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Dairy/Livestock

Rising prices, trade prospects buoy cattlemen

By KATY NESBITT
For the Capital Press

PENDLETON, Ore. — Spirits were high at the Oregon Cattlemen's Association spring quarterly meeting in Pendleton at the beginning of June with hope of rising beef prices and improved trade agreements.

The meeting, held May 31-June 2 at the Wild Horse Casino, had twice the attendance as the Cattlemen's spring quarterly meeting in Sunriver, said Jerome Rosa, Cattlemen's executive director, with about 150 in attendance.

"Everyone was really happy with the discussions and the positive tone," Rosa said.

Colin Woodall, vice president of government affairs for the National Cattlemen's Beef Association spoke Thursday about favorable developments on the federal level.

Rosa said, "There is great optimism going on in D.C. for the cattle industry."

Much of that optimism centered on trade negotiations the Trump administration began with China in May that could benefit the U.S. cattle industry by opening up a market closed since 2003.

Another rallying point for the cattlemen was the culmination of lengthy conversations surrounding a proposal to sue the U.S. Fish and Wildlife Service for not completing its environmental assessment to remove endangered species protection of the gray wolf in the lower 48 states. Before the meeting ended a vote was taken to proceed with litigation, Rosa said.

This winter and spring's precipitation was a boon to Oregon cattlemen, another reason Rosa credited for the meeting's upbeat tone.

"We've had a really good water year, the grass is green and there is a lot of feed out there."

Hosting the meeting on the east side of the Cascades gave the Cattlemen an opportunity to introduce Alexis Taylor, the recently appointed director of Oregon Department of Agriculture, to the divergent terrain and climate of Eastern Oregon. After she spoke to the Cattlemen Wednesday, Curtis Martin, a Baker County rancher and chairman of the group's water resources committee, took Taylor and two of her staff members on a tour of Eastern Oregon that included visiting irrigation reservoirs, a solar powered trough system and pressurized pipelines that run without electricity.

"We wanted to show her all the complexities of how we manage water on the east side of the state," Martin said.

Martin said he showed Taylor and her staff examples of rotational grazing and how cattlemen are taking a holistic approach to sage steppe ecosystem management — such as enhancing the wetter areas of the desert where vegetation stays green longer than the rest of the range to improve sage grouse habitat.

"We wanted her to come and see how different this side of Oregon is, walk the ground and see the natural resource we manage to make ourselves economically viable and sustainable," Martin said.

One of the wildlife topics discussed at the cattlemen's meeting that is affecting producers around the state is crops and haystack damage caused by deer and elk. Bill Moore lives in southern Baker County and represents the cattlemen in wildlife stakeholder meetings.

"We've had collaborative meetings with Oregon Department of Fish and Wildlife and Oregon Hunters Association and we are just a long ways apart," Moore said.

Export picture brightens for U.S. dairy

By CAROL RYAN DUMAS
Capital Press

Lower milk production in other exporting countries and higher world prices for dairy products — which make U.S. products more competitive — are giving U.S. exporters better leverage in world markets.

U.S. dairy exports in April topped year-ago levels for the 11th consecutive month, with gains in most product categories and to most major destinations, according to the latest U.S. Dairy Export Council report.

Exporters shipped 162,441 tons of milk powder, cheese, butterfat, whey and lactose in April, up 12 percent from a year ago. Those sales totaled \$461 million, up 23 percent from April 2016.

The two main categories driving the increase are nonfat dry milk/skim milk powders and whey, said Alan Levitt, USDEC market analyst.

The top market was Mexico, which imported \$103.2

U.S. dairy exports, April

Product	Exports (metric tons)		Percent change
	2016	2017	
Nonfat dry milk/skim milk powder*	51,131	55,555	8.7%
Whole milk powder*	1,904	2,181	14.5
Cheese	21,171	26,876	27
Butterfat	1,314	1,706	30
Total whey	39,086	43,294	10.8
Lactose	28,180	30,854	9.5
Milk protein concentrate	2,083	1,975	-5.2
Aggregate	144,868	162,441	12.1
Milk/cream (liters)	7,218	8,519	18
Total value (\$ millions)	\$374.5	\$460.7	23

*USDA data adjusted to reflect shipments to Mexico misclassified as WMP.

†Total value includes fluid milk/cream and additional products to those listed.

Source: USDA, U.S. Dairy Export Council

Capital Press graphic

million in U.S. dairy products in April, up 9 percent from a year earlier. Southeast Asia followed, with sales 23 percent higher to \$68.3 million. Sales to Canada grew 2 percent to \$53.1 million, and sales to China were up 91 percent to \$47.7 million.

Some of the large increases are due to weak compara-

bles in 2016, Levitt said.

"We're still not back up to where we were in 2014 when sales peaked," he said.

U.S. cheese exports have picked up lately, increasing 15 percent from January through April, and that's certainly a positive. Fluid milk shipments are up 14 percent in the same time period, he said.

Total exports, excluding milk and cream, were up 13 percent in volume to 624,339 metric tons and 18 percent in value to \$1.8 billion from January through April.

Part of the reason for the gains is that world prices increased in the second half of 2016, and U.S. prices have become more competitive. Those increased prices are due to significant reductions in milk production in other countries. In the fourth quarter of 2016, milk production was down 3.4 percent in the EU, 7.6 percent in Australia and 4.3 percent in New Zealand, Levitt said.

"So our competitors haven't had as much (product) to sell. The U.S. is the only exporter increasing production over the last year and a half," he said.

U.S. milk production was up 2.5 percent in the last quarter of 2016, he said.

World prices have been relatively soft the last two to three years due to a higher

global milk supply and buyers had been lulled into not buying ahead. But the EU didn't have the spring flush in milk production it was hoping for, which led to a "feeding frenzy" in the last month or two — particularly for butterfat, which pulled up prices for everything, he said.

He doesn't know how sustainable current world prices are, however, and thinks they'll pull back by the third quarter, he said.

Looking ahead for the U.S., "pricing relationships can determine who gets what," he said.

World butter prices are record high, but U.S. butter mostly goes to domestic demand. U.S. cheese prices are competitive relative to everyone else because Oceania and EU prices keep moving up. And the U.S. is in good shape in regard to whey and milk powders, he said.

"I think we're going to have a pretty good year," he said.

U.S. meat exports slower but still solid in April

By CAROL RYAN DUMAS
Capital Press

U.S. exports of beef and pork moderated in April from March but were still significantly higher year over year, according to the U.S. Meat Export Federation.

At 99,786 metric tons, valued at \$550.4 million, beef exports were down 5.2 percent in volume and 6.4 percent in value from March. But they were up 13 percent in volume and 14 percent in value from April 2016.

Pork exports, at 203,864 metric tons, were valued at \$517.5 million and were down 10.9 percent in volume and 11.8 percent in value from record-breaking levels in March. But they set a record for April in volume, up 8 percent from a year ago, and were up 11 percent in value from April 2016.

"While April was a very solid month for U.S. red meat exports, we remain in an extremely competitive situation across the world and must stay aggressive with our marketing efforts," said Philip Seng, USMEF president and CEO, in a press release accompanying the latest export data from USDA.

Beef exports in April accounted for 13.6 percent of U.S. production at an export value of \$283.52 per head of slaughtered fed cattle. That value is up 12 percent from a year ago and the highest yet this year.

Pork exports in April accounted for 28.4 percent of total U.S. pork production at an export value of \$55.39, up 11 percent from the value a year ago.

"It is especially gratifying to see our per-head return growing in 2017, even as slaughter numbers are on the rise. But this is also not lost on our competitors, who will quickly fill the void if we do not defend our market share," Seng said.

Japan continued to be the bright star for U.S. beef trade, driven by surging imports of U.S. chilled beef. U.S. market share grew to 52 percent of Japan's chilled imports January



File photo
Philip Seng, president and CEO of the U.S. Meat Export Federation

through April, up from 39 percent a year earlier.

Through April, U.S. chilled beef to Japan increased 48 percent year over year to 45,295 metric tons valued at \$320 million, up 43 percent.

The heightened demand indicates widespread acceptance and a growing range of U.S. cuts available in both the retail and food service sectors, USMEF reported.

Total beef exports to Japan in April increased 15 percent year over year in volume to 23,540 metric tons and 17 percent in value to \$143.3 million. Through April, U.S. beef exports to Japan are up 34 percent in volume to 97,951 metric tons and 35 percent in value to \$320 million.

Mexico continues to lead the way for U.S. pork exports, with April exports up 10 percent year over year in volume to 58,828 metric tons and up 12 percent in value to \$104.7 million — marking the 12th consecutive month of sales in excess of \$100 million.

Through April, U.S. pork exports to Mexico were 24 percent higher than a year earlier in volume to 265,090 metric tons and 34 percent higher in value to \$476.6 million.

U.S. lamb exports, however, slumped in April with volume down 23 percent to 493 metric tons and value falling 19 percent to \$1.3 million. Through April, those exports are down 25 percent year over year in volume to 2,479 metric tons but were up 3 percent in value to \$6.3 million.



Sean Ellis/Capital Press

U.S. Interior Secretary Ryan Zinke, left, and Agriculture Secretary Sonny Perdue speak about farm and natural resource issues June 2 at Boise State University. Ranchers who met privately with them say they are encouraged that public land will be better managed.

Idaho ranchers say they're impressed with Perdue, Zinke

By CAROL RYAN DUMAS
Capital Press

Idaho cattle producers say they are optimistic the Trump administration will get federal agencies back on track for sustainable land management after meeting with USDA Secretary Sonny Perdue and Interior Secretary Ryan Zinke late last week.

"The message I walked away with is that both are interested in managing public land better. There might be more actual management than in the last few years," said Tucker Shaw, incoming Idaho Cattle Association president and a purebred cow-calf operator near Caldwell.

With the sue-and-settle atmosphere surrounding the federal Bureau of Land Management and the U.S. Forest Service, agency employees haven't been willing to "go out on a limb very far" on creative ways to manage land, he said.

The BLM is in the Interior Department, and the Forest Service is in the USDA.

Fears of getting sued have led to problems and are part of the reason wildfires have

increased significantly in size and intensity, he said. Forest Service lands aren't being managed or logged or cleared of diseased timber, and BLM land isn't being grazed. That's led to fuel loads that feed catastrophic wildfires, he said.

The key message from both Zinke and Purdue was increased collaboration between the agencies because there are a lot of crossover issues, such as endangered species and wildfire mitigation, he said.

"I don't believe it's just talk. I get the feeling they're very sincere about managing lands and working with farmers and ranchers," he said.

But they've got a lot of work to do and a lot of challenges getting their people in place with the opposition party trying to drag them in a different direction, he said.

They both have similar views that fall in line with the entire Trump administration's intention to be active and aggressively manage, he said.

"They are interested in managing things rather than sitting back and letting nature take its course," he said.

An ICA press release fol-

lowing the meeting focused on the agencies' focus on collaboration.

It quoted Zinke as saying, "Collaboration needs to include all stakeholders at the beginning to mitigate lawsuits at the end."

Zinke said the Department of the Interior will no longer make decisions to skirt lawsuits but will make the best decisions and deal with the lawsuits that come, ICA reported.

Perdue echoed that message, saying one of the first priorities is to improve and strengthen interagency relationships and change the way the agencies do business, ICA reported.

"It was an amazing experience to be in a small setting with those two people," Shaw said.

Both were down-to-earth and personable, he said.

ICA President Jerald Raymond was unable to attend the meeting but said, "It's really wonderful to have people in top leadership positions who understand our industry and our business."

"We're extremely optimistic about working with this administration to keep livestock production viable," he said.

Cheese prices slump; butter recovers with highest price since December 2015

By LEE MIELKE
For the Capital Press

Dairy prices slumped the first full week of June Dairy Month, even on butter, as plenty of product made its way to Chicago. Traders awaited Friday morning's World Agricultural Supply and Demand Estimates report.

Cheddar block cheese closed Friday at \$1.63 per pound, down 7 cents on the week but still 15 1/2-cents above a year ago. The blocks were unchanged Monday and Tuesday, with no activity.

The barrels finished Friday at \$1.4150, down 7

1/2-cents, 9 1/2-cents below a year ago, and still at a too-high 21 1/2-cents below the blocks.

Twelve cars of block traded hands on the week and 49 of barrel. The barrels were also unchanged Monday and Tuesday, despite 11 cars being sold Tuesday.

Milk availability for Central cheesemakers was mixed last week, according to Dairy Market News. Some reported continued abundant

supplies, others reported noticeably fewer offers with milk spots reported \$2.50-\$6 under class.

After weeks of generally strong cheese sales, Midwest producers reported that demand slackened after Memorial Day weekend. Inventory reports vary. Some pizza cheese producers report light inventories in recent weeks, as strong demand has dipped into stored cheese, but the cheese market tone is "uncertain."

Western cheese output is active and many facilities are running at or near full capacity due to readily available milk. Domestic retail demand remains good

and some manufacturers are getting more inquiries from export buyers, but this business has yet to fully develop. Contacts suggest that the current block/barrel price spread is "putting a lot of price pressure on barrel cheese producers."

Cash butter made it to \$2.5250 June 6, then spattered and closed Friday at \$2.4750, down a penny on the week but 27 1/2-cents above a year ago. Thirty-seven cars traded hands last week.

The butter price gained 3 1/2-cents Monday and shot up 7 cents Tuesday, to \$2.58, the highest price since Dec. 9, 2015.

DMN says retail and food service butter demand remains steady to strong and international interests have increased.

Western butter output is following typical seasonal patterns. Retail butter demand is strong but contacts are watching extended weather forecasts closely.

Grade A nonfat dry milk fell to 90 3/4-cents per pound Friday, down 4 cents on the week but 7 3/4-cents above a year ago, with 24 cars finding new homes on the week.

It gave up three-quarter cents Monday and held there Tuesday, at 90 cents.

Dairy Markets

Lee Mielke

