

# U.S. beef herd expansion not done yet

By CAROL RYAN DUMAS  
Capital Press

## U.S. cattle inventory, Jan. 1

Item	(1,000 head)		Percent change
	2016	2017	
Cattle and calves	91,918	93,584.6	2
Beef cows and heifers that have calved	30,165.8	31,210.2	3
Replacement beef heifers	6,340.2	6,419.2	1
Replacement beef heifers expected to calve	3,936.6	4,000.2	2

  

Item	(1,000 head)		Percent change
	2015	2016	
Calf crop	34,086.7	35,082.7	3

Source: USDA NASS

Capital Press graphic

USDA's annual cattle inventory answers one of the top questions circulating in the beef industry: Is the fall-out in cattle prices since the record highs of 2014 and early 2015 bringing herd expansion to an end?

The answer is "apparently not as much as we thought," said Derrell Peel, Oklahoma State University Extension livestock marketing specialist.

"It certainly surprises me. We have two years really of significant expansion under our belt, and it looks like we're set up for another year of reasonable expansion,"

Peel said.

The beef cow herd on Jan. 1 stood at 31.2 million head, an increase of more than 1 million head, the National Agricultural Statistics Service reported Jan. 31.

With USDA's revision to the Jan. 1, 2016, beef cow numbers, the beef cows herd is up 3.5 percent coming into 2017. But the biggest surprise is the increase in replacement heifers, he said.

NASS no longer puts out a mid-year inventory report, but Peel has been tracking heifers on feed. That number started increasing in the second quarter of 2016, followed by increased heifer slaughter — which was up 12 percent year over year in the fourth quarter.

While replacement heifers in the Jan. 1 inventory aren't up a lot, about 1.2 percent, that's on top of a big number last year (up 3.2 percent) and is a big surprise, Peel said.

"I thought we'd back off significantly," he said.

Peel is not alone in his lower expectations. Beef cows and replacement heifers are both about 2 percent higher than industry analysts expected, according to pre-report estimates

tracked by Uner Barry and reported in the Daily Livestock Report.

Total cattle inventory, both beef and dairy animals, is up 1.8 percent year over year, about what Peel expected but about 1 percent higher than the surveyed analysts expected.

"With the herd doing what it appears to be doing, we'll continue to grow this year," Peel said.

Drilling down into the numbers, the estimated supply of feeder cattle is up 2.2 percent, which is not surprising. It's a large increase but not near as much as the 5.6 percent increase a year ago, he said.

Last year was probably the biggest year of market adjustment in this expansion. The

industry is in better shape to handle the increase in feeder supplies this year, and there's a reason for the little stronger market that started in December, he said.

The increased feeder supplies don't really change his price outlook for 2017. He is expecting prices to level off where they are now for a sideways year with some seasonal moves.

Total feedlot numbers are down slightly, and the 2016 calf crop is up 2.9 percent — fairly close to what was expected, he said.

Overall, the inventory report suggests larger beef production through 2019 and a "pretty aggressive expansion mode" he said.

## Oregon lawmakers urged to boost noxious weed spending by \$1 million

### Plants estimated to cost state's economy \$83 million a year

By MATEUSZ PERKOWSKI  
Capital Press

SALEM — Oregon farm groups are urging lawmakers to boost noxious weed control funding by \$1 million, arguing the investment will prevent even costlier future battles against invasives.

House Bill 2043 would appropriate \$1 million from the general fund to carry out the Oregon Department of Agriculture's noxious weed programs in the 2017-2019 biennium.

"It's penny-wise and pound-foolish to cut ourselves short now," said Peter Kenagy, a Benton County farmer who testified in support of HB 2043 at a Feb. 7 hearing before the House Agriculture Committee.

Under Gov. Kate Brown's proposed budget for the next biennium, ODA is slated to cut its biocontrol program for invasive weeds, which relies on predatory insects to suppress unwanted plants.

Eliminating the weed biocontrol position, which is currently vacant, would save the ODA \$250,000 at a time when state agencies are under financial pressure due to a looming \$1.8 billion state budget shortfall.

"If we don't keep funding these things, we're going to pay for it later," Kenagy said. "Cutting money out of the budget for this, we'll pay for it and our kids will pay for it."

Representatives of the Oregon Farm Bureau, the Oregon Cattlemen's Association, Oregonians for Food and Shelter and the Oregon Association of Conservation Districts also testified in favor of the bill.

Noxious weeds are estimated to cost Oregon's economy about \$83 million per year, said Katie Fast, executive director of the Oregonians for Food and Shelter agribusiness group.

Lawmakers should not consider adding new natural resource programs until "base programs" such as noxious weed control are funded, Fast said.

Invasive species don't recognize boundaries and the problem with noxious weeds will get worse if ignored, said Michelle Delepine on behalf of the Oregon Association of

Conservation Districts.

"This isn't something you can just put on hold," she said.

Aside from the weeds that already afflict Oregon farmers, the state is facing an incursion of new invasives, such as the flowering rush that's been found growing along the Columbia River, said Sen. Bill Hansell, R-Athena.

The weed spreads by pieces of root breaking off and traveling downstream.

The populations of the weed in Oregon and Washington are thought to have originated in Montana's Flathead Lake, he said.

Flowering rush threatens to clog up irrigation systems and disrupt ecosystems to the detriment of native fish species.

"We need all the help we can get," said Hansell.

During the Feb. 7 hearing, the House Agriculture Committee also heard testimony on several other bills:

- House Bill 2327 would require the recipients of grants from the Oregon Watershed Enhancement Board to obtain liability insurance for projects aimed at improving water quality and riparian habitats. The cost would be covered by grant funds, so the added expense wouldn't be borne by recipients.

- The bill would also repeal statutory language related to a "healthy streams partnership" that's no longer operational and add a representative of the U.S. Fish and Wildlife Service as a non-voting member of OWEB's board, among other provisions.

- House Bill 2254 would allow individual containers of Oregon fresh produce to be unlabeled if they're headed for export to foreign markets. Under current law, all such containers must be labeled for sale, which imposes an added burden on exporters. The change would allow foreign buyers to label Oregon farm goods when they arrive in another country.

- House Bill 2255 would update Oregon's milk-related statutes to align with federal rules for pasteurized milk safety, because current statutes are outdated and don't conform with the federal requirements.

- House Bill 2256 would clarify that nutritional supplements are regulated as food by the Oregon Department of Agriculture, which will ensure the agency has the authority for potential enforcement actions.

## Report shows significant drop in Idaho spud costs

By JOHN O'CONNELL  
Capital Press

POCATELLO, Idaho — A significant decline in production costs in 2016 has helped Idaho potato farmers cope with low commodity prices, according to a new study by University of Idaho Extension agricultural economist Ben Eborn.

Eborn took over responsibilities for the Idaho Potato Commission's annual potato production cost report from Paul Patterson, who retired as a UI economist in 2015.

Eborn estimated spud producers' production costs dropped from 5.5 percent in fumigated southwestern fields to 8.5 percent in southcentral fields without fumigation.

Eborn developed model farms raising Russet Burbanks typifying each region, based on surveys of growers, lenders and input and service providers. Yields were based on a three-year average through 2015. Total costs on his model farms ranged from as low as \$2,236 per acre for northeastern Idaho farmers using no fumigation — a reduction of \$143 from the previous year — to \$3,466 per acre for southwestern Idaho farmers with fumigation — down \$276 per acre.

"It's not often the costs of production go down in agriculture, but thankfully they did," Eborn said, noting prices paid to growers were also down, especially in the fresh market.

He also made calculations factoring storage costs. For example, he placed the break-even point for a grower raising a crop with 95 percent marketable spuds stored through February at \$7.75 to \$8.34 per hundredweight.



Photos by John O'Connell/Capital Press

Potatoes are harvested Aug. 23 in Eastern Idaho. Lower production costs have helped Idaho potato farmers cope with low commodity prices, according to a new study by University of Idaho Extension agricultural economist Ben Eborn.



University of Idaho Extension agricultural economist Ben Eborn presents data from his report on the cost of producing potatoes in Idaho Jan. 19 during the annual UI Potato Conference.

The production cost decline was led by inputs tied to oil, including fuel, fertilizer, custom services and chemicals. There were some notable exceptions to the trend, including cost increases posted in labor, in-

terest and irrigation.

Eborn estimated fertilizer costs were down by 25 to 27 percent. Pesticide and chemical expenses were down 10 to 21 percent, which also factors in a reduction of one to two applications based on reduced disease pressure in 2016. Custom and consultant expenses were down 9 to 26 percent, based on cheaper fuel for field work. Cheaper fuel also reduced the cost of operating machinery by 8 to 9 percent. Equipment ownership costs were up 1 to 2 percent, however.

Both water assessments and power rates rose, driving an irrigation cost increase of 1 to 3 percent. Interest rates rose by a quarter of a percent. Eborn increased field labor by 3.5 percent, based on national USDA estimates. More labor also contributed a 2 to 4 percent increase in seed cutting and treatment. Insurance rates rose 3 percent, and land rental rates were flat.

American Falls potato

farmer Jim Tiede said Eborn's estimates are in line with his costs in most cases, with a few exceptions. He renegotiated land rentals in 2016 at a 5 percent increase. His custom application costs were flat, rather than decreased as Eborn estimated, but he also didn't notice any increase in labor costs. Though power rates were up, good growing conditions enabled him to cut back on irrigation and save on power costs.

"I would say my total cost of production was flat," Tiede said, adding processors paid him \$7.35 per hundredweight for usable, field-delivered Burbanks.

Shelley grower Kent Bitter said growers raising spuds for the fresh market, however, are losing money "hand over fist" at current prices. Normally, the market would dictate a reduction in acreage for the coming season, but Bitter doubts that will happen, given that prices of most of the other commodities are also down.

**USDA** United States Department of Agriculture  
**Natural Resources Conservation Service**

**USDA NATURAL RESOURCES CONSERVATION SERVICE**

**Local Work Group Meeting for Marion County**  
**February 24<sup>th</sup>, 2017**  
**9:00am - 12:00pm**  
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For more information call:  
Les Bachelor 503-399-5741 x4816

**NRCS will hold their annual Local Work Group Meeting to gather input from farmers, ranchers, state and federal agencies, agriculture, energy, and conservation organizations regarding Farm Bill conservation priorities in Marion County.**

*Request accommodations for persons with disabilities should be made at least 48 hours before the meeting to Les Bachelor at 503-399-5741 x4816.*

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