

Any impact of 'Brexit' vote on ag likely to be temporary, experts say

By MATEUSZ PERKOWSKI
Capital Press

With British voters deciding to leave the European Union, U.S. agriculture may experience a dent in commodity crop prices, experts say.

Exactly how much impact a "Brexit" will have had on U.S. crop values is debatable, however.

Any major unprecedented event in global financial markets can lead to volatility, said Lindsey Piegza, chief economist for the Stifel brokerage and investment firm.

"The unsettling effect would extend to the agricultural commodities market as well," Piegza said.

If the Britain pulling out of the European Union leads to an economic slowdown

or recession, businesses and consumers would "tighten their purse strings," reducing spending and thereby leading to lower prices, she said.

While the potential impact of the "Brexit" may be overblown, the uncertainty of that outcome could be destabilizing, Piegza said. "It could be a self-fulfilling prophecy."

If the value of the euro currency drops due to a "Brexit," the correspondingly higher value of the dollar could hurt exports of U.S. farm goods, said Rich Nelson, chief strategist for the Allendale commodities brokerage firm.

Even so, the decrease would likely be temporary and wouldn't cause "death and devastation," Nelson said.

Britain didn't gain as much economically as expected

from its EU membership, so a withdrawal probably won't have cataclysmic impacts, he said.

Michael Swanson, agricultural economist for Wells Fargo Bank, said he's "highly skeptical of stories of unmitigated shocks" from Britain's EU withdrawal.

There's usually a "feedback loop" that stabilizes markets, Swanson said.

If the British pound drops in value due to the "Brexit," for example, that would increase demand for the country's goods and services overseas, eventually helping its currency to recover, he said.

"According to the experts, the world ends every day, but luckily it seems to start up again the following morning," he said in an email.



AP Photo/Tim Ireland

The front page of the Sun newspaper tells the story of Britain's vote to leave the European Union.

Fewer Northwest farmers gamble on fickle, volatile ginseng

By MATEUSZ PERKOWSKI
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Herb farmer Roger Sego will soon find out whether a 4-year-old bet will pay off.

In 2012, Sego planted ginseng on his property in La Center, Wash., that he expects to harvest this autumn.

Cultivating the medicinal roots for the Asian market is "a real crapshoot," as the fickle crop is prone to diseases that can almost instantaneously obliterate yields, he said.

Meanwhile, shade cloth and other supplies require a hefty upfront investment that's inherently risky due to steep price fluctuations.

"There's not a lot of people who will gamble to do that," Sego said.

Farming always involves a degree of speculation, but the hazards of producing ginseng have scared off most Northwest growers of the crop, which once provided a profitable niche in the region, experts say.

"It was all fun but then it all came crashing down," said Charles Brun, a retired Washington State University Extension specialist who studied the crop.

Sego estimates there are currently fewer than 15 ginseng growers in the Northwest,



Courtesy of U.S. Fish and Wildlife

Fewer Northwest farmers are growing ginseng, pictured in this photo, because of the crop's fickleness and price volatility. The crop once provided a profitable niche in the region during its heyday in the 1990s.

down from about 130 during the crop's heyday in the 1990s.

There are currently no ginseng farmers licensed by the Oregon Department of Agriculture, down from 12 growers in 2000. Licensing is required because the endangered plant is regulated under an international treaty.

Five ginseng growers are registered by the Washington State Department of Agriculture, but none have yet received a certificate allowing them to sell the crop. Between 2004 and 2013, the state had no registered ginseng farmers.

Ginseng thrives naturally in the deciduous forests of the Midwest and East Coast, where the wild roots have been known

to fetch exorbitant prices, but it doesn't grow under the thick overstory of the Northwest's conifers, said Brun.

To produce ginseng here,

farmers must buy shade cloth as well as posts and cables to support it over the crop canopy at a cost of roughly \$25,000 an acre, he said.

The rich clay soils found in many areas of the Northwest are also conducive to root rot in ginseng, and no effective fungicide has ever been identified and registered, Brun said.

High prices during the early 1990s nonetheless justified the trouble and expense of growing ginseng, he said. "For a while there, it did make sense."

As often happens in agriculture, though, high prices eventually led to a glut.

Overproduction of ginseng, particularly in Canada, drove down prices from more than \$40 per pound to less than \$8

per pound, below the cost of production of about \$12 per pound, Sego said.

The crop's lack of profitability forced many growers to abandon it, but they've remained wary of returning to the market even after prices picked up in the mid-2000s, he said.

In the past decade, cultivated ginseng prices have reached as high as \$100 per pound, but the possibility of another price plunge has dampened enthusiasm for a crop that requires four years to harvest, Sego said.

Though ginseng seeds can provide a source of cash after two years, the costs of weeding the crop have nonetheless dis-

couraged farmers, particularly as labor has become more expensive, he said.

Meanwhile, the prospect of "sudden death" from root rot or leaf blight is as real as ever, Sego said. "It can devastate people."

A contract with a buyer convinced Sego to again plant ginseng, which he is growing organically along with his staple herb crops of goldenseal and ginkgo.

In light of the strife caused by ginseng in recent decades, however, he's not expecting many new local competitors.

"I doubt there will be a revival," Sego said.

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PNW cherry harvest moving well

By DAN WHEAT
Capital Press

YAKIMA, Wash. — The Pacific Northwest cherry harvest is more than half done with 10.7 million, 20-pound boxes of cherries picked, packed and shipped from May 18 through June 26.

The industry eclipsed 500,000 boxes per day on June 24 — "a sure sign that we are in the peak stretch of the dark, sweet crop with sustained heavy volume forecast for several weeks," said B.J. Thurlby, president of Northwest Cherry Growers in Yakima.

The crop still looks to be about 17 million boxes following an estimated 1.5 million-box loss from a heavy June 18 rain, said Tom Riggan, general manager of Chelan Fresh Marketing in Chelan.

Export volume totals 3 million boxes with Canada, China, Hong Kong and Taiwan leading the way, Thurlby said. The 17 million boxes include 1.5 million, 15-pound boxes of the Rainier variety, he said.

Packouts are now starting to improve after falling from the mid-90-percent range to the low 80s after the rain, Riggan said. Some growers left damaged cherries unpicked and northern Okanogan County had more rain and damage than areas to the south, he said.

"Quality is phenomenal. We're getting a lot of feedback from retailers and consumers that it's great," Riggan said.

Based on the latest orders, supply is maybe slightly less than demand which is "sort of a perfect scenario," Riggan said. It keeps prices stable and competitive retail ad prices of \$1.99 to \$2.99 per pound will keep volume moving the next two weeks, he said.

Picking and packing labor



Dan Wheat/Capital Press

Lucas Perez picks Bing cherries in Limon Orchard south of Wenatchee, Wash., on June 16. The harvest is past midway and packouts are improving again after a June 18 rain.

is finally adequate after being very tight early on, Riggan said. He attributes the relief to workers moving up from California and school letting out.

Chelan Fruit Co-op slows down apple packing to help out with cherries, he said, adding that probably most packing houses do that.

The latest forecasts from USDA's National Agricultural Statistics Service and the Michigan Frozen Food Packers Association show, as usual, Washington leading the nation in sweet cherries and Michigan leading in tart cherries.

The Michigan association estimated Michigan's 2016 tart cherry crop at 262 million pounds, Utah at 50 million, Washington at 27 million, New York at 7 million, Oregon at 3 million and the national total at 351 million pounds.

The association estimated Michigan's sweet cherry crop at 54 million pounds with 52.5 million of that brined, frozen and canned with 1.5 million sold fresh.

NASS estimates national sweet cherry production of 318,000 tons, down 6 percent from 2015. The breakdown: Washington, 195,000 tons; California, 60,000; Oregon, 42,000; Michigan, 21,000.



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