

Market disruptions changing beef trade

By CAROL RYAN DUMAS
Capital Press

Uphaval in Brazil's beef industry, a new trade agreement between the U.S. and China and proposed bans on cattle slaughter in India have the potential of causing major shifts in global trade.

In addition, reduced export supply from Australia and New Zealand could cause export trade shift back to a supply-limited market.

Those are the key findings in Rabobank's latest beef quarterly report.

Brazil's industry is being tested by turmoil, with its federal police in March announcing an investigation into irregularities in meat inspections. Now one of the country's largest meat processors finds itself involved in a complex political situation.

These events are reducing consumer and cattle-producer confidence, and the recent drop in cattle prices could lead to future reduction in production, the bank's analysts said.

The situation is also impacting exports, with beef exports declining 10 percent year over year January through May — opening space in the global beef market. While exports in May increased from the fall-out in April, they were still 10



Carol Ryan Dumas/Capital Press

Increasing supplies and slowing seasonal demand has Rabobank analysts projecting an end to the rally in cattle prices.

percent below last year's levels and recovery is likely to be gradual, the analysts reported.

In addition, USDA on June 22 announced a suspension of imports of fresh Brazilian beef due to safety concerns.

The volume is inconsequential, but it exacerbates Brazil's export issues because it sends a shock wave to other countries, given the integrity of the U.S. inspection system, said Don Close, Rabobank senior analyst.

In India, the federal government in June released a directive that would ban the sale of cattle, including buffalo and cattle for slaughter, in certain

markets. No further information is yet available on how many Indian states would conform, but any ban on slaughter would have an enormous global impact, the analysts said.

For other major exporting countries, the analysts reported restricted cattle supplies in Australia continue to be the main feature. Total exports for May declined 5 percent year over year, following reduced production through April.

New Zealand's export beef production for the 2016/17 season is expected to be down 1.8 percent year over year due to a 3.7 percent decrease in export cattle slaughter numbers.

Higher milk prices ending the dairy herd retraction over the last two seasons are the main driver.

In the U.S., the cattle complex has recorded a rally since October price lows, with fed cattle recovering from \$97 per hundredweight to a spring high of \$145 per hundredweight. Domestic demand has been impressive, and export demand has been exceptional, the analysts said.

That export demand has been supported with growth primarily from Asian countries, and the U.S. has been the beneficiary of the market disruptions of several global beef competitors.

"Based on price action in recent weeks, seasonal considerations and expectations of increased fed cattle supplies and seasonally increasing carcass weights, it looks like this rally is coming to an end," the analysts stated.

Fed cattle supplies are expected to increase during the second half of the year, and domestic demand is expected to slow seasonally. Based on historical data, fed cattle prices would be expected to decline to \$120 to \$125. However, due to increased supplies derived from feedlot placement patterns, the analysts are projecting summer lows of \$110 to \$115.



Courtesy Department of State Lands

The state of Oregon holds nearly 600,000 acres of rangeland such as this in trust for the Common School Fund. The state has long struggled to turn a profit.

State has struggled to make money from its rangeland

State exploring strategies to yield larger returns

By CLAIRE WITHYCOMBE
Capital Bureau

SALEM — The nearly 600,000 acres of state rangeland leased to ranchers to graze livestock have struggled quietly to generate a profit for decades, even as similar management issues involving the Elliott State Forest are a higher priority and have erupted in public controversy.

But state lands officials say they continue to explore strategies to yield higher returns on eastern grazing lands.

In the 2016 fiscal year, it cost the state \$1.2 million more to manage its rangeland — a term that can denote grasslands as well as Eastern Oregon's iconic stretches of sagebrush — than it realized in revenues.

The state holds a variety of trust lands, including forests, mineral resources and agricultural land. They're required to generate revenue for the Common School Fund, an endowment for public K-12 education. Rangeland is the largest trust land segment.

Environmental regulations have restricted logging on state forests, causing the forests to operate at a loss. So the state land board — which oversees state trust lands — has been considering selling the Elliott, an 82,500-acre swath of forest near the southwestern Oregon coast.

The possible sale of the Elliott galvanized the state's environmental activists, though, who spoke of the state's duty to protect public lands from privatization, turning the debate political in heavily Democratic Oregon. In May, the board — the governor, secretary of state and treasurer — decided to pull out of its planned sale to a timber company.

By contrast, the state's rangelands, concentrated mostly in southeastern Oregon, haven't received much public attention.

Returns from the rangeland have varied.

Between 2013 and 2015, each acre of rangeland generated an average profit of only four cents. That means that rangelands did generate positive net revenues some years, but the margin is thin. The state's trust agricultural land

had an average per-acre profit of \$18.84 in that period.

Much of last year's losses were due to the costs of fighting wildfires. Fires cost the department \$1.8 million in 2016, Department of State Lands Director Jim Paul said.

The risks that trust rangeland pose to the Common School Fund are not new. In the early audits, the problem caught the attention of Oregon's chief public auditor.

Back in 2004, after finding that state rangelands had lost money as far back as 1987, an audit by the Oregon Secretary of State's Office made three main recommendations: that the state lands department sell some or all of the rangeland in a competitive bidding process, exchange it for a "better performing asset," or get market rates for leases.

More than 10 years later, though, the state's rangeland holdings remain relatively intact. In 2004, the state held 613,000 acres of trust rangeland. In 2016, it held 596,784 acres.

The department says the size of its holdings complicates the sale of rangelands. Putting a large share of it on the market could depress prices, meaning that sales have to be spread out over time.

And the state's trust forests, such as the Elliott, which are consistently losing more money quicker have presented a more immediate problem, Paul said.

"The bigger picture is just around the issue of prioritization and where do we need to focus now, versus which things are sort of in process and are going to take longer," Paul said.

He said you can look at the state's trust lands like an investment portfolio.

"An individual one-year loss or one portion of the fund that's doing poorly isn't necessarily the trigger," Paul said. "It's, are you tending to the whole and getting the performance that a prudent investor would with that kind of asset?"

And since the 2004 audit, Paul said, the department has increased its lease prices, which means the department has brought in more revenue.

The department's most recent annual report on its trust lands also seems to indicate that the department wants to find other uses for rangeland, such as installing irrigation to convert it to agricultural use, which could improve the land's money-earning prospects.

Temperature changes raise falling number worries

Researchers: Look at variety data when planning for fall

By MATTHEW WEAVER
Capital Press

Rapidly changing temperatures have Northwest researchers worried about the possibility of falling number problems in this year's wheat crop.

Weather in late June was "getting closer to the sort of textbook conditions we don't want to see," said Michael Pumphrey, spring wheat breeder at Washington State University.

Falling number is a test that measures starch damage in wheat that affects the quality of baked goods and noodles. Farmers were caught off guard last year when roughly 44 percent of soft white wheat samples and 42 percent of club wheat samples tested received ratings below 300, the industry standard preferred by key overseas customers. The

problem did not make its way to international buyers. The industry estimates the problem cost more than \$30 million in price reductions during the 2016 wheat crop, which was worth \$662.2 million in Washington state and \$1.27 billion in the Pacific Northwest.

A specific type of falling number problem is late-maturity alpha amylase, or LMA, an enzyme required for seed germination. It is caused by "violent" temperature fluctuations during grain development, approximately 21 days after flowering, he said. Pumphrey pointed to temperatures in the high 90s during the day dropping to the 40s at night.

"We're not out of the risk yet, and we may have just actually experienced some problems," Pumphrey said.

He said it's still not clear exactly which growing stages of the crop are most vulnerable.

"Keep in mind it's these really extreme temperature changes," he said. "It's not how hot it was one day and

how hot it was the next day. It's how hot and how cold over a few-day window the crop has experienced."

It mainly depends on whether the temperature shift coincided with a five-day window of susceptibility in popular wheat cultivars prone to LMA, said Camille Steber, research plant molecular geneticist for USDA Agricultural Research Service in Pullman.

"At this point, all we can do is keep our fingers crossed that we dodge the bullet this time," Steber said.

The crop is at different stages of maturity across the state.

Most of the wheat at the susceptible stage is farther west, she said. If weather forecasts proved correct, those temperature swings were not as extreme as they were in Whitman County, she said.

Researchers are providing more information about wheat varieties that are less susceptible to falling number problems, Pumphrey said. He urges farmers to look at WSU's

data when selecting varieties for next year and speak with their seed dealers.

But farmers won't have many options in the field if falling number is a problem, he said.

"Timely harvest — it's easy to say, hard to do," Pumphrey said. "About the only thing they can do to control falling number right now is get the crop out of the field as quick as possible."

Pre-harvest sprouting and rain-induced falling number problems in the grain are still risks, too, he said.

"We just hope Mother Nature doesn't bring us any rain at the wrong time," Pumphrey said.

Rains could be a concern, depending on whether the wheat was yellow and mature at the time, Steber said.

USDA breeder Kimberly Garland-Campbell believes it's too early for sprouting on the Palouse, but some fields in central and southern Washington, near Connell or Walla Walla, may be mature enough to sprout if rained on.

Feds investigate Spanish threat to U.S. olive industry

Ripe olive processors claim Spain is undercutting prices

By MATEUSZ PERKOWSKI
Capital Press

Federal trade authorities have launched an anti-dumping investigation of Spanish companies that are accused of flooding the U.S. market with

ripe table olives.

The U.S. International Trade Commission will determine whether government-subsidized Spanish ripe table olives are sold at artificially low prices that have undermined domestic growers and processors.

The investigation was prompted by a request from the last two remaining ripe table olive companies in the U.S. — Bell-Carter Foods

and Musco Family Olive Co. — which claim that Spanish imports threaten to destroy the U.S. industry.

"U.S. domestic processors invented the ripe olive product but without relief from unfairly traded imports, the U.S. industry will disappear," according to their petition to USITC.

Ripe table olives, which are typically black, pitted and sold in pasteurized cans, are produced from different varieties

than those grown for olive oil. They're also picked by hand, whereas olives for oil are often machine-harvested.

Low prices in recent years have forced farmers in California, where most of the crop is grown, to reduce their table olive acreage from about 23,000 acres in 2013 to 17,000 acres in 2017, the petition said. Growers are instead converting their land to higher-value crops, such as almonds.




SAGE Fact #144

Downstream from Boardman on the Columbia River, the John Day Dam contains 16 generators that produce enough electricity to power two cities the size of Seattle.




Visit the SAGE Center Monday through Saturday from 10 a.m. to 5 p.m.

Find us on:




101 Olson Road - Boardman, OR 97818
(541) 481-7243
www.visitsage.com

27-2/#6



SEVENTEENTH ANNUAL
WILLAMETTE VALLEY
AG EXPO
TUE • WED • THU
NOVEMBER 14 • 15 • 16, 2017

**Linn County Fair & Expo
Center • Albany, OR**



Equipment Show



Ag Show Season Kickoff



**OVER 350,000 SQ. FT.
OF DISPLAY SPACE
ADDED 20,000 SQ FT OF
INDOOR HEATED SPACE
LIMITED VENDOR
SPACE AVAILABLE!
CALL TODAY!**

1-800-208-2168
www.wvaexpo.com



27-1/#5