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Dairy/Livestock

USDEC predicts another tough year for dairy

By CAROL RYAN DUMAS
Capital Press



Carol Ryan Dumas/Capital Press

A cow gets up close and personal during a United Dairymen of Idaho tour of the Brubaker Family's Knott Run Dairy in Buhl, Idaho. Analysts at the U.S. Dairy Export Council say lower margins in the second quarter of 2016 should begin needed production contraction to rein in global milk supply.

months, that dropped to 9.5 million tons, down by about one-third, he said.

Russia's ban on dairy imports about the same time exacerbated the problem. China and Russia combined went from importing at a pace of 18 million tons milk equivalent for the year ending July 2014 to about 10 million tons today — a staggering decline, he said.

"You had essentially 8 million tons of milk on the world market looking for a new home ... about 11 percent of world imports essentially vanished," he said.

To make it more problematic, milk production continued to grow even as imports from major suppliers crashed. In the 12 months ending October 2015, milk production from the top 5 suppliers was

still up about 3.5 million tons year over year. During the same period, imports by China and Russia were down more than 6 million tons, he said.

Even though there's been some adjustments in supply and demand, that's still an extra 10 million pounds of milk, almost 1 million tons a month, that the market has really struggled to fully absorb,

he said. "We don't really expect that gap ... to narrow much in 2016. Milk production growth certainly is starting to flatten out, but suppliers are still pushing the quantity that matches the booming levels of 2014, and that import demand just isn't there anymore," he said.

Production just isn't pulling back quickly enough to account for the drop in demand. Milk production from the top 5 suppliers is still expected to be up close to 1 percent in the fourth quarter, about half the five-year average, but it's still more than the market needs, he said.

Most of the production gains this year have come from Europe, which continues to expand, particularly Ireland and the Netherlands. Production in those two countries was up 10 percent since April, when quotas came off, he said.

Production in the rest of the world has slowed quite a bit, but Europe's production is raging ahead, he said.

Global milk production is expected slightly lower in the first half of 2016, particularly

in the second quarter, when lower margins begin to have an impact on the farm, he said.

But product inventory is going to remain a "problem child" in 2016. There are heavy inventories in Europe and the U.S. and also in users' hands throughout the world, he said.

While imports in most places other than China and Russia did really well in 2015, it wasn't enough to fill the huge hole left by those major importers, he said.

And much of that stronger demand was buying forward to take advantage of favorable prices, which will diminish demand in the months ahead, he said.

Powder, cheese and butter stocks in the EU are 230,000 tons more than the desired level, and stocks of those products in the U.S. are 100,000 tons higher than a typical year, he said.

"All this product from both Europe and the United States is going to have to come back on the market, and that's just going to delay the market recovery even after current supply and current demand realign," he said.

Ranchers back transparency bill for legal fee reimbursement

By JOHN O'CONNELL
Capital Press



John O'Connell/Capital Press

Idaho rancher Jennifer Ellis speaks about the Equal Access to Justice law Dec. 1 during Idaho Farm Bureau Federation's annual meeting in Fort Hall.

formed Western Legacy, largely to research and reform the act.

Jennifer Ellis, an Eastern Idaho rancher who was among the founding members, said there was no single source of information about the cost of the act to taxpayers. But through exhaustive research, the organization eventually tabulated the federal government had spent more than \$4.7 billion from its Judgment Fund to repay legal fees for successful suits against the government between 2003 and July 2007.

"Since 1985, environmental litigation has really ramped up, and we're on the receiving end of it," Ellis said.

Since 2010, Ellis said, Western Legacy has made five attempts to get its transparency language approved. She believes

this time will be successful.

"The government is going to have to do the research into these expenditures to see if they're OK with it, and I don't think they will be," Ellis said.

Sen. Jim Risch, R-Idaho, is a co-sponsor of the Sportsmen's Act, and his press secretary said he supported the Equal Access language in the current bill, as well as past reform efforts to "ensure the original intent of this act is not being exploited."

Ethan Lane, executive director of the Public Lands Council, believes the transparency language is just the first step toward providing relief for federal agencies that are "not functioning properly because they're spending all of their time and resources on frivolous litigation."

Website seeks to correct chicken production misconceptions

By TIM HEARDEN
Capital Press

The National Chicken Council has launched an online campaign to combat what it calls widespread misconceptions among consumers that broiler chickens are injected with hormones and steroids.

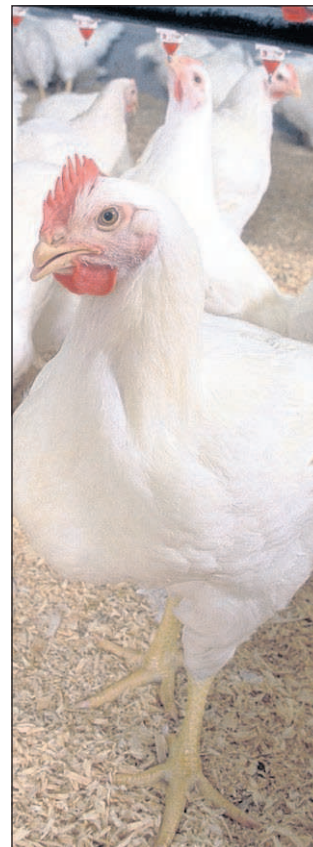
A recent survey conducted by the council found that 77 percent of Americans believe chickens raised and sold in the U.S. contain those additives, when in fact none do, the group contends.

In response, the council is stepping up its dialogue with consumers on social media and has launched Chicken Check In, a website that answers questions about chicken production in the United States.

The group is also encouraging producers to engage in more discussions with consumers about where their chicken comes from.

"Folks in general have a lot of misperceptions about modern agriculture and animal agriculture," council spokesman Tom Super said. "There's so much conflicting information out there on the Internet and social media, and too many times people are taking what they read on the Internet and thinking it's true."

"We've been trying to move the industry toward being transparent," he said, adding that the group has facilitated tours of facilities for



Courtesy of Agricultural Research Service
Broiler chickens mill around in a barn. The National Chicken Council has started a campaign to combat what it says are misconceptions among consumers that broiler chickens are injected with hormones and steroids.

reporters and food bloggers.

Among the survey's findings, 78 percent of respondents said they believed chickens are genetically modified, 73 percent believe antibiotics are present in most chicken meat and 68 per-

cent think most chickens raised for meat are kept in cages, according to the council.

In reality, the majority of broiler chickens live in large, open structures and there are no genetically modified chickens, although chickens with the best growth and size have been selected for breeding, the council asserts.

The industry has been phasing out all but the most critical uses of antibiotics in its flocks as McDonald's and other food-service companies as well as school districts have begun to set policies against their use.

New Food and Drug Administration guidelines issued in December 2013 have effectively eliminated use of the drugs for growth promotion or feed efficiency in all livestock. Ionophores, a class of antibiotics not used by humans, could still be fed to birds to keep them healthy.

The NCC's Chicken Check In website — www.chicken-check.in — includes videos and a "frequently asked questions" section to give consumers a closer look at how chickens are raised, from the farm to grocery store shelves.

"We wanted to have something ... digitally that folks could go to to put themselves behind the barn door and see for themselves," Super said. "We wanted it to be factual and unemotional, to let people read for themselves and make up their own minds."

Dairy market prices mixed

By LEE MIELKE
For the Capital Press

Dairy Markets
Lee Mielke



The cash dairy markets started December mixed — or perhaps "mixed up."

The Cheddar blocks fell to \$1.5250 per pound last Wednesday, regained 2 3/4-cents Thursday, and then dropped 3 1/2 Friday, to close at \$1.5175, the lowest price since Jan. 29, down 6 1/4-cents on the week and 6 1/4-cents below a year ago. They were down 2 1/4-cents Monday but inched up a half-cent Tuesday, closing the day at \$1.50.

The barrels fell to \$1.4950 last Wednesday, gained back 1 3/4-cents Thursday, but lost 2 3/4-cents Friday, closing at \$1.4850, down 6 1/2-cents on the week and 6 1/2-cents below a year ago. They rolled a penny and a half lower Monday but jumped 3 cents Tuesday to hit \$1.50.

Sixteen cars of block were traded last week at the CME and 13 of barrel.

Dairy Market News says, "While cheese inventories are generally comfortable, the longstanding experience

of strong seasonal sales into January still resonates with manufacturers and factors into current production. It will become more clear in the coming weeks whether that is true this year, or whether late year demand was pulled earlier in the year leaving retail and food service therefore less in need of cheese in December and January."

Export demand is light, DMN says, except to Mexico, which has remained active. Western cheese makers continue to see good domestic retail and food service demand. Cheddar production is reported by some to be overwhelming demand.

Manufacturers are concerned that weak international sales, generally lighter demand for process cheese and increases in imported milk solids used in process cheese production may push cheese prices downward.

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