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Dairy

Dairy Markets

Lee Mielke



Barrels roll to 9-year low

By LEE MIELKE
For the Capital Press

Cash dairy prices fell the second week of the new year. The Cheddar blocks saw daily slippage until Friday when they reversed, gained 1 3/4-cents, and closed at \$1.4550 per pound, still down 4 cents on the week and 27 cents below a year ago.

Friday's large crash was the barrels plunging to \$1.2175, down 17 1/4-cents on the week, the lowest price since July 30, 2009, 42 1/4-cents below a year ago, and a whopping 23 3/4-cents below the blocks.

Six cars of block traded hands last week at the CME and 37 of barrel.

The markets were closed Monday for the Martin Luther King holiday but the blocks were up 1 1/4-cents Tuesday, to \$1.4675.

The barrels jumped 5 3/4-cents and climbed back to \$1.2750, 19 1/4-cents below the blocks.

Dairy Market News reports that Midwestern cheese-makers continue to receive offers of discounted spot milk, although above the discounted prices of previous weeks.

Some cheese producers are cutting back production and taking time off before gearing up for the Super Bowl. Others have begun to ramp up and are operating seven days a week.

Western cheese sales are reportedly "within seasonal norms." Orders for the Super Bowl have started to pick up but some contacts are "not optimistic about the future development of the cheese market due to supplies outweighing current demand."

Spot butter fell to \$2.1550 per pound last Thursday, lowest price since May 10, 2017, but closed Friday at \$2.16, down 7 3/4-cents on the week and 65 cents below a year ago.

The butter held at \$2.16 Tuesday.

Cream offers are aplenty for butter producers and cream continues to flow into the upper Midwest from the West and Southwest.

Plentiful cream and low multiples are prompting some Western butter makers to actively operate churns near full capacity.

Cash Grade A nonfat dry milk closed Friday at 66 3/4-cents per pound, down 1 1/4-cents on the week and 36 1/2-cents below a year ago.

The powder rebounded 2 1/4-cents Tuesday, hitting 69 cents per pound.

GDT up 4.9 percent

The second Global Dairy Trade auction of 2018 added to the encouragement of the first, with a 4.9 percent gain in the weighted average of all products offered.

That followed the 2.2 percent rise Jan. 2. The quantity sold slipped to 51.4 million pounds, lowest since June 2017.

Butter led the gains, up 8.8 percent, following a 0.6 percent advance Jan. 2.

Skim milk powder was up 6.5 percent after rising 1.6 percent last time.

Cheddar cheese was up 5.2 percent, after falling 2.1 percent.

Whole milk powder was up 5.1 percent, after a 4.2 percent advance, and anhydrous milkfat was up 2.2 percent, after slipping 0.2 percent last time.

FC Stone equated the GDT 80 percent butterfat butter price to \$2.1669 per pound U.S. CME butter closed Tuesday at \$2.16. GDT Cheddar cheese equated to \$1.5814 per pound U.S. and compares to Tuesday's CME block Cheddar at \$1.4675. GDT skim milk powder averaged 82.46 cents per pound U.S. and whole milk powder averaged \$1.3651 per pound. CME Grade A nonfat dry milk price closed Tuesday at 69 cents per pound.

Enforcement review provides insight for dairymen

By CAROL RYAN DUMAS
Capital Press

TWIN FALLS, Idaho — Excessive snowfall followed by warm weather caused unprecedented flooding last winter and a flurry of discharge investigations at numerous Idaho dairies.

While it was a situation dairymen would probably rather forget, a review of enforcement actions by the Idaho State Department of Agriculture offers lessons on being prepared in the future.

"There's no argument the amount of run-on we experienced was extraordinary," Scott Leibsle, ISDA deputy administrator, said during an

Idaho Dairymen's Association district meeting last week.

The run-on could not have been avoided, but dairy producers' decisions before and during the flooding determined whether there was a violation, he said.

Of the 42 documented discharges in 2017, 40 took place in the January-February flooding. ISDA issued 18 notices of violation and 19 administrative warnings, and no action was taken on five.

In almost half of the 18 notices of violation, flood waters ran across fields with unincorporated land-applied nutrients. Manure sitting on top of frozen ground was a management decision and resulted in a discharge

being worse than it would have otherwise been, he said.

Other violations resulted from producers' failure to maintain run-on/run-off prevention, such as berming. That's the producer's responsibility, and there's no excuse for failing to repair areas vital to the dairy's nutrient management plan, he said.

Other violations resulted from producers' failure to correct previously documented violations. Producers need to pay attention to those recommendations and deadlines, he said.

The department doesn't operate in a vacuum, Leibsle said. It takes a common-sense approach and wants to hear dairymen's side of things, but it won't help if the producer made no

attempt to mitigate a discharge. On the flip side, taking fast action works in a producer's favor, he said.

One of the first things an inspector looks at is whether the dairy's nutrient management plan is updated and accurately describes the operation. Producers should update that plan at a minimum of every five years and more often if things change, he said.

If the plan is not updated, it's a "strike against you," he said.

The department also looks into the status of lagoons in the fall and whether they were empty going into the winter, he said.

"The biggest question we ask is, Were you set up to make it through the winter?" he said.

Phosphorus indexing offers dairies flexibility, precision

By CAROL RYAN DUMAS
Capital Press

TWIN FALLS, Idaho — Dairies will see a phase-in of a new nutrient management standard if the Idaho Legislature approves phosphorus indexing in their nutrient management plans.

The new standard, which went through the Idaho State Department of Agriculture rulemaking process last summer, is aimed at better preventing phosphorus losses through runoff or leaching.

It would also give dairies more flexibility in nutrient management by determining risks and appropriate phosphorus application in individual fields, as opposed to the existing total farm threshold standard.



Carol Ryan Dumas/Capital Press

Megan Satterwhite, nutrient and water management technician with IDA Consulting Services, walks dairy producers through phosphorus indexing in a hypothetical dairy operation during an Idaho Dairymen's Association district meeting in Twin Falls on Jan. 9.

Best management practices to minimize the loss of phosphorus to the environment are a key component of the standard, said Rick Naer-

about, CEO of Idaho Dairymen's Association, during the association's district meeting last week.

The existing standard

came into play in 1999 and needed updating. IDA set out to develop a new standard for Idaho that would both protect the environment and give dairymen more flexibility to manage their operations, he said.

After looking into existing standards in surrounding states and other major dairy-producing states, IDA Consulting Services staff and scientists with the USDA Agricultural Research Service at Kimberly, Idaho, agreed on phosphorus indexing, he said.

Indexing looks at the source of phosphorus in the landscape and how it's being managed and transported to assess the risk of loss from that landscape, said April Leytem, ARS research soil scientist.

It provides an overall rating for potential phosphorus loss from a site, with a relative ranking that allows dairy producers to focus management on high-risk sites, she said.

It includes practices that can be used to mitigate risks, such as the use of cover crops, conservation tillage, drip irrigation, perennial crops, residue management, absorbent polyacrylamide, dikes, berms and sediment basins.

It also provides credits for those best management practices, she said.

Fields are assessed on an individual basis to target management strategies for risk, said Stephanie Kulesza, nutrient and water management specialist with IDA Consulting Services, a division of IDA.

Transition Planning/Asset Protection Prepare for The Next Generation - Times are Changing

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2525 N 20th Ave, Pasco, WA 99301

HOT TOPICS

Lots to think about:

- Children
- Taxes
- Operation
- Retirement

Keeping the Farm in the Family:

- Understanding the estate tax
- Utilizing entities and trusts for transition, estate, tax and bureau planning.
- Utilizing a family LLC in transition of the farm land and other family "jewels"
- Specific techniques for transfer
- How to avoid pitfalls!

OTHER TOPICS

Use a Farm Corporation to:

- Keep more profit
- Utilize tax bracket planning
- Reduce Self-Employment Tax (through use of commodity wages)
- Deduct living expenses!

Structure Your Operation to:

- Protect the farm from creditors, in-laws, etc.
- Protect your land from long-term nursing home care considerations
- Water Law / Bureau Water Issues
- Dealing with Farm Programs
- Discover "what works" for estate/transition planning

For questions, please call Corey at (509) 622-4707 or email Corey@BrockLF.com

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MEET THE SPEAKERS

Corey works primarily with farm families and farm related businesses in meeting their transition and business goals. Corey has significant experience particularly with respect to LLCs, buyouts and buy-sell agreements in corporations and LLCs, structuring estate planning for the non-farm child(ren) vs. the children on the farm, mergers and acquisitions, real estate matters leases, and all general and complex estate planning/probate. Corey enjoys working with families in designing a transition plan that meets the families' desire. Corey also assists in structuring entities for Bureau water concerns and general water law matters.

Norm brings over 40 years of experience in representing hundreds of farm families throughout Eastern Washington, Idaho and Eastern Oregon. He is licensed to practice in Washington, Idaho and Oregon and primarily deals with sophisticated estate planning, farm program limitation issues for DCP / CRP and/or CSP limitations.



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