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Dairy/Livestock

Red Bluff bull sale nets record \$1.56M for 236 bulls

By **TIM HEARDEN**
Capital Press

RED BLUFF, Calif. — Don Cardey was brimming with confidence as he prepared his bull to face the auction block at the annual bull and gelding sale here.

“Cattle prices are up really good,” the Turlock, Calif., rancher said as he exercised the bull in an arena on the day before the Jan. 31 sale. “Cattlemen have money to spend and they probably will.”

They did. Bidders shelled out a record \$1.56 million for 236 bulls that passed through the Don Smith Pavilion, paying an average of \$6,594 per bull. The top-selling bull was Cardey’s Roadrunner VRDesign 635, bought for \$11,500 by Bar M Cattle Co. in Maxwell, Calif.



A bull from Cardey Ranches in Turlock, Calif., is taken into an arena for exercise on Jan. 30 at the Red Bluff Bull and Gelding Sale. The bulls were sold Jan. 31.

The bidding total shattered that of two years ago, when 378 bulls generated

more than \$1.2 million in total sales. This was the fifth straight year the bull sale

topped the \$1 million mark. “We had a tremendous amount of demand,” sale

Online

Red Bluff Bull and Gelding Sale: <http://www.redbluffbull-sale.com>

manager Adam Owens said. “We registered a helluva lot of new buyers this year. There are not many bulls left in California that are of serviceable age, so if you want to find a bull (now), you’re looking at yearlings — bulls that are probably more ready to be sold next year. These were the last bulls available in California.”

The bull market capped five days of showcases and auctions at the 74th annual Red Bluff Bull and Gelding Sale at the Tehama District Fair grounds. The bidding began with the seventh annual feeder and replacement heifer sale on Jan. 29, where about 80 lots were sold.

Lots in the online sale went for as much as \$287 per hundredweight for weaned heifers and \$299 per hundredweight for weaned steers, beating last year’s high prices per hundredweight of \$275 and \$266, respectively.

The 67 geldings auctioned off Jan. 30 generated \$638,600 in combined sales, averaging \$9,531 per horse — about \$3,500 better than last year. The high-selling horse was bought for \$22,000 by Jeremy and Bettina Crume of Grants Pass, Ore. Three mules sold for a combined \$14,350.

The Jan. 30 sale of 16 working cattle dogs brought \$83,500 in total sales — an average of nearly \$5,219 per dog. The top dog was Klamath Falls, Ore. breeder Jaime Gonzalez’ PR Canelo, which sold for \$13,000 to Dave Dillabo of Live Oak, Calif.

Herd expansion analysis shows cow-calf profits

By **CAROL RYAN DUMAS**
Capital Press

Record profits in the cattle sector in 2014 have motivated herd expansion, but producers are also now operating with higher risks.

Staying profitable through the expansion is a common concern, a concern Cattlefax shed some light on during a Jan. 21 webinar.

The beef production sector, from cow-calf producers to packers, realized a combined record-high profit of \$1,100 per head in 2014, capturing a higher percentage of the retail dollar than ever before, said Lance Zimmerman, Cattlefax analyst.

Cow-calf producers pulled in profits of \$550 per cow and set the stage for herd expansion. Beef supplies are still tight, but a repeat of 2014 isn’t realistic, given production increases of pork and poultry, he said.

“The good times are still here for a while longer. We’re still going to see very exceptional prices whether you’re talking about the calf market, feeder cattle market or fed cattle markets,” he said.

The question now is one of preserving profitable levels while pursuing herd expansion, and there are several things to consider, he said.

Cattlefax is expecting the national beef cow inventory to have gained 400,000 to 500,000 head in 2014 and is expecting close to a million head to be added in both 2015 and 2016. More important than the total supply, however, is getting through expansion profitably, Zimmerman said.

That discussion starts with bred cow prices, which ended 2014 at an average \$2,500 per head, and it’s not out of

the realm of possibility to expect the price to strengthen to \$2,600 to \$2,900 a head over the next three months, he said.

The logical question is whether that’s too much to be spending on a bred female, he said.

The price of bred females is dictated by the price received for calves. Year in and year out, producers can expect it to take 1-1/2 calves to pay for a bred cow. During expansion years, that increases to 1.6 calves, he said.

Expecting an annual average calf price of \$260 per hundredweight in 2015 translates to an average annual price of \$2,400 per bred female — which could very easily be too low in the current market, he said.

Looking ahead, prices will fall as supply increases. The most aggressive prices for bred females will be at the start of expansion, and it remains to be seen if the highest prices happened in 2014 or are still ahead, he said.

Regardless, current prices might have exceeded some producers’ risk appetite, and they might be better off delaying purchases until bred prices come down or scaling up their herd over multiple years, he said.

Another thing to consider is supply and demand dynamics. Cow-calf expansion during an environment of increasing beef demand hasn’t happened since the early 1970s, but there is that potential today, he said.

Given steady beef demand and even aggressive expansion to a cow herd of 33 million in 2020, the cow-calf sector could maintain profits of \$240 per cow. Every 1 percent annual increase in beef demand would add \$100 to that profit, he said.

Processors promote overhaul of milk pricing

By **CAROL RYAN DUMAS**
Capital Press

International Dairy Foods Association directors have adopted a policy to promote market-based pricing of farm milk rather than the decades-old federally regulated pricing.

That announcement was made at the 2015 Dairy Forum in Boca Raton, Fla.

Existing milk pricing is hindering product innovation and preventing the industry from reaching its full potential in a growing global market, said Connie Tipton, IDFA president and CEO.

It is a major shift in what the industry has come to know and rely on, and any deregulation requires thoughtful consideration, she said.

The question is whether the industry is better off with the devil it knows or the one it doesn’t, she said.

But Tipton presented arguments for moving to a market-based pricing system.

“We know that major milk-producing countries that have eliminated domestic milk-pricing schemes are best able to compete in global markets and manage their price fluctuations,” she said.



Carol Ryan Dumas/Capital Press

International Dairy Foods Association have adopted a policy to promote market-based pricing of farm milk rather than the decades-old federally regulated pricing.

Since going free market in 1994, New Zealand has seen its number of dairy cows grow by 70 percent to 6.5 million, she said.

As leaders in world dairy trade, New Zealand’s cooperative Fonterra started the Global Dairy Trade (GDT) platform in 2008. In less than six years, GDT has grown from one firm offering to sell dairy products

into eight global dairy giants doing so, she said.

GDT trading volume in the most recent 12 month period was up nearly 500 percent compared with the first 12 months of GDT trading, she said.

“In fact, the U.S. and Canada are the last of a dying breed to use complex milk-pricing regulations,” she said.

Even the regulation-loving Europeans have abandoned quotas, and they’re seeing new approaches to dairy farming thrive in many areas, she said.

IDFA’s adoption of policy to promote market-based milk pricing is a big step, but it will take much more for the industry to embrace and work toward that goal, she said.

Dairies no longer face losing permit under new rule

By **KIMBERLEE KRUESI**
Associated Press

BOISE, Idaho (AP) — Idaho’s \$2.4 billion dairy industry is no longer at risk of losing its operating permits if caught illegally dumping waste into

streams and waterways.

The Senate Agricultural Affairs Committee approved new rules Tuesday that would no longer allow the Idaho State Department of Agriculture to revoke a dairy facility’s permit if caught illegal-

ly discharging wastewater or sewage. Instead, dairies would face a fine up to \$10,000.

The rules are in compliance of a law that Idaho Republican lawmakers passed in 2014.

The committee’s two

Democrats opposed the rule, saying that department officials should have allowed feedback from the public while creating the rules.

The department says public comment wasn’t needed because the rules mimic the law.

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Cash dairy markets end January with gains, but ...

By **LEE MIELKE**
For the Capital Press

Dairy Markets
Lee Mielke



Cash dairy product prices strengthened the last week of January, particularly on butter and nonfat dry milk, but things may be souring a bit this week.

Block Cheddar cheese closed Friday at \$1.5325 per pound, up 5 1/4-cents on the week but still 82 3/4-cents below a year ago. The Cheddar barrels finished at \$1.5050 per pound, up 6 cents on the week and 81 1/2-cents below a year ago. Five cars of barrel was all that was traded in the spot market for the week.

The blocks inched up a quarter-cent Monday to \$1.5350 per pound, but were unchanged Tuesday. The barrels gave back three-quarters penny Tuesday, slipping to \$1.4875, pushing the spread to the high end of the normal range.

Butter came back to life last week after holding steady

the previous week and finished January 30 at \$1.75 per pound, up 20 cents on the week, but still 13 cents below a year ago. Seventeen car loads traded hands on the week. It gained a penny and a quarter Monday and jumped 2 3/4-cents Tuesday, hitting \$1.79 per pound, highest level since Dec. 15.

Cash Grade A nonfat reversed gears last week and topped \$1 per pound for the first time since Dec. 23, closing Friday at \$1.07 per pound, up 8 3/4-cents on the week and the highest it has been since Dec. 12. The “market of last resort” became the market of choice last week as 34 cars were sold in the spot. The powder dropped 6 cents Monday but regained 4 1/4-cents Tuesday, climbing back to \$1.0525 per pound, with 20 carloads traded on the day.