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## Dairy/Livestock

# Forage group celebrates 20 years of better ranching

By CRAIG REED  
For the Capital Press

ROSEBURG, Ore. — The final session of the 10-week forage management class ended, but several of the students weren't ready to quit learning.

They were Douglas County land and livestock owners and were enrolled in a community education class at Umpqua Community College. They had eaten up the information that instructor Woody Lane, a livestock nutrition and forage specialist, had presented during the class, but they were eager for more to better operate their cattle and sheep operations.

An after class conversation resulted in the development of the Umpqua Valley Forage Study Group. The group of ranchers, with Lane being the facilitator, has been meeting on almost a monthly basis since. The group, whose membership is 20 ranch type operations, celebrated its 20th anniversary last month.

"The goal is to improve our management on forage-based ranches, to increase profitability and sustainability on forage-based ranches," Lane said. "We share information, experiences, new techniques. We want to build on what we know. That's what we do."

The commitment of the Umpqua Valley members to each other and their operations led to Lane organizing the Forage and Nutrition Group in 2000 for livestock producers on Oregon's south coast and the Willamette Valley Grazing and Nutrition Group in 2002 for producers in the Willamette Valley. The coastal group has 18 members and the Willamette group 29 members.

On several occasions, the



Woody Lane, second from left, a forage and livestock nutritionist, discusses forage growth and management with rancher Kyle Kenagy, second from right, and other members of the Umpqua Valley Forage Study Group in a pasture west of Roseburg, Ore., in late August. Listening are group members Paul Heberly, left, Kathy Love and Amy Kenagy.

Craig Reed/For the Capital Press

three groups have gotten together to share information and ideas.

"The commonality amongst all of us is the soil," said Diane Swingley, a member of the Umpqua Valley group and a rancher near Days Creek, Ore. "It's learning and applying science to the soil to grow better forage."

One of the prerequisites to be a member of one of the groups is to have taken Lane's forage management class or to already have a solid forage background because the group's meetings focus on advanced discussions about forage management and livestock nutrition.

Rex Heard, a Lookingglass, Ore., sheep rancher, described the study group as "continuing education."

"The information broadens everybody's knowledge level on forages," Heard said. "How to select them, how to grow them, how to try to stretch our feed cycle throughout the year."

The ranchers know the more forage they can grow and the longer they can grow it during the year results in less hay having to be fed to livestock. That saves on the expense of hay for the owners.

Bill Hoyt, who runs cattle and sheep on both sides of the Douglas-Lane county border, said the study group is unique because its members are willing to share.

"Unlike many agricultural areas where there's not a lot of sharing of information, people here are readily willing to talk about their successes and fail-

ures, what they've tried that has worked or not worked," said Hoyt, a member of the Umpqua Valley group. "These people are very open in talking about their forage management, how they've managed their ground. It's a very educational experience."

The group's meetings are held on the ranches of the different members. The meetings usually start with a pasture walk to check out the forage and then moves to a round table discussion to talk about the pasture and other forage topics. Numerous outside expert speakers, coordinated by Lane to participate in person or via conference calls, have also joined the meetings to share information and to answer questions.

## Butter prices soar; cheese dropping

By LEE MIELKE  
For the Capital Press

Dairy  
Markets  
Lee Mielke



CME cash cheese fell to pressure last week as traders absorbed Tuesday's Global Dairy Trade auction and awaited Friday afternoon's August Milk Production report.

Cash block Cheddar plunged 9 cents Wednesday but reversed gears Thursday and Friday, and closed at \$1.6925 per pound, still down a quarter-cent on the week and 75 3/4-cents below a year ago, when they made history, peaking at a record high \$2.45 per pound. They reversed gears again on Monday, dropping a nickel, and fell 4 3/4-cents Tuesday, to \$1.5950, the lowest level since April 20.

The Cheddar barrels finished Friday at \$1.5425, down 4 3/4-cents, 88 3/4-cents below a year ago, and an unsustainable 15 cents below the blocks. They lost a penny and three-quarters Monday and another penny and a half Tuesday, dipping to \$1.51, but reduced the spread to 8 1/2 cents. Four cars of block traded hands last week and 27 of barrel.

Recent heat and humidity have reduced milk production in parts of the Midwest according to Dairy Market News. Some processors report being short a few loads of milk to run at full production. Consumer demand is strong.

Western cheese output is steady and shifting to natural varieties. Manufacturers report milk intakes are a little lower, but components are beginning to increase and help improve yields.

Cash butter keeps heading higher, closing Friday at \$2.7175, up 15 1/4-cents on the week, but still 34 1/4-cents below a year ago, when it also made history, peaking at the record high \$3.06 per pound. Twelve carloads exchanged hands last week at the CME. The spot butter ticked up 3 3/4-cents Monday and added 7 3/4-cents Tuesday, hitting \$2.8325, the highest level since Oct. 7, 2014. The spot price has pole vaulted 84 1/4-cents since Aug. 1 and maybe on its way to \$3 again.

Butter production is mixed throughout the Central region, says DMN. Western butter makers report adequate cream supplies and consumer demand is strong.

Cash Grade A nonfat dry milk finished last week at 91 cents per pound, up 4 cents on the week but 44 1/2-cents below a year ago. Five cars found new homes last week. The powder was unchanged Monday but jumped 5 1/4-cents Tuesday on an unfilled bid, hitting 96 1/4-cents per pound, highest spot price since April 8, 2015.

### August milk production up

August milk production in the top 23 producing states to-

taled 16.3 billion pounds, according to USDA's preliminary data, up 0.8 percent from August 2014. The 50 state output, at 17.37 billion pounds, was also up 0.8 percent. Revisions added 5 million pounds to the original July 23-state tally, now put at 16.6 billion pounds, up 1.3 percent from a year ago.

August cow numbers totaled 9.32 million head in the 50 states, unchanged from July but 53,000 more than a year ago. Output per cow averaged 1,863 pounds, down 31 pounds from July and just 5 pounds above August 2014.

California output remains depressed, down 3.4 percent from August 2014, which followed a 3.3 percent decline in July, and hasn't been in positive territory since November 2014. The August decline came on a 65 pound drop per cow and 1,000 fewer cows.

Eyes will be on California this week as USDA began the hearing process regarding a federal order in the nation's number 1 milk producer.

Wisconsin, meanwhile, just about offset the drop in California, up 4.8 percent, which follows a 5.6 percent gain in July. Output per cow was up 75 pounds and the herd was up 9,000 head. Output per cow surpassed that of California for the second time in 57 years.

Idaho was up 0.8 percent on 6,000 more cows but output per cow was off 5 pounds. New York was up 2.5 percent, thanks to a 35-pound gain per cow and 4,000 more cows. Pennsylvania was up 0.3 percent on a 5 pound gain per cow and Minnesota was up 4.7 percent on an 80 pound gain per cow.

Michigan was up 4.1 percent, thanks to 15,000 more cows and a 5-pound gain per cow, while New Mexico went the other way, dropping 4.3 percent on a 90-pound loss per cow. South Dakota continues to lead the increases, up 13.3 percent, on a 50-pound gain per cow and 10,000 more cows.

Texas dropped 1.4 percent due to 8,000 fewer cows, though output per cow was up 5 pounds. Washington state was down 0.4 percent on a 25 pound loss per cow. Cow numbers were up 2,000 head.

Analysts viewed the data as neutral to slightly bullish.

### Products aplenty on hand

August butter stocks totaled 209.3 million pounds, according to USDA's latest Cold Storage report, down 45.1 million pounds or 18 percent from July but 36.5 million or 21 percent more than August 2014.



Carol Ryan Dumas/Capital Press

A beef cow grazes in pasture east of Rupert, Idaho, in early summer. A CattleFax analyst says herd expansion has started in earnest, and lofty cattle markets driven by tight supplies will transition lower over the next few years.

## Price pressure to continue in cattle markets, analyst says

By CAROL RYAN DUMAS  
Capital Press

Cattle markets have experienced a lot of pressure since the record high prices registered in the fall of 2014, influenced by many different factors outside cattle producers' control.

But other factors in the domestic market will play a bigger role in the months ahead, Mike Murphy, CattleFax analyst said in a webinar.

On the feedstuffs side, an ample corn supply, a sizable 2015 crop and a global demand base that's strong but not growing has CattleFax forecasting a spot corn futures price at the low end of \$3.20 a bushel this fall and a high end of \$4 to \$4.20 into spring.

Drought on the West Coast and strong demand from dairies are keeping alfalfa hay prices somewhat elevated, but there's plenty of grass hay, which should experience further price weakness into spring and summer, Murphy said.

CattleFax is forecasting an alfalfa hay price of \$170 a ton and a price on other hay at \$130 a ton this fall.

"From a feedstuffs perspective, we're certainly going to see the benefit favor the

cattle producer with cheaper feedstuffs here in the short term but more importantly not a lot of extreme volatility going all the way in toward next spring," he said.

As for cattle prices, herd expansion has started in earnest. The beef cow herd is expected to increase by 2 million head in the next two years, and lofty cattle markets driven by tight supplies will transition lower over the next few years, he said.

The fed cattle market didn't have much of a spring rally and is still attempting to establish a low, with good support for a bottom in the low \$140s per hundredweight in the next few weeks, he said.

A fall rally — at least 8 percent from summer lows to fall highs in a non-recession year — is expected, with a fall high in the low \$150s. That price is expected to transition into the winter to the low to mid \$140s, then rally to the high \$150s in the spring, he said.

That market could be influenced by El Nino, which typically has a big impact on Central Plains feeding performance and could be bullish to the fed cattle market into the winter and early spring, he said.

## McDonald's butter use latest checkoff triumph

By CAROL RYAN DUMAS  
Capital Press

McDonald's decision to replace liquid margarine with butter in more than 20 menu items in its restaurants nationwide is a huge coup for U.S. dairy farmers.

The move by McDonald's exemplifies the success of a long-term investment by dairymen and the 25 years of research on dairy fat, said Tom Gallagher, CEO of Dairy Management Inc., during a press conference on Wednesday.

"Without that long-term investment by dairy farmers through the dairy checkoff, we're not sitting here today talking about the value of milk fat and how important consumption will be in the near future to dairy farmers and others," he said.

The company's switch to butter is conservatively estimated to increase its dairy use an equivalent of 500 million to 600 million pounds of milk a year, an amount equal to total U.S. butter exports in 2014, Gallagher said.

"It's a big story for dairy farmers and the industry," he said.

But that's just the tip of the iceberg, considering the catalytic effect the move will have on other players in the fast-serve restaurant business, he said.

"It's not just what McDonald's does; it's that everyone else has to follow. That's when you get the big bang for your buck," he said.

Competing chains will follow suit and tie into McDonald's move to satisfy consumers' desire for "real" and "natural" foods, he said.

The 500 million to 600 million pounds is a great number, but that number is going to grow much bigger, both through the catalytic effect and in exponential advertising as other players jump on board to sell their products, he said.

Consumers are going to see an enormous amount of advertising with butter featured and are going to start getting permission from those ads and their healthcare professionals — another focus of dairy checkoff investment — to consume milk

fats, he said.

In addition to 25 years of milk-fat research and a strategic partnership with McDonald's, DMI's work with healthcare professionals is a big part of the story, Gallagher said.

Through the years, checkoff dollars have funded more than 100 on-staff registered dietitians who work with healthcare professionals, including high-level professionals from the top 10 health organizations who act as an advisory council to DMI, he said.

Those relationships, funded by dairy farmers, ensure a pipeline is open to those health partners and thought leaders so they understand that what DMI does is credible and based in science, he said.

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