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# Dairy/Livestock

## Analyst: Cow/calf producers in for another good year

By CAROL RYAN DUMAS  
Capital Press

BURLEY, Idaho — While cattle prices are expected to soften in the last half of the year, average annual prices for feeder and fed cattle in 2015 are expected to be even higher than the record-breaking 2014.

The U.S. cattle supply is still tight, and beef demand is strong, said Jessica Sampson, ag economist with Livestock Marketing Information Center, during last week's Idaho Range Livestock Symposium.

Returns on cow/calf operations in 2014 were more than \$500 per cow, and producers can expect another good year, she said.

Southern Plains 500- to 600-pound steer calves are selling close to \$290 per hundredweight. Last year's an-



Carol Ryan Dumas/Capital Press

Jessica Sampson, ag economist with the Livestock Marketing Information Center, visits with Tony Svejcar, USDA-ARS rangeland scientist, during a break at the Idaho Range Livestock Symposium in Burley on April 8.

annual average price on those steers was \$245 per hundredweight. LMIC estimates the 2015 average between \$270 and \$275 per hundredweight, she said.

Sterling Marketing of

Vale, Ore., puts annual average returns to cow/calf operators at \$548 per cow in 2014 and estimates those returns to rise to \$688 in 2015.

Cattle prices in the first quarter of 2015 were higher

than the same period last year and are expected to peak in the first half of the year. LMIC forecasts prices to move slightly lower in the second half, with year-over-year declines but no sharp drops, Sampson said.

Cattle producers are holding back cows from slaughter and retaining heifers, but there'll be a lag before the associated beef increases are realized, she said.

Fed cattle prices have softened to about \$160 per hundredweight after reaching a high of \$172 per hundredweight last year. The average annual price in 2014 was \$154 per hundredweight with annual feedlot returns averaging about \$35 per head, she said.

This year's annual average price should be about \$160 per head, but feedlots are experiencing significant red ink,

with estimated losses more than \$300 per head in February, she said.

"Feedlots have only dealt with this severe of closeouts twice before, during the summer of 2012 and late 2008," she said.

Corn costs have crept up since the fall, but the real deal breaker is the high cost of feeder cattle placed on feed in late 2014 and the price they're now selling for at slaughter, she said.

Breakeven on those feeder cattle is about \$190 per hundredweight, and the current cash market on fed cattle is about \$160 per hundredweight, she said.

LMIC expects breakevens to decrease in the coming months due to lower feeder cattle prices, but current forecasts put feedlots in the red for several more months, she

said. Sterling Marketing pegged last week's feedlot losses at nearly \$175 per head.

Cattle prices in all sectors will average higher this year but won't match the double digit percentage increases of 2014, Sampson said.

Last year was a perfect storm for cattle and beef markets with strong demand and production issues in pork and chicken, which kept prices up for those competing meats, she said.

Total demand for U.S. beef increased 5 percent on volume despite a 12 percent increase in retail prices. Beef exports were up slightly but saw a double-digit percentage increase in value year-over-year, she said.

LMIC expects softer beef exports and surging pork and chicken production in 2015.

## Producer-handlers raise concerns over Calif. FMMO

By CAROL RYAN DUMAS  
Capital Press

Dairy producer-handlers say a proposal by large dairy co-ops to establish a federal milk marketing order in California would cost them an important exemption from the state's milk pool on a portion of their milk, putting their businesses at risk.

An alternative proposal by California Producer Handlers Association would maintain those exemptions.

California Dairies Inc., Dairy Farmers of America and Land O'Lakes petitioned the Department of Agriculture to create the federal order seeking more equitable milk pricing for California producers as compared with milk producers in the rest of the nation.

USDA Agricultural Marketing Service accepted alternative proposals for a federal marketing order through April 10 and will determine whether a hearing to establish a marketing order is warranted.

Two of the critical factors in garnering producer support for a federal order are mandatory pooling of milk — wherein processors would be required to pool milk and pay regulated minimum prices — and maintaining the state's quota system, which pays quota certificate owners a higher price for their milk.

Concerns from producer-handlers, which both produce and process milk, are seated in the co-ops' proposal to end the exemption, which was provided by California's 1967 Pooling Act.

The act came about due to abuses by processors and distributors in an environment of extreme competition for Class I contracts, causing market distortion, CPHA stated.

The quota system was a means to compensate producers selling into the higher-value Class I market and gain their support for establishing a

state order, which would pool milk and distributed payments more evenly to producers of milk across all utilizations.

Recognizing that producer-handlers are buying their own milk and creating their own Class I markets — and not subject to the same destructive trade practices and price pressures as producers selling to processors — the Pooling Act exempted small producer-handlers from the pool and gave larger producer-handlers quota exemptions on a portion of their milk.

Under the co-ops' proposal, small producer-handlers would remain exempt. But larger producer-handlers would have to contribute Class I prices to the pool on the milk they processed and the pool would pay them the blended quota price on the milk they produced, CPHA said.

Quota exemptions come with strict ownership requirements tied to the original family holding the exemption. Producer-handlers cannot sell their business or their quota without losing the quota exemption.

Quota and quota exemptions grew along with Class I sales, and producer-handlers were also allowed a one-year window in 1993 to sell or buy exempt quota to or from other producer-handlers.

Collectively, the four remaining producer-handlers who would be affected invested 9.3 million to acquire that exempted quota and for the past 48 years have structured their businesses around the exemptions, CPHA stated.

Today, they represent 3.8 percent of Class I milk production in the state, with exempt quota representing 0.6 percent of total milk production. Maintaining the exemptions honors the original intent of the quota system, and the overall impact to the market is nominal at best, CPHA stated.

## Southern Idaho Livestock Hall of Fame honors inductees

By CAROL RYAN DUMAS  
Capital Press

TWIN FALLS, Idaho — The Southern Idaho Livestock Hall of Fame honored its newest inductees April 14, at its 86th annual banquet.

This year's inductees are: Wendell dairy producers Hill and Ann Brandsma began their Wendell, Idaho, dairy in 1976 with 40 cows. The couple has worked side by side at the dairy, increasing the operation to 500 cows with the help of their oldest son.

They have built their operation on business and family values, winning respect for their honesty, integrity and humility.

They have been actively involved on the local, state and national level to support the dairy industry and youth and contribute to the broader community.

Cow/calf producers DeVern and Barbara Fuller of Hollister used innovation to build their herd of Hereford-Angus crosses over 60 years in the business.

They ran cattle on the Salmon River Cattlemen's Association ranch in northern Nevada. DeVern has been involved with the association since its inception, serving on its board of directors and three terms as president. He also served as a



Carol Ryan Dumas/Capital Press

The newest inductees to the Southern Idaho Livestock Hall of Fame pose for a photo following the institution's 56th annual awards banquet April 14 in Twin Falls. Pictured from left are: (front row) DeVern and Barbara Fuller, Carole Stennett and Bill Jones; (back row) Allen and Kim Thompson, Ann and Hill Brandsma, and Arnold and Cecilia Patterson.

long-time reserve deputy of the Twin Falls County Fair and rode with the county sheriff's posse for six years.

Sheep producer Bill Jones of Hagerman followed in his father's footsteps, running about 4,400 ewes and lambs in southern Idaho for 30 years before branching out to raise trout. He has been honored by BLM and U.S. Forest Service for his stewardship of the range.

In honor of southern Idaho's sheep industry, he donated a sheep monument of life-size bronze statues depicting sheep, a herder and his horse and dog

that sits at the entrance to Hagerman.

He was also a pioneer in Idaho aquaculture and remains actively involved in that industry and a leader in area water efforts and organizations.

Feedlot operators Arnold and Cecilia Patterson of Declo moved from Utah to Idaho to continue Arnold's family business, buying 133 acres and a small corral. They were out buying cattle every day of the week except Sunday, always paying a bit above market price and gaining repeat business.

They now feed 4,000 to

5,000 head annually, still buying calves in Idaho, but have moved the feedlot to Colorado to take advantage of cheaper feed and closer proximity to slaughter facilities and beef markets.

Together with their son, the Thompsons continue to back-ground some calves at their feedlot in Idaho and have specialized in feeding out Holsteins.

Cattle trader Carole Stennett of Buhl made a career of buying calves other buyers overlooked, doctoring and cleaning them up, then pairing them with similar calves and selling them for a profit.

She earned the respect of bigger buyers by bringing up the value of orphaned calves and supporting the overall market.

Cow/calf producers Allen and Kim Thompson of King Hill returned to Allen's family ranch in 1974. With a degree in range management and experience working for BLM, Allen has focused on best management practices to keep the range viable for the next generation.

The Thompsons have developed livestock water systems on the range to keep the cattle healthy and better utilize the land. They now ranch with their daughter and her husband, passing along the tenets of taking care of the land and animals.

## March milk production increases 1.1 percent

By LEE MIELKE  
For the Capital Press

### Dairy Markets

Lee Mielke



U.S. milk production continued to top that of a year ago, according to preliminary data in Tuesday's March Milk Production report, but may be slowing.

The Agriculture Department estimates output in the top 23 producing states at 16.9 billion pounds, up just 1.1 percent from March 2014. The 50-state total, at 18.1 billion pounds,

was up 1.2 percent from a year ago. Revisions lowered the original February 23-state estimate by 10 million pounds, now reported at 15.1 billion pounds, up 1.7 percent from a year ago.

For the January to March Quarter, milk output totaled

51.9 billion pounds, up 1.7 percent from a year ago. Cow numbers totaled 9.3 million head, up 17,000 from the October to December 2014 Quarter and 88,000 more than a year ago.

March cow numbers in the 23 states, at 8.62 million head, were down 4,000 head from February but 86,000 more than a year ago. The 50-State count, at 9.3 million head, is down 5,000 from February but 78,000 more than a year ago.

March output per cow in

the 23 states averaged 1,959 pounds, up just 2 pounds from March 2014, and the highest production per cow for the month of March since the 23 State series began in 2003.

Troubles remain in California, where March output was down 2.9 percent due to a 60-pound drop per cow and 2,000 fewer cows milked. Wisconsin, on the other hand, was up 3.6 percent, thanks to a 60-pound gain per cow and 5,000 more cows.

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