

U.S. dairymen fare better than global counterparts

By CAROL RYAN DUMAS
Capital Press

TWIN FALLS, Idaho — Burdenome product inventories and weakened demand are weighing down global markets, delivering dismal milk prices to farmers around the world.

But there is a bright light at the end of the tunnel. It will just take some time to get there, Rabobank dairy analyst Tom Bailey told dairymen at an information update dinner on July 13.

Markets are dealing with 6.4 million tons of extra product inventory (liquid milk equivalent) compared to normal stocks. That represents about one month of global trade and is higher than Idaho's 6.3 mil-



Carol Ryan Dumas/Capital Press
Tom Bailey, right, dairy analyst for Rabobank's Food and Agriculture Research and Advisory Group, talks with Brian Parks, a Rabobank senior financial analyst, during the bank's information update dinner for clients in Twin Falls on July 13.

lion tons of annual milk production, he said.

Fortunately, U.S. producers are in a much better position than their counterparts around

the world, with a farm gate milk price of about \$15 per hundred-weight — compared with \$8 to \$9 in New Zealand and \$11 in Europe, he said.

That \$15 is "slightly above or below break-even, which is fairly fortunate for us since everyone else is below break-even," he said.

U.S. producers have been pretty level-headed, growing production a steady and modest 1 percent to 2 percent over the last two years. Strong demand for butter and cheese has also helped support milk prices in the U.S., he said.

"The U.S. remains exceptional despite world dynamics," he said.

Modest production growth, strong demand and continued low feed prices means U.S. producers are going to see reasonable income over feed margins over the next 12 months, he said.

Globally, producers "are not going to be saved anytime soon, but things are going to get a little better," he said.

Global milk production growth, which played a big part in the current situation, is starting to slow, and that's a good sign for producers, he said.

Six of the world's seven major exporters have put the brakes on and are not going to see any milk-production growth over the next 12 months, he said.

"That's what we need," he said.

Global milk production will contract in the second half of the year and into 2017. Things are mismatched today, with too much inventory. But global milk production is below where

it needs to be for future demand growth, he said.

The long-term demand outlook remains good. People are consuming more dairy, and the world will need more milk. By 2018, the dairy industry should be out of this "nasty cycle" and needing to increase milk production, he said.

"Recovery is still a ways out, but long-term recovery looks great," he said.

The U.S. and the EU are going to be big players in supplying the additional demand ahead, he said.

For now, however, the rough patch will continue. The excess inventories and a strong U.S. dollar are going to keep a ceiling on prices, he said.

Range rider program seeks to avert wolf-livestock conflicts

By TIM HEARDEN
Capital Press

DORRIS, Calif. — If wolves come on or near his property, rancher Mark Coats wants to know about it.

Coats has received training to be a range rider — a person who goes out several times a week looking for tracks, scat or other signs of wolves or other wildlife that could harm his cattle.

The idea is that a human presence can keep wolves away from cattle or move cattle away from wolves if possible.

"When we're out there tracking and looking for scat, we're looking for livestock disposition," Coats said. "Cattle get pretty nervous when there are predators around. Cattle will actually relay that to you in their disposition."

Coats is taking part in a new range rider program offered by the California Wolf Center, which sees such programs as a key tool among nonlethal means of preventing wolf-livestock conflicts.

The center has two riders stationed in Siskiyou County, where the Shasta Pack was identified by state officials last summer and where a calf was suspected of being taken by wolves last fall.

As many as four more riders will be working in the area by this fall.



Karin Vardaman, far right, of the California Wolf Center and others attend a range rider training session in Montana in May. The Wolf Center is setting up a range rider program in which willing ranchers arrange for riders to patrol their properties looking for signs of wolves or other predators.

Under the program, willing ranchers can arrange for a rider to patrol their properties every few days, Karin Vardaman, the Wolf Center's director of California wolf recovery, said.

Riders go through a training session in Montana and are paid by the Wolf Center for doing the patrols.

"Obviously, we don't have a handle on where wolves may or may not be, but we wanted to stay ahead

of the issue," Vardaman said. "We're just kind of starting early and working with producers who are trying to get used to the program."

State and federal protections make it illegal to kill or hunt wolves in California, even in the case of livestock depredation. Wolf advocates and state officials have been promoting nonlethal means of warding off wolves, including using guard dogs, motion-sen-

sor lights, brightly colored flags or range riders or providing supplemental feed to livestock to keep them away from grazing areas where wolves are known to be present.

The Wolf Center, which uses grants and donations to support its outreach efforts, has tried to develop a collaborative relationship with livestock producers.

The conservation group sponsored a series of work-

shops in far Northern California in April to teach ranchers how to prevent

clashes between their livestock and predators.

All of the center's range riders are from within the livestock community, Vardaman said.

They go out in the morning and again in the evening, and in addition to looking for evidence of predators, they'll also help ranchers spot any sick or injured cattle or calves within their herds that could attract wolves, she said.

Coats said that not all of his neighbors have yet bought into the program.

"You have to respect everyone's wishes," he said. "It's just like a neighborhood. A lot of people believe in Neighborhood Watch but some people do not."

However, Coats believes it's imperative that ranchers learn how to coexist with wolves.

"What other choice do we have?" he said. "It's an endangered species protected by the Endangered Species Act. What can we do?"

Higher temperatures push dairy prices upward

By LEE MIELKE
For the Capital Press

Cash cheese and butter prices headed higher last week as traders watched the thermometer and heard forecasts of summer heat.

Block Cheddar closed Friday at \$1.66 per pound, up 3 cents on the week and 4 3/4-cents above a year ago. The barrels finished at \$1.7450, up 2 1/2-cents on the week and 15 cents above a year ago. One car of block traded hands on the week at the CME and 15 of barrel.

The blocks inched up a half-cent Monday and gained a penny and a half Tuesday, hitting \$1.68 per pound, the highest block price since Nov. 11, 2015. The barrels were unchanged Monday but added a penny on Tuesday, hitting \$1.7550, the highest barrel price since June 11, 2015, and an atypical 7 1/2-cents above the blocks.

May commercial disappearance was "lackluster at best," reports FC Stone. Total cheese disappearance was unchanged from last year but down 4.4 percent from April. American cheese demand was down 1.4 percent from a year ago and down 5.8 percent from April.

"The bright spot, if there was one for cheese," FC Stone says, "was that demand for the 'other' cheese category increased 0.9 percent from 2015 levels. But even other cheese was 3.5 percent lower than

Dairy Markets
Lee Mielke

month-earlier levels. As you may have already guessed, we're expecting June's usage numbers to tell quite a different story given the sharp price rally in June."

Cheese production is active across the Central region, reports Dairy Market News. But "as warm weather prevails and components in milk decrease, manufacturers are making production adjustments. Milk output is also decreasing but contracted milk intakes have not decreased enough to have a substantial impact on planned production for many Midwest cheese makers."

"Sales volumes remain high and a few participants note, specifically, that interest in processed cheese is growing," DMN says. "Several contacts say they are comfortable with inventories now that strong sales have alleviated some stock pressure but international interest remains light as the U.S. dollar gains strength."

Western cheese output remains active and strong. Plenty of milk is finding its way to the vat, even in areas where milk output is down seasonally. Domestic demand is good for most cheese. Retail sales are solid and process cheese sales are active "while the nation is in the midst of grilling season."

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