

## Large stocks of wheat, corn keep prices down

By CAROL RYAN DUMAS  
Capital Press

BURLEY, Idaho — Large world stocks of corn and wheat are keeping futures markets bearish, as grain producers face a third year of managed money funds taking heavily short positions.

That means there's no offsetting side in long positions to drive prices higher, Kelly Olson, administrator of the Idaho Barley Commission, said during the University of Idaho Ag Outlook seminar.

There are big supplies of wheat and corn around the world. High prices in 2012 and 2013 fueled world production. Favorable conditions produced big crops and rebuilt stocks, she said.

"Global grain stocks are coming down a little but are still quite burdensome," she said.

The global stocks-to-use ratio in the latest World Agricultural Supply and Demand Estimates is 19 percent on corn and 36 percent on wheat.

The ratio indicates the level of carryover stock for a commodity as a percentage of the total demand or use.

Most of the burdensome grain stocks are on the wheat side of the equation, with world ending stocks for wheat 5 percent higher than a year ago. That's despite a slight decline in world production and no change in usage.

In the U.S., wheat production was down 25 percent and ending stocks are down 21 percent. But that hasn't raised prices because world stocks are still large, she said.

The U.S. exports 47 percent of domestic wheat production, and there's a lot of cheaper wheat produced in the Black Sea Region. In addition, a strong U.S. dollar



Sean Ellis/Capital Press

Kelly Olson, administrator of the Idaho Barley Commission, presents an outlook for grain markets during the University of Idaho Ag Outlook seminar in Caldwell on Dec. 7.

continues to hammer grain exports and is particularly bad for wheat, which is so dependent on exports, she said.

Global corn and wheat stocks wouldn't look excessive if not for China. The country holds 39 percent of global ending corn stocks and 48 percent of global ending wheat stocks.

China uses the wheat for domestic food and corn for domestic livestock, and those stocks aren't going out on the world market. In addition, a lot of the corn stocks are old and not good quality for feed and the country is trying to bring ethanol plants on line, she said.

Nonetheless, stocks are big and the price outlook for 2018 is "not great," she said.

USDA is forecasting the 2018 corn price at \$3.20 a bushel, down 5 percent year over year. The agency is expecting the all-wheat price to increase 18 percent to \$4.60 a bushel. But the all-wheat price dropped 20 percent in 2016, so prices aren't going to be back where they were two years ago, she said.

"This market is going to continue to trade sideways. There's no big upside, but there's some," she said.

## Idaho ranchers encouraged to claim stock watering rights on federal land

By SEAN ELLIS  
Capital Press

FORT HALL, Idaho — Ranchers are being encouraged to file for stock watering rights on federal grazing allotments, after a bill passed by the Legislature earlier this year paved the way for them to do that.

The legislation codified into state law a landmark Idaho Supreme Court decision on who owns stock watering rights on federally administered land.

It paves the way for potentially thousands of stock watering right claims to be filed by ranchers in areas that have undergone or are going through water adjudications.

Since the legislation became effective July 1, only four claims have been filed.

Water rights attorney Norm Semanko told several dozen ranchers attending a presentation during Idaho Farm Bureau Federation's annual meeting last week that they should take advantage of the opportunity.

"If you (know you) have a water right, what are you waiting for?" he said. "The door's wide open. Whoever puts out the effort is the one who's going to be rewarded."

During the Snake River Basin Adjudication, which decreed 160,000 water rights in Southern Idaho, the federal government filed claims to tens of thousands of de minimis or "minor" water right claims and the court granted those claims.

Many ranchers, however, chose not to file overlapping claims to those rights because the court ruled they were deferrable, which means there is no time limit to file for them.

Until the SRBA court decides otherwise, "There's



Sean Ellis/Capital Press

Water rights attorney Norm Semanko speaks to Idaho ranchers Dec. 5 and encourages them to file claims on stock watering rights they have on federal grazing allotments. A bill passed by the legislature this year paves the way for ranchers in areas that have undergone or are undergoing water right adjudications to file those claims.

no deadline to filing these claims," said Michael Holliday, a senior water resource agent for the Idaho Department of Water Resources.

In a 2007 decision, the state's top court agreed with Owyhee County ranchers Paul Nettleton and Tim Lowry when it ruled the U.S. Bureau of Land Management can't own stock watering rights on federal land because it doesn't own cattle and can't put the water to beneficial use.

The legislation passed this year now paves the way for those ranchers to file for those deferrable claims, Semanko said.

"There are hoops you need to jump through to prove your right but you know it's there," he said. Because of the court decision, "you have a great precedent and a great opportunity to prevail."

Semanko said a lot of ranchers didn't file for those so-called minor claims because they were trying to save money.

## State Department: Columbia River Treaty negotiations begin in early 2018

By MATTHEW WEAVER  
Capital Press

Farmers will want to pay attention to flood control provisions in the Columbia River Treaty when the U.S. and Canada begin to negotiate an update early next year, several experts say.

The U.S. and Canada will begin negotiations to modernize the Columbia River Treaty in early 2018, the U.S. Department of State has announced.

Certain provisions of the treaty, established in 1964 for cooperative development and operation of water resources in the Columbia River Basin, are set to expire in 2024.

Changes in the treaty will affect how reservoirs such as Lake Roosevelt are operated, said Derek Sandison, director of Washington's Department of Agriculture and former director of the Office of the Columbia River for the state's Department of Ecology.

In 2024, assured storage converts to "called-upon" and "effective use" storage. The U.S. would first have to make effective use of its reservoirs for flood control before calling on Canada to store snow-



Elaine Thompson/Associated Press

A U.S. flag flies near the Grand Coulee Dam on the Columbia River in Washington state, with Lake Roosevelt shown at left. The U.S. State Department has announced that negotiations to modernize the Columbia River Treaty between the United States and Canada will begin in early 2018.

melt, drawing down the dams to make as much flood volume as possible.

U.S. officials would have to make decisions based on early water forecasts, and hope that irrigation water is available later in the season.

The U.S. wants a flood risk management process similar to the current one, Sandison said.

The negotiations are an opportunity for farmers, said Barbara Cosens, a University of Idaho law professor who teaches water law.

She says it's worth modeling whether an additional small drawdown of U.S. reservoirs for flood control and aquifer recharge may help overall flood management diversity while benefitting farmers.

If local measures could address local flooding, and the U.S. and Canada could agree to a higher flood flow target, it would decrease flood control constraints on dams and provide flexibility for other uses, Cosens said.

Sandison said the U.S. and

Canada have similar objectives for the treaty.

"There's certain areas where both sides of the border have agreed these are major issues that need to be addressed, and my sense is there's a strong willingness to get to a good outcome," he said.

The differences between recommendations from the two countries are not insurmountable, Cosens agreed. Both countries have the opportunity for adjustments that better align joint management of the river with current conditions, including changes in energy markets, snowpack, flow timing and temperature and fisheries, she said.

The State Department announced Jill Smail as the U.S. lead negotiator in October.

Cosens said Canada has not yet identified its lead negotiator, a decision that likely took "considerable" negotiation between Canada's federal government and the province of British Columbia.

"Appointment of a negotiator agreed upon by those two levels of government will be a good sign that they are on the same page and move forward productively," she said.



Carol Ryan Dumas/Capital Press Photo

Alfalfa is swathed in this field near Jerome Idaho, last summer. Low milk prices continue to depress Idaho hay prices.

## Low milk prices depress Idaho hay market

By CAROL RYAN DUMAS  
Capital Press

BURLEY, Idaho — Ample hay supplies, plentiful alternative feeds and sour milk prices are teaming up to create a bleak outlook for Idaho hay prices.

Premium alfalfa hay in Idaho sold for \$125 a ton last week, compared to \$187 in the Columbia Basin and \$210 in northern California, according to USDA Market News Service.

Idaho has carried over a lot of hay in recent years, and there's a lot stacked up in southern Idaho, Steve Hines, University of Idaho Extension educator for Jerome County, told growers at the university's annual Idaho Ag Outlook.

Last winter's extreme weather had growers thinking a lot of the excess hay would be fed to livestock "and the sun is going to shine again," he said.

But that didn't happen. A lot got fed, but there's still a lot of hay, he said.

Stocks of all hay in Idaho on May 1 were 510,000 tons, down significantly from a year earlier, when they had

### U.S. alfalfa hay balance sheet

Year	May 1 stocks	Production	(Millions of tons)			Ending stocks	Avg. price (\$dollars/ton)
			Supply	Disappearance			
2013-14	6.1	57.2	63.3	55.2	8.1	199	
2014-15	8.1	61.5	69.6	58.8	10.8	202	
2015-16	10.8	59	69.7	58.7	11	156.57	
2016-17*	11	58.3	69.3	58.7	10.5	136.50	
2017-18*	10.5	56	66.6	58.3	8.3	150	

Source: Livestock Marketing Information Center

\*Projections

Capital Press graphic

been much higher. May 1 stocks were 950,000 tons in 2016 and 900,000 tons in 2015, compared to 320,000 tons in 2014.

"I don't see pricing going up 'til some of these stocks go out," Hines said.

Despite declining prices the last couple of years, there was only a slight decline in Idaho's alfalfa acres in 2017, and production of alfalfa hay was up 9 percent year over year.

Production-wise "2017 was a pretty good year for alfalfa growers. There were a few less seeded acres, but in a lot of situations more was produced on those acres," he said.

Idaho is a livestock state,

and that's good for hay growers, but they aren't the ones who set the price, he said.

"Dairies get to set the price on hay," he said.

The hay market isn't going to come back until the dairy market comes back, he said.

"We've still got a lot of hay in the stack, and pricing is going to stay low as long as milk is low," he said.

Dairymen can and do substitute straw, corn, barley, corn silage, hay from other states and pasture for Idaho alfalfa. Corn silage acres in Idaho have increased greatly over the last 25 years, about 440 percent, he said.

Substitute feed stocks are showing high carryover and

lower prices for 2018. The total supply of U.S. corn, for example, is near a record high at close to 17 billion bushels, with an average price of about \$3.25 a bushel in September.

The average low U.S. price for alfalfa hay for the 2011-2015 crops was \$180 a ton. The average low for the 2016 crop was \$129. So far, the average price for the 2017 crop is in the \$140-\$150 range.

That's a long way from \$180, and the market is not going to get back there until the dairy market improves, he said.

"We've still got a lot of hay in the stack, and pricing is going to stay low as long as milk is low," he said.

## OSU professor named dean at S. Dakota State University

### Killefer will begin in late March 2018

By GEORGE PLAVEN  
Capital Press

An Oregon State University professor and department head has been named dean of the College of Agriculture and Biological Sciences at South Dakota State University.

John Killefer, who created the Department of Animal and Rangeland Sciences



John Killefer

working at South Dakota State in late March 2018.

"I am truly appreciative of the many opportunities that have been provided me at Oregon State University," Killefer said in a statement. "I am honored to have

worked with so many outstanding professionals and colleagues that have allowed us to make tremendous progress within our programs."

As a researcher into production animals and beef products, Killefer's programs have secured more than \$6.3 million from federal and industry sources.

He was inducted into the Oregon Beef Council Hall of Fame in 2014 and served as a fellow from 2013-15 for the Food Systems Leadership Institute.

"It has been exciting to see the individual and programmatic growth throughout our department and I anticipate a bright future moving forward," Killefer said. "I thank the many colleagues that I am now able to call friends."

Killefer came to OSU in 2011 after working at the University of Illinois at Urbana-Champaign and West Virginia University. He has a doctorate in animal science with an emphasis in growth and development from OSU.