frozen desserts expanded rapidly in the South.

Margarine consumption per capita increased least in the Northeast, and most in the North Central region.

Consumption by Urbanization

In 1965, per capita consumption of some major dairy products--fluid whole milk, cream, frozen desserts, and butter--was higher in farm households, than in nonfarm households (table 19). However, urban families consumed more fluid skim milk and cheese per person than did rural non-farm and farm households. Margarine consumption was highest among urban persons and lowest for persons living on farms.

The data summarized in table 19 include the value of dairy products consumed from all sources. Most of the dairy products used on farms typically has been produced on the farm, rather than purchased

Table 19.--Selected dairy products and margarine: Per capita weekly consumption in all households, United States, spring (April-June), 1955 and 1965 1/

Item	Unit	By regions				By income groups					By urbanizations		
												Rural	
		Northeast	North Central	South	West	Under $3,000	$3,000-$4,999	$5,000-$7,999 2/	$8,000-$9,999 3/	$10,000 and over	Urban	Nonfarm	Farm
		1955											
Fresh fluid milk	Quarts	3.428	3.706	2.787	3.447	2.921	3.362	3.571	3.528	3.802	3.220	3.057	4.205
Skim 4/	do.	.094	.115	.031	.171	.052	.061	.113	.183	.393	.102	.055	.105
Other fluid 5/	do.	3.334	3.591	2.756	3.276	2.869	3.301	3.458	3.345	3.409	3.118	3.002	4.100
Cream 6/	do.	.047	.094	.020	.105	.040	.042	.067	.097	.140	.061	.037	.100
Frozen desserts 7/	do.	.307	.420	.263	.378	.225	.343	.376	.402	.450	.349	.311	.325
Evaporated milk	Pounds	.219	.157	.457	.356	.376	.320	.228	.142	.113	.259	.424	.167
Nonfat dry milk	do.	.016	.009	.023	.022	.022	.015	.011	.019	.016	.013	.023	.020
Total cheese	do.	.334	.380	.207	.432	.241	.300	.356	.411	.428	.339	.305	.255
Cottage	do.	.112	.199	.051	.229	.080	.117	.157	.197	.206	.147	.115	.096
All other 8/	do.	.222	.181	.156	.203	.161	.183	.199	.214	.222	.192	.190	.159
Butter	do.	.241	.402	.131	.184	.175	.172	.207	.286	.341	.201	.170	.275
Margarine	do.	.191	.145	.193	.251	.183	.214	.209	.181	.168	.198	.228	.130
		1965											
Fresh fluid milk	Quarts	2.939	2.985	2.308	2.645	2.105	2.484	2.877	3.008	3.091	2.706	2.631	2.940
Skim 4/	do.	.140	.254	.101	.332	.101	.103	.150	.244	.394	.212	.149	.100
Other fluid 5/	do.	2.799	2.731	2.207	2.313	2.004	2.381	2.677	2.764	2.697	2.494	2.482	2.840
Cream 6/	do.	.037	.053	.024	.067	.031	.032	.039	.042	.063	.041	.031	.068
Frozen desserts 7/	do.	.393	.435	.412	.405	.311	.357	.421	.458	.540	.402	.426	.456
Evaporated milk	Pounds	.162	.089	.296	.195	.331	.271	.156	.106	.088	.174	.229	.178
Nonfat dry milk	do.	.037	.018	.058	.051	.086	.038	.036	.025	.019	.035	.060	.035
Total cheese	do.	.363	.405	.259	.441	.276	.277	.368	.403	.424	.361	.343	.306
Cottage	do.	.128	.189	.079	.233	.117	.106	.153	.170	.179	.149	.140	.130
All other 8/	do.	.235	.216	.180	.208	.159	.171	.215	.233	.245	.212	.203	.176
Butter	do.	.175	.163	.064	.112	.089	.091	.131	.144	.179	.127	.111	.168
Margarine	do.	.201	.237	.265	.268	.249	.257	.242	.242	.215	.237	.266	.221

1/ Data on consumption by income groups not completely comparable between 1955 and 1965. In the 1955 survey, use by income groups was only for households of 2 or more persons, while the 1965 survey included all households regardless of size. 2/ In 1965, $5,000-$6,999. 3/ In 1965, $7,000-$9,999. 4/ Skim and lowfat milk. 5/ Mostly whole milk, but includes chocolate and buttermilk. 6/ Includes half and half. 7/ Includes ice milk and sherbets. 8/ Includes cheese spreads.

Household Food Consumption Survey 1955 and 1965.

However, the proportion of farm families using purchased dairy products has increased in the past decade. Fewer farms are keeping dairy cows to provide milk and other dairy products for home use. The Census of Agriculture reported in 1964 only 36 percent of all farms had milk cows, compared with 61 percent in 1954. The number of farms separating cream has declined sharply in recent years, and therefore less cream and butter is home produced.

Since 1955, the changing pattern of dairy product consumption in the United States has generally been similar in all urbanizations. However, there were some exceptions. Though fluid whole milk use per person fell in all urbanizations, the largest decline was among persons living on farms. Use of butter also declined more in farm than urban households. Per capita consumption of fluid skim milk declined slightly on farms, while it increased sharply among urban and rural non-farm families. The reduction in fluid skim milk among farm households may be due to the declining farm-separation of cream for sale. This decline makes home-produced skim milk and cream available for use in fewer farm households. From 1955 to 1965, evaporated milk use increased somewhat in farm households, while dropping substantially in non-farm households. The per capita use of nonfat dry milk has gained more rapidly in urban and rural non-farm households than on farms.

Consumption by Income Class

The preliminary report on the 1965 survey also reports the consumption of dairy products in all households in the United States by family income levels (table 19). As incomes increased, the per capita use of most dairy products also increased. Evaporated milk and nonfat dry milk were exceptions to this general pattern. Per capita use of nonfat dry milk was especially high among lower income families, probably due to Federal Welfare donations to low-income recipients, as well as the low cost of reconstituted nonfat dry milk as a beverage.

Per capita consumption of whole milk increased sharply between the low and middle income families, but leveled off between middle and high income households. Use per person actually declined slightly for the $10,000 and over income group. Fluid skim milk consumption per person increased gradually from low to middle income families, and then rose sharply from middle to high income families. Per capita use of ice cream, butter, cottage cheese, and other cheese also gained as incomes increased. Margarine consumption per person was fairly uniform among income groups, except for a slight decline among higher income families.

The number and age of children in the family may be as important a factor as income in explaining these differences in fluid milk consumption. Data on the composition of families by income groups will be available in later reports.

Between 1955 and 1965, fluid whole milk consumption per person declined in all income groups, with the largest drop among low income families. Use of nonfat dry milk and fluid skim milk in homes increased most in lower income groups, probably because these items are usually lower cost sources of fluid milk. The decline in per capita use of cream was largest among higher income families. Frozen dessert use expanded most rapidly in the low and high income groups. Cottage cheese consumption per person fell among all income groups, except those with incomes under $3,000. On the other hand, use per person of other types of cheese increased in the middle and higher income groups, but declined among low income families. Butter consumption fell and margarine use per capita increased quite evenly in all income groups.

Comparison of Consumption Levels

Data on the per capita consumption of dairy products, both on a commercial sales and total civilian use basis, are reported regularly in the Dairy Situation. These per capita consumption figures are based on the use of dairy products in institutions, schools, and restaurants, as well as in homes. Also included are

dairy products used in other products, such as nonfat dry milk and butter used in bakery products. The Household Food Consumption survey reports only fluid milk and dairy products entering the home as such, excluding those dairy products consumed as ingredients in other products.

How well dairy product consumption levels in the spring are representative of annual consumption levels is difficult to know. The per capita consumption index of dairy products in April-June 1965 was slightly higher than the annual 1965 average. Recognizing that differences exist, the 1965 per capita consumption of dairy products in households expanded to an annual basis is compared with total civilian annual consumption in table 20.

Per capita household use of most dairy products as reported in the Food Consumption survey has generally shown similar changes from 1955 to 1965 as has total per capita civilian consumption. However, there were several differences in the absolute per capita consumption levels, which may be at least partly due to how closely the spring consumption levels approximate the annual level. Apparent per capita consumption in households for several dairy products--evaporated milk, cottage cheese, all other cheese, and butter--was higher than total civilian per capita consumption. The consumption level for fluid milk and cream was generally lower in homes in 1965 than total per capita civilian consumption. Higher than average per capita use in nursing homes, hospitals, and schools may have helped raise the total civilian use. While total use per person of nonfat dry milk increased only about 2 percent during this 10-year period, the home use of nonfat milk more than doubled. The increased household use reflects the development of instantized powdered milk for reconstitution into beverage form, and also the general decline in nonfat dry milk used in the bakery industry. Of the 5.6 pounds nonfat dry milk used per person in 1965, about 2 pounds was consumed directly in households, according to the household survey.

The data on dairy product consumption from the Household Food Consumption survey will be further analyzed when more detail becomes available. It will then be possible to show more detailed consumption data on the various fluid milk products, frozen desserts, and types of cheese. Also, the data on consumption of dairy products during the 4 seasons of the year will not only make it possible to show seasonal variation in consumption, but will make the household consumption data more comparable with the annual per capita consumption data reported in the Dairy Situation.

Table 20.--Selected dairy products: Civilian annual per capita consumption, total and in households, United States, 1965 with comparisons

Item	Annual 1965 per capita consumption		Percentage change, 1955-65	
	Households 1/	Total 2/	Households	Total
	Pounds	Pounds	Percent	Percent
Fresh fluid milk 3/	303	305	-18	-9
Cream 4/	4.4	7.5	-33	-24
Evaporated milk	9.9	8.4	-35	-41
Nonfat dry milk	2.1	5.6	+100	+2
Frozen desserts	26.5	28.1	+24	+20
Cottage cheese	7.8	4.6	+15	+18
All other cheese 5/	10.4	9.5	+5	+20
Butter	6.8	6.4	-35	-29

1/ As reported from the 1965 Food Consumption Survey, includes only products used directly in homes. Weekly per capita consumption expanded to annual level. 2/ Includes products used in restaurants, schools, and institutions, as well as those used in homes. 3/ Includes product weight of whole, skim, chocolate, and buttermilk. 4/ Includes half and half. 5/ Includes cheese spreads.

Household Food Consumption Survey 1965 and the Dairy Situation.

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DAIRY OUTLOOK CHARTS

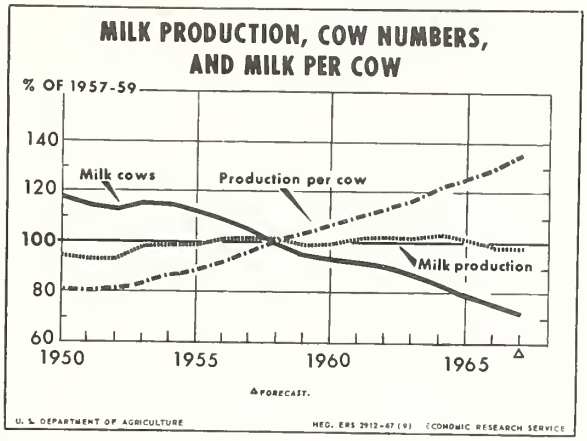


Figure 1

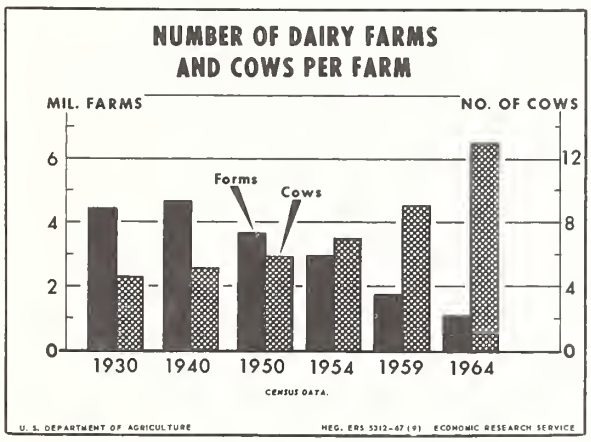
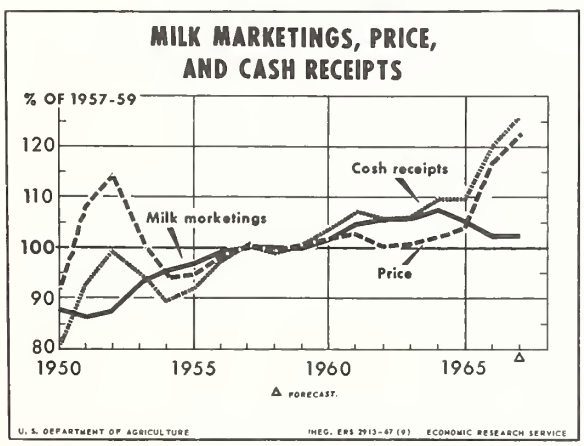


Figure 2



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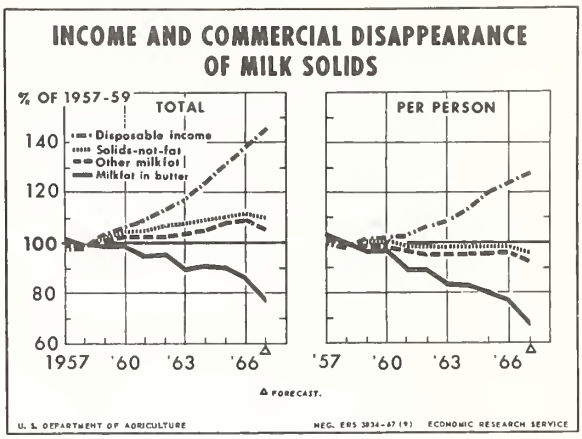

Figure 4

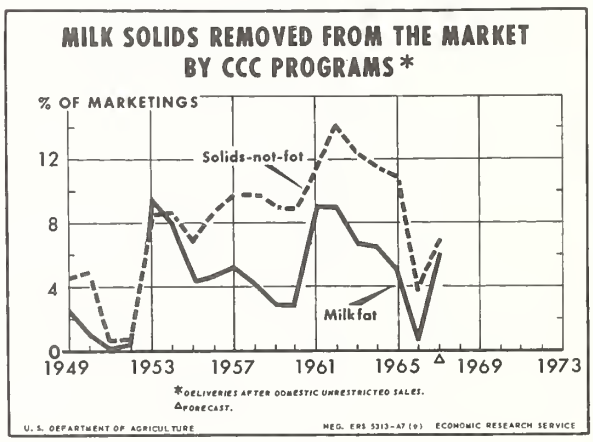

Figure 5

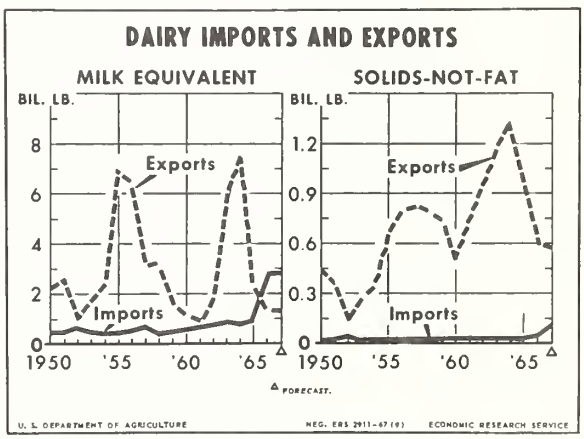

Figure 6

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DS-318 NOVEMBER 1967

☆ U.S. GOVERNMENT PRINTING OFFICE: 1967 301-752 (ERS-86)