Dairy Markets
Lee Mielke

Cheese, butter prices mixed

By LEE MIELKE
For the Capital Press

Dairy prices were mixed last week as traders absorbed August milk production data and anticipated Friday afternoon's cold storage numbers.

Block Cheddar cheese closed Friday morning at $1.56 per pound, down 9 cents on the week and 3 cents below a year ago when they dropped 10 1/4-cents.

The barrels closed at $1.51, up 3 cents on the week but 4 cents below a year ago. Sixteen cars of block traded hands on the week at the CME and 40 of barrel.

The blocks lost a penny and a half Monday and another penny on Tuesday, slipping to $1.5350 per pound, the lowest price since June 28, 2016.

The barrels were down 3 cents Monday and gave up 2 more on Tuesday, sliding to $1.46, the lowest barrel price since June 3 and a higher than normal 7 1/2-cents below the blocks.

The blocks have plunged 33 cents since they peaked for the year in August and the barrels have shed 42 cents.

Midwest cheese production is relatively steady, according to Dairy Market News. Some manufacturers are scheduling maintenance days but a few are ramping up for fall needs.

Processors seem willing to take a few extra loads of milk and milk components are improving a little.

Domestic cheese demand is mixed. Stocks are generally long for commercial varieties.

Recent price decreases have allowed some manufacturers to clear inventories; however, a few contacts suggest the price changes are giving some buyers pause to take a wait-and-see approach, buying only what is needed.

Western cheese output is active. Milk is in good supply. Export markets remain soft, while domestic demand from retail and food service markets is firm.

A few end users suggest they are comfortable to work through inventories, but may be more interested in re-entering the market if cheese prices continue to slide lower.

Cattle placements, marketings up double digits on 2 extra days

By CAROL RYAN DUMAS
Capital Press

USDA's latest cattle on feed report showed a lot of traffic at large feedlots in August, with cattle moving in up 15 percent year-over-year and cattle moving out up 18 percent, albeit with two additional marketing days this year.

Placements of 1.88 million head into feedlots with a capacity of at least 1,000 head were up 247,000 over year-ago levels and up 307,000 from July, according to the National Agricultural Statistics Service.

Marketing of 1.87 million head were up 320,000 from August 2015 and up 155,000 head from July.

Two additional business days translates to a big increase in volumes. Taking those two days out of the equation, placements were up 5.1 percent and marketing were up 7.4 percent compared with last year, said Derrell Peel, livestock marketing specialist with Oklahoma State University.

"Those are still pretty good sized numbers," he said.

Feedlots continued the month-over month increases in placements that have been occurring since February, and more are expected, he said.

"We're just working our way through a lot of cattle," he said.

Placements were on the high end of trade expectations, which might be seen as slightly bearish by some. But marketings outpaced placements (year over year), leaving the net effect of cattle on feed inventories just 1.5 percent higher than a year ago, he said.

The number of cattle on feed on Sept. 1 at nearly 10.14 million was up 149,000 head over year-ago levels and down 30,000 head from a month earlier, NASS reported.

"The important thing is that we're holding steady. We're not building inventory, just moving cattle through the system faster," Peel said.

Feedlots are much more current and in a better situation since cleaning up inventories in the first half of 2016. Problems in the fed cattle market, expensive feeder cattle prices and cheap feed last year had feedlots holding onto cattle to cut their losses, backing up the system and putting weight on cattle.

Carcass weights are significantly lower compared with last year, a signal that feedlots are current and moving cattle out in a timely fashion. Steer weights were 13 pounds below year-ago levels in USDA's last report, he said.

August placements in all weight categories were up year-over-year except in the lightest category, a sign there's still good, green conditions and good forage in a lot of places delaying placement, he said.

It's also a factor of the first extended herd expansion in 20 years, he said.

"Feedlots like big cattle, and they're happy to place them. They can think about what they want to place," he said.

Beef production is going to continue to be up in the fourth quarter of this year with an increase in cattle slaughter.

But it's not going to be up as much as it would be if feedlots were still putting weight on like they did a year earlier, he said.

Peel expects the soft market for feeder cattle will have cow-calf producers holding back calves this fall and putting them in a backgrounding program.

"The value of gain makes sense even if the market doesn't change," he said.

Cattle on feed, placements, marketing and other disappearances, August

(Feedlots with 1,000-head capacity or more)

Item	2015 (1,000 head)	2016 (1,000 head)	Percent change
Placed on feed, Aug.	1,632	1,879	15
Fed cattle marketed, Aug.	1,588	1,868	18
Other disappearance, Aug.*	60	41	-32
Item	**2015 (1,000 head)**	**2016 (1,000 head)**	**Percent change**
On feed Sept. 1	9,986	10,135	1.5

*Includes death loss, movement from feedlots to pasture, and shipments to other feedlots for further feeding.

Source: USDA NASS
Capital Press graphic

Capital Press file

Cows are milked at VanderWoude Dairy near Merced, Calif., in this 2015 photo. U.S. milk production increased in August after prices improved in July, according to USDA..

U.S. milk output up in August after July price jump

By CAROL RYAN DUMAS
Capital Press

U.S. dairy farmers increased milk production 332 million pounds year over year in August, up 1.9 percent from year earlier levels, with 45,000 additional cows and a 27-pound increase per cow.

Nationwide, August production came in at more than 17.73 billion pounds on 9.36 million cows and an average 1,895 pounds per cow, according to USDA National Agricultural Statistics Service.

Production increased against a backdrop of better milk prices in July, with the USDA all-milk announced price in federal orders up $1.30 per hundredweight over June to $16.10 and the Class III price up $2.02 cents to $15.24.

But milk prices have been trailing year-ago comparisons all year, with a year-to-date average all milk price through July of $15.36, compared with the $17.12 average for all of 2015. Class III through July averaged $14.13, compared with the $15.79 average in 2015.

Leading the pack in increased production on total pounds produced in August year-over-year were Texas, up 91 million pounds and 11 percent; Idaho, up 60 million pounds and 4.9 percent; Wisconsin, up 60 million pounds and 2.4 percent; and Michigan, up 58 million pounds and 6.6 percent.

Production in Texas increased with 25,000 additional cows and a 95 pound-per-cow increase over August 2015.

Idaho was up 13,000 cows and 55 pounds per cow, and Michigan was up 12,000 cows and 75 pounds per cow. Wisconsin saw a decrease of 2,000 cows but a 50-pound increase in per-cow output.

Smaller producing states Colorado and South Dakota posted noticeable percentage increases of 6.9 percent and 5.4 percent, respectively.

Production was down in six of the major 23 milk-producing states, including drought-challenged California, down 43 million pounds and 1.7 percent. The top dairy state slimmed its herd by 11 million cows and its per-cow production by 20 pounds year-over-year.

August milk production

Area	Cows (1,000 head) 2015	Cows (1,000 head) 2016	Milk per cow (Pounds) 2015	Milk per cow (Pounds) 2016	Milk production (Million pounds) 2015	Milk production (Million pounds) 2016	% change
Calif.	1,778	1,767	1,880	1,860	3,343	3,287	-1.7
Idaho	586	599	2,090	2,145	1,225	1,285	4.9
Ore.	123	125	1,740	1,760	214	220	2.8
Wash.	276	275	2,050	2,070	566	569	0.5
U.S.*	9,315	9,360	1,868	1,895	17,403	17,735	1.9

Source: USDA, NASS
*23 major milk states
Capital Press graphic

Idaho Dairy Council gives schools $231,000

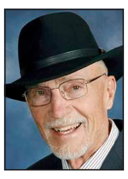
By CAROL RYAN DUMAS
Capital Press

The Idaho Dairy Council is giving 41 Idaho schools $130,530 to support their Fuel Up to Play 60 initiatives this fall and $101,048 to 54 schools to help upgrade their kitchens.

The national Fuel Up to Play 60 program offers schools up to $4,000 per school year to help them increase awareness of and access to nutrient-rich foods and physical-activity opportunities for students.

Funding supports activities and tools such as foodservice materials and equipment, nutrition and physical education materials, student and staff incentives, staff development, and overall program implementation.

Greener Pastures
Doug Warnock



Finding ways to enhance water quality

By DOUG WARNOCK
For the Capital Press

Farmers and ranchers across the United States are under increasing pressure to limit nutrients from their land moving into streams, waterways and groundwater systems. Agricultural producers don't want to lower water quality, but want to find ways to eliminate any pollution, while maintaining or enhancing their economic viability.

Jeff and Marsha Marley operate a beef and poultry farm in northwestern Arkansas and are participating in the Arkansas Discovery Farm Program. The Marley place is in the Upper White River watershed and includes grazing beef cattle on 1,200 acres of pasture and the operation of 10 poultry houses. Their farm is one of eight in Arkansas that volunteered to participate in this program. Marley's farm was one of several places I visited while on a study tour of livestock operations in Arkansas recently.

The purpose of the Discovery Program is to conduct research and demonstrations on privately owned farms and ranches, evaluating the interaction between topography, soil type and water drainage characteristics and their impacts on both the environment and the economic stability of the agricultural enterprises. The program's goal is to document and promote sustainable and viable farming and ranching systems that are cost effective and environmentally sound.

The Marleys are monitoring runoff from four poultry houses that goes into a three-acre pond. Also they monitor runoff from two poultry houses that flows through a pasture and into a creek, which flows into the White River. Their monitoring stations measure the nutrient and sediment amounts that enter the pond and the pasture before flowing into the creek. From this they can determine the amount of nutrients and sediment leaving the poultry houses and the ability of the pond and the pasture to trap pollutants and keep them out of the creek and out of the river.

Participating farms and ranches are temporary demonstration sites representing Arkansas agriculture. The sites are monitored for a five- to seven-year period. The initial baseline data collected includes the amounts of nitrate, phosphate and sediment content of runoff water associated with current management practices. As additional data is collected during the five to seven years, the managers may implement any changes they decide are desirable.

Partners in the Discovery Program include the University of Arkansas Division of Agriculture and Research, Natural Resources Conservation Service, conservation districts, Arkansas Farm Bureau, state commodity and grower organizations and several private companies.

This program gives producers the opportunity to try various methods of trapping pollutants and determining the efficiency of various practices in keeping soil and minerals on the farm and out of the water. It is a non-threatening approach for experimentation and selection of ways to improve the ecosystem in which these producers live and work, while maintaining the economic viability of their farm or ranch.

Doug Warnock, retired from Washington State University Extension, lives on a ranch in the Touchet River Valley where he writes about and teaches grazing management. He can be contacted at dwarnockgreenerpastures@gmail.com.